
British Columbia Ferry Services Inc.

Annual Report
to the
British Columbia Ferries Commissioner

Year Ended March 31, 2017



Table of Contents

Introduction	2
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Part 1: Services on Designated Routes

Overview	9
Operations Report.....	12
Temporary Service Disruptions Report	15
Route Financial Report.....	23

Part 2: Service Quality

Overview	32
Customer Satisfaction Tracking Report.....	33
Complaints Resolution Report.....	83

Introduction

In accordance with Section 66 of the *Coastal Ferry Act* (the “Act”), British Columbia Ferry Services Inc. (“BC Ferries” or the “Company”) is pleased to submit its annual report for the year ended March 31, 2017 (the “fiscal year” or “fiscal 2017”), to the British Columbia Ferries Commissioner (the “Commissioner”).

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

Part 1: Services on Designated Routes

In fiscal 2017, BC Ferries delivered coastal ferry services on 24 designated ferry routes under the Coastal Ferry Services Contract (the “Contract”) between BC Ferries and the Province of British Columbia (the “Province”) as represented by the Ministry of Transportation and Infrastructure. These ferry routes are regulated under the Act.¹ In accordance with the Contract, BC Ferries also manages ferry transportation services on other unregulated routes through contracts with alternative service providers (“ASPs”).

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

Part 1 of this report contains financial statistics as well as information on traffic levels and operating and performance statistics for the fiscal year for each of the 24 designated ferry routes.

In fiscal 2017, BC Ferries carried 8.3 million vehicles² and 21.0 million passengers and delivered 77,892 round trips on the designated ferry routes. For the fiscal year, the Company’s on-time performance rate system-wide was 89.5%, while its fleet reliability score was 99.69%. This reliability score means that only 0.3% of scheduled sailings in the fiscal year were cancelled due to mechanical issues related to the vessels or terminals, or crew availability.

BC Ferries faces particular on-time challenges on the routes using Horseshoe

¹ In this report, the “Major Routes” refer to the three regulated routes connecting Metro Vancouver with mid and southern Vancouver Island and one regulated route connecting Horseshoe Bay and Langdale; the “Northern Routes” refer to the two regulated routes operating on the British Columbia coast north of Port Hardy on Vancouver Island; and the “Minor Routes” refer to the 18 regulated routes primarily serving the northern and southern Gulf Islands and the northern Sunshine Coast. One of the Minor Routes is operated under contract by an alternative service provider.

² Equivalent to 9.4 million automobile equivalents, or AEQs (see the Operations Report in Part 1 of this report for more information). Effective for fiscal 2017, the standard unit of measurement was revised from 5.34 metres to 6.1 metres to more accurately reflect actual vehicle sizes and resulted in the capacity provided AEQs decreasing and the capacity utilization increasing.

Bay terminal. The configuration of the terminal limits the Company's operational flexibility particularly during periods of high traffic. BC Ferries' initiatives to continue to improve on-time performance have included adjusting and/or expanding sailing schedules, adjusting crewing schedules and refining vehicle loading processes during peak periods. These initiatives helped to improve on-time performance on the routes using Horseshoe Bay terminal; however, these improvements were offset by a decrease in the on-time performance on the Duke Point to Tsawwassen route, mainly as a result of a 7.1%³ increase in vehicle traffic compared to the prior year.

Over the fiscal year, BC Ferries experienced a 2.9%⁴ increase in vehicle traffic and a 1.7% increase in passenger traffic compared to the year ended March 31, 2016 ("fiscal 2016"). These traffic levels are the highest the Company has experienced since the year ended March 31, 2008. In fiscal 2017, capacity utilization decreased 0.5% compared to the prior year as a result of an increase in capacity provided from additional round trips, partially offset by a higher number of vehicles carried due to higher traffic levels.⁵

During fiscal 2017, traffic continued to be favourably impacted by a lower Canadian dollar, increases in tourism and general economic activity in British Columbia. Traffic was negatively impacted by more days of unfavourable weather in the last half of the fiscal year compared to the same period in the prior year. There were no Easter holiday weekends falling in fiscal 2017 while traffic levels were positively impacted in fiscal 2016 by two Easter holiday weekends. In addition, the Company offered a variety of pricing promotions throughout the fiscal year, and believes these pricing promotions played a part in shifting some discretionary traffic to off-peak sailings, and, to a small degree, an increase in traffic compared to the prior year.

During the fiscal year, BC Ferries continued to take proactive measures to contain and manage its expenses as prudently as possible without compromising safe operations. The Company's largest expenses are wages, benefits and fuel costs, representing approximately 77% of total operations, maintenance and administration costs in fiscal 2017. These costs are somewhat variable, driven mainly by the level of service. The remaining costs are discretionary and, to some extent, more controllable. These discretionary costs have decreased 1.5% from fiscal 2016. BC Ferries continuously reviews all operational costs for efficiencies.

³ Equivalent to 6.3% when calculated on the basis of automobile equivalents.

⁴ Equivalent to 3.1% when calculated on the basis of automobile equivalents.

⁵ For approximately 2½ months in fiscal 2017, during berth construction at Langdale Terminal, alternative service was provided on the Horseshoe Bay to Langdale route, with two vessels using only their main car decks. If adjusted for this reduction in the vessels' available vehicle capacity, capacity utilization during fiscal 2017 would have been 63.1%, up from 62.0%.

BC Ferries continues to be dedicated to the safety and well-being of its customers and employees, which includes responding to medical incidents such as passenger illnesses and injuries. The Company's SailSafe program, which is designed to achieve world class safety performance, embodies safety as a normal part of all business activities and is an integral part of the Company's culture.

The investments in safety have yielded significant positive results. Injuries to passengers continue to decline. In fiscal 2017, there were 202 passenger injuries, a 12.9% decrease compared to fiscal 2016. Similarly, time loss injuries to employees decreased from 150 in fiscal 2016 to 137 in fiscal 2017.

BC Ferries continues to focus on workplace safety. The Company first received a Certificate of Recognition ("COR") from WorkSafeBC in fiscal 2014. The COR recognizes companies that go beyond the legal requirements of the *Workers' Compensation Act* and the Occupational Health & Safety Regulations by taking a best practices approach to implementing health, safety and return to work programs. A COR requires recertification every three years. As a result of receiving the COR, WorkSafeBC provided BC Ferries with rebates of approximately \$0.6 million on each of its 2013, 2014 and 2015 assessed premiums. During fiscal 2017, BC Ferries completed the process of recertification by engaging an independent external consultant to undertake a recertification audit. The audit resulted in a 90% score in Health and Safety and 95% score in Injury Management. The Company expects to see continuing rebates from WorkSafeBC.

In addition to the COR rebate and effective for January 1, 2017, WorkSafeBC reduced BC Ferries' premium rate from \$1.96 to \$1.15 per \$100 of assessable payroll. This represents approximately \$2 million in premium savings per year and is a result of the SailSafe program and its focus on safety and reducing time loss injuries.

The Company continued to invest in its human resources in fiscal 2017. In fiscal 2017, BC Ferries provided over 24,000 personal training days ("PTDs") to its employees. This included:

- Operational training, which focused on several programs including new hire orientation, confined space entry, hazardous materials, and oil spill response;
- The BC Ferries' Simulator Training Centre program, which delivers enhanced bridge team skills, and for which the Company received a Lloyd's List Safety Training award for outstanding commitment in training our employees ashore and at sea; and,
- The Standardized Education and Assessment ("SEA") program, which is an innovative, award-winning approach that leverages technology and e-learning to enhance hands-on training in a phased, auditable and sustainable manner. The SEA program has customized programs specific to the job, vessel, route or terminal.

During fiscal 2017, BC Ferries also developed a comprehensive training plan for familiarization with the new equipment on the Salish Class vessels. This plan includes liquefied natural gas (“LNG”) training, manufacturer’s equipment training and SEA and operational training for all employees working on a Salish Class vessel. By the time all three Salish Class vessels have commenced regular service, we estimate more than 5,400 days of training will have been completed.

BC Ferries was named one of B.C.’s Top Employers (2017). This is an annual competition organized by the editors of Canada’s Top 100 Employers and recognizes workplaces for offering progressive and forward-thinking programs for employees.

BC Ferries continued in fiscal 2017 with its multi-year major fleet and asset renewal program which has involved upgrading and replacing a large share of the Company’s major vessels and terminal assets. In January 2017, BC Ferries welcomed the arrival of the *Salish Orca*, the first of three new Salish Class vessels. These new vessels accommodate approximately 145 vehicles and up to 600 passengers, and are capable of running as dual-fuel on either LNG or ultra-low sulphur diesel. BC Ferries’ use of LNG for the Salish Class vessels is expected to result in the reduction of an estimated 9,000 metric tonnes of carbon dioxide equivalent per year, which is the same as taking approximately 1,900 passenger vehicles off the road annually. The *Salish Orca* replaced the 51-year-old *Queen of Burnaby* on route 17 (Comox to Powell River) in May 2017, and in June 2017 the *Salish Eagle* commenced service on route 9A (Tsawwassen to Southern Gulf Islands supplementary peak and shoulder service) and will replace the 52-year-old *Queen of Nanaimo* on route 9 (Tsawwassen to Southern Gulf Islands) later this year. The *Salish Raven* is expected to enter service later this fall and will augment *Salish Eagle* on route 9 during the peak and shoulder season and provide relief when other vessels are in refit.

In March 2017, the Government of Canada approved funding under the New Building Canada Fund towards the purchase of two new minor class vessels, a major upgrade of our Langdale terminal, improvements at several other terminals and the purchase and refurbishment of a used vessel to be used to provide mid-coast service, including a new seasonal direct ferry service between Port Hardy and Bella Coola. In total, up to \$60 million in funding under the New Building Canada Fund has been approved.

BC Ferries’ cable ferry, the *Baynes Sound Connector*, is an innovative initiative and is part of the Company’s ongoing efforts to identify and pursue opportunities that have the potential to enhance the Company’s ability to reduce its environmental footprint and improve its cost effectiveness in delivering sustainable, safe, reliable and quality ferry service. The *Baynes Sound Connector* achieved its one-year anniversary of regularly scheduled service in the last quarter of fiscal 2017. The cable ferry consumes 50% less fuel compared to the previous vessel providing the service, resulting in reduced fuel costs of approximately \$0.2 million in fiscal 2017 as compared to fiscal 2016.

In March 2017, BC Ferries executed an amendment to the Contract to include a new seasonal direct ferry service between Port Hardy and Bella Coola beginning in the summer of 2018. In April 2017, the Company finalized an agreement to acquire a 75-metre vessel with ownership to transfer in August 2017. In fiscal 2018, the vessel will undergo major upgrades and mechanical modifications to be ready for summer service in 2018 (fiscal 2019). This vessel already fits in BC Ferries' major northern berths while several smaller terminals will require modification to accommodate the new vessel. BC Ferries is consulting with the mid-coast community regarding the sailing schedule, the naming of the vessel and the onboard amenities.

BC Ferries is dedicated to safeguarding the environment. In November 2016, the Company announced the launch of an initiative that brings together its existing environmental activities, conservation efforts, community investments and new sustainability endeavours under a single program called SeaForward. The three key initiatives in the first year of the program include increasing composting and recycling, the tracking of whale sightings in association with the BC Cetacean Sightings Network, and the Company's employees actively participating in the Great Canadian Shoreline Clean-up.

BC Ferries joined Green Marine in late 2014 and was certified by an independent verifier in May 2015. Green Marine is a globally recognized and voluntary industry sustainability initiative for ship operators, ports, terminals and shipyards. Earlier this year, Green Marine recognized BC Ferries as having achieved significant year-over-year improvement when evaluated against their management performance indicators. For 2017, Green Marine has established underwater noise as a key performance indicator. BC Ferries participates in the Enhancing Cetacean Habitat Observation Program ("ECHO"), established by Port of Vancouver, in collaboration with government agencies, First Nations, marine industry users, non-government organizations and scientific experts, to better understand and manage the potential impacts to cetaceans (whales, porpoises and dolphins) from commercial vessel activities. The long-term goal of ECHO is to develop mitigation measures that will lead to a quantifiable reduction in potential threats to cetaceans, which include acoustic disturbance, physical disturbance and environmental contaminants.

The Maritime Museum of B.C. announced BC Ferries as a recipient of the 2016 SS Beaver Award. The SS Beaver Award is presented in recognition of high operating standards and contributions to the maritime industry in British Columbia. The award was bestowed by the Lieutenant Governor in November 2016.

BC Ferries continues to look for innovative ways to serve its customers and actively pursues opportunities for growth. Business activities such as BC Ferries' drop trailer service, BC Ferries Vacations and food and retail services, among others, are making positive contributions to net income and, as such, are helping keep fares lower than they would otherwise need to be.

Part 2: Service Quality

Customer Satisfaction Tracking

As in past years, the Company commissioned an independent professional consulting organization to conduct and document a comprehensive customer satisfaction survey. Part 2 of this report contains a copy of the 2016 customer satisfaction tracking report along with an overview of the key findings and the actions taken by BC Ferries to respond to the survey results.

Complaints Resolution Report

Part 2 of this report also includes BC Ferries' complaints resolution report for fiscal 2017. This report contains a summary of the feedback BC Ferries has received during the fiscal year, the lessons learned and the actions taken in response.

Part 1

Services on Designated Routes



Part 1: Services on Designated Routes

Overview

This section contains financial statistics as well as information on traffic levels, and operating and performance statistics for fiscal 2017 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:

➤ **Round Trips**

This report shows the total number of round trips BC Ferries delivered on each of the designated ferry routes.

On a system-wide basis, BC Ferries delivered a total of 77,892 round trips during the fiscal year, which exceeded by 1,768 the annual number of round trips required to be delivered under the Contract, as amended for performance term four (April 1, 2016 – March 31, 2020). All core service level requirements were met in fiscal 2017, with the exception of Route 8 (Horseshoe Bay to Bowen Island), where on five separate days BC Ferries cancelled one round trip due to the consolidation of end-of-shift sailings because of accumulated traffic delays.

➤ **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 (AEQs). An AEQ represents the amount of vessel capacity occupied by a particular vehicle type, expressed as the number of under height vehicles it displaces (e.g. a bus which displaces three under height vehicles – or cars – would have an AEQ of 3). In fiscal 2017, BC Ferries provided capacity sufficient to carry the previous year's traffic, with capacity utilization on the designated ferry routes ranging from 35.4% to 87.4%.⁶ As compared to the prior fiscal year, capacity utilization in fiscal 2017 decreased by 0.5% system-wide, but as noted above, this was as a result of an increase in capacity provided from additional round trips, partially offset by a higher number of vehicles carried due to higher traffic levels.

➤ **Traffic and Revenue**

This report presents vehicle traffic (AEQs) and passenger traffic carried on each of the designated ferry routes during fiscal 2017 and compares it to the traffic carried in the previous fiscal year. The associated tariff revenue generated from each route is also shown.

⁶ Capacity utilization has been presented based on the new AEQ measurement. See note 2.

In fiscal 2017, vehicle and passenger traffic increased 2.9%⁷ and 1.7%, respectively, compared to fiscal 2016. Revenue from vehicle and passenger traffic on the designated ferry routes in fiscal 2017 totalled \$589.7 million, an increase of \$28.5 million from the prior fiscal year.

➤ **On-Time Performance**

On-time performance is defined as the percentage of sailings departing or arriving, as applicable, within 10 minutes of the scheduled time and is provided for each of the designated ferry routes.⁸ On-time performance can be impacted by delays due to weather, vessel substitution, terminal dock maintenance or closures and periods of unusually high traffic demand. Meeting customer service expectations in a safe and reliable manner is an important factor in the focus on on-time performance. As compared to the prior fiscal year, on-time performance in fiscal 2017 decreased 1.4%, primarily due to higher traffic levels and delays due to weather, but remained strong at 89.5%.

Temporary Service Disruptions Report

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

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

For each designated ferry route, this report notes the cumulative and consecutive number of days for which round trips were missed and the causes of the missed round trips. As noted above, in fiscal 2017, BC Ferries exceeded by 1,768 the annual number of round trips required to be delivered under the Contract. Many of these additional round trips were delivered in the summer on route 21 (Buckley Bay - Denman Island) and route 22 (Denman Island - Hornby Island) to accommodate peak period traffic demand.

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

⁷ Equivalent to 3.1% when calculated on the basis of automobile equivalents.

⁸ On-time performance on the Non-Northern routes is defined as the percentage of sailings departing within ten minutes of the scheduled time. On-time performance on the Northern routes is defined as the percentage of sailings arriving within ten minutes of the scheduled time.

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, 10.3% of the sailings on the designated ferry routes were overloaded in fiscal 2017, which is an increase from 9.5% in fiscal 2016, primarily reflecting higher traffic levels.

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 corporately and by Major, Northern and Minor routes. Revenues and expenses are assigned directly to a route where possible or allocated to routes where direct assignment is not possible. Allocation to routes is based on various factors which reflect the activity that gave rise to the revenue or expense.

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

Operations Report

Year Ended March 31, 2017



Operations Summary Report for the Year Ended March 31, 2017

	A	B	C	D	E	F	G	H	I	J	
Routes	Actual Round Trips	Capacity Provided (AEQ's) Note 6	AEQ's Carried Fiscal 2017	Capacity Utilization Fiscal 2017 (C / B) Note 4 & 5	Capacity Utilization Fiscal 2016 Note 4	AEQ's Carried Fiscal 2016	AEQ Growth (C - F)	AEQ Tariff Revenue Fiscal 2017 Note 2	AEQ Tariff Revenue Fiscal 2016 Note 2	AEQ Tariff Revenue Growth (H - I)	
1	3,950.0	2,614,056	2,283,655	87.4%	86.9%	2,218,744	64,911	\$ 132,734,598	\$ 126,173,436	\$ 6,561,162	
2	3,074.0	1,911,520	1,331,416	69.7%	68.5%	1,319,957	11,459	73,158,951	71,111,889	2,047,062	
3	3,621.5	2,218,550	1,287,152	58.0%	65.4%	1,254,649	32,503	29,711,533	28,145,512	1,566,021	
30	2,735.5	1,595,856	971,795	60.9%	57.8%	914,074	57,721	67,151,361	62,262,624	4,888,737	
Major Routes	13,381.0	8,339,982	5,874,018	70.4%	71.5%	5,707,424	166,594	302,756,443	287,693,461	15,062,982	
10	85.5	25,261	15,852	62.8%	59.1%	14,788	1,064	4,726,077	4,317,105	408,972	
11	148.0	29,168	22,157	76.0%	74.2%	20,661	1,496	3,861,563	3,615,186	246,377	
Northern Routes	233.5	54,429	38,009	69.8%	67.0%	35,449	2,560	8,587,640	7,932,291	655,349	
4	2,894.0	517,119	327,583	63.3%	60.8%	319,566	8,017	3,724,587	3,647,297	77,290	
5	3,472.0	597,166	275,026	46.1%	48.6%	270,473	4,553	3,521,234	3,398,985	122,249	
6	4,464.0	462,416	255,871	55.3%	51.9%	252,716	3,155	3,321,073	3,153,602	167,471	
7	2,562.5	551,236	195,027	35.4%	37.6%	193,115	1,912	4,731,644	4,568,060	163,584	
8	5,326.0	947,778	514,336	54.3%	52.9%	489,839	24,497	6,142,562	5,779,155	363,407	
9	825.0	295,386	172,620	58.4%	55.0%	164,600	8,020	7,915,357	7,446,783	468,574	
12	3,210.0	121,980	94,759	77.7%	67.1%	68,016	26,743	1,155,108	804,998	350,110	
13	4,028.0	Pass. Only	Pass. Only	Pass. Only	Pass. Only	Pass. Only	Pass. Only	(1,872)	(2,815)	943	Note 1
17	1,343.0	446,678	168,363	37.7%	40.6%	169,836	(1,473)	6,457,217	6,465,710	(8,493)	
18	2,869.5	215,634	89,007	41.3%	41.5%	86,684	2,323	685,202	626,865	58,337	
19	4,922.0	620,172	364,563	58.8%	57.4%	355,561	9,002	3,249,930	3,133,430	116,500	
20	3,701.0	192,452	87,318	45.4%	45.9%	88,402	(1,084)	738,363	782,001	(43,638)	
21	5,474.0	491,449	266,613	54.3%	52.3%	251,414	15,199	2,030,241	1,817,207	213,034	
22	4,327.5	218,476	118,774	54.4%	63.1%	113,298	5,476	959,480	898,253	61,227	
23	5,782.0	684,386	391,495	57.2%	56.5%	385,750	5,745	3,207,536	3,225,133	(17,597)	
24	2,089.0	108,628	63,156	58.1%	56.2%	60,877	2,279	646,835	604,102	42,733	
25	3,959.0	248,410	92,751	37.3%	45.3%	93,174	(423)	998,423	997,452	971	
26	3,029.0	96,928	48,296	49.8%	48.5%	46,679	1,617	491,913	454,543	37,370	
Minor Routes	64,277.5	6,816,294	3,525,558	51.7%	51.6%	3,410,000	115,558	49,974,833	47,800,761	2,174,072	
Total	77,892.0	15,210,705	9,437,585	62.0%	62.5%	9,152,873	284,712	361,318,916	343,426,513	17,892,403	

Note 1) Revenue arises from bike traffic and freight.

Note 2) Obligations deferred or settled reflect the following:

Fiscal 2017 - There is no obligation to be settled/deferred.

Fiscal 2016 - The settlement of tariff in excess of the price cap reflects the difference between the balances at March 31, 2015 (\$0.6 million and \$0.4 million for vehicles and passengers, respectively) and zero balances at March 31, 2016.

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

Note 4) BC Ferries' Automobile Equivalent (AEQ) standard measurement has been changed from 5.34 metres to 6.1 metres. Capacity Provided (column 'B') and Fiscal 2017 Capacity Utilization (column 'D') are based on this revised standard, and for comparison purposes, Fiscal 2016 Capacity Utilization (column 'E') has also been updated using the revised standard.

Note 5) From January 19 to April 7, 2017 during berth construction at Langdate Terminal, alternative service was provided on Route 3 through two vessels operating on an approximately hourly basis, using only their main car decks. When adjusted for this reduction in the vessels' vehicle capacity, capacity utilization during Fiscal 2017 for Route 3 is 65.9%, for the Major Routes is 72.8%, and overall is 63.1%.

Note 6) Year-end Capacity Provided on Routes 2 and 3 has been adjusted to accommodate a minor adjustment in the AEQ capacity of vessels on these Routes.

Obligation deferred (settled) 0 (615,054)

361,318,916 342,811,459



Operations Summary Report for the Year Ended March 31, 2017

Routes	K	L	M	N	O	P
	Passengers Fiscal 2017	Passengers Fiscal 2016	Passenger Growth (K - L)	Passenger Tariff Revenue Fiscal 2017 Note 2	Passenger Tariff Revenue Fiscal 2016 Note 2	Passenger Tariff Revenue Growth (N - O)
1	6,065,602	5,962,339	103,263	\$ 92,641,989	\$ 88,940,525	\$ 3,701,464
2	3,381,076	3,409,340	(28,264)	51,907,585	50,900,877	1,006,708
3	2,636,308	2,595,660	40,648	16,630,205	15,932,459	697,746
30	1,587,196	1,482,019	105,177	24,136,939	22,120,263	2,016,676
Major Routes	13,670,182	13,449,358	220,824	185,316,718	177,894,124	7,422,594
10	42,555	40,585	1,970	5,615,312	5,238,123	377,189
11	43,749	40,283	3,466	1,625,162	1,437,683	187,479
Northern Routes	86,304	80,868	5,436	7,240,474	6,675,806	564,668
4	651,111	647,887	3,224	3,340,838	3,253,747	87,091
5	484,266	478,674	5,592	2,448,834	2,359,217	89,617
6	471,094	471,004	90	2,067,033	1,985,936	81,097
7	343,217	338,817	4,400	2,173,908	2,077,938	95,970
8	1,165,891	1,155,629	10,262	4,101,407	3,970,684	130,723
9	472,655	460,976	11,679	6,102,442	5,781,842	320,600
12	180,779	131,308	49,471	1,046,023	735,621	310,402
13	41,054	40,490	564	193,238	186,632	6,606
17	361,397	362,259	(862)	4,536,917	4,370,948	165,969
18	156,185	156,435	(250)	541,306	525,680	15,626
19	770,452	767,364	3,088	2,479,321	2,381,668	97,653
20	243,354	245,605	(2,251)	638,290	677,888	(39,598)
21	480,367	462,185	18,182	1,455,670	1,388,076	67,594
22	227,837	219,640	8,197	704,614	672,973	31,641
23	799,635	802,012	(2,377)	2,374,245	2,322,477	51,768
24	104,019	102,270	1,749	429,585	407,455	22,130
25	231,049	229,088	1,961	900,847	865,117	35,730
26	93,908	87,218	6,690	315,339	285,782	29,557
Minor Routes	7,278,270	7,158,861	119,409	35,849,857	34,249,681	1,600,176
Total	21,034,756	20,689,087	345,669	228,407,049	218,819,611	9,587,438

% Sailings Within 10 Min. (Note 3)		
Fiscal 2015	Fiscal 2016	Fiscal 2017
87.7%	82.4%	82.7%
74.0%	76.2%	78.7%
77.4%	73.2%	74.3%
93.2%	91.9%	88.2%
83.1%	80.7%	80.6%
88.6%	89.6%	86.1%
94.6%	96.2%	95.6%
90.0%	91.0%	88.4%
96.6%	96.4%	95.6%
91.3%	88.1%	85.3%
86.6%	91.8%	84.2%
95.1%	91.5%	91.8%
89.0%	82.2%	78.4%
86.3%	84.9%	86.7%
93.7%	94.1%	86.2%
99.8%	99.7%	99.8%
94.2%	91.4%	90.0%
95.4%	96.3%	95.4%
90.1%	96.4%	95.2%
91.3%	89.2%	87.2%
97.2%	97.6%	97.9%
98.4%	97.1%	95.1%
98.0%	98.0%	98.3%
91.8%	93.9%	93.6%
85.4%	83.9%	88.2%
98.3%	96.5%	95.3%
93.2%	92.6%	91.2%
91.7%	90.8%	89.5%

Obligation deferred (settled)	0	(397,898)
Total passenger revenue	228,407,049	218,421,713
Total vehicle and passenger revenue	589,725,965	561,233,172

Temporary Service Disruptions Report

Year Ended March 31, 2017



CANCELLED ROUND TRIPS BY ROUTES

Performance Against CFSC Requirements - Annual Core Service Levels

Fiscal 2017 Year Ended March 31, 2017				Cancellations of Required Round Trips for Reasons Specified in Schedule A, 2(a) of the Coastal Ferry Services Contract											Cancellations of Required Round Trips for Other Reasons					
Routes		Terminal 1	Terminal 2	Major Incident	Weather	Emerg. Response	Medical Emerg.	Regulatory Issue	Terminal / Dock Maint.	Terminal / Dock Mech. Failure	Vessel Maint.	Vessel Mech. Failure	Fire	Labour Dispute	Allowed Cancels	Community Event	Traffic	Other Cancels	Total Cancels	% of Required Round Trips Cancelled
	Route 01	Swartz Bay	Tsawwassen		3										3.0			0.0	3.0 3.5 0.0 2.0	0.07%
	Route 02	Horseshoe Bay	Departure Bay	0.5	3										3.5			0.0		
	Route 03	Langdale	Horseshoe Bay												0.0			0.0		
	Route 30	Duke Point	Tsawwassen		1						1				2.0			0.0		
Major Routes				0.5	7	0	0	0	0	0	0	1	0	0	8.5	0	0	0.0	8.5	0.07%
	Route 10	Port Hardy	Prince Rupert												0.0			0.0	0.0 0.0	0.00% 0.00%
	Route 11	Skidegate	Prince Rupert												0.0			0.0		
Northern Routes				0	0	0	0	0	0	0	0	0	0	0	0.0	0	0	0.0	0.0	0.00%
	Route 04	Fulford Harbour	Swartz Bay									1			1.0			0.0	1.0 0.0 1.0 0.0 12.5 5.0 7.0 1.0 28.0 2.0 0.0 0.0 3.0 2.0 12.0 49.0 2.0 1.0	0.03% 0.00% 0.02% 0.00% 0.23% 0.62% 0.22% 0.02% 2.05% 0.07% 0.00% 0.00% 0.06% 0.05% 0.21% 2.29% 0.05% 0.03%
	Route 05	Swartz Bay	Four SGIs												0.0			0.0		
	Route 06	Crofton	Vesuvius Bay		1										1.0			0.0		
	Route 07	Earls Cove	Saltery Bay												0.0			0.0		
	Route 08	Horseshoe Bay	Bowen Island		5.5			0.5				1.5			7.5		5	5.0		
	Route 09	Tsawwassen	Long Harbour		3							2			5.0			0.0		
	Route 12	Mill Bay	Brentwood Bay		3			1				3			7.0			0.0		
	Route 13 ⁽¹⁾	Langdale	Gambier/Keats					1							1.0			0.0		
	Route 17	Little River	Powell River		27			1							28.0			0.0		
	Route 18	Texada	Powell River		2										2.0			0.0		
	Route 19	Nanaimo Harbour	Gabriola Island												0.0			0.0		
	Route 20	Chemainus	Thetis Island												0.0			0.0		
	Route 21	Buckley Bay	Denman West									3			3.0			0.0		
	Route 22	Denman East	Hornby Island		2										2.0			0.0		
	Route 23	Campbell River	Quadra Island		12										12.0			0.0		
	Route 24	Quadra Island	Cortes Island		48			1							49.0			0.0		
	Route 25	Port McNeill	Alert Bay		2										2.0			0.0		
	Route 26	Skidegate	Alliford Bay		1										1.0			0.0		
Minor Routes				0	106.5	0	0	4.5	0	0	0	10.5	0	0	121.5	0	5	5.0	126.5	0.20%
TOTAL				0.5	113.5	0.0	0.0	4.5	0.0	0.0	0.0	11.5	0.0	0.0	130.0	0.0	5.0	5.0	135.0	0.18%

% of Minimum Required Round Trips Cancelled0.00%0.15%0.00%0.00%0.01%0.00%0.00%0.02%0.00%0.00%0.17%0.00%0.01%0.01%0.18%

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

CANCELLED & EXTRA ROUND TRIPS BY ROUTES

Fiscal 2017 Year Ended March 31, 2017			
Routes ⁽¹⁾	Terminal 1	Terminal 2	
	Route 01	Swartz Bay	Tsawwassen
	Route 02	Horseshoe Bay	Departure Bay
	Route 03	Langdale	Horseshoe Bay
	Route 30	Duke Point	Tsawwassen
Major Routes			
	Route 10	Port Hardy	Prince Rupert
	Route 11	Skidegate	Prince Rupert
Northern Routes			
	Route 04	Fulford Harbour	Swartz Bay
	Route 05	Swartz Bay	Four SGIs
	Route 06	Crofton	Vesuvius Bay
	Route 07	Earls Cove	Saltery Bay
	Route 08	Horseshoe Bay	Bowen Island
	Route 09	Tsawwassen	Long Harbour
	Route 12	Mill Bay	Brentwood Bay
	Route 13 ⁽³⁾	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
Minor Routes			
TOTAL			

Performance Against CFSC Requirements Annual Core Service Levels Year Ended March 31, 2017				
Actual Round Trips ⁽¹⁾	Round Trips Required ⁽²⁾	Variance - Net Extra / Short Round Trips	Required Round Trips Cancelled	Total Extra / Short Round Trips
3,950.0	12,254.0	1,127.0	8.5	1,135.5
3,074.0				
3,621.5				
2,735.5				
13,381.0	12,254.0	1,127.0	8.5	1,135.5
85.5	85.5	0.0	0.0	0.0
148.0	139.0	9.0	0.0	9.0
233.5	224.5	9.0	0.0	9.0
2,894.0	2,881.0	13.0	1.0	14.0
3,472.0	3,471.0	1.0	0.0	1.0
4,464.0	4,441.0	23.0	1.0	24.0
2,562.5	2,513.0	49.5	0.0	49.5
5,326.0	5,338.5	-12.5	12.5	0.0
825.0	812.0	13.0	5.0	18.0
3,210.0	3,217.0	-7.0	7.0	0.0
4,028.0	4,062.0	-34.0	1.0	-33.0
1,343.0	1,364.0	-21.0	28.0	7.0
2,869.5	2,814.0	55.5	2.0	57.5
4,922.0	4,902.0	20.0	0.0	20.0
3,701.0	3,701.0	0.0	0.0	0.0
5,474.0	5,263.0	211.0	3.0	214.0
4,327.5	4,062.0	265.5	2.0	267.5
5,782.0	5,787.0	-5.0	12.0	7.0
2,089.0	2,138.0	-49.0	49.0	0.0
3,959.0	3,961.0	-2.0	2.0	0.0
3,029.0	2,918.0	111.0	1.0	112.0
64,277.5	63,645.5	632.0	126.5	758.5
77,892.0	76,124.0	1,768.0	135.0	1,903.0

Notes:

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

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

⁽³⁾ Route 13: From January 19 to April 7, 2017 alternative service on Route 13 to Gambier and Keats Island was temporarily provided from Gibson's Harbour due to berth construction at Langdale terminal, resulting in 33 "on demand only" sailing cancellations.

CANCELLED ROUND TRIPS BY ROUTES

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

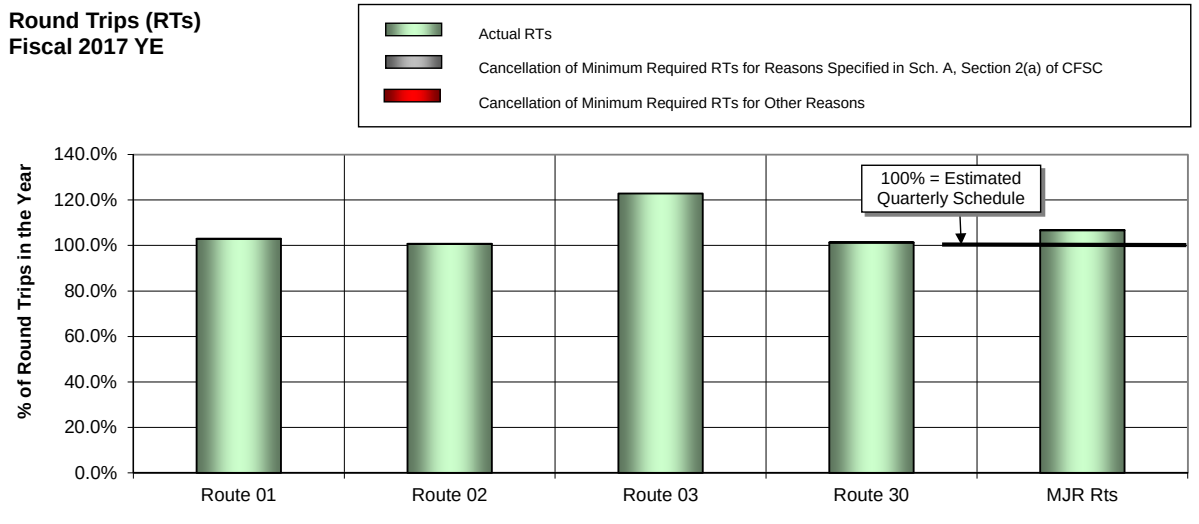
Fiscal 2017 Year Ended March 31, 2017				Performance Against CFSC Requirements Annual Core Service Level	
Routes				Cumulative Days When Round Trips Missed <i>Allowed 30 Days / Route</i>	Highest Consecutive Days when Round Trips Missed <i>Allowed 20 Days / Route</i>
Major Routes	Route 01	Swartz Bay	Tsawwassen	1.0	1.0
	Route 02	Horseshoe Bay	Departure Bay	2.0	1.0
	Route 03	Langdale	Horseshoe Bay		
	Route 30	Duke Point	Tsawwassen	2.0	1.0
Northern Routes	Route 10	Port Hardy	Prince Rupert		
	Route 11	Skidegate	Prince Rupert		
Minor Routes	Route 04	Fulford Harbour	Swartz Bay	1.0	1.0
	Route 05	Swartz Bay	Four SGIs		
	Route 06	Crofton	Vesuvius Bay	1.0	1.0
	Route 07	Earls Cove	Saltery Bay		
	Route 08	Horseshoe Bay	Bowen Island	4.0	1.0
	Route 09	Tsawwassen	Long Harbour	4.0	2.0
	Route 12	Mill Bay	Brentwood Bay	5.0	2.0
	Route 13	Langdale	Gambier/Keats	1.0	1.0
	Route 17	Little River	Powell River	17.0	3.0
	Route 18	Texada	Powell River	2.0	1.0
	Route 19	Nanaimo Harbour	Gabriola Island		
	Route 20	Chemainus	Thetis Island		
	Route 21	Buckley Bay	Denman West	2.0	2.0
	Route 22	Denman East	Hornby Island	1.0	1.0
	Route 23	Campbell River	Quadra Island	5.0	1.0
	Route 24	Quadra Island	Cortes Island	16.0	2.0
	Route 25	Port McNeill	Alert Bay	1.0	1.0
	Route 26	Skidegate	Alliford Bay	1.0	1.0

Round Trip Service Delivery and On Time Performance

Fiscal 2017

Year Ended March 31, 2017

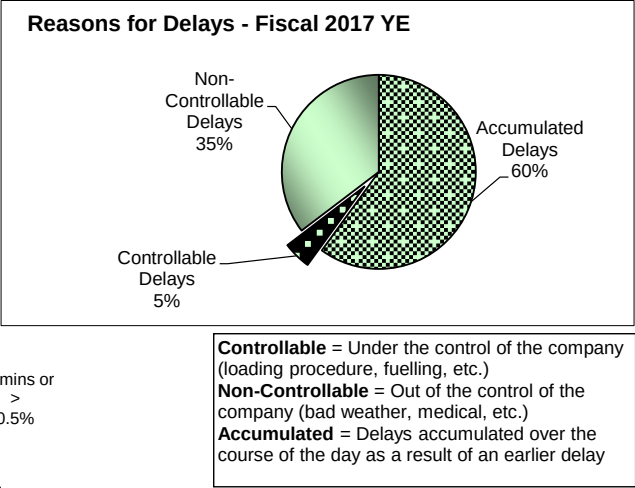
Major Routes



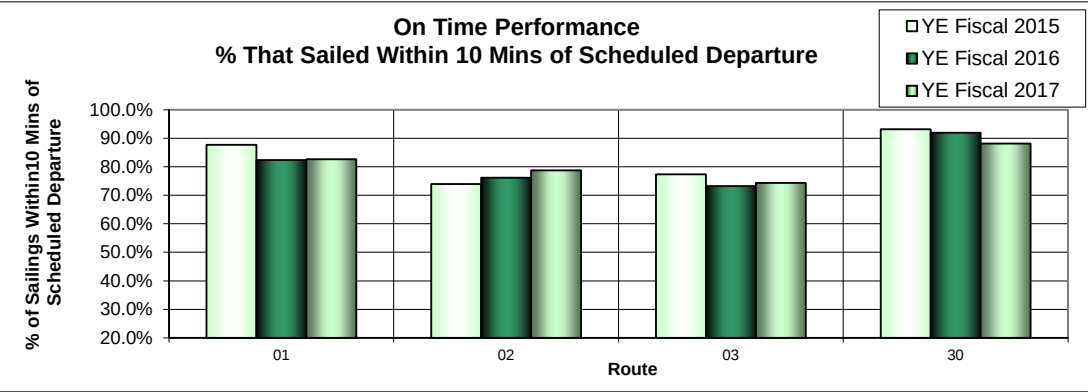
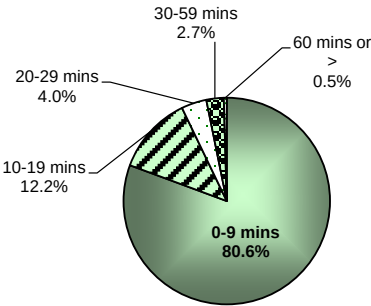
Routes	Route Description	Actual RTs	Round Trips Required ⁽¹⁾	Variance (Net Extra RT / Short RT)	% Sailings Overloaded
Route 01	Swartz Bay-Tsawwassen	3,950.0	12,254.0	1,127.0	53.5%
Route 02	Horseshoe Bay-Nanaimo	3,074.0			29.6%
Route 03	Langdale-Horseshoe Bay	3,621.5			22.9%
Route 30	Nanaimo-Tsawwassen	2,735.5			25.7%
MAJOR Routes Total		13,381.0	12,254.0	1,127.0	34.1%

Note:

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



On Time Performance Fiscal 2017 YE

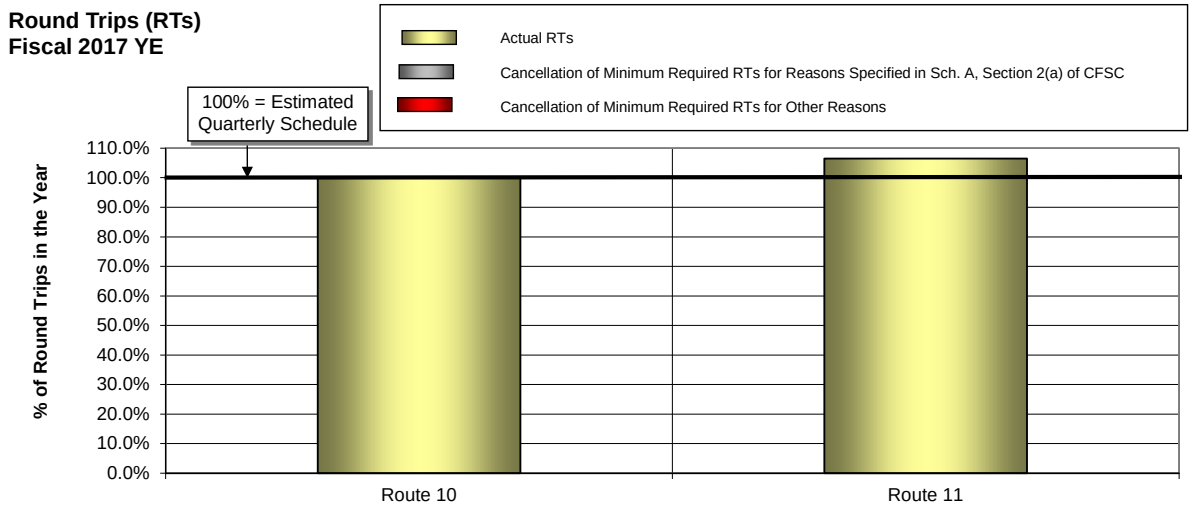


Round Trip Service Delivery and On Time Performance

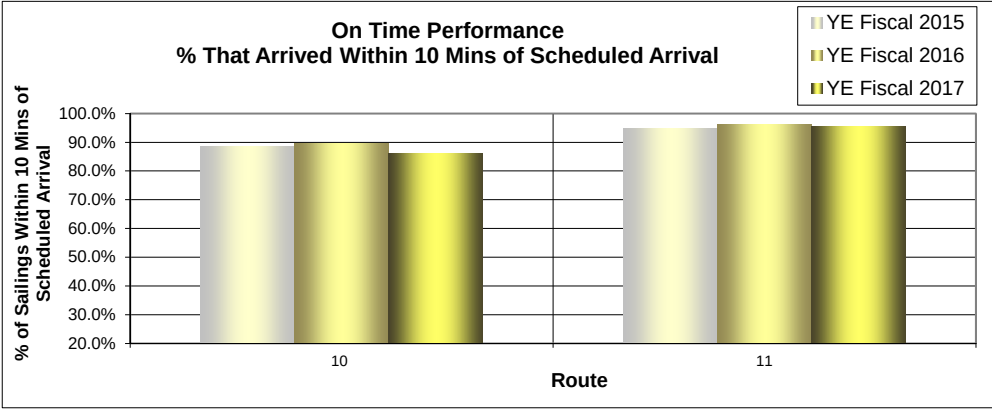
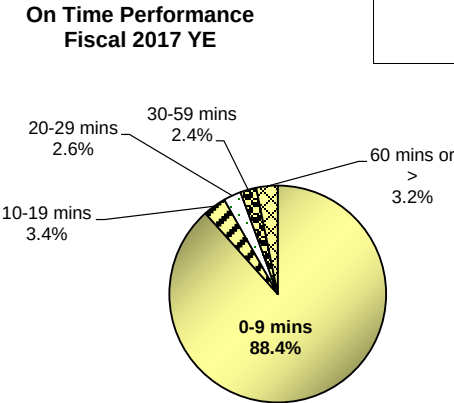
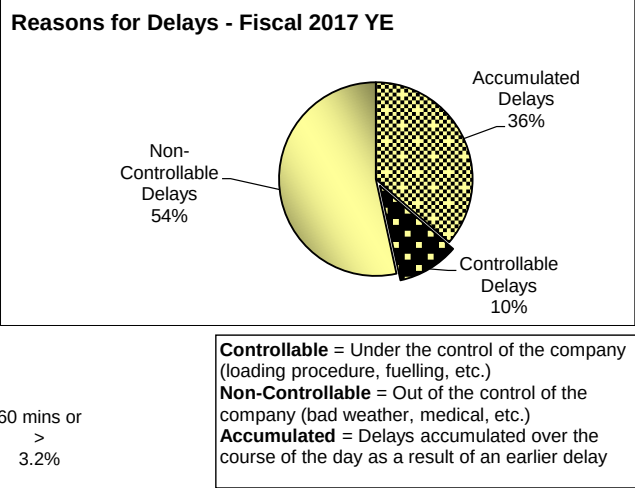
Fiscal 2017

Year Ended March 31, 2017

Northern Routes



Routes	Route Description	Actual RTs	Round Trips Required	Variance (Net Extra RT / Short RT)	% Sailings Overloaded
Route 10	Port Hardy-Prince Rupert	85.5	85.5	0.0	0.0%
Route 11	Skidegate-Prince Rupert	148.0	139.0	9.0	1.4%
NORTHERN Routes Total		233.5	224.5	9.0	0.3%

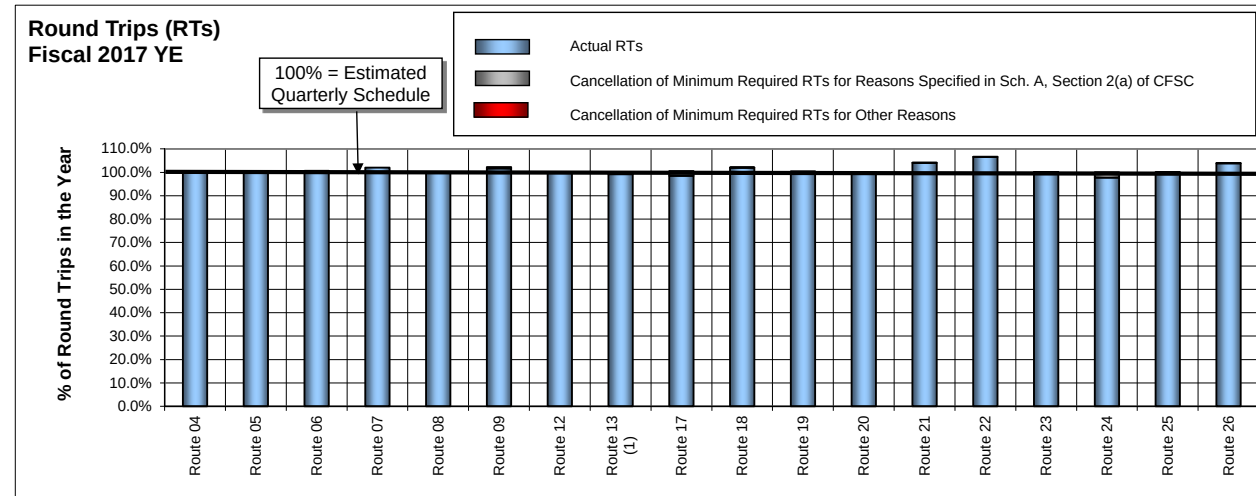


Round Trip Service Delivery and On Time Performance

Fiscal 2017

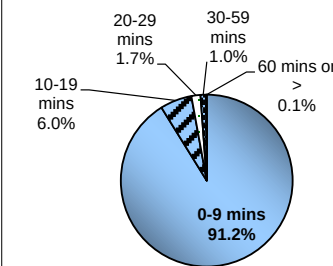
Year Ended March 31, 2017

Minor Routes

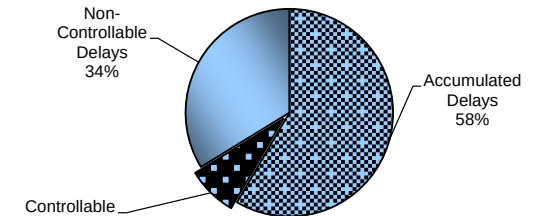


On Time Performance

Fiscal 2017 YE



Reasons for Delays - Fiscal 2017 YE

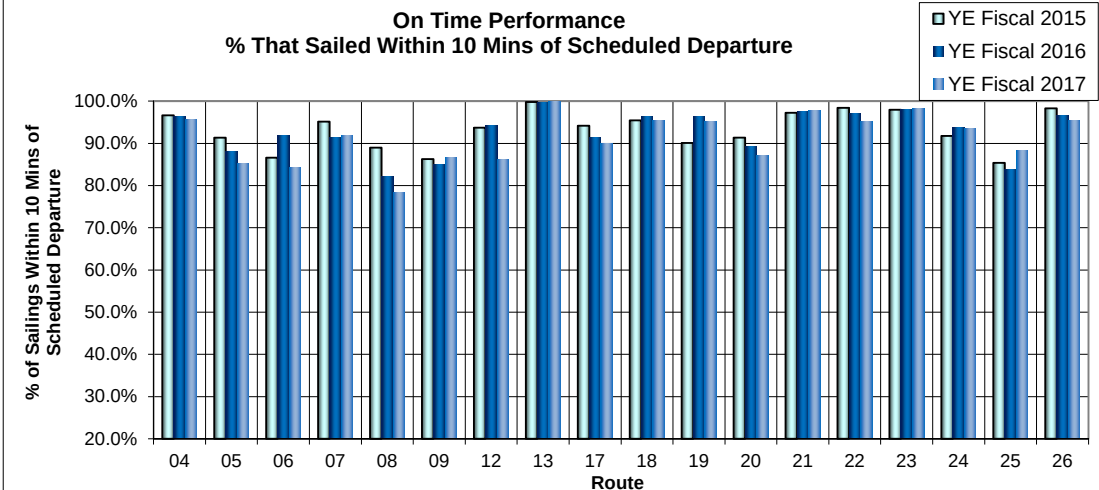


Controllable = Under the control of the company (loading procedure, fuelling, etc.)
Non-Controllable = Out of the control of the company (bad weather, medical, etc.)
Accumulated = Delays accumulated over the course of the day as a result of an earlier delay

Routes	Route Description	Actual RTs	Round Trips Required	Variance (Net Extra RT / Short RT)	% Sailings Overloaded
Route 04	Swartz Bay-Fulford Harbour	2,894.0	2,881.0	13.0	8.3%
Route 05	Swartz Bay-Gulf Islands	3,472.0	3,471.0	1.0	4.2%
Route 06	Crofton-Vesuvius Bay	4,464.0	4,441.0	23.0	6.9%
Route 07	Earls Cove-Salter Bay	2,562.5	2,513.0	49.5	2.1%
Route 08	Horseshoe Bay-Bowen Island	5,326.0	5,338.5	-12.5	5.7%
Route 09	Tsawwassen-Southern Gulf Islands	825.0	812.0	13.0	3.3%
Route 12	Mill Bay-Brentwood Bay	3,210.0	3,217.0	-7.0	8.1%
Route 13 ⁽¹⁾	Langdale-Keats/Gambier	4,028.0	4,062.0	-34.0	Pass only
Route 17	Little River-Powell River	1,343.0	1,364.0	-21.0	0.8%
Route 18	Powell River-Texada	2,869.5	2,814.0	55.5	2.0%
Route 19	Nanaimo Harbour-Gabriola Island	4,922.0	4,902.0	20.0	6.7%
Route 20	Chemainus-Thetis/Penelakut	3,701.0	3,701.0	0.0	1.8%
Route 21	Buckley Bay-Denman West	5,474.0	5,263.0	211.0	6.8%
Route 22	Gravelly Bay-Hornby Island	4,327.5	4,062.0	265.5	9.2%
Route 23	Campbell River-Quadra Island	5,782.0	5,787.0	-5.0	10.0%
Route 24	Quadra Island-Cortes Island	2,089.0	2,138.0	-49.0	9.4%
Route 25	Port McNeill-Sointula/Alert Bay	3,959.0	3,961.0	-2.0	2.6%
Route 26	Skidegate-Aliford Bay	3,029.0	2,918.0	111.0	3.1%
MINOR Routes Total		64,277.5	63,645.5	632.0	5.6%

Note:

⁽¹⁾ Route 13: From January 19 to April 7, 2017 alternative service on Route 13 to Gambier and Keats Island was temporarily provided from Gibson's Harbour due to berth construction at Langdale terminal, resulting in 33 "on demand only" sailing cancellations.

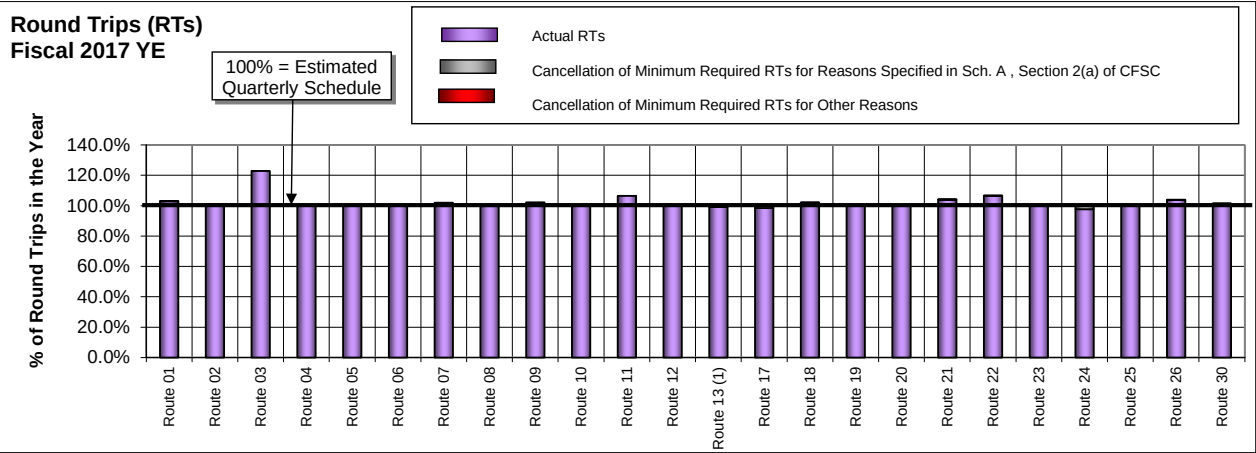


Round Trip Service Delivery and On Time Performance

Fiscal 2017

Year Ended March 31, 2017

All Routes



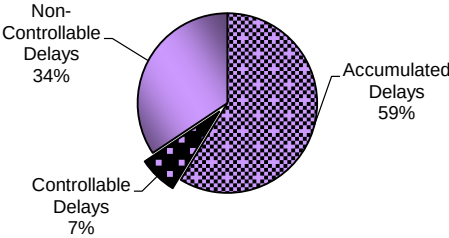
Routes	Route Description	Actual RTs	Round Trips Required	Variance (Net Extra RT / Short RT)	% Sailings Overloaded
Route 01	Swartz Bay-Tsawwassen	3,950.0	12,254.0	1,127.0	53.5%
Route 02	Horseshoe Bay-Nanaimo	3,074.0			29.6%
Route 03	Langdale-Horseshoe Bay	3,621.5			22.9%
Route 30	Nanaimo-Tsawwassen	2,735.5			25.7%
Route 04	Swartz Bay-Fulford Harbour	2,894.0	2,881.0	13.0	8.3%
Route 05	Swartz Bay-Gulf Islands	3,472.0	3,471.0	1.0	4.2%
Route 06	Crofton-Vesuvius Bay	4,464.0	4,441.0	23.0	6.9%
Route 07	Earls Cove-Salter Bay	2,562.5	2,513.0	49.5	2.1%
Route 08	Horseshoe Bay-Bowen Island	5,326.0	5,338.5	-12.5	5.7%
Route 09	Tsawwassen-Southern Gulf Islands	825.0	812.0	13.0	3.3%
Route 10	Port Hardy-Prince Rupert	85.5	85.5	0.0	0.0%
Route 11	Skidegate-Prince Rupert	148.0	139.0	9.0	1.4%
Route 12	Mill Bay-Brentwood Bay	3,210.0	3,217.0	-7.0	8.1%
Route 13 ⁽¹⁾	Langdale-Keats/Gambier	4,028.0	4,062.0	-34.0	Pass only
Route 17	Little River-Powell River	1,343.0	1,364.0	-21.0	0.8%
Route 18	Powell River-Texada	2,869.5	2,814.0	55.5	2.0%
Route 19	Nanaimo Harbour-Gabriola Island	4,922.0	4,902.0	20.0	6.7%
Route 20	Chemainus-Thetis/Penelakut	3,701.0	3,701.0	0.0	1.8%
Route 21	Buckley Bay-Denman West	5,474.0	5,263.0	211.0	6.8%
Route 22	Gravelly Bay-Hornby Island	4,327.5	4,062.0	265.5	9.2%
Route 23	Campbell River-Quadra Island	5,782.0	5,787.0	-5.0	10.0%
Route 24	Quadra Island-Cortes Island	2,089.0	2,138.0	-49.0	9.4%
Route 25	Port McNeill-Sointula/Alert Bay	3,959.0	3,961.0	-2.0	2.6%
Route 26	Skidegate-Alliford Bay	3,029.0	2,918.0	111.0	3.1%
All Routes Total		77,892.0	76,124.0	1,768.0	10.3%

Notes:

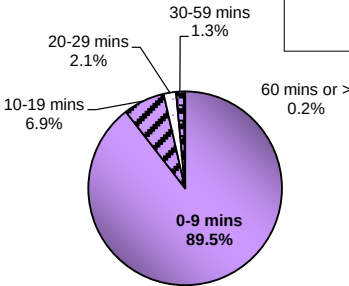
⁽¹⁾Route 13: From January 19 to April 7, 2017 alternative service on Route 13 to Gambier and Keats Island was temporarily provided from Gibson's Harbour due to berth construction at Langdale terminal, resulting in 33 "on demand only" sailing cancellations.

⁽²⁾Within 10 minutes of scheduled arrival for the Northern Routes 10 and 11.

Reasons for Delays - Fiscal 2017 YE

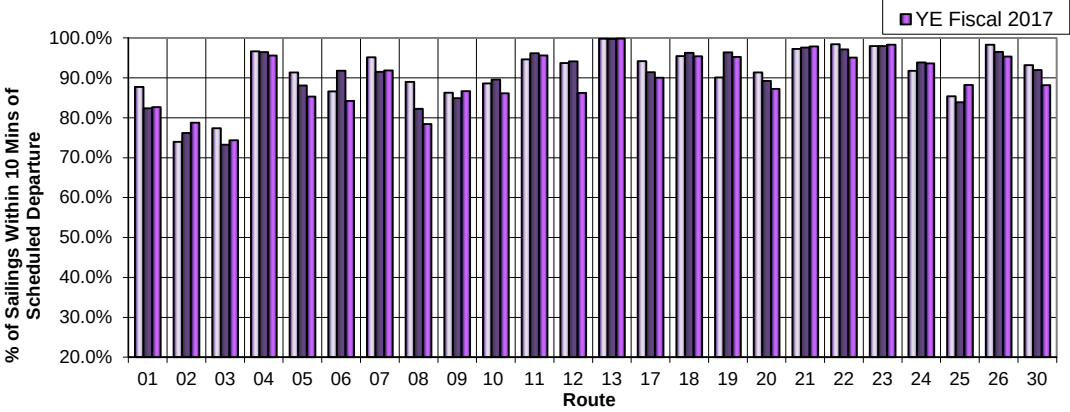


On Time Performance Fiscal 2017 YE



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

On Time Performance % That Sailed Within 10 Mins of Scheduled Departure⁽²⁾



Route Financial Report

Year Ended March 31, 2017





British Columbia Ferry Services Inc.
Route Statement
For the Twelve Months Ended March 31, 2017
(in \$ 000's)

	Corporate Total		Major Routes		Northern Routes		Minor Routes		Unregulated Routes	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Tariff and Reservation Revenue	608,713	580,324	506,671	483,317	15,874	14,646	86,168	82,361	-	-
Ancillary Revenue	69,028	64,949	59,403	56,107	4,196	3,813	5,429	5,029	-	-
Social Program Fees	16,927	25,024	8,659	14,110	1,016	1,150	7,252	9,764	-	-
Contracted Routes Fee	2,707	2,521	-	-	-	-	-	-	2,707	2,521
Total Operating Revenue	697,375	672,818	574,733	553,534	21,086	19,609	98,849	97,154	2,707	2,521
Total Operating Expenses	584,662	574,297	390,360	375,793	39,436	42,596	152,159	153,387	2,707	2,521
Earnings (Loss) from Operations	112,713	98,521	184,373	177,741	(18,350)	(22,987)	(53,310)	(56,233)	-	-
Depreciation and Amortization	(148,952)	(145,602)	(92,507)	(88,396)	(16,162)	(15,257)	(40,283)	(41,949)	-	-
Financing Expense	(58,759)	(60,568)	(33,438)	(34,770)	(8,616)	(9,140)	(16,705)	(16,658)	-	-
Cost of Capital	(207,711)	(206,170)	(125,945)	(123,166)	(24,778)	(24,397)	(56,988)	(58,607)	-	-
Gain (Loss) on Disposal and Revaluation of Capital Assets	(1,588)	(40)	(1,327)	(27)	(47)	8	(214)	(21)	-	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(96,586)	(107,689)	57,101	54,548	(43,175)	(47,376)	(110,512)	(114,861)	-	-
Ferry Transportation Fees	155,377	143,758	-	-	59,209	54,790	96,168	88,968	-	-
Federal-Provincial Subsidy Agreement	29,158	28,730	-	-	7,481	7,372	21,677	21,358	-	-
Net Regulatory Earnings (Loss)	87,949	64,799	57,101	54,548	23,515	14,786	7,333	(4,535)	-	-
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS										
Fuel Costs Deferred	7,624	10,971	5,479	8,022	506	566	1,639	2,383	-	-
Fuel Rebates Paid	(18,068)	(6,356)	(14,790)	(5,295)	(333)	-	(2,945)	(1,061)	-	-
Provincial Contributions to Fuel Deferral Accounts	(139)	1,070	-	945	(139)	(157)	-	282	-	-
Amortization of Deferred Costs	-	82	-	67	-	2	-	13	-	-
Tariffs in Excess of Price Cap	-	(1,013)	-	(838)	-	(27)	-	(148)	-	-
Net IFRS Earnings (Loss)	77,366	69,553	47,790	57,449	23,549	15,170	6,027	(3,066)	-	-

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Included in the Fuel Rebates Paid in the above statement are fuel rebates applied against tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2017, the Province received fuel rebates of \$0.1 million (March 31, 2016: \$0.3 million).



British Columbia Ferry Services Inc.
Route Statement
Major Routes
For the Twelve Months Ended March 31, 2017
(in \$ 000's)

	01-Tsawwassen - Swartz Bay		02-Horseshoe Bay - Nanaimo		03-Horseshoe Bay - Langdale		30-Nanaimo - Tsawwassen		Major Routes	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Tariff and Reservation Revenue	234,297	223,418	130,030	127,145	48,184	45,787	94,160	86,967	506,671	483,317
Ancillary Revenue	29,137	27,744	14,853	14,364	6,327	5,744	9,086	8,255	59,403	56,107
Social Program Fees	2,427	4,575	2,810	4,470	2,623	3,380	799	1,685	8,659	14,110
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	265,861	255,737	147,693	145,979	57,134	54,911	104,045	96,907	574,733	553,534
Total Operating Expenses	157,702	153,277	98,183	99,284	48,127	42,489	86,348	80,743	390,360	375,793
Earnings (Loss) from Operations	108,159	102,460	49,510	46,695	9,007	12,422	17,697	16,164	184,373	177,741
Depreciation and Amortization	(34,717)	(32,772)	(24,404)	(25,906)	(12,072)	(10,558)	(21,314)	(19,160)	(92,507)	(88,396)
Financing Expense	(14,095)	(14,472)	(7,953)	(8,733)	(3,192)	(2,851)	(8,198)	(8,714)	(33,438)	(34,770)
Cost of Capital	(48,812)	(47,244)	(32,357)	(34,639)	(15,264)	(13,409)	(29,512)	(27,874)	(125,945)	(123,166)
Gain (Loss) on Disposal and Revaluation of Capital Assets	(614)	(13)	(341)	(7)	(132)	(3)	(240)	(4)	(1,327)	(27)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	58,733	55,203	16,812	12,049	(6,389)	(990)	(12,055)	(11,714)	57,101	54,548
Ferry Transportation Fees	-	-	-	-	-	-	-	-	-	-
Federal-Provincial Subsidy Agreement	-	-	-	-	-	-	-	-	-	-
Net Regulatory Earnings (Loss)	58,733	55,203	16,812	12,049	(6,389)	(990)	(12,055)	(11,714)	57,101	54,548
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS										
Fuel Costs Deferred	2,012	2,879	1,421	2,178	541	789	1,505	2,176	5,479	8,022
Fuel Rebates Paid	(6,787)	(2,437)	(3,789)	(1,405)	(1,493)	(527)	(2,721)	(926)	(14,790)	(5,295)
Provincial Contributions to Fuel Deferral Accounts	-	353	-	252	-	93	-	247	0	945
Amortization of Deferred Costs	-	30	-	18	-	7	-	12	0	67
Tariffs in Excess of Price Cap	-	(386)	-	(222)	-	(80)	-	(150)	0	(838)
Net IFRS Earnings (Loss)	53,958	55,642	14,444	12,870	(7,341)	(708)	(13,271)	(10,355)	47,790	57,449

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British Columbia Ferry Services Inc.
Route Statement
Northern Routes
For the Twelve Months Ended March 31, 2017
(in \$ 000's)

	10-Bear Cove - Bella Bella - Prince Rupert		11-Prince Rupert - Skidegate		Northern Routes	
	2017	2016	2017	2016	2017	2016
Tariff and Reservation Revenue	10,361	9,573	5,513	5,073	15,874	14,646
Ancillary Revenue	2,628	2,448	1,568	1,365	4,196	3,813
Social Program Fees	403	557	613	593	1,016	1,150
Contracted Routes Fee	-	-	-	-	-	-
Total Operating Revenue	13,392	12,578	7,694	7,031	21,086	19,609
Total Operating Expenses	23,459	25,683	15,977	16,913	39,436	42,596
Earnings (Loss) from Operations	(10,067)	(13,105)	(8,283)	(9,882)	(18,350)	(22,987)
Depreciation and Amortization	(9,033)	(8,570)	(7,129)	(6,687)	(16,162)	(15,257)
Financing Expense	(5,058)	(5,439)	(3,558)	(3,701)	(8,616)	(9,140)
Cost of Capital	(14,091)	(14,009)	(10,687)	(10,388)	(24,778)	(24,397)
Gain (Loss) on Disposal and Revaluation of Capital Assets	(30)	2	(17)	6	(47)	8
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(24,188)	(27,112)	(18,987)	(20,264)	(43,175)	(47,376)
Ferry Transportation Fees	32,389	29,984	26,820	24,806	59,209	54,790
Federal-Provincial Subsidy Agreement	1,454	1,433	6,027	5,939	7,481	7,372
Net Regulatory Earnings (Loss)	9,655	4,305	13,860	10,481	23,515	14,786
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS						
Fuel Costs Deferred	338	381	168	185	506	566
Fuel Rebates Paid	(214)	-	(119)	-	(333)	-
Provincial Contributions to Fuel Deferral Accounts	(93)	(106)	(46)	(51)	(139)	(157)
Amortization of Deferred Costs	-	1	-	1	-	2
Tariffs in Excess of Price Cap	-	(18)	-	(9)	-	(27)
Net IFRS Earnings (Loss)	9,686	4,563	13,863	10,607	23,549	15,170

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British Columbia Ferry Services Inc.
Route Statement
Minor Routes
For the Twelve Months Ended March 31, 2017
(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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Tariff and Reservation Revenue	7,066	6,901	5,996	5,781	5,462	5,215	6,906	6,646	10,244	9,750
Ancillary Revenue	286	281	419	349	37	34	460	431	534	499
Social Program Fees	537	676	713	966	444	601	399	502	1,038	1,222
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	7,889	7,858	7,128	7,096	5,943	5,850	7,765	7,579	11,816	11,471
Total Operating Expenses	10,880	10,550	19,562	18,512	5,651	6,514	12,858	13,422	12,763	13,480
Earnings (Loss) from Operations	(2,991)	(2,692)	(12,434)	(11,416)	292	(664)	(5,093)	(5,843)	(947)	(2,009)
Depreciation and Amortization	(2,147)	(1,839)	(4,486)	(2,972)	(1,691)	(1,718)	(3,560)	(3,200)	(3,429)	(3,532)
Financing Expense	(914)	(895)	(1,732)	(1,241)	(243)	(262)	(1,871)	(1,825)	(1,571)	(1,665)
Cost of Capital	(3,061)	(2,734)	(6,218)	(4,213)	(1,934)	(1,980)	(5,431)	(5,025)	(5,000)	(5,197)
Gain (Loss) on Disposal and Revaluation of Capital Assets	(19)	(12)	(16)	(1)	(14)	-	(17)	(1)	(14)	(1)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(6,071)	(5,438)	(18,668)	(15,630)	(1,656)	(2,644)	(10,541)	(10,869)	(5,961)	(7,207)
Ferry Transportation Fees	2,835	2,622	17,683	16,362	2,835	2,622	11,731	10,852	5,957	5,511
Federal-Provincial Subsidy Agreement	1,285	1,266	4,045	3,986	12	12	2,683	2,644	1,363	1,343
Net Regulatory Earnings (Loss)	(1,951)	(1,550)	3,060	4,718	1,191	(10)	3,873	2,627	1,359	(353)
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS										
Fuel Costs Deferred	131	218	326	432	24	42	185	252	181	264
Fuel Rebates Paid	(244)	(85)	(204)	(72)	(193)	(66)	(231)	(79)	(356)	(126)
Provincial Contributions to Fuel Deferral Accounts	-	22	-	54	-	5	-	31	-	32
Amortization of Deferred Costs	-	1	-	1	-	1	-	1	-	2
Tariffs in Excess of Price Cap	-	(13)	-	(10)	-	(9)	-	(12)	-	(18)
Net IFRS Earnings (Loss)	(2,064)	(1,407)	3,182	5,123	1,022	(37)	3,827	2,820	1,184	(199)

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British Columbia Ferry Services Inc.
Route Statement
Minor Routes
For the Twelve Months Ended March 31, 2017
(in \$ 000's)

	09-Tsawwassen - Gulf Islands		12-Mill Bay - Brentwood		13-Langdale - Gambier Island - Keats Island		17-Comox - Powell River		18-Texada Island - Powell River	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Tariff and Reservation Revenue	14,129	13,316	2,201	1,541	191	184	11,126	10,958	1,227	1,155
Ancillary Revenue	1,781	1,651	16	16	19	18	928	857	101	116
Social Program Fees	248	620	8	126	4	35	1,327	1,456	236	287
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	16,158	15,587	2,225	1,683	214	237	13,381	13,271	1,564	1,558
Total Operating Expenses	20,026	20,635	2,608	2,923	611	589	17,607	16,903	5,079	4,999
Earnings (Loss) from Operations	(3,868)	(5,048)	(383)	(1,240)	(397)	(352)	(4,226)	(3,632)	(3,515)	(3,441)
Depreciation and Amortization	(4,480)	(5,773)	(843)	(794)	(6)	(6)	(1,458)	(5,389)	(1,452)	(1,610)
Financing Expense	(472)	(607)	(189)	(216)	0	0	(1,184)	(1,488)	(457)	(529)
Cost of Capital	(4,952)	(6,380)	(1,032)	(1,010)	(6)	(6)	(2,642)	(6,877)	(1,909)	(2,139)
Gain (Loss) on Disposal and Revaluation of Capital Assets	(37)	(1)	(5)	-	-	-	(31)	(1)	(4)	(4)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(8,857)	(11,429)	(1,420)	(2,250)	(403)	(358)	(6,899)	(10,510)	(5,428)	(5,584)
Ferry Transportation Fees	10,359	9,583	1,410	1,305	322	298	8,121	7,512	4,531	4,191
Federal-Provincial Subsidy Agreement	2,369	2,335	-	-	72	72	1,858	1,830	1,036	1,021
Net Regulatory Earnings (Loss)	3,871	489	(10)	(945)	(9)	12	3,080	(1,168)	139	(372)
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS										
Fuel Costs Deferred	248	363	14	16	(8)	(10)	194	294	36	60
Fuel Rebates Paid	(431)	(140)	(85)	(22)	(7)	(16)	(385)	(137)	(49)	(22)
Provincial Contributions to Fuel Deferral Accounts	-	43	-	2	-	-	-	36	-	6
Amortization of Deferred Costs	-	2	-	-	-	-	-	2	-	-
Tariffs in Excess of Price Cap	-	(23)	-	(3)	-	-	-	(19)	-	(2)
Net IFRS Earnings (Loss)	3,688	734	(81)	(952)	(24)	(14)	2,889	(992)	126	(330)

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British Columbia Ferry Services Inc.
Route Statement
Minor Routes
For the Twelve Months Ended March 31, 2017
(in \$ 000's)

	19-Gabriola Island - Nanaimo Harbour		20-Thetis Island - Penelakut Island - Chemainus		21-Denman Island - Buckley Bay		22-Hornby Island - Denman Island		23-Quadra Island - Campbell River	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Tariff and Reservation Revenue	5,729	5,515	1,377	1,460	3,486	3,205	1,664	1,571	5,582	5,548
Ancillary Revenue	83	89	35	37	176	170	105	86	129	100
Social Program Fees	588	873	263	334	307	506	24	97	656	912
Contracted Routes Fee	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue	6,400	6,477	1,675	1,831	3,969	3,881	1,793	1,754	6,367	6,560
Total Operating Expenses	7,144	6,856	4,130	4,367	5,789	6,083	3,980	3,067	9,533	10,900
Earnings (Loss) from Operations	(744)	(379)	(2,455)	(2,536)	(1,820)	(2,202)	(2,187)	(1,313)	(3,166)	(4,340)
Depreciation and Amortization	(2,143)	(2,157)	(973)	(971)	(2,898)	(2,665)	(1,963)	(1,055)	(2,362)	(2,320)
Financing Expense	(712)	(809)	(402)	(451)	(2,010)	(1,690)	(1,028)	(837)	(500)	(577)
Cost of Capital	(2,855)	(2,966)	(1,375)	(1,422)	(4,908)	(4,355)	(2,991)	(1,892)	(2,862)	(2,897)
Gain (Loss) on Disposal and Revaluation of Capital Assets	(15)	-	(4)	-	(9)	-	(4)	-	(15)	-
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(3,614)	(3,345)	(3,834)	(3,958)	(6,737)	(6,557)	(5,182)	(3,205)	(6,043)	(7,237)
Ferry Transportation Fees	3,003	2,778	4,458	4,125	4,282	3,962	3,582	3,314	3,191	2,952
Federal-Provincial Subsidy Agreement	687	677	1,020	1,005	980	965	820	808	730	719
Net Regulatory Earnings (Loss)	76	110	1,644	1,172	(1,475)	(1,630)	(780)	917	(2,122)	(3,566)
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS										
Fuel Costs Deferred	62	92	28	43	12	30	14	16	65	96
Fuel Rebates Paid	(193)	(79)	(53)	(23)	(123)	(45)	(55)	(19)	(202)	(84)
Provincial Contributions to Fuel Deferral Accounts	-	10	-	5	-	3	-	1	-	11
Amortization of Deferred Costs	-	1	-	-	-	1	-	-	-	1
Tariffs in Excess of Price Cap	-	(10)	-	(3)	-	(6)	-	(3)	-	(10)
Net IFRS Earnings (Loss)	(55)	124	1,619	1,194	(1,586)	(1,647)	(821)	912	(2,259)	(3,552)

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British Columbia Ferry Services Inc.
Route Statement
Minor Routes
For the Twelve Months Ended March 31, 2017
(in \$ 000's)

	24-Cortes Island - Quadra Island		25-Alert Bay - Sointula - Port McNeill		26-Skidegate - Alliford Bay		Minor Routes	
	2017	2016	2017	2016	2017	2016	2017	2016
Tariff and Reservation Revenue	1,076	1,012	1,899	1,863	807	740	86,168	82,361
Ancillary Revenue	79	73	159	156	82	66	5,429	5,029
Social Program Fees	173	218	240	276	47	57	7,252	9,764
Contracted Routes Fee	-	-	-	-	-	-	-	-
Total Operating Revenue	1,328	1,303	2,298	2,295	936	863	98,849	97,154
Total Operating Expenses	4,178	3,903	6,250	6,032	3,510	3,652	152,159	153,387
Earnings (Loss) from Operations	(2,850)	(2,600)	(3,952)	(3,737)	(2,574)	(2,789)	(53,310)	(56,233)
Depreciation and Amortization	(2,037)	(1,885)	(2,714)	(2,362)	(1,641)	(1,701)	(40,283)	(41,949)
Financing Expense	(893)	(895)	(1,864)	(1,929)	(663)	(742)	(16,705)	(16,658)
Cost of Capital	(2,930)	(2,780)	(4,578)	(4,291)	(2,304)	(2,443)	(56,988)	(58,607)
Gain (Loss) on Disposal and Revaluation of Capital Assets	(3)	-	(5)	-	(2)	-	(214)	(21)
Route Earnings (Loss) Before Ferry Service Fees & Federal Contract	(5,783)	(5,380)	(8,535)	(8,028)	(4,880)	(5,232)	(110,512)	(114,861)
Ferry Transportation Fees	2,822	2,611	4,586	4,242	4,460	4,126	96,168	88,968
Federal-Provincial Subsidy Agreement	646	636	1,049	1,034	1,022	1,005	21,677	21,358
Net Regulatory Earnings (Loss)	(2,315)	(2,133)	(2,900)	(2,752)	602	(101)	7,333	(4,535)
Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS								
Fuel Costs Deferred	38	56	73	96	16	23	1,639	2,383
Fuel Rebates Paid	(37)	(12)	(69)	(24)	(28)	(10)	(2,945)	(1,061)
Provincial Contributions to Fuel Deferral Accounts	-	7	-	12	-	2	-	282
Amortization of Deferred Costs	-	-	-	-	-	-	-	13
Tariffs in Excess of Price Cap	-	(2)	-	(4)	-	(1)	-	(148)
Net IFRS Earnings (Loss)	(2,314)	(2,084)	(2,896)	(2,672)	590	(87)	6,027	(3,066)

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Part 2

Service Quality



Part 2: Service Quality

Overview

This section provides information on the feedback customers have provided BC Ferries on its services and amenities.

The following two reports are included:

Customer Satisfaction Tracking Report

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

A copy of the 2016 customer satisfaction tracking annual report is provided, along with an overview of the key findings and the actions taken by BC Ferries to respond to the survey results.

Complaints Resolution Report

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

Customer Satisfaction Tracking Report

2016



2016 Customer Satisfaction Tracking Results

Opportunities to Enhance the Customer Experience

Key Findings and Actions Taken

Summary

In the 2016 Customer Satisfaction Tracking study (2016 CST), customers were asked to rate their satisfaction with over sixty different aspects of the services they received from BC Ferries. The 2016 CST results show there have been slight improvements in customers' *overall satisfaction* and specifically with the *overall experience on board*. Ratings have been mostly stable on specific service aspects, but an increase in customer satisfaction with *overall value for money of fares*, a key driver of *overall satisfaction*, has likely contributed to these improved ratings.

Areas of strength in the annual customer satisfaction tracking studies are identified by average scores of 4.0 or higher out of 5.0, while attributes with a 3.5 or lower score are identified as areas of opportunity.

The key areas of **success** in the 2016 CST are as follows:

- Usefulness of the website and highway signage
- Staff at the terminal and onboard
- Ticket purchase: efficiency of transaction and staff customer service
- Ease of using passenger drop-off / pick-up areas
- Availability of terminal and onboard washrooms
- Cleanliness of pre-boarding lounge seating
- Cleanliness and comfort of onboard lounge seating
- Appearance of terminals
- Atmosphere / environment onboard
- Variety / selection in the onboard gift shop / news stand
- Availability and cleanliness of seating area of onboard food / beverage services
- Availability of tourist and travel information
- Outside decks and overall appearance of vessels
- Procedures for loading
- Safety of ferry operations and loading / unloading

Areas of **opportunity** to enhance the customer experience in the 2016 CST include:

- Overall value for money of fares
- Parking value for money
- Onboard and terminal value for money of fares for the following:
 - food/beverages
 - retail merchandise
- Ease of using automated phone system
- Ability to connect
- Ferry sailing frequent enough

The factors thought to contribute to the lower scoring on these attributes, and the actions that have and / or will be taken in response, are provided in this report.

Overall Satisfaction with BC Ferries

The 2016 CST indicates that a total of 88% of passengers in 2016 reported to be satisfied overall with their experience travelling on BC Ferries, resulting in an average score of 4.18. This represents a slight increase from the past measure (4.14 average score, 87% satisfied in 2015), and signals steady improvement since 2014 (4.11 average score, 85% satisfied). While *overall satisfaction* scores are relatively stable on most routes, route 19 (Nanaimo Harbour to Gabriola Island) registered a 4.14 average score in 2016, continuing to rally from a low rating of 3.46 in 2014. An increase is also reported for the Southern Gulf Island routes (Route 5, Swartz Bay to the Gulf Islands; Route 9, Tsawwassen to the Southern Gulf Islands) from 4.15 last year to 4.24 in 2016, the highest average on record for these two routes.

Value for Money of Fares

Although *value for money of fares* continues to be an area of opportunity, the rating has significantly improved over time, from an average score of 2.76 in 2014, to 2.86 in 2015, and to 3.03 in 2016.

Response:

BC Ferries understands that an affordable ferry system continues to be important to its customers and the communities it serves, and that the public expects that ferry fares should grow at rates that are reasonable and predictable.

BC Ferries' fares are regulated by the Commissioner in accordance with a price cap model. Upward pressure on fares for performance term four ("PT4") (April 1, 2016 – March 31, 2020) and beyond has been mitigated by a combination of price cap increases set by the Commissioner at 1.9% per year, an amount comparable to the forecasted rate of inflation, additional service fees contributed by the Province, and increased traffic.

On April 1, 2016, BC Ferries increased tariffs 1.9% on average on all routes. However, on April 1, 2017, which was after the 2016 CST survey was conducted, annual tariff increases were limited only to 1.9% for vehicles on the Major routes excluding route 3 (Horseshoe Bay to Langdale), and there were no increases in passenger tariffs or vehicle tariffs on route 3, or the Minor and the Northern Routes. In addition, the reservation premiums were reduced on Major routes and route 17 (Comox to Powell River), resulting in an overall fare reduction, compared to the previous year, for customers making reservations on those routes.

In addition to keeping tariff increases to reasonable and predictable levels, BC Ferries also provided several fare reduction opportunities during fiscal 2017:

- Fare discounts were available year-round for customers regularly travelling on Minor routes and route 3. Fare discount programs have been in place since 1961 for all Gulf Islands, and since 1972 for the Sunshine Coast. Discounts are currently available by using the BC Ferries Experience™ Card;
- From mid-November through mid-December 2016, a 50% vehicle fare discount was offered on off-peak sailings on the Major and Minor routes and on all sailings on the Northern Routes as well as route 26 (Vancouver Island – Malcom Island – Cormorant Island);

- For approximately three weeks in March 2017, spanning spring break, a 50% passenger fare discount and “kids go free” promotion was offered on off-peak sailings on the Major and Minor routes and on all sailings on the Northern Routes;
- In the summer of 2016, BC Ferries brought back the “size up the savings” promotion, which was first introduced in the summer of 2014. On off-peak sailings from June through September, customers with vehicles longer than 20 feet benefited from a 50% reduction on the additional length charge per foot on routes 1 and 30 (Swartz Bay to Tsawwassen and Tsawwassen to Nanaimo).

BC Ferries is continuing with targeted pricing initiatives in fiscal 2018:

- In the summer of 2017 BC Ferries introduced the “Sunrise Sunset” promotion on the Major routes. On select early morning and late evening sailings, customers can benefit from car plus driver pricing from as low as \$39;
- BC Ferries has also brought back the “size up the savings” promotion on off-peak sailings from June through September, 2017 on routes 1 and 30.

These pricing initiatives provide customers with fare reduction opportunities and help to incent traffic away from the busiest sailings. They also enable BC Ferries to test variable pricing in preparation for a future variable pricing model, while obtaining information on traffic trends, customer responses and impacts to operations.

BC Ferries is also striving to contain expenditures, manage its capital portfolio and grow traffic and non-tariff revenues to support reasonable and predictable future tariff increases, as discussed below:

➤ ***Expenditure Management***

The Company continues with cost containment measures, managing costs as prudently as possible without compromising safety and reliability. As a result, BC Ferries is projecting to meet or exceed the efficiency target of \$27.6 million set by the Commission for the four years of PT4.

During fiscal 2017, BC Ferries provided 1,768 round trips above the minimum required under the Contract in order to carry all traffic and minimize customer wait times. These additional round trips resulted in incremental costs, mainly labour and fuel.

BC Ferries' largest expense is wages. In fiscal 2016, the BC Ferry and Marine Workers' Union ratified a five-year collective agreement with the Company. This agreement provides for wage increases of 1.71% on average per year, which is less than the 1.9% price cap increase. This agreement helps to ensure uninterrupted ferry service for customers and marks 18 years of labour stability. The Company strives to maximize labour efficiency but is constrained by Transport Canada regulations on crew size.

Fuel is the second largest operating expenditure incurred by BC Ferries and is, for the most part, an unavoidable cost to the Company. However, with the implementation of an effective fuel hedging program, the impact on customers has been somewhat managed. Fuel hedging is used by BC Ferries to reduce fuel price volatility and add a fixed component to the inherent floating nature of fuel prices. Fuel price hedging instruments are used solely for the purpose of reducing fuel price risk, not for generating trading profits. 'Fuel forward' contracts are only entered into when there is a

reasonable likelihood that the hedge will result in a net procurement cost per litre less than or equal to the set price per litre established by the Commissioner. Thus, they reduce the likelihood of future fuel surcharges. At the end of June 2017, a significant portion of the forecast fuel consumption for fiscal 2018 and fiscal 2019 was 'locked in'. BC Ferries intends to continue to monitor the market and enter into fuel forward contracts when economically prudent to do so.

As detailed in BC Ferries' PT4 Fuel Management Plan,⁹ a wide variety of fuel-saving measures have been implemented by the Company, ranging from operating the vessels more efficiently to installing new, more fuel-efficient engines on some vessels and fuel monitoring systems on others, and to designing and building new vessels to meet or exceed current environmental standards. While growing traffic has put upward pressure on diesel fuel consumption, BC Ferries continues to seek ways to reduce fuel consumption, improve cost effectiveness, and mitigate environmental impact in delivering sustainable, safe and reliable ferry service. For example, BC Ferries' cable ferry service on route 21 provides significant cost savings and environmental benefits. BC Ferries is also actively pursuing natural gas options for new vessels and vessels undergoing major retrofits where economically and technically feasible and is exploring the expansion of the use of batteries with stored energy capability. Fiscal 2018 will see the entry into service of all three new Salish Class vessels which operate primarily on LNG. The use of LNG will reduce emissions as well as costs.

➤ **Capital Portfolio Management**

While BC Ferries continues to focus on productivity improvements, operating efficiencies and innovative ways to grow the business, many of its minor and intermediate sized vessels are at the end, or are nearing the end, of their economic lives, necessitating a significant capital investment in new vessels. The Company's strategy for new vessels includes design optimization, interoperability, and standardization of vessels across the fleet, to the extent possible, to provide more flexibility to respond to changes in the market demand and traffic forecasts. In addition to new ships, BC Ferries must invest in its terminal marine structures and in its information technology. Within the context of controlling upward pressures of fares, BC Ferries must manage capital costs of approximately \$3 billion over the 12 fiscal years ending March 31, 2026. The Company has been successful in securing up to \$60 million in federal infrastructure funding as well as up to \$16 million in incentive funding from FortisBC. The Company will continue to look for opportunities for federal and provincial incentive funding to renew its fleet and terminals.

➤ **Traffic**

Increased traffic volume effectively reduces the cost per individual customer, as it allows the cost of service to be borne by a larger volume of riders. In fiscal 2017, vehicle traffic increased 2.9%¹⁰ and passenger traffic increased 1.7% compared to the prior fiscal year. These traffic levels are the highest since fiscal 2008. Traffic continued to be favourably impacted by a lower Canadian dollar, increases in tourism and general economic activity in British Columbia. The Company believes that promotional fare incentives also had a small positive impact on traffic levels.

⁹ Performance Term Four Fuel Management Plan submitted to the British Columbia Ferries Commissioner in accordance with Order 15-03, March 30, 2016.

¹⁰ Equivalent to 3.1% when calculated on the basis of automobile equivalents.

➤ **Non-tariff Revenues**

Managing expenditures and growing traffic are two ways to keep fares as low as possible, while increasing revenues from sources other than fares (i.e., non-tariff revenues) is another. The Company's commercial services, BC Ferries Vacations and catering and retail services have all been significant contributors to the Company's bottom line.

Through the use of the travel centre and an integrated marketing approach, the Company is able to leverage the core business to drive incremental ferry traffic as well as generate commissions from the related services. Packaged vacations continue to be the fastest growing segment within the Company. In fiscal 2017, the number of vacation packages sold generated \$6.2 million in revenue, an increase of 8.8% over the prior year.

Other non-tariff revenues include the drop-trailer business and catering and retail services. In fiscal 2017, drop-trailer traffic increased 5.6% with a commensurate increase in revenue. BC Ferries has also experienced strong growth in retail services which include food service and gift shops. Retail service is the second highest source of direct revenue. The Company generated \$55 million in net revenue from its retail services in fiscal 2017, an increase of 6% from the prior year.

BC Ferries believes that as long as the Canadian dollar stays low relative to the US dollar and oil prices continue at current levels, the fundamentals impacting traffic will remain favourable resulting in an increase in traffic volumes and incremental non-tariff revenue, further reducing the pressure on future fare increases.

➤ **Other Factors**

The *value for money of fares* rating can be affected by the customer's perception of the value of the product offered by BC Ferries. The Company is working towards business transformation strategies designed as a value-added improvement enabled by new information technology infrastructure. The Fare Flexibility and Digital Experience Initiative will introduce a new system to manage fares at the sailing level, improve operational efficiency through better capacity management, provide customers with greater online functionality and booking options, and provide better access for mobile, tablet and desktop channels.

Value for Money of Parking

Results continue to be stable for *value for money of parking* at the Major terminals with an average score of 3.00 in 2016 which, due to the low number of people who were available to be surveyed on this particular measure, is not considered statistically different than the 2.87 registered in 2015. However, compared to the 2014 average of 2.76, satisfaction is trending upwards over time.

Response:

There have been no material changes to parking rates since January 2010. Parking rates at terminals in Metro Vancouver are slightly higher than Vancouver Island terminals due to the 21% transit tax implemented in 2010.

In addition, fewer complaints have been received due to an improved process for time extension transactions, which involves the ability for customers now to interact with a

live agent rather than an automated phone menu system. Parking smart phone applications are now also available and in use at other pay parking facilities. Customers can use "Pay by Phone" in Greater Vancouver and "Honk Mobile" on Vancouver Island. This service is in place at Tsawwassen, Horseshoe Bay, Swartz Bay, Duke Point and Departure Bay terminals.

Value for Money of Food / Beverages and Retail Merchandise at the Terminal

The *value for money of food / beverages* score at the terminal stands at 3.09 in 2016, increasing from an average of 3.02 in 2015. While average ratings by individual terminals have not significantly changed from 2015, very minor increases in all terminals but Langdale are contributing factors to the upward trend.

The *value for money of retail merchandise* at the terminal remains unchanged over time but consistently yields a low average (3.32 in 2016).

Response:

➤ Terminal value for money of food / beverages:

BC Ferries endeavours to keep food and beverage price increases to a minimum. The Company's overall food and beverage pricing strategy is to increase pricing to match with cost of goods increases.

Lands End at Swartz Bay is the only terminal at which BC Ferries food is offered. Other food outlets at terminals, at Tsawwassen Quay for example, are managed by individual vendors who set menu choices and pricing independent of BC Ferries. Vending machine offerings at terminals are priced in-line with equivalent beverage and snack items on board.

➤ Terminal value for money of retail merchandise:

The retail outlets at the two Terminal Quays (Tsawwassen and Departure Bay) are not managed by BC Ferries. Vendors are selected and managed by Quay Property management and all product pricing is set by individual vendors.

Onboard Value for Money of Food / Beverages and Retail Merchandise

While average satisfaction ratings in 2016 remain stable for *value for money of onboard food/beverages* (3.19) as well as for the *gift shop* (3.37), both are weaker than most other onboard services. Low average satisfaction levels are registered for all routes where gift shops exist.

Response:

➤ On board value for money of food / beverages:

BC Ferries' overall food and beverage pricing strategy is to raise prices in line with cost of goods increases. BC Ferries endeavours to keep food and beverage price increases to a minimum through food waste and other initiatives that help manage and reduce costs. In the onboard Coastal Cafe, BC Ferries' offerings of White Spot burgers and entrées are, generally, priced lower than the same items at White Spot restaurants. As well, limited-time promotions are offered throughout the year to provide greater value to customers.

Examples include:

- Save \$1 when you combine a soup and sandwich;
- Save \$1 when you add a pie to any entrée;
- Save \$2.80 when purchasing a burger combo;
- Price promotions or combo offers with suppliers such as Coke and Starbucks;
- Refreshed menu items in Pacific Buffet outlets that provide enhanced value for money; and
- Bread Garden sandwich value refresh: reduced size and costing has allowed for a corresponding retail price decrease.

➤ ***On board value for money of retail merchandise:***

BC Ferries' pricing on retail merchandise is competitive with that of local merchants offering similar products. BC Ferries offers monthly in-store promotions that provide savings and / or add value to the customer by providing a gift with their purchase. This is comparable with industry promotional offers.

Examples include:

- 30% off men's golf shirts;
- Free Mug with any "Life is Good" brand product;
- 30% off any Roots wallet, buy a 2nd and get 50% off;
- 30% off Native Northwest Reversible Wraps; and
- Gift with Purchase, free K-Way shopping bag with the purchase of any K-Way jacket

Ease of Using Automated Phone System

The 3.35 average rating in 2016 for the *ease of use of the automated phone system* continues unchanged over time, yet is consistently lower than other services offered prior to arrival at the terminal.

Response:

There were a number of technical issues with the previous automated phone system used to provide customers with information regarding schedules, card balances, reserved boarding and access to a customer service agent. The service provider has upgraded its server software and BC Ferries continues to work with them to ensure quick resolution to any issues affecting the customer experience.

A replacement of the BC Ferries Call Centre's automated call distribution software was completed in March 2017. This software replacement is expected to eliminate the remaining technical issues experienced by customers over the last year.

Ability to Connect with Other Sailings

The overall average satisfaction score for the *ability to connect* stands at 3.15 in 2016, trending upwards since falling from 3.35 in 2013 to 3.05 in 2014. However, this continues to be an opportunity for improvement on the following routes:

Response:

➤ **Route 19 (Nanaimo Harbour to Gabriola Island)**

Declining satisfaction on route 19 likely reflects the continuing dissatisfaction with the 2014 service level reductions which removed the opportunity for island residents to connect to the first sailing on route 2 from Departure Bay. For travel to the island, the on-time performance of route 2 (Horseshoe Bay to Nanaimo) service – specifically arising from Horseshoe Bay congestion – is likely a contributing factor as the consequence of arriving late in Departure Bay leads to missed connections at Nanaimo Harbour. BC Ferries is currently engaging within communities to assist in determining how to change sailing schedules to improve reliability, with the resulting improvements cascading to connectivity between route 2 and route 19.

➤ **Route 30 (Tsawwassen to Nanaimo)**

The average satisfaction score for the *ability to connect* on route 30 has significantly declined from 3.95 in 2015 to 2.97 in 2016.

The decline in satisfaction appears to arise from an increased use of route 30 as a connector service to the northern Gulf Islands, including Gabriola, Denman, Hornby, and Quadra islands. Much of the increased use of route 30 (about 6% between 2015 and 2016) appears to be tied to improvements in the lower mainland road networks to Tsawwassen (South Fraser Perimeter Road), making this route a preferred travel alternative to route 2 (Horseshoe Bay to Nanaimo). In addition, route 30 is geographically suited to absorb an increase in American travellers, who appear to be using the route to transit from Tsawwassen to other destinations. Finally, the success of promotions such as “size up the savings” has increased recreational vehicle traffic on route 30 (the same discount is not available on route 2) with many recreational vehicles heading to northern Gulf Island destinations via Duke Point.

Issues related to connectivity service via route 30 and Duke Point have not been historically high profile as traditionally most traffic has been between the lower mainland and the Nanaimo area. BC Ferries continues to monitor this new trend.

➤ **Route 1 (Swartz Bay to Tsawwassen)**

➤ **Route 2 (Horseshoe Bay to Nanaimo)**

➤ **Route 3 (Horseshoe Bay to Langdale)**

The improving satisfaction on these Major routes likely stems from the increase in the number of sailings provided on them. For route 3, this includes the addition of a Sunday morning sailing in April 2016, thus increasing connections to and from the northern Sunshine Coast.

Ferry Sailing Frequent Enough

Although there was an increase in overall satisfaction to 3.49 in 2015, the 2016 overall average for *ferry sailing frequent enough* has reverted to the 2014 average score of 3.40. Scores were below the 3.50 threshold on all but route 1.

Response:

➤ **Route 3 (Horseshoe Bay to Langdale)**

The average satisfaction score on route 3 for *ferry sailing frequent enough* declined from 2.96 in 2015 to 2.87 in 2016. The decline in satisfaction of sailing frequency for route 3 will be rooted in traffic surpassing forecasts, which resulted in some of the responsive service level increases lagging behind. Issues related to on-time performance for the route might also be driving this score. BC Ferries increased service by 62 round trips from fiscal 2016 to fiscal 2017¹¹ and will increase service by 92 round trips from fiscal 2017 to fiscal 2018. Service levels on route 3 in fiscal 2018 will be 237 round trips, or about 8%, above contract levels.

➤ **Route 5 (Swartz Bay to Southern Gulf Islands)**

➤ **Route 9 (Tsawwassen to Southern Gulf Islands)**

The Southern Gulf Island routes (routes 5 and 9) declined from 3.16 in 2015 to 3.00 in 2016 on this service aspect. The low satisfaction in 2016 likely continues for the same reasons as the previous year – an unusually high awareness of the service due to extensive schedule consultations and uncertainty about the upcoming schedule changes that have been implemented this June, 2017.

The sailing frequency on these routes increased between fiscal 2016 and fiscal 2017, with route 9 seeing the re-introduction of service removed during service level adjustments. Service in the Southern Gulf Islands on route 5 was impacted in the spring by a lengthy refit to the vessel normally used on the route, which resulted in a smaller ferry operating with no reduction in frequency, but some time of day capacity limitations. With the introduction of the Salish ferries and a new Southern Gulf Islands sailing schedule, route 9 service will increase during fiscal 2018 by 183 round trips and route 5 will increase by 70 round trips.

➤ **Route 2 (Horseshoe Bay to Nanaimo)**

➤ **Route 30 (Tsawwassen to Nanaimo)**

The satisfaction into and out of the Nanaimo corridor for *ferry sailing frequent enough* declined on route 2 from 3.42 in 2015 to 3.39 in 2016 and on route 30 from 3.49 in 2015 to 3.40 in 2016. These declines are likely related to growing traffic levels and the increased occurrences of overloaded traffic (sailing waits for vehicles). While the actual number of sailings which overloaded traffic increased only slightly (28% to 29%), the overloads are most acute during the June to September period when most customer satisfaction surveying is undertaken. In particular, the service is particularly stressed on Fridays leaving the mainland and Sundays leaving the Nanaimo terminals. Dissatisfaction is likely rooted in the subsequent wait time until the next available ferry – for route 30 it is two hours and 15 minutes and for route 2 it can be up to two hours. This can be contrasted to route 1, which has the greatest number of overloaded sailings (more than 50%) but also the highest customer satisfaction on frequency of sailings,

¹¹ Excluding the two ship service provided during the berth construction at Langdale terminal.

likely because the next sailing opportunity is usually within an hour and the on time performance is highly reliable. To assist time-sensitive customers, BC Ferries is moving to a higher allocation of reservable space on the Major routes (excluding route 3), with more customers being able to confirm sailing times in advance of their travel.

In fiscal 2017 the scheduled service levels on route 30 were increased by 32 round trips with no substantive increases on route 2. In fiscal 2018 the service levels on route 2 have been increased by 47 round trips.

Customer Satisfaction Tracking Annual Report 2016

British Columbia Ferry Services Inc.

Presented to:

British Columbia Ferry Services Inc.
Victoria, British Columbia



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Contents

Executive Overview.....	1
Background	1
Methodology	1
Findings	2
Key Conclusions	4
Detailed Findings	5
Overall Satisfaction with BC Ferries	6
Before Arriving at Terminal	9
Web site and Phone Contact	9
Highway Signage	10
At the Terminal	11
Overall Experience at the Terminal	11
Ticket Purchase	12
Food/Beverage Services at Terminal	13
Retail Services at Terminal	14
Foot Passenger Services	15
Other Terminal Services	16
Onboard Experience.....	17
Overall Onboard Experience.....	17
Onboard Gift Shop/News Stand	18
Onboard Food Services.....	19
Onboard Washrooms and Onboard Seating	20
Other Onboard Facilities/Services	21
Sailing Schedules.....	23
Various Aspects of Sailing Schedules.....	23
Departing on Time	24
Safety	25
Overall Value	26
Appendices.....	27
Route-by-Route Satisfaction Score for Each Attribute	27
Research Methodology	32

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 2016. 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 on paper or online *after* they disembark and leave the terminal area.

Interviews are distributed across nine routes in total, both larger and smaller, during three different time periods: June, August and November. In 2016, a total of 9,021 screeners were completed and 4,135 questionnaires returned. A more detailed explanation of the research design is included in the *Research Methodology* section, in the Appendix of this report.

Findings

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

Satisfaction with BC Ferries Overall

- A total of 88% of passengers in 2016 reported to be satisfied overall with their experience travelling on BC Ferries, resulting in an average score of 4.18. This represents a slight increase from the past measure (4.14 average score, 87% satisfied in 2015), and signals steady improvement since 2014 (4.11 average score, 85% satisfied).
- While overall satisfaction scores are relatively stable by most routes, Route 19 registers a 4.14 average score in 2016, continuing to rally from the low rating of 3.46 in 2014. Furthermore, an increase is also reported for the Southern Gulf Island routes from 4.15 last year to 4.24 in 2016, the highest average on record.

Satisfaction before Arriving at Terminal

- No changes are reported in average scores for the on-line reservation system and use of BC Ferries website.
- While the rating continues to be consistent for *usefulness of BC Ferries phone service*, since 2014 the average for *ease of using the automated phone service* is trending upwards.

Satisfaction at the Terminal

- In 2016, 84% are satisfied with the experience at the terminal before boarding (average score of 4.08). This, as well as results by terminal are on par with the previous measure.
- Most passenger and demographic segments are also consistent in average satisfaction scores at the terminal. The only change is among infrequent travellers (1 trip or less) where the average has declined from 4.25 in 2015 to 4.16 this year.
- Satisfaction with all aspects of the ticket purchase are stable and continue to register high averages. However, there are a number of other terminal aspects that have improved, most notably average satisfaction with food and beverage services offered at the terminal (3.60 last measure to 3.68 in 2016). This is complimented by food and beverage value for money also increasing from a 3.02 average last year to 3.09 in this measure.

Satisfaction Onboard

- A total of 89% of passengers in 2016 were satisfied with their overall experience onboard (average of 4.14), increasing over the past two measures. Onboard satisfaction by route sees Route 2 report the most notable increase (4.15, up from 4.06 last year) and, over time, Route 19 also registers an improvement (4.07, compared to 3.71 in 2014).
- Following the downwards trend since 2012, satisfaction among business passengers with the onboard experience has rebounded in 2016 and stands at 4.05 (86% satisfied). In

addition, a marginal increase is once more reported in satisfaction ratings by passengers travelling for personal reasons (now an average of 4.15 compared to 4.09 in 2013).

- Many other passenger segments have gained in average satisfaction, in particular among evening passengers (4.03 in 2015 to 4.13 currently). In addition, there are also increases in many other onboard services/facilities, most notably in announcements when you need to be informed (3.96 average compared to 3.88 in 2015).

Satisfaction with Sailing Schedules

- While satisfaction levels are stable for most of the aspects of sailing schedules measured, this year decreases are reported for the *ability to get onto desired sailing* (3.78 to 3.70), and for *ferry sailing frequent enough* (3.49 to 3.40).

Satisfaction with Safety

- Since 2014, improvements are reported in perceptions of both safety of ferry operations (4.18, increasing to a 4.25 average) and loading/unloading (4.19 to 4.26).

Satisfaction with Overall Value

- Similar to overall satisfaction but registering greater increases over time, the overall value for money of fares has significantly improved: average score of 2.76 in 2014 growing to 2.86 last year, and in 2016 reaching a 3.03 rating.

Key Conclusions

In summary, there have been slight improvements in overall satisfaction and specifically with the overall experience at the terminal and onboard. Ratings have been mostly stable on specific service aspects, but increases in satisfaction with on-time departures and value for money of fares, two key drivers of overall satisfaction, have likely contributed to these improved ratings.

The key areas of success in 2016 are in the following areas:

- Usefulness of the website and highway signage
- Staff at the terminal and onboard
- Ticket purchase: efficiency of transaction and staff customer service
- Ease of using passenger drop-off/ pick-up area
- Availability of terminal and onboard washrooms
- Cleanliness of pre-boarding lounge seating
- Cleanliness and comfort of onboard lounge seating
- Appearance of terminals
- Atmosphere/ environment onboard
- Variety/selection in onboard gift shop/ news stand
- Availability and cleanliness of seating area of onboard food/beverage services
- Availability of tourist and travel info
- Outside decks and overall appearance of vessels
- Procedures for loading and unloading
- Safety of ferry operations and loading/unloading

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

- Ease of using automated phone system
- Value for money of fares, parking, food/beverages, and retail merchandise both at the terminal and onboard
- Vending machines and pet areas at the terminal and onboard
- Onboard play area for children
- Video arcade
- Ability to connect
- Ferry sailing frequent enough

Detailed Findings

The following section shows the detailed findings from the study. It graphically displays the satisfaction scores for each of the 74 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 – 2016	
Route No.	Description of Route
Route 1	Tsawwassen-Swartz Bay
Route 2	Horseshoe Bay-Departure Bay
Route 3	Horseshoe Bay-Langdale
Route 30	Tsawwassen-Duke Point
Route 4	Swartz Bay-Fulford Harbour, Salt Spring Island
Route 19	Departure Bay–Descanso Bay, Gabriola Island
Route 5/9	Southern Gulf Islands (from Swartz Bay/from Tsawwassen)

Overall Satisfaction with BC Ferries

A total of 88% of passengers in 2016 reported to be satisfied overall with their experience travelling on BC Ferries, resulting in an average score of 4.18. This represents a slight increase from the past measure (4.14 average score, 87% satisfied in 2015), and signals steady improvement since 2014 (4.11 average score, 85% satisfied).

While overall satisfaction scores are relatively stable by most routes, Route 19 registers a 4.14 average score in 2016, continuing to rally from the low rating of 3.46 in 2014. Furthermore, an increase is also reported for the South Gulf Island routes from 4.15 last year to 4.24 in 2016, the highest average on record.

[NOTE: Refer to page 5 for route descriptions]

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

Average

All BC Ferries Routes

Total '12	36	53	8	31	4.19
Total '13	35	52	9	31	4.17
Total '14	32	53	10	41	4.11
Total '15	33	54	8	32	4.14
Total '16	35	53	8	31	4.18

Route 1

Total '12	43	50	5	21	4.32
Total '13	42	50	7	21	4.30
Total '14	40	52	6	21	4.29
Total '15	38	53	6	11	4.27
Total '16	40	53	5	11	4.29

Route 2

Total '12	28	58	9	32	4.07
Total '13	29	57	9	42	4.08
Total '14	29	55	10	41	4.07
Total '15	29	57	10	31	4.12
Total '16	33	55	8	41	4.16

Route 3

Total '12	32	52	11	41	4.11
Total '13	27	52	13	62	3.96
Total '14	23	56	13	62	3.91
Total '15	27	51	10	75	3.88
Total '16	25	54	15	51	3.96

Route 30

Total '12	37	53	7	21	4.21
Total '13	36	52	8	31	4.21
Total '14	34	52	9	31	4.16
Total '15	34	55	8	21	4.19
Total '16	37	51	8	41	4.19

Route 4

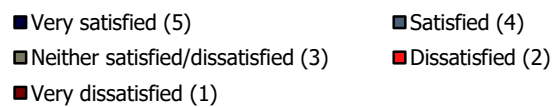
Total '12	35	53	9	31	4.18
Total '13	37	48	12	21	4.18
Total '14	37	50	10	31	4.19
Total '15	34	51	11	41	4.13
Total '16	36	51	11	21	4.20

Route 19

Total '12	34	50	11	5	4.11	
Total '13	36	48	11	32	4.13	
Total '14	17	39	23	14	6	3.46
Total '15	25	56	12	6	2	3.98
Total '16	36	48	12	22	4.14	

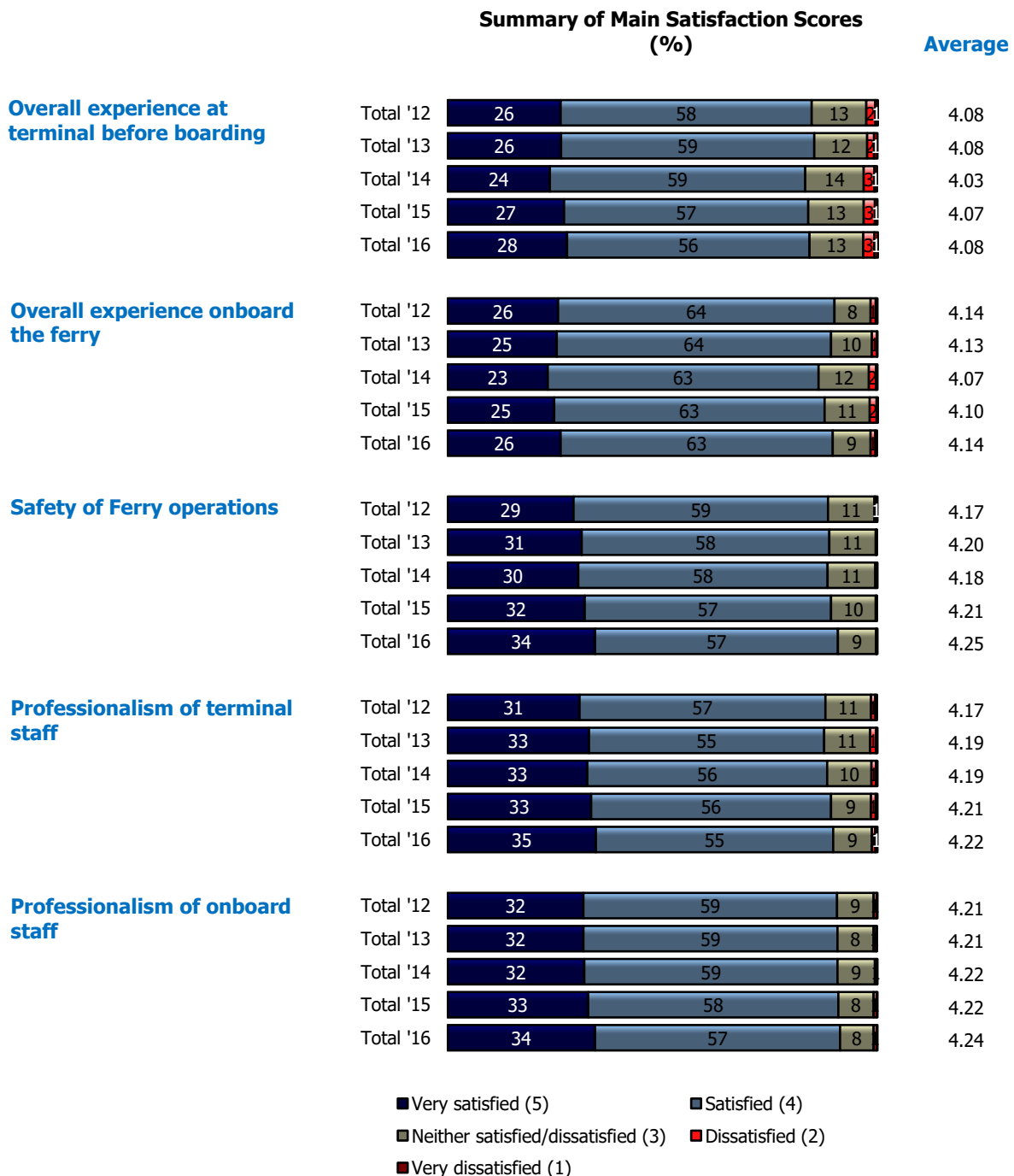
Route 5/9

Total '12	31	55	10	41	4.12
Total '13	31	57	8	31	4.15
Total '14	29	55	11	41	4.08
Total '15	36	51	8	42	4.15
Total '16	38	50	10	21	4.24



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

The following chart summarizes the results from overall measures of each main point of contact and specifically with BC Ferries staff. While most are unchanged, since 2014 there are gradual increases reported in overall experience onboard as well as safety of ferry operations.



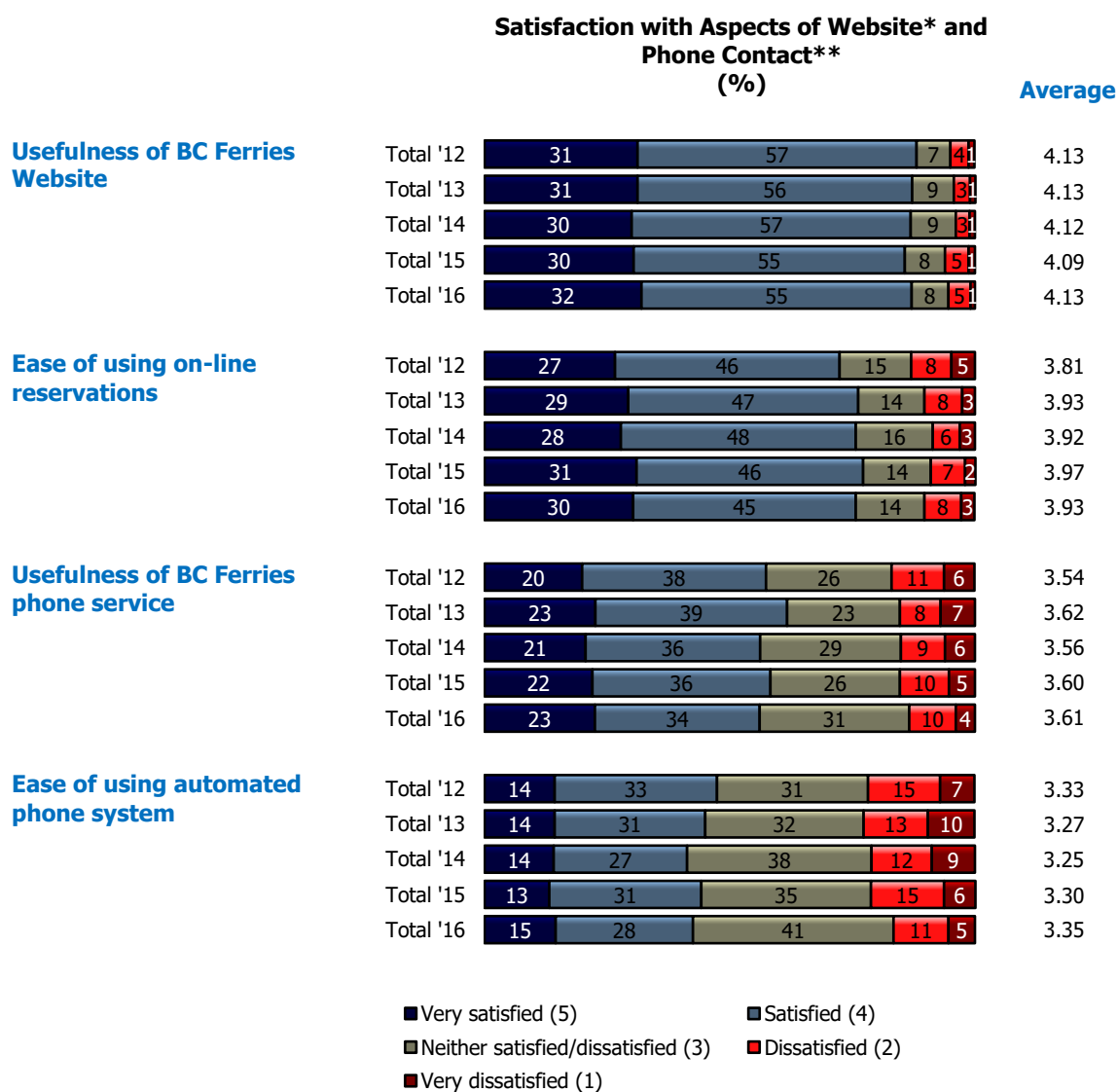
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Before Arriving at Terminal

Website and Phone Contact

Satisfaction with the website and online reservations is similar to 2015 results.

While the rating continues to be consistent for *usefulness of BC Ferries phone service*, since 2014 the average for *ease of using the automated phone service* is trending upwards.



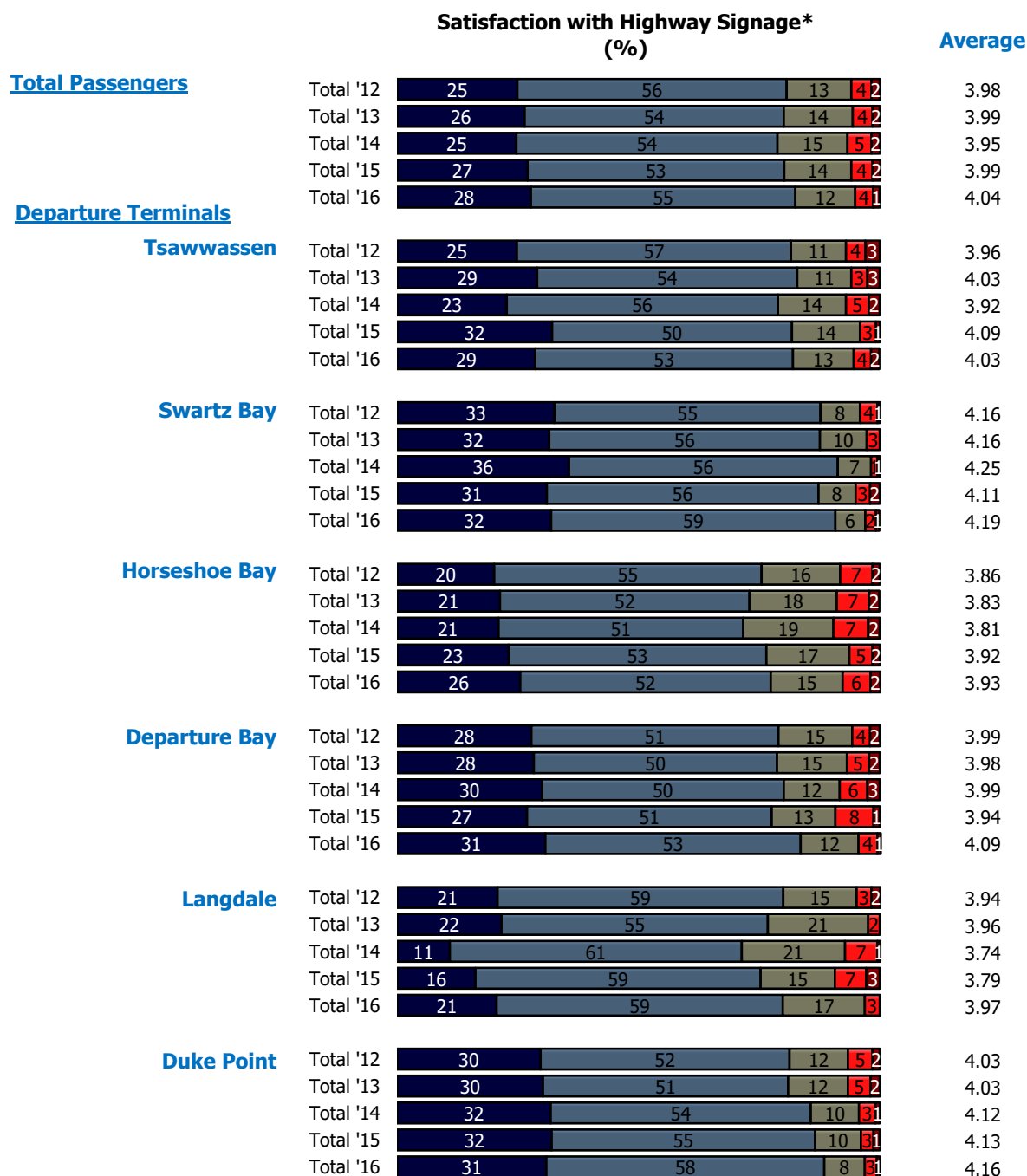
Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

* 74% usage website, 39% for on-line reservations

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

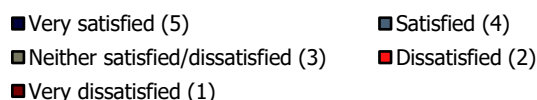
Highway Signage

The overall rating for highway signage has slightly increased from 3.99 last year to a 4.04 average.



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

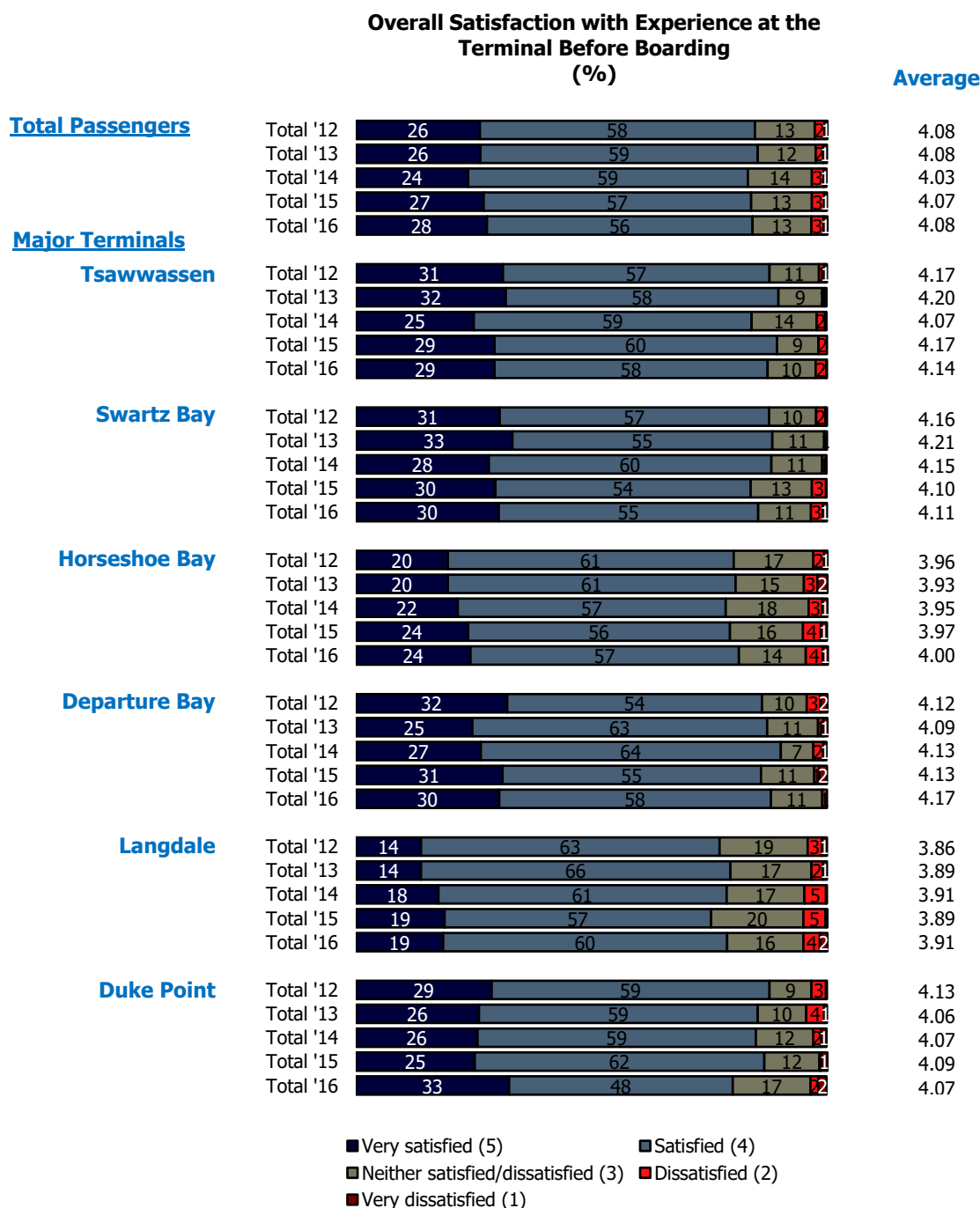
* Usage: 78%



At the Terminal

Overall Experience at the Terminal

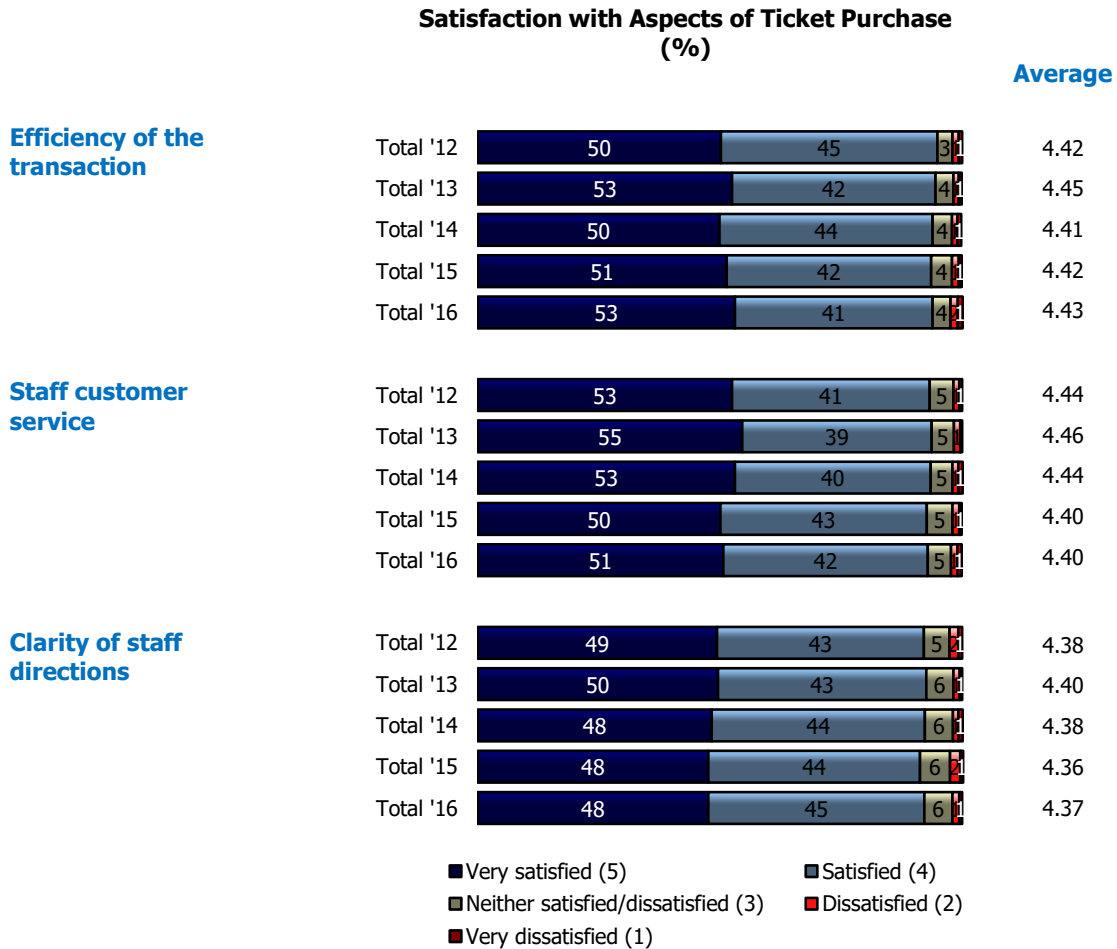
Overall satisfaction with the experience at the terminal before boarding is 84% satisfied and an average score of 4.08, similar to 2015. Ratings by terminal are also unchanged.



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

Ticket Purchase

In keeping with previous measures, satisfaction levels are high with all aspects of the ticket purchase process.

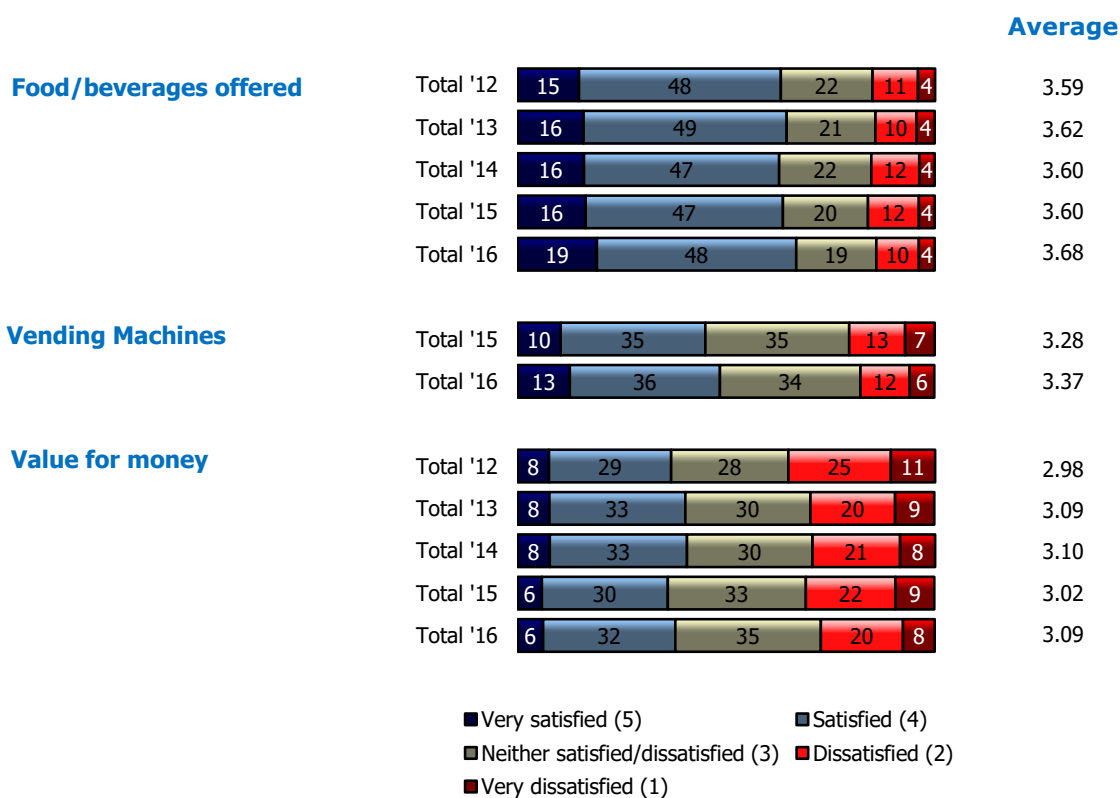


Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Food/Beverage Services at Terminal

Average satisfaction with *food and beverage services offered* at the terminal has improved from 3.60 last measure to 3.68 in 2016. This is complimented by food and beverage *value for money* also increasing from a 3.02 average last year to 3.09 in this measure. Note that the increase for terminal vending machines is not significant due to low usage levels.

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

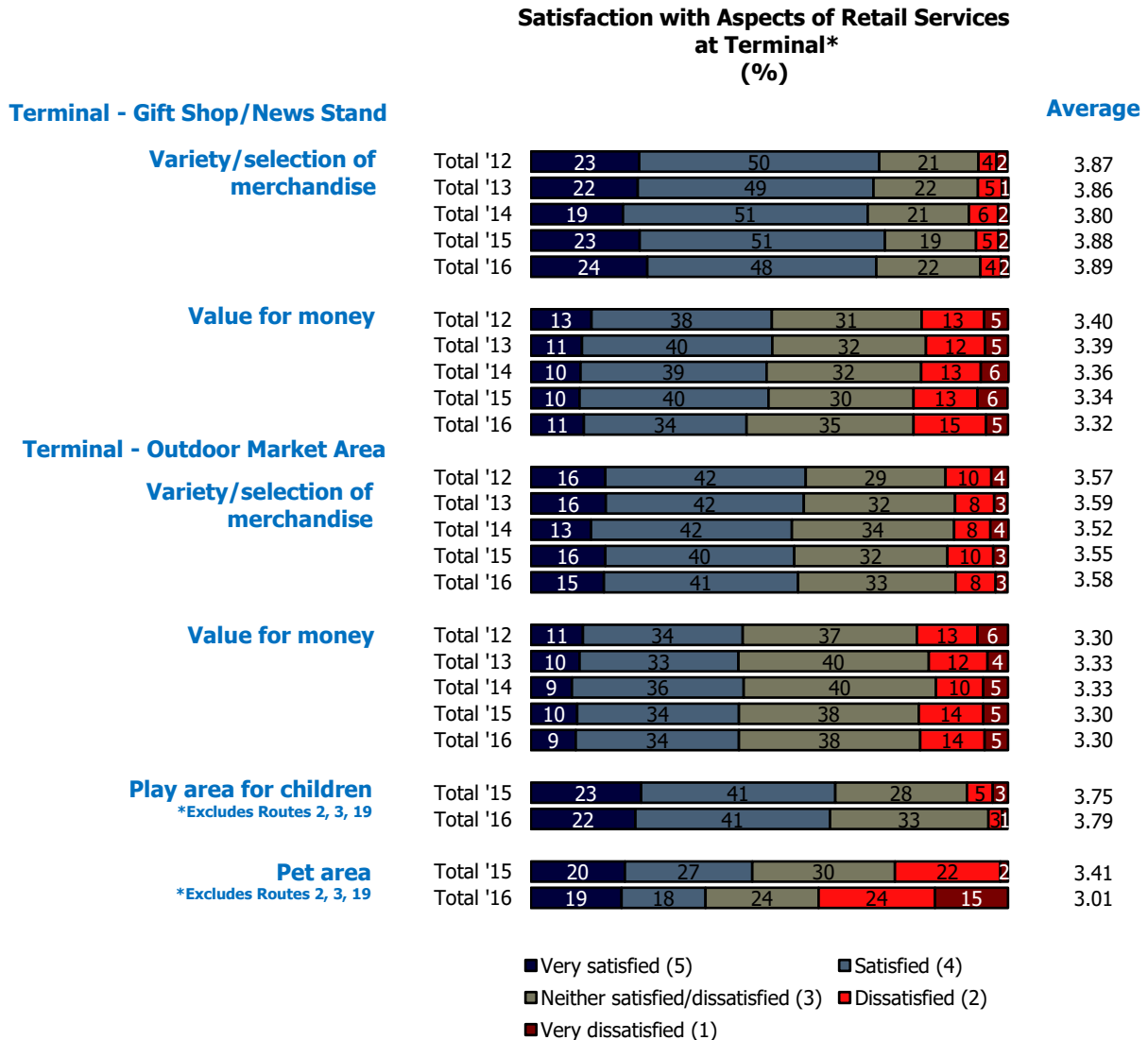


Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

* 42% usage overall; excluding Route 19.

Retail Services at Terminal

No changes in satisfaction are reported for terminal retail services. Note that the decrease for terminal pet areas is not significant due to low usage levels.

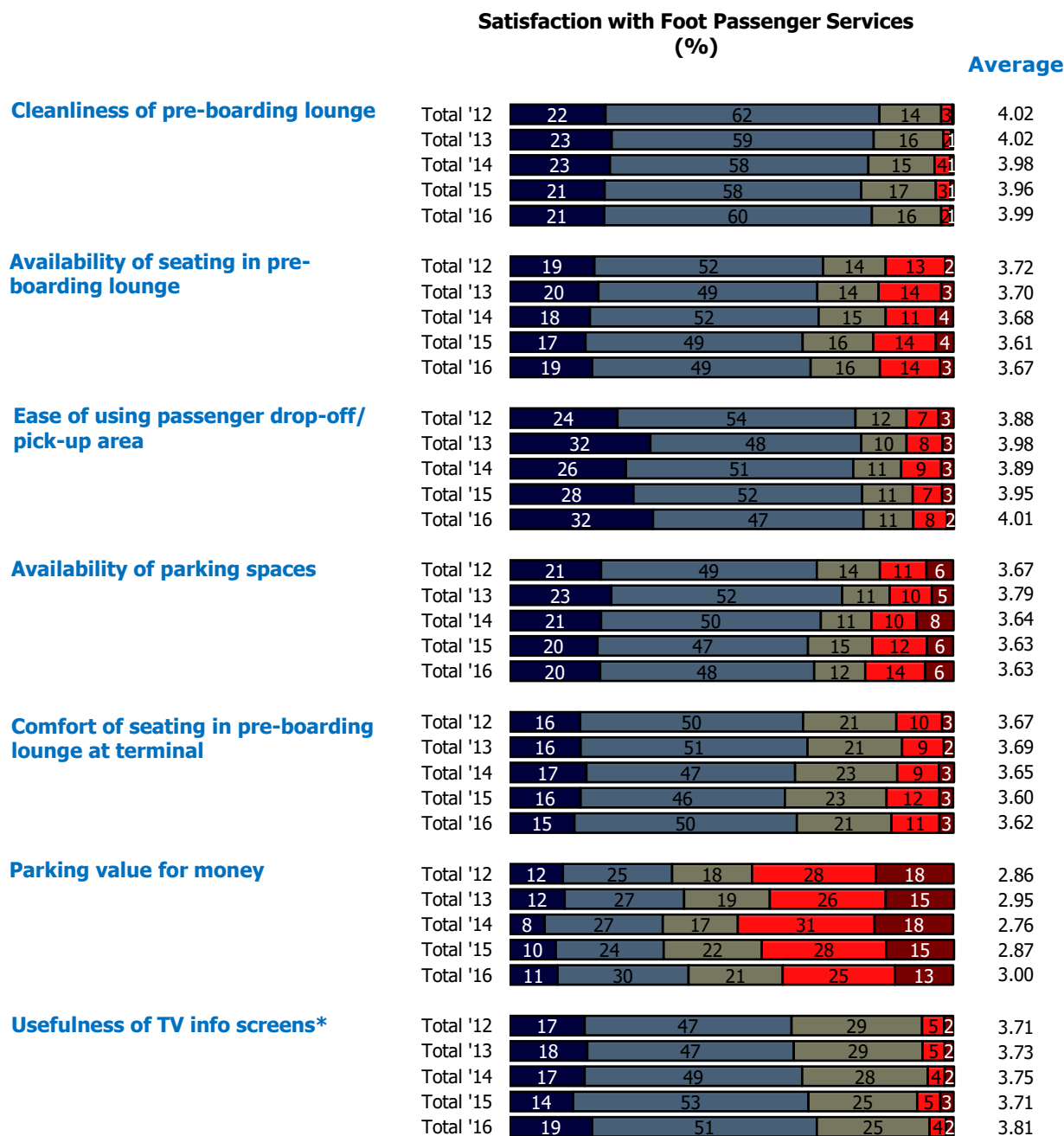


Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

* Usage: 37% gift shop, 24% outdoor market; excluding Route 19.
14% play area for children, 3% pet area; excluding Route 2, 3, 19.

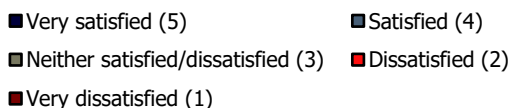
Foot Passenger Services

The result for usefulness of TV info screens has increased in satisfaction from an average of 3.71 to 3.81 in 2016. Levels are stable for all other foot passenger services at the terminal before boarding.



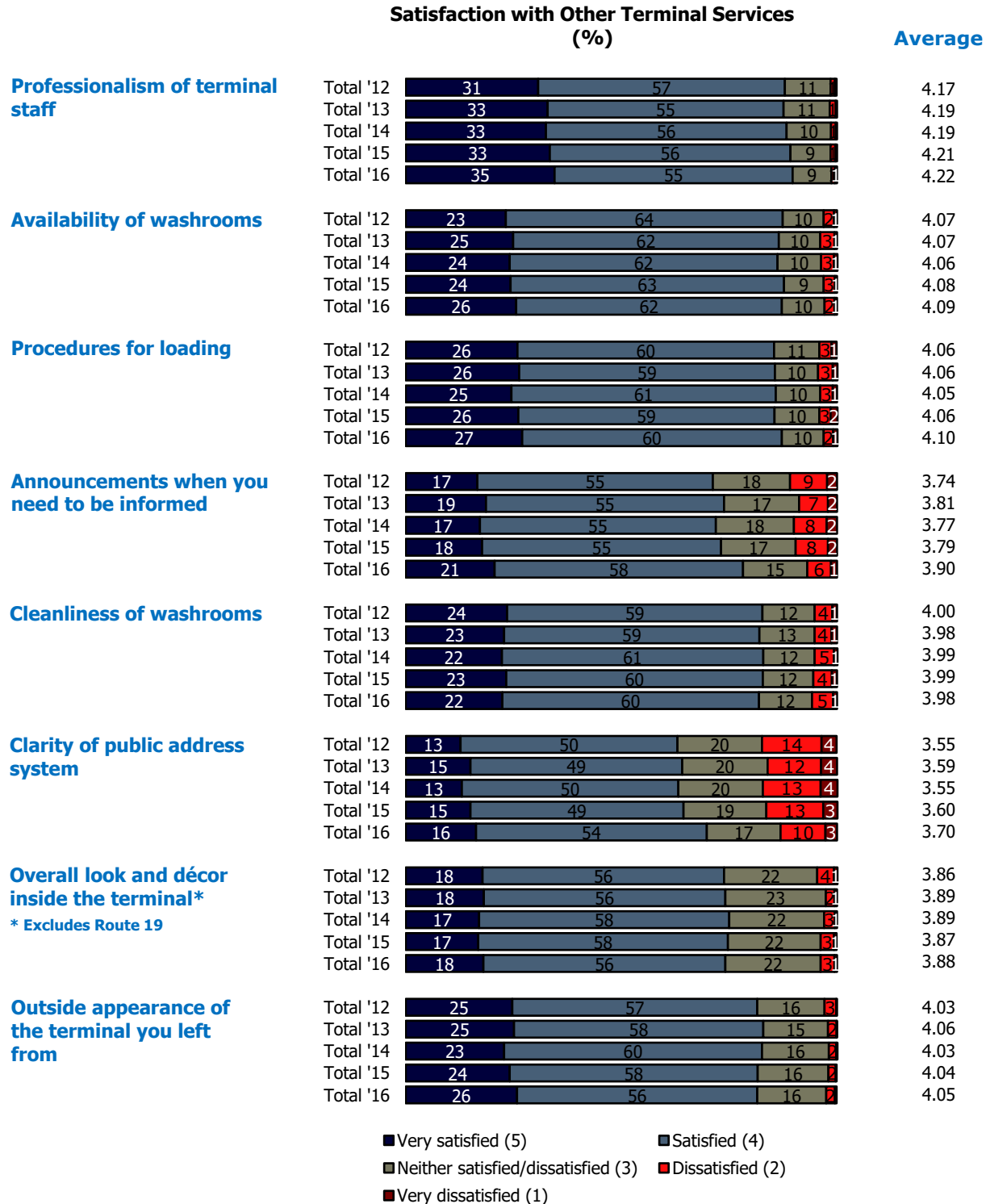
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

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



Other Terminal Services

Improvements in the following terminal service areas are registered this year: *procedures for loading, announcements when you need to be informed, and clarity of the public address system.*



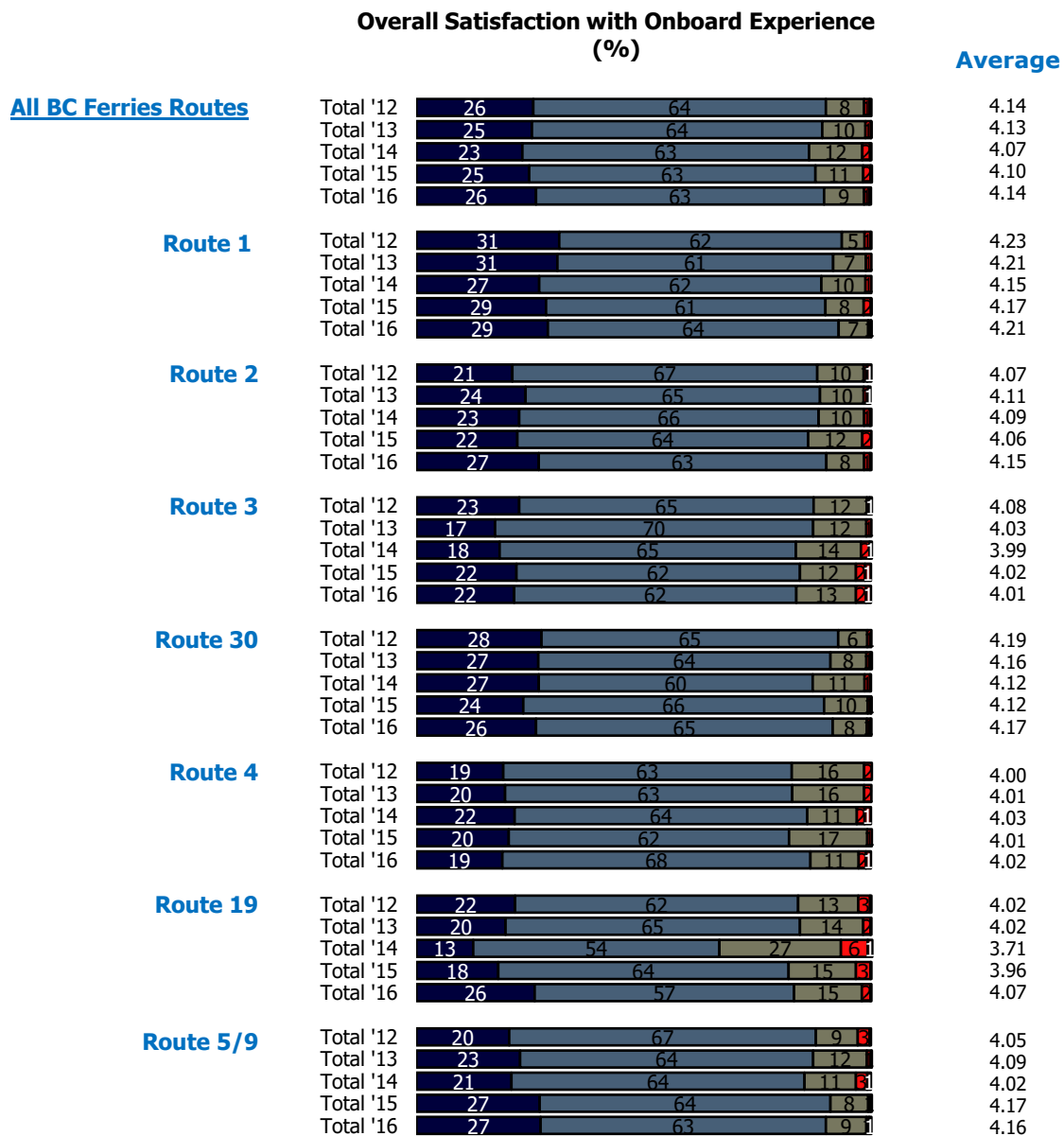
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

Onboard Experience

Overall Onboard Experience

Overall satisfaction with the experience onboard BC Ferries stands at 89% and an average of 4.14, an increase over the previous two measures. Onboard satisfaction by route sees Route 2 report the most notable increase (4.15, up from 4.06 last year) and, over time, Route 19 also registers an improvement (4.07, up from 3.71 in 2014).

[NOTE: Refer to page 5 or page 27 for route descriptions]

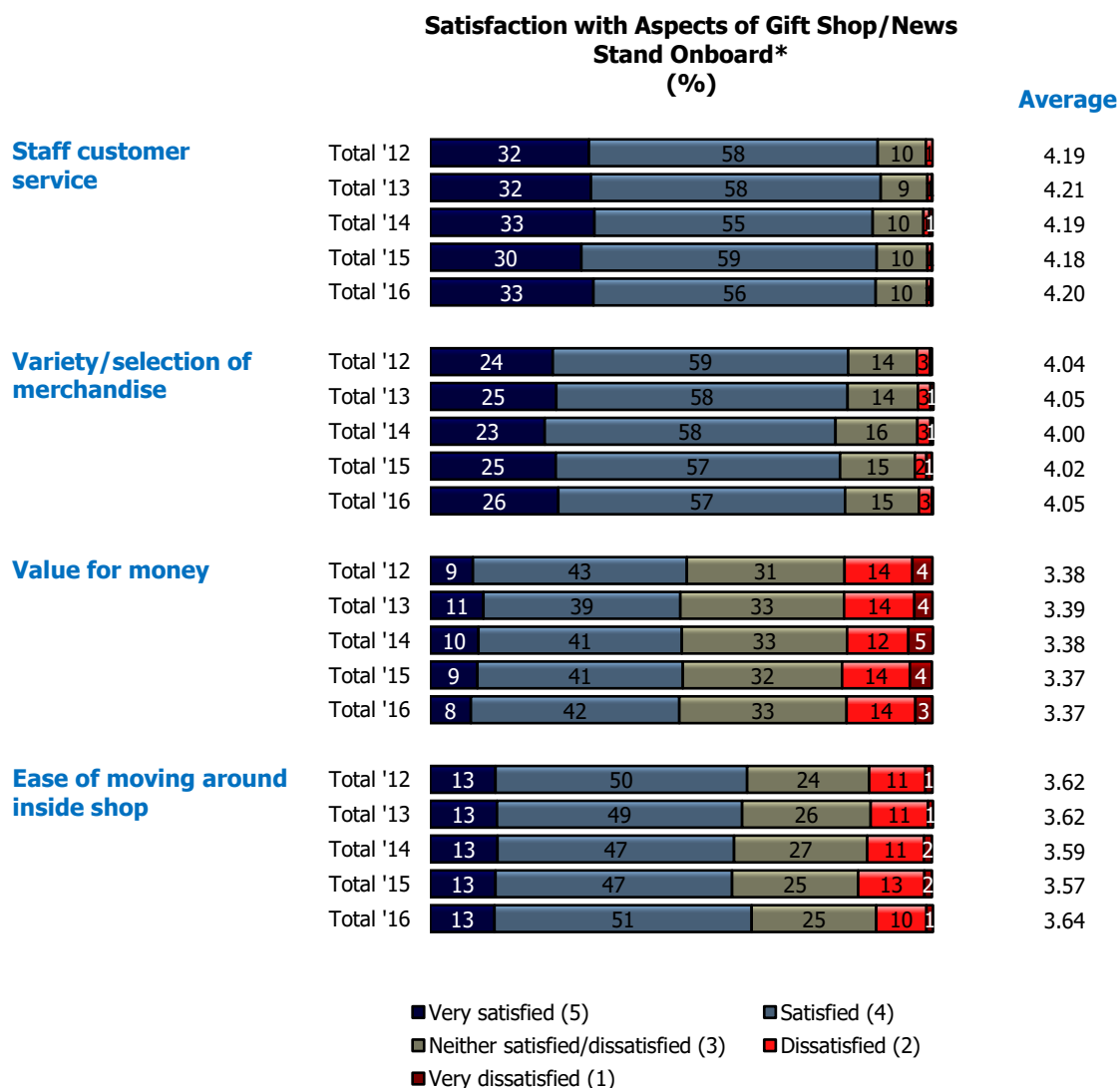


Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

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

Onboard Gift Shop/News Stand

Except for an increase for *ease of moving around inside shop*, satisfaction ratings are stable regarding all other aspects of the onboard gift shop/news stand.



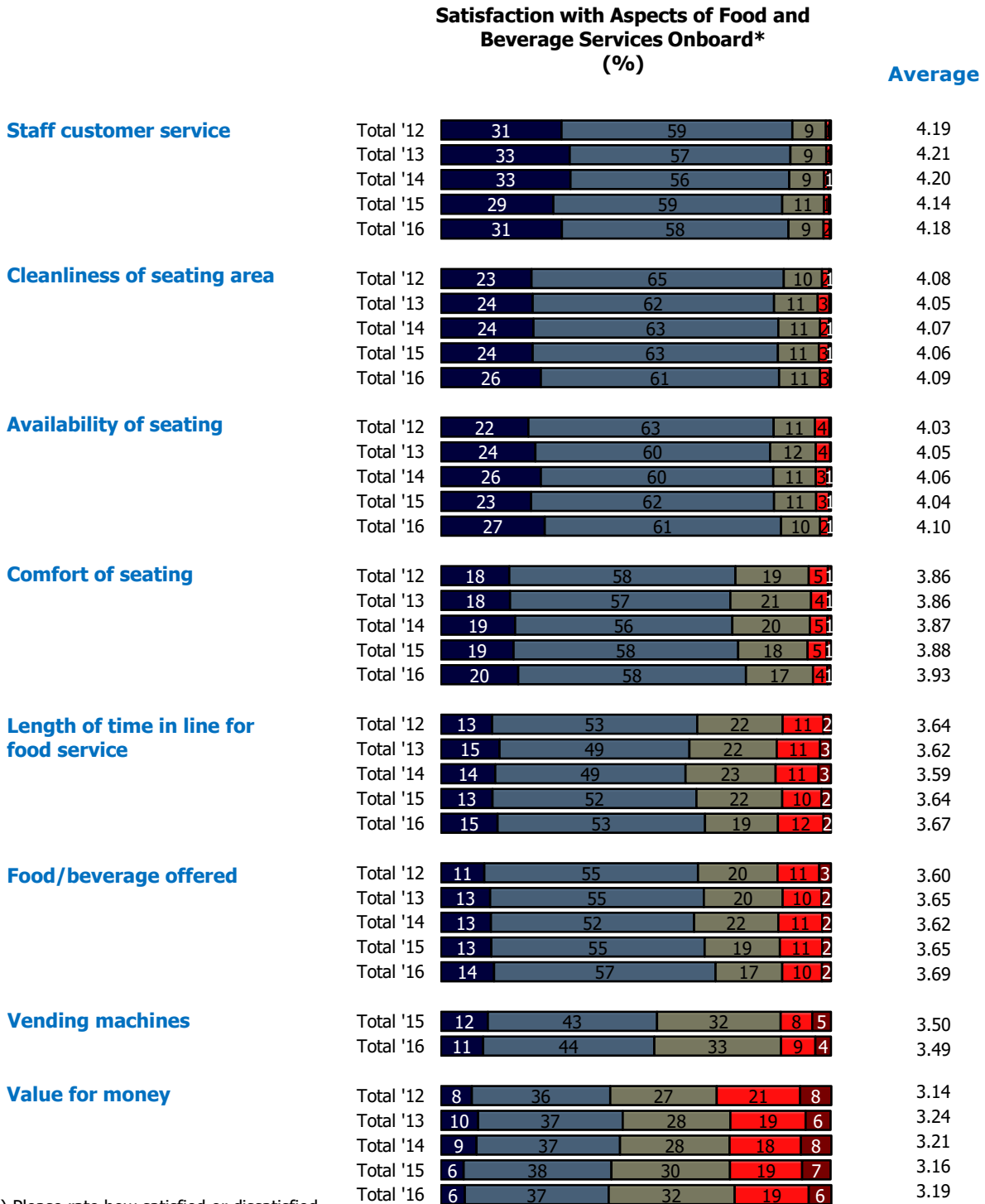
Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

* Excludes Routes 4 & 19.

Usage: 55% gift shop/news stand.

Onboard Food Services

Similarly, except for an improvement in *availability of seating*, no changes are registered in satisfaction ratings for all other onboard food service aspects measured.



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

* Excludes Routes 4 & 19.

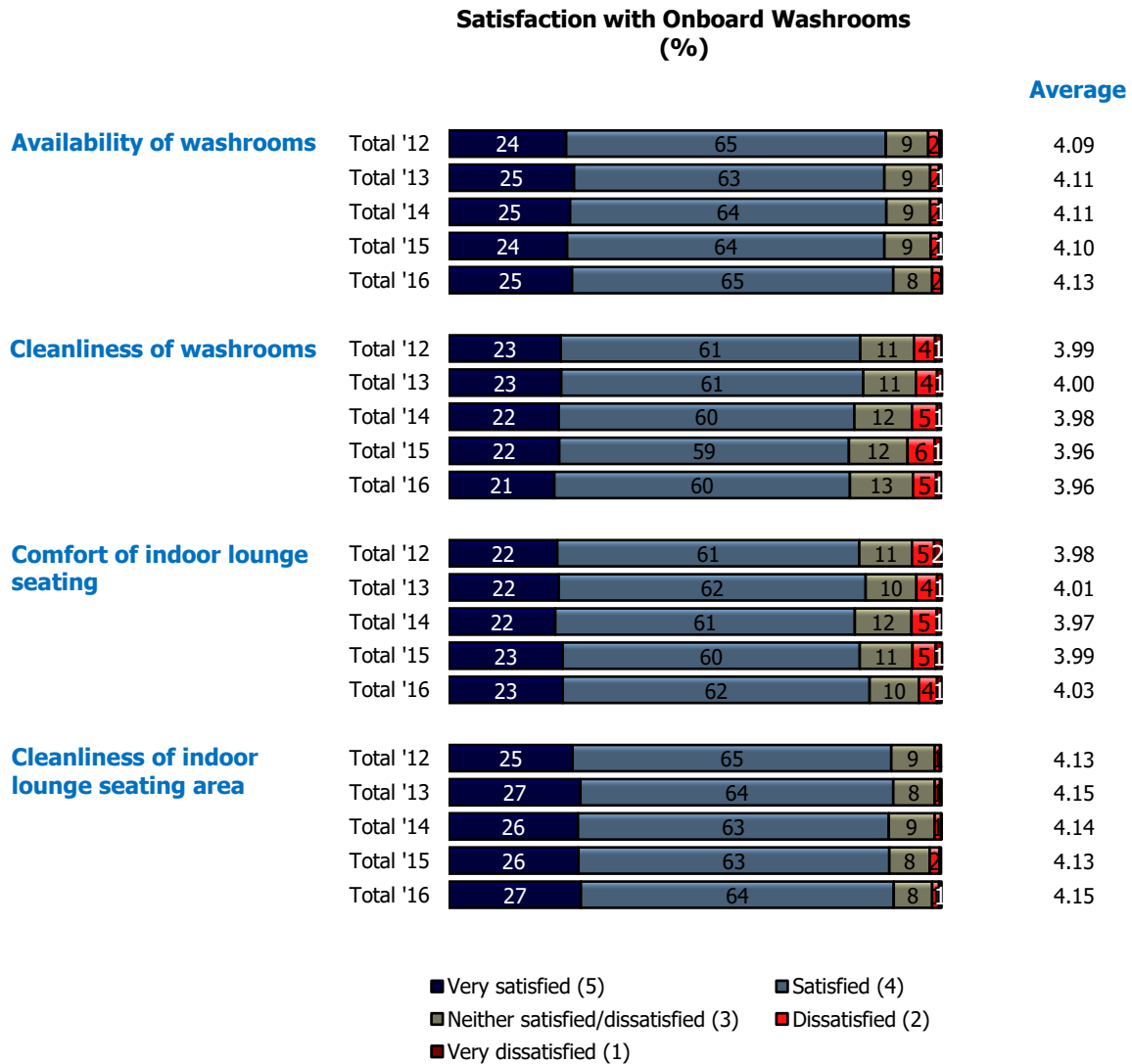
Usage: 71% food & beverage services.

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

Onboard Washrooms and Onboard Seating

Satisfaction has marginally increased with respect to washroom availability.

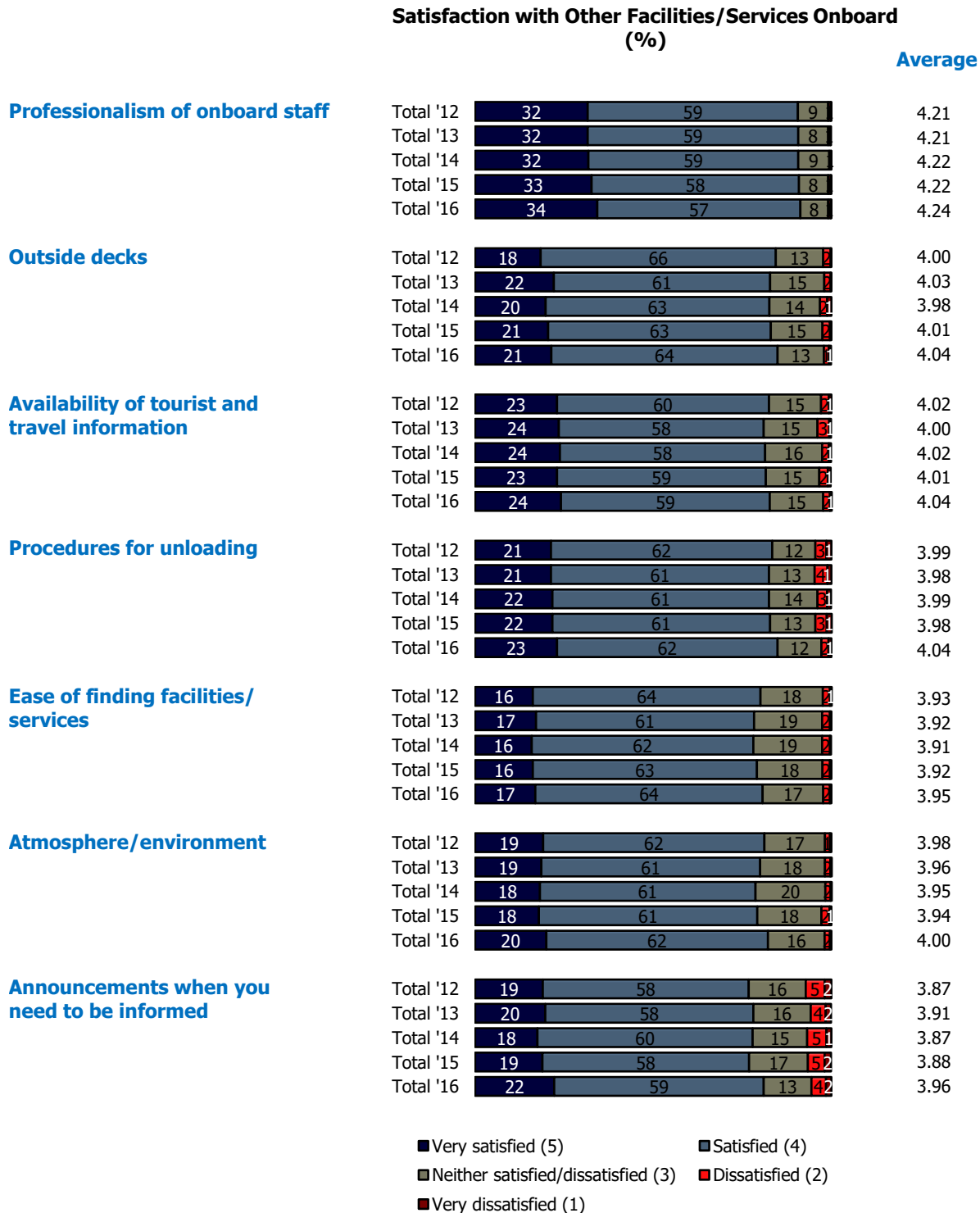
As well, a slight improvement is registered for *comfort of indoor lounge seating*.



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

Other Onboard Facilities/Services

Improvements in average satisfaction are as well reported for the following onboard facilities/services: most notably *announcements when you need to be informed* but as well for *procedures for unloading, ease of finding facilities/services, atmosphere/environment, outside appearance of the vessel overall, and clarity of the public address system.*



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

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

Average

Outside appearance of the vessel overall

Total '12	21	58	19	2	3.97
Total '13	21	60	18	1	4.00
Total '14	20	60	18	2	3.97
Total '15	19	60	19	2	3.95
Total '16	21	61	16	2	4.00

Play area for children*

* Excludes Routes 4 & 19.

Total '12	18	47	22	10	3	3.68
Total '13	16	48	25	7	4	3.64
Total '14	13	47	28	8	5	3.56
Total '15	14	43	28	11	4	3.51
Total '16	9	43	31	12	4	3.40

Pet area*

* Excludes Routes 4 & 19.

Total '15	1	18	17	40	24	3.28
Total '16	3	19	30	25	22	3.56

Work stations*

* Excludes Routes 4, 19, 5 & 5A.

Total '12	18	57	18	6	1	3.84
Total '13	15	57	18	7	2	3.76
Total '14	13	49	23	11	4	3.55
Total '15	14	51	23	10	3	3.63
Total '16	11	56	25	7	2	3.65

Clarity of public address system

Total '12	16	55	17	9	3	3.73
Total '13	17	53	19	8	3	3.74
Total '14	15	54	18	10	3	3.70
Total '15	17	53	19	9	3	3.73
Total '16	19	56	15	8	3	3.80

Video arcade*

* Excludes Routes 4 & 19.

Total '12	15	35	38	8	4	3.49
Total '13	17	41	30	7	5	3.57
Total '14	10	35	42	7	7	3.34
Total '15	15	29	38	12	7	3.33
Total '16	9	35	41	6	8	3.31

Ease of access for people with disabilities

Total '12	18	51	20	8	3	3.74
Total '13	19	49	21	8	4	3.70
Total '14	19	51	19	7	3	3.75
Total '15	17	49	22	9	4	3.67
Total '16	19	47	22	8	3	3.72

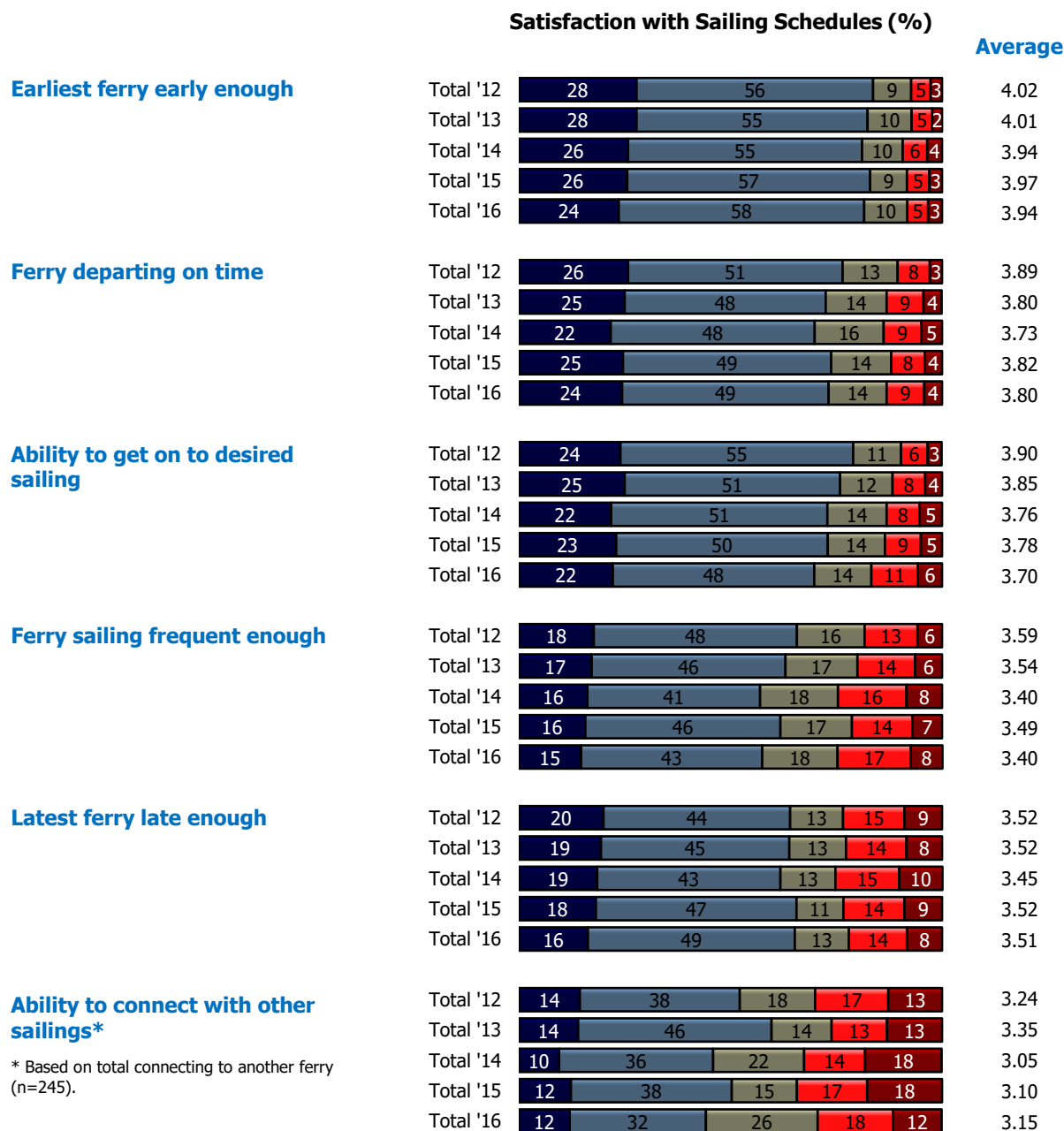
■ Very satisfied (5) ■ Satisfied (4)
 ■ Neither satisfied/dissatisfied (3) ■ Dissatisfied (2)
 ■ Very dissatisfied (1)

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

Sailing Schedules

Various Aspects of Sailing Schedules

While there is continued stability in many aspects of sailing schedules in 2016, there is a decline in average satisfaction for *ability to get onto desired sailing* (3.78 to 3.70), and for *ferry sailing frequent enough* (down from 3.49 in 2015 to 3.40 this year).



* Based on total connecting to another ferry (n=245).

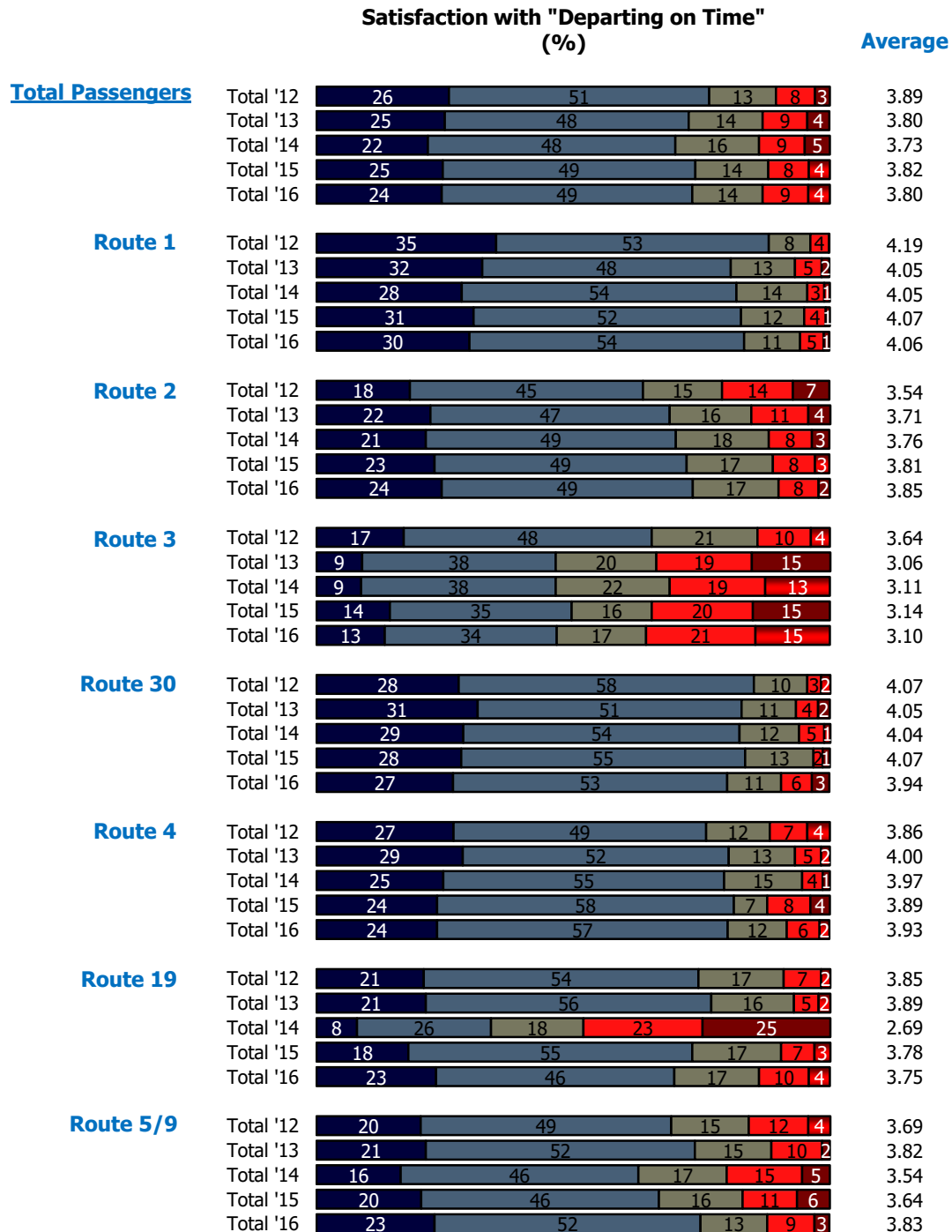
Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

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

Departing on Time

The following chart details the ratings for “departing on time” by route. While Route 30 has decreased from a 4.07 to a 3.94 average, continuing improvement is registered for the SGI Routes; an average of 3.54 in 2014, up to 3.64 last year and further gaining ground to 3.83 this year.

[NOTE: Refer to page 5 or page 27 for route descriptions]

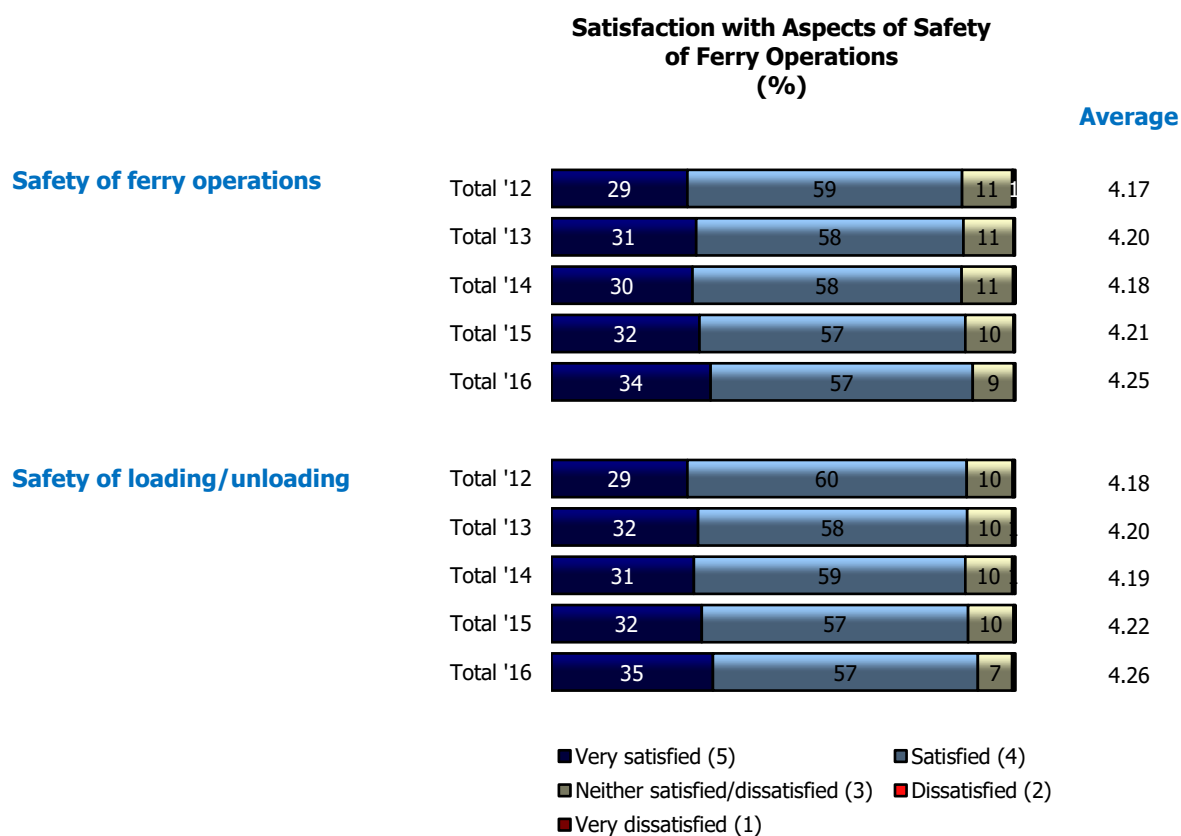


Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

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

Safety

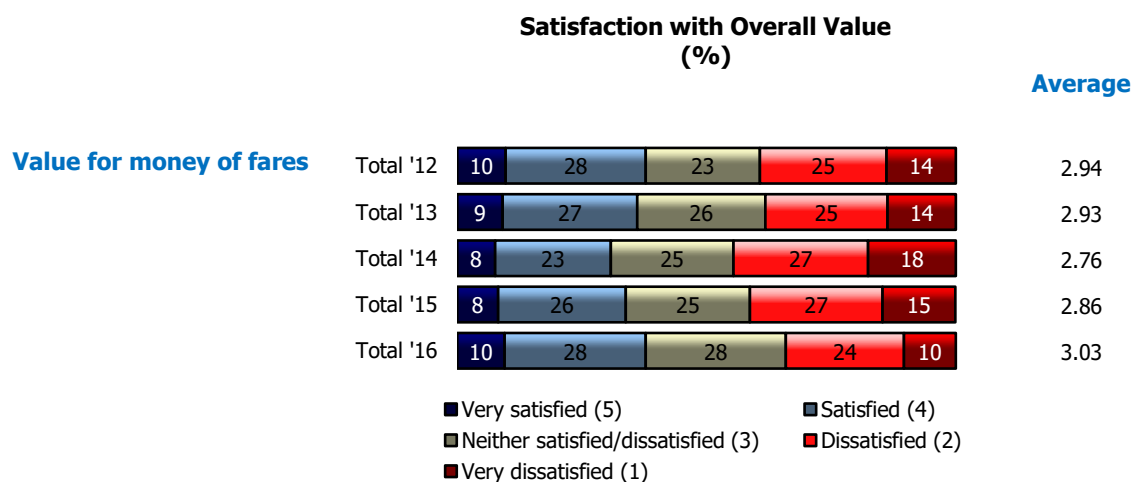
Over the past two years, perceptions of safety aspects have increased in average satisfaction.



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

Overall Value

Similar to overall satisfaction but registering greater increases over time, the overall value for money of fares has significantly improved: average score of 2.76 in 2014 growing to 2.86 last year, and in 2016 reaching a 3.03 rating.



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 - 2016	
Route No.	Description of Route
Route 1	Tsawwassen-Swartz Bay
Route 2	Horseshoe Bay-Departure Bay
Route 3	Horseshoe Bay-Langdale
Route 30	Tsawwassen-Duke Point
Route 4	Swartz Bay-Fulford Harbour, Salt Spring Island
Route 19	Departure Bay-Descanso Bay, Gabriola Island
Route 5/9	Southern Gulf Islands (from Swartz Bay/from Tsawwassen)

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

Average Satisfaction Ratings by Route – All Waves 2016										
(See page 27 for Route Number Codes)										
		Larger Routes				Route 3	Smaller Routes			
	Total	Total	1	2	30		Total	4	19	5/9
OVERALL EXPERIENCE										
Trip overall	4.18	4.23	4.29	4.16	4.19	3.96	4.20	4.20	4.14	4.24
BEFORE ARRIVING AT TERMINAL										
Usefulness of BC Ferries website	4.13	4.14	4.13	4.14	4.16	4.09	4.11	4.20	4.06	4.09
Ease of using on-line reservations	3.93	3.96	4.04	3.83	4.03	3.78	3.95	3.91	3.69	4.05
Usefulness of BC Ferries phone service	3.61	3.67	3.85	3.47	3.67	3.29	3.71	3.63	3.25	3.95
Ease of using automated phone service	3.35	3.39	3.51	3.37	3.25	3.22	3.31	3.13	3.10	3.52
Highway signage	4.04	4.09	4.10	4.05	4.11	3.91	3.93	4.02	3.86	3.92
TERMINAL EXPERIENCE										
Terminal overall	4.08	4.12	4.12	4.10	4.13	3.94	4.05	3.95	3.95	4.16
Outside appearance of the terminal	4.05	4.08	4.08	4.08	4.11	3.92	4.01	3.93	3.96	4.07
Ticket Purchase										
Efficiency of the transaction	4.43	4.47	4.49	4.49	4.36	4.29	4.44	4.44	4.46	4.42
Staff customer service	4.40	4.43	4.44	4.47	4.34	4.26	4.45	4.37	4.53	4.44
Clarity of staff directions	4.37	4.41	4.43	4.43	4.34	4.21	4.37	4.31	4.45	4.35
Food & Beverage Services at the Terminal										
Food beverages offered	3.68	3.73	3.76	3.67	3.78	3.55	3.40	3.26	-	3.46
Vending machines	3.37	3.47	3.50	3.35	3.60	3.28	3.02	3.08	2.96	3.03
Value for money	3.09	3.15	3.22	3.05	3.17	2.88	2.93	2.09	2.79	3.00
Gift Shop/ News Stand at the Terminal										
Variety/ selection of merchandise	3.89	3.92	3.90	3.93	3.96	3.89	3.57	3.50	-	3.59
Value for money	3.32	3.33	3.31	3.34	3.36	3.29	3.25	3.26	-	3.24
Outdoor Market Area at the Terminal										
Variety/ selection of merchandise	3.58	3.64	3.70	3.52	3.70	3.27	3.62	3.54	-	3.69
Value for money	3.30	3.34	3.37	3.25	3.43	3.12	3.29	3.30	-	3.29
Play area for children	3.79	3.84	3.81	-	3.89	-	3.50	3.50	-	3.50
Pet area	3.01	2.97	2.84	-	3.32	-	3.14	3.29	-	3.06
Other Terminal Services										
Clarity of public address system	3.70	3.76	3.75	3.73	3.82	3.59	3.57	3.60	3.34	3.66
Announcements when you need to be informed	3.90	3.95	3.95	3.94	3.98	3.78	3.79	3.90	3.58	3.84
Overall look & décor inside terminal	3.88	3.92	3.94	3.88	3.95	3.72	3.80	3.74	-	3.83
Availability of washrooms	4.09	4.11	4.14	4.07	4.14	4.05	4.04	4.02	4.06	4.03
Cleanliness of washrooms	3.98	3.98	4.01	3.93	4.03	3.91	4.02	3.94	4.01	4.06
Procedures for loading	4.10	4.15	4.16	4.11	4.18	3.96	4.04	4.06	4.08	4.02
Professionalism of terminal staff	4.22	4.24	4.25	4.23	4.23	4.12	4.27	4.18	4.38	4.26

continued...

Average Satisfaction Ratings by Route – All Waves 2016 (See page 27 for Route Number Codes)										
	Total	Larger Routes				Route 3	Smaller Routes			
		Total	1	2	30		Total	4	19	5/9
Foot Passenger Services at the Terminal										
Usefulness of TV info screens	3.81	3.86	3.88	3.84	3.83	3.64	3.56	3.56	-	-
Availability of parking spaces	3.63	3.77	3.64	3.80	4.15	3.54	3.00	2.87	2.69	3.36
Parking value for money	3.00	2.89	2.83	2.92	3.00	3.41	2.86	2.49	3.32	2.53
Ease of using passenger drop-off/ pick-up area	4.01	4.11	4.19	3.94	4.28	3.98	3.49	3.45	3.31	3.67
Availability of seating in pre-boarding lounge at terminal	3.67	3.62	3.43	3.74	4.05	3.79	3.79	3.62	3.79	3.84
Comfort of seating in pre-boarding lounge at terminal	3.62	3.65	3.59	3.66	3.88	3.57	3.52	3.48	3.39	3.65
Cleanliness of pre-boarding lounge	3.99	4.00	3.93	4.03	4.27	3.96	4.00	3.94	3.95	4.05
ONBOARD EXPERIENCE										
Onboard overall	4.14	4.18	4.21	4.15	4.17	4.01	4.10	4.02	4.07	4.16
Gift Shop/ News Stand										
Variety/ selection of merchandise	4.05	4.06	4.05	4.07	4.08	4.04	3.92	-	-	3.92
Staff courtesy	4.20	4.21	4.21	4.23	4.18	4.15	4.21	-	-	4.21
Ease of moving around inside shop	3.64	3.67	3.68	3.65	3.68	3.54	3.64	-	-	3.64
Value for money	3.37	3.37	3.39	3.37	3.36	3.35	3.45	-	-	3.45
Food Services										
Length of time in line for food services	3.67	3.66	3.65	3.65	3.69	3.63	3.86	-	-	3.86
Food/ beverages offered	3.69	3.70	3.72	3.65	3.77	3.70	3.49	-	-	3.49
Staff customer service	4.18	4.19	4.16	4.20	4.23	4.15	4.13	-	-	4.13
Availability of seating	4.10	4.09	4.08	4.06	4.20	4.14	4.15	-	-	4.15
Comfort of seating	3.93	3.92	3.89	3.93	3.95	3.96	3.97	-	-	3.97
Cleanliness of seating area	4.09	4.08	4.02	4.14	4.16	4.10	4.19	-	-	4.19
Vending machines	3.49	3.54	3.41	3.64	3.70	3.51	3.08	2.65	-	3.27
Value for money	3.19	3.20	3.18	3.19	3.26	3.17	3.10	2.70	-	3.18
Washrooms										
Availability of washrooms	4.13	4.15	4.17	4.10	4.19	4.10	4.06	3.96	4.01	4.13
Cleanliness of washrooms	3.96	3.97	4.01	3.87	4.04	3.88	4.01	3.84	3.91	4.13
Lounge Seating										
Comfort of indoor lounge seating	4.03	4.06	4.11	3.98	4.08	4.06	3.82	3.37	3.68	4.06
Cleanliness of indoor lounge seating area	4.15	4.16	4.17	4.14	4.21	4.13	4.06	3.81	3.91	4.22

continued...

Average Satisfaction Ratings by Route – All Waves 2016										
(See page 27 for Route Number Codes)										
	Total	Larger Routes				Route	Smaller Routes			
		Total	1	2	30	3	Total	4	19	5/9
Other Onboard Facilities/ Services										
Play area for children	3.40	3.49	3.55	3.51	3.33	3.14	2.92	-	-	2.92
Pet area	2.56	2.59	2.62	2.69	2.14	2.64	1.24	-	-	1.24
Video arcade	3.31	3.39	3.29	3.62	3.31	2.91	3.62	-	-	3.62
Work stations	3.65	3.68	3.72	3.61	3.69	3.57	3.61	-	-	3.61
Outside decks	4.04	4.09	4.13	4.02	4.10	3.95	3.93	3.83	3.89	4.01
Outside appearance of the vessel overall	4.00	4.06	4.12	3.97	4.05	3.85	3.92	3.89	3.91	3.94
Availability of tourist and travel information	4.04	4.06	4.05	4.01	4.17	4.04	3.90	3.76	3.63	4.05
Ease of access, overall, for people with disabilities	3.72	3.81	3.89	3.67	3.83	3.60	3.49	3.38	3.41	3.61
Ease of finding facilities/ services	3.95	3.96	3.95	3.95	4.03	3.94	3.87	3.74	3.90	3.91
Clarity of public address system	3.80	3.84	3.77	3.84	4.04	3.77	3.62	3.69	3.24	3.79
Announcements when you need to be informed	3.96	4.00	3.98	3.98	4.09	3.90	3.82	3.81	3.57	3.95
Atmosphere/ environment	4.00	4.04	4.03	3.99	4.14	3.92	3.91	3.77	3.87	4.00
Procedures for unloading	4.04	4.08	4.10	4.02	4.13	3.92	4.02	3.99	3.96	4.06
Professionalism with onboard staff	4.24	4.27	4.27	4.27	4.26	4.14	4.25	4.22	4.27	4.26
Experience with the Sailing Schedule										
Earliest ferry earliest enough	3.94	3.99	4.01	4.01	3.92	3.87	3.77	3.91	3.57	3.81
Latest ferry late enough	3.51	3.66	3.74	3.56	3.64	3.00	3.48	3.28	3.55	3.54
Ferry sailing frequent enough	3.40	3.57	3.76	3.39	3.40	2.87	3.19	3.42	3.30	3.00
Ability to get onto desired ferry	3.70	3.77	3.91	3.63	3.63	3.37	3.74	3.77	3.42	3.91
Ability to connect with other sailings (based on those connecting)	3.15	3.22	3.47	3.14	2.97	2.87	3.36	3.53	2.70	3.81
Ferry departing on time	3.80	3.97	4.06	3.85	3.94	3.10	3.83	3.93	3.75	3.83
Safety										
Safety of ferry operations	4.25	4.27	4.30	4.23	4.29	4.13	4.24	4.17	4.26	4.26
Safety of loading/unloading	4.26	4.29	4.32	4.23	4.29	4.14	4.24	4.20	4.24	4.26
OVERALL VALUE										
Value for money of fares	3.03	3.02	3.12	2.94	2.87	3.00	3.10	3.02	3.07	3.16

TERMINAL ATTRIBUTES ONLY - Satisfaction Ratings by Terminal - All Waves 2016-							
	Total	Terminals					
		Tsawwassen	Swartz Bay	Horseshoe Bay	Departure Bay	Langdale	Duke Point
OVERALL EXPERIENCE							
Trip overall	4.18	4.26	4.29	4.04	4.17	4.03	4.20
TERMINAL EXPERIENCE							
Terminal overall	4.08	4.14	4.11	4.00	4.17	3.91	4.07
Outside appearance of the terminal	4.05	4.08	4.08	3.98	4.16	3.85	4.09
Ticket Purchase							
Efficiency of the transaction	4.43	4.48	4.46	4.38	4.53	4.28	4.32
Staff customer service	4.40	4.42	4.43	4.34	4.53	4.25	4.28
Clarity of staff directions	4.37	4.42	4.40	4.31	4.48	4.18	4.31
Food & Beverage Services at the Terminal							
Food beverages offered	3.68	3.87	3.65	3.55	3.76	3.53	3.56
Vending machines	3.37	3.58	3.47	3.29	3.46	3.20	3.45
Value for money	3.09	3.22	3.17	2.93	3.10	2.91	3.12
Gift Shop/ News Stand at the Terminal							
Variety/ selection of merchandise	3.89	3.92	3.88	3.93	3.92	3.86	3.91
Value for money	3.32	3.27	3.39	3.34	3.35	3.23	3.32
Outdoor Market Area at the Terminal							
Variety/ selection of merchandise	3.58	3.70	3.75	3.41	3.52	3.27	3.50
Value for money	3.30	3.31	3.46	3.22	3.20	3.16	3.37
Play area for children	3.79	3.87	3.72	-	-	-	3.95
Pet area	3.01	2.90	3.40	-	-	-	2.25
Other Terminal Services							
Clarity of Public address system	3.70	3.72	3.76	3.55	3.87	3.65	3.98
Announcements when you need to be informed	3.90	3.91	3.98	3.75	4.07	3.87	4.11
Overall look & décor inside terminal	3.88	3.91	3.98	3.74	4.03	3.66	3.97
Usefulness of TV info screens	3.81	3.84	3.85	3.75	3.89	3.55	3.89
Availability of washrooms	4.09	4.08	4.18	3.99	4.17	4.07	4.20
Cleanliness of washrooms	3.98	3.98	4.04	3.84	4.02	3.96	4.08
Procedures for loading	4.10	4.16	4.15	3.98	4.18	4.01	4.22
Professionalism of terminal staff	4.22	4.24	4.25	4.14	4.26	4.17	4.26
Foot Passenger Services at the Terminal							
Availability of parking spaces	3.63	3.79	3.52	3.69	3.69	3.68	4.27
Parking value for money	3.00	2.99	2.66	3.07	2.80	3.69	3.00
Ease of using passenger drop-off/ pick-up area	4.01	4.18	4.20	3.88	4.07	3.98	4.34
Availability of seating in pre-boarding lounge at terminal	3.67	3.43	3.55	3.65	3.96	3.80	4.13
Comfort of seating in pre-boarding lounge at terminal	3.62	3.55	3.68	3.56	3.83	3.52	3.92
Cleanliness of pre-boarding lounge	3.99	3.88	4.03	3.93	4.18	3.94	4.36
OVERALL VALUE							
Value for money of fares	3.03	3.03	3.14	2.90	3.00	3.09	2.84

Research Methodology

Background

British Columbia Ferry Services Inc. (BC Ferries) 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 website as required by the Coastal Ferry Services Contract.

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

Research Objectives

The specific objectives are as follows:

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

Quantitative Tracking Research

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

Immediately following this “screener”, passengers are given a longer follow-up survey to complete after they disembark and leave the terminal area. The method for returning the completed survey has been via a postage pre-paid envelope but starting in June 2015, this was modified to include the option to complete online. This is accomplished by adding a web survey address and unique survey code to the printed survey handed to passengers agreeing to participate. Respondents are instructed to complete the survey as to their preferred method (either on paper or online) within 48 hours of receiving it to ensure top-of-mind experiences are recorded.

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

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

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

Sample Size

The total sample of placements was disproportionately distributed across larger and smaller routes to ensure a minimum number of interviews per route for reliability. In June 2015, and continuing since, minor reductions in sample sizes were applied to Route 4 and to the South Gulf Island routes, bringing their proportions more inline with actual passenger traffic while still maintaining statistical reliability.

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

	All Waves 2016	
	Screeners	Returns
Route 1: Tsawwassen-Swartz Bay	1,649	681
Route 2: Horseshoe Bay-Departure Bay	1,683	861
Route 3: Horseshoe Bay-Langdale	1,347	633
Route 30: Tsawwassen-Duke Point	971	518
Route 4: Swartz Bay-Fulford Harbour, Saltspring Island	980	373
Route 19: Departure Bay-Descanso Bay, Gabriola Island	910	354
Route 5/9: Southern Gulf Islands	1,481	715
TOTAL	9,021	4,135*

** Return method: 83% paper, 17% online*

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 2016 –				
	Screeners		Returns	
	<u>Actual</u> (9,021) %	<u>Weighted</u> (9,021) %	<u>Actual</u> (4,135) %	<u>Weighted</u> (4,071) %
Weekend				
Route: 1	6	13	6	12
2	7	7	8	8
3	4	5	4	5
30	4	3	5	4
4	4	1	3	1
19	3	1	2	1
5/9	7	2	7	2
Weekday				
Route: 1	12	25	11	22
2	11	14	13	15
3	11	11	11	12
30	6	7	8	9
4	7	3	6	2
19	7	3	6	3
5/9	10	4	10	5

Data Collection

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

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

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

Data Analysis

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

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

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

Response Rate

The following outlines the response rates achieved in 2016.

Response Rates	
<u>All Waves 2016</u>	
Route 1	41%
Route 2	52%
Route 3	47%
Route 30	53%
Route 4	38%
Route 19	39%
Route 5/9	48%
Overall response	46%

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 2016		
	<u>Actual Sample Size</u>	<u>Approximate Tolerance Limits % Points</u>
Total Screeners	9,021	+/- 1.0 %
Total Returns	4,135	+/- 1.5 %
Individual Route Returns		
Route 1	681	+/- 3.8%
Route 2	861	+/- 3.3%
Route 3	633	+/- 3.9%
Route 30	518	+/- 4.3%
Route 4	373	+/- 5.1%
Route 19	354	+/- 5.2%
Route 5/9	715	+/- 3.7%

Complaints Resolution Report

Year Ended March 31, 2017



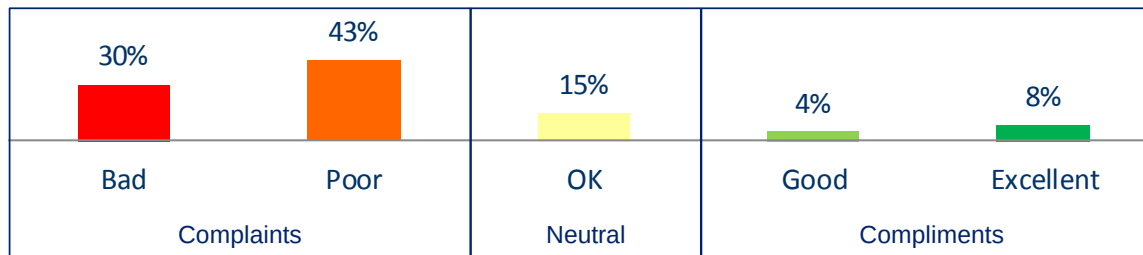
Complaints Resolution Report Fiscal 2017



Feedback Summary

- During Fiscal 2017, 20.7 million passengers travelled with BC Ferries
 - BC Ferries received 8,160 comments in Fiscal 2017
 - The average time to respond to customers was 7 days in Fiscal 2017

Distribution of Comments by Rating



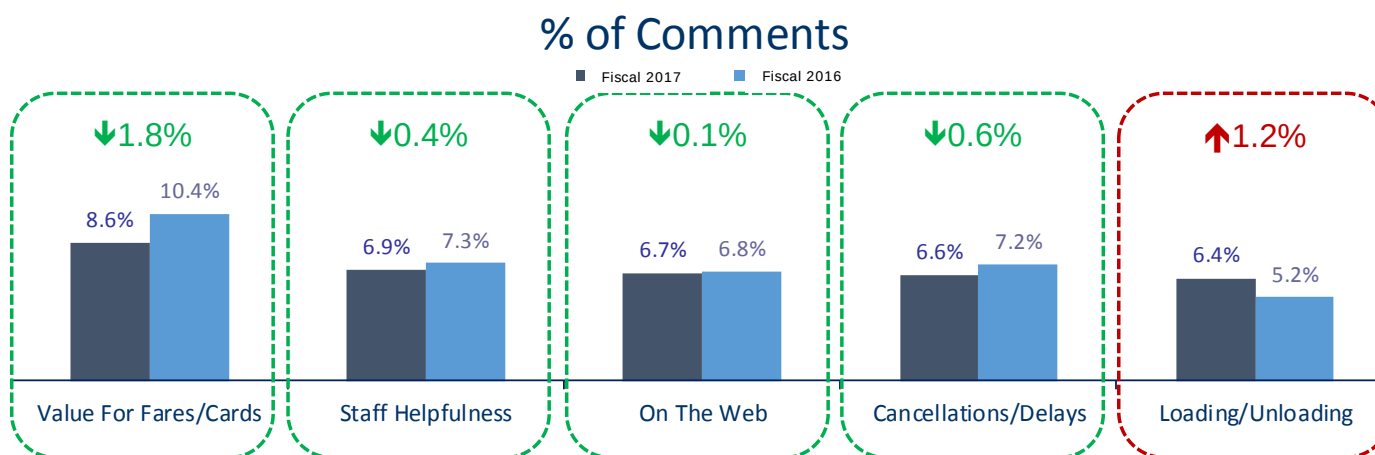
- Customer initiated feedback tends to be negative. Twelve percent (12%) of all customer feedback received in Fiscal 2017 was complimentary
- “Value for Fare/Cards” was the top issue: 644 complaints* were made, representing 8.6% of the total comments received in Fiscal 2017
 - Top five complaints combined represent 35% of all complaints received in Fiscal 2017
- “General” comments are excluded from this analysis, along with comments with no rating:
 - 629 “General” comments were received which were primarily made up of company information (328), community issues (238), and environment (63). 81 comments were provided with no rating.

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

Note: Fiscal 2017 = April 1, 2016 to Mar 31, 2017

Top Complaints*: Corporate

#	Complaint	Fiscal 2017		Fiscal 2016	
		Complaints*	% of Comments (n=7,458)	Complaints*	% of Comments (n=7,282)
1	Value For Fares/Cards	644	8.6 %	759	10.4 %
2	Staff Helpfulness	512	6.9 %	531	7.3 %
3	On The Web	497	6.7 %	496	6.8 %
4	Cancellations/Delay	490	6.6 %	527	7.2 %
5	Loading/Unloading	474	6.4 %	367	5.2 %



*Complaints = "bad" or "poor" rating accompanied by a comment
 Note: Fiscal 2017 = April 1, 2016 to March 31, 2017
 Fiscal 2016 = April 1, 2015 to March 31, 2016

Value For Fares/Cards

Sample of Customer Comments:

Complaints

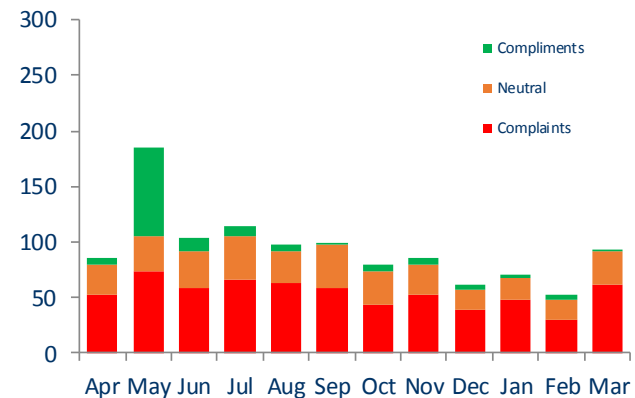
- Customer wrote: "I recently travelled from Tsawwassen to Swartz Bay and back. I used to travel the same route about 45 years ago when I worked in Victoria for approximately \$4.50 one way and today for four people the fare was \$125.00. I will never go back to the Island and pay this outrageous amount as it is a total rip off."
- Customer called upset that his Ford F350 truck (GVW > 5500kg) pulling a horse trailer was charged the commercial rate. He felt his horse trailer was for recreational use and wanted the same rate as a recreational vehicle that has a GVW over 5500kg, such as a motor home or his F350 towing a recreational trailer.
- Customer called to convey she did not like the advertising for the 50% off passenger fares promotion as she found it unclear. The promotion states "50% off Passenger Fares, All Routes, All Spring Break, Choose From Over 2000 Sailings" which lead her to believe that the promotion was in effect for all sailings.

Compliments

- Customer tweeted: "Thank you for the month of discounted vehicle rates. I was happy to take advantage of the promotion this past weekend."
- Customer called to compliment BC Ferries on its fare affordability between Tsawwassen and the Southern Gulf Islands. He said that all he hears about is how BC Ferries has expensive fares, but was happy to see that it only cost approximately \$140.00 return for two seniors and a passenger vehicle. Customer wanted to say "job well done."

Value For Fares /Cards includes:

Group / Attribute	Complaints	Neutral	Compliments
Fares: Assured Loading Card	75	49	2
Fares: Credit/Debit Card	16	13	
Fares: Discount Fares/Promotions	174	151	113
Fares: Errors	152	28	4
Fares: Experience Card	134	89	6
Fares: Value for Fares Paid	93	16	12
% of all comments (7,458)	8.6 %	4.6 %	1.8 %



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

Note: Fiscal 2017 = April 1, 2016 to March 31, 2017

Value For Fares/Cards

Root Cause:

Underlying our customers' views on value for fares are perceptions of fare affordability, service quality, efficiency and travel certainty. Changes in tariffs, whether they be system-wide adjustments or targeted discounts and promotions, will generate significant customer feedback on the overall value proposition of the BC Ferries travel experience.

Lessons Learned:

Fare affordability once again tops the list as a primary concern for our customers. We constantly look for efficiencies as well as other opportunities to contain costs and increase ancillary revenue to reduce the upward pressure on fares. Promotions offered are consistently well received and additional pricing initiatives are planned to test the variable pricing model, as part of the Fare Flexibility and Digital Experience Initiative.

Action Taken:

During Fiscal 2017 BC Ferries offered the following promotions:

- "Size Up the Savings" (June 1- September 30, 2016)
50 percent savings, at \$3.25 per additional foot, on extra length passenger vehicles. Offered on selected sailings between Tsawwassen/Swartz Bay and Tsawwassen/Duke Point, designed to assist customers with their summer vacation planning;
- "50 percent off Vehicles" (November 14 - December 18, 2016)
Standard vehicle fares were discounted 50 percent on all north coast route sailings and select sailings Monday through Thursday, as well as Saturday and Sunday sailings on all other routes;
- "50 percent Savings off Regular Passenger Fares and Kids Travel Free" (March 11 - 30, 2017)
Spring Break promotion offered on all north coast route sailings and select south coast sailings Monday through Thursday, Saturdays and Sundays.

Value For Fares/Cards

BC Ferries announced on March 16, 2017 that fares would hold steady for the second year in a row on 21 of its 24 routes with no fare increase on the minor, northern or Horseshoe Bay – Langdale routes. Vehicle fares only on the Tsawwassen – Swartz Bay, Tsawwassen – Duke Point and Horseshoe Bay – Departure Bay routes increased by 1.9 per cent on April 1. There was no increase in passenger fares on these routes.

The existing fuel rebates of 2.9 percent on the major and minor routes, and 1.9 percent on the northern routes remained in place.

BC Ferries also announced that , effective April 1, it would provide customers with added incentives to reserve by reducing reservation fees on reservable routes: from \$15 to \$10 when booked seven days in advance; \$18.50 to \$17 for reservations made fewer than seven days in advance; and \$22 to \$21 for those booked day of travel. Reservation change fees were also reduced from \$9 to \$5.

Staff Helpfulness

Sample of Customer Comments:

Complaints

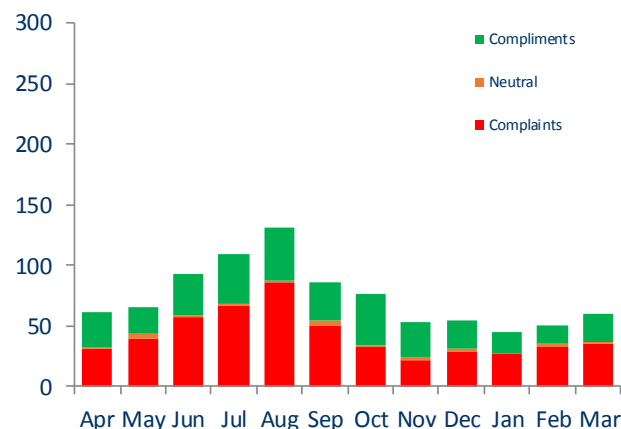
- Customer reported that the Swartz Bay ticket agent told him the last sailing was returning from Fulford Harbour at 9:00 pm, when in fact the last sailing was at 7:50 pm. As a result, the customer was stranded on Salt Spring Island for the night.
- Customer complained she was spoken to rudely at Horseshoe Bay terminal and wasn't given clear instructions as to where to go for her reservation. That, in combination with the loading attendant's directions, caused her to be put in the incorrect lane and she missed her reservation.

Compliments

- Customer wrote: "I wanted to tell you how wonderful your staff person is. She made our trip so pleasant, and made sure my five year old got to see the pod of passing whales. I feel she went above and beyond with her customer service. Great job!"
- Customer posted on Facebook: "BC Ferries' vessel at Saltery Bay turned around to save a drowning Bald Eagle... huge thank you to them!"
- Customer wrote: "We were greeted by a very friendly agent that gave our children a small gift which was very heartfelt. We've had a sad year and the gesture lifted us up. Your staff are awesome!"

Staff Helpfulness includes:

Group / Attribute	Complaints	Neutral	Compliments
Inside the Terminal: Staff Helpfulness	286	11	110
On the Phone: Agent Helpfulness	24	1	47
On the Phone: Information Accuracy	42	5	2
On the Ship: Staff Helpfulness	94	4	171
Outside the Terminal: Staff Helpfulness	66	2	21
% of all comments (7,458)	6.9 %	0.3 %	4.7 %



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

Note: Fiscal 2017 = April 1, 2016 to March 31, 2017

July 28, 2017

Fiscal 2017 Annual Report to the British Columbia Ferries Commissioner

Staff Helpfulness

Root Cause:

Communication issues, ticketing errors, misunderstanding and inappropriate behaviour by employees can lead to customer dissatisfaction.

Lessons Learned:

BC Ferries continues to identify areas for improvement in customer service through the ongoing customer feedback, complaints and suggestions received through various channels.

Action Taken:

Complaints are reviewed and investigated on a case by case basis. Customers receive a response either in writing or verbally with an apology and an explanation of the policy or event. Every effort is made to avoid further confusion by clarifying misunderstandings of policy or procedure. Employee complaints are shared with the appropriate management team if deemed necessary for follow up with the employee.

Compliments are shared with the appropriate management team so that the individual or team of employees can be recognized for their customer service efforts.

Social Media channels are monitored and responded to in a timely manner to remain up to date on emerging customer concerns.

Customer service focused employee training videos will be available in Q1 Fiscal 2018 as a reference/reminder of how BC Ferries' employees can work to enhance the customers' travel experience. Further work will continue to provide customer service training fleet wide and further drive home BC Ferries' customer service standards and expectations.

*Note:

Improvements in customer service are once again reflected in the high number of staff compliments received, most notably for "On the Ship: Staff Helpfulness" and "On the Phone: Agent Helpfulness" where compliments far exceed complaints.

Cancellations/Delays

Sample of Customer Comments: Complaints

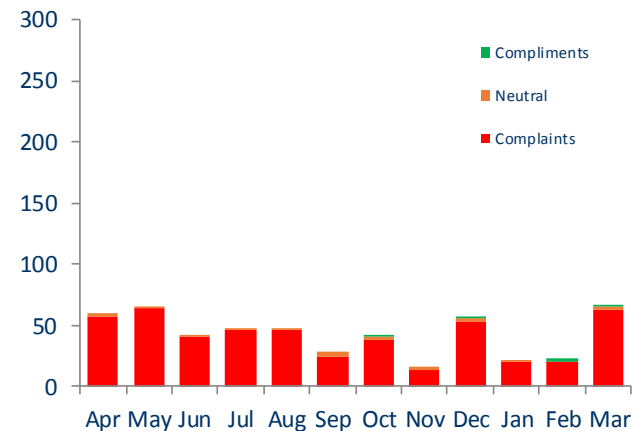
- Customer called about the on time performance of the Horseshoe Bay/Langdale route complaining she had been late for work three times in a week while a replacement vessel was in use which had resulted in extra childcare expenses. She commented that if the vessel cannot keep the scheduled sailing times, BC Ferries needs to make a schedule that actually reflects the true sailing times.
- Customer wrote: "All Powell River/Comox sailings on December 26th were cancelled [due to inclement weather] and when we arrived an hour early the following day, the next sailing was full (we were also unable to make a reservation). We ended up waiting four hours. To top it off, the ferry was more than 30 minutes late. It's ridiculous that BC ferries is not more prepared for these situations. There was no plan for additional sailings or later sailings on the 26th once the winds died down."

Compliments

- Customer wrote: "I want to thank BC Ferries' staff for the great service you provided on Friday. We are very lucky to have the ferry to serve the Vancouver to Victoria route. Everything was great and I'm very grateful!"
- Customer wrote: "We arrived at the Swartz Bay terminal just before the 3:00 pm sailing to Tsawwassen and mentioned we had a family emergency. Your staff were kind enough to give us priority boarding instead of having to wait for the 5 o'clock sailing. Their kindness was truly appreciated and should be rewarded."

Cancellations / Delays includes:

Group / Attribute	Complaints	Neutral	Compliments
Sailings: Cancellations	120	13	2
Sailings: Delays	370	13	4
% of all comments (7,458)	6.6 %	0.3 %	< 0.1 %



*Complaints = "bad" or "poor" rating accompanied by a comment
Note: Fiscal 2017 = April 1, 2016 to March 31, 2017

Cancellations/Delays

Root Cause:

Operational cancellations and delays can be caused by traffic volumes, mechanical issues or adverse weather conditions. Other impacts to service include marine emergencies, medical emergencies, crewing matters and situations that occur during the loading/unloading process (stalled vehicle, lost key, driver not in vehicle, dead battery, etc.).

Lessons Learned:

Sailing cancellations and delays have a significant impact on the routine of BC Ferries' commuting and general customers alike. Every effort must be made to communicate the issue and provide timely information to customers through service notices, Twitter, our website and terminal/onboard announcements. BC Ferries' primary focus is to restore full service as soon as it is safe to do so.

Action Taken:

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

BC Ferries faces particular on-time challenges on the routes using Horseshoe Bay terminal. The configuration of the terminal limits the Company's operational flexibility particularly during periods of high traffic. BC Ferries' initiatives to continue to improve on-time performance have included adjusting and/or expanding sailing schedules, adjusting crewing schedules and refining vehicle loading processes during peak periods. In the longer term, upgrades to the terminals will be required. In the immediate term, BC Ferries has commenced a public engagement process (involving a range of activities including focus-group workshops, an online survey, intercept surveys at Langdale and Horseshoe Bay terminals, and presence at community events and public spaces) to look at schedule options. This broad engagement effort will explore options for schedule changes with the public, with the goal of improving the reliability of sailing times for routes out of Horseshoe Bay.

On The Web

Sample of Customer Comments:

Complaints

- Customer wrote: "Your website is the worst site I've tried to use to plan a trip. I completely gave up and called. I'm quite computer savvy and literate, but found the site not user friendly. Imagine people (e.g. my parents) who are not, trying to get around by ferry and not familiar with the area. I'm used to them getting frustrated and having to show them how to use sites, but when it ends up that even I can't figure it out, then I know it's poorly designed and needs to be revamped. I hope this gets resolved soon, or is already in the process of being revamped. In the meantime, I'll certainly be informing people and followers to avoid your site all together."
- Customer wrote: "What happened to the mobile friendly version of the current conditions page? It's bad enough the whole site isn't a responsive design but at least you could look up Current Conditions well enough on a phone, but that URL seems to no longer function."

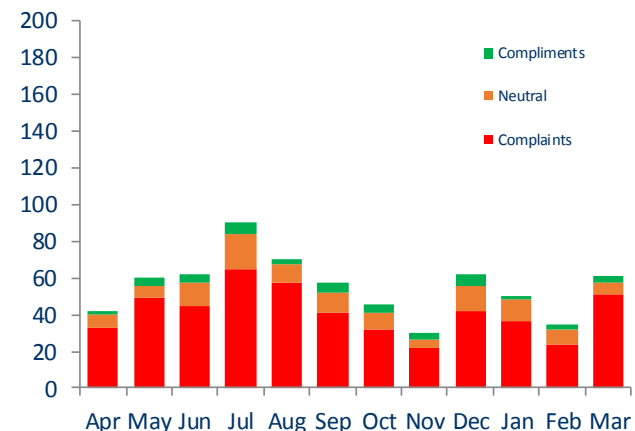
Compliments

- Customer wrote: "Thank you for providing great on-line planning tools such as the "Busy Sailings Calendar" and "Current Conditions". We were able to plan our trip to Vancouver for the busy Thanksgiving long weekend in a way that allowed us to completely avoid the crowds and without having to wait on either end. I know you make this look easy to a point where people think it is easy, but I understand the challenges associated with transporting as many people as you do. Thank you and well done!"

*Complaints = "bad" or "poor" rating accompanied by a comment
Note: Fiscal 2017 = April 1, 2016 to March 31, 2017

On The Web includes:

Group / Attribute	Complaints	Neutral	Compliments
On the Web: Current Conditions	77	6	2
On the Web: Design and Usability	125	16	7
On the Web: Information/General	128	47	16
On the Web: Login/Passwords	38	4	2
On the Web: Service Notices	18	3	1
On the Web: Travel Planning	39	13	11
Reservations: Online Reservations	72	30	10
% of all comments (7,458)	6.7 %	1.6 %	0.7 %



Root Cause:

Themes emerging from incoming customer feedback have touched on user interface design; mobile friendly options; the need for better trip planning and fare calculating tools; lack of context related to promotional fare offers; site accessibility with certain browsers, operating systems and devices; and timing of e-mail notifications about service interruptions.

Many of these issues continue to stem from technological limitations. The current website is built on an aged platform that predates the diversity of browsers, devices and social media channels that define user experience expectations today.

Lessons Learned:

Ongoing customer feedback has helped BC Ferries to prioritize issues to be addressed going forward. Account accessibility, browsers and mobile device compatibility, travel planning tools, usability refinements and timeliness of e-mail notifications remain at the top of the list.

Action Taken:

BC Ferries is investing in the implementation of two key business strategies – the Fare Flexibility and Revenue Management Strategy and the Digital Experience Strategy – which together will modernize how BC Ferries sets pricing, sells travel and manages capacity utilization of sailings.

BC Ferries plans to replace its existing website and its rigid and inflexible platform with a new e-commerce site with commercial strength, multi-channel, secure e-commerce software that will enable purchases through a device of the customer's choosing – mobile, tablet or computer. Successful delivery of the Digital Experience Strategy will require BC Ferries to continuously deliver timely content, products and services through mobile devices and social channels. Both the new e-commerce site and decision support system will be consistent with industry standards in design and usability.

Loading/Unloading

Sample of Customer Comments:

Complaints

- Customer wrote: "I am sitting at the ferry terminal on Denman Island and just missed the connecting ferry to Vancouver Island because your deckhand once again unloaded us in a different order than we were loaded on the Hornby ferry. We arrived to the Hornby ferry early to make sure we could attend our grandson's graduation. Because your employee didn't do his job right we suffered a lack of respect... our ferry service has been scaled back, which is bad enough, people working on our ferry are not from our island."
- Customer wrote: "It is completely unacceptable that, as a guest who has reserved to get on the ship and has showed up 30 minutes prior to boarding time, we would get off the ferry last. Reserved guests should be loaded first and should be unloaded first. It is infuriating to spend so much extra time waiting to get on and off the ship, especially when I am paying extra money to do so."

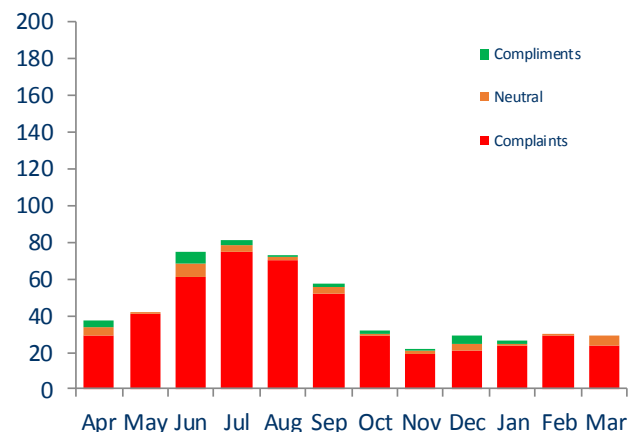
Compliments

- Customer wrote: "I arrived at the Mill Bay terminal on Sunday in what I thought was time for the last sailing of the day. I knew I was on the cusp of being turned away. As I approached the loading ramp I was signalled that they were full. As I started to turn around the deckhand yelled, 'we have room for one more!'. Made my weekend and thanks to some excellent directing all three of us at the end of the line made that sailing. Thank you!!"

*Complaints = "bad" or "poor" rating accompanied by a comment
Note: Fiscal 2017 = April 1, 2016 to March 31, 2017

Loading / Unloading includes:

Group / Attribute	Complaints	Neutral	Compliments
Inside the Terminal: Loading/Directions	221	20	6
On the Ship: Loading/Unloading	215	15	16
Sailings: Loading Error	38	1	1
% of all comments (7,458)	6.4 %	0.5 %	0.3 %



Loading/Unloading

Root Cause:

Customers expect to be loaded and discharged in order of vehicle arrival at the terminal. Customers who have paid a reservation premium, or who queue in a certain order, have heightened expectations in this regard and deem poor customer service provided as a result of their expectation not being met.

Lessons Learned:

Operationally we are unable to fulfill the expectation of first on – first off, and need to provide customer with consistent information regarding loading procedures. It is also important for us to remain consistent with loading across all terminals.

Action Taken:

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

- stability of the vessel in the water and positioning of the ramp during loading;
- even distribution of traffic to maintain vessel stability during crossing;
- optimal use of deck space in order to accommodate as many vehicles as possible; and
- the time a vehicle arrives at the terminal and if it has reserved status will determine if it will be loaded on a sailing but not necessarily where on the car deck it will be parked. This applies to all types of vehicles, regardless of size.

The consequences of moving to a declared first on – first off guarantee would be:

- late sailings due to single lane loading;
- fewer vehicles on the car deck; and
- increased sailing waits for customers left behind.

Customer feedback suggesting that a loading error may have caused them to miss their sailing is reviewed by the terminal operations staff. Learnings are shared with the terminal and the vessel staff to prevent the possibility of recurrence.

