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**British Columbia Ferry Services Inc.**

Annual Report  
to the  
British Columbia Ferries Commissioner

**Year Ended March 31, 2015**

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## Introduction

In accordance with Section 66 of the *Coastal Ferry Act* (“Act”), British Columbia Ferry Services Inc. (“BC Ferries” or the “Company”) is pleased to submit its annual report for the year ended March 31, 2015 (the “fiscal year” or “fiscal 2015”), 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 these designated routes. This report responds to the specific information requirements conveyed to BC Ferries by the Commissioner and as identified in the Act.

### Part 1: Services on Designated Routes

In fiscal 2015, 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. 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 2015, BC Ferries carried 7.7 million vehicles<sup>1</sup> and 19.8 million passengers and delivered 77,432.5 round trips on the designated ferry routes. For the fiscal year, the Company’s on-time performance rate system-wide was 91.7%, while its fleet reliability score was 99.75%. This reliability score means that only 0.25% of scheduled sailings in fiscal 2015 were cancelled for controllable reasons, such as mechanical issues related to the vessels or terminals or crew availability.

Over the fiscal year, BC Ferries experienced a 0.6%<sup>2</sup> increase in vehicle traffic and a 0.5% increase in passenger traffic compared to the year ended March 31, 2014 (“fiscal 2014”). As a result of the higher traffic levels and fewer sailings, annual capacity utilization in fiscal 2015 increased, on a year-over-year basis, by 2.0% system-wide and 5.7% on routes with service level adjustments.

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<sup>1</sup> Equivalent to 8.7 million automobile equivalents (see the Operations Report for more information).

<sup>2</sup> Equivalent to 0.7% when calculated on the basis of automobile equivalents.

Traffic levels were negatively impacted in fiscal 2015 by a reduction in seniors travel related to the lower passenger fare discount for BC seniors travelling Mondays to Thursdays on the Non-Northern routes effective April 1, 2014<sup>3</sup> and the reduction in student travel resulting from the teachers' labour dispute in the first and second quarters of fiscal 2015. Traffic levels were also impacted by service level adjustments determined by the Province on certain routes. However, in the last two months of the year, BC Ferries' total traffic was significantly higher than the same period in the prior year. Vehicle traffic was 7.8% higher and passenger traffic was 6.7% higher. The Company believes the traffic in these two months was impacted by favourable weather and by lower gas prices, while the same period in fiscal 2014 was negatively affected by unfavourable weather. The lower Canadian dollar may also have had a positive impact towards the latter part of the year.

The Company continues to focus on employee and passenger safety. BC Ferries' SailSafe program, which is designed to achieve world class safety performance, is in the sustainment phase. It has transitioned from the implementation of a safety program to embodying safety as a normal part of all business activities and an integral part of the Company's culture. BC Ferries continues to ensure safety becomes completely ingrained in every activity undertaken, every day, throughout its business.

Overall, BC Ferries is experiencing the benefits of its investments in safety and security. Injuries to passengers continue to decline, down 10.0% in fiscal 2015 compared to fiscal 2014. Time loss injuries to employees were fewer than 150 in both fiscal 2015 and fiscal 2014.

In both fiscal 2015 and fiscal 2014, BC Ferries received a Certificate of Recognition ("COR") from WorkSafeBC. 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. In fiscal 2015, nine specific areas were audited, resulting in a 92% score in Health and Safety and 94% in Injury Management. WorkSafeBC provided the Company with a COR rebate of \$556,000 based on its 2014 assessed premiums; similarly, last year BC Ferries received a \$600,000 COR rebate based on its 2013 assessed premiums. Besides confirming the Company's workforce is safer and healthier, it is expected this COR will result in ongoing premium savings.

The Company continues to manage costs as prudently as possible without compromising safe operations. BC Ferries' operating expenses in fiscal 2015 were \$15.3 million below previously planned levels as published in the Company's annual Business Plan for the year.

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<sup>3</sup> Resulting from the Province's decision to amend its program to reduce the passenger fare discount for BC seniors travelling Mondays through Thursdays from 100% to 50% on the routes other than the Northern routes connecting Port Hardy with Prince Rupert and Skidegate with Prince Rupert.

On April 28, 2014, the Company implemented new schedules for certain of the designated routes intended to achieve a net savings of \$14 million over the remainder of performance term three ("PT3"), which ends March 31, 2016. These new schedules reflect the service reductions determined by the Province in order to better align service levels with demand and to ensure the coastal ferry system is affordable, efficient and sustainable. The service level adjustments completed in fiscal 2015 have generated savings in fuel and labour, and the Company expects to continue to benefit from these changes.

BC Ferries reviewed opportunities for further service level reductions of \$4.9 million on the three routes connecting Vancouver Island with the Lower Mainland and determined that the economics of further reductions were no longer favorable; however, the Company remains committed to saving the \$4.9 million through other efficiencies, including cost containment.

On an inflation-adjusted basis, administrative expenses have declined by 15.1% since 2009. Overall administrative expenses have been reduced as a result of lower executive compensation, reduced head count and lower scheduled and unscheduled overtime hours.

On March 18, 2015, in conjunction with his release of Order 15-02 establishing the preliminary price caps for performance term four ("PT4"), the Commissioner issued his report on the Performance Review of the Efficiency of BC Ferries. The review included an assessment of the efficiency of operating, maintenance, administration costs, labour costs and the organizational design. The significant report findings conclude that the Company is demonstrating good cost control while obtaining good outcomes with customer satisfaction and passenger and employee safety, and that the Company appears to have a strong culture of efficiency. The report concludes that the financial and management controls and processes addressing planning, budgeting, reporting and internal controls appear to be appropriate.

Also on March 18, 2015, the Commissioner released his reports on the performance reviews of BC Ferries' homeporting arrangements, fuel management, and BC Ferries Vacations. These reviews concluded that:

- significant measures to manage fuel consumption have been implemented;
- fuel procurement policies and procedures appear to be appropriate;
- some homeporting arrangements may not be ideal, but changing them would be cost-prohibitive; and
- BC Ferries Vacations is making a positive contribution to net income and as such, is helping keep fares lower than they would otherwise need to be.

On April 1, 2014, the Company implemented average tariff increases in accordance with the Commissioner's Order 12-02 dated September 30, 2012. Tariff increases were 4.2% on average on the Non-Northern routes. On the Northern routes, BC Ferries increased fares by less than 2% on average and eliminated the incremental tariff for over-height vehicles. These increases were directly associated with increased operating costs, notably fuel, capital replacement and labour.

BC Ferries has a 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. Over the next 12 years, the Company plans to invest over \$3 billion to replace 18 aged vessels, as well as to upgrade terminals and other infrastructure. In fiscal 2015, capital expenditures included \$69.0 million in vessel upgrades and modifications, \$47.6 million in terminal marine structures, and \$9.7 million in terminal and building upgrades and equipment.

In July, 2014, BC Ferries entered into contracts with Remontowa Shipbuilding S.A. in Gdansk, Poland to build three new intermediate class vessels. Each vessel will have the capacity to carry 145 automobile equivalents ("AEQs") and be designed to operate as dual-fuel capable, so they can run predominantly on liquefied natural gas with marine diesel fuel as a backup. These vessels will set a new standard of efficiency with standardized bridges, engine rooms and lifesaving equipment, moving the Company to a higher safety standard and improving interoperability.

On March 5, 2015, the keel-laying for the first of the three new intermediate class vessels, the *Salish Orca*, took place at Remontowa Shipbuilding S.A. shipyard. This was followed on April 10, 2015 and July 8, 2015 by the first steel cutting respectively for the next two 'Salish class' vessels, the *Salish Eagle* and the *Salish Raven*. The *Salish Orca* will replace the 50-year old *Queen of Burnaby* and the *Salish Eagle* will replace the 51-year old *Queen of Nanaimo* which are scheduled for retirement in 2016. The *Salish Raven* will augment service during the peak and shoulder season and provide relief when other vessels are in refit. The new vessels are scheduled for delivery in August 2016, October 2016 and February 2017.

The *Salish Eagle* and *Salish Raven* will service the Southern Gulf Island routes commencing 2017. The opportunity exists to improve service and better align customer needs with sailing schedules as well as balance seasonal service, capacity and demand with operating efficiencies. To this end, BC Ferries has launched a survey to understand the service needs of Southern Gulf Island customers better.

In fiscal 2015, work also continued on the cable ferry system on route 21, connecting Buckley Bay and Denman Island. After many years of studying the feasibility of a cable ferry, performing extensive design and analysis and obtaining regulatory approvals, BC Ferries awarded a \$15 million contract to Seaspan's Vancouver Shipyards of North Vancouver for the construction of the new cable ferry. On April 30, 2015, the Company completed the installation of the drive and guide cables necessary to move the cable ferry, along with significant improvements to the two terminals. The ferry, named the *Baynes Sound Connector*, is expected to be placed in service in the early fall of 2015. Compared to the current service, it is projected that, over 40 years, the cable ferry will provide over \$80 million in cost savings as well as significant environmental benefits.

BC Ferries continues to look for innovative ways to serve its customers and actively pursue opportunities for growth. BC Ferries' drop trailer service remains the fastest growing segment of the Company's market with increases in revenue

over the past three fiscal years of 14%, 15% and 34%, respectively. Meanwhile, through the use of the BC Ferries' travel centre and an integrated marketing approach, BC Ferries is able to leverage its core business to drive incremental ferry traffic as well as generate commissions from the related services. In fiscal 2015, the number of vacation packages sold generated over \$4.3 million in revenue, an increase of 29.1% over the prior year. The Company also has opportunities for continued growth with its retail services which include food service and giftshops. BC Ferries' retail revenue is approximately 10% of the Company's total annual revenues and has increased over the past two fiscal years by 2% and 3%, respectively.

During fiscal 2015, the Company also continued to invest in its human resources. In fiscal 2015, over 13,400 personal training days were conducted, inclusive of operational training and Standardized Education and Assessment training.

## **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 2014 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 2015. 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.

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## **Part 1**

# **Services on Designated Routes**

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## Part 1: Services on Designated Routes

### Overview

This section contains financial statistics as well as information on traffic levels, and operating and performance statistics for fiscal 2015 for each of the designated ferry routes. As indicated in the reports, BC Ferries fully complied with the Contract's core service level requirements in fiscal 2015.

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**

The total number of round trips BC Ferries delivered on each of the designated ferry routes is presented. Overall, BC Ferries delivered a total of 77,432.5 round trips during the fiscal year, which exceeded by 683.5 the core service level requirements specified in the Contract, as amended for PT3.

#### ➤ **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 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 2015, BC Ferries provided capacity sufficient to carry the traffic, with capacity utilization on the designated ferry routes ranging from 27.9% to 73.2%. As compared to the prior fiscal year, capacity utilization in fiscal 2015 increased 2.0% system-wide and 5.7% on routes with service level adjustments.

#### ➤ **Traffic and Revenue**

Vehicle traffic (AEQs) and passenger traffic carried on each of the designated ferry routes during fiscal 2015 is presented and compared to the traffic carried in the previous fiscal year. The associated tariff revenue generated from each route is also shown.

In fiscal 2015, vehicle and passenger traffic increased 0.6%<sup>4</sup> and 0.5%, respectively, compared to fiscal 2014. As noted above, BC Ferries' total traffic in the last two months of the year was significantly higher than the same period in the prior year.

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<sup>4</sup> Equivalent to 0.7% when calculated on the basis of AEQs.

Revenue from vehicle and passenger traffic on the designated ferry routes in fiscal 2015 totalled \$520.0 million, an increase of \$30.7 million from the prior fiscal year.

By Order 12-02, dated September 30, 2012, price cap increases for fiscal 2014 through fiscal 2016 were set by the Commissioner as follows: 4.1% at April 1, 2013; 4.0% at April 1, 2014; and 3.9% at April 1, 2015. BC Ferries implemented tariff increases effective April 1, 2014 to the levels authorized.

On December 17, 2014, fuel surcharges were removed from the Non-Northern routes due to declining fuel prices and locking in pricing for a significant portion of the Company's forecast fuel consumption to the end of fiscal 2016. Surcharges of 3.5% on average had been in place on these routes since January 17, 2014 due to the high cost of diesel fuel. At the time of the general tariff increase on April 1, 2014, no changes were made to the nominal values of the fuel surcharges. Accordingly, these fuel surcharges averaged 3.4% following the general tariff increase on April 1, 2014. No surcharges were in place on the Northern routes. Effective April 1, 2015, the Company implemented a 1% fuel rebate on the Non-Northern routes.

A recent history of fuel surcharges and rebates in effect through to the current date is below:

| Date Range                              | % Surcharge<br>(Rebate) | Applicable Routes                                            |
|-----------------------------------------|-------------------------|--------------------------------------------------------------|
| April 1, 2012 –<br>July 19, 2012        | 2.5%<br>5.0%            | Horseshoe Bay-Langdale route<br>All other designated routes* |
| July 20, 2012 –<br>November 29, 2012    | 2.0%                    | All designated routes*                                       |
| November 30, 2012 –<br>January 16, 2014 | 0.0%                    | All designated routes                                        |
| January 17, 2014 –<br>December 17, 2014 | 3.5%                    | All designated routes*                                       |
| December 18, 2014 –<br>March 31, 2015   | 0.0%                    | All designated routes                                        |
| April 1, 2015 –                         | (1.0%)                  | All designated routes*                                       |

\*with the exception of the Northern routes

### ➤ **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.<sup>5</sup>

<sup>5</sup> On-time performance on the Non-Northern routes is defined as the percentage of sailings departing within 10 minutes of the scheduled time. On-time performance on the Northern routes is defined as the percentage of sailings arriving within 10 minutes of the scheduled time.

Meeting customer service expectations is an important factor in BC Ferries' focus on on-time performance. In fiscal 2015, BC Ferries' on-time performance system-wide was 91.7%.

## **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 PT3. 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, the cumulative and consecutive number of days for which round trips were missed and the causes of the missed round trips are noted. In fiscal 2015, BC Ferries exceeded its annual core service level commitments under the Contract by 683.5 round trips. Many of these additional round trips were delivered in the summer on route 21 (Buckley Bay to Denman Island) and route 22 (Denman Island to Hornby Island) to accommodate peak period traffic demand.

In the "Round Trip Service Delivery and On-Time Performance" section of the report, certain elements of reporting are graphically presented including the scheduled and actual round trips, and on-time performance. The percentage of sailings departing 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.

This report also provides information on "overload sailings" which is defined as a sailing for which one or more vehicles waiting to travel could not be accommodated. Overall, 8.5% of the sailings on the designated ferry routes were overloaded in fiscal 2015, which is an increase from 7.2% in fiscal 2014.

## **Route Financial Report**

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

The information is provided by individual route and is also summarized by route grouping. 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 (IFRS).

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# **Operations Report**

## **Year Ended March 31, 2015**

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Operations Summary Report for the Year Ended March 31, 2015

| Routes          | A                  | B                         | C                         | D                                        | E                                | F                         | G                  | H                                     | I                                     | J                                 |
|-----------------|--------------------|---------------------------|---------------------------|------------------------------------------|----------------------------------|---------------------------|--------------------|---------------------------------------|---------------------------------------|-----------------------------------|
|                 | Actual Round Trips | Capacity Provided (AEQ's) | AEQ's Carried Fiscal 2015 | Capacity Utilization Fiscal 2015 (C / B) | Capacity Utilization Fiscal 2014 | AEQ's Carried Fiscal 2014 | AEQ Growth (C - F) | AEQ Tariff Revenue Fiscal 2015 Note 2 | AEQ Tariff Revenue Fiscal 2014 Note 2 | AEQ Tariff Revenue Growth (H - I) |
| 1               | 3,794.0            | 2,868,210                 | 2,100,417                 | 73.2%                                    | 72.4%                            | 2,072,208                 | 28,209             | \$ 115,496,149                        | \$ 110,247,009                        | \$ 5,249,140                      |
| 2               | 3,039.0            | 2,208,182                 | 1,267,009                 | 57.4%                                    | 58.2%                            | 1,280,398                 | (13,389)           | 65,921,987                            | 64,817,132                            | 1,104,855                         |
| 3               | 3,020.0            | 2,186,118                 | 1,205,768                 | 55.2%                                    | 54.1%                            | 1,192,143                 | 13,625             | 25,916,436                            | 24,609,337                            | 1,307,099                         |
| 30              | 2,689.0            | 1,734,870                 | 860,670                   | 49.6%                                    | 48.1%                            | 835,959                   | 24,711             | 56,561,313                            | 53,414,201                            | 3,147,112                         |
| Major Routes    | 12,542.0           | 8,997,380                 | 5,433,864                 | 60.4%                                    | 59.8%                            | 5,380,708                 | 53,156             | 263,895,885                           | 253,087,679                           | 10,808,206                        |
| 10              | 87.0               | 30,269                    | 14,528                    | 48.0%                                    | 36.8%                            | 15,658                    | (1,130)            | 4,221,428                             | 4,904,111                             | (682,683)                         |
| 11              | 139.5              | 31,601                    | 18,213                    | 57.6%                                    | 45.4%                            | 18,580                    | (367)              | 3,268,601                             | 3,202,209                             | 66,392                            |
| Northern Routes | 226.5              | 61,870                    | 32,741                    | 52.9%                                    | 41.0%                            | 34,238                    | (1,497)            | 7,490,029                             | 8,106,320                             | (616,291)                         |
| 4               | 2,882.0            | 572,530                   | 309,840                   | 54.1%                                    | 53.8%                            | 302,115                   | 7,725              | 3,364,147                             | 3,181,644                             | 182,503                           |
| 5               | 3,475.0            | 709,256                   | 258,883                   | 36.5%                                    | 37.2%                            | 257,145                   | 1,738              | 3,125,532                             | 3,039,115                             | 86,417                            |
| 6               | 4,511.0            | 631,540                   | 241,843                   | 38.3%                                    | 34.2%                            | 240,870                   | 973                | 2,895,374                             | 2,796,897                             | 98,477                            |
| 7               | 2,542.0            | 624,952                   | 183,657                   | 29.4%                                    | 26.8%                            | 184,035                   | (378)              | 4,124,955                             | 3,984,341                             | 140,614                           |
| 8               | 5,385.0            | 897,420                   | 475,576                   | 53.0%                                    | 49.0%                            | 475,937                   | (361)              | 5,381,246                             | 5,155,315                             | 225,931                           |
| 9               | 811.0              | 352,740                   | 153,347                   | 43.5%                                    | 42.2%                            | 146,614                   | 6,733              | 6,700,330                             | 6,225,644                             | 474,686                           |
| 12              | 3,210.0            | 141,240                   | 79,501                    | 56.3%                                    | 58.9%                            | 83,322                    | (3,821)            | 896,234                               | 943,171                               | (46,937)                          |
| 13              | 4,073.0            | Pass. Only                | Pass. Only                | Pass. Only                               | Pass. Only                       | Pass. Only                | Pass. Only         | (1,732)                               | (137)                                 | (1,595)                           |
| 17              | 1,364.0            | 511,716                   | 158,159                   | 30.9%                                    | 33.0%                            | 152,161                   | 5,998              | 5,787,098                             | 5,378,225                             | 408,873                           |
| 18              | 2,940.0            | 262,658                   | 84,862                    | 32.3%                                    | 25.9%                            | 79,790                    | 5,072              | 653,924                               | 590,696                               | 63,228                            |
| 19              | 4,963.0            | 694,820                   | 344,445                   | 49.6%                                    | 44.4%                            | 356,368                   | (11,923)           | 2,886,918                             | 2,895,948                             | (9,030)                           |
| 20              | 3,745.0            | 237,414                   | 82,675                    | 34.8%                                    | 29.3%                            | 81,829                    | 846                | 687,114                               | 634,709                               | 52,405                            |
| 21              | 5,448.0            | 544,800                   | 238,282                   | 43.7%                                    | 38.0%                            | 238,535                   | (253)              | 1,729,693                             | 1,628,188                             | 101,505                           |
| 22              | 4,280.0            | 256,800                   | 103,840                   | 40.4%                                    | 37.9%                            | 105,523                   | (1,683)            | 725,170                               | 717,683                               | 7,487                             |
| 23              | 5,851.0            | 814,240                   | 367,569                   | 45.1%                                    | 41.9%                            | 366,181                   | 1,388              | 2,926,306                             | 2,842,462                             | 83,844                            |
| 24              | 2,116.0            | 126,960                   | 57,174                    | 45.0%                                    | 44.4%                            | 56,855                    | 319                | 532,331                               | 509,729                               | 22,602                            |
| 25              | 3,972.0            | 219,744                   | 84,632                    | 38.5%                                    | 36.2%                            | 83,871                    | 761                | 894,585                               | 818,029                               | 76,556                            |
| 26              | 3,096.0            | 160,992                   | 44,938                    | 27.9%                                    | 23.1%                            | 49,452                    | (4,514)            | 422,359                               | 435,536                               | (13,177)                          |
| Minor Routes    | 64,664.0           | 7,759,822                 | 3,269,223                 | 42.1%                                    | 39.2%                            | 3,260,603                 | 8,620              | 43,731,584                            | 41,777,195                            | 1,954,389                         |
| Total           | 77,432.5           | 16,819,072                | 8,735,828                 | 51.9%                                    | 49.9%                            | 8,675,549                 | 60,279             | 315,117,498                           | 302,971,194                           | 12,146,304                        |

Note 1) Revenue arises from bike traffic and freight.

Note 2) Obligations deferred or settled reflect the following:

Fiscal 2015 - At March 31, 2015, the routes were over price cap by \$1 million (\$0.6 million and \$0.4 million for vehicle and passenger, respectively).  
Fiscal 2014 - the deferral of tariff in excess of the price cap reflects the differences between the balances at March 31, 2013 (\$0.9 million and \$0.5 million for vehicle and passenger tariff, respectively), and the zero balances at March 31, 2014. The obligation was transferred to the fuel deferral account in accordance with British Columbia Commission Memorandum 45 dated March 20, 2014.

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) Effective April 1, 2014, Route 40 was discontinued as part of the service adjustments outlined by the Province, and replaced with an extension of Route 10. For comparative purposes, reporting of AEQ and passenger totals, tariff revenues, capacity utilization and on-time performance for Routes 10 and 40 in the prior years have been combined.

|                               |             |             |
|-------------------------------|-------------|-------------|
| Obligation deferred (settled) | 615,054     | 741,907     |
|                               | 315,732,552 | 303,713,101 |



Operations Summary Report for the Year Ended March 31, 2015

| Routes          | K                         | L                         | M                              | N                                                    | O                                                    | P                                             |
|-----------------|---------------------------|---------------------------|--------------------------------|------------------------------------------------------|------------------------------------------------------|-----------------------------------------------|
|                 | Passengers<br>Fiscal 2015 | Passengers<br>Fiscal 2014 | Passenger<br>Growth<br>(K - L) | Passenger Tariff<br>Revenue<br>Fiscal 2015<br>Note 2 | Passenger Tariff<br>Revenue<br>Fiscal 2014<br>Note 2 | Passenger Tariff<br>Revenue Growth<br>(M - N) |
| 1               | 5,656,166                 | 5,566,130                 | 90,036                         | \$ 82,390,745                                        | \$ 74,726,955                                        | \$ 7,663,790                                  |
| 2               | 3,286,455                 | 3,315,156                 | (28,701)                       | 48,005,476                                           | 44,117,572                                           | 3,887,904                                     |
| 3               | 2,483,071                 | 2,469,646                 | 13,425                         | 14,938,072                                           | 13,394,241                                           | 1,543,831                                     |
| 30              | 1,393,271                 | 1,357,799                 | 35,472                         | 20,203,146                                           | 17,744,446                                           | 2,458,700                                     |
| Major Routes    | 12,818,963                | 12,708,731                | 110,232                        | 165,537,439                                          | 149,983,214                                          | 15,554,225                                    |
| 10              | 39,617                    | 42,760                    | (3,143)                        | 4,970,380                                            | 5,489,505                                            | (519,125)                                     |
| 11              | 35,491                    | 38,340                    | (2,849)                        | 1,283,027                                            | 1,352,509                                            | (69,482)                                      |
| Northern Routes | 75,108                    | 81,100                    | (5,992)                        | 6,253,407                                            | 6,842,014                                            | (588,607)                                     |
| 4               | 621,888                   | 605,300                   | 16,588                         | 3,052,628                                            | 2,704,051                                            | 348,577                                       |
| 5               | 460,196                   | 456,697                   | 3,499                          | 2,185,447                                            | 1,892,634                                            | 292,813                                       |
| 6               | 444,853                   | 450,043                   | (5,190)                        | 1,830,294                                            | 1,632,092                                            | 198,202                                       |
| 7               | 324,841                   | 329,276                   | (4,435)                        | 1,923,831                                            | 1,764,668                                            | 159,163                                       |
| 8               | 1,120,017                 | 1,117,329                 | 2,688                          | 3,755,457                                            | 3,360,182                                            | 395,275                                       |
| 9               | 434,628                   | 416,257                   | 18,371                         | 5,309,735                                            | 4,503,249                                            | 806,486                                       |
| 12              | 154,738                   | 161,439                   | (6,701)                        | 830,387                                              | 726,013                                              | 104,374                                       |
| 13              | 41,814                    | 43,640                    | (1,826)                        | 179,133                                              | 165,253                                              | 13,880                                        |
| 17              | 341,819                   | 329,058                   | 12,761                         | 4,113,684                                            | 3,586,084                                            | 527,600                                       |
| 18              | 154,586                   | 156,188                   | (1,602)                        | 533,811                                              | 447,872                                              | 85,939                                        |
| 19              | 748,066                   | 757,454                   | (9,388)                        | 2,263,367                                            | 2,012,557                                            | 250,810                                       |
| 20              | 237,706                   | 241,110                   | (3,404)                        | 632,063                                              | 569,820                                              | 62,243                                        |
| 21              | 446,682                   | 457,856                   | (11,174)                       | 1,282,624                                            | 1,142,066                                            | 140,558                                       |
| 22              | 197,861                   | 206,039                   | (8,178)                        | 550,529                                              | 519,832                                              | 30,697                                        |
| 23              | 769,888                   | 775,546                   | (5,658)                        | 2,159,748                                            | 1,959,344                                            | 200,404                                       |
| 24              | 95,843                    | 98,415                    | (2,572)                        | 371,090                                              | 329,558                                              | 41,532                                        |
| 25              | 223,090                   | 215,006                   | 8,084                          | 831,772                                              | 727,512                                              | 104,260                                       |
| 26              | 83,435                    | 90,226                    | (6,791)                        | 263,790                                              | 270,077                                              | - 6,287                                       |
| Minor Routes    | 6,901,951                 | 6,906,879                 | (4,928)                        | 32,069,390                                           | 28,312,864                                           | 3,756,526                                     |
| Total           | 19,796,022                | 19,696,710                | 99,312                         | 203,860,236                                          | 185,138,092                                          | 18,722,144                                    |

|                                     |             |             |
|-------------------------------------|-------------|-------------|
| Obligation deferred (settled)       | 397,898     | 453,364     |
| Total passenger revenue             | 204,258,134 | 185,591,456 |
| Total vehicle and passenger revenue | 519,990,686 | 489,304,557 |

| % Sailings Within 10 Min. (Note 3) |             |             |
|------------------------------------|-------------|-------------|
| Fiscal 2013                        | Fiscal 2014 | Fiscal 2015 |
| 87.2%                              | 88.7%       | 87.7%       |
| 76.2%                              | 72.5%       | 74.0%       |
| 81.9%                              | 76.6%       | 77.4%       |
| 92.8%                              | 92.6%       | 93.2%       |
| 84.5%                              | 82.7%       | 83.1%       |
| 89.9%                              | 89.8%       | 88.6%       |
| 97.0%                              | 96.0%       | 94.6%       |
| 91.9%                              | 91.6%       | 90.0%       |
| 95.9%                              | 96.2%       | 96.6%       |
| 88.9%                              | 88.2%       | 91.3%       |
| 91.1%                              | 87.8%       | 86.6%       |
| 95.6%                              | 88.7%       | 95.1%       |
| 90.3%                              | 92.5%       | 89.0%       |
| 89.2%                              | 89.1%       | 86.3%       |
| 91.9%                              | 94.6%       | 93.7%       |
| 99.4%                              | 99.8%       | 99.8%       |
| 94.4%                              | 88.8%       | 94.2%       |
| 91.2%                              | 86.9%       | 95.4%       |
| 96.1%                              | 95.8%       | 90.1%       |
| 83.8%                              | 82.3%       | 91.3%       |
| 99.1%                              | 99.2%       | 97.2%       |
| 97.1%                              | 98.5%       | 98.4%       |
| 98.6%                              | 98.2%       | 98.0%       |
| 94.5%                              | 92.8%       | 91.8%       |
| 88.0%                              | 87.3%       | 85.4%       |
| 99.4%                              | 99.0%       | 98.3%       |
| 93.6%                              | 92.9%       | 93.2%       |
| 92.3%                              | 91.5%       | 91.7%       |

Note 4

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# **Temporary Service Disruptions Report**

## **Year Ended March 31, 2015**

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CANCELLED ROUND TRIPS BY ROUTES

Performance Against CFSC Requirements - Annual Core Service Levels

| Fiscal 2015<br>Year Ended March 31, 2015 |                         |                 |                 | Cancellations of Required Round Trips for Reasons Specified in Schedule A, 2(a) of the<br>Coastal Ferry Services Contract |         |                    |                   |                     |                           |                                     |                  |                            |      |                   |                    | Cancellations of<br>Required Round Trips<br>for Other Reasons |               | Total Cancels | % of Required<br>Round Trips<br>Cancelled |
|------------------------------------------|-------------------------|-----------------|-----------------|---------------------------------------------------------------------------------------------------------------------------|---------|--------------------|-------------------|---------------------|---------------------------|-------------------------------------|------------------|----------------------------|------|-------------------|--------------------|---------------------------------------------------------------|---------------|---------------|-------------------------------------------|
| Routes                                   |                         | Terminal 1      | Terminal 2      | Major<br>Incident                                                                                                         | Weather | Emerg.<br>Response | Medical<br>Emerg. | Regulatory<br>Issue | Terminal /<br>Dock Maint. | Terminal /<br>Dock Mech.<br>Failure | Vessel<br>Maint. | Vessel<br>Mech.<br>Failure | Fire | Labour<br>Dispute | Allowed<br>Cancels | Traffic                                                       | Other Cancels |               |                                           |
|                                          | Route 01                | Swartz Bay      | Tsawwassen      |                                                                                                                           | 1       |                    |                   |                     |                           |                                     |                  |                            |      |                   | 1.0                |                                                               | 0.0           | 1.0           | 0.07%                                     |
|                                          | Route 02                | Horseshoe Bay   | Departure Bay   |                                                                                                                           | 4       |                    |                   |                     |                           |                                     |                  | 2                          |      |                   | 6.0                |                                                               | 0.0           | 6.0           |                                           |
|                                          | Route 03                | Langdale        | Horseshoe Bay   |                                                                                                                           |         |                    |                   |                     |                           |                                     |                  |                            |      |                   | 0.0                |                                                               | 0.0           | 0.0           |                                           |
|                                          | Route 30                | Duke Point      | Tsawwassen      |                                                                                                                           | 1       |                    |                   |                     |                           |                                     |                  |                            |      |                   | 1.0                |                                                               | 0.0           | 1.0           |                                           |
| Major Routes                             |                         |                 |                 | 0                                                                                                                         | 6       | 0                  | 0                 | 0                   | 0                         | 0                                   | 0                | 2                          | 0    | 0                 | 8.0                | 0                                                             | 0.0           | 8.0           | 0.07%                                     |
|                                          | Route 10                | Port Hardy      | Prince Rupert   |                                                                                                                           |         |                    |                   |                     |                           |                                     |                  |                            |      |                   | 0.0                |                                                               | 0.0           | 0.0           | 0.00%                                     |
|                                          | Route 11                | Skidegate       | Prince Rupert   |                                                                                                                           | 2       |                    |                   |                     |                           |                                     |                  |                            |      |                   | 2.0                |                                                               | 0.0           | 2.0           | 1.41%                                     |
| Northern Routes                          |                         |                 |                 | 0                                                                                                                         | 2       | 0                  | 0                 | 0                   | 0                         | 0                                   | 0                | 0                          | 0    | 0                 | 2.0                | 0                                                             | 0.0           | 2.0           | 0.88%                                     |
|                                          | Route 04                | Fulford Harbour | Swartz Bay      |                                                                                                                           |         |                    |                   |                     |                           |                                     |                  |                            |      |                   | 0.0                |                                                               | 0.0           | 0.0           | 0.00%                                     |
|                                          | Route 05                | Swartz Bay      | Four SGIs       |                                                                                                                           |         |                    |                   |                     |                           |                                     |                  |                            |      |                   | 0.0                |                                                               | 0.0           | 0.0           | 0.00%                                     |
|                                          | Route 06                | Crofton         | Vesuvius Bay    |                                                                                                                           | 2       | 1                  |                   |                     |                           |                                     | 3                |                            |      |                   | 6.0                |                                                               | 0.0           | 6.0           | 0.13%                                     |
|                                          | Route 07                | Earls Cove      | Saltery Bay     |                                                                                                                           |         |                    |                   |                     |                           |                                     |                  | 1                          |      |                   | 1.0                |                                                               | 0.0           | 1.0           | 0.04%                                     |
|                                          | Route 08                | Horseshoe Bay   | Bowen Island    |                                                                                                                           |         |                    |                   |                     |                           |                                     |                  |                            |      |                   | 0.0                |                                                               | 0.0           | 0.0           | 0.00%                                     |
|                                          | Route 09                | Tsawwassen      | Long Harbour    |                                                                                                                           |         |                    | 1                 |                     |                           |                                     |                  |                            |      |                   | 1.0                |                                                               | 0.0           | 1.0           | 0.12%                                     |
|                                          | Route 12                | Mill Bay        | Brentwood Bay   |                                                                                                                           | 3       |                    |                   | 1                   |                           |                                     |                  | 1                          |      |                   | 5.0                |                                                               | 0.0           | 5.0           | 0.16%                                     |
|                                          | Route 13 <sup>(1)</sup> | Langdale        | Gambier/Keats   |                                                                                                                           |         |                    |                   |                     |                           |                                     |                  |                            |      |                   | 0.0                |                                                               | 0.0           | 0.0           | 0.00%                                     |
|                                          | Route 17                | Little River    | Powell River    |                                                                                                                           | 11      |                    |                   | 1                   |                           |                                     |                  | 1                          |      |                   | 13.0               |                                                               | 0.0           | 13.0          | 0.95%                                     |
|                                          | Route 18                | Texada          | Powell River    |                                                                                                                           | 3       |                    |                   |                     |                           |                                     |                  | 2                          |      |                   | 5.0                |                                                               | 0.0           | 5.0           | 0.17%                                     |
|                                          | Route 19                | Nanaimo Harbour | Gabriola Island |                                                                                                                           |         |                    |                   |                     |                           |                                     |                  |                            |      |                   | 0.0                |                                                               | 0.0           | 0.0           | 0.00%                                     |
|                                          | Route 20                | Chemainus       | Thetis Island   |                                                                                                                           | 3       |                    |                   |                     |                           |                                     |                  | 2                          |      |                   | 5.0                |                                                               | 0.0           | 5.0           | 0.13%                                     |
|                                          | Route 21                | Buckley Bay     | Denman West     |                                                                                                                           |         |                    |                   | 1                   |                           |                                     |                  |                            |      |                   | 1.0                |                                                               | 0.0           | 1.0           | 0.02%                                     |
|                                          | Route 22                | Denman East     | Hornby Island   |                                                                                                                           | 3       |                    |                   | 1                   |                           |                                     |                  |                            |      |                   | 4.0                |                                                               | 0.0           | 4.0           | 0.10%                                     |
|                                          | Route 23                | Campbell River  | Quadra Island   |                                                                                                                           | 6       |                    |                   |                     |                           |                                     |                  |                            |      |                   | 6.0                |                                                               | 0.0           | 6.0           | 0.10%                                     |
|                                          | Route 24                | Quadra Island   | Cortes Island   |                                                                                                                           | 20      |                    |                   |                     |                           |                                     |                  |                            |      |                   | 20.0               |                                                               | 0.0           | 20.0          | 0.94%                                     |
|                                          | Route 25                | Port McNeill    | Alert Bay       |                                                                                                                           | 1       |                    |                   |                     |                           |                                     |                  |                            |      |                   | 1.0                |                                                               | 0.0           | 1.0           | 0.03%                                     |
|                                          | Route 26                | Skidegate       | Alliford Bay    |                                                                                                                           | 25      |                    | 1                 |                     |                           |                                     |                  |                            |      |                   | 26.0               |                                                               | 0.0           | 26.0          | 0.84%                                     |
| Minor Routes                             |                         |                 |                 | 0                                                                                                                         | 77      | 1                  | 2                 | 4                   | 0                         | 0                                   | 3                | 7                          | 0    | 0                 | 94.0               | 0                                                             | 0.0           | 94.0          | 0.15%                                     |
| TOTAL                                    |                         |                 |                 | 0.0                                                                                                                       | 85.0    | 1.0                | 2.0               | 4.0                 | 0.0                       | 0.0                                 | 3.0              | 9.0                        | 0.0  | 0.0               | 104.0              | 0.0                                                           | 0.0           | 104.0         | 0.14%                                     |

% of Required Round Trips Cancelled0.00%0.11%0.00%0.00%0.01%0.00%0.00%0.00%0.00%0.00%0.01%0.00%0.00%0.00%0.14%0.00%0.00%0.14%

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



## CANCELLED & EXTRA ROUND TRIPS BY ROUTES

| Fiscal 2015<br>Year Ended March 31, 2015 |          |                 |                 |
|------------------------------------------|----------|-----------------|-----------------|
| Routes                                   |          | Terminal 1      | Terminal 2      |
|                                          | Route 01 | Swartz Bay      | Tsawwassen      |
|                                          | Route 02 | Horseshoe Bay   | Departure Bay   |
|                                          | Route 03 | Langdale        | Horseshoe Bay   |
|                                          | Route 30 | Duke Point      | Tsawwassen      |
| 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 | 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<br>Annual Core Service Levels<br>Year Ended March 31, 2015 |                                     |                                          |                                |                                 |
|--------------------------------------------------------------------------------------------------|-------------------------------------|------------------------------------------|--------------------------------|---------------------------------|
| Actual Round Trips <sup>(1)</sup>                                                                | Round Trips Required <sup>(2)</sup> | Variance - Net Extra / Short Round Trips | Required Round Trips Cancelled | Total Extra / Short Round Trips |
| 3,794.0                                                                                          | 12,254.0                            | 288.0                                    | 8.0                            | 296.0                           |
| 3,039.0                                                                                          |                                     |                                          |                                |                                 |
| 3,020.0                                                                                          |                                     |                                          |                                |                                 |
| 2,689.0                                                                                          |                                     |                                          |                                |                                 |
| 12,542.0                                                                                         | 12,254.0                            | 288.0                                    | 8.0                            | 296.0                           |
| 87.0                                                                                             | 86.0                                | 1.0                                      | 0.0                            | 1.0                             |
| 139.5                                                                                            | 141.5                               | -2.0                                     | 2.0                            | 0.0                             |
| 226.5                                                                                            | 227.5                               | -1.0                                     | 2.0                            | 1.0                             |
| 2,882.0                                                                                          | 2,880.0                             | 2.0                                      | 0.0                            | 2.0                             |
| 3,475.0                                                                                          | 3,461.0                             | 14.0                                     | 0.0                            | 14.0                            |
| 4,511.0                                                                                          | 4,517.0                             | -6.0                                     | 6.0                            | 0.0                             |
| 2,542.0                                                                                          | 2,538.0                             | 4.0                                      | 1.0                            | 5.0                             |
| 5,385.0                                                                                          | 5,354.5                             | 30.5                                     | 0.0                            | 30.5                            |
| 811.0                                                                                            | 812.0                               | -1.0                                     | 1.0                            | 0.0                             |
| 3,210.0                                                                                          | 3,215.0                             | -5.0                                     | 5.0                            | 0.0                             |
| 4,073.0                                                                                          | 4,060.0                             | 13.0                                     | 0.0                            | 13.0                            |
| 1,364.0                                                                                          | 1,372.0                             | -8.0                                     | 13.0                           | 5.0                             |
| 2,940.0                                                                                          | 2,908.0                             | 32.0                                     | 5.0                            | 37.0                            |
| 4,963.0                                                                                          | 4,961.0                             | 2.0                                      | 0.0                            | 2.0                             |
| 3,745.0                                                                                          | 3,750.0                             | -5.0                                     | 5.0                            | 0.0                             |
| 5,448.0                                                                                          | 5,344.0                             | 104.0                                    | 1.0                            | 105.0                           |
| 4,280.0                                                                                          | 4,099.0                             | 181.0                                    | 4.0                            | 185.0                           |
| 5,851.0                                                                                          | 5,819.0                             | 32.0                                     | 6.0                            | 38.0                            |
| 2,116.0                                                                                          | 2,136.0                             | -20.0                                    | 20.0                           | 0.0                             |
| 3,972.0                                                                                          | 3,959.0                             | 13.0                                     | 1.0                            | 14.0                            |
| 3,096.0                                                                                          | 3,082.0                             | 14.0                                     | 26.0                           | 40.0                            |
| 64,664.0                                                                                         | 64,267.5                            | 396.5                                    | 94.0                           | 490.5                           |
| 77,432.5                                                                                         | 76,749.0                            | 683.5                                    | 104.0                          | 787.5                           |

**Note 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).

**Note 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).

# CANCELLED ROUND TRIPS BY ROUTES

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

| Fiscal 2015<br>Year Ended March 31, 2015 |          |                 |                 | Performance Against CFSC<br>Requirements<br>Annual Core Service Level        |                                                                                       |
|------------------------------------------|----------|-----------------|-----------------|------------------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| Routes                                   |          |                 |                 | Cumulative Days When<br>Round Trips Missed<br><i>Allowed 30 Days / Route</i> | Highest Consecutive Days<br>when Round Trips Missed<br><i>Allowed 20 Days / Route</i> |
| Major Routes                             | Route 01 | Swartz Bay      | Tsawwassen      | 1.0                                                                          | 1.0                                                                                   |
|                                          | Route 02 | Horseshoe Bay   | Departure Bay   | 4.0                                                                          | 2.0                                                                                   |
|                                          | Route 03 | Langdale        | Horseshoe Bay   | 0.0                                                                          |                                                                                       |
|                                          | Route 30 | Duke Point      | Tsawwassen      | 1.0                                                                          | 1.0                                                                                   |
| Northern Routes                          | Route 10 | Port Hardy      | Prince Rupert   | 0.0                                                                          |                                                                                       |
|                                          | Route 11 | Skidegate       | Prince Rupert   | 3.0                                                                          | 2.0                                                                                   |
| Minor Routes                             | Route 04 | Fulford Harbour | Swartz Bay      | 0.0                                                                          |                                                                                       |
|                                          | Route 05 | Swartz Bay      | Four SGIs       | 0.0                                                                          |                                                                                       |
|                                          | Route 06 | Crofton         | Vesuvius Bay    | 3.0                                                                          | 1.0                                                                                   |
|                                          | Route 07 | Earls Cove      | Saltery Bay     | 1.0                                                                          | 1.0                                                                                   |
|                                          | Route 08 | Horseshoe Bay   | Bowen Island    | 0.0                                                                          |                                                                                       |
|                                          | Route 09 | Tsawwassen      | Long Harbour    | 1.0                                                                          | 1.0                                                                                   |
|                                          | Route 12 | Mill Bay        | Brentwood Bay   | 3.0                                                                          | 1.0                                                                                   |
|                                          | Route 13 | Langdale        | Gambier/Keats   | 0.0                                                                          |                                                                                       |
|                                          | Route 17 | Little River    | Powell River    | 9.0                                                                          | 3.0                                                                                   |
|                                          | Route 18 | Texada          | Powell River    | 3.0                                                                          | 1.0                                                                                   |
|                                          | Route 19 | Nanaimo Harbour | Gabriola Island | 0.0                                                                          |                                                                                       |
|                                          | Route 20 | Chemainus       | Thetis Island   | 4.0                                                                          | 1.0                                                                                   |
|                                          | Route 21 | Buckley Bay     | Denman West     | 1.0                                                                          | 1.0                                                                                   |
|                                          | Route 22 | Denman East     | Hornby Island   | 4.0                                                                          | 2.0                                                                                   |
|                                          | Route 23 | Campbell River  | Quadra Island   | 3.0                                                                          | 2.0                                                                                   |
|                                          | Route 24 | Quadra Island   | Cortes Island   | 6.0                                                                          | 3.0                                                                                   |
|                                          | Route 25 | Port McNeill    | Alert Bay       | 1.0                                                                          | 1.0                                                                                   |
|                                          | Route 26 | Skidegate       | Alliford Bay    | 8.0                                                                          | 2.0                                                                                   |

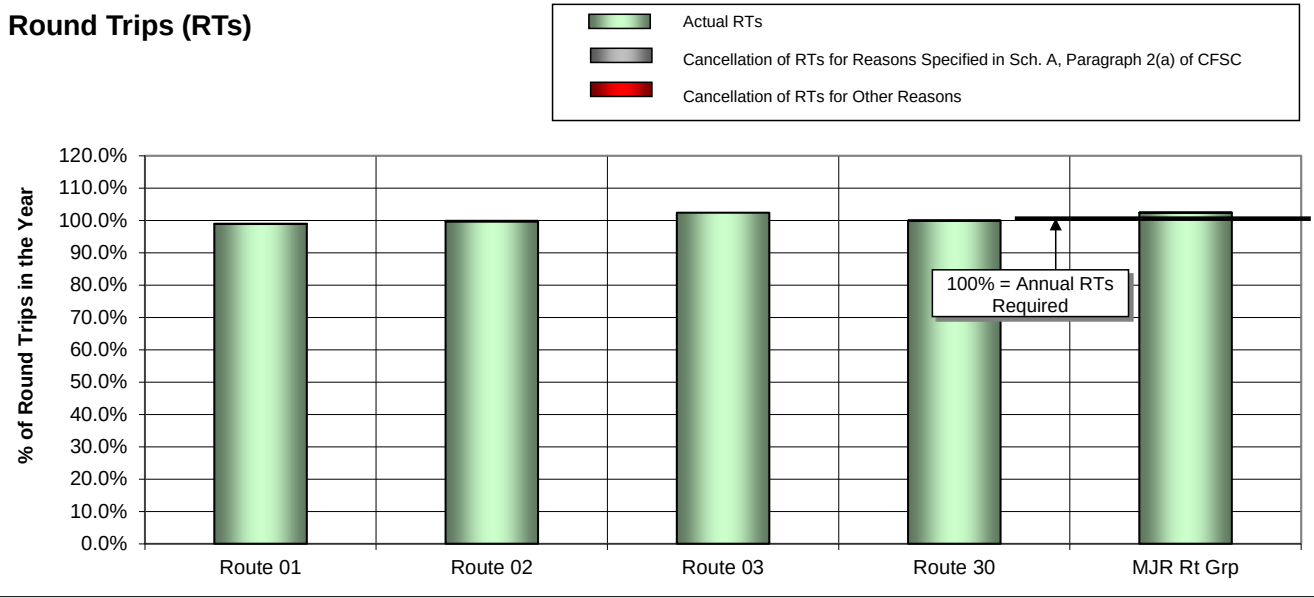
# Round Trip Service Delivery and On Time Performance

## Fiscal 2015

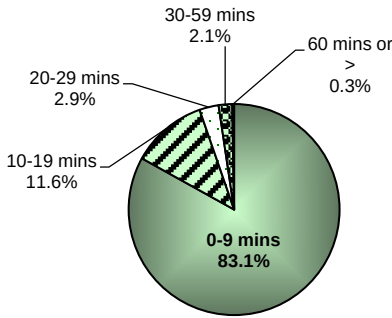
### Year Ended March 31, 2015

## Major Routes

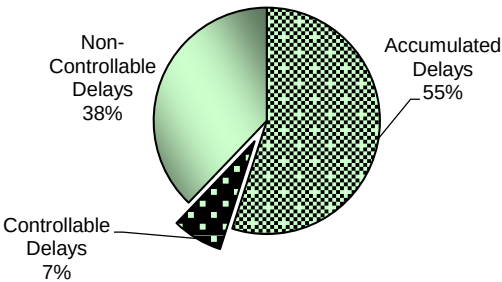
Round Trips (RTs)



On Time Performance Fiscal 2015 YE

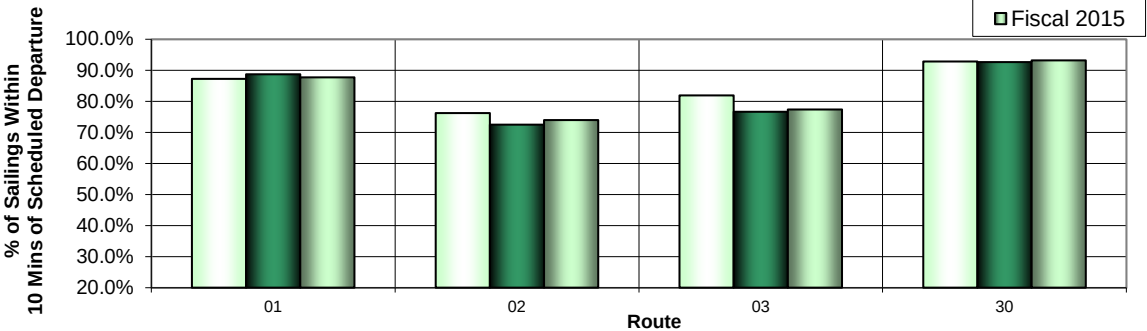


Reasons for Delays



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

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



| Routes             | Route Description      | Actual RTs | Round Trips Required* | Net Extra RT (Short RT) | % Sailings Overloaded |
|--------------------|------------------------|------------|-----------------------|-------------------------|-----------------------|
| Route 01           | Swartz Bay-Tsawwassen  | 3,794.0    | 12,254.0              | 288.0                   | 40.2%                 |
| Route 02           | Horseshoe Bay-Nanaimo  | 3,039.0    |                       |                         | 25.2%                 |
| Route 03           | Langdale-Horseshoe Bay | 3,020.0    |                       |                         | 17.2%                 |
| Route 30           | Nanaimo-Tsawwassen     | 2,689.0    |                       |                         | 17.9%                 |
| MAJOR Routes Total |                        | 12,542.0   | 12,254.0              | 288.0                   | 26.3%                 |

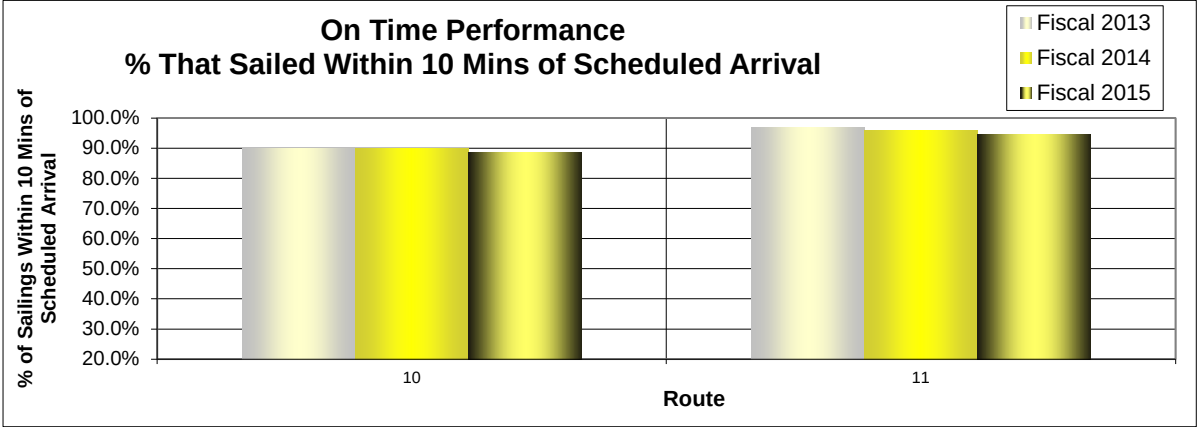
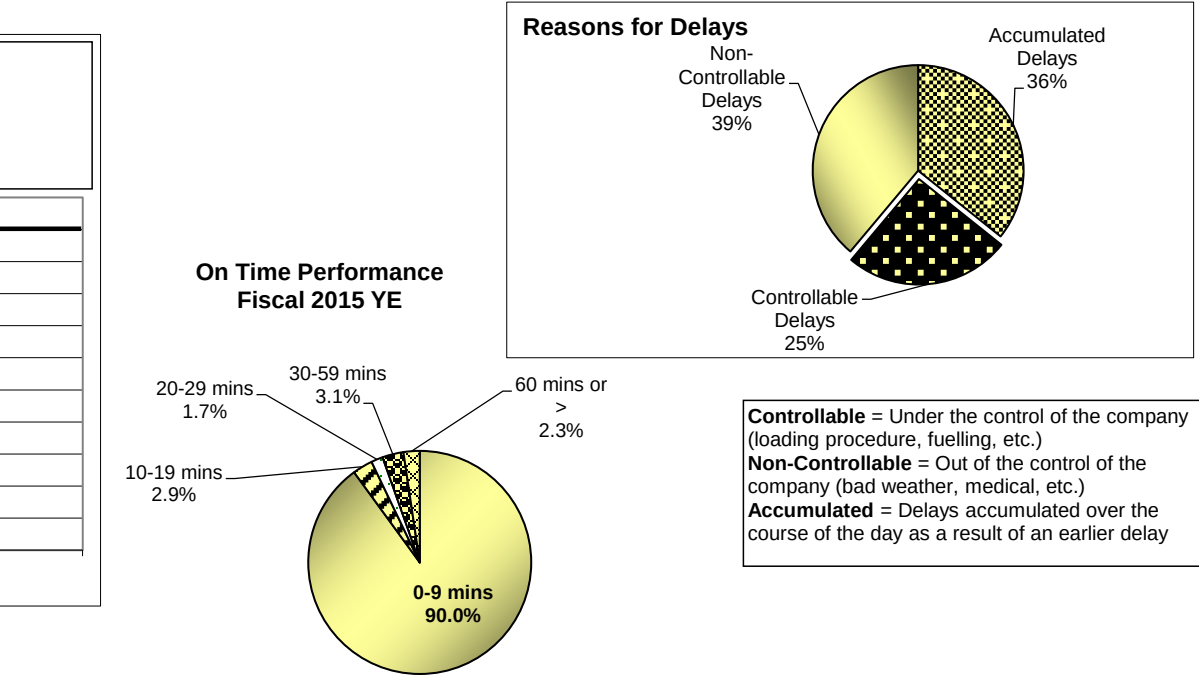
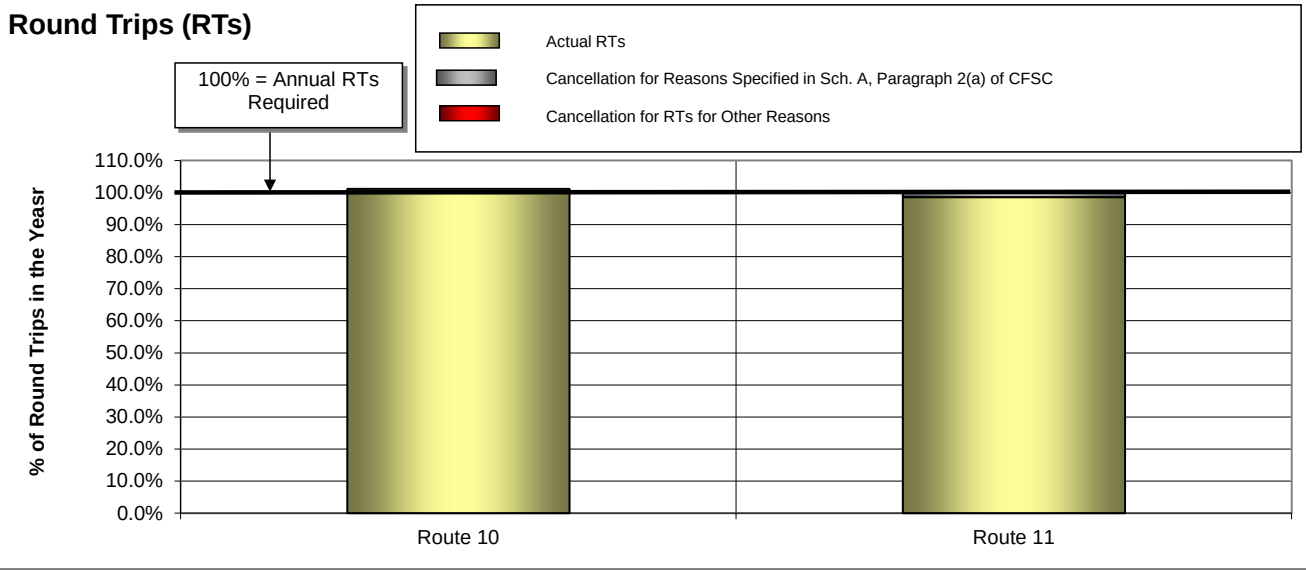
**\*Note:** For the Major Routes, the annual number of round trips required under the Contract is an aggregate total for the four routes (Routes 1, 2, 3 and 30).

# Round Trip Service Delivery and On Time Performance

## Fiscal 2015

### Year Ended March 31, 2015

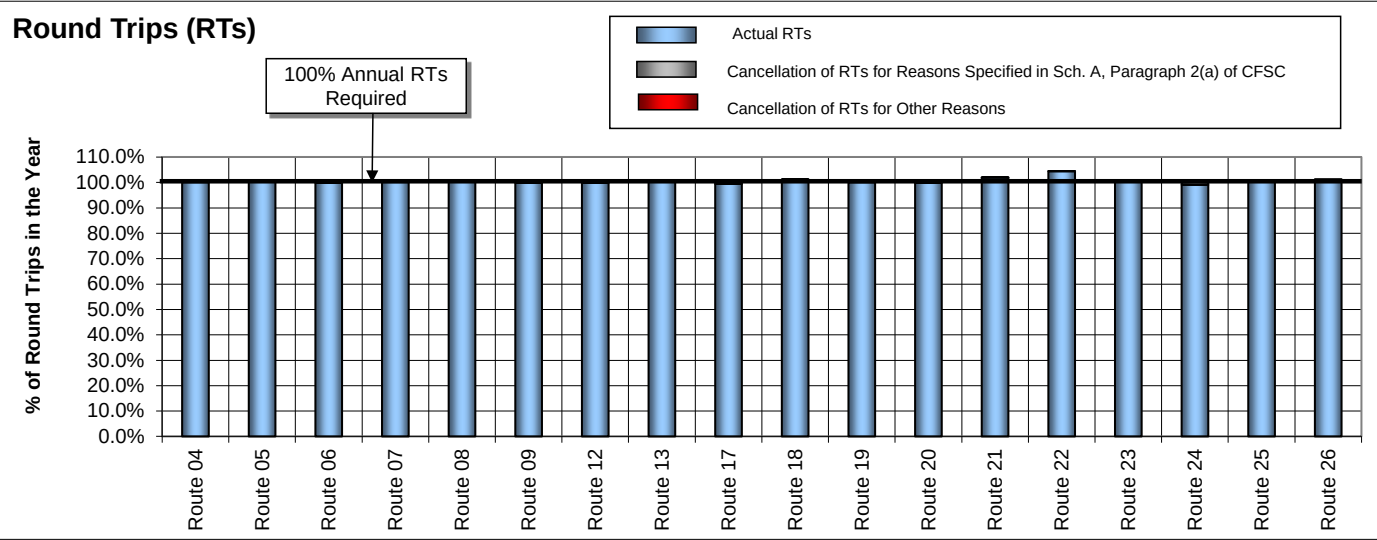
#### Northern Routes



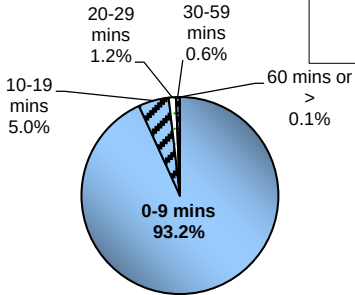
**Note:** Effective April 1, 2014, Route 40 was discontinued as part of the service adjustments outlined by the Province, and replaced with an extension of Route 10. For comparative purposes, fiscal 2013 and 2014 on-time performance for Routes 10 and 40 have been combined.

Round Trip Service Delivery and On Time Performance  
Fiscal 2015  
Year Ended March 31, 2015

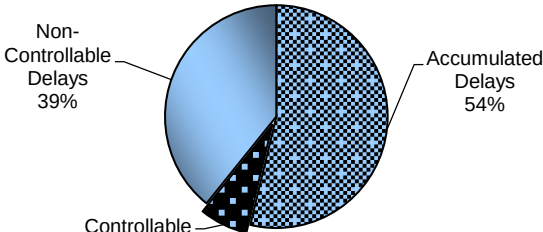
Minor Routes



On Time Performance  
Fiscal 2015 YE



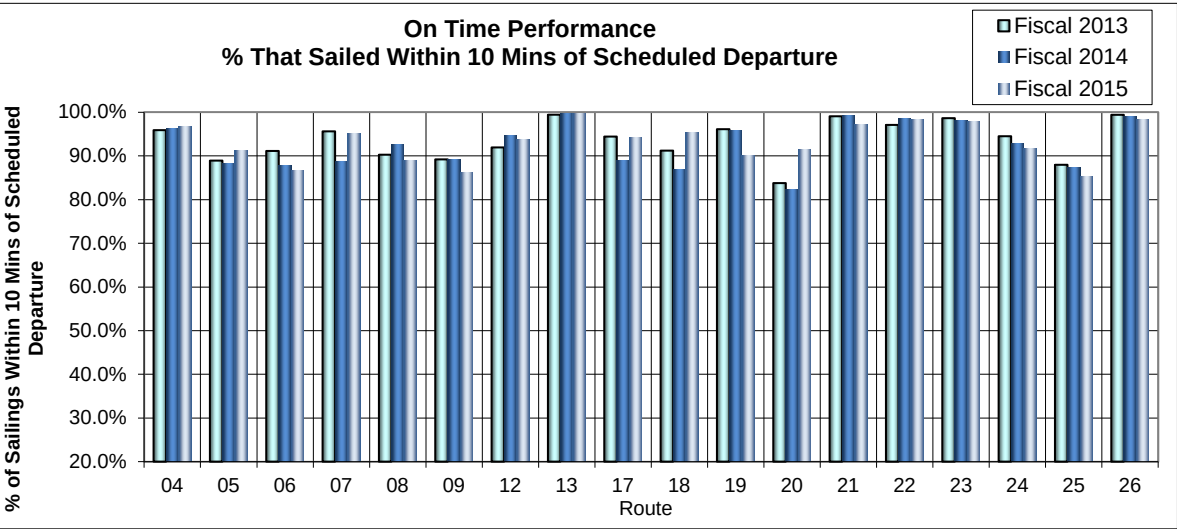
Reasons for Delays



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

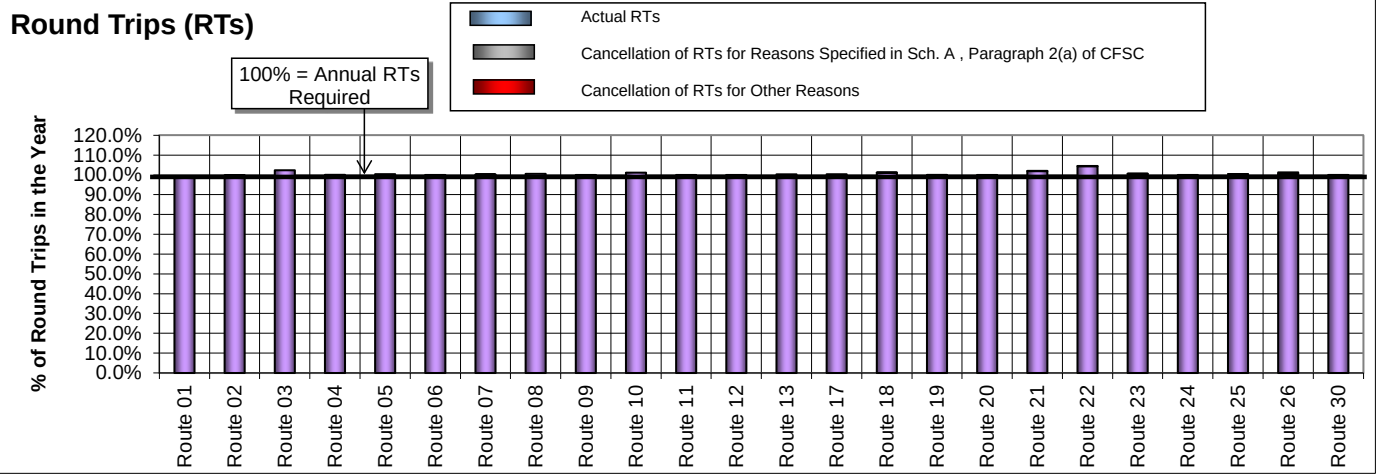
| Routes                  | Route Description                | Actual RTs | Round Trips Required | Net Extra RT (Short RT) | % Sailings Overloaded |
|-------------------------|----------------------------------|------------|----------------------|-------------------------|-----------------------|
| Route 04                | Swartz Bay-Fulford Harbour       | 2,882.0    | 2,880.0              | 2.0                     | 5.0%                  |
| Route 05                | Swartz Bay-Gulf Islands          | 3,475.0    | 3,461.0              | 14.0                    | 3.0%                  |
| Route 06                | Crofton-Vesuvius Bay             | 4,511.0    | 4,517.0              | -6.0                    | 3.2%                  |
| Route 07                | Earls Cove-Saltery Bay           | 2,542.0    | 2,538.0              | 4.0                     | 2.3%                  |
| Route 08                | Horseshoe Bay-Bowen Island       | 5,385.0    | 5,354.5              | 30.5                    | 12.0%                 |
| Route 09                | Tsawwassen-Southern Gulf Islands | 811.0      | 812.0                | -1.0                    | 2.7%                  |
| Route 12                | Mill Bay-Brentwood Bay           | 3,210.0    | 3,215.0              | -5.0                    | 3.7%                  |
| Route 13 <sup>(1)</sup> | Langdale-Keats/Gambier           | 4,073.0    | 4,060.0              | 13.0                    | Pass only             |
| Route 17                | Little River-Powell River        | 1,364.0    | 1,372.0              | -8.0                    | 0.4%                  |
| Route 18                | Powell River-Texada              | 2,940.0    | 2,908.0              | 32.0                    | 1.8%                  |
| Route 19                | Nanaimo Harbour-Gabriola Island  | 4,963.0    | 4,961.0              | 2.0                     | 7.8%                  |
| Route 20                | Chemainus-Thetis/Penelakut       | 3,745.0    | 3,750.0              | -5.0                    | 1.8%                  |
| Route 21                | Buckley Bay-Denman West          | 5,448.0    | 5,344.0              | 104.0                   | 7.5%                  |
| Route 22                | Gravelly Bay-Hornby Island       | 4,280.0    | 4,099.0              | 181.0                   | 9.0%                  |
| Route 23                | Campbell River-Quadra Island     | 5,851.0    | 5,819.0              | 32.0                    | 8.2%                  |
| Route 24                | Quadra Island-Cortes Island      | 2,116.0    | 2,136.0              | -20.0                   | 7.8%                  |
| Route 25                | Port McNeill-Sointula/Alert Bay  | 3,972.0    | 3,959.0              | 13.0                    | 2.7%                  |
| Route 26                | Skidegate-Alliford Bay           | 3,096.0    | 3,082.0              | 14.0                    | 1.8%                  |
| MINOR Routes Total      |                                  | 64,664.0   | 64,267.5             | 396.5                   | 5.2%                  |

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

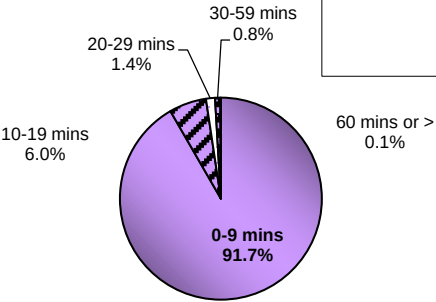


Round Trip Service Delivery and On Time Performance  
Fiscal 2015  
Year Ended March 31, 2015

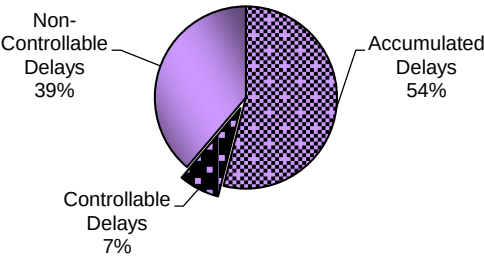
All Routes



On Time Performance  
Fiscal 2015 YE



Reasons for Delays

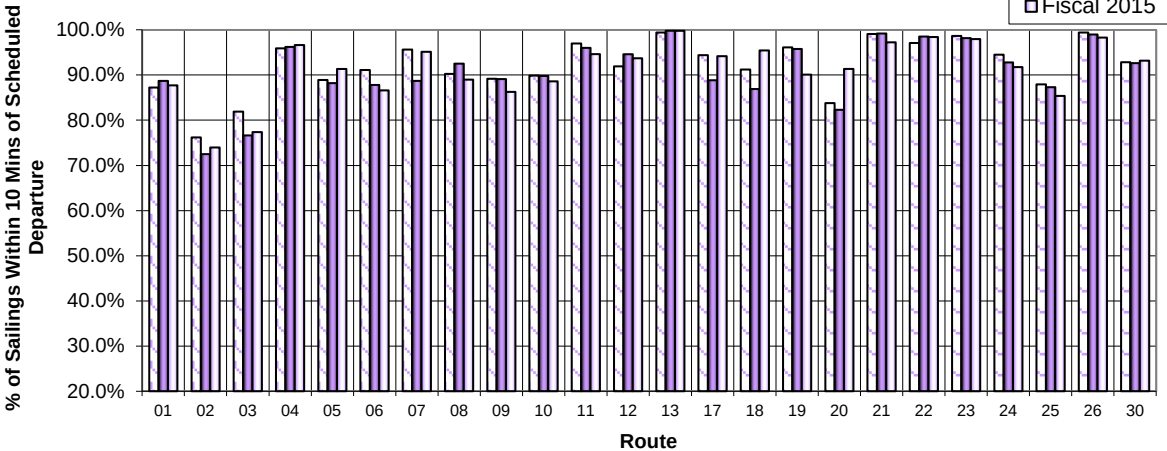


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**Non-Controllable** = Out of the control of the company (bad weather, medical, etc.)  
**Accumulated** = Delays accumulated over the course of the day as a result of an earlier delay

| Routes                  | Route Description                | Actual RTs | Round Trips Required | Net Extra RT (Short RT) | % Sailings Overloaded |
|-------------------------|----------------------------------|------------|----------------------|-------------------------|-----------------------|
| Route 01                | Swartz Bay-Tsawwassen            | 3,794.0    | 12,254.0             | 288.0                   | 40.2%                 |
| Route 02                | Horseshoe Bay-Nanaimo            | 3,039.0    |                      |                         | 25.2%                 |
| Route 03                | Langdale-Horseshoe Bay           | 3,020.0    |                      |                         | 17.2%                 |
| Route 30                | Nanaimo-Tsawwassen               | 2,689.0    |                      |                         | 17.9%                 |
| Route 04                | Swartz Bay-Fulford Harbour       | 2,882.0    | 2,880.0              | 2.0                     | 5.0%                  |
| Route 05                | Swartz Bay-Gulf Islands          | 3,475.0    | 3,461.0              | 14.0                    | 3.0%                  |
| Route 06                | Crofton-Vesuvius Bay             | 4,511.0    | 4,517.0              | -6.0                    | 3.2%                  |
| Route 07                | Earls Cove-Saltery Bay           | 2,542.0    | 2,538.0              | 4.0                     | 2.3%                  |
| Route 08                | Horseshoe Bay-Bowen Island       | 5,385.0    | 5,354.5              | 30.5                    | 12.0%                 |
| Route 09                | Tsawwassen-Southern Gulf Islands | 811.0      | 812.0                | -1.0                    | 2.7%                  |
| Route 10 <sup>(2)</sup> | Port Hardy-Prince Rupert         | 87.0       | 86.0                 | 1.0                     | 0.0%                  |
| Route 11                | Skidegate-Prince Rupert          | 139.5      | 141.5                | -2.0                    | 1.4%                  |
| Route 12                | Mill Bay-Brentwood Bay           | 3,210.0    | 3,215.0              | -5.0                    | 3.7%                  |
| Route 13 <sup>(1)</sup> | Langdale-Keats/Gambier           | 4,073.0    | 4,060.0              | 13.0                    | Pass only             |
| Route 17                | Little River-Powell River        | 1,364.0    | 1,372.0              | -8.0                    | 0.4%                  |
| Route 18                | Powell River-Texada              | 2,940.0    | 2,908.0              | 32.0                    | 1.8%                  |
| Route 19                | Nanaimo Harbour-Gabriola Island  | 4,963.0    | 4,961.0              | 2.0                     | 7.8%                  |
| Route 20                | Chemainus-Thetis/Penelakut       | 3,745.0    | 3,750.0              | -5.0                    | 1.8%                  |
| Route 21                | Buckley Bay-Denman West          | 5,448.0    | 5,344.0              | 104.0                   | 7.5%                  |
| Route 22                | Gravelly Bay-Hornby Island       | 4,280.0    | 4,099.0              | 181.0                   | 9.0%                  |
| Route 23                | Campbell River-Quadra Island     | 5,851.0    | 5,819.0              | 32.0                    | 8.2%                  |
| Route 24                | Quadra Island-Cortes Island      | 2,116.0    | 2,136.0              | -20.0                   | 7.8%                  |
| Route 25                | Port McNeill-Sointula/Alert Bay  | 3,972.0    | 3,959.0              | 13.0                    | 2.7%                  |
| Route 26                | Skidegate-Alliford Bay           | 3,096.0    | 3,082.0              | 14.0                    | 1.8%                  |
| All Routes Total        |                                  | 77,432.5   | 76,749.0             | 683.5                   | 8.5%                  |

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

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



Note 2) Effective April 1, 2014, Route 40 was discontinued as part of the service adjustments outlined by the Province, and replaced with an extension of Route 10. For comparative purposes, fiscal 2013 and 2014 on-time performance for Routes 10 and 40 have been combined.

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**Route Financial Report**

**Year Ended March 31, 2015**

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**British Columbia Ferry Services Inc.**  
**Route Statement**  
**For the Twelve Months Ended March 31, 2015**  
**(in \$ 000's)**

|                                                                               | Corporate Total  |                  | Major Routes     |                  | Northern Routes |                 | Minor Routes     |                  | Unregulated Routes |              |
|-------------------------------------------------------------------------------|------------------|------------------|------------------|------------------|-----------------|-----------------|------------------|------------------|--------------------|--------------|
|                                                                               | 2015             | 2014             | 2015             | 2014             | 2015            | 2014            | 2015             | 2014             | 2015               | 2014         |
| Tariff and Reservation Revenue                                                | 533,489          | 501,567          | 443,660          | 416,267          | 13,779          | 14,982          | 76,050           | 70,318           | -                  | -            |
| Ancillary Revenue                                                             | 60,846           | 58,859           | 52,625           | 51,336           | 3,533           | 3,502           | 4,688            | 4,021            | -                  | -            |
| Social Program Fees                                                           | 23,458           | 30,694           | 13,160           | 18,954           | 1,052           | 1,181           | 9,246            | 10,559           | -                  | -            |
| Contracted Routes Fee                                                         | 2,419            | 2,460            | -                | -                | -               | -               | -                | -                | 2,419              | 2,460        |
| <b>Total Operating Revenue</b>                                                | <b>620,212</b>   | <b>593,580</b>   | <b>509,445</b>   | <b>486,557</b>   | <b>18,364</b>   | <b>19,665</b>   | <b>89,984</b>    | <b>84,898</b>    | <b>2,419</b>       | <b>2,460</b> |
| <b>Total Operating Expenses</b>                                               | <b>538,027</b>   | <b>531,763</b>   | <b>352,106</b>   | <b>339,446</b>   | <b>38,854</b>   | <b>45,588</b>   | <b>144,648</b>   | <b>144,269</b>   | <b>2,419</b>       | <b>2,460</b> |
| <b>Earnings (Loss) from Operations</b>                                        | <b>82,185</b>    | <b>61,817</b>    | <b>157,339</b>   | <b>147,111</b>   | <b>(20,490)</b> | <b>(25,923)</b> | <b>(54,664)</b>  | <b>(59,371)</b>  | <b>-</b>           | <b>-</b>     |
| Depreciation and Amortization                                                 | (142,887)        | (136,977)        | (87,832)         | (84,041)         | (15,500)        | (16,337)        | (39,555)         | (36,599)         | -                  | -            |
| Financing Expense                                                             | (64,689)         | (71,030)         | (38,457)         | (43,793)         | (10,051)        | (11,206)        | (16,181)         | (16,031)         | -                  | -            |
| <b>Cost of Capital</b>                                                        | <b>(207,576)</b> | <b>(208,007)</b> | <b>(126,289)</b> | <b>(127,834)</b> | <b>(25,551)</b> | <b>(27,543)</b> | <b>(55,736)</b>  | <b>(52,630)</b>  | <b>-</b>           | <b>-</b>     |
| <b>Gain (Loss) on Disposal and Revaluation of Capital Assets</b>              | <b>(9,131)</b>   | <b>(557)</b>     | <b>(7,448)</b>   | <b>(484)</b>     | <b>(295)</b>    | <b>(31)</b>     | <b>(1,388)</b>   | <b>(42)</b>      | <b>-</b>           | <b>-</b>     |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>(134,522)</b> | <b>(146,747)</b> | <b>23,602</b>    | <b>18,793</b>    | <b>(46,336)</b> | <b>(53,497)</b> | <b>(111,788)</b> | <b>(112,043)</b> | <b>-</b>           | <b>-</b>     |
| Ferry Transportation Fees                                                     | 147,548          | 143,851          | -                | -                | 56,226          | 56,364          | 91,322           | 87,487           | -                  | -            |
| Federal-Provincial Subsidy Agreement                                          | 28,355           | 28,373           | -                | -                | 7,275           | 7,280           | 21,080           | 21,093           | -                  | -            |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>41,381</b>    | <b>25,477</b>    | <b>23,602</b>    | <b>18,793</b>    | <b>17,165</b>   | <b>10,147</b>   | <b>614</b>       | <b>(3,463)</b>   | <b>-</b>           | <b>-</b>     |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                  |                  |                  |                  |                 |                 |                  |                  |                    |              |
| Fuel Costs Deferred                                                           | (9,108)          | (14,522)         | (6,246)          | (9,478)          | (1,189)         | (1,889)         | (1,673)          | (3,155)          | -                  | -            |
| Fuel Surcharges Collected                                                     | 13,195           | 2,690            | 11,034           | 2,268            | -               | -               | 2,161            | 422              | -                  | -            |
| Provincial Contributions to Fuel Deferral Accounts                            | 2,510            | 3,071            | 998              | 1,045            | 1,200           | 1,675           | 312              | 351              | -                  | -            |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | -                | -                | -                | -                | -               | -               | -                | -                | -                  | -            |
| Performance Term Submission Costs Deferred                                    | -                | -                | -                | -                | -               | -               | -                | -                | -                  | -            |
| Amortization of Deferred Costs                                                | 82               | 82               | 67               | 66               | 2               | 3               | 13               | 13               | -                  | -            |
| Tariffs in Excess of Price Cap                                                | 1,013            | 1,195            | 838              | 987              | 27              | 36              | 148              | 172              | -                  | -            |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>49,073</b>    | <b>17,993</b>    | <b>30,293</b>    | <b>13,681</b>    | <b>17,205</b>   | <b>9,972</b>    | <b>1,575</b>     | <b>(5,660)</b>   | <b>-</b>           | <b>-</b>     |

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

Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2015, the Province paid fuel surcharges of \$0.6 million (March 31, 2014: \$0.2 million).

In 2015, the Company recognized impairment loss of \$8.7 million, included in the Loss on Disposal and Revaluation of Capital Assets.





**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Major Routes**  
**For the Twelve Months Ended March 31, 2015**  
**(in \$ 000's)**

|                                                                               | 01-Tsawwassen -<br>Swartz Bay |                 | 02-Horseshoe Bay - Nanaimo |                 | 03-Horseshoe Bay - Langdale |                 | 30-Nanaimo - Tsawwassen |                 | Major Routes     |                  |
|-------------------------------------------------------------------------------|-------------------------------|-----------------|----------------------------|-----------------|-----------------------------|-----------------|-------------------------|-----------------|------------------|------------------|
|                                                                               | 2015                          | 2014            | 2015                       | 2014            | 2015                        | 2014            | 2015                    | 2014            | 2015             | 2014             |
| Tariff and Reservation Revenue                                                | 204,426                       | 190,995         | 118,245                    | 113,159         | 42,239                      | 39,165          | 78,750                  | 72,948          | 443,660          | 416,267          |
| Ancillary Revenue                                                             | 26,013                        | 25,374          | 13,703                     | 13,591          | 5,253                       | 5,117           | 7,656                   | 7,254           | 52,625           | 51,336           |
| Social Program Fees                                                           | 4,180                         | 6,582           | 4,190                      | 6,029           | 3,240                       | 3,833           | 1,550                   | 2,510           | 13,160           | 18,954           |
| Contracted Routes Fee                                                         | -                             | -               | -                          | -               | -                           | -               | -                       | -               | -                | -                |
| <b>Total Operating Revenue</b>                                                | <b>234,619</b>                | <b>222,951</b>  | <b>136,138</b>             | <b>132,779</b>  | <b>50,732</b>               | <b>48,115</b>   | <b>87,956</b>           | <b>82,712</b>   | <b>509,445</b>   | <b>486,557</b>   |
| <b>Total Operating Expenses</b>                                               | <b>144,996</b>                | <b>139,196</b>  | <b>90,334</b>              | <b>86,681</b>   | <b>40,701</b>               | <b>38,646</b>   | <b>76,075</b>           | <b>74,923</b>   | <b>352,106</b>   | <b>339,446</b>   |
| <b>Earnings (Loss) from Operations</b>                                        | <b>89,623</b>                 | <b>83,755</b>   | <b>45,804</b>              | <b>46,098</b>   | <b>10,031</b>               | <b>9,469</b>    | <b>11,881</b>           | <b>7,789</b>    | <b>157,339</b>   | <b>147,111</b>   |
| Depreciation and Amortization                                                 | (35,192)                      | (35,502)        | (23,582)                   | (20,157)        | (9,776)                     | (9,633)         | (19,282)                | (18,749)        | (87,832)         | (84,041)         |
| Financing Expense                                                             | (17,128)                      | (19,823)        | (8,523)                    | (8,947)         | (3,159)                     | (3,706)         | (9,647)                 | (11,317)        | (38,457)         | (43,793)         |
| <b>Cost of Capital</b>                                                        | <b>(52,320)</b>               | <b>(55,325)</b> | <b>(32,105)</b>            | <b>(29,104)</b> | <b>(12,935)</b>             | <b>(13,339)</b> | <b>(28,929)</b>         | <b>(30,066)</b> | <b>(126,289)</b> | <b>(127,834)</b> |
| <b>Gain (Loss) on Disposal and Revaluation of Capital Assets</b>              | <b>(3,429)</b>                | <b>(129)</b>    | <b>(1,995)</b>             | <b>(102)</b>    | <b>(739)</b>                | <b>(38)</b>     | <b>(1,285)</b>          | <b>(215)</b>    | <b>(7,448)</b>   | <b>(484)</b>     |
| <b>Route Earnings (Loss) Before Ferry Service Fees &amp; Federal Contract</b> | <b>33,874</b>                 | <b>28,301</b>   | <b>11,704</b>              | <b>16,892</b>   | <b>(3,643)</b>              | <b>(3,908)</b>  | <b>(18,333)</b>         | <b>(22,492)</b> | <b>23,602</b>    | <b>18,793</b>    |
| Ferry Transportation Fees                                                     | -                             | -               | -                          | -               | -                           | -               | -                       | -               | -                | -                |
| Federal-Provincial Subsidy Agreement                                          | -                             | -               | -                          | -               | -                           | -               | -                       | -               | -                | -                |
| <b>Net Regulatory Earnings (Loss)</b>                                         | <b>33,874</b>                 | <b>28,301</b>   | <b>11,704</b>              | <b>16,892</b>   | <b>(3,643)</b>              | <b>(3,908)</b>  | <b>(18,333)</b>         | <b>(22,492)</b> | <b>23,602</b>    | <b>18,793</b>    |
| <b>Items Included in Regulatory Earnings (Loss) not Permitted Under IFRS</b>  |                               |                 |                            |                 |                             |                 |                         |                 |                  |                  |
| Fuel Costs Deferred                                                           | (2,396)                       | (3,487)         | (1,667)                    | (2,498)         | (617)                       | (949)           | (1,566)                 | (2,544)         | (6,246)          | (9,478)          |
| Fuel Surcharges Collected                                                     | 5,036                         | 1,034           | 2,945                      | 583             | 1,097                       | 238             | 1,956                   | 413             | 11,034           | 2,268            |
| Provincial Contributions to Fuel Deferral Accounts                            | 374                           | 398             | 267                        | 272             | 96                          | 99              | 261                     | 276             | 998              | 1,045            |
| Interest (Receivable) Payable on Fuel Deferral Accounts                       | -                             | -               | -                          | -               | -                           | -               | -                       | -               | -                | -                |
| Performance Term Submission Costs Deferred                                    | -                             | -               | -                          | -               | -                           | -               | -                       | -               | -                | -                |
| Amortization of Deferred Costs                                                | 30                            | 30              | 18                         | 18              | 7                           | 6               | 12                      | 12              | 67               | 66               |
| Tariffs in Excess of Price Cap                                                | 386                           | 453             | 222                        | 267             | 80                          | 93              | 150                     | 174             | 838              | 987              |
| <b>Net IFRS Earnings (Loss)</b>                                               | <b>37,304</b>                 | <b>26,729</b>   | <b>13,489</b>              | <b>15,534</b>   | <b>(2,980)</b>              | <b>(4,421)</b>  | <b>(17,520)</b>         | <b>(24,161)</b> | <b>30,293</b>    | <b>13,681</b>    |

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Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2015, the Province paid fuel surcharges of \$0.6 million (March 31, 2014: \$0.2 million).

In 2015, the Company recognized impairment loss of \$8.7 million, included in the Loss on Disposal and Revaluation of Capital Assets.



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Northern Routes**  
**For the Twelve Months Ended March 31, 2015**  
**(in \$ 000's)**

|                                                                                   | <b>10-Bear Cove - Bella Bella -<br/>Prince Rupert</b> |                 | <b>11-Prince Rupert - Skidegate</b> |                 | <b>40-Bear Cove - Central Coast</b> |                | <b>Northern Routes</b> |                 |
|-----------------------------------------------------------------------------------|-------------------------------------------------------|-----------------|-------------------------------------|-----------------|-------------------------------------|----------------|------------------------|-----------------|
|                                                                                   | <b>2015</b>                                           | <b>2014</b>     | <b>2015</b>                         | <b>2014</b>     | <b>2015</b>                         | <b>2014</b>    | <b>2015</b>            | <b>2014</b>     |
| Tariff and Reservation Revenue                                                    | 9,208                                                 | 8,864           | 4,571                               | 4,573           | -                                   | 1,545          | 13,779                 | 14,982          |
| Ancillary Revenue                                                                 | 2,294                                                 | 2,191           | 1,239                               | 1,152           | -                                   | 159            | 3,533                  | 3,502           |
| Social Program Fees                                                               | 506                                                   | 555             | 546                                 | 598             | -                                   | 28             | 1,052                  | 1,181           |
| Contracted Routes Fee                                                             | -                                                     | -               | -                                   | -               | -                                   | -              | -                      | -               |
| <b>Total Operating Revenue</b>                                                    | <b>12,008</b>                                         | <b>11,610</b>   | <b>6,356</b>                        | <b>6,323</b>    | <b>-</b>                            | <b>1,732</b>   | <b>18,364</b>          | <b>19,665</b>   |
| <b>Total Operating Expenses</b>                                                   | <b>23,312</b>                                         | <b>26,211</b>   | <b>15,542</b>                       | <b>15,521</b>   | <b>-</b>                            | <b>3,856</b>   | <b>38,854</b>          | <b>45,588</b>   |
| <b>Earnings (Loss) from Operations</b>                                            | <b>(11,304)</b>                                       | <b>(14,601)</b> | <b>(9,186)</b>                      | <b>(9,198)</b>  | <b>-</b>                            | <b>(2,124)</b> | <b>(20,490)</b>        | <b>(25,923)</b> |
| Depreciation and Amortization                                                     | (8,779)                                               | (9,567)         | (6,721)                             | (5,684)         | -                                   | (1,086)        | (15,500)               | (16,337)        |
| Financing Expense                                                                 | (5,947)                                               | (7,055)         | (4,104)                             | (3,880)         | -                                   | (271)          | (10,051)               | (11,206)        |
| <b>Cost of Capital</b>                                                            | <b>(14,726)</b>                                       | <b>(16,622)</b> | <b>(10,825)</b>                     | <b>(9,564)</b>  | <b>-</b>                            | <b>(1,357)</b> | <b>(25,551)</b>        | <b>(27,543)</b> |
| <b>Gain (Loss) on Disposal and Revaluation<br/>of Capital Assets</b>              | <b>(177)</b>                                          | <b>(16)</b>     | <b>(118)</b>                        | <b>(19)</b>     | <b>-</b>                            | <b>4</b>       | <b>(295)</b>           | <b>(31)</b>     |
| <b>Route Earnings (Loss) Before Ferry<br/>Service Fees &amp; Federal Contract</b> | <b>(26,207)</b>                                       | <b>(31,239)</b> | <b>(20,129)</b>                     | <b>(18,781)</b> | <b>-</b>                            | <b>(3,477)</b> | <b>(46,336)</b>        | <b>(53,497)</b> |
| Ferry Transportation Fees                                                         | 30,757                                                | 27,917          | 25,469                              | 22,952          | -                                   | 5,495          | 56,226                 | 56,364          |
| Federal-Provincial Subsidy Agreement                                              | 1,414                                                 | 1,126           | 5,861                               | 5,865           | -                                   | 289            | 7,275                  | 7,280           |
| <b>Net Regulatory Earnings (Loss)</b>                                             | <b>5,964</b>                                          | <b>(2,196)</b>  | <b>11,201</b>                       | <b>10,036</b>   | <b>-</b>                            | <b>2,307</b>   | <b>17,165</b>          | <b>10,147</b>   |
| <b>Items Included in Regulatory Earnings (Loss)<br/>not Permitted Under IFRS</b>  |                                                       |                 |                                     |                 |                                     |                |                        |                 |
| Fuel Costs Deferred                                                               | (813)                                                 | (1,214)         | (376)                               | (565)           | -                                   | (110)          | (1,189)                | (1,889)         |
| Fuel Surcharges Collected                                                         | -                                                     | -               | -                                   | -               | -                                   | -              | -                      | -               |
| Provincial Contributions to Fuel Deferral Accounts                                | 821                                                   | 1,055           | 379                                 | 477             | -                                   | 143            | 1,200                  | 1,675           |
| Interest (Receivable) Payable on Fuel Deferral Accounts                           | -                                                     | -               | -                                   | -               | -                                   | -              | -                      | -               |
| Performance Term Submission Costs Deferred                                        | -                                                     | -               | -                                   | -               | -                                   | -              | -                      | -               |
| Amortization of Deferred Costs                                                    | 1                                                     | 2               | 1                                   | 1               | -                                   | -              | 2                      | 3               |
| Tariffs in Excess of Price Cap                                                    | 18                                                    | 21              | 9                                   | 11              | -                                   | 4              | 27                     | 36              |
| <b>Net IFRS Earnings (Loss)</b>                                                   | <b>5,991</b>                                          | <b>(2,332)</b>  | <b>11,214</b>                       | <b>9,960</b>    | <b>-</b>                            | <b>2,344</b>   | <b>17,205</b>          | <b>9,972</b>    |

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Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2015, the Province paid fuel surcharges of \$0.6 million (March 31, 2014: \$0.2 million).

In 2015, the Company recognized impairment loss of \$8.7 million, included in the Loss on Disposal and Revaluation of Capital Assets.

Effective April 1, 2014, Route 40 was discontinued as part of the service adjustments outlined by the Province, and replaced with an extension of Route 10.



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Minor Routes**  
**For the Twelve Months Ended March 31, 2015**  
**(in \$ 000's)**

|                                                                                   | 04-Swartz Bay -<br>Fulford Harbour |                | 05-Swartz Bay - Gulf<br>Islands |                 | 06-Vesuvius Bay -<br>Crofton |                | 07-Salter Bay -<br>Earls Cove |                 | 08-Horseshoe Bay -<br>Snug Cove |                | 09-Tsawwassen -<br>Gulf Islands |                 | 12-Mill Bay -<br>Brentwood |                |
|-----------------------------------------------------------------------------------|------------------------------------|----------------|---------------------------------|-----------------|------------------------------|----------------|-------------------------------|-----------------|---------------------------------|----------------|---------------------------------|-----------------|----------------------------|----------------|
|                                                                                   | 2015                               | 2014           | 2015                            | 2014            | 2015                         | 2014           | 2015                          | 2014            | 2015                            | 2014           | 2015                            | 2014            | 2015                       | 2014           |
| Tariff and Reservation Revenue                                                    | 6,417                              | 5,886          | 5,333                           | 4,953           | 4,795                        | 4,498          | 6,049                         | 5,749           | 9,137                           | 8,515          | 12,075                          | 10,780          | 1,727                      | 1,669          |
| Ancillary Revenue (Note 1)                                                        | 291                                | 278            | 369                             | 344             | 34                           | 34             | 456                           | 430             | 440                             | 385            | 1,524                           | 1,404           | 16                         | 17             |
| Social Program Fees                                                               | 631                                | 713            | 949                             | 1,030           | 585                          | 688            | 477                           | 542             | 1,160                           | 1,246          | 546                             | 866             | 152                        | 206            |
| Contracted Routes Fee                                                             | -                                  | -              | -                               | -               | -                            | -              | -                             | -               | -                               | -              | -                               | -               | -                          | -              |
| <b>Total Operating Revenue</b>                                                    | <b>7,339</b>                       | <b>6,877</b>   | <b>6,651</b>                    | <b>6,327</b>    | <b>5,414</b>                 | <b>5,220</b>   | <b>6,982</b>                  | <b>6,721</b>    | <b>10,737</b>                   | <b>10,146</b>  | <b>14,145</b>                   | <b>13,050</b>   | <b>1,895</b>               | <b>1,892</b>   |
| <b>Total Operating Expenses</b>                                                   | <b>9,977</b>                       | <b>9,609</b>   | <b>19,683</b>                   | <b>18,668</b>   | <b>5,330</b>                 | <b>5,163</b>   | <b>13,035</b>                 | <b>14,383</b>   | <b>12,790</b>                   | <b>12,452</b>  | <b>19,213</b>                   | <b>18,722</b>   | <b>2,289</b>               | <b>2,261</b>   |
| <b>Earnings (Loss) from Operations</b>                                            | <b>(2,638)</b>                     | <b>(2,732)</b> | <b>(13,032)</b>                 | <b>(12,341)</b> | <b>84</b>                    | <b>57</b>      | <b>(6,053)</b>                | <b>(7,662)</b>  | <b>(2,053)</b>                  | <b>(2,306)</b> | <b>(5,068)</b>                  | <b>(5,672)</b>  | <b>(394)</b>               | <b>(369)</b>   |
| Depreciation and Amortization                                                     | (1,960)                            | (1,997)        | (2,799)                         | (2,820)         | (1,690)                      | (1,639)        | (3,304)                       | (4,161)         | (2,667)                         | (2,226)        | (4,972)                         | (4,245)         | (606)                      | (599)          |
| Financing Expense                                                                 | (1,100)                            | (1,271)        | (1,271)                         | (1,418)         | (254)                        | (343)          | (2,181)                       | (1,993)         | (1,226)                         | (1,306)        | (771)                           | (907)           | (198)                      | (241)          |
| <b>Cost of Capital</b>                                                            | <b>(3,060)</b>                     | <b>(3,268)</b> | <b>(4,070)</b>                  | <b>(4,238)</b>  | <b>(1,944)</b>               | <b>(1,982)</b> | <b>(5,485)</b>                | <b>(6,154)</b>  | <b>(3,893)</b>                  | <b>(3,532)</b> | <b>(5,743)</b>                  | <b>(5,152)</b>  | <b>(804)</b>               | <b>(840)</b>   |
| <b>Gain (Loss) on Disposal and Revaluation<br/>of Capital Assets</b>              | <b>(190)</b>                       | <b>(7)</b>     | <b>(97)</b>                     | <b>(4)</b>      | <b>(79)</b>                  | <b>(3)</b>     | <b>(100)</b>                  | <b>8</b>        | <b>(157)</b>                    | <b>(11)</b>    | <b>(207)</b>                    | <b>(8)</b>      | <b>(28)</b>                | <b>(1)</b>     |
| <b>Route Earnings (Loss) Before Ferry<br/>Service Fees &amp; Federal Contract</b> | <b>(5,888)</b>                     | <b>(6,007)</b> | <b>(17,199)</b>                 | <b>(16,583)</b> | <b>(1,939)</b>               | <b>(1,928)</b> | <b>(11,638)</b>               | <b>(13,808)</b> | <b>(6,103)</b>                  | <b>(5,849)</b> | <b>(11,018)</b>                 | <b>(10,832)</b> | <b>(1,226)</b>             | <b>(1,210)</b> |
| Ferry Transportation Fees                                                         | 2,692                              | 3,821          | 16,791                          | 16,138          | 2,691                        | 2,673          | 11,140                        | 10,049          | 5,657                           | 5,816          | 9,837                           | 8,888           | 1,340                      | 1,648          |
| Federal-Provincial Subsidy Agreement                                              | 1,249                              | 1,250          | 3,934                           | 3,936           | 12                           | 12             | 2,610                         | 2,611           | 1,325                           | 1,326          | 2,304                           | 2,306           | -                          | -              |
| <b>Net Regulatory Earnings (Loss)</b>                                             | <b>(1,947)</b>                     | <b>(936)</b>   | <b>3,526</b>                    | <b>3,491</b>    | <b>764</b>                   | <b>757</b>     | <b>2,112</b>                  | <b>(1,148)</b>  | <b>879</b>                      | <b>1,293</b>   | <b>1,123</b>                    | <b>362</b>      | <b>114</b>                 | <b>438</b>     |
| <b>Items Included in Regulatory Earnings (Loss)<br/>not Permitted Under IFRS</b>  |                                    |                |                                 |                 |                              |                |                               |                 |                                 |                |                                 |                 |                            |                |
| Fuel Costs Deferred                                                               | (129)                              | (227)          | (351)                           | (576)           | (28)                         | (48)           | (200)                         | (389)           | (221)                           | (342)          | (286)                           | (448)           | (14)                       | (23)           |
| Fuel Surcharges Collected                                                         | 173                                | 38             | 154                             | 33              | 136                          | 29             | 168                           | 32              | 242                             | 58             | 333                             | 52              | 61                         | 13             |
| Provincial Contributions to Fuel Deferral Accounts                                | 24                                 | 25             | 63                              | 65              | 4                            | 6              | 35                            | 47              | 32                              | 39             | 46                              | 49              | 3                          | 3              |
| Interest (Receivable) Payable on Fuel Deferral Accounts                           | -                                  | -              | -                               | -               | -                            | -              | -                             | -               | -                               | -              | -                               | -               | -                          | -              |
| Performance Term Submission Costs Deferred                                        | -                                  | -              | -                               | -               | -                            | -              | -                             | -               | -                               | -              | -                               | -               | -                          | -              |
| Amortization of Deferred Costs                                                    | 1                                  | 1              | 1                               | 1               | 1                            | 1              | 1                             | 1               | 2                               | 2              | 2                               | 2               | -                          | -              |
| Tariffs in Excess of Price Cap                                                    | 13                                 | 14             | 10                              | 12              | 9                            | 11             | 12                            | 14              | 18                              | 21             | 23                              | 26              | 3                          | 4              |
| <b>Net IFRS Earnings (Loss)</b>                                                   | <b>(1,865)</b>                     | <b>(1,085)</b> | <b>3,403</b>                    | <b>3,026</b>    | <b>886</b>                   | <b>756</b>     | <b>2,128</b>                  | <b>(1,443)</b>  | <b>952</b>                      | <b>1,071</b>   | <b>1,241</b>                    | <b>43</b>       | <b>167</b>                 | <b>435</b>     |

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Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2015, the Province paid fuel surcharges of \$0.6 million (March 31, 2014: \$0.2 million).

In 2015, the Company recognized impairment loss of \$8.7 million, included in the Loss on Disposal and Revaluation of Capital Assets.



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Minor Routes**  
**For the Twelve Months Ended March 31, 2015**  
**(in \$ 000's)**

|                                                                                   | <b>13-Langdale -<br/>Gambier Island -<br/>Keats Island</b> |              | <b>17-Comox - Powell<br/>River</b> |                 | <b>18-Texada Island -<br/>Powell River</b> |                | <b>19-Gabriola Island -<br/>Nanaimo Harbour</b> |                | <b>20-Thetis Island -<br/>Penelakut Island -<br/>Chemainus</b> |                | <b>21-Denman Island -<br/>Buckley Bay</b> |                |
|-----------------------------------------------------------------------------------|------------------------------------------------------------|--------------|------------------------------------|-----------------|--------------------------------------------|----------------|-------------------------------------------------|----------------|----------------------------------------------------------------|----------------|-------------------------------------------|----------------|
|                                                                                   | <b>2015</b>                                                | <b>2014</b>  | <b>2015</b>                        | <b>2014</b>     | <b>2015</b>                                | <b>2014</b>    | <b>2015</b>                                     | <b>2014</b>    | <b>2015</b>                                                    | <b>2014</b>    | <b>2015</b>                               | <b>2014</b>    |
| Tariff and Reservation Revenue                                                    | 177                                                        | 165          | 9,993                              | 9,050           | 1,188                                      | 1,039          | 5,150                                           | 4,908          | 1,319                                                          | 1,205          | 3,012                                     | 2,770          |
| Ancillary Revenue (Note 1)                                                        | 19                                                         | 19           | 795                                | 693             | 100                                        | 35             | 89                                              | 77             | 39                                                             | 29             | 100                                       | 47             |
| Social Program Fees                                                               | 33                                                         | 72           | 1,380                              | 1,451           | 290                                        | 311            | 836                                             | 957            | 318                                                            | 350            | 484                                       | 569            |
| Contracted Routes Fee                                                             | -                                                          | -            | -                                  | -               | -                                          | -              | -                                               | -              | -                                                              | -              | -                                         | -              |
| <b>Total Operating Revenue</b>                                                    | <b>229</b>                                                 | <b>256</b>   | <b>12,168</b>                      | <b>11,194</b>   | <b>1,578</b>                               | <b>1,385</b>   | <b>6,075</b>                                    | <b>5,942</b>   | <b>1,676</b>                                                   | <b>1,584</b>   | <b>3,596</b>                              | <b>3,386</b>   |
| <b>Total Operating Expenses</b>                                                   | <b>602</b>                                                 | <b>549</b>   | <b>16,181</b>                      | <b>16,319</b>   | <b>5,351</b>                               | <b>5,812</b>   | <b>6,607</b>                                    | <b>7,399</b>   | <b>4,525</b>                                                   | <b>4,528</b>   | <b>4,784</b>                              | <b>4,827</b>   |
| <b>Earnings (Loss) from Operations</b>                                            | <b>(373)</b>                                               | <b>(293)</b> | <b>(4,013)</b>                     | <b>(5,125)</b>  | <b>(3,773)</b>                             | <b>(4,427)</b> | <b>(532)</b>                                    | <b>(1,457)</b> | <b>(2,849)</b>                                                 | <b>(2,944)</b> | <b>(1,188)</b>                            | <b>(1,441)</b> |
| Depreciation and Amortization                                                     | (7)                                                        | (7)          | (5,647)                            | (4,912)         | (1,889)                                    | (1,674)        | (2,204)                                         | (2,437)        | (1,150)                                                        | (1,001)        | (1,804)                                   | (1,673)        |
| Financing Expense                                                                 | 0                                                          | 0            | (1,549)                            | (1,695)         | (736)                                      | (580)          | (937)                                           | (1,071)        | (529)                                                          | (542)          | (828)                                     | (818)          |
| <b>Cost of Capital</b>                                                            | <b>(7)</b>                                                 | <b>(7)</b>   | <b>(7,196)</b>                     | <b>(6,607)</b>  | <b>(2,625)</b>                             | <b>(2,254)</b> | <b>(3,141)</b>                                  | <b>(3,508)</b> | <b>(1,679)</b>                                                 | <b>(1,543)</b> | <b>(2,632)</b>                            | <b>(2,491)</b> |
| <b>Gain (Loss) on Disposal and Revaluation<br/>of Capital Assets</b>              | <b>(3)</b>                                                 | <b>-</b>     | <b>(178)</b>                       | <b>(6)</b>      | <b>(23)</b>                                | <b>2</b>       | <b>(89)</b>                                     | <b>(3)</b>     | <b>(24)</b>                                                    | <b>(1)</b>     | <b>(52)</b>                               | <b>(1)</b>     |
| <b>Route Earnings (Loss) Before Ferry<br/>Service Fees &amp; Federal Contract</b> | <b>(383)</b>                                               | <b>(300)</b> | <b>(11,387)</b>                    | <b>(11,738)</b> | <b>(6,421)</b>                             | <b>(6,679)</b> | <b>(3,762)</b>                                  | <b>(4,968)</b> | <b>(4,552)</b>                                                 | <b>(4,488)</b> | <b>(3,872)</b>                            | <b>(3,933)</b> |
| Ferry Transportation Fees                                                         | 306                                                        | 334          | 7,712                              | 6,885           | 4,302                                      | 4,190          | 2,852                                           | 2,740          | 4,234                                                          | 3,904          | 4,066                                     | 3,819          |
| Federal-Provincial Subsidy Agreement                                              | 71                                                         | 71           | 1,807                              | 1,808           | 1,008                                      | 1,009          | 668                                             | 668            | 992                                                            | 993            | 953                                       | 953            |
| <b>Net Regulatory Earnings (Loss)</b>                                             | <b>(6)</b>                                                 | <b>105</b>   | <b>(1,868)</b>                     | <b>(3,045)</b>  | <b>(1,111)</b>                             | <b>(1,480)</b> | <b>(242)</b>                                    | <b>(1,560)</b> | <b>674</b>                                                     | <b>409</b>     | <b>1,147</b>                              | <b>839</b>     |
| <b>Items Included in Regulatory Earnings (Loss)<br/>not Permitted Under IFRS</b>  |                                                            |              |                                    |                 |                                            |                |                                                 |                |                                                                |                |                                           |                |
| Fuel Costs Deferred                                                               | (22)                                                       | (26)         | (103)                              | (419)           | (13)                                       | (90)           | (60)                                            | (128)          | (31)                                                           | (65)           | (23)                                      | (42)           |
| Fuel Surcharges Collected                                                         | 25                                                         | 1            | 290                                | 44              | 37                                         | 5              | 145                                             | 34             | 41                                                             | 10             | 86                                        | 16             |
| Provincial Contributions to Fuel Deferral Accounts                                | -                                                          | -            | 40                                 | 43              | 7                                          | 9              | 13                                              | 14             | 6                                                              | 7              | 4                                         | 5              |
| Interest (Receivable) Payable on Fuel Deferral Accounts                           | -                                                          | -            | -                                  | -               | -                                          | -              | -                                               | -              | -                                                              | -              | -                                         | -              |
| Performance Term Submission Costs Deferred                                        | -                                                          | -            | -                                  | -               | -                                          | -              | -                                               | -              | -                                                              | -              | -                                         | -              |
| Amortization of Deferred Costs                                                    | -                                                          | -            | 2                                  | 2               | -                                          | -              | 1                                               | 1              | -                                                              | -              | 1                                         | 1              |
| Tariffs in Excess of Price Cap                                                    | -                                                          | -            | 20                                 | 22              | 3                                          | 3              | 10                                              | 12             | 3                                                              | 3              | 6                                         | 7              |
| <b>Net IFRS Earnings (Loss)</b>                                                   | <b>(3)</b>                                                 | <b>80</b>    | <b>(1,619)</b>                     | <b>(3,353)</b>  | <b>(1,077)</b>                             | <b>(1,553)</b> | <b>(133)</b>                                    | <b>(1,627)</b> | <b>693</b>                                                     | <b>364</b>     | <b>1,221</b>                              | <b>826</b>     |

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In 2015, the Company recognized impairment loss of \$8.7 million, included in the Loss on Disposal and Revaluation of Capital Assets.



**British Columbia Ferry Services Inc.**  
**Route Statement**  
**Minor Routes**  
**For the Twelve Months Ended March 31, 2015**  
**(in \$ 000's)**

|                                                                                   | 22-Hornby Island -<br>Denman Island |                | 23-Quadra Island -<br>Campbell River |                | 24-Cortes Island -<br>Quadra Island |                | 25-Alert Bay -<br>Sointula - Port<br>McNeill |                | 26-Skidegate -<br>Alliford Bay |                | Minor Routes     |                  |
|-----------------------------------------------------------------------------------|-------------------------------------|----------------|--------------------------------------|----------------|-------------------------------------|----------------|----------------------------------------------|----------------|--------------------------------|----------------|------------------|------------------|
|                                                                                   | 2015                                | 2014           | 2015                                 | 2014           | 2015                                | 2014           | 2015                                         | 2014           | 2015                           | 2014           | 2015             | 2014             |
| Tariff and Reservation Revenue                                                    | 1,276                               | 1,238          | 5,086                                | 4,802          | 903                                 | 839            | 1,727                                        | 1,546          | 686                            | 706            | 76,050           | 70,318           |
| Ancillary Revenue (Note 1)                                                        | 79                                  | 60             | 109                                  | 60             | 49                                  | 8              | 113                                          | 65             | 66                             | 36             | 4,688            | 4,021            |
| Social Program Fees                                                               | 79                                  | 119            | 845                                  | 918            | 205                                 | 198            | 226                                          | 268            | 50                             | 55             | 9,246            | 10,559           |
| Contracted Routes Fee                                                             | -                                   | -              | -                                    | -              | -                                   | -              | -                                            | -              | -                              | -              | -                | -                |
| <b>Total Operating Revenue</b>                                                    | <b>1,434</b>                        | <b>1,417</b>   | <b>6,040</b>                         | <b>5,780</b>   | <b>1,157</b>                        | <b>1,045</b>   | <b>2,066</b>                                 | <b>1,879</b>   | <b>802</b>                     | <b>797</b>     | <b>89,984</b>    | <b>84,898</b>    |
| <b>Total Operating Expenses</b>                                                   | <b>3,058</b>                        | <b>3,147</b>   | <b>7,829</b>                         | <b>7,976</b>   | <b>4,026</b>                        | <b>3,472</b>   | <b>5,818</b>                                 | <b>5,349</b>   | <b>3,550</b>                   | <b>3,633</b>   | <b>144,648</b>   | <b>144,269</b>   |
| <b>Earnings (Loss) from Operations</b>                                            | <b>(1,624)</b>                      | <b>(1,730)</b> | <b>(1,789)</b>                       | <b>(2,196)</b> | <b>(2,869)</b>                      | <b>(2,427)</b> | <b>(3,752)</b>                               | <b>(3,470)</b> | <b>(2,748)</b>                 | <b>(2,836)</b> | <b>(54,664)</b>  | <b>(59,371)</b>  |
| Depreciation and Amortization                                                     | (958)                               | (1,055)        | (2,209)                              | (2,198)        | (1,493)                             | (663)          | (2,604)                                      | (1,872)        | (1,592)                        | (1,420)        | (39,555)         | (36,599)         |
| Financing Expense                                                                 | (873)                               | (1,050)        | (690)                                | (823)          | (681)                               | (109)          | (1,545)                                      | (1,168)        | (812)                          | (696)          | (16,181)         | (16,031)         |
| <b>Cost of Capital</b>                                                            | <b>(1,831)</b>                      | <b>(2,105)</b> | <b>(2,899)</b>                       | <b>(3,021)</b> | <b>(2,174)</b>                      | <b>(772)</b>   | <b>(4,149)</b>                               | <b>(3,040)</b> | <b>(2,404)</b>                 | <b>(2,116)</b> | <b>(55,736)</b>  | <b>(52,630)</b>  |
| <b>Gain (Loss) on Disposal and Revaluation<br/>of Capital Assets</b>              | <b>(20)</b>                         | <b>(1)</b>     | <b>(88)</b>                          | <b>(3)</b>     | <b>(16)</b>                         | <b>(1)</b>     | <b>(29)</b>                                  | <b>(1)</b>     | <b>(8)</b>                     | <b>(1)</b>     | <b>(1,388)</b>   | <b>(42)</b>      |
| <b>Route Earnings (Loss) Before Ferry<br/>Service Fees &amp; Federal Contract</b> | <b>(3,475)</b>                      | <b>(3,836)</b> | <b>(4,776)</b>                       | <b>(5,220)</b> | <b>(5,059)</b>                      | <b>(3,200)</b> | <b>(7,930)</b>                               | <b>(6,511)</b> | <b>(5,160)</b>                 | <b>(4,953)</b> | <b>(111,788)</b> | <b>(112,043)</b> |
| Ferry Transportation Fees                                                         | 3,402                               | 3,219          | 3,030                                | 2,857          | 2,679                               | 2,528          | 4,355                                        | 4,003          | 4,236                          | 3,975          | 91,322           | 87,487           |
| Federal-Provincial Subsidy Agreement                                              | 797                                 | 798            | 710                                  | 710            | 628                                 | 628            | 1,020                                        | 1,021          | 992                            | 993            | 21,080           | 21,093           |
| <b>Net Regulatory Earnings (Loss)</b>                                             | <b>724</b>                          | <b>181</b>     | <b>(1,036)</b>                       | <b>(1,653)</b> | <b>(1,752)</b>                      | <b>(44)</b>    | <b>(2,555)</b>                               | <b>(1,487)</b> | <b>68</b>                      | <b>15</b>      | <b>614</b>       | <b>(3,463)</b>   |
| <b>Items Included in Regulatory Earnings (Loss)<br/>not Permitted Under IFRS</b>  |                                     |                |                                      |                |                                     |                |                                              |                |                                |                |                  |                  |
| Fuel Costs Deferred                                                               | (12)                                | (17)           | (62)                                 | (118)          | (37)                                | (57)           | (66)                                         | (117)          | (15)                           | (23)           | (1,673)          | (3,155)          |
| Fuel Surcharges Collected                                                         | 34                                  | 6              | 145                                  | 31             | 26                                  | 5              | 47                                           | 11             | 18                             | 4              | 2,161            | 422              |
| Provincial Contributions to Fuel Deferral Accounts                                | 2                                   | 3              | 12                                   | 14             | 7                                   | 7              | 11                                           | 13             | 3                              | 2              | 312              | 351              |
| Interest (Receivable) Payable on Fuel Deferral Accounts                           | -                                   | -              | -                                    | -              | -                                   | -              | -                                            | -              | -                              | -              | -                | -                |
| Performance Term Submission Costs Deferred                                        | -                                   | -              | -                                    | -              | -                                   | -              | -                                            | -              | -                              | -              | -                | -                |
| Amortization of Deferred Costs                                                    | -                                   | -              | 1                                    | 1              | -                                   | -              | -                                            | -              | -                              | -              | 13               | 13               |
| Tariffs in Excess of Price Cap                                                    | 2                                   | 3              | 10                                   | 12             | 2                                   | 2              | 3                                            | 4              | 1                              | 2              | 148              | 172              |
| <b>Net IFRS Earnings (Loss)</b>                                                   | <b>750</b>                          | <b>176</b>     | <b>(930)</b>                         | <b>(1,713)</b> | <b>(1,754)</b>                      | <b>(87)</b>    | <b>(2,560)</b>                               | <b>(1,576)</b> | <b>75</b>                      | <b>0</b>       | <b>1,575</b>     | <b>(5,660)</b>   |

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

Included in the amounts disclosed in the above statement are fuel surcharges added to, or fuel rebates applied against, tariffs paid by the Province of British Columbia on behalf of customers travelling under Social Programs. During the year ended March 31, 2015, the Province paid fuel surcharges of \$0.6 million (March 31, 2014: \$0.2 million).

In 2015, the Company recognized impairment loss of \$8.7 million, included in the Loss on Disposal and Revaluation of Capital Assets.

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## **Part 2**

# **Service Quality**

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## **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 2014 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.

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# **Customer Satisfaction Tracking Report**

## **2014**

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## **2014 Customer Satisfaction Tracking (CST) Results**

### **Opportunities to Enhance the Customer Experience**

#### **Key Findings and Actions Taken**

##### **Summary**

In 2014, a total of 85% of passengers surveyed reported to be satisfied overall with their experience travelling on BC Ferries, resulting in an average score of 4.11 on a 5 point scale. Customer satisfaction levels remained relatively consistent with the past year on most service areas. Satisfaction with *value for money of fares*, however, continued to decline year over year.

Areas of success identified by the CST are:

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

Areas of opportunity to enhance the customer experience include:

- Value for money of fares, parking, and food/beverages both at the terminal and onboard;
- Ease of using automated phone system;
- Announcements at terminals and clarity of public address system;
- Ability to connect;
- Ferry sailing frequent enough;
- Latest ferry late enough; and
- Departing on time.

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

A total of 85% of passengers surveyed reported to be satisfied overall with their experience travelling on BC Ferries, resulting in an average score of 4.11 on a five point scale. These findings represent a slight decrease from that recorded in 2013 (87% of passengers satisfied and a 4.17 average score). The overall satisfaction scores continue to be relatively stable by route with the exception of route 19 (Nanaimo Harbour - Gabriola), where satisfaction levels have weakened (3.46 in 2014 down from 4.13 in 2013). Demographically, Gulf Island residents reported lower overall satisfaction than the past measure (3.69 in 2014, down from 4.01 in 2013).

Correlation analysis that measures the strength of the relationship between survey variables in the research data reveals the drivers of total passenger overall satisfaction with BC Ferries are:

- Overall experience onboard ferry;
- Ability to get desired sailing;
- Overall experience at terminal;
- Ferry departing on time;
- Value for money of fares;
- Professionalism of terminal staff;
- Safety of operations; and
- Professionalism of onboard staff.

CST research shows that passengers rate BC Ferries as being overall successful in delivering on the majority of these satisfaction drivers, with the exception of *value for money of fares*. When examining satisfaction drivers by those routes with weakening results, *value for money of fares* continues to be an important driver, however it is surpassed in importance by *ability to get on desired sailing* and *ferry departing on time*.

## Value for Money of Fares

*Overall value for money of fares* declined in 2014 to an average satisfaction score of 2.76, down from 2.93 in 2013.

### Response:

BC Ferries understands that having an affordable ferry system continues to be an important consideration for its customers and the communities it serves.

BC Ferries' fares are regulated by the Commissioner in accordance with a price cap model. Over the past number of years, the price caps and the fares the Company has charged have risen at a level greater than the growth in the cost of living. In the report on his review of the Act, undertaken in 2012, the Commissioner noted that there are many reasons for this. BC Ferries' direct costs have risen significantly, some due to factors beyond the control of the Company such as fuel prices, new taxes and regulatory requirements. Indirect costs, such as amortization and interest have risen sharply as well, due to necessary capital investments in vessel replacements, terminal upgrades and other infrastructure. Though now stronger, traffic volumes have in past years been soft, which effectively requires that the costs of the service must be borne by a lower volume of riders. The Company's service contract with government has not enabled BC Ferries to optimize service delivery and at times, has limited its ability to consider opportunities to enhance efficiency and productivity. Despite the challenges referred to above, the public expectation is that ferry fares should be affordable, and should grow at rates that are reasonable and predictable over time.

In fiscal 2009, a time when fuel costs were rising and the economic downturn meant overall passenger revenues were falling, BC Ferries restructured its business to better align expenses within its control with revenue. Since then, the Company has continued with many of these cost containment measures and has managed costs as prudently as possible, without compromising the safety of its customers and operations.

BC Ferries is projecting to reduce operating expenses in PT3 by approximately \$20 million from the level incorporated in the PT3 price cap determination. This is in addition to efficiency and service adjustment targets of \$84.2 million as set out in the determination.

In his Performance Review of the Efficiency of BC Ferries issued on March 18, 2015, the Commissioner concluded that: “BC Ferries is demonstrating good cost control,” and went on to say that “cost control has been achieved while obtaining good outcomes with customer satisfaction and passenger and employee safety.”

Reducing costs is one way to keep fares as low as possible. Increasing revenues is the other. BC Ferries has created a Commercial Services Division and BC Ferries Vacations, and expanded catering and retail services – all of which have contributed strongly to the Company's bottom line.

While the Company continues to focus on productivity improvements, operating efficiencies and innovative ways to grow the business, many of its vessels are at the end, or are nearing the end, of their economic lives, necessitating a capital investment in new vessels. In addition to new ships, BC Ferries must also invest in its terminal marine structures and information technology. These capital costs create a challenge to fare affordability because the capital that is required is in the +\$3 billion range.

During PT3, through a combination of the price caps going above the rate of inflation, the Province contributing additional funding to keep the rate increases down, and BC Ferries' continued efforts to find and implement ways to contain costs and improve efficiency, the pressure on fares for PT4 and beyond has been significantly reduced, with the result that the preliminary price cap increases set by the Commissioner for PT4 are 1.9 percent per year, an amount comparable to the forecast rate of inflation.

In 2014, several fare reduction opportunities were available to customers:

- Fare discounts are available year-round for customers travelling BC Ferries' minor routes and route 3 (Horseshoe Bay – Langdale). Fare discount programs have been in place since 1961 for all Gulf Islands and since 1972 for the Sunshine Coast, previously in the form of paper books or pre-paid tickets. In the spring of 2008, the BC Ferries Experience™ Card was introduced as a replacement to the paper books of pre-paid tickets.
- BC Ferries implemented a “size up the savings” promotion in summer of 2014. On Wednesdays and Saturdays from June 18 through September 6, customers with vehicles longer than 20 feet paid only \$2.00 per foot additional length charge on the Tsawwassen – Swartz Bay and the Tsawwassen – Duke Point routes on sailings starting at 4:00 pm onwards. The Company is continuing this promotion in summer 2015.

While considerable strides have been made to date, it will take new initiatives to maintain fare affordability going forward. These initiatives will focus on larger, structural changes regarding how BC Ferries provides service and how it can enhance the customer experience, thereby supporting fare affordability by further cost reductions

and increasing traffic and revenue. Some of these initiatives will require an upfront investment that will pay dividends to customers, coastal communities, the Province and the Company over the longer term. For PT4 and beyond, BC Ferries is pursuing four strategies for further efficiency gains:

1. Liquefied natural gas fuel efficiencies;
2. Business transformation strategies enabled by new information technology infrastructure that result in an improved customer experience;
3. Major Routes Strategy; and
4. Southern Gulf Islands Strategy.

These strategies are addressed in the Company's submission to the Commissioner dated September 30, 2014, entitled Strategies for Enhanced Efficiency in Performance Term Four and Beyond.

### **Value for Money of Parking**

Slight decreases were recorded this year for *value for money of parking* at the major terminals (2.95 in 2013 to 2.76 in 2014). The Tsawwassen terminal experienced the greatest decrease, from 2.95 in 2013 to 2.55 in 2014.

#### **Response:**

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

Improvements are underway to upgrade the parking system's phone for extended time service at Tsawwassen and Horseshoe Bay terminals to move from an automated system to a "live person service" for increased customer contact. This system is currently in place at the Swartz Bay, Duke Point and Departure Bay terminals.

### **Value for Money of Onboard Food/Beverages**

Overall satisfaction ratings with the service aspects of *onboard food/beverages* and the *gift shop* continued to be stable and score high. However, *value for money* scores decreased for the Pacific Buffet from 3.55 in 2013 to 3.49 in 2014, and for the Snack Bar/Coffee Shop from 3.31 in 2013 to 3.24 in 2014.

#### **Response:**

BC Ferries endeavours to keep food and beverage price increases to a minimum. The overall food and beverage pricing strategy is to increase price to match cost of goods increases. Limited time promotions are offered from time to time to provide greater value to the customer. Examples include:

- Buy one and get one free light buffet;
- Save \$1 when you combine a soup and sandwich;
- Save \$1 when you add a pie to any entrée; and
- Celebrate BC White Spot Bundle at 50 cents lower than individual purchases and \$1.00 less than White Spot Restaurants.

## **Ease of Using Automated Phone System**

*Ease of use of the automated phone system* rating has been stable for many years; however, with a score of 3.25 in 2014, it continued to be rated lower than some of the Company's other services.

### **Response:**

There have been a number of technical issues with the automated phone system used to provide customers with information regarding schedules, card balances and reserved boarding. BC Ferries is working closely with the service provider to achieve better service reliability.

## **Announcements at Terminals and Clarity of Public Address System**

*Announcements at terminals and clarity of public address system* continued to be rated lower than other terminal services, scoring 3.77 and 3.55 respectively in 2014.

### **Response:**

BC Ferries conducted a survey of customers who previously provided feedback to its Customer Care Department regarding the clarity and content of terminal announcements. Survey results led to new hardware being installed at both the Swartz Bay and Tsawwassen terminals to improve clarity. New announcement scripts are being heard by customers at the Tsawwassen terminal as part of a pilot project. Customer feedback on the new announcements will be obtained through surveys and Customer Care contact mechanisms to gauge customer satisfaction. The announcements will be amended, if required, prior to implementing them at Swartz Bay, Horseshoe Bay, Departure Bay, Duke Point and Langdale terminals in 2015.

## **Ability to Connect**

Ratings with most aspects of sailing schedules diminished in 2014, most notably the *ability to connect with other sailings* which declined from 3.35 in 2013 to 3.05 in 2014. Routes where this attribute was rated the lowest were route 1 (Swartz Bay - Tsawwassen) at 2.57, route 3 (Horseshoe Bay – Langdale) at 2.70 and route 19 (Nanaimo Harbour – Gabriola) at 2.71.

### **Response - Route 1 (Swartz Bay - Tsawwassen):**

Declining satisfaction likely stems from through-fare travel at Swartz Bay where route 4 (Swartz Bay - Fulford Harbour) and route 5 (Swartz Bay - Gulf Islands) connect with route 1. Connection issues are caused by tight sailing schedules and logistical challenges at the Swartz Bay terminal. BC Ferries is conducting a review of logistical issues at the Swartz Bay terminal to see if any through-fare improvements can be realised.

BC Ferries is also conducting a review of the Southern Gulf Island schedules prior to the introduction into service on the Southern Gulf Island routes of two new intermediate class ferries, *Salish Eagle* and *Salish Raven*, in 2016 and 2017. Consultations with Ferry Advisory Committees are underway and public consultations will commence in August, 2015.

### **Response - Route 3 (Horseshoe Bay – Langdale):**

Declining satisfaction is likely due to connectivity between this route and route 7 (Earls Cove - Saltery Bay). On-time performance on route 3 affects a customer's ability to make a connection between these routes. In the summer of 2014, BC Ferries revised summer schedule service on route 7 to increase the number of scheduled connections. BC Ferries is currently working to improve route 3 on-time performance to alleviate connectivity issues.

A midday gap in service implemented during the summer season on route 7 in 2014, after consultation with the communities, did not prove to be as workable as envisaged. Following further community consultation, BC Ferries revised the schedule for the 2015 summer season (now in operation).

### **Response - Route 19 (Nanaimo Harbour – Gabriola):**

Declining satisfaction on this route is likely due to service level adjustments made in 2014. Connecting with the first sailing of the day on route 2 (Horseshoe Bay- Departure Bay) is important to BC Ferries' route 19 customers. However, with the service level adjustments made last year, the connection to the 06:30 route 2 sailing departing Departure Bay was lost. Service level adjustments were mandated by the Province and optimised with the community through consultation; no changes are presently contemplated.

Route 2 on-time performance can also make route 19 connections a challenge. Route 2 schedules change seasonally to allow sufficient time to load the vessel to maintain satisfactory on-time performance. Berth congestion is experienced at Horseshoe Bay and can negatively impact on-time performance. The schedule is currently being reviewed in the context of this issue.

### **Ferry Sailing Frequent Enough**

Satisfaction with *ferry sailing frequent enough* decreased from 3.54 in 2013 to 3.40 in 2014. Routes with the greatest decrease were route 19 (Nanaimo Harbour – Gabriola) which declined from 4.01 in 2013 to 2.33 in 2014, and route 3 (Horseshoe Bay – Langdale) which declined from 3.11 in 2013 to 2.85 in 2014.

### **Response - Route 19 (Nanaimo Harbour – Gabriola):**

Declining satisfaction on this route is likely due to service level adjustments in 2014, which were mandated by the Province. Service on this route was reduced from 15-16 round-trips per day to 12-14 round-trips per day. The first schedule implemented after the service adjustments had a large midday gap. Working with the communities, BC Ferries revised the schedule in April, 2015 to reduce the midday gap.

### **Response - Route 3 (Horseshoe Bay – Langdale):**

As part of the service adjustments mandated by the Province in 2014, Sunday service on this route was reduced from eight round-trips to seven round-trips during the fall/winter/spring schedule creating a midday gap in service. The schedule was optimised through public consultation with the community to reduce the midday gap. Schedules for this route are currently under review to optimise service further.

## **Latest Ferry Late Enough**

Overall satisfaction with *latest ferry late enough* decreased from 3.52 in 2013 to 3.45 in 2014. Route 19 (Nanaimo Harbour – Gabriola) reported the greatest decrease from 4.00 in 2013 to 3.08 in 2014.

### **Response - Route 19 (Nanaimo Harbour – Gabriola):**

Declining satisfaction on this route is likely due to service level adjustments mandated by the Province in 2014. The latest sailing on this route was adjusted from 23:30 to 23:00 departing Nanaimo Harbour. No changes to the schedule are presently contemplated.

The schedule for this route does have one of the latest sailing times in the system. For reference:

- Latest sailing from Buckley Bay to Denman Island is 23:00 in the summer schedule and 21:45 on weekdays in the fall/winter/spring schedule.
- Latest sailing from Campbell River to Quadra Island is 21:45 on weekdays and 22:45 on weekends.

## **Departing on Time**

Overall satisfaction with *departing on time* decreased from 3.80 in 2013 to 3.73 in 2014. Route 3 (Horseshoe Bay - Langdale) and route 19 (Nanaimo Harbour – Gabriola) reported the lowest satisfaction ratings at 3.11 and 2.69, respectively.

### **Response - Route 3 (Horseshoe Bay – Langdale):**

Operations at the Horseshoe Bay terminal are challenged by the physical limitations of the terminal property:

- Constrained entry and exit point for the vessels;
- Single exit lane for vehicles;
- Three routes - route 2 (Horseshoe Bay – Departure Bay), route 3 (Horseshoe Bay – Langdale) and route 8 (Horseshoe Bay – Bowen Island) operating out of three berths with 31 to 38 sailings daily and no spare berth capacity.

Following completion of a review of procedures and practices, opportunities were identified and implemented effective July, 2015 to improve on-time-performance for all three routes.

### **Response – Route 19 (Nanaimo Harbour – Gabriola):**

In September, 2014, the schedule for this route was adjusted to alleviate delays caused by limited time to turn the vessel around between sailings. Further adjustments on this route came into effect in April, 2015 which are intended to provide further improvements in on-time performance.

# Customer Satisfaction Tracking Annual Report 2014

## British Columbia Ferry Services Inc.

### **Presented to:**

British Columbia Ferry Services Inc.  
Victoria, British Columbia



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July 31, 2015   Fiscal 2015 Annual Report to the British Columbia Ferries Commissioner



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# Executive Overview

## Background

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

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

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

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

In addition to graphs showing the overall scores, the Appendix in this report includes detailed tables by route showing satisfaction scores for each of the service attributes for 2013. The Appendix also includes detailed satisfaction scores for each of the terminal-related attributes, shown separately for each of the main terminals.

## Methodology

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

Interviews are distributed across nine routes in total, both larger and smaller, during three different time periods: June, August and November. In 2014, a total of 10,570 screeners were completed and 4,438 questionnaires returned. A more detailed explanation of the research design is included in the *Research Methodology* section, in the Appendix of this report.

## Findings

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

### Satisfaction with BC Ferries Overall

- A total of 85% of passengers in 2014 reported to be satisfied overall with their experience travelling on BC Ferries. An overall score of 4.11 has been achieved (on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'). These findings represent a slight decrease from that recorded in 2013 (4.17 average score, 87% satisfied).
- Note that overall satisfaction levels have also declined in many passenger and demographic segments with frequent travellers (3.99 down to 3.80) and the Gulf Island resident (4.01 down to 3.69) more critical than others.

### Satisfaction before Arriving at Terminal

- Since the decline in satisfaction with the website and the on-line reservation system in 2011, ratings for each service aspect have stabilised.
- Ratings are also consistent for *usefulness of BC Ferries phone service* and *ease of using the automated phone service*.

### Satisfaction at the Terminal

- Overall satisfaction with the experience at the terminal before boarding has diminished somewhat (83% satisfied and an average score of 4.03 compared to 85% and 4.08 a year ago), with the decrease primarily at Tsawwassen (4.20 down to 4.07 in 2014).
- As in overall satisfaction, terminal average scores have also dipped in most passenger and demographic segments. Most notable are registered by business passengers (3.96 down to 3.86) and Gulf Island residents (3.94 down to 3.74).

### Satisfaction Onboard

- A total of 86% of passengers in 2014 were satisfied with their overall experience onboard, for an overall rating of 4.07 on the 5-point scale, lower than the previous year (89% and 4.13 average). The rating has dropped slightly on Route 5/9 (4.09 to 4.02) but significantly on Route 19 (4.07 to 3.71).
- Although satisfaction levels are also diminished from 2013 on a few aspects of onboard services in many passenger and demographic segments, average scores remain consistent with previous measures.

### Satisfaction with Sailing Schedules

- Satisfaction levels with most aspects of sailing schedules decreased in 2014. Noteworthy is the ability to connect with other sailings, changing from an overall 3.35 average down to 3.05 this year, as well as the rating for on-time departures on Route 19 which has declined from 3.89 to 2.69 this measure.

### Satisfaction with Safety

- Unchanged from 2013 are perceptions of safety of ferry operations (4.18).

### Satisfaction with Overall Value

- The overall value for money for fares in 2014 is an average of 2.76 this year, declining from 2.93 in 2013.

## Key Conclusions

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In summary, although customer satisfaction levels are consistent to the past year on most service aspects, decreases on all overall measures are registered in 2014 with value for money of fares the most notable decline.

The key areas of success in 2014 are in the following areas:

- Staff at the terminal and onboard
- All aspects of the ticket purchase
- Availability and cleanliness of terminal and onboard washrooms
- Cleanliness of pre-boarding and onboard lounge seating
- Appearance of terminals
- Variety/selection in onboard gift shop/ news stand
- Availability and cleanliness of seating area of onboard food/beverage services
- Availability of tourist and travel info
- Outside decks 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
- Ability to connect
- Ferry sailing frequent enough
- Latest ferry late enough

## Detailed Findings

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

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

| Ferry Routes Included in Customer Satisfaction Survey - 2014 |                                                         |
|--------------------------------------------------------------|---------------------------------------------------------|
| Route No.                                                    | Description of Route                                    |
| Route 1                                                      | Tsawwassen-Swartz Bay                                   |
| Route 2                                                      | Horseshoe Bay-Departure Bay                             |
| Route 3                                                      | Horseshoe Bay-Langdale                                  |
| Route 30                                                     | Tsawwassen-Duke Point                                   |
| Route 4                                                      | Swartz Bay-Fulford Harbour, Salt Spring Island          |
| Route 19                                                     | Departure Bay–Descanso Bay, Gabriola Island             |
| Route 5/9                                                    | Southern Gulf Islands (from Swartz Bay/from Tsawwassen) |

## Overall Satisfaction with BC Ferries

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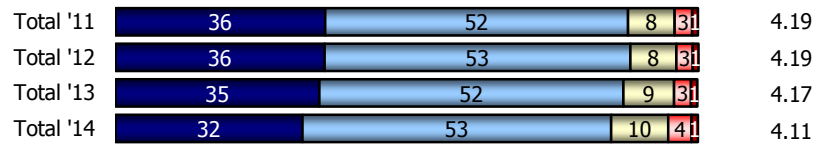
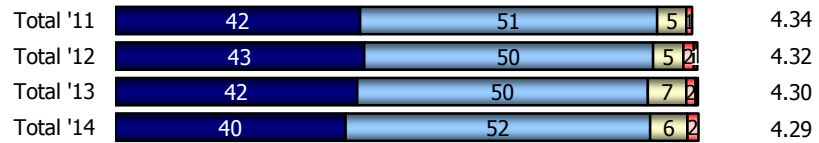
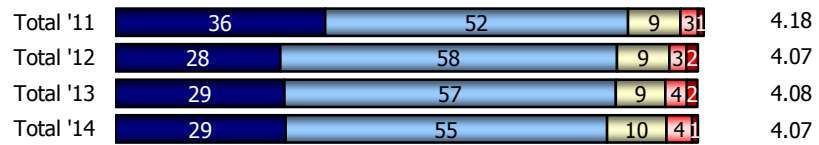
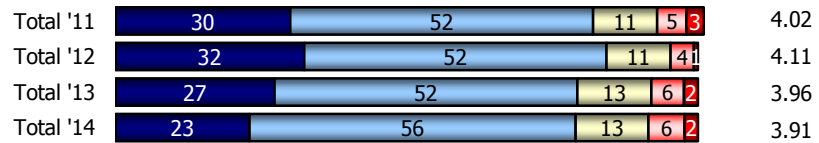
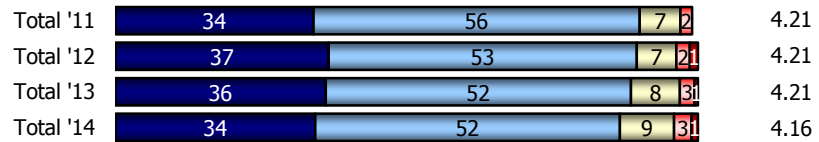
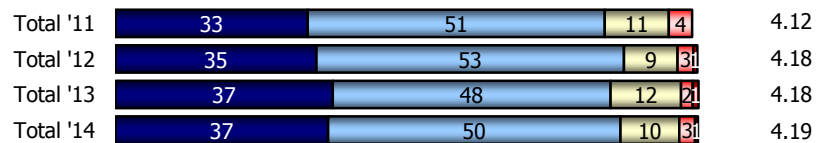
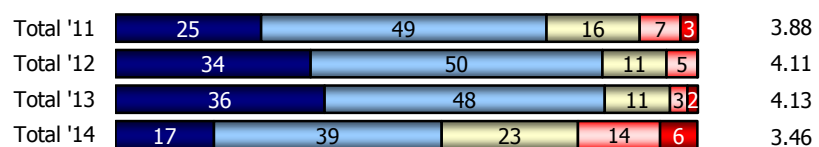
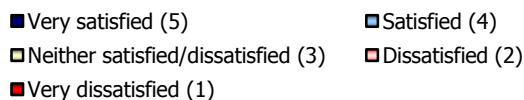
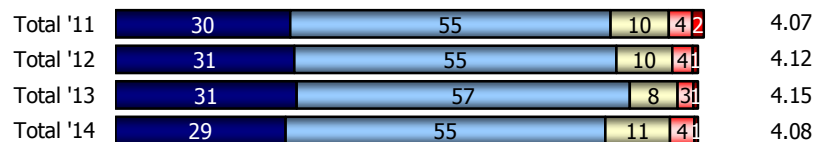
A total of 85% of passengers in 2014 reported to be satisfied overall with their experience travelling on BC Ferries, resulting in an average score of 4.11. These findings represent a slight decrease from that recorded in 2013 (4.17 average score, 87% satisfied).

The overall satisfaction scores have been stable by route except levels have weakened on Route 19 (3.46 average score, versus 4.13 in 2013).

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

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

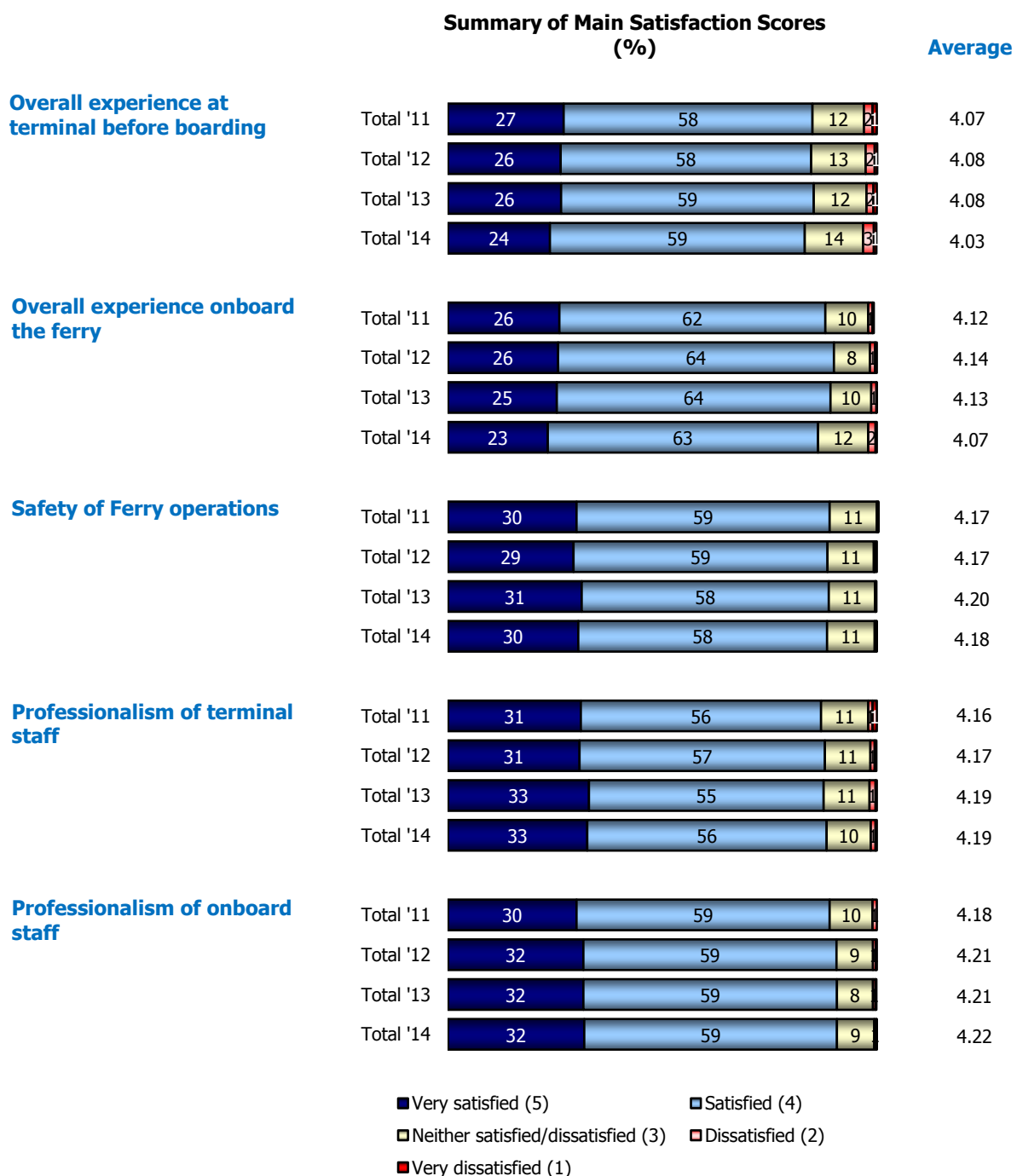
Average

**All BC Ferries Routes****Route 1****Route 2****Route 3****Route 30****Route 4****Route 19****Route 5/9**

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



The following chart summarizes the results from overall measures of each main point of contact and specifically with BC Ferries staff. There are decreases in overall terminal experience before boarding and onboard overall, however performance ratings remain stable on all other measures.



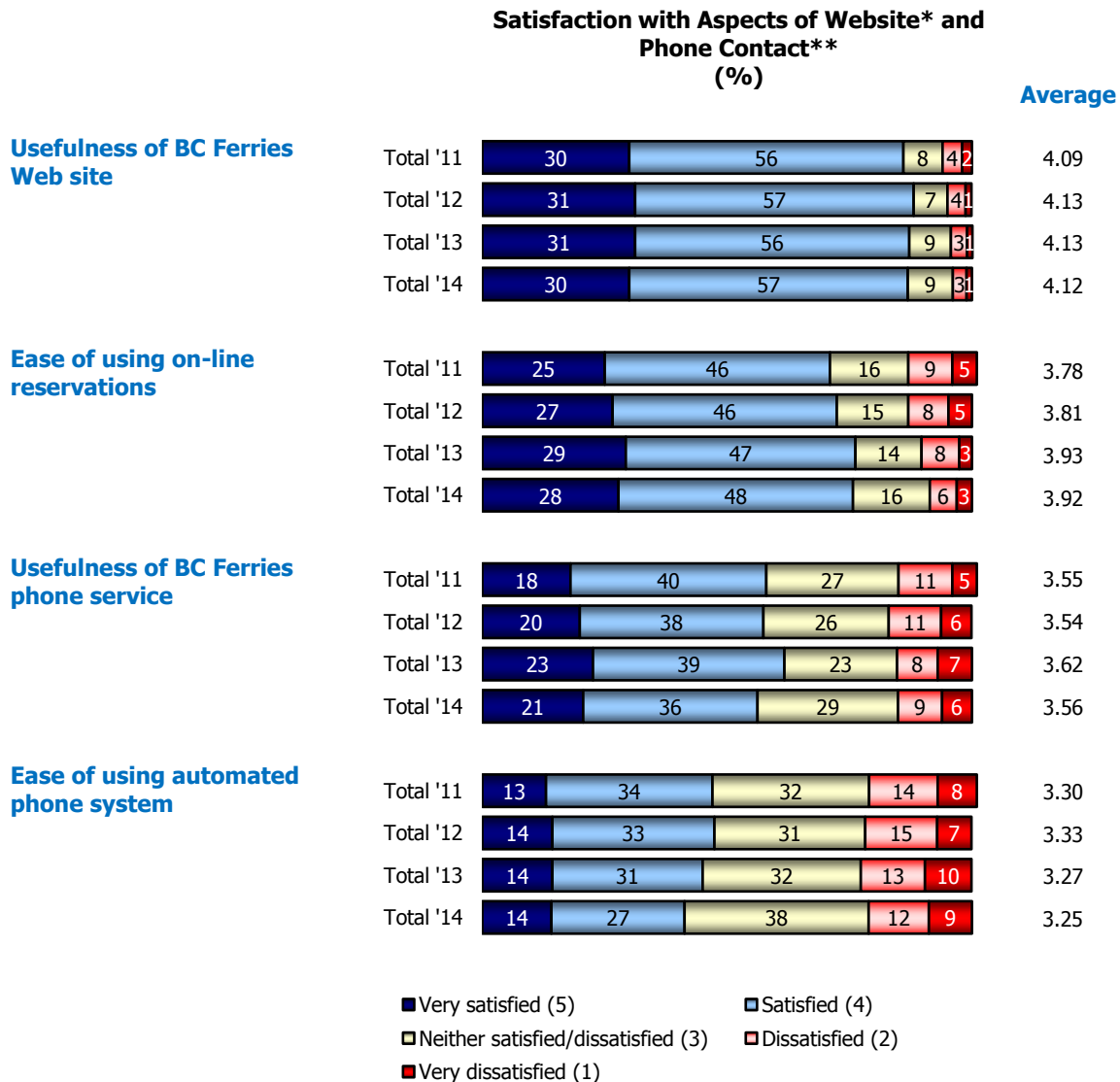
Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

## Before Arriving at Terminal

### Website and Phone Contact

Since the decline in satisfaction with the website and the on-line reservation system in 2011, ratings for each service aspect have stabilised.

Ratings are also consistent for *usefulness of BC Ferries phone service* and *ease of using the automated phone service*.



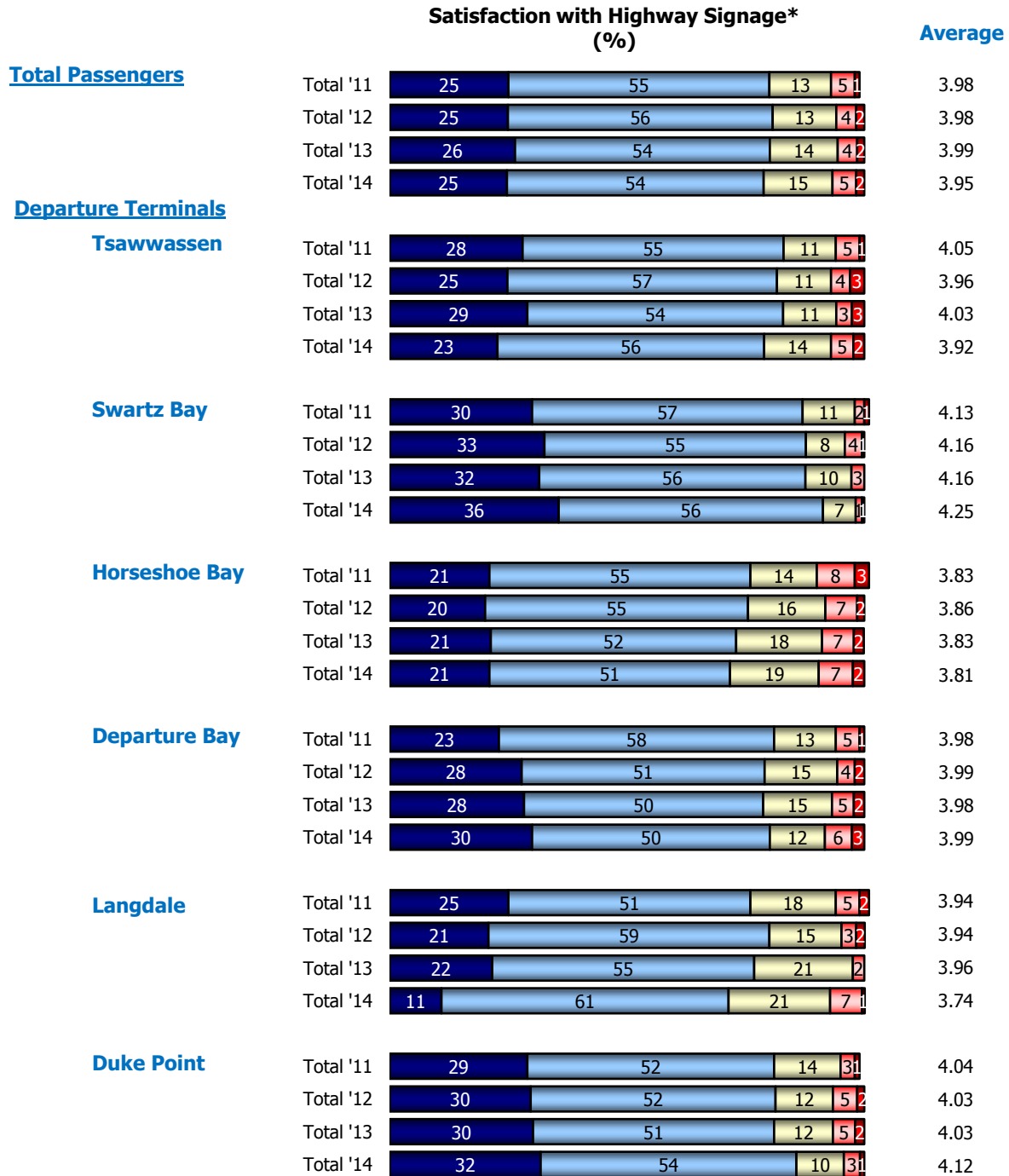
Q.2) Please rate how satisfied or dissatisfied you were with each of the following.

\* 69% usage web site, 33% for on-line reservations

\*\* 18% usage phone service, 15% for automated system

**Highway Signage**

The overall rating for highway signage is down slightly in 2014 (3.95) with Langdale registering the lowest average terminal score (3.74).



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

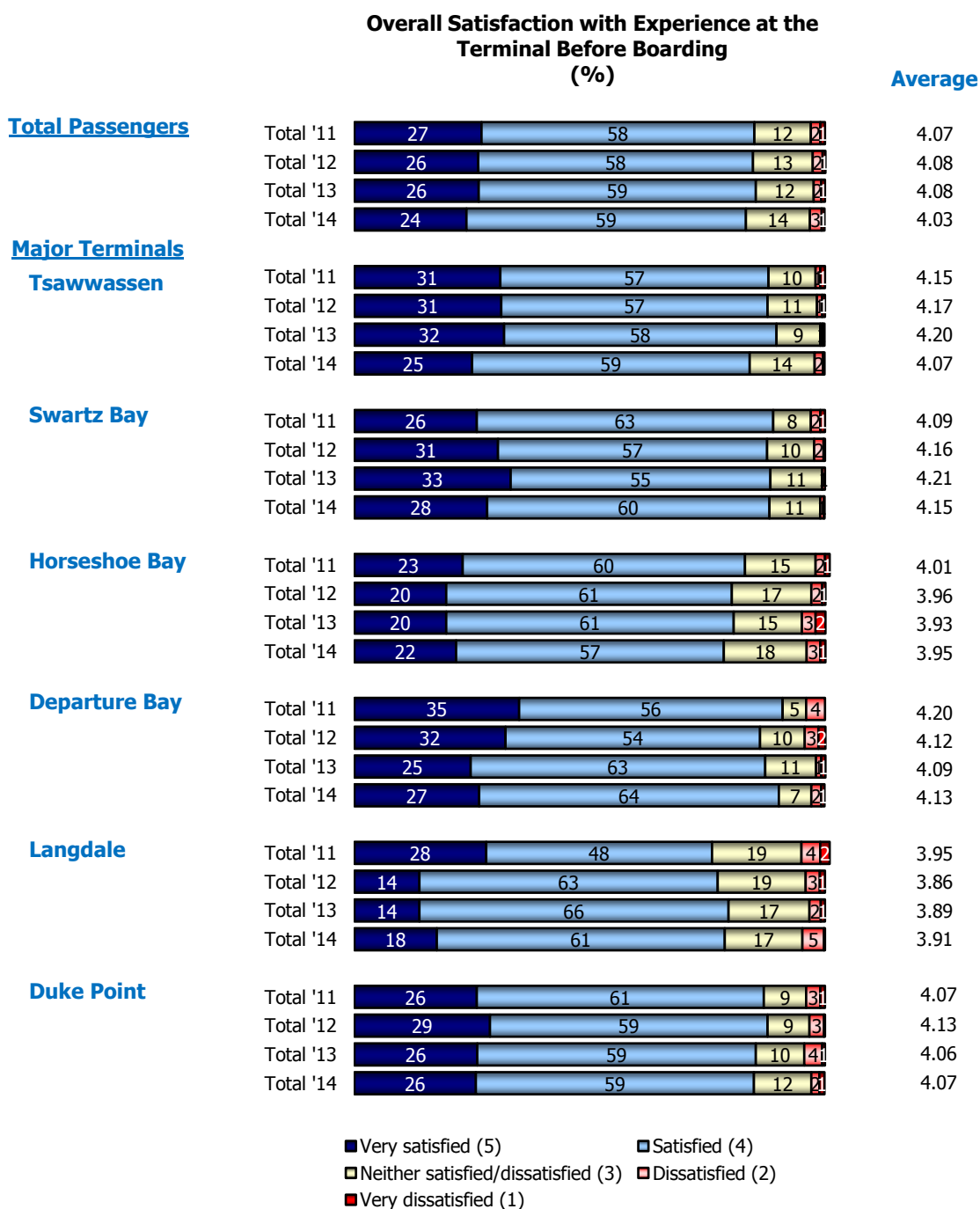
\* Usage: 78%

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

## At the Terminal

### Overall Experience at the Terminal

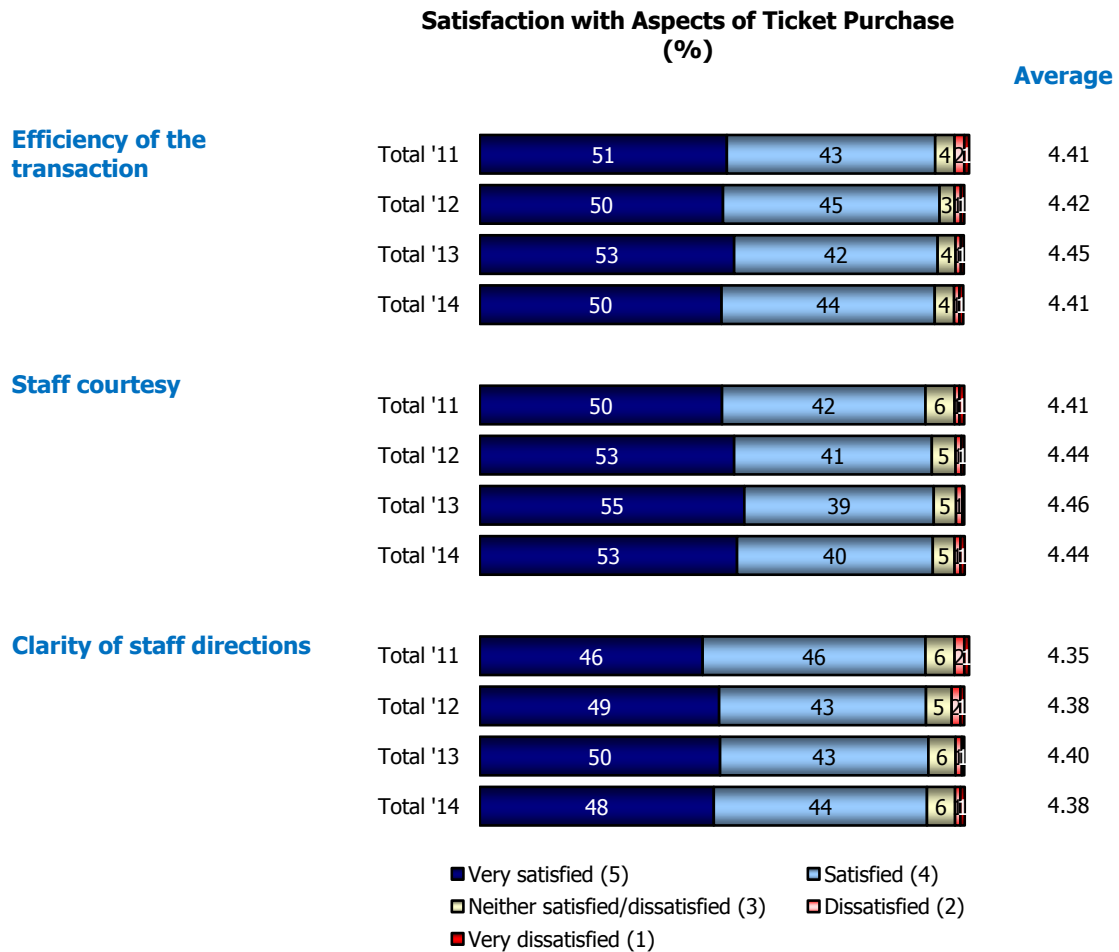
Overall satisfaction with the experience at the terminal before boarding has diminished somewhat (83% satisfied and an average score of 4.03 compared to 85% and 4.08 a year ago), with the decrease primarily at Tsawwassen (4.20 down to 4.07 in 2014).



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

### ***Ticket Purchase***

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

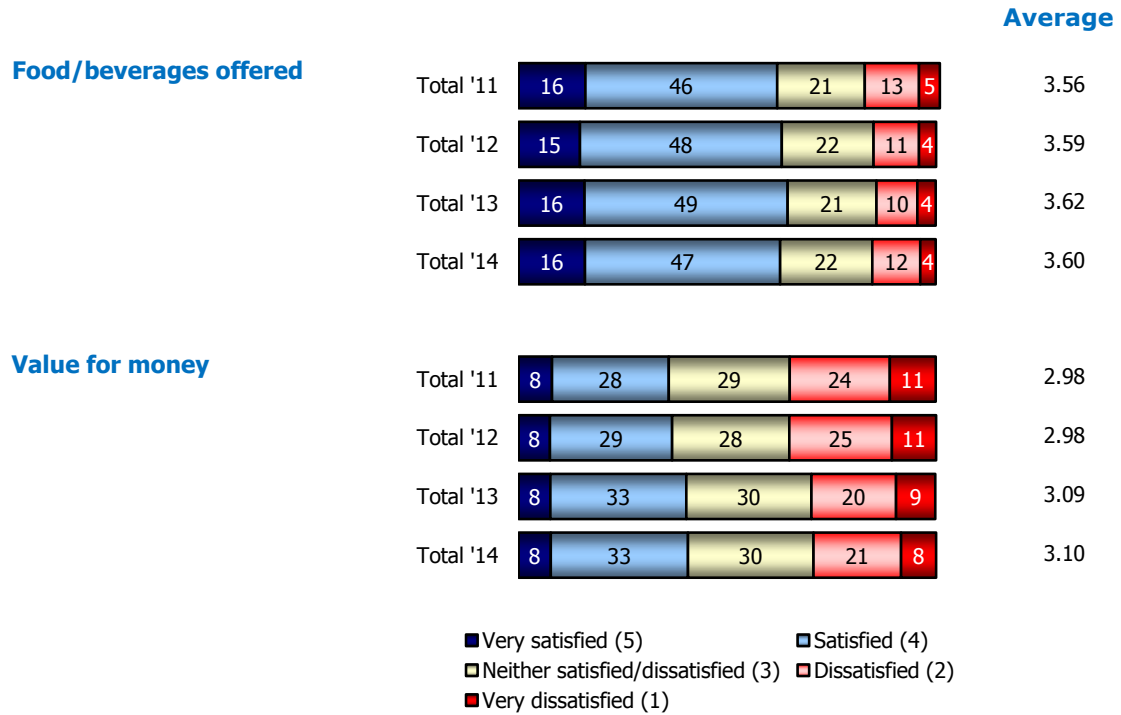


Q.3) Please rate how satisfied or dissatisfied you were with each of the following.

**Food/Beverage Services at Terminal**

Satisfaction levels with food and beverage services offered at terminals also continue to be stable.

**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.

\* 45% usage overall; excluding Route 19.

### Retail Services at Terminal

Satisfaction ratings with respect to the gift shop/news stand services and outdoor market area at the terminals in terms of *variety/selection of merchandise* has decreased slightly, with the Tsawwassen terminal registering the largest drop (4.02 down to 3.74). Retail value for money at this terminal has also diminished from 2013 (3.50 to 3.29).

#### Satisfaction with Aspects of Retail Services at Terminal\* (%)

Average

##### Gift Shop/News Stand at the Terminal - variety/selection of merchandise

|           |    |    |    |   |   |      |
|-----------|----|----|----|---|---|------|
| Total '11 | 21 | 51 | 21 | 5 | 2 | 3.83 |
| Total '12 | 23 | 50 | 21 | 4 | 2 | 3.87 |
| Total '13 | 22 | 49 | 22 | 5 | 1 | 3.86 |
| Total '14 | 19 | 51 | 21 | 6 | 2 | 3.80 |

##### Value for money

|           |    |    |    |    |   |      |
|-----------|----|----|----|----|---|------|
| Total '11 | 12 | 37 | 32 | 14 | 5 | 3.35 |
| Total '12 | 13 | 38 | 31 | 13 | 5 | 3.40 |
| Total '13 | 11 | 40 | 32 | 12 | 5 | 3.39 |
| Total '14 | 10 | 39 | 32 | 13 | 6 | 3.36 |

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

|           |    |    |    |    |   |      |
|-----------|----|----|----|----|---|------|
| Total '11 | 14 | 42 | 32 | 9  | 3 | 3.54 |
| Total '12 | 16 | 42 | 29 | 10 | 4 | 3.57 |
| Total '13 | 16 | 42 | 32 | 8  | 3 | 3.59 |
| Total '14 | 13 | 42 | 34 | 8  | 4 | 3.52 |

##### Value for money

|           |    |    |    |    |   |      |
|-----------|----|----|----|----|---|------|
| Total '11 | 9  | 33 | 39 | 12 | 6 | 3.28 |
| Total '12 | 11 | 34 | 37 | 13 | 6 | 3.30 |
| Total '13 | 10 | 33 | 40 | 12 | 4 | 3.33 |
| Total '14 | 9  | 36 | 40 | 10 | 5 | 3.33 |

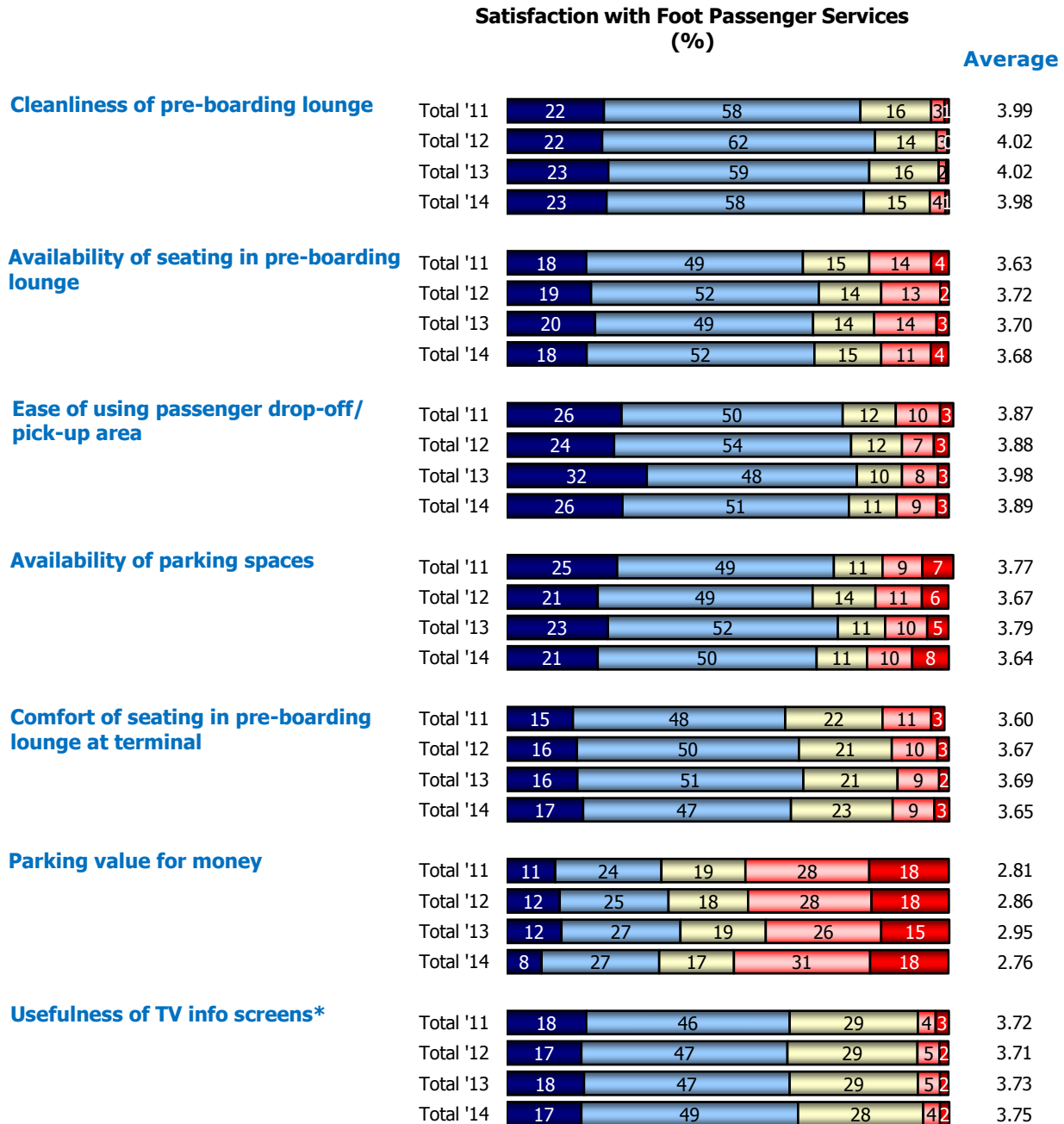
■ Very satisfied (5)      ■ Satisfied (4)  
 ■ Neither satisfied/dissatisfied (3)      ■ Dissatisfied (2)  
 ■ Very dissatisfied (1)

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

\* Usage: 36% gift shop, 24% outdoor market; excluding Route 19.

### Foot Passenger Services

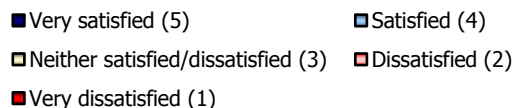
Slight decreases are recorded this year for foot passenger experience at the terminal before boarding in terms of ease of using the drop-off/pick up area, availability of parking spaces and parking value for money.



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

Usage: 33% are foot passengers (including bus).

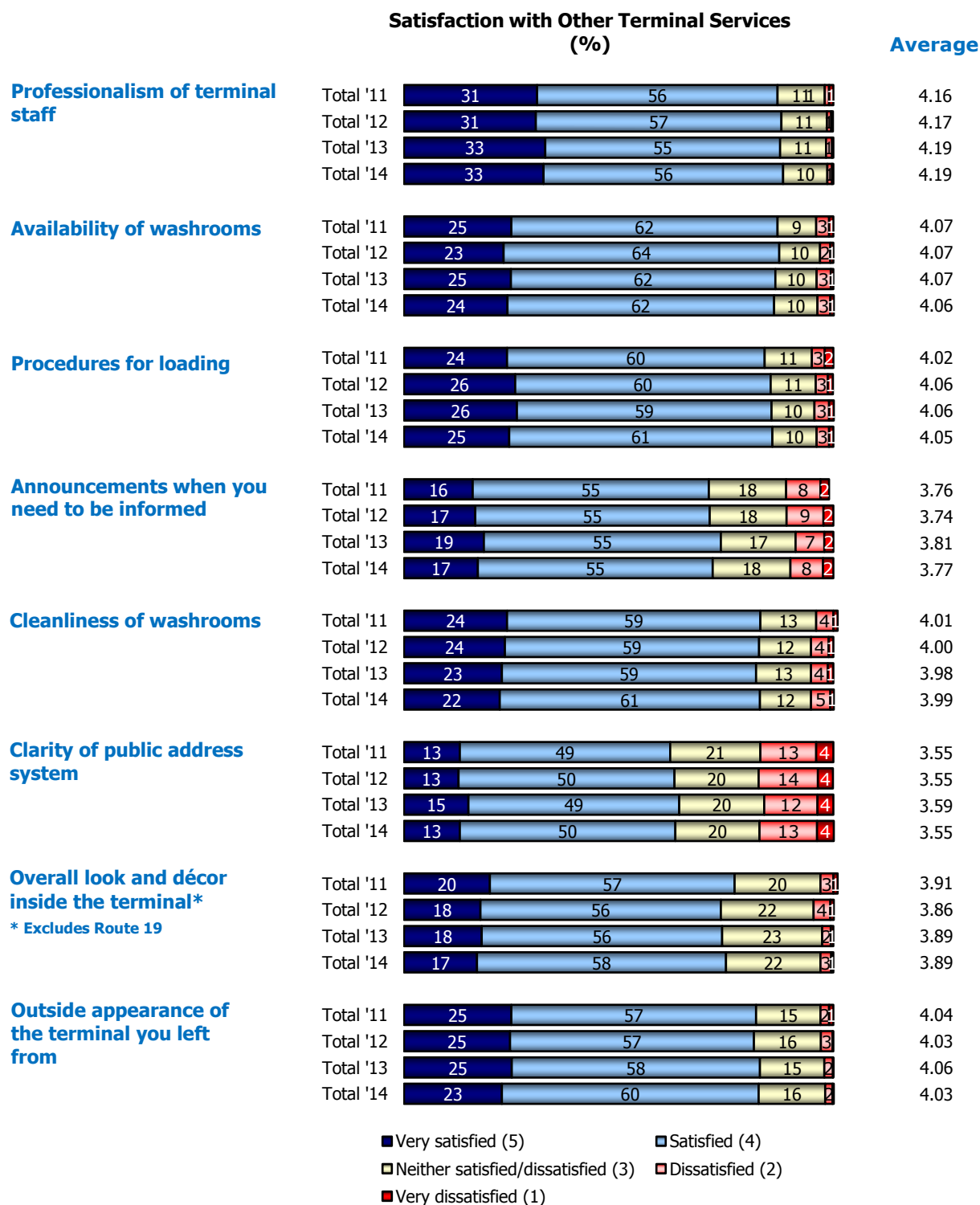
\* Excludes Routes 19 & 5/9.





### Other Terminal Services

Aside from a decrease in satisfaction for announcements at the terminal, levels have been stable on all other terminal services.



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

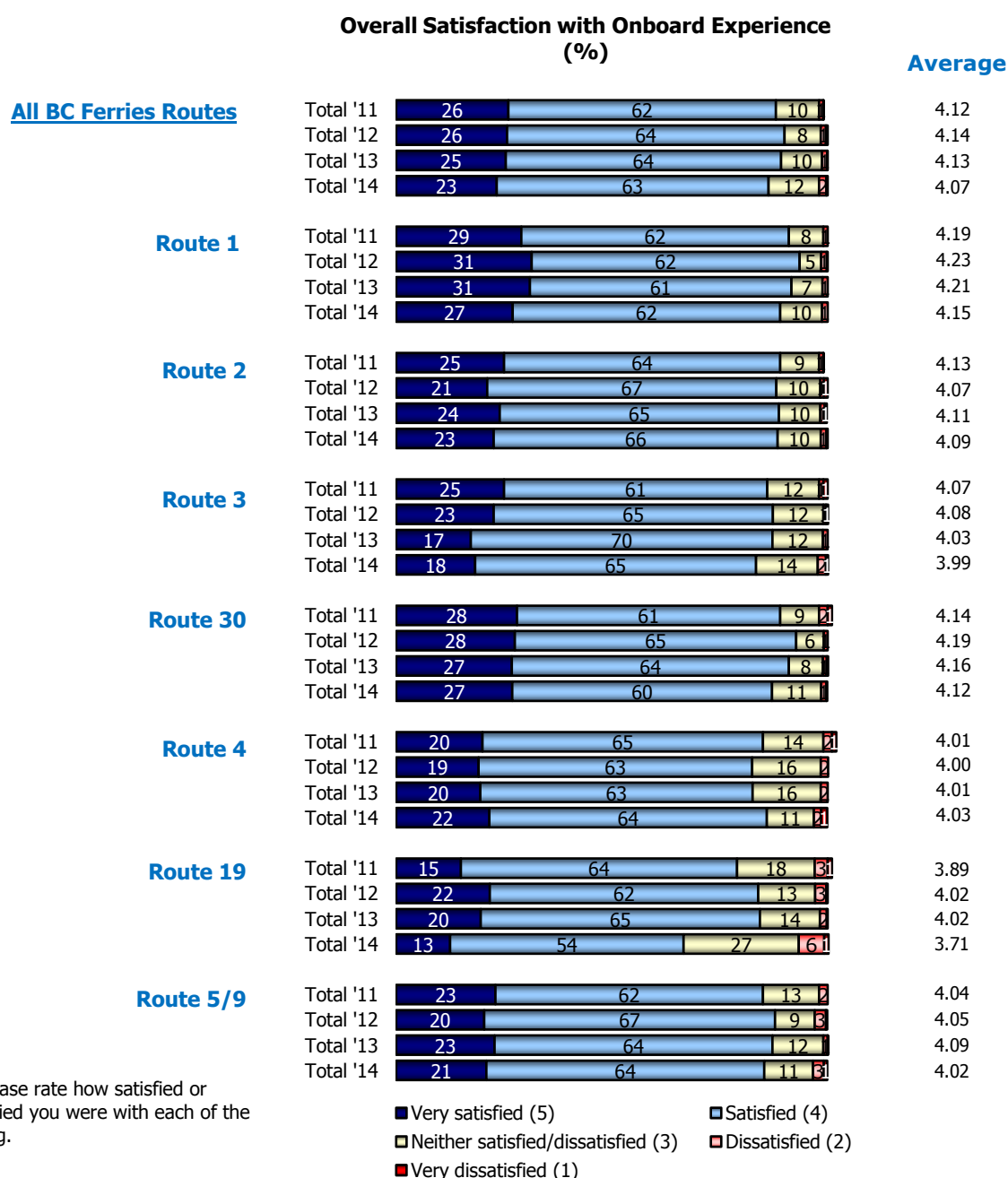
## Onboard Experience

### Overall Onboard Experience

A total of 86% of passengers in 2014 were satisfied with their overall experience onboard, for an overall rating of 4.07 on the 5-point scale, lower than the previous year (89% and 4.13 average).

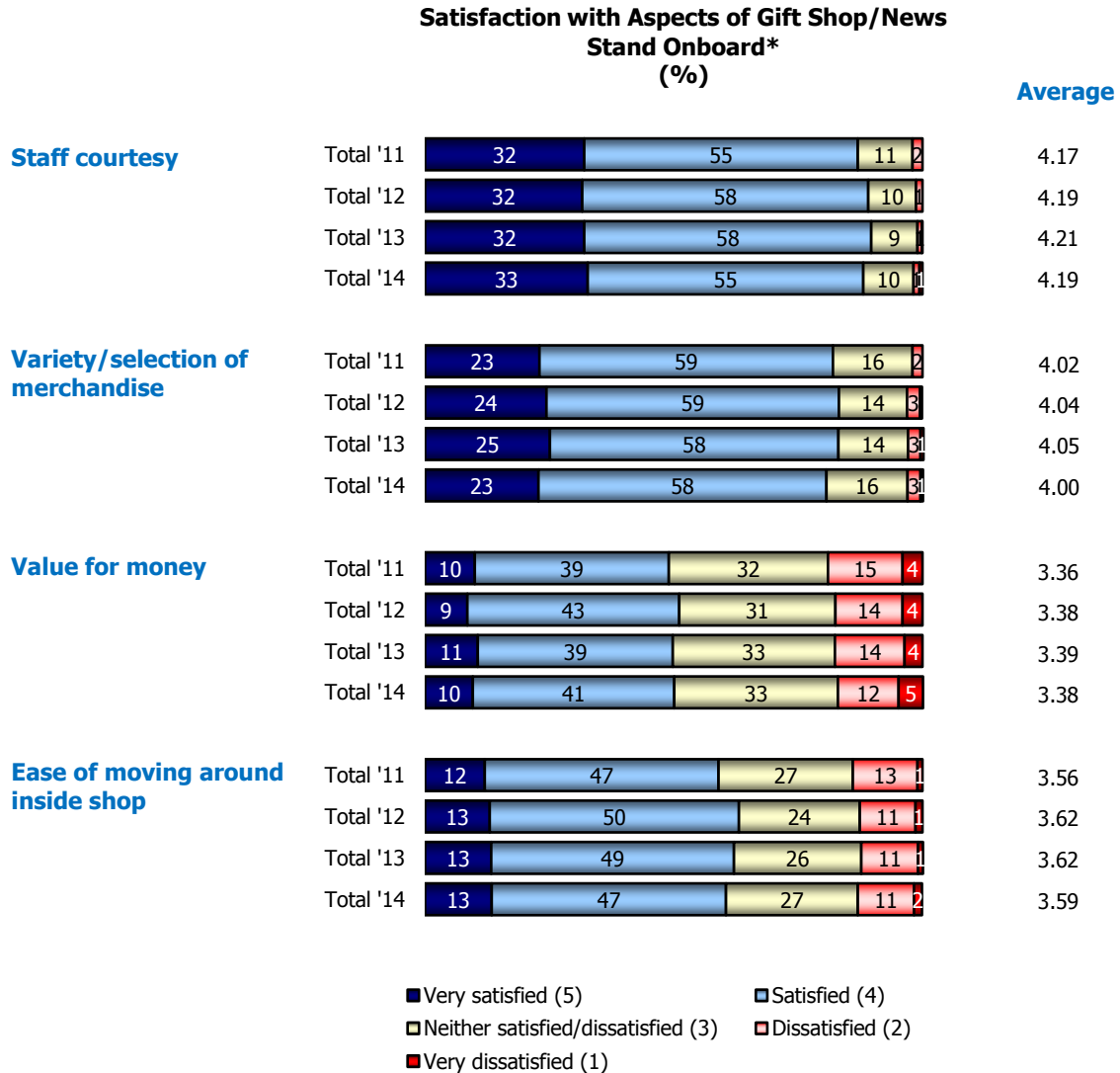
Onboard satisfaction by route has dropped significantly on Route 19 and slightly on the SGI routes (5/9).

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



**Onboard Gift Shop/News Stand**

Satisfaction ratings continue to be stable on different aspects of the onboard gift shop/news stand.



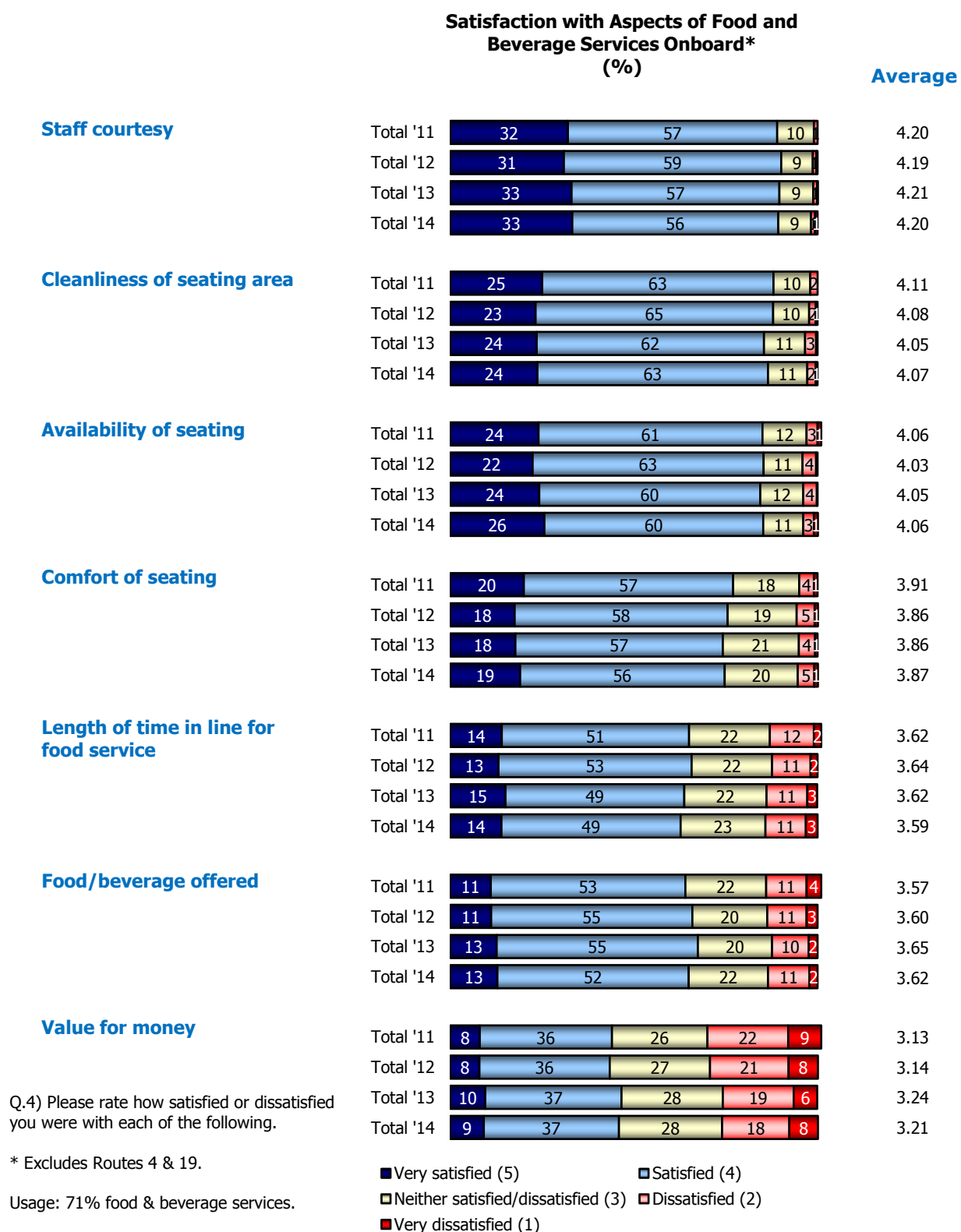
Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

\* Excludes Routes 4 & 19.

Usage: 55% gift shop/news stand.

**Onboard Food Services**

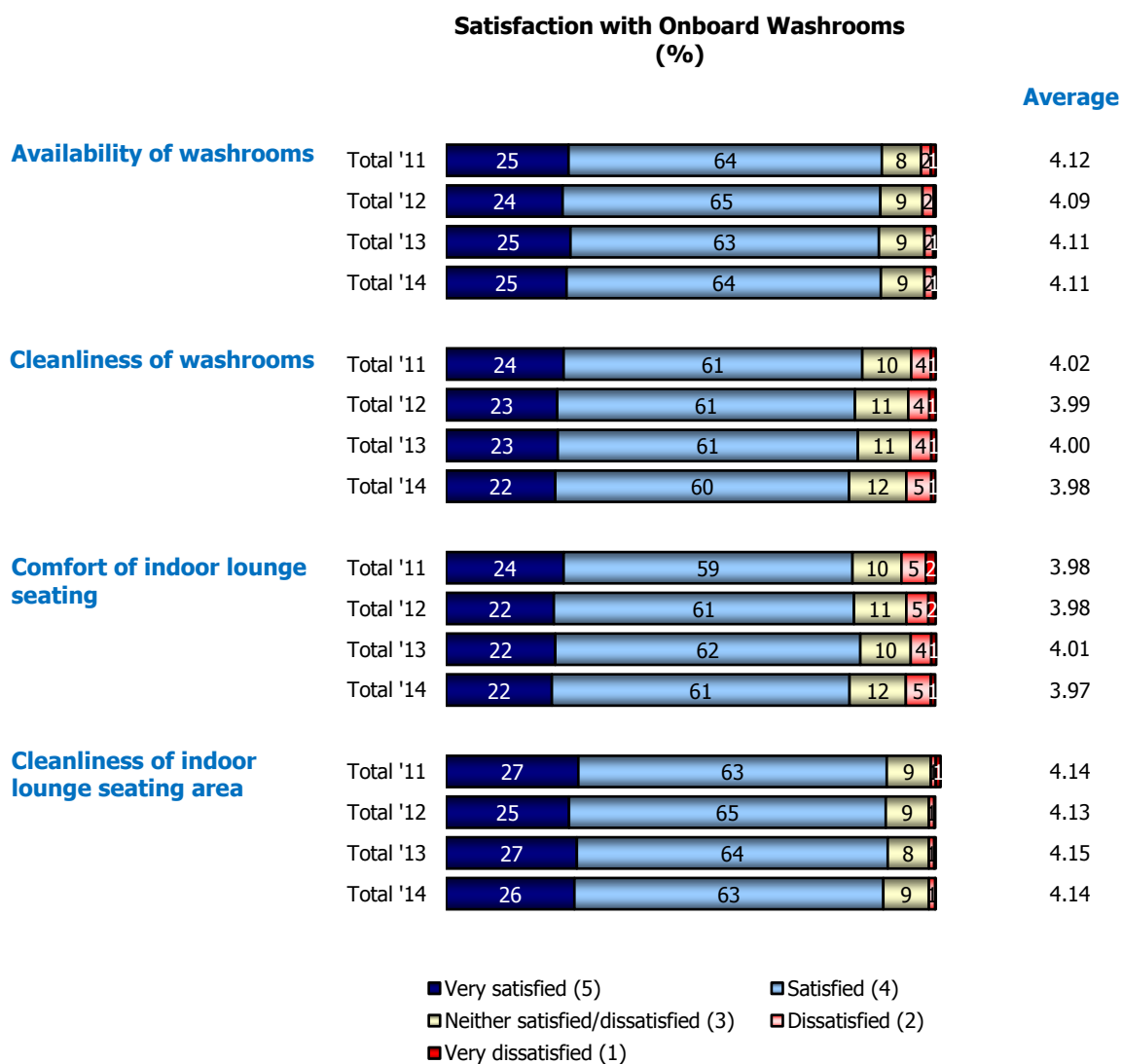
Also stable are satisfaction levels with onboard food services.



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

Ratings for availability and cleanliness of washrooms have been stable.

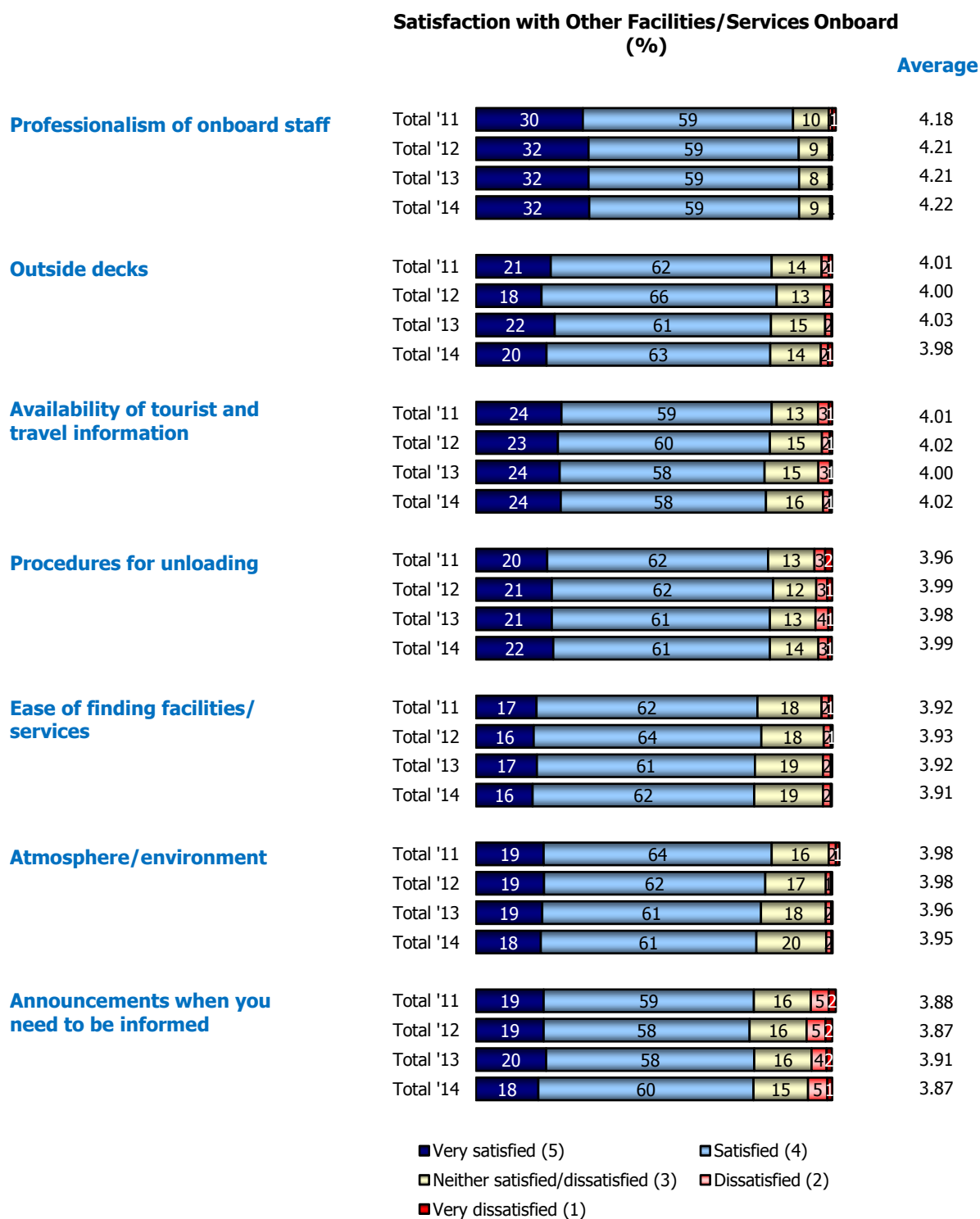
Furthermore, ratings are also relatively unchanged for onboard seating.



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

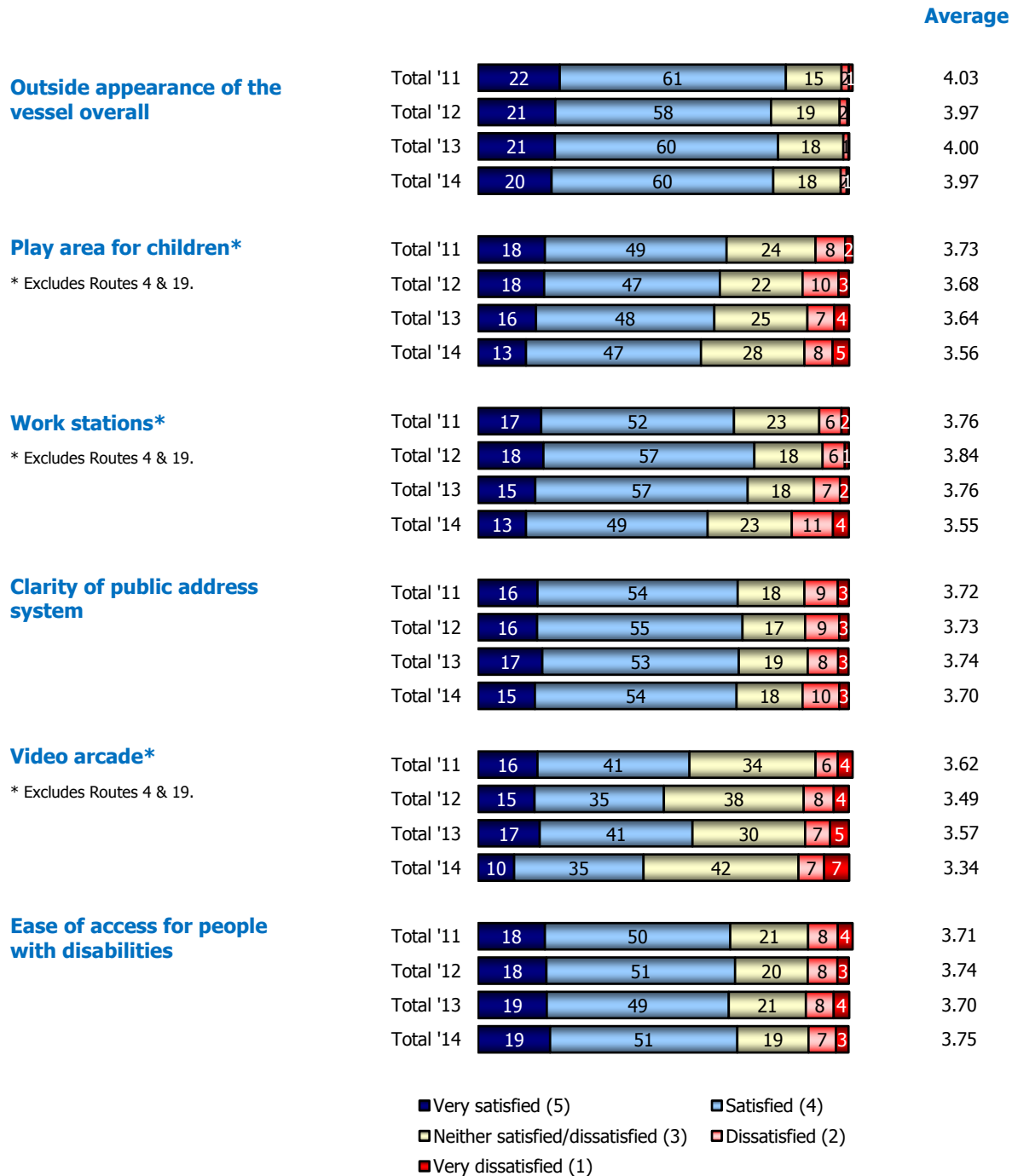
### Other Onboard Facilities/Services

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



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

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

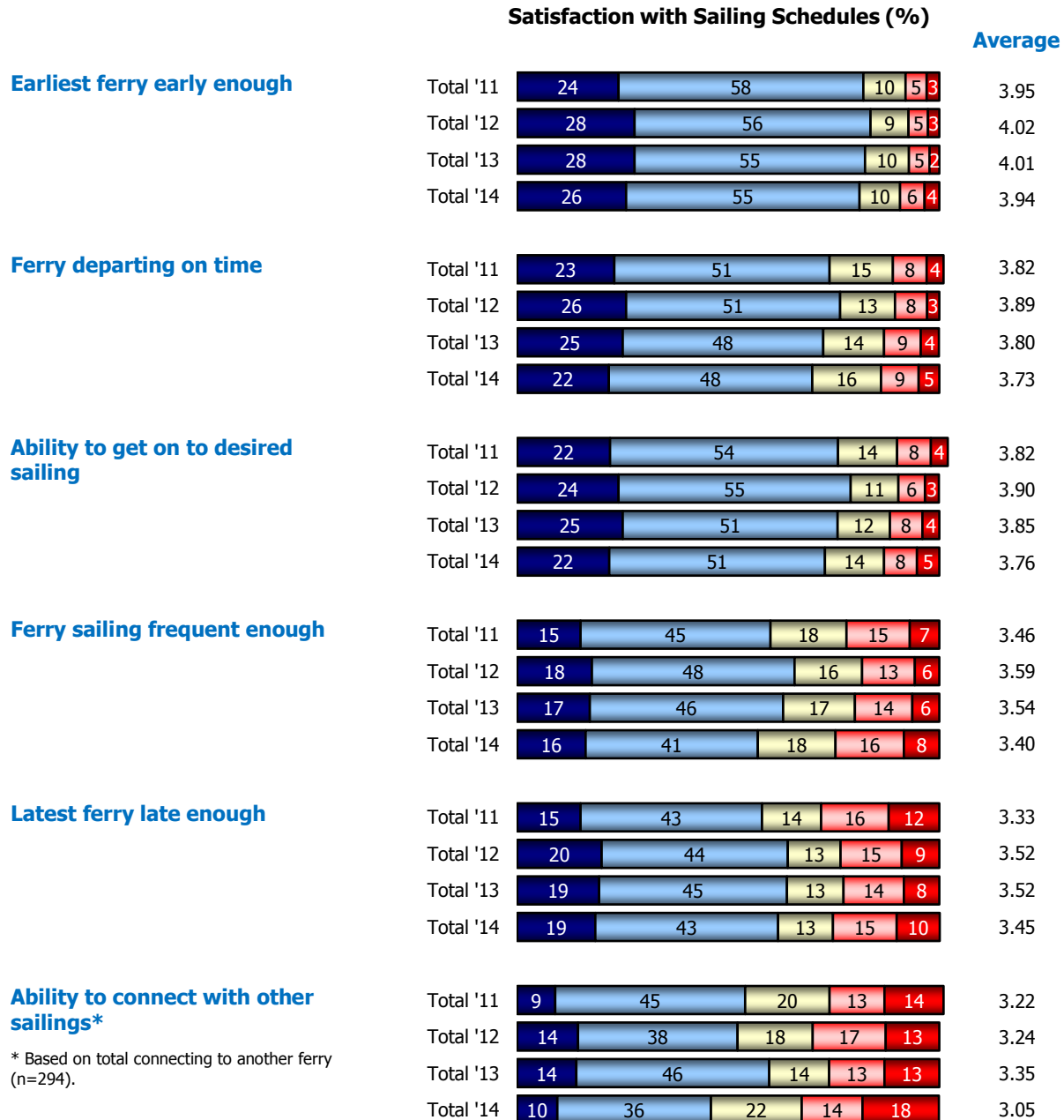


Q.4) Please rate how satisfied or dissatisfied you were with each of the following.

## Sailing Schedules

### Various Aspects of Sailing Schedules

Ratings with most aspects of sailing schedules diminished in 2014, most notably the ability to connect with other sailings (3.35 in 2013 down to 3.05).



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

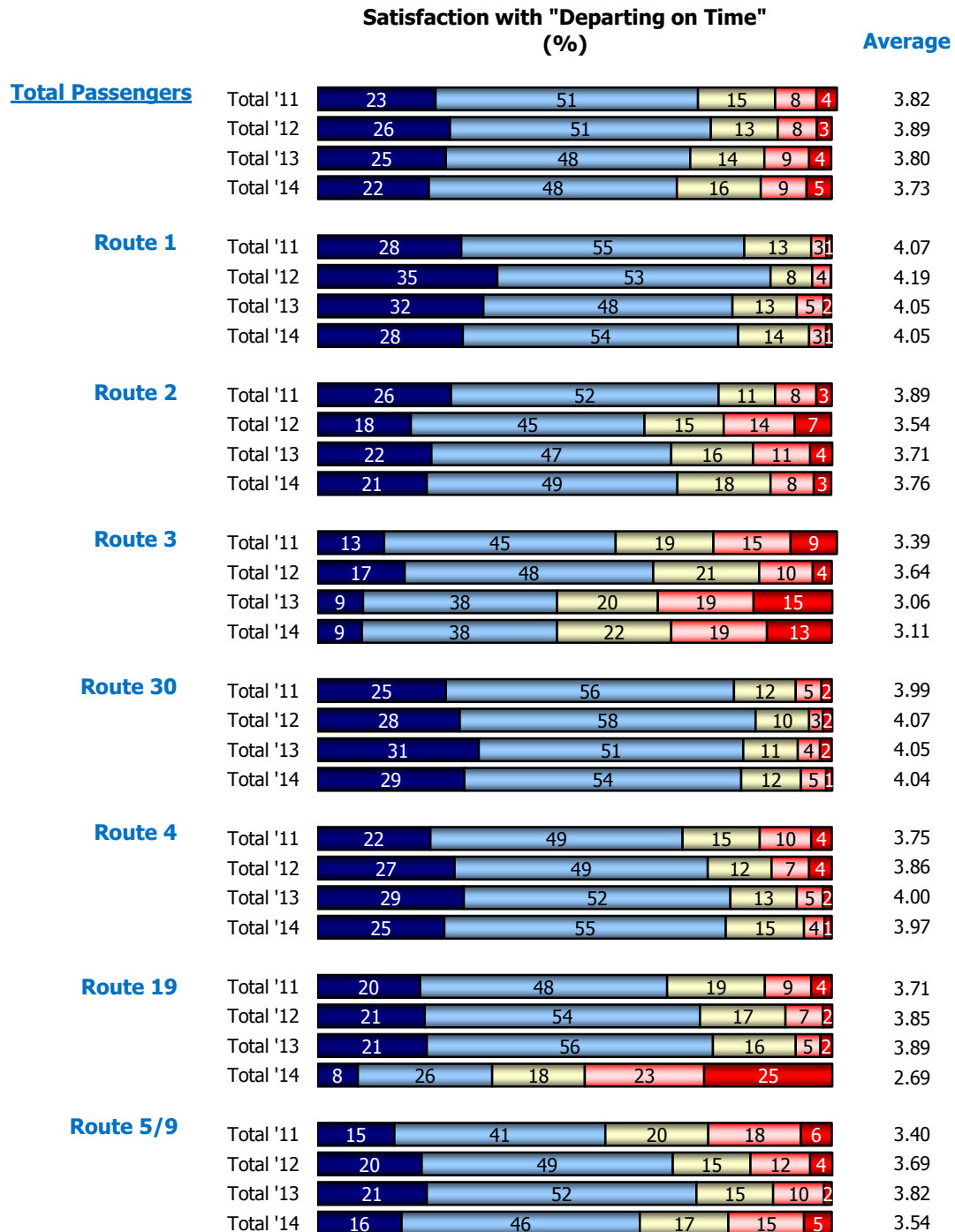
- Very satisfied (5)
- Satisfied (4)
- Neither satisfied/dissatisfied (3)
- Dissatisfied (2)
- Very dissatisfied (1)



### Departing on Time

The following chart details the ratings for “departing on time” by route. This year ratings have fallen on Route 5/9 and most notably on Route 19, declining from 3.89 last measure to 2.69 in 2014.

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

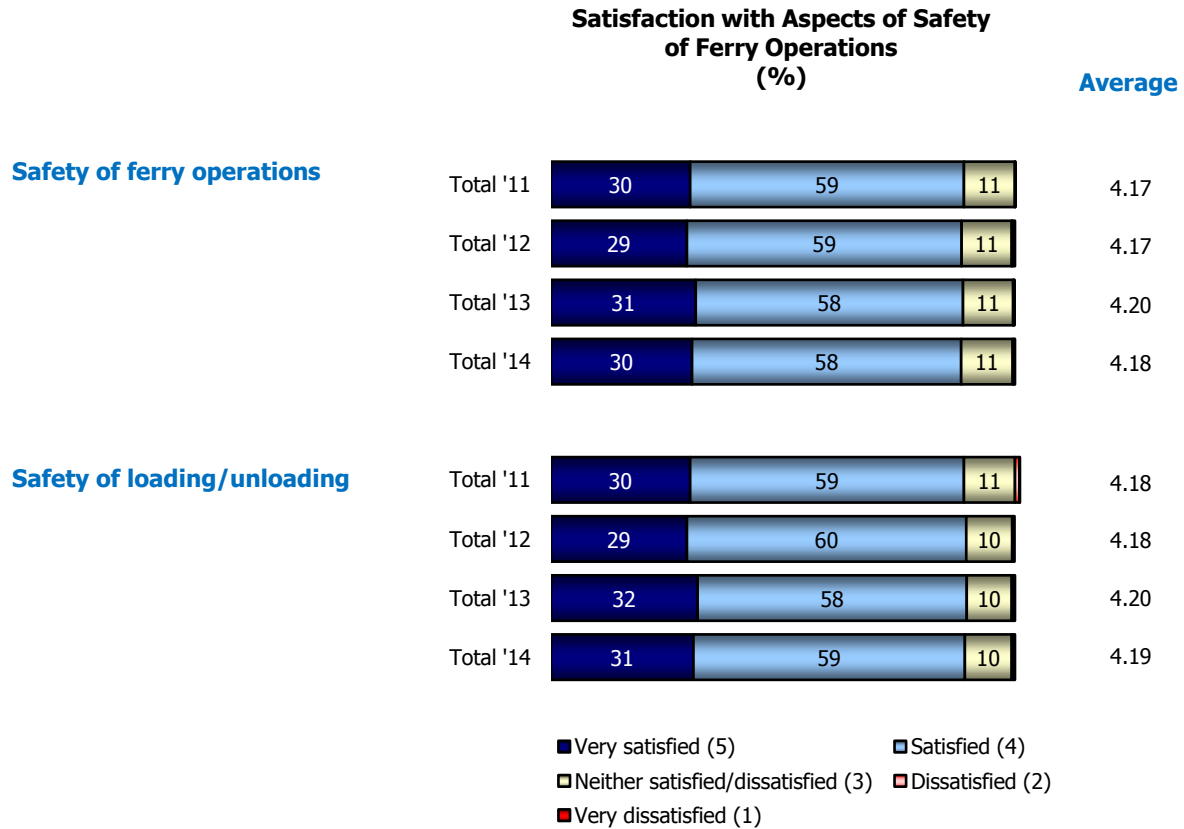


Q.5) Please rate how satisfied or dissatisfied you were with each of the following.

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

## Safety

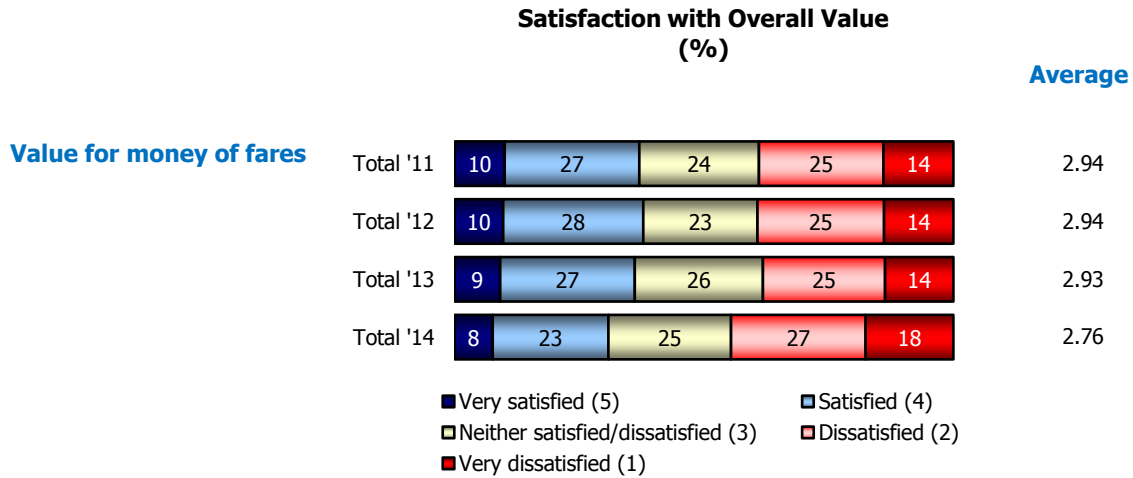
Perceptions of safety of ferry operations are consistent to the past year.



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

## Overall Value

The overall value for money for fares in 2014 has declined to a 2.76 average satisfaction score, down from 2.93 in 2013.



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

## Appendices

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

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| Ferry Routes Included in Customer Satisfaction Survey - 2014 |                                                         |
|--------------------------------------------------------------|---------------------------------------------------------|
| 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 2014<br>(See page 27 for Route Number Codes) |       |               |      |      |      |            |                |      |      |      |
|------------------------------------------------------------------------------------------------|-------|---------------|------|------|------|------------|----------------|------|------|------|
|                                                                                                |       | Larger Routes |      |      |      | Route<br>3 | Smaller Routes |      |      |      |
|                                                                                                | Total | Total         | 1    | 2    | 30   |            | Total          | 4    | 19   | 5/9  |
| <b>OVERALL EXPERIENCE</b>                                                                      |       |               |      |      |      |            |                |      |      |      |
| Trip overall                                                                                   | 4.11  | 4.20          | 4.29 | 4.07 | 4.16 | 3.91       | 3.92           | 4.19 | 3.46 | 4.08 |
| <b>BEFORE ARRIVING AT TERMINAL</b>                                                             |       |               |      |      |      |            |                |      |      |      |
| Usefulness of BC Ferries website                                                               | 4.12  | 4.14          | 4.11 | 4.17 | 4.15 | 4.13       | 4.01           | 4.12 | 3.87 | 4.03 |
| Ease of using on-line reservations                                                             | 3.92  | 3.95          | 4.00 | 3.91 | 3.87 | 3.85       | 3.85           | 3.83 | 3.64 | 3.95 |
| Usefulness of BC Ferries phone service                                                         | 3.56  | 3.62          | 3.73 | 3.51 | 3.53 | 3.34       | 3.56           | 3.55 | 2.70 | 3.86 |
| Ease of using automated phone service                                                          | 3.25  | 3.30          | 3.31 | 3.26 | 3.33 | 3.16       | 3.22           | 3.27 | 2.72 | 3.41 |
| Highway signage                                                                                | 3.95  | 4.03          | 4.09 | 3.94 | 4.00 | 3.72       | 3.81           | 4.09 | 3.58 | 3.76 |
| <b>TERMINAL EXPERIENCE</b>                                                                     |       |               |      |      |      |            |                |      |      |      |
| Terminal overall                                                                               | 4.03  | 4.08          | 4.11 | 4.04 | 4.09 | 3.94       | 3.92           | 4.01 | 3.66 | 4.04 |
| Outside appearance of the terminal                                                             | 4.03  | 4.10          | 4.12 | 4.09 | 4.06 | 3.87       | 3.91           | 3.94 | 3.65 | 4.06 |
| <b>Ticket Purchase</b>                                                                         |       |               |      |      |      |            |                |      |      |      |
| Efficiency of the transaction                                                                  | 4.41  | 4.46          | 4.49 | 4.42 | 4.44 | 4.26       | 4.34           | 4.37 | 4.27 | 4.36 |
| Staff courtesy                                                                                 | 4.44  | 4.47          | 4.48 | 4.44 | 4.50 | 4.31       | 4.42           | 4.39 | 4.40 | 4.44 |
| Clarity of staff directions                                                                    | 4.38  | 4.42          | 4.44 | 4.39 | 4.44 | 4.26       | 4.29           | 4.31 | 4.23 | 4.31 |
| <b>Food &amp; Beverage Services at the Terminal</b>                                            |       |               |      |      |      |            |                |      |      |      |
| Food beverages offered                                                                         | 3.60  | 3.67          | 3.73 | 3.58 | 3.65 | 3.36       | 3.37           | 3.32 | -    | 3.40 |
| Value for money                                                                                | 3.10  | 3.16          | 3.23 | 3.07 | 3.12 | 2.88       | 3.01           | 2.91 | -    | 3.06 |
| <b>Gift Shop/ News Stand at the Terminal</b>                                                   |       |               |      |      |      |            |                |      |      |      |
| Variety/ selection of merchandise                                                              | 3.80  | 3.81          | 3.79 | 3.82 | 3.83 | 3.85       | 3.57           | 3.46 | -    | 3.63 |
| Value for money                                                                                | 3.36  | 3.36          | 3.38 | 3.36 | 3.27 | 3.40       | 3.28           | 3.35 | -    | 3.24 |
| <b>Outdoor Market Area at the Terminal</b>                                                     |       |               |      |      |      |            |                |      |      |      |
| Variety/ selection of merchandise                                                              | 3.52  | 3.56          | 3.53 | 3.51 | 3.70 | 3.32       | 3.57           | 3.57 | -    | 3.57 |
| Value for money                                                                                | 3.33  | 3.35          | 3.35 | 3.28 | 3.44 | 3.24       | 3.35           | 3.36 | -    | 3.34 |
| <b>Other Terminal Services</b>                                                                 |       |               |      |      |      |            |                |      |      |      |
| Clarity of public address system                                                               | 3.55  | 3.59          | 3.54 | 3.62 | 3.65 | 3.49       | 3.44           | 3.65 | 3.07 | 3.51 |
| Announcements when you need to be informed                                                     | 3.77  | 3.81          | 3.80 | 3.82 | 3.85 | 3.69       | 3.63           | 3.79 | 3.27 | 3.70 |
| Overall look & décor inside terminal                                                           | 3.89  | 3.93          | 3.93 | 3.94 | 3.94 | 3.75       | 3.79           | 3.75 | -    | 3.81 |
| Availability of washrooms                                                                      | 4.06  | 4.09          | 4.11 | 4.04 | 4.16 | 4.04       | 3.93           | 4.04 | 3.76 | 3.99 |
| Cleanliness of washrooms                                                                       | 3.99  | 4.02          | 4.03 | 3.95 | 4.12 | 3.93       | 3.93           | 3.91 | 3.83 | 4.01 |
| Procedures for loading                                                                         | 4.05  | 4.12          | 4.15 | 4.06 | 4.16 | 3.91       | 3.91           | 4.05 | 3.80 | 3.90 |
| Professionalism of terminal staff                                                              | 4.19  | 4.23          | 4.27 | 4.15 | 4.25 | 4.07       | 4.15           | 4.17 | 4.16 | 4.14 |

continued...

| Average Satisfaction Ratings by Route – All Waves 2014     |       |               |      |      |      |            |                |      |      |      |
|------------------------------------------------------------|-------|---------------|------|------|------|------------|----------------|------|------|------|
| (See page 27 for Route Number Codes)                       |       |               |      |      |      |            |                |      |      |      |
|                                                            | Total | Larger Routes |      |      |      | Route<br>3 | Smaller Routes |      |      |      |
|                                                            |       | Total         | 1    | 2    | 30   |            | Total          | 4    | 19   | 5/9  |
| Foot Passenger Services at the Terminal                    |       |               |      |      |      |            |                |      |      |      |
| Usefulness of TV info screens                              | 3.75  | 3.78          | 3.80 | 3.72 | 3.82 | 3.63       | 3.59           | 3.59 | -    | -    |
| Availability of parking spaces                             | 3.64  | 3.80          | 3.85 | 3.64 | 4.04 | 3.89       | 2.82           | 3.32 | 1.99 | 3.63 |
| Parking value for money                                    | 2.71  | 2.61          | 2.61 | 2.53 | 2.80 | 3.26       | 2.76           | 2.67 | 2.77 | 2.79 |
| Ease of using passenger drop-off/ pick-up area             | 3.89  | 3.97          | 4.02 | 3.87 | 4.05 | 3.98       | 3.47           | 3.78 | 2.94 | 3.86 |
| Availability of seating in pre-boarding lounge at terminal | 3.68  | 3.65          | 3.57 | 3.64 | 4.01 | 3.80       | 3.69           | 4.07 | 3.23 | 3.91 |
| Comfort of seating in pre-boarding lounge at terminal      | 3.65  | 3.70          | 3.73 | 3.59 | 3.89 | 3.70       | 3.42           | 3.76 | 2.78 | 3.77 |
| Cleanliness of pre-boarding lounge                         | 3.98  | 3.98          | 3.98 | 3.97 | 4.04 | 4.01       | 3.96           | 4.15 | 3.62 | 4.13 |
| ONBOARD EXPERIENCE                                         |       |               |      |      |      |            |                |      |      |      |
| Onboard overall                                            | 4.07  | 4.12          | 4.15 | 4.09 | 4.12 | 3.99       | 3.93           | 4.03 | 3.71 | 4.02 |
| Gift Shop/ News Stand                                      |       |               |      |      |      |            |                |      |      |      |
| Variety/ selection of merchandise                          | 4.00  | 4.01          | 4.00 | 4.04 | 3.98 | 3.99       | 3.87           | -    | -    | 3.87 |
| Staff courtesy                                             | 4.19  | 4.19          | 4.18 | 4.21 | 4.20 | 4.18       | 4.16           | -    | -    | 4.16 |
| Ease of moving around inside shop                          | 3.59  | 3.60          | 3.65 | 3.47 | 3.68 | 3.57       | 3.63           | -    | -    | 3.63 |
| Value for money                                            | 3.38  | 3.37          | 3.39 | 3.38 | 3.33 | 3.40       | 3.37           | -    | -    | 3.37 |
| Food Services                                              |       |               |      |      |      |            |                |      |      |      |
| Length of time in line for food services                   | 3.59  | 3.58          | 3.57 | 3.54 | 3.71 | 3.59       | 3.70           | -    | -    | 3.70 |
| Food/ beverages offered                                    | 3.62  | 3.67          | 3.69 | 3.61 | 3.70 | 3.47       | 3.41           | -    | -    | 3.41 |
| Staff courtesy                                             | 4.20  | 4.20          | 4.20 | 4.17 | 4.28 | 4.16       | 4.24           | -    | -    | 4.24 |
| Availability of seating                                    | 4.06  | 4.05          | 4.02 | 4.01 | 4.20 | 4.11       | 4.01           | -    | -    | 4.01 |
| Comfort of seating                                         | 3.87  | 3.88          | 3.84 | 3.87 | 4.01 | 3.88       | 3.77           | -    | -    | 3.77 |
| Cleanliness of seating area                                | 4.07  | 4.06          | 4.01 | 4.09 | 4.16 | 4.13       | 3.96           | -    | -    | 3.96 |
| Value for money                                            | 3.21  | 3.25          | 3.29 | 3.16 | 3.26 | 3.09       | 3.10           | -    | -    | 3.10 |
| Washrooms                                                  |       |               |      |      |      |            |                |      |      |      |
| Availability of washrooms                                  | 4.11  | 4.15          | 4.18 | 4.10 | 4.18 | 4.06       | 3.94           | 3.98 | 3.77 | 4.02 |
| Cleanliness of washrooms                                   | 3.98  | 4.02          | 4.06 | 3.91 | 4.09 | 3.88       | 3.91           | 3.85 | 3.77 | 4.01 |
| Lounge Seating                                             |       |               |      |      |      |            |                |      |      |      |
| Comfort of indoor lounge seating                           | 3.97  | 4.03          | 4.09 | 3.92 | 4.04 | 4.03       | 3.63           | 3.42 | 3.37 | 3.87 |
| Cleanliness of indoor lounge seating area                  | 4.14  | 4.18          | 4.21 | 4.10 | 4.23 | 4.12       | 3.97           | 3.93 | 3.76 | 4.11 |

continued...

| Average Satisfaction Ratings by Route – All Waves 2014<br>(See page 27 for Route Number Codes) |       |               |      |      |      |       |                |      |      |      |
|------------------------------------------------------------------------------------------------|-------|---------------|------|------|------|-------|----------------|------|------|------|
|                                                                                                |       | Larger Routes |      |      |      | Route | Smaller Routes |      |      |      |
|                                                                                                | Total | Total         | 1    | 2    | 30   | 3     | Total          | 4    | 19   | 5/9  |
| <b>Other Onboard Facilities/ Services</b>                                                      |       |               |      |      |      |       |                |      |      |      |
| Play area for children                                                                         | 3.56  | 3.58          | 3.61 | 3.52 | 3.58 | 3.60  | 3.38           | -    | -    | 3.38 |
| Video arcade                                                                                   | 3.34  | 3.28          | 3.08 | 3.36 | 3.53 | 3.53  | 3.45           | -    | -    | 3.45 |
| Work stations                                                                                  | 3.55  | 3.50          | 3.48 | 3.42 | 3.68 | 3.69  | 3.75           | -    | -    | 3.75 |
| Outside decks                                                                                  | 3.98  | 4.04          | 4.07 | 4.00 | 4.03 | 3.93  | 3.84           | 3.95 | 3.62 | 3.95 |
| Outside appearance of the vessel overall                                                       | 3.97  | 4.03          | 4.08 | 3.91 | 4.07 | 3.85  | 3.84           | 3.95 | 3.71 | 3.88 |
| Availability of tourist and travel information                                                 | 4.02  | 4.09          | 4.13 | 4.04 | 4.06 | 3.95  | 3.80           | 3.93 | 3.34 | 4.01 |
| Ease of access, overall, for people with disabilities                                          | 3.75  | 3.92          | 4.03 | 3.75 | 3.89 | 3.60  | 3.37           | 3.74 | 3.04 | 3.48 |
| Ease of finding facilities/ services                                                           | 3.91  | 3.94          | 3.94 | 3.93 | 3.96 | 3.89  | 3.80           | 3.84 | 3.62 | 3.90 |
| Clarity of public address system                                                               | 3.70  | 3.75          | 3.68 | 3.79 | 3.91 | 3.72  | 3.44           | 3.76 | 2.94 | 3.59 |
| Announcements when you need to be informed                                                     | 3.87  | 3.92          | 3.88 | 3.94 | 4.00 | 3.83  | 3.69           | 3.86 | 3.25 | 3.85 |
| Atmosphere/ environment                                                                        | 3.95  | 4.00          | 4.01 | 3.96 | 4.06 | 3.90  | 3.75           | 3.82 | 3.48 | 3.90 |
| Procedures for unloading                                                                       | 3.99  | 4.06          | 4.10 | 3.99 | 4.11 | 3.85  | 3.84           | 4.00 | 3.66 | 3.87 |
| Professionalism with onboard staff                                                             | 4.22  | 4.25          | 4.27 | 4.23 | 4.26 | 4.13  | 4.15           | 4.19 | 4.11 | 4.16 |
| <b>Experience with the Sailing Schedule</b>                                                    |       |               |      |      |      |       |                |      |      |      |
| Earliest ferry earliest enough                                                                 | 3.94  | 3.99          | 3.93 | 4.07 | 4.00 | 3.92  | 3.78           | 4.02 | 3.59 | 3.77 |
| Latest ferry late enough                                                                       | 3.45  | 3.61          | 3.64 | 3.51 | 3.70 | 3.02  | 3.31           | 3.22 | 3.08 | 3.50 |
| Ferry sailing frequent enough                                                                  | 3.40  | 3.64          | 3.75 | 3.52 | 3.55 | 2.85  | 2.96           | 3.54 | 2.33 | 3.08 |
| Ability to get onto desired ferry                                                              | 3.76  | 3.87          | 3.95 | 3.77 | 3.85 | 3.50  | 3.56           | 3.89 | 2.79 | 3.91 |
| Ability to connect with other sailings<br>(based on those connecting)                          | 3.05  | 3.14          | 2.57 | 3.32 | 3.47 | 2.70  | 3.26           | 3.52 | 2.71 | 3.49 |
| Ferry departing on time                                                                        | 3.73  | 3.95          | 4.05 | 3.76 | 4.04 | 3.11  | 3.38           | 3.97 | 2.69 | 3.54 |
| <b>Safety</b>                                                                                  |       |               |      |      |      |       |                |      |      |      |
| Safety of ferry operations                                                                     | 4.18  | 4.22          | 4.26 | 4.16 | 4.22 | 4.07  | 4.12           | 4.22 | 4.05 | 4.12 |
| Safety of loading/unloading                                                                    | 4.19  | 4.23          | 4.28 | 4.18 | 4.21 | 4.07  | 4.12           | 4.22 | 4.05 | 4.12 |
| <b>OVERALL VALUE</b>                                                                           |       |               |      |      |      |       |                |      |      |      |
| Value for money of fares                                                                       | 2.76  | 2.83          | 2.92 | 2.77 | 2.67 | 2.64  | 2.61           | 2.80 | 2.32 | 2.70 |

| <b>TERMINAL ATTRIBUTES ONLY - Satisfaction Ratings by Terminal</b><br><b>- All Waves 2014 -</b> |              |                   |                   |                      |                      |                 |                   |
|-------------------------------------------------------------------------------------------------|--------------|-------------------|-------------------|----------------------|----------------------|-----------------|-------------------|
|                                                                                                 | <b>Total</b> | <b>Terminals</b>  |                   |                      |                      |                 |                   |
|                                                                                                 |              | <b>Tsawwassen</b> | <b>Swartz Bay</b> | <b>Horseshoe Bay</b> | <b>Departure Bay</b> | <b>Langdale</b> | <b>Duke Point</b> |
| <b>OVERALL EXPERIENCE</b>                                                                       |              |                   |                   |                      |                      |                 |                   |
| Trip overall                                                                                    | 4.11         | 4.16              | 4.41              | 4.02                 | 4.07                 | 3.86            | 4.16              |
| <b>TERMINAL EXPERIENCE</b>                                                                      |              |                   |                   |                      |                      |                 |                   |
| Terminal overall                                                                                | 4.03         | 4.07              | 4.15              | 3.95                 | 4.13                 | 3.91            | 4.07              |
| Outside appearance of the terminal                                                              | 4.03         | 4.09              | 4.12              | 3.94                 | 4.20                 | 3.82            | 4.08              |
| <b>Ticket Purchase</b>                                                                          |              |                   |                   |                      |                      |                 |                   |
| Efficiency of the transaction                                                                   | 4.41         | 4.47              | 4.49              | 4.33                 | 4.48                 | 4.22            | 4.44              |
| Staff courtesy                                                                                  | 4.44         | 4.46              | 4.51              | 4.37                 | 4.48                 | 4.27            | 4.50              |
| Clarity of staff directions                                                                     | 4.38         | 4.41              | 4.45              | 4.30                 | 4.45                 | 4.26            | 4.47              |
| <b>Food &amp; Beverage Services at the Terminal</b>                                             |              |                   |                   |                      |                      |                 |                   |
| Food beverages offered                                                                          | 3.60         | 3.71              | 3.72              | 3.43                 | 3.63                 | 3.41            | 3.58              |
| Value for money                                                                                 | 3.10         | 3.19              | 3.21              | 2.92                 | 3.11                 | 2.94            | 3.14              |
| <b>Gift Shop/ News Stand at the Terminal</b>                                                    |              |                   |                   |                      |                      |                 |                   |
| Variety/ selection of merchandise                                                               | 3.80         | 3.74              | 3.85              | 3.87                 | 3.77                 | 3.84            | 3.86              |
| Value for money                                                                                 | 3.36         | 3.29              | 3.44              | 3.34                 | 3.42                 | 3.40            | 3.36              |
| <b>Outdoor Market Area at the Terminal</b>                                                      |              |                   |                   |                      |                      |                 |                   |
| Variety/ selection of merchandise                                                               | 3.52         | 3.56              | 3.58              | 3.37                 | 3.58                 | 3.31            | 3.62              |
| Value for money                                                                                 | 3.33         | 3.28              | 3.43              | 3.25                 | 3.35                 | 3.16            | 3.46              |
| <b>Other Terminal Services</b>                                                                  |              |                   |                   |                      |                      |                 |                   |
| Clarity of Public address system                                                                | 3.55         | 3.47              | 3.62              | 3.52                 | 3.69                 | 3.48            | 3.82              |
| Announcements when you need to be informed                                                      | 3.77         | 3.72              | 3.86              | 3.71                 | 3.89                 | 3.71            | 3.98              |
| Overall look & décor inside terminal                                                            | 3.89         | 3.92              | 3.91              | 3.78                 | 4.06                 | 3.72            | 3.98              |
| Usefulness of TV info screens                                                                   | 3.73         | 3.74              | 3.81              | 3.68                 | 3.78                 | 3.53            | 3.94              |
| Availability of washrooms                                                                       | 4.06         | 4.06              | 4.15              | 3.99                 | 4.15                 | 3.99            | 4.22              |
| Cleanliness of washrooms                                                                        | 3.99         | 4.01              | 4.04              | 3.87                 | 4.06                 | 3.92            | 4.21              |
| Procedures for loading                                                                          | 4.05         | 4.09              | 4.21              | 3.96                 | 4.10                 | 3.93            | 4.19              |
| Professionalism of terminal staff                                                               | 4.19         | 4.22              | 4.30              | 4.10                 | 4.17                 | 4.09            | 4.30              |
| <b>Foot Passenger Services at the Terminal</b>                                                  |              |                   |                   |                      |                      |                 |                   |
| Availability of parking spaces                                                                  | 3.64         | 3.73              | 4.04              | 3.61                 | 3.81                 | 3.94            | 4.14              |
| Parking value for money                                                                         | 2.76         | 2.55              | 2.74              | 2.70                 | 2.71                 | 3.36            | 2.91              |
| Ease of using passenger drop-off/ pick-up area                                                  | 3.89         | 4.04              | 3.96              | 3.88                 | 4.04                 | 3.83            | 4.14              |
| Availability of seating in pre-boarding lounge at terminal                                      | 3.68         | 3.48              | 3.80              | 3.55                 | 3.98                 | 3.78            | 4.15              |
| Comfort of seating in pre-boarding lounge at terminal                                           | 3.65         | 3.73              | 3.72              | 3.53                 | 3.88                 | 3.59            | 4.03              |
| Cleanliness of pre-boarding lounge                                                              | 3.98         | 3.88              | 4.10              | 3.90                 | 4.17                 | 3.94            | 4.18              |
| <b>OVERALL VALUE</b>                                                                            |              |                   |                   |                      |                      |                 |                   |
| Value for money of fares                                                                        | 2.76         | 2.77              | 3.01              | 2.74                 | 2.69                 | 2.67            | 2.73              |



## Research Methodology

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### ***Background***

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

### ***Project Overview***

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

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

### ***Research Objectives***

The specific objectives are as follows:

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

### ***Quantitative Tracking Research***

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

Immediately following this “screener”, passengers are given a longer follow-up survey to complete *after* they disembark and leave the terminal area. The completed survey is returned in a postage pre-paid envelope. Respondents are instructed to complete the survey within 48 hours of receiving it to ensure top-of-mind experiences are recorded.

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

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

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

### ***Sample Size***

The total sample of placements was disproportionately distributed across larger and smaller routes to ensure a minimum number of interviews per route for reliability.

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

|                                                        | <b>All Waves 2014</b> |                |
|--------------------------------------------------------|-----------------------|----------------|
|                                                        | <b>Screeners</b>      | <b>Returns</b> |
| Route 1: Tsawwassen-Swartz Bay                         | 1,635                 | 638            |
| Route 2: Horseshoe Bay-Departure Bay                   | 2,100                 | 837            |
| Route 3: Horseshoe Bay-Langdale                        | 1,322                 | 544            |
| Route 30: Tsawwassen-Duke Point                        | 1,383                 | 701            |
| Route 4: Swartz Bay-Fulford Harbour, Saltspring Island | 1,118                 | 440            |
| Route 19: Departure Bay-Descanso Bay, Gabriola Island  | 1,024                 | 395            |
| Route 5/9: Southern Gulf Islands                       | 1,988                 | 883            |
| <b>TOTAL</b>                                           | <b>10,570</b>         | <b>4,438</b>   |

### ***Sample Validation and Weighting***

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

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

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

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

| Actual & Weighted Distribution of the Sample<br>–All Waves 2014 – |                         |                           |                        |                          |
|-------------------------------------------------------------------|-------------------------|---------------------------|------------------------|--------------------------|
|                                                                   | Screeners               |                           | Returns                |                          |
|                                                                   | Actual<br>(11,199)<br>% | Weighted<br>(11,199)<br>% | Actual<br>(4,952)<br>% | Weighted<br>(4,952)<br>% |
| <b>Weekend</b>                                                    |                         |                           |                        |                          |
| Route: 1                                                          | 5                       | 14                        | 5                      | 12                       |
| 2                                                                 | 6                       | 8                         | 6                      | 8                        |
| 3                                                                 | 3                       | 6                         | 3                      | 5                        |
| 30                                                                | 4                       | 3                         | 4                      | 3                        |
| 4                                                                 | 3                       | 1                         | 3                      | 1                        |
| 19                                                                | 3                       | 1                         | 2                      | 1                        |
| 5/9                                                               | 6                       | 2                         | 6                      | 2                        |
| <b>Weekday</b>                                                    |                         |                           |                        |                          |
| Route: 1                                                          | 10                      | 24                        | 10                     | 23                       |
| 2                                                                 | 14                      | 14                        | 13                     | 14                       |
| 3                                                                 | 9                       | 11                        | 9                      | 11                       |
| 30                                                                | 9                       | 6                         | 12                     | 8                        |
| 4                                                                 | 8                       | 3                         | 7                      | 3                        |
| 19                                                                | 7                       | 4                         | 7                      | 4                        |
| 5/9                                                               | 13                      | 4                         | 14                     | 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 2013.

| Response Rates               |            |
|------------------------------|------------|
| <b><u>All Waves 2014</u></b> |            |
| Route 1                      | 39%        |
| Route 2                      | 40%        |
| Route 3                      | 41%        |
| Route 30                     | 51%        |
| Route 4                      | 39%        |
| Route 19                     | 39%        |
| Route 5/9                    | 44%        |
| <b>Overall response</b>      | <b>42%</b> |

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

| Tolerance Limits –All Waves 2014 |                                      |                                                             |
|----------------------------------|--------------------------------------|-------------------------------------------------------------|
|                                  | <b><u>Actual<br/>Sample Size</u></b> | <b><u>Approximate<br/>Tolerance Limits<br/>% Points</u></b> |
| Total Screeners                  | 10,570                               | +/- 1.0 %                                                   |
| Total Returns                    | 4,438                                | +/- 1.5 %                                                   |
| <b>Individual Route Returns</b>  |                                      |                                                             |
| Route 1                          | 638                                  | +/- 3.9%                                                    |
| Route 2                          | 837                                  | +/- 3.4%                                                    |
| Route 3                          | 544                                  | +/- 4.2%                                                    |
| Route 30                         | 701                                  | +/- 3.7%                                                    |
| Route 4                          | 440                                  | +/- 4.7%                                                    |
| Route 19                         | 395                                  | +/- 4.9%                                                    |
| Route 5/9                        | 883                                  | +/- 3.3%                                                    |

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# **Complaints Resolution Report**

**Year Ended March 31, 2015**

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# Complaints Resolution Report Fiscal 2015

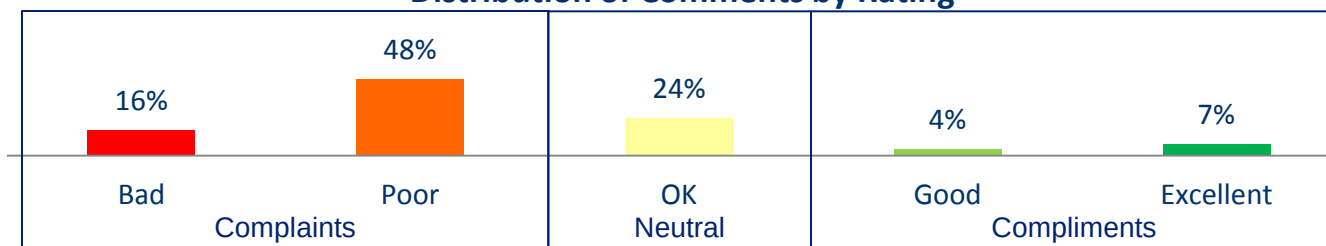




# Feedback Summary

- During fiscal 2015, 19.8 million customers travelled with BC Ferries
  - BC Ferries received 7,869 comments in fiscal 2015
  - The average time to respond to customers was 3.6 days in fiscal 2015

**Distribution of Comments by Rating**

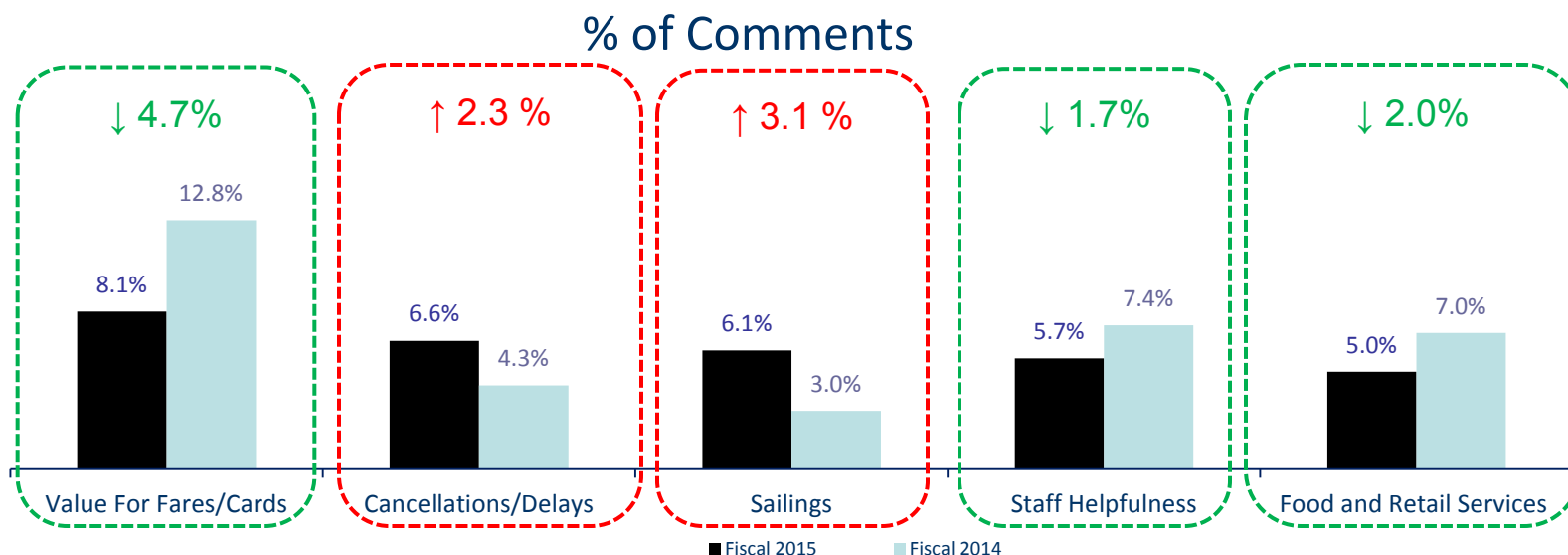


- Customer initiated feedback tends to be negative. Eleven percent (11%) of all customer feedback received in fiscal 2015 was complimentary
- “Value for Fare/Cards” was the top issue: 588 complaints\* were made, representing 8.1% of the total comments received in fiscal 2015
  - Top 5 complaints combined represent 32% of all complaints received in fiscal 2015
- “General” comments are excluded from this analysis, along with comments with no rating:
  - 530 “General” comments were received which were primarily made up of Company Information (355), Community Issues (139) Environment (36) and 124 comments were provided with no rating
- Based on customer feedback, improvements were made to the online feedback form in October 2014. This resulted in some reorganization and changes to the feedback categories and areas to rate, impacting feedback volumes in the Categories Groups and Attributes

\*Complaints = “bad” or “poor” rating accompanied by a comment  
 Note: Fiscal 2015 = April 1, 2014 to March 31, 2015

# Top Complaints: Corporate

| # | Complaint                | Fiscal 2015 |                         | Fiscal 2014 |                         |
|---|--------------------------|-------------|-------------------------|-------------|-------------------------|
|   |                          | Complaints* | % of Comments (n=7,215) | Complaints  | % of Comments (n=7,652) |
| 1 | Value For Fares/Cards    | 588         | 8.1 %                   | 977         | 12.8%                   |
| 2 | Cancellations/Delays     | 477         | 6.6 %                   | 322         | 4.3%                    |
| 3 | Sailings                 | 442         | 6.1 %                   | 229         | 3.0%                    |
| 4 | Staff Helpfulness        | 411         | 5.7 %                   | 567         | 7.4%                    |
| 5 | Food and Retail Services | 361         | 5.0 %                   | 532         | 7.0%                    |



Note: Fiscal 2014 = April 1, 2013 to March 31, 2014

# Value For Fares/Cards

## Sample of Customer Comments:

### Complaints

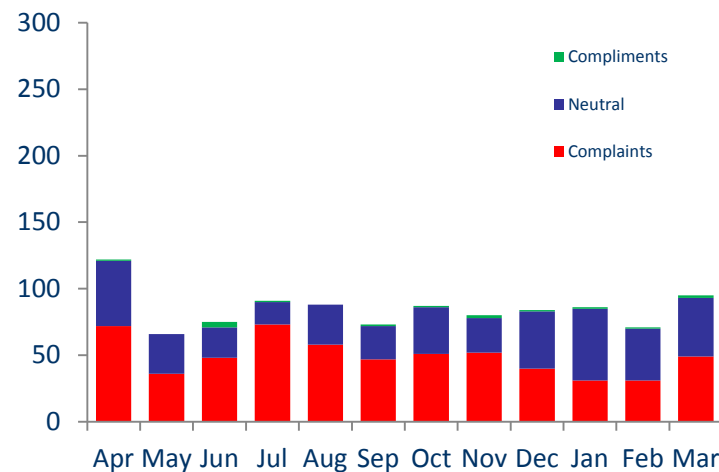
- “Given the huge decrease in fuel costs and while I appreciate the fuel surcharge being dropped ... when will we see a fuel discount added to the fares? I suggest if fares can be added to for rising fuel, equally and fairly they should be discounted for fuel if we see substantial reductions.”
- “The fare from Vancouver to Nanaimo is breathtaking. I am a pensioner and it costs over \$200 to go across the Salish Sea for a weekend. That is 15% of my entire income for the month. I am so angry! So what am I to do? Eat less?”
- “I just wanted to ask a question about the method of pricing BC Ferries uses. I want to understand why you charge the same for tourist and locals. I feel that the locals should be offered a ‘local’ rate so that the ferries are more accessible to them.”

### Compliments

- “I wanted to express my satisfaction with the summer ‘size up the savings’ program. I usually travel Sidney to Anacortes but due to the summer trailer promotion, I will be traveling with BC Ferries. Great savings!”

## Value For Fares / Cards includes:

| Group / Attribute                | Complaints   | Neutral      | Compliments  |
|----------------------------------|--------------|--------------|--------------|
| Fares: Value for Fares Paid      | 260          | 50           | 3            |
| Fares: Experience Card           | 111          | 127          | 3            |
| Fares: Discount Fares/Promotions | 84           | 114          | 8            |
| Fares: Errors                    | 83           | 52           | 0            |
| Fares: Assured Loading Card      | 35           | 67           | 1            |
| Fares: Credit/Debit Card         | 15           | 5            | 0            |
| <b>% of all comments (7,215)</b> | <b>8.1 %</b> | <b>5.8 %</b> | <b>0.2 %</b> |



# Value For Fares/Cards

## Root Cause:

Fares: On April 1, 2014, BC Ferries adjusted its tariffs in accordance with the price cap increases set by the British Columbia Ferries Commissioner (“Commissioner”).

Discounted Fares & Social Programs: Fare discounts have been in place since 1961 for all Gulf Islands and since 1972 for the Sunshine Coast, previously in the form of paper books or pre-paid tickets. In the spring of 2008, the BC Ferries Experience™ Card was introduced as a replacement to the paper books of pre-paid tickets.

There currently is no discount available for customers to travel on the major routes and no service fee is provided to BC Ferries by the provincial government to operate these routes.

The provincial government provides funding for discounts for BC seniors, students and passengers with a permanent disability. The levels of discounts for these programs are set by the provincial government. BC Ferries administers these discounted fares on behalf of the provincial government and acts within the guidelines and policies set by the government.

Fuel surcharge: With the authorization of the Commissioner, BC Ferries has had fuel deferral accounts in place since 2004. Deferral mechanisms are a commonly used regulatory tool and act to “true up” forecast prices to actual prices and ensure that both BC Ferries and the ferry users pay the actual cost of the commodity. The fuel deferral account balance was approximately \$3 million in November 2014. The drop in price for crude oil did not bring the same corresponding decrease in local wholesale diesel fuel prices and the fuel surcharge remained in effect until December 16, 2014.

## Lessons Learned:

Fare affordability is a major concern to our customers and we continuously look for efficiencies as well as other opportunities to contain costs and to increase ancillary revenue.

Through customer feedback the need for the recognition of frequent travel on the major routes has been identified. System upgrades are required in order to be able to offer more dynamic pricing models for frequent travel in the future.

## Action Taken:

On June 10, 2014 BC Ferries announced the “size up the savings” promotion. On Wednesdays and Saturdays from June 18 through September 6, customers with vehicles longer than 20 feet paid only \$2.00 per foot additional length charge on the Tsawwassen – Swartz Bay and the Tsawwassen – Duke Point routes on sailings starting at 4:00 pm onwards.

On December 2, 2014, BC Ferries submitted an application for the *Fare Flexibility and Digital Experience Initiative*, which proposes e-commerce and information technology upgrades that will drive significant change in how the Company does business and serves its customers over the next decade. The BC Ferry Commission conditionally approved this application on February 2, 2015. The Initiative is currently in the planning stages and is expected to be implemented in phases starting in 2017.

BC Ferries closely monitors the energy market and with the continued drop in diesel prices in the futures market, we were able to hedge favorable pricing for a significant portion of our forecasted consumption for this fiscal year as well as next year. As a result and effective December 17, 2014 BC Ferries removed the 3.4% fuel surcharge. Also on April 1, 2015, due to lower fuel prices, a fuel rebate of 1% was implemented on our major and minor routes, which helped to lessen the impact of the tariff increases that were implemented effective that date, in accordance with the Commissioner's price cap ruling for performance term three (PT3) (April 1, 2012 – March 31, 2016). No fuel surcharges or rebates were implemented on the Northern routes.

On March 18, 2015, in response to BC Ferries' submission, the Commissioner issued his preliminary price cap ruling for performance term four (PT4) (April 1, 2016 – March 31, 2020), setting price cap increases of 1.9% for each of the four years of PT4, an amount comparable to the forecast rate of inflation. The Commissioner will issue his final price cap ruling for PT4 on or before September 30, 2015.

## Action Taken:

The Company recognizes that operating efficiently is important in ensuring fare affordability . On March 18, 2015, the Commissioner issued his report on the Performance Review of the Efficiency of BC Ferries. The review concludes that: *"BC Ferries is demonstrating good cost control, and went on to say that "cost control has been achieved while obtaining good outcomes with customer satisfaction and passenger and employee safety" and that "BC Ferries appear to have a strong culture of efficiency"*. The Commissioner also released favourable reports resulting from his performance reviews of BC Ferries' vessel homeporting arrangements (homeporting refers to the location where vessels are docked overnight), fuel management and BC Ferries Vacations.

BC Ferries is projecting to reduce operating expenses in PT3 by approximately \$20 million from the level incorporated in the PT3 price cap determination. This is in addition to efficiency and service adjustment targets of \$84.2 million as set out in the determination.

# Cancellations/Delays

## Sample of Customer Comments:

### Complaints

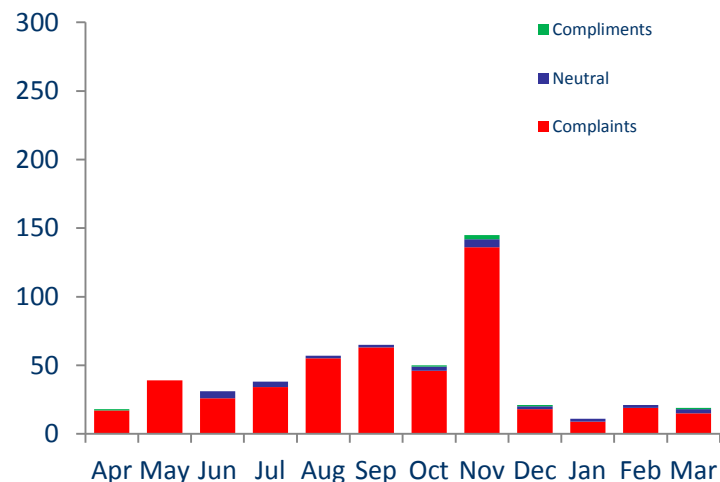
- “January 9... Skeena Queen down, water taxi was great, but arriving in Swartz Bay we had to walk over 20 minutes from government dock. Fence was shut at opening too. People with suitcases, elderly folks, even one lady struggled and had to take her asthma pump. Shameful really.”
- “It’s with continued frustration and growing anger that I am contacting you today in regards to the incident on the Quadra Island – Campbell River ferry on the 6:15 am run this morning. Apparently the engines wouldn’t start and the service was disrupted until 7:05 am. While I can fully understand that there are occurrences, especially mechanically, my issue is with the communication between the corporation/employees and the ridership.”
- “Why would BC Ferries want to cut a route (Nanaimo-Horseshoe Bay) that made \$11million in 2012 and preserve a route (Tsawwassen-Nanaimo) that lost \$29 million the same year. Not to mention the inconvenience of the latter route in getting downtown.”

### Compliments

- “Thursday, October 2, 2014 was extremely stormy on Haida Gwaii. They were expecting hurricane force winds. I was apprehensive about taking the ferry from Skidegate to Prince Rupert, but the Captain was excellent and delayed the sailing. When we left it was smooth sailing and I felt this Captain was excellent and put the crew and passengers safety as a priority.”

## Cancellations / Delays includes:

| Group / Attribute                | Complaints   | Neutral      | Compliments  |
|----------------------------------|--------------|--------------|--------------|
| Sailings: Delays                 | 247          | 20           | 4            |
| Sailings: Cancellations          | 230          | 11           | 3            |
| <b>% of all comments (7,215)</b> | <b>6.6 %</b> | <b>0.4 %</b> | <b>0.1 %</b> |



# Cancellations/Delays

## Root Cause:

### Operational Delays & Other Service Impacts

Operational delays are often caused by situations that occur during the loading or unloading of the vessels (stalled vehicles, lost key, driver not in vehicle, etc.). Other impacts on service include medical emergencies, marine emergencies, adverse weather conditions, and mechanical issues such as the faulty standby generator of the *Skeena Queen* that needed to be replaced on January 9, 2015 before the vessel could resume service.

## Lessons Learned:

Sailing delays have an adverse affect on the daily life of our many commuting customers. If sailings have to be cancelled or the vessel has to be taken out of service, every effort must be made to restore service as soon as it is safe to do so.

## Action Taken:

BC Ferries has a Service Interruption Plan that helps guide employees in managing delays and cancellations of service. However, 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.

In a specific example, on January 9, 2015 the *Skeena Queen* was unable to operate service due to a mechanical issue. This was determined in the early hours of the morning and the following service recovery was put in place:

- a 50 passenger water taxi was put in service and operated the service as per the regular Route 4 (Swartz Bay/Fulford Harbor) schedule
- an additional water taxi round trip was operated due to an overload that occurred for the 5:00 pm sailing
- staff manned the gate at Swartz Bay to shorten the walk time for customers to and from the water taxi dock (Government dock)
- a vehicle was rented to assist customers with walking difficulties to and from the Government dock, luggage was transported with a company truck
- additional staff were put in place to assist customers at Fulford Harbour, Swartz Bay, Crofton and Vesuvius Bay
- customers travelling thru-fare from Tsawwassen were informed and accommodated
- additional sailings for the Crofton – Vesuvius route were prepared for January 10<sup>th</sup> in case the *Skeena Queen* would require additional time for repair
- engineering staff worked diligently to make the necessary repairs and the vessel was able to resume service on January 10<sup>th</sup>



# Cancellations/Delays

## Root Cause:

### Efficiency Plan:

BC Ferries submitted its Strategies for Enhanced Efficiency in Performance Term Four and Beyond (the “Efficiency Plan”) to the Commissioner as part of its PT4 submission on September 30, 2014. The Efficiency Plan has four components to it (LNG fuel alternative for vessels, IT Customer Interfacing System, Southern Gulf Islands Strategy, Major Routes Strategy) and the full document is available on the website of the BC Ferry Commission. Recognizing that larger structural changes are required to gain further efficiencies and reduce pressure on fares, preliminary work was initiated by BC Ferries on a Major Routes Strategy to identify where capital investments could be made and operational efficiencies could be realized on those routes which would achieve long term sustained cost savings. Options to be explored through extensive stakeholder consultation included strategies to improve mid-Island Corridor service efficiency, such as shifting traffic from the Horseshoe Bay – Departure Bay route to Tsawwassen and consolidating the terminals in Nanaimo.

## Lessons Learned:

On November 5, 2014 the provincial government indicated that they were not supportive of certain of the options being considered as part of the Major Routes Strategy.

## Action Taken:

As part of the preliminary price cap ruling for PT4, the Commissioner directed that BC Ferries revisit its capital plan with a view to reducing the total long term capital plan by \$100 million. To do this, the Commissioner noted that the Company will need to continue its planning and analysis on the Major Routes and Southern Gulf Islands strategies, including a revisit of its plans for the Horseshoe Bay terminal and consolidation of terminals. He noted that planning should assume that vehicle ferry service will continue to be provided between Horseshoe Bay and Nanaimo. He observed that significant public consultation will be necessary before any decisions can be made.

## Sample of Customer Comments:

### Complaints

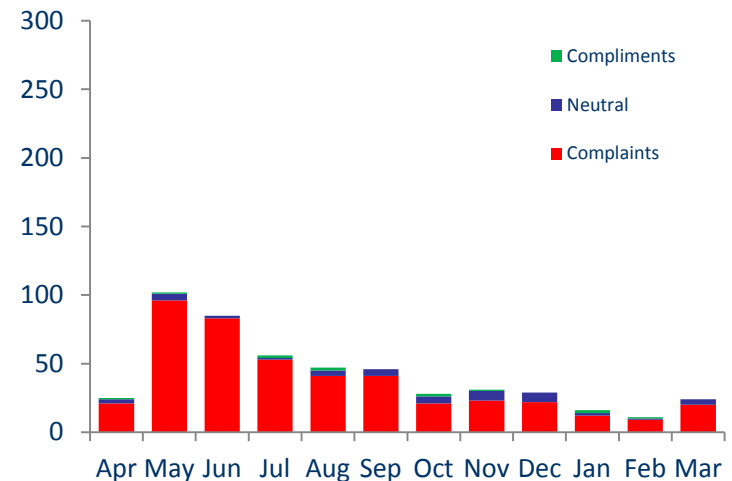
- “I am shocked to see that you don’t have the 5:00 pm sailing from Powell River to Comox on Sundays! I am travelling for business for the day and I have to wait until 8:45 pm. This is a huge gap in your schedule!”
- “Have family from Europe visiting and needed to do a lot of research as the visitors want to go to Bella Coola. I am stunned that so much tax dollars go to BC Tourism, and here we have a ferry taking 15 cars. I went to the Vancouver ferry office to verify all this and worse yet, more than half of those spots have already been reserved and here we are early Jan. 2015. Yes a 10 hour ferry ride with bare bones amenities; the cost for 2 people + car is \$850. I feel ashamed to explain this to my visitors.”
- “It is possible that you will totally destroy tourism on the Sunshine Coast. Our family came overnight to wish their dad Happy Father’s Day. They have been sitting at the Langdale ferry terminal since 1:30 pm and will hopefully board the 6:50 pm. This can’t possibly be a permanent schedule.”

### Compliments

- “I just want to start by extending a thank you for the recent service provided by BC Ferries between Comox, Texada Island and Powell River. I am so impressed by the service and hope to see it again soon. I travelled yesterday and was able to reach my destination in an hour.”

## Sailings includes:

| Group / Attribute                     | Complaints   | Neutral      | Compliments  |
|---------------------------------------|--------------|--------------|--------------|
| Sailings: Frequency of Sailings       | 252          | 31           | 3            |
| Sailings: Making Connections          | 137          | 12           | 6            |
| Sailings: Loaded on Sailing of Choice | 53           | 3            | 3            |
| <b>% of all comments (7,215)</b>      | <b>6.1 %</b> | <b>0.6 %</b> | <b>0.2 %</b> |



## Root Cause:

The average utilization rate for BC Ferries vessels is slightly below 50%, however there are times where customer demand is focused on certain sailings and not all customers will be able to travel on the sailing of their choice.

On April 28, 2014, after six weeks of community consultation, feedback and further analysis of schedule refinement options, BC Ferries implemented new schedules for certain of the Northern and minor routes intended to achieve a net savings of \$14 million over the remainder of PT3, which ends March 31, 2016. These new schedules reflect the service reductions determined by the Province in order to better align service levels with demand, and to ensure the coastal ferry system is affordable, efficient and sustainable. This includes the discontinuation of the Discovery Coast Passage route with direct service to the mid-coast from Port Hardy for three months during the summer peak season. This route was replaced with an extension of one of the Company's other Northern routes to the mid-coast, which now provides a supplemental service with a much smaller vessel.

## Lessons Learned:

Sailing waits have an adverse affect on customers who choose not to reserve or travel non-reservable routes.

Communities desire that early and late sailings be available (and during consultation on the service level adjustments expressed a preference to forgo mid-day sailings to retain these sailings) but there has been little or no additional utilization of the early or late sailings, while mid-day travel has been slow to adapt to adjusted sailing schedules.

## Action Taken:

During the schedule planning for the individual routes, detailed consideration is given to historic traffic patterns, seasonal changes, time of day demand and special events especially related to long weekends and holidays.

Manager's discretion sailings are scheduled tentatively on the major routes on days where historic traffic shows varying demand. If traffic builds up unexpectedly during low season periods, the management team will carefully monitor the situation and consider adding a sailing at the end of the operational day.

Customers may book a reservation, on reservable routes, to avoid sailing waits. Customer feedback has led BC Ferries to explore the possibility of expanding the fully reservable model currently in place on the Tsawwassen – Southern Gulf Island and on the Northern routes.

## Action Taken:

Customer and community feedback in response to the new schedules effective April 28, 2014 (put in place in response to the service level adjustments determined by the provincial government) has led to further consultation with the Ferry Advisory Committees (FAC) and continued discussions on schedule adjustments. As a result, several schedule changes came into effect in the fall of 2014:

- On September 2, 2014 the route 21 (Buckley Bay/Denman) and route 22 (Denman/Hornby) schedules were adjusted to permit longer drive times across Denman Island.
- On September 6, 2014 the route 19 (Nanaimo/Gabriola) schedule was adjusted to alleviate delays caused by limited time to turn around the vessel between sailings. Further adjustments on this route came into effect April 1, 2015.
- On October 1, 2014 the route 17 (Comox/Powell River) and route 18 (Powell River/Texada) schedules were adjusted to resolve sailing conflicts on the mid-day sailings at Westview (Powell River).
- On October 16, 2014 the route 6 (Crofton/Vesuvius Bay) schedule was adjusted to reflect changes to the dangerous cargo sailings.
- On February 9, 2015 the route 23 (Campbell River/Quadra) and route 24 (Quadra/Cortes) schedules were adjusted to address issues around sailing and wait times.
- BC Ferries, working with the joint FACs of Salt Spring and Southern Gulf Islands, crafted an alternate solution to the Saturday/Sunday service changes by implementing winter mid-week reductions – further changes are underway which bode well for Friday service improvements over the original service level adjustments.

BC Ferries is continuing discussion on schedule adjustments in several areas and has advised all FACs that we remain available to discuss their schedules.

# Staff Helpfulness

## Sample of Customer Comments:

### Complaints

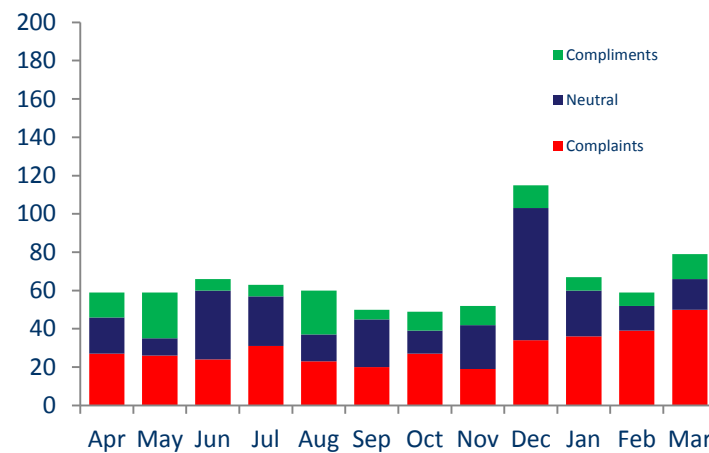
- “I arrived at the Tsawwassen ferry terminal this morning before 6:00 am to catch the 7:00 am ferry to Victoria. I approached the toll booth in a great mood when the attendant, out of nowhere, started accusing me of speeding while she was processing my card. Her tone was very demeaning and rude and she continued to tell me how fast I was going.”
- “This was the 12:45 pm from Tsawwassen to Duke Point. You need to have staff that roam the decks like they used to. I had a woman running her car for at least 20 minutes beside me while we were sailing. Tried to find an employee, none anywhere to be found. I’m not impressed with BC Ferries today.”
- “Took the 7:00 pm ferry from Swartz Bay to Tsawwassen tonight. People took up chairs with their bags so we had to stand for an hour!”

### Compliments

- “I was travelling from Nanaimo today when our vessel became involved in the search for the overboard passenger from the Queen of Oak Bay. I would like to commend the crew for the calm, professional way they immediately moved into their emergency procedures and handled the situation.”
- “I want to thank you for the excellent wheel chair service you provide. I would be unable to travel to the Cancer Hospital in Vancouver without your special caregivers.”

## Staff Helpfulness includes:

| Group / Attribute                       | Complaints   | Neutral      | Compliments  |
|-----------------------------------------|--------------|--------------|--------------|
| Inside the Terminal: Staff Helpfulness  | 201          | 17           | 129          |
| On the Ship: Staff Helpfulness          | 120          | 14           | 206          |
| On the Phone: Information Accuracy      | 39           | 9            | 7            |
| Outside the Terminal: Staff Helpfulness | 32           | 3            | 11           |
| On the Phone: Agent Helpfulness         | 19           | 4            | 48           |
| <b>% of all comments (7,215)</b>        | <b>5.7 %</b> | <b>0.7 %</b> | <b>5.6 %</b> |



# Staff Helpfulness

## Root Cause:

Communication issues, ticketing errors, misunderstandings, inappropriate behavior by employee leading to customer dissatisfaction.

## Lessons Learned:

Customer feedback has given us an opportunity to identify areas of improvement in customer service and ongoing customer service training and coaching is required.

## Action Taken:

Complaints regarding employees are investigated on a case by case basis. The customer is sent a response with an apology.

Where communication is the issue, information is provided to the customer to assist in preventing further confusion. In the case of inaccurate information or inappropriate behavior by an employee, corrective action is taken with the employee and the customer is contacted to correct the misunderstanding.

Positive feedback is also shared with the employees.

In the spring of 2014, BC Ferries launched a new Customer Service Enhancement Program and delivered training to all operations employees on BC Ferries' expectation on 3 key Customer Service attributes:

- Friendliness
- Communication Skills
- Professionalism

Improvements to customer service are reflected in high number of staff compliments received during fiscal year 2015, most notably for the categories of 'On the Ship, Staff Helpfulness' and 'On the Phone, Agent Helpfulness' compliments far exceeded complaints.

# Food and Retail Services

## Sample of Customer Comments:

### Complaints

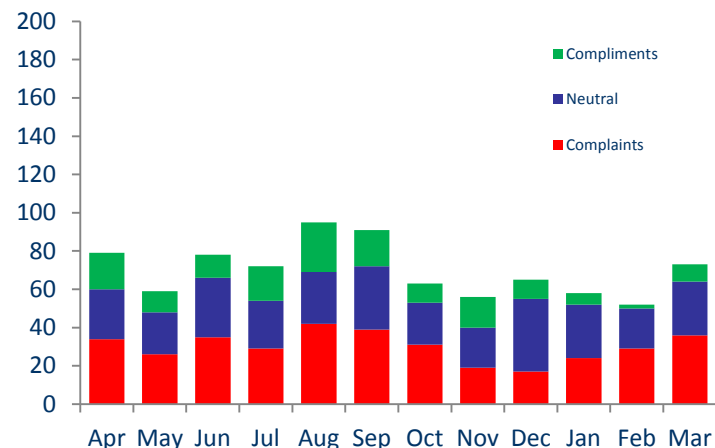
- “If you are going to offer Wi-Fi service at least make sure that it works. The ferry from Tsawwassen to Swartz Bay had no connectivity at the terminal or on the ferry. Not just me, no one could connect.”
- “Why would you block Netflix of all things? What’s the point of having your own Wi-Fi service if it’s going to block popular websites?”
- “When it comes to the buffet on BC Ferries I would rate my experience as both extremely good and extremely bad. The buffet itself is very good. The ability and reliability of actually being on a ferry that offers it is terrible.”
- “Why was the full breakfast menu dropped on the 10:30 am Nanaimo run, I looked forward to an all aboard breakfast and not a burger. Will pass on your meals from now on.”

### Compliments

- “Just a compliment! Who ever is doing the buying for your on board shops is doing a great job! I always enjoy browsing & buying great items in the shops that I never see any where else! Have a good day & bon voyage!”

## Food and Retail Services includes:

| Group / Attribute                                  | Complaints   | Neutral      | Compliments  |
|----------------------------------------------------|--------------|--------------|--------------|
| On the Ship: Amenities                             | 190          | 96           | 16           |
| Food and Retail Services: Food Selection/Quality   | 87           | 34           | 19           |
| Food and Retail Services: Staff Helpfulness        | 24           | 7            | 20           |
| Food and Retail Services: Food Value               | 21           | 5            | 1            |
| Food and Retail Services: Lounge/Buffer/Coffee Bar | 15           | 9            | 4            |
| Food and Retail Services: Retail Value             | 12           | 8            | 1            |
| Food and Retail Services: Retail Selection         | 12           | 163          | 97           |
| <b>% of all comments (7,215)</b>                   | <b>5.0 %</b> | <b>4.5 %</b> | <b>2.2 %</b> |



# Food and Retail Services

## Root Cause:

### Amenities / Wi-Fi:

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

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

The high demand for Wi-Fi during busy sailings can lead to access issues.

## Lessons Learned:

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

## Action Taken:

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

Action is underway to expand the Wi-Fi bandwidth.



# Food and Retail Services

## Root Cause:

Vessels operating on the Swartz Bay – Tsawwassen route without buffet service:

The effort to more efficiently match vessels with traffic demand during periods with historically low traffic resulted in some vessels operating on the Swartz Bay – Tsawwassen route for approximately 4 months per year without the amenity of a Pacific Buffet. All vessels originally designated for the Swartz Bay – Tsawwassen route were planned and built with a buffet. It would be cost prohibitive to retrofit a vessel with a buffet and seating area for a vessel that is only going to be on the Swartz Bay – Tsawwassen route for a few months each year.

## Lessons Learned:

The Pacific Buffet is a very popular amenity with frequent travelers on the Swartz Bay – Tsawwassen route. Customers needed to be made aware of the possibility of sailings without buffet service.

## Action Taken:

As an alternative to the Pacific Buffet, the existing Sitka Coffee Place onboard the *Coastal Renaissance* was adapted to be able to offer a Breakfast and Salad Bar.

Through a prominent link on the homepage of the BC Ferries website, detailed information is provided regarding the onboard amenities available on the various vessels. The Current Conditions Arrivals and Departures webpages identify the departure times of individual vessels.

# Food and Retail Services

## Root Cause:

### Food Selection/Cost:

BC Ferries offers a variety of food services comparable in cost to venues on land such as coffee shops, fast food restaurants and buffet services.

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

## Lessons Learned:

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

## Action Taken:

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

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

