



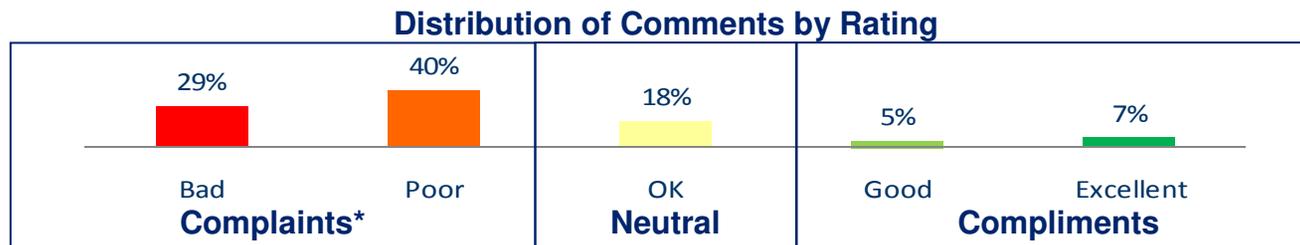
Complaints Resolution Report

Quarter ended September 30, 2011



Feedback Summary

- During Q2 of the 2011/12 fiscal year 7 million customers travelled with BC Ferries.
 - BC Ferries received 3,083 comments in Q2 2011/12



- Customer initiated feedback tends to be negative. Twelve percent (12%) of all customer feedback received in Q2 2011/12 was complimentary.
- “On the Web” was the top issue: 563 complaints* were made, representing 18% of the total comments received in Q2 2011/12.
 - Top 5 complaints combined represent 43% of all complaints received in Q2 2011/12
- General is excluded from this analysis:
 - 355 comments General were received which were primarily made up of suggestions (125) and company information (103)

*Complaints = “bad” or “poor” rating accompanied by a comment
Note: Q2 2011/12 = July 1st to September 30th 2011

Top Complaints*: Corporate

#	Complaint	Q2 2011/12		Q2 2010/11	
		Complaints*	% of Comments (n=3,083)	Complaints*	% of Comments (n=4,200)
1	On the Web	563	18.3%	959	22.8%
2	Value For Fares/Cards	364	11.8%	457	10.9%
3	Staff Helpfulness	166	5.4%	262	6.2%
4	Loading/Unloading	128	4.2%	159	3.8%
5	Reservation General	115	3.7%	235	5.6%

% of Comments



*Complaints = "bad" or "poor" rating accompanied by a comment
 Note: Q2 2011/12 = July 1st to September 30th 2011
 Q2 2010/11 = July 1st to September 30th 2010

On The Web

Sample of Customer Comments:

Complaints

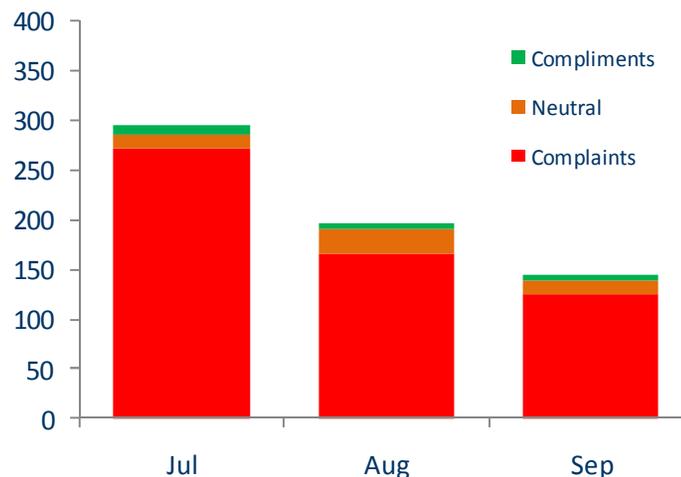
- "Since your re-launch the site is slow and has lost many scores on usability. Especially for frequent travelers. Please, please review."
- "I am trying to sign in and the notice keeps saying that my password is not correct. When I go to "forgot password" nothing happens. Please advise."
- "By the time I created a profile it was too late to book a reservation online, you shouldn't need my information as not even Air Canada requires it"
- "Why doesn't your web site work in Chrome? page frame loads, but no page content." & "Ah thanks, too bad as Chrome is my primary browser. Reported the issue via Chrome's 'Report an Issue'. Good luck pursuing a fix!"

Compliments

- "@BCFerries I loved your prompt reply to my question. Twitter is very beneficial for many things. Info is great."
- "Always GREAT products and a variety of products whether to Sunshine Coast or Nanaimo the 2 routes I frequent. Thanks for a great gift store!"
- "Always up to date and fabulous! I can plan my travel based on them! Thank you!"

On the Web includes:

Group/Attribute	Complaints	Neutral	Compliments
On the Web: Login/Passwords	295	5	1
On the Web: Design And Usability	156	5	10
Reservations: Online Reservations	54	7	0
On the Web: Service Notices	23	16	3
On the Web: Information/BC Ferries Vacations	20	16	1
On the Web: Travel Planning	11	2	0
On the Web: Current Conditions	4	0	4
On the Web: Online Giftshop	0	1	1
% of all comments (3,083)	18.3%	1.7%	0.6%



*Complaints = "bad" or "poor" rating accompanied by a comment
 Note: All data is for Q2 2011/12 (July 1st to September 30th 2011)

On the Web

Root Cause:

1. Login/Passwords
2. Design and Usability

Lessons Learned:

1. Login/Passwords
2. Design and Usability

Action Taken:

1. Login/Passwords
2. Design and Usability

On May 12, 2011, BC Ferries launched a comprehensive redesign of its website. This included the introduction of a single online reservation channel to replace the two unique channels that had been in place since August 2008. The intention of consolidating the two reservation channels was to remove problems encountered by customers when trying to use a password for one channel to access the other.

Implementing the single access online reservation service proved to be a highly complex undertaking, particularly in terms of aligning customer accounts associated with the ten-year-old Reserved Boarding on the Internet (RBI) service. There were also a number of performance and account validation issues that did not emerge during the testing conducted, nor with external customer focus groups and staff.

Since the May launch, there have been eight subsequent releases plus a number of “spot fixes” aimed at correcting problems with the new website.

Another release in early December will make it easier for customers to validate their myBCFerries accounts and unsubscribe from e-mail notification.

In addition, an “Express Reservations” option is being developed for people who want to reserve online without having to create myBCFerries accounts. This is planned for release in 2012.

Value For Fares/Cards

Sample of Customer Comments:

Complaints

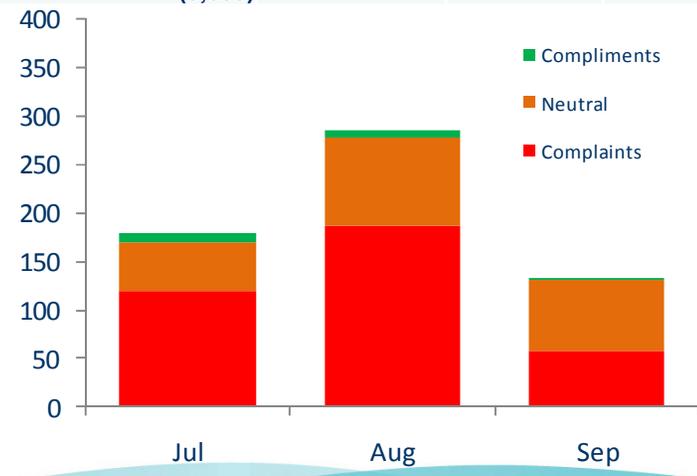
- "I forgot my Experience Card and had to pay full fare. Why is there no way to look up the account and take the balance from it."
- "Why is it if I bring a 33 foot motor home from Duke Point to TSA it costs \$116.80 but if I bring a u haul 33 foot truck it costs,\$176.55, I find this odd as it is the same footage, where do you get off charging a person more. Thanks"
- "My family and I travel BC Ferries about 3 Round Trips per month between Victoria and Vancouver. While I have an understanding why the fares are what they are, what bothers me is there is no frequent Travel program for this major route, or discount."

Compliments

- "I have traveled around the world on multiple ferries and this is the cleanest, and has the friendliest staff. The price is exceptional for the service that is provided."
- "I appreciate the Coast Savers. I would like to see some passes for the ferries-for example, giving people the chance to save on 10, 15, etc. voyages. Or, pay a certain fee for a month/6month/year's pass."

Value For Fares/Cards includes:

Group/Attribute	Complaints	Neutral	Compliments
Fares: Value For Fares Paid	183	14	4
Fares: Coast Card	39	38	3
Fares: Experience Card	35	16	2
Fares: Discount Fares	25	35	1
Fares: Other Fares	24	21	4
Fares: Refunds	19	58	2
Fares: Errors	15	13	1
Fares: Frequent Travel	10	6	0
Fares: Credit/Debit Card	8	1	1
Fares: Sailpass/Circlepac	4	9	2
Fares: Promotions	2	2	1
% of all comments (3,083)	11.8%	6.9%	0.7%



*Complaints = "bad" or "poor" rating accompanied by a comment
 Note: All data is for Q2 2011/12 (July 1st to September 30th 2011)

Value For Fares Paid

Root Cause:

The Annual fare increase went into effect April 1, 2011 in accordance with the price provisions set by the BC Ferry Commissioner in September 2007 for Performance Term Two. Price caps were set that took into account the significant capital investment in ships, terminals and IT BC Ferries had to make.

The price cap increases also reflected the decision made by the Provincial Government to keep service fees at status quo levels without applying any inflationary factor. It also reflected the terms of the Coastal Ferry Services Contract with the Provincial Government, which have not allowed BC Ferries to make any significant adjustments to service levels to achieve operational efficiencies that could lead to reductions in costs and fares.

Since 2003 there has been a 260% increase in fuel costs, as well as significant operating cost increases, such as insurance premiums, property taxes, utilities, benefits program rates, contractual labor costs, and regulated labor requirements.

Commercial vehicles with a registered gross vehicle weight of over 5,500 kg are charged a per foot commercial rate. Recreational vehicles with a registered gross vehicle weight of over 5,500 kg are exempt from the commercial rate and will be charged regular fare based on length.

Lessons Learned:

There is anecdotal evidence that the increase in fares has caused customers to limit discretionary travel. A report provided by InterVISTAS Consulting Inc., acknowledges some minor price elasticity, but notes that there may be other causal factors affecting ridership.

Action Taken:

On July 26, BC Ferries announced its offer to refund customers who had purchased assured loading tickets. For a 90 day period, customers who had current or expired assured loading product purchased between 1984 and July 25, 2011 were able to apply for a one-time refund.

On September 27, the company announced a major cost containment initiative in an effort to address the significant drop in revenues in the first half of the fiscal year as a result of declining traffic. Cost saving actions include: a hiring freeze of all non-essential positions; two-year wage and salary freeze; eighteen-month delay in select capital expenditures; elimination of many charitable and community donations; and select early retirements. In addition, BC Ferries applied to the Province to reduce up to 400 round trips on the major routes in response to traffic declines and anticipated revenue reductions.

Staff Helpfulness

Sample of Customer Comments:

Complaints

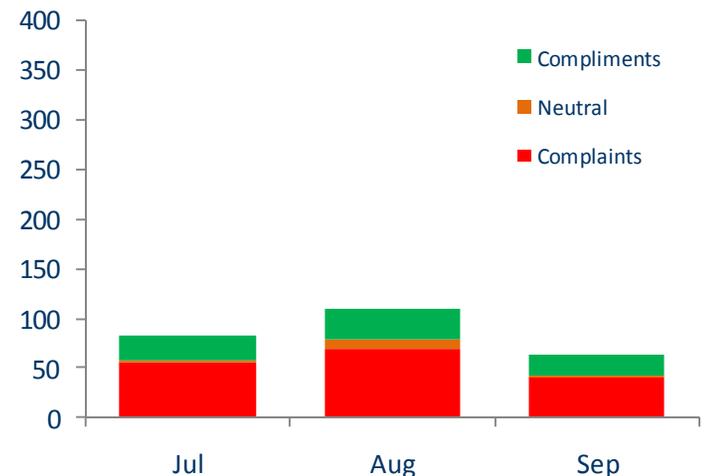
- "I went to the Horseshoe Bay terminal to the administration office last night and I tried to pay cash to the agent there to put on my experience card and was told you don't accept cash. I don't understand why BC Ferries would not accept cash at one of your terminals it doesn't make sense. I was not pleased with the lack of service I received while I was there from that agent and I ended up leaving the office and paying the full amount to get to my destination."
- "I was trying to make a reservation at the Sturdies Bay terminal and was told by the ticket agent that she was off and leaving and to call the customer service centre and closed the window."

Compliments

- "While waiting for the three o'clock sailing to Swartz Bay today, I realized I had lost my ticket. The ship was about to board; I ran down to buy another ticket if I could. I was in a panic because my evening depended on my catching the three boat. The gentleman who sold me the ticket remembered me and wrote me up a new ticket, no charge. Superb service with an attention to detail that is often lost in the service industry. I believe his name was ****. Thank you sir for your kindness and top notch service."

Staff Helpfulness includes:

Group/Attribute	Complaints	Neutral	Compliments
Check In: Staff Helpfulness	67	2	12
Inside the Terminal: Staff Helpfulness	48	5	20
Fares: Staff Helpfulness	34	0	40
Outside the Terminal: Staff Helpfulness	6	1	3
On the Phone: Resolution Of Issues	5	1	0
On the Phone: Information Accuracy	4	2	0
On the Phone: Agent Helpfulness	2	1	3
% of all comments (3,083)	5.4%	0.4%	2.5%



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 Note: All data is for Q2 2011/12 (July 1st to September 30th 2011)

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 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.

Loading/Unloading

Sample of Customer Comments:

Complaints

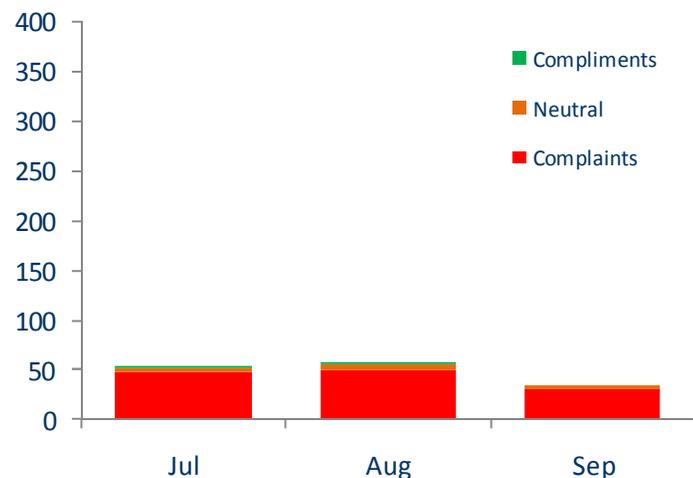
- “I drive a VW Beetle. I want to ask why I am always put to the very end of the outside lanes because I have a small car? I don’t really care where on the boat I park but I feel that I should be parked fairly in the order that I am in the line-up. If I am let off as almost the last car every time, it means I am behind a whole load of often slow traffic that I have to wait behind for an hour long drive on the Sunshine Coast.”
- “When boarding a ferry there is a sign on many of the ramps that states “Please park within 24 inches of the vehicle in front of you”. Canada changed from using the Imperial System to the Metric system in 1972. The metric system has been taught exclusively in our school system since then and as a consequence any Canadian resident under the age of 40 does not have any idea what the distance of 24 inches represents. ”
- “Should it take over 30 minutes for walk-on passengers to exit a ferry? PLEASE!!!”

Compliments

- “The Swartz Bay Terminal Manager kindly assisted us to find alternative accommodation with the support of customer relations. We were gratefully able to store our bikes and take a taxi to Sidney for overnight accommodation and a meal. The problem occurred due to a string of small errors ... The Terminal Manager and BCF came to our rescue. We are forever grateful for the compassionate concern and assistance of all the employees in handling this difficult problem.”

Loading/Unloading includes:

Group/Attribute	Complaints	Neutral	Compliments
Inside the Terminal: Loading/Directions	65	4	1
On the Ship: Loading/Unloading	57	10	0
Sailings: Loading Error	6	1	1
% of all comments (3,083)	4.2%	0.5%	0.1%



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On the Ship: Loading/Unloading

Root Cause:

Customers expectation of being loaded and discharged in the order their vehicle has arrived at the terminal.

Lessons Learned:

The expectation of first on – first off is frequently expressed by customers and perceived as a lack of customer service if not provided. BC Ferries recognizes there are advantages to being loaded first and unloaded first. While operationally we are unable to guarantee first on - first off loading, we could improve our communication to help customers understand why this is a challenge to deliver consistently.

Action Taken:

Vehicle Placement:

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

- Stability of the vessel in the water and positioning of the ramp during loading
- Even distribution of traffic to maintain vessel stability during crossing
- Optimize use of car deck space in order to accommodate as many customers as possible

The time a vehicle arrives at the terminal will determine if it will be loaded on a sailing but not necessarily where on the car deck it will be parked. The consequences of moving to a declared first on – first off guarantee would be:

- Late sailings due to single lane loading
- Less vehicles on the car deck
- Increased sailing waits for customers left behind

Signage:

Terminal signage is currently under review and feedback received regarding the imperial system (24 inches) on signs has been brought forward. The recommendation has been made to change the signs to metric or use generic language to encourage customers to pull up closely to car in front of them.

Reservation General

Sample of Customer Comments:

Complaints

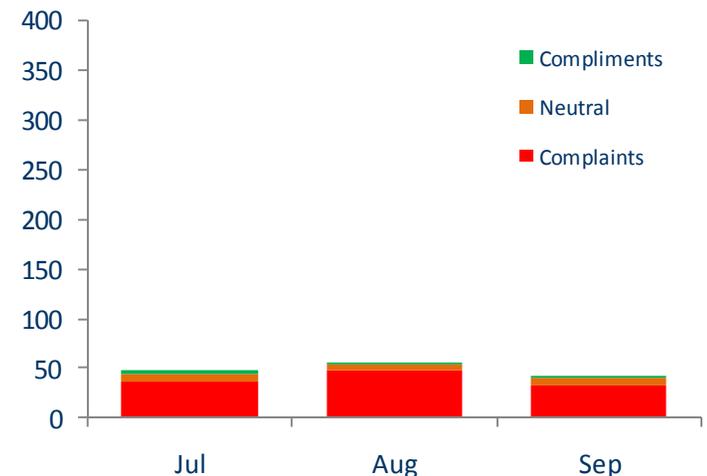
- “I just missed the reservation cut-off by 7 min because of traffic delays. The sailing from Swartz Bay was 75% full at my time of arrival and plenty of room in reservation lane. Instead of allowing me to benefit from priority loading I was directed to the general loading area. I understand your policy and your employee followed policy to the letter. No fault of hers. However, it's very irksome to be denied a benefit for no reason other than blind adherence to policy. I urge you to consider allowing your gatekeepers some discretion in allowing late arrivals access to the reservation lane. It would go a long way in helping your public relations. While your employee followed your policy, when I asked why seven minutes made a difference, she replied "you accepted the agreement" in an unfriendly tone and turned her back. I had been dismissed. So today my BC Ferries experience was not very satisfactory. When you garner as much negative press as your organization seems to, one would think you'd be trying harder to please your paying passengers especially those willing to pay a premium for additional service. If an alternative existed today you would have lost a customer.”

Compliments

- “Thank you so much for your prompt reply to our bus reservation request. Our tour leaves Pennsylvania on Tuesday and I wanted everything to be in place for the Tour Director before leaving. The contact information is very helpful. I have been very impressed with the friendly, reliable service of BC Ferries.”

Reservation General includes:

Group/Attribute	Complaints	Neutral	Compliments
Reservations: Policies	47	7	0
Check In: Reservations	21	4	0
Reservations: BC Ferries Vacations	16	5	4
Reservations: Flexibility/Changes	13	2	0
Reservations: Booking With An Agent	6	1	0
Reservations: Availability	4	1	2
Reservations: Cost	4	3	0
Reservations: Automated Phone Reservations (IVR)	4	1	1
% of all comments (3,083)	3.7%	0.8%	0.2%



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Reservation General

Root Cause:

Since the reservation system was first implemented in 1997 a 30 minute check-in time has been in place for our major routes. Until about 2000, ticket agents had a 5 minute discretion for cutting off ticket sales. This grace period resulted in delayed departures of vessels, as well as inconsistent service and customer dissatisfaction. Based on customer feedback it was determined that clear procedures are needed to improve customer satisfaction and the overall on time performance.

To allow for sufficient time for safe, consistent and clear procedures BC Ferries implemented a 30 minute cut-off for reservation redemption at the ticket booth. Clear communication was put in place via the following channels: reservation terms and conditions, reservation confirmation e-mail, FAQ (Frequently Asked Questions) on the website as well as verbal relaying of reservation policies during phone reservations by customer service agents and through our IVR system.

Lessons Learned:

It is imperative that customers are made fully aware of reservation policies at the time of booking to avoid disappointing experience at the time of travel.

Action Taken:

Each complaint made will be investigated to determine if an error on behalf of BC Ferries led to the customer's reservation not being redeemed as per policy. This includes the possibility of employee not following procedures or customer service agents being unclear about policies at time of booking:

- If an error is identified the reservation premium will be refunded to the customer and corrective training action will be taken with the employee.
- If it is determined that the issue is related to unclear written communication, the collateral material will be reviewed and improved. In this case, the customer will also receive a refund of the reservation premium.
- If the customer was fully aware of the reservation policy and no error has been made, however the customer is still not satisfied, a thorough explanation of the reason for the policy will be provided to create an increased awareness for the need of the policy or the subsequent higher risk of increased customer dissatisfaction.