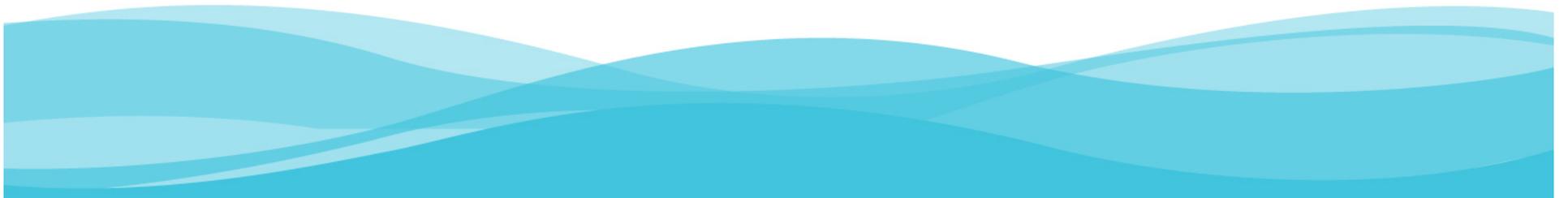


Complaints Resolution Report

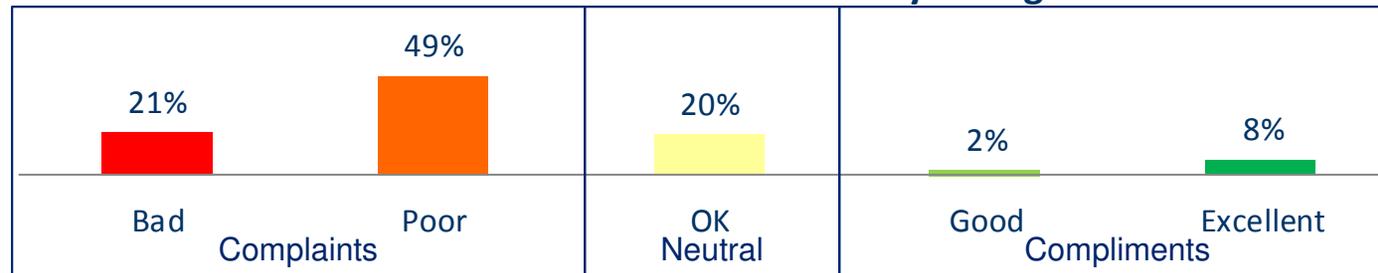
Quarter ended June 30, 2015



Feedback Summary

- During Q1 Fiscal 2016 5.2 million customers travelled with BC Ferries
 - BC Ferries received 2,081 comments in Q1 Fiscal 2016
 - The average time to respond to customers was 5.3 days in Q1 Fiscal 2016

Distribution of Comments by Rating

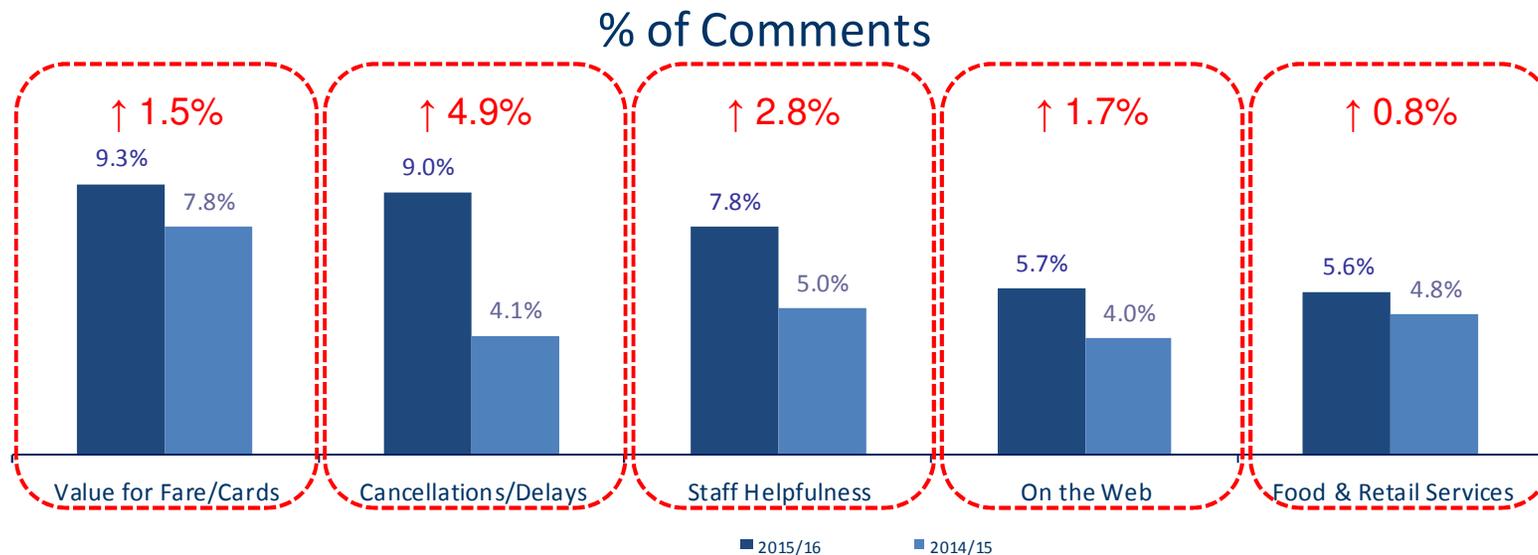


- Customer initiated feedback tends to be negative. Ten percent (10%) of all customer feedback received in Q1 Fiscal 2016 was complimentary
- “Value for Fare/Cards” was the top issue: 174 complaints* were made, representing 9% of the total comments received in Q1 Fiscal 2016
 - Top 5 complaints combined represent 54% of all complaints received in Q1 Fiscal 2016
- “General” comments are excluded from this analysis, along with comments with no rating:
 - 179 “General” comments were received which were primarily made up of Company Information (119), Community Issues (42), Environment (18) and 40 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: Q1 Fiscal 2016 = Apr 1, 2015 to Jun 30, 2015

Top Complaints*: Corporate

#	Complaint	Q1 Fiscal 2016		Q1 Fiscal 2015	
		Complaints*	% of Comments (n=1,862)	Complaints*	% of Comments (n=2,002)
1	Value for Fare/Cards	174	9.3%	156	7.8%
2	Cancellations/Delays	167	9.0%	82	4.1%
3	Staff Helpfulness	145	7.8%	99	5.0%
4	On the Web	106	5.7%	80	4.0%
5	Food & Retail Services	105	5.6%	95	4.8%



*Complaints = "bad" or "poor" rating accompanied by a comment
 Note: Q1 Fiscal 2016 = Apr 1, 2015 to Jun 30, 2015
 Q1 Fiscal 2015 = Apr 1, 2014 to Jun 30, 2014

Value for Fare/Cards

Sample of Customer Comments:

Complaints

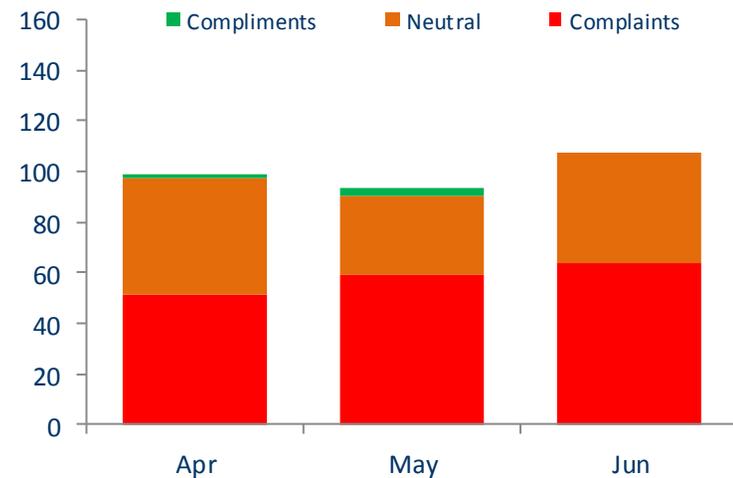
- “When will you implement the RV travel deal you had last summer that reduced by 2/3 the per foot cost over 20 feet. We plan to travel on Wednesday June 10th and have been waiting for two months for some savings. Our total fare for Vancouver Island is over \$1,000. Seniors need deals!!”
- “We have a guest coming from Europe this summer. I had hoped to take him to the Island for a couple days. It will cost me around \$250 just for the ferry both ways. I have changed my mind. We will find mainland activities and locations. Way too expensive!!!”
- “Gulf Island schedule changes: Not so concerned about schedules as a visitor to the islands, especially Salt Spring. Coming from someone that used to go 5-6 times a year for 2-3 day trips with wife or family, down to zero times a year ... drop your fares!!! You hit the bubble already and lost all of our business.”

Compliments

- “Will you be offering the reduced pricing for trailers again like you did last summer? \$2.00 per foot if traveling on Wednesday and Saturday after 4:00 pm? It was very much appreciated last year!”

Value for Fare/Cards includes:

Group/Attribute	Complaints	Neutral	Compliments
Fares: Value for Fares Paid	76	7	0
Fares: Discount Fares/Promotions	30	28	2
Fares: Errors	29	27	1
Fares: Experience Card	21	41	1
Fares: Assured Loading Card	12	12	1
Fares: Credit/Debit Card	6	5	0
% of all comments (1,862)	9.1%	6.4%	0.3%



*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: Q1 Fiscal 2016 = Apr 1, 2015 to Jun 30, 2015

Value For Fares/Cards

Root Cause:

On April 1, 2015, BC Ferries adjusted its tariffs in accordance with the price cap increases set by the British Columbia Ferry Commissioner.

Lessons Learned:

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

Through customer feedback we have identified the need for a pricing model that will reward customers who book in advance. System upgrades are required in order to be able to offer more dynamic pricing models to encourage and reward frequent travel in the future.

Action Taken:

On May 12, 2015 BC Ferries announced the "Size up the Savings" promotion. On select sailings from June 17 through September 13, 2015 customers with vehicles longer than 20 feet pay only \$2.00 per foot additional length charge on the Tsawwassen – Swartz Bay and the Tsawwassen – Duke Point routes. The promotion applies to Wednesday and Saturday sailings starting at 4:00 pm and Sunday sailings before 9:00 am for both routes, departing from either terminal.

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.

Cancellations/Delays

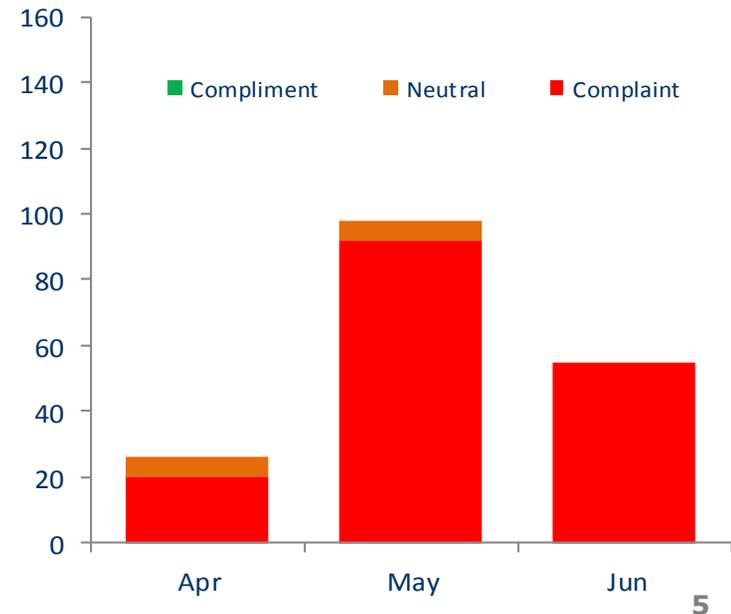
Sample of Customer Comments:

Complaints

- "I write to advise you that I was affected by the ramp issue in Snug Cove on Tuesday, April 14, 2015. Please find enclosed my receipt for the purchase of my walk on ticket. I did not use the water taxi that was provided by BC Ferries and request that my BC Ferries Experience Card be refunded in the amount of \$7.25. Thank you."
- "Can you explain why the Langdale run has been consistently late every weekend since May? Is this a pattern that will be the norm? Are we to plan to wait at least an hour and a half in the terminal on a regular basis? Why can't you alter your policy on reservation cut off time if this is to be the case. FIX THIS."
- "Service Staff and crew are great. However, putting Bowen at the bottom of the sailing priority list really sucks."
- "How can the Queen of Coquitlam possibly be 30 minutes behind schedule when it only has 1 return trip scheduled for today? This makes no sense?! It's absurd (This isn't at all in keeping with your mission statement regarding reliability). I've come to understand that customer service is of little or no importance with BC Ferry Corp, but honestly, would it be that hard to try and put in a little effort."

Sailings includes:

Group/Attribute	Complaints	Neutral	Compliments
Sailings: Delays	135	4	0
Sailings: Cancellations	32	8	0
% of all comments (1,862)	9.0%	0.6%	0.0%



*Complaints = "bad" or "poor" rating accompanied by a comment
 Note: Q1 Fiscal 2016 = Apr 1, 2015 to Jun 30, 2015

Cancellations/Delays

Root Cause:

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 malfunction of the ramp at Snug Cove on April 14, 2015.

Horseshoe Bay Terminal congestion:

The Horseshoe Bay terminal services three routes (Route 2 to Departure Bay, Route 3 to Langdale and Route 8 to Bowen Island) and suffers from congestion, both in the marine and shore side terminal environments. The high frequency of sailings and narrow approach to the terminal often results in approaching vessels slowing to allow departing ferries appropriate time to clear the bay. This imposes delays to the ferry schedules, particular during peak season when the number of sailings per day is highest. Pleasure crafts also contribute to the marine congestion at Horseshoe Bay.

The increase in vehicle demand during the peak season is one factor resulting in greater turn-around time for Route 2. This results in greater marine congestion, requiring summer service schedules to be different for Route 2, 3 and 8. The resulting schedule changes impact customers on all three routes, and is a source of particular concern of commuter customers on Route 3.

Shore side congestion within the terminal is also a considerable challenge and a significant factor in the efficiency of loading and unloading the vessels. Although Horseshoe Bay has three 2-level berths, there is only one exit route for the main and upper vehicle decks. This constraint restricts the ability to load and unload two major vessels at the same time resulting in delays, particular in the peak season when a greater number of vessels are deployed.

There is also a limited compound capacity near the berths due to the narrow and constrained configuration of the terminal. Due to this narrow configuration, overload traffic is stored behind vehicles queued for the next sailing instead of in adjacent lanes. With traffic stored in this arrangement, the overload vehicles have to be shuttled to 'the front of the line' in preparation for being loaded on the next vessel.

The additional handling of traffic requires greater traffic management and coordination than at other major terminals and introduces inefficiencies in the operation. During periods of peak demand, traffic exceeds the holding compound capacity and is queued behind the ticket booths in the pre-ticketed area and, on occasion, backs up onto the highway. For these situations BC Ferries retains a third party traffic management company for coordination and safety purposes.

Cancellations/Delays

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 April 14, 2015 the Bowen *Queen* had to suspend service on the Horseshoe Bay - Bowen Island route at 5:30 pm due to a malfunction of the ramp at Snug Cove. The following service recovery was put in place:

- 40 passenger water taxi service to provide service for foot passengers
- Free parking at the Horseshoe Bay terminal
- Notification of Bus transportation on Bowen Island
- The necessary repairs were completed and the vessel was able to resume service with the 7:00 pm sailing from Bowen Island

In order to address the Horseshoe Bay Terminal congestion, procedural adjustments have been made to further improve the efficiency of ship to shore operations. Furthermore, some schedule adjustments have been made to improve service on Sunday.

Staff Helpfulness

Sample of Customer Comments:

Complaints

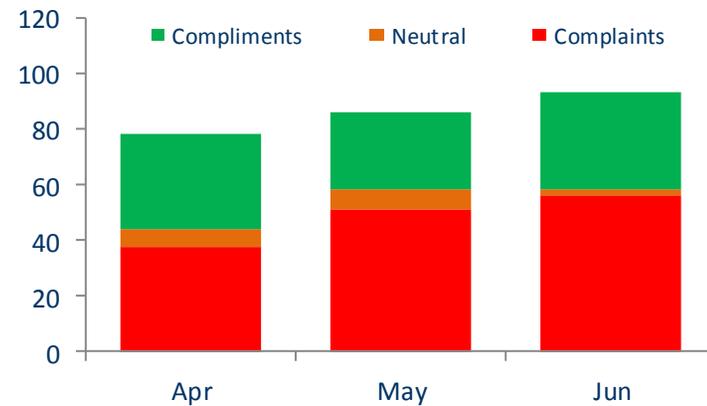
- “The woman that we paid to get on the ferry was rude and ignored us while we were at her kiosk. I tried to get her attention and she snapped at me and told me I can wait a minute. Is this the type of staff you hire? I feel bad for the rest of the public who has to deal with this level of customer service.”
- “The agent at the booth was not helpful at all. I was at the foot area A on May 2, 2015. It was around 12:50pm and the staff didn't have a smile on her face and didn't greet us. Also, prior taking our payment, she didn't tell us that the next ferry is after 2pm. I then ask for a ferry schedule, she just gave me a piece of paper. The staff is not helpful at all. I feel like our business is not welcome.”
- “A truly useless and unhelpful group of people.”

Compliments

- “This past Wednesday, May 27, 2015 I was a walk-on the ferry from Swartz Bay to Tsawwassen. Everything from purchasing my ticket to boarding the ferry to eating at the buffet (very good) to disembarking was handled by all your staff in a very friendly, polite, and professional manner. Thank-you very much. Good work!”
- “Just a quick message to thank the staff on the Bowen Queen sailing from Snug Cove on Monday 9:30 am. My battery was dead and they were super efficient starting the car and getting me on my way. Thank you so much.”

Staff Helpfulness includes:

Group/Attribute	Complaints	Neutral	Compliments
Inside the Terminal: Staff Helpfulness	73	6	31
On the Ship: Staff Helpfulness	35	2	50
On the Phone: Information Accuracy	18	7	3
Outside the Terminal: Staff Helpfulness	12	0	2
On the Phone: Agent Helpfulness	7	0	11
% of all comments (1,862)	7.8%	0.8%	5.2%



*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: Q1 Fiscal 2016 = Apr 1, 2015 to Jun 30, 2015

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. 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 regarding BC Ferries' expectation on 3 key Customer Service attributes:

- Friendliness
- Communication & Listening Skills
- Professionalism

Improvements to customer service are reflected in high number of staff compliments received during Q1 Fiscal 2016, most notably for the categories of 'On the Ship: Staff Helpfulness' and 'On the Phone: Agent Helpfulness' compliments far exceeded complaints.

Sample of Customer Comments:

Complaints

- “Your website is a joke. I’ve been trying to book on-line for 3 days. When I specify my vehicle it keeps asking me to specify my vehicle – ad nauseum! You should be ashamed you let this glitch stay on line for so long.”
- “I would love to see a revamped website that I could easily search by day and terminal to see all available sailings. For example, if I know I will be traveling on May 22nd from Swartz Bay to Tsawwassen, in my ‘dream world’ I would be able to select from drop-down menus to see what sailings are offered on that day. It would be much easier to see at a glance what is offered. The current ‘static’ schedule where I have to decipher the additional/optional/exceptional sailings has to go!”
- “I would think that a major organization like BC Ferries would have an iPhone App that would help people check wait times, book reservations, etc. I am sure that most people would pay for it too, like maybe 5 bucks even!”

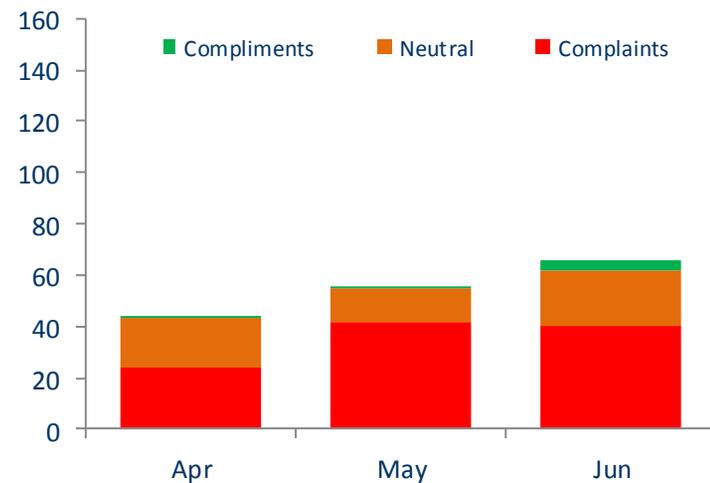
Compliments

- “Hello, I have just made two return trip bookings using your website for July and August 2015, and wanted to say a huge THANK YOU: the website is BRILLIANT! Congratulations to the team who put it together so thoroughly and carefully. Everything was clear and easy to understand, and proceeded smoothly to the next stage. Your computer / website people have done an outstanding job: Bravo! Best wishes.”

*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: Q1 Fiscal 2016 = Apr 1, 2015 to Jun 30, 2015

On the Web includes:

Group/Attribute	Complaints	Neutral	Compliments
On the Web: Design and Usability	34	5	2
On the Web: Information/General Reservations: Online Reservations	26	25	1
On the Web: Travel Planning	19	15	0
On the Web: Current Conditions	10	5	2
On the Web: Service Notices	7	0	0
On the Web: Login/Passwords	6	2	1
On the Web: Login/Passwords	4	2	0
% of all comments (1,862)	5.7%	2.9%	0.3%



Root Cause:

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

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

Lessons Learned:

Ongoing customer input has helped us prioritize issues to be addressed going forward. Account accessibility, browser and mobile device compatibility, travel planning tools, usability refinements and timeliness of e-mail notifications are at the top of the list.

Action Taken:

Issues identified through customer feedback channels have been earmarked for resolution as part of the Fare Flexibility and Digital Experience initiative. Improvements can be expected within the next 12 to 24 months.

Food and Retail Services

Sample of Customer Comments:

Complaints

- “If you are going to offer free Wi-Fi, maybe you should make sure it is reliable. Worst signal I’ve seen in a long time.”
- “Hi there, I find myself unable to stream any video content with your Wi-Fi? Some people have suggested to me that this may be a policy that has been enacted but I'm thinking that can't be since most of what young people access on the various tablets is YouTube and Facebook. If this is some oversight by the company thinking that YouTube might contain inappropriate materials, I assure you that they keep a pretty tight grip on that. And to be fair with the ever climbing cost of tickets I think that customers should have the right to access YouTube if for nothing else than to aid the passing of time.”
- “I’m writing to implore you to please start offering more vegetarian options. The few you offer haven’t changed in years, and it’s a rare occasion that one of your soups is vegetarian. My husband and I are frequent BC ferry customers, but dread the restaurant because the vegetarian options are so few and so poor.”

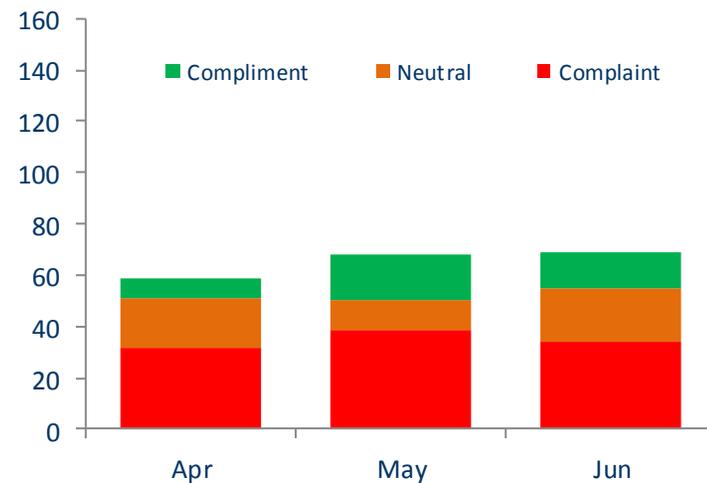
Compliments

- “Thanks for adding the Cobb Salad to the menu! Love it! Makes a nice change from the Mediterranean or Salmon Caesar although it will be even harder to choose on future sailings!”
- “Love the food choices on the vessels!”

*Complaints = “bad” or “poor” rating accompanied by a comment
 Note: Q1 Fiscal 2016 = Apr 1, 2015 to Jun 30, 2015

Food and Retail Services includes:

Group/Attribute	Complaints	Neutral	Compliments
On the Ship: Amenities	67	20	8
Food and Retail Services: Food Selection/Quality	22	1	2
Food and Retail Services: Staff Helpfulness	7	0	4
Food and Retail Services: Lounge/Buffer/Coffee Bar	4	2	1
Food and Retail Services: Food Value	2	0	1
Food and Retail Services: Retail Value	2	4	1
Food and Retail Services: Retail Selection	1	24	23
% of all comments (1,862)	5.6%	2.7%	2.1%



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, Duke Point, 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 other customer's ability 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 with recently added content detailing the challenges of offering this service at sea. The website further offers 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:

Food Selection:

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.

The rising number of customers with various food sensitivities and preferences have led to a higher demand in specific food options.

Lessons Learned:

Through customer feedback BC Ferries has recognized that frequent customers are expecting more frequent changes to the menu options. We have further identified the increased demand of food options for special dietary needs and preferences.

Action Taken:

The partnership with White Spot enables BC Ferries to offer greater flexibility to make periodic changes to the cafeteria menu options. BC Ferries' own test kitchen creates rotating menu items to add to the variety of food options offered in the Pacific Buffet, cafeteria breakfasts as well as salads.

In July 2012, BC Ferries conducted a survey regarding gluten-free food items. Working closely with customers we were able to identify on how best to satisfy the need for gluten-free food items. As a result, we were able to complement the vegetarian options with several gluten-free options in November 2012.

BC Ferries is actively monitoring the various dietary needs and when possible is responding by adding items to the food selection. New menu options are tested for quality, value and feasibility while monitoring demand and the potential for increased waste. BC Ferries further has a ban on food items containing MSG and procedures are in place to avoid cross contamination such as can be the case when handling seafood.

Detailed lists of ingredients are available at all onboard food outlets for customers to make educated decisions on what menu item to choose in case of food allergies or preferences.