
British Columbia Ferry Services Inc.

Annual Report
to the
British Columbia Ferry Commissioner

Year Ended March 31, 2004



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Introduction

In accordance with Section 66 of the Coastal Ferry Act (“Act”), British Columbia Ferry Services Inc. (“BC Ferries”) herewith submits its annual report for the year ended March 31, 2004 to the British Columbia Ferry Commissioner.

Consistent with the requirements of the Act, this report is a compilation of information on the services BC Ferries has provided during the year on designated ferry routes. Included is information on the costs and quality of the services provided and the actions taken by the company to seek additional or alternative service providers to provide services on the designated routes. In terms of its content, this report responds to the specific information requirements as conveyed to BC Ferries by the Commissioner.

Part 1: Services on Designated Routes

BC Ferries delivers coastal ferry services on 32 routes, 25 of which are designated routes under the Coastal Ferry Services Contract between the company and the British Columbia Ministry of Transportation and are subject to regulation under the Act. Contained in Part 1 of this report is financial information, as well as traffic, operating and performance statistics for each of the designated ferry routes for the year.

Part 2: Service Quality

Each year, BC Ferries’ engages a professional consulting organization, independent of BC Ferries to conduct and complete a comprehensive customer satisfaction survey. The results of the survey conducted in 2003 are contained in Part 2 of this report. In addition to meeting BC Ferries’ obligations under the Coastal Ferry Services Contract, this survey forms an important part of the market research program that is conducted each year by BC Ferries.

Part 3: Additional or Alternative Service Providers

Section 69 of the Act addresses the obligations of BC Ferries to seek additional or alternative service providers to provide ferry services on the designated ferry routes. Information on the actions undertaken by BC Ferries during the year to meet this requirement is contained in Part 3 of this report.

Part 1: Services on Designated Routes

Overview

This section contains financial information, as well as traffic, operating and performance statistics for 2003/04 for each of the designated ferry routes under the Coastal Ferry Services Contract.

The following three reports are included.

Operations Report

This report provides the following information for the designated ferry routes, presented in numeric format for each route and graphic format for each route group:

- **Round Trips**

The total number of round trips BC Ferries delivered on each of the designated ferry routes is provided and a comparison is made to the total number of round trips that were scheduled for the year.

Overall, BC Ferries provided a total of 83,294 round trips during the year, which was 208 more round trips than were scheduled. For the minor routes, the actual number of round trips delivered exceeded the number scheduled, while the northern routes delivered 98% of the number of scheduled round trips. All other route groups, including the major routes, delivered over 99% of the scheduled number of round trips.

- **Vessel Capacity**

For each designated ferry route, the total vessel capacity BC Ferries' provided is presented and the capacity utilized during the year is calculated and compared to the previous year. Capacity is calculated on the basis of an Automobile Equivalent Unit (AEQ). An AEQ represents the amount of vessel capacity occupied by a particular vehicle type expressed as the number of under height vehicles it displaces (e.g., a semi-trailer which displaces five under height vehicles would have an AEQ of 5). On all routes, BC Ferries provided capacity sufficient to carry the traffic, with capacity utilization on the designated routes ranging from 27% to 78%.

- **Traffic and Revenue**

The traffic carried on each of the designated ferry routes during the year is presented and compared to the traffic carried in the previous year. Traffic figures for AEQs and passengers carried are identified, as is the associated tariff revenue generated from each.

On a year over year basis, AEQs carried decreased by 0.6% and the number of passenger carried decreased by 1%. On the major routes, the number of AEQs and passengers carried decreased by 1.6% and 2.5%, respectively. On the minor routes, the number of AEQs carried increased year over year by 1.4%, while the number of passengers carried increased by 0.6%.

Revenue from AEQs and passenger traffic on all the designated routes totalled \$323 million during the year. This included revenue of \$243 million from the major routes, \$44 million from the minor routes and \$36 million from the northern and other routes.

- **Overload Statistics**

A sailing for which one or more vehicles waiting to travel could not be accommodated is referred to as an “overload sailing”. Overall, 9.5% of the BC Ferries’ sailings were overloaded in 2003/04. On a year over year basis, the percentage of overloaded sailings on the major routes decreased from 33% to 29%, while the percentage of overloads on the minor routes increased from 6% to 7%. The minor routes constitute 84% of all sailings and 59% of all overloaded sailings. Overloads on the northern and other routes increased from 5.8% to 6.6% on a year over year basis.

- **On-time Performance**

The percentage of sailings departing within 10 minutes of the scheduled time is provided for each of the designated routes. On a fleet wide basis, 84% of the sailings in 2003/04 departed within 10 minutes of the scheduled departure time.

Modifications to loading procedures helped improve on-time performance this past year. Planned initiatives by BC Ferries to improve traffic flows and to upgrade vessels and terminals are expected to result in continued improvement in the on-time performance of the fleet in 2004/05.

Temporary Service Disruptions Report

This report provides information on the reasons why BC Ferries was not able to deliver all of the sailings specified in its published schedule for the year. For each designated route, the cumulative and consecutive number of days for which scheduled round trips were missed is presented and the cause of the missed round trips is noted. The cumulative information is reported on a calendar year basis, consistent with BC Ferries' reporting requirements under the Coastal Ferry Services Contract. It is important to note that though a specific scheduled sailing may have been missed on a route, BC Ferries, in many cases provides more sailings than those published in the schedule. In 2003/04, BC Ferries met over 99.9% of its core service level commitments under the Coastal Ferry Services Contract.

Route Financial Report

This report provides financial information for each of the designated routes on which BC Ferries provides service under the Coastal Ferry Services Contract. The information is provided by individual route and is also summarized by the route groups specified in the Contract. Revenues and expenses are assigned directly to a route where possible or allocated to routes where direct assignment is not possible. Allocation to routes is based on various factors which reflect the activity that gave rise to the revenue or expense. Included in operating expenses for each route are the costs of refit and maintenance of vessels serving that route. Refit and maintenance costs for each vessel may vary significantly from year to year with a corresponding effect on route net income (loss).

Operations Report

(Year ended March 31, 2004)



Operations Summary Report for the Year Ended March 31, 2004

	A	B	C	D	E	F	G	H	I	J	K	L	M
	Scheduled Round Trips	Actual Round Trips	Variance (B - A)	Capacity Provided (AEQ's) 2003/04	AEQ's Carried 2003/04	Capacity Utilization (%)	AEQ's Carried 2002/03	AEQ Growth (E - F)	AEQ Revenue 2003/04	Passengers 2003/04	Passengers 2002/03	Passenger Growth (J - K)	Passenger Revenue 2003/04
Route 1	3,873.0	3,886.0	13.0	2,820,187.0	2,205,405	78%	2,253,563	(48,158)	73,939,378	5,968,303	6,214,118	(245,815)	49,606,923
Route 2	3,105.0	3,112.0	7.0	2,191,695.0	1,401,402	64%	1,406,898	(5,496)	44,982,098	3,514,507	3,528,588	(14,081)	29,044,972
Route 30	2,784.0	2,737.0	(47.0)	1,530,221.0	798,746	52%	816,915	(18,169)	34,114,599	1,341,917	1,361,543	(19,626)	11,137,852
Majors	9,762.0	9,735.0	(27.0)	6,542,103.0	4,405,553	67%	4,477,376	(71,823)	153,036,075	10,824,727	11,104,249	(279,522)	89,789,747
Route 4	2,888.0	2,908.0	20.0	569,380.0	349,114	61%	350,078	(964)	2,059,383	670,916	660,892	10,024	1,499,355
Route 5	3,451.0	3,433.0	(18.0)	658,670.4	276,738	42%	258,278	18,460	2,015,984	505,797	481,384	24,413	1,102,503
Route 6	5,060.0	5,026.0	(34.0)	729,210.0	264,636	36%	246,120	18,516	1,871,854	496,454	467,287	29,167	1,042,701
Route 7	2,884.0	2,860.0	(24.0)	712,770.0	191,579	27%	196,641	(5,062)	2,514,462	353,591	367,419	(13,828)	1,197,992
Route 8	5,586.0	5,549.5	(36.5)	954,405.0	533,394	56%	513,479	19,915	3,128,182	1,198,828	1,172,637	26,191	1,878,649
Route 9	832.0	854.0	22.0	357,617.7	178,392	50%	176,306	2,086	4,403,336	501,502	505,568	(4,066)	3,077,028
Route 17	1,462.0	1,437.0	(25.0)	534,852.0	164,027	31%	161,836	2,191	3,404,813	372,008	369,276	2,732	2,335,806
Route 18	3,658.0	3,639.0	(19.0)	328,300.0	100,534	31%	106,492	(5,958)	469,712	193,330	201,580	(8,250)	312,704
Route 19	5,747.0	5,696.0	(51.0)	797,440.0	419,943	53%	420,098	(155)	1,849,166	907,645	914,100	(6,455)	1,229,321
Route 20	4,024.0	3,992.0	(32.0)	244,665.6	85,529	35%	86,119	(590)	379,969	258,647	254,721	3,926	362,177
Route 21	6,166.0	6,366.0	200.0	627,920.0	279,888	45%	278,640	1,248	846,094	544,105	545,407	(1,302)	579,426
Route 22	4,492.0	4,812.0	320.0	288,180.0	125,068	43%	124,690	378	660,671	260,901	259,950	951	511,929
Route 23	6,270.0	6,259.0	(11.0)	875,700.0	448,926	51%	446,943	1,983	1,832,824	926,054	935,660	(9,606)	1,191,922
Route 24	2,142.0	2,141.0	(1.0)	120,036.0	64,095	53%	61,301	2,794	304,127	112,970	106,054	6,916	228,648
Route 25	3,970.0	3,929.0	(41.0)	235,710.0	98,286	42%	101,961	(3,675)	576,013	265,996	277,987	(11,991)	468,436
Route 26	4,390.0	4,401.0	11.0	231,244.0	65,577	28%	66,951	(1,374)	296,690	126,016	126,202	(186)	183,388
Minors	63,022.0	63,302.5	280.5	8,266,100.7	3,645,726	44%	3,595,933	49,793	26,649,280	7,694,760	7,646,124	48,636	17,201,985
Route 10	124.0	123.0	(1.0)	45,666.0	19,313	42%	19,327	(14)	3,767,668	61,178	62,730	(1,552)	4,722,550
Route 11	190.0	184.0	(6.0)	32,800.0	22,719	69%	22,901	(182)	2,290,198	46,462	47,986	(1,524)	865,089
Northern	314.0	307.0	(7.0)	78,466.0	42,032	54%	42,228	(196)	6,057,866	107,640	110,716	(3,076)	5,587,639
Route 3	3,001.0	2,972.0	(29.0)	2,058,039.0	1,193,123	58%	1,217,162	(24,039)	14,377,211	2,555,463	2,564,049	(8,586)	8,171,403
Route 12	2,876.0	2,858.0	(18.0)	91,456.0	60,148	66%	67,706	(7,558)	572,448	121,549	133,256	(11,707)	273,499
Route 13	4,072.0	4,080.0	8.0	Pass. Only	Pass. Only	Pass. Only	Pass. Only	Pass. Only	(8.0)	53,970	56,590	(2,620)	122,303
Route 40	39.0	39.0	0.0	12,246.0	3,336	27%	3,273	63	566,476	9,321	9,194	127	617,131
Total	83,086.0	83,293.5	207.5	17,048,410.7	9,349,918	55%	9,403,678	(53,760)	201,259,348	21,367,430	21,624,178	(256,748)	121,763,707

Overload Statistics

Route	% Sailings Overloaded 2003/04	Avg. # Vehicles Left Behind 2003/04
1	44.5%	
2	26.7%	
30	10.9%	
Majors	29.3%	
4	5.7%	
5	3.4%	
6	1.8%	
7	1.4%	
8	0.1%	Note 1
9	6.9%	
17	0.9%	
18	2.7%	
19	11.8%	
20	4.0%	
21	6.6%	
22	10.0%	
23	11.9%	
24	16.5%	
25	1.8%	
26	1.6%	
Minors	6.6%	
10	3.6%	
11	1.9%	
Northern	3.0%	
3	13.2%	
12	9.1%	
13	Pass. Only	Pass. Only
40	0.0%	
Total	9.5%	

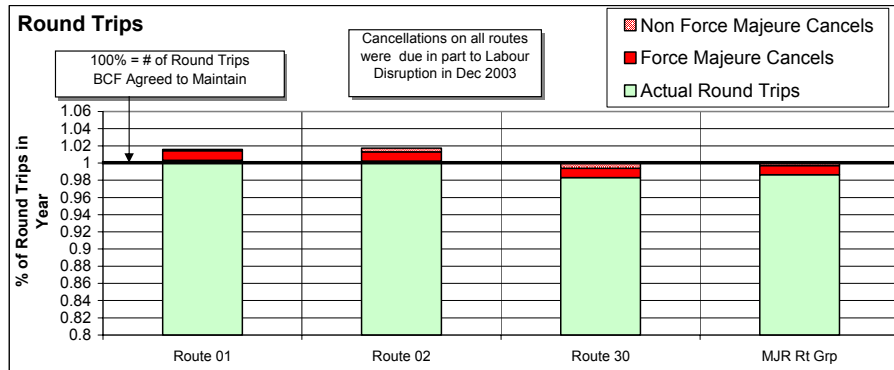
On time Performance Statistics

Route	% Sailings Departing Within 10 Min. 2001/02	% Sailings Departing Within 10 Min. 2002/03	% Sailings Departing Within 10 Min. 2003/04
1	67%	80%	80%
2	77%	69%	73%
30	75%	76%	78%
Majors	73%	75%	77%
4	87%	88%	94%
5	74%	80%	74%
6	90%	85%	86%
7	63%	62%	61%
8	78%	84%	87%
9	67%	67%	62%
17	83%	90%	93%
18	90%	92%	92%
19	76%	81%	94%
20	78%	76%	77%
21	92%	92%	93%
22	91%	92%	91%
23	97%	98%	98%
24	95%	94%	90%
25	61%	55%	63%
26	96%	98%	98%
Minors	83%	84%	85%
10	42%	45%	51%
11	48%	48%	51%
Northern	44%	46%	51%
3	71%	74%	81%
12	81%	87%	84%
13	Not Available		
40	68%	70%	69%
Total	81%	83%	84%

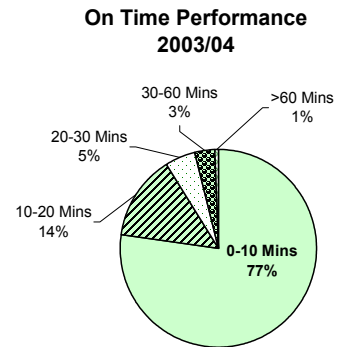
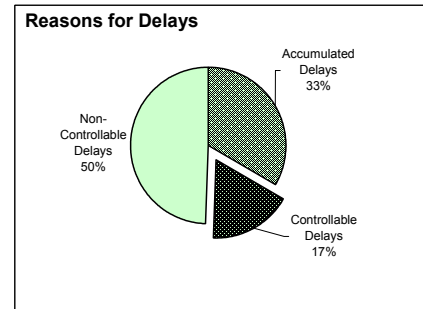
Note 1) Due to data collection inconsistencies, this measure is presently being reviewed to ensure its accuracy.
 Note 2) 54 scheduled round trips deducted on Route 30 due to approved Order Exemption schedule revision.
 Note 3) 348 scheduled round trips deducted due to allowable refit days.
 Note 4) 348 actual round trips added for April prior to becoming a contracted route.
 Note 5) Route 21 & 22 acts as shuttle services during busy periods.
 Note 6) AEQ stat recorded to route 13 in error.

Operations Report – For the Year Ended March 31, 2004

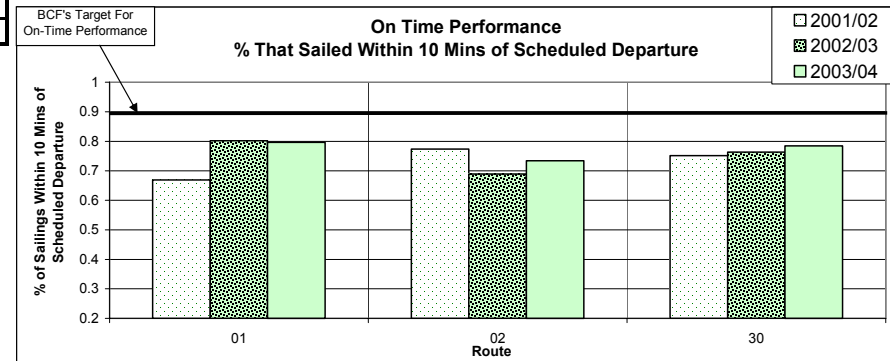
ROUTE GROUP: Major Routes



Major Routes	Major Route Description	# of Scheduled Round Trips	# of Actual Round Trips	Extra Round Trips/ (Short Round Trips)	% Sailings Overloaded
Route 01	Swartz Bay-Tsawwassen	3,873.0	3,886.0	13.0	44.5%
Route 02	Horseshoe Bay-Departure Bay	3,105.0	3,112.0	7.0	26.7%
Route 30	Duke Point-Tsawwassen	2,784.0	2,737.0	-47.0	10.5%
MAJOR Route Group Total		9,762.0	9,735.0	-27.0	29.3%



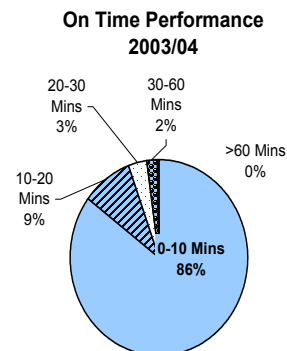
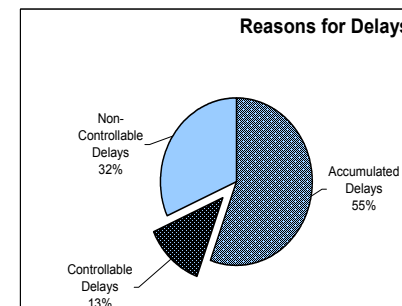
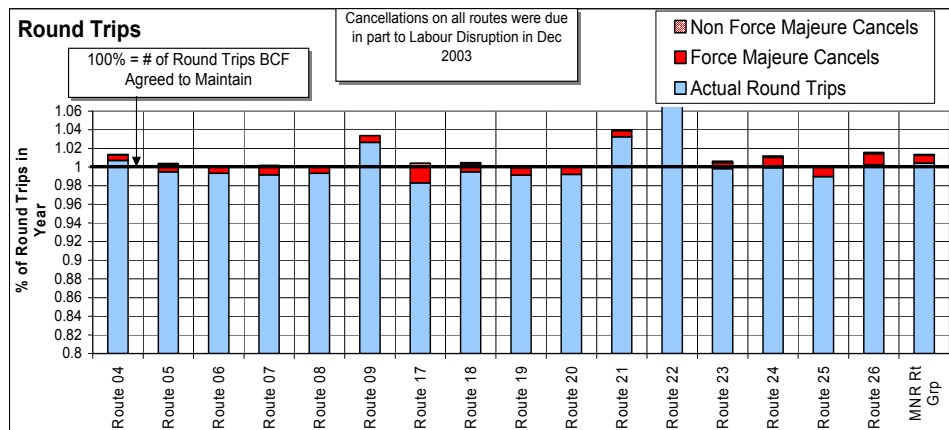
Controllable = Under the control of the company (loading procedure, crewing level, etc.)
Non-Controllable = Out of the control of the company (bad weather, vehicle stalled, etc.)
Accumulated = Delays accumulated over the course of the day as a result of an earlier delay



- Notes: (1) Sailings greater than the 100% BCF agreed to maintain are a result of traffic demand
 (2) Force Majeure means something beyond the control of the Company (eg bad weather)

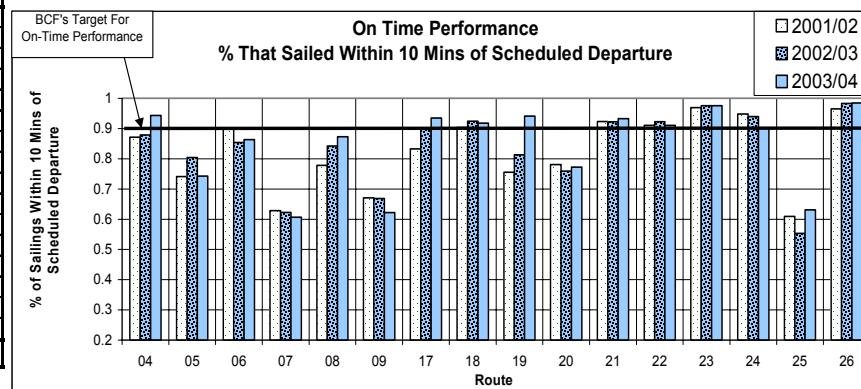
Operations Report – For the Year Ended March 31, 2004

ROUTE GROUP: Minor Routes



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

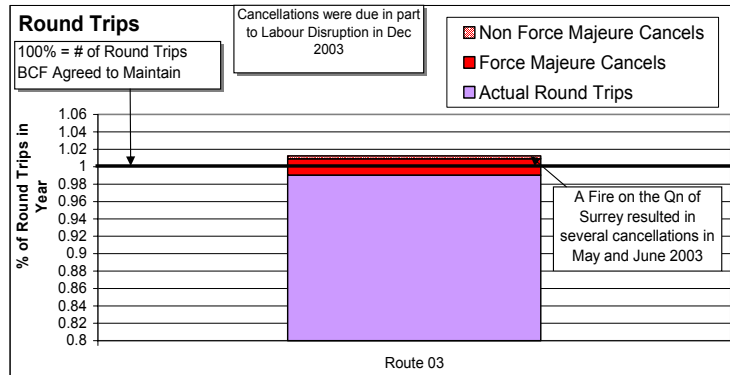
Minor Routes	Minor Route Description	# of Scheduled Round Trips	# of Actual Round Trips	Extra Round Trips/ (Short Round Trips)	% Sailings Overloaded
Route 04	Swartz Bay-Fulford Harbour	2,888.0	2,908.0	20.0	5.7%
Route 05	Swartz Bay-Southern Gulf Islands	3,451.0	3,433.0	-18.0	3.4%
Route 06	Crofton-Vesuvius Bay	5,060.0	5,026.0	-34.0	1.8%
Route 07	Earls Cove-Saltery Bay	2,884.0	2,860.0	-24.0	1.4%
Route 08	Horseshoe Bay-Bowen Island	5,586.0	5,549.5	-36.5	0.1%
Route 09	Tsawwassen-Long Harbour	832.0	854.0	22.0	6.9%
Route 17	Little River (Comox)-Powell River	1,462.0	1,437.0	-25.0	0.9%
Route 18	Westview (Powell River)-Blubber Bay (Texada)	3,658.0	3,639.0	-19.0	2.7%
Route 19	Nanaimo Harbour-Descanso Bay (Gabriola)	5,747.0	5,696.0	-51.0	11.8%
Route 20	Chemainus-Thetis-Kuper	4,024.0	3,992.0	-32.0	4.0%
Route 21	Buckley Bay-Denman West	6,166.0	6,366.0	200.0	6.6%
Route 22	Gravelley Bay (Denman East)-Shingle Spit (Hornby)	4,492.0	4,812.0	320.0	10.0%
Route 23	Campbell River-Quathiaski Cove (Quadra)	6,270.0	6,259.0	-11.0	11.9%
Route 24	Heriot Bay (Quadra)-Whaletown (Cortes)	2,142.0	2,141.0	-1.0	16.5%
Route 25	Port McNeill-Sointula-Alert Bay	3,970.0	3,929.0	-41.0	1.8%
Route 26	Skidegate-Alliford Bay	4,390.0	4,401.0	11.0	1.6%
MINOR Route Group Total		63,022.0	63,302.5	280.5	6.6%



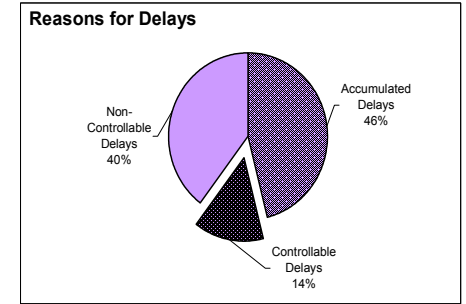
- Notes: (1) Sailings greater than the 100% BCF agreed to maintain are a result of traffic demand
 (2) Force Majeure means something beyond the control of the Company (eg bad weather)

Operations Report – For the Year Ended March 31, 2004

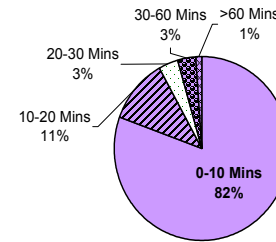
ROUTE GROUP: Route 03



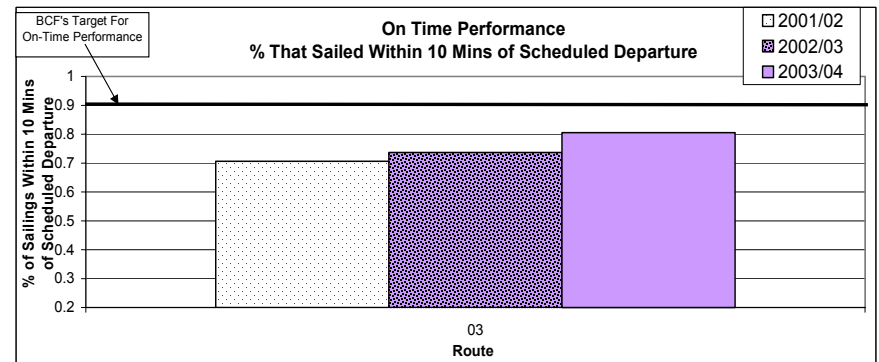
Route 03	Route Description	# of Scheduled Round Trips	# of Actual Round Trips	Extra Round Trips/ (Short Round Trips)	% Sailings Overloaded
Route 03	Horseshoe Bay-Langdale	3,001.0	2,972.0	-29.0	13.2%



On Time Performance 2003/04



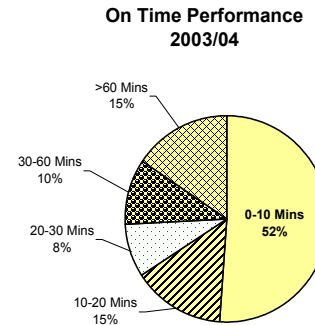
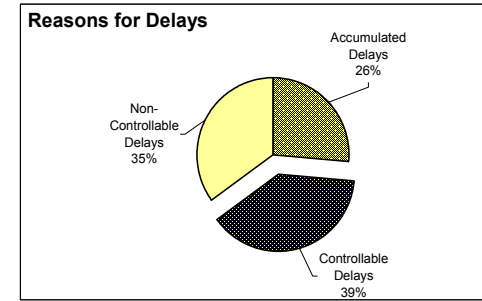
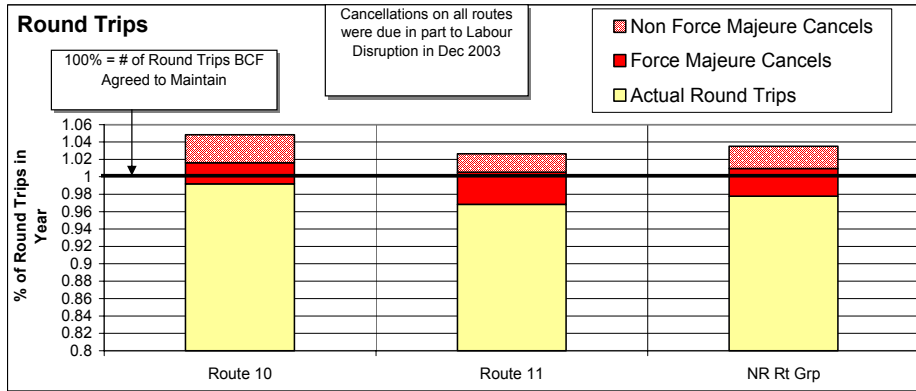
Controllable = Under the control of the company (loading procedure, crewing level, etc.)
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Accumulated = Delays accumulated over the course of the day as a result of an earlier delay



- Notes: (1) Sailings greater than the 100% BCF agreed to maintain are a result of traffic demand
 (2) Force Majeure means something beyond the control of the Company (eg bad weather)

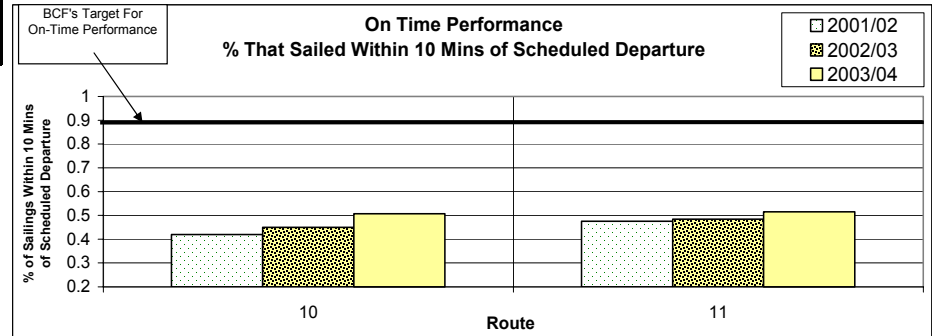
Operations Report – For the Year Ended March 31, 2004

ROUTE GROUP: Northern Routes



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

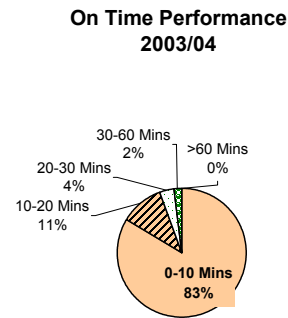
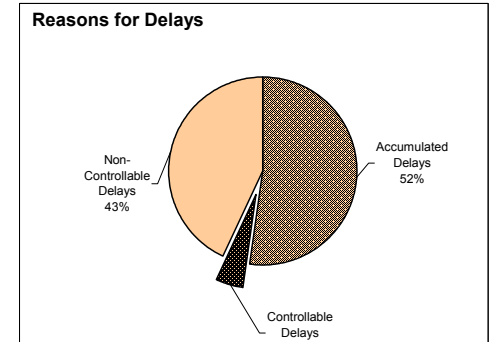
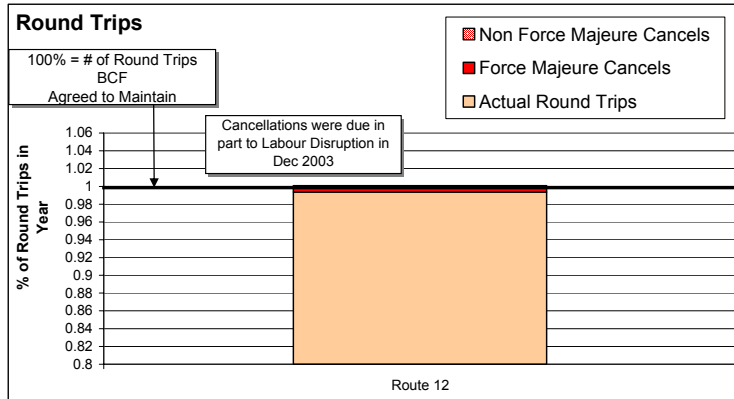
Northern Routes	Northern Route Description	# of Scheduled Round Trips	# of Actual Round Trips	Extra Round Trips/ (Short Round Trips)	% Sailings Overloaded
Route 10	Port Hardy-Prince Rupert	124.0	123.0	-1.0	3.8%
Route 11	Skidegate-Prince Rupert	190.0	184.0	-6.0	1.9%
NORTHERN Route Group Total		314.0	307.0	-7.0	3.0%



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Operations Report – For the Year Ended March 31, 2004

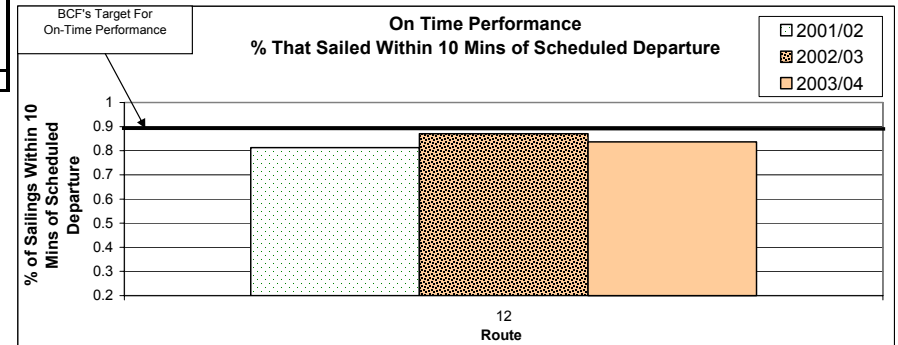
ROUTE GROUP: Route 12



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

Route 12	Route Description	# of Scheduled Round Trips	# of Actual Round Trips	Extra Round Trips/ (Short Round Trips)	% Sailings Overloaded
Route 12	Mill Bay-Brentwood Bay	2,876.0	2,858.0	-18.0	9.1%

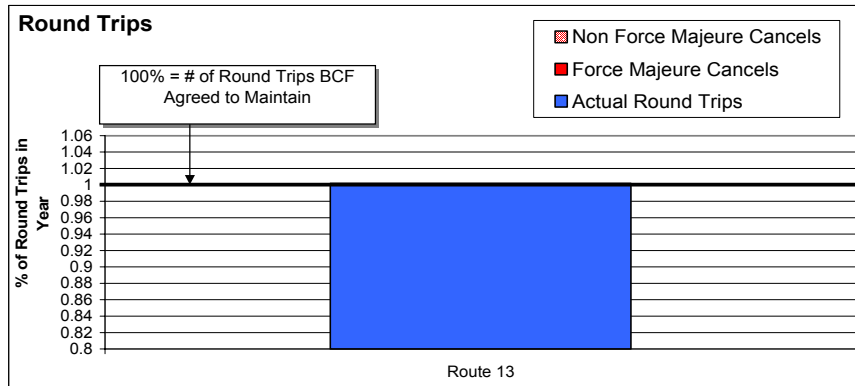
*Note: low number of trips is due to vessel being in refit for one month.



- Notes: (1) Sailings greater than the 100% BCF agreed to maintain are a result of traffic demand
 (2) Force Majeure means something beyond the control of the Company (eg bad weather)

Operations Report – For the Year Ended March 31, 2004

ROUTE GROUP: Route 13 - Contracted Route



Route 13	Route Description	# of Scheduled Round Trips	# of Actual Round Trips	Extra Round Trips/ (Short Round Trips)	% Sailings Overloaded
Route 13	Langdale - Keats - Gambier Island	4,072.0	4,080.0	8.0	Pass Only

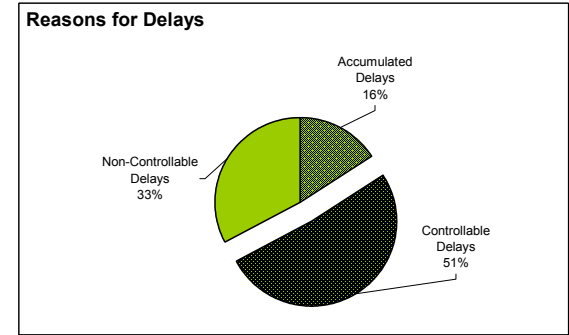
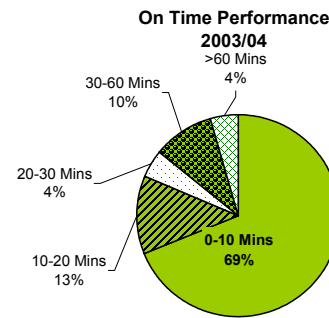
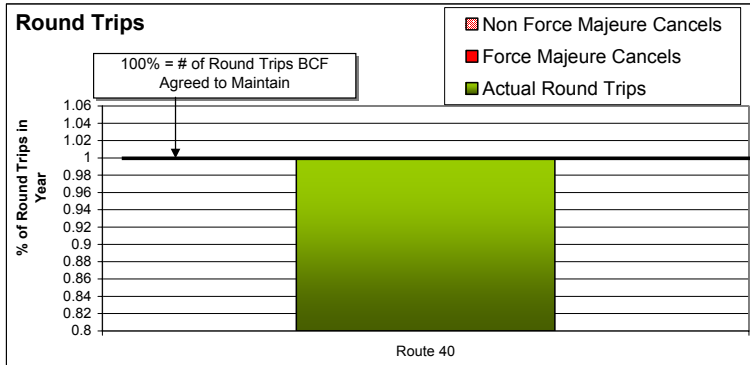
On Time Performance

On-time performance figures are NOT available for this route due to the nature of these trips (sailing usually run every 10 mins or less)

- Notes: (1) Sailings greater than the 100% BCF agreed to maintain are a result of traffic demand
 (2) Force Majeure means something beyond the control of the Company (eg bad weather)

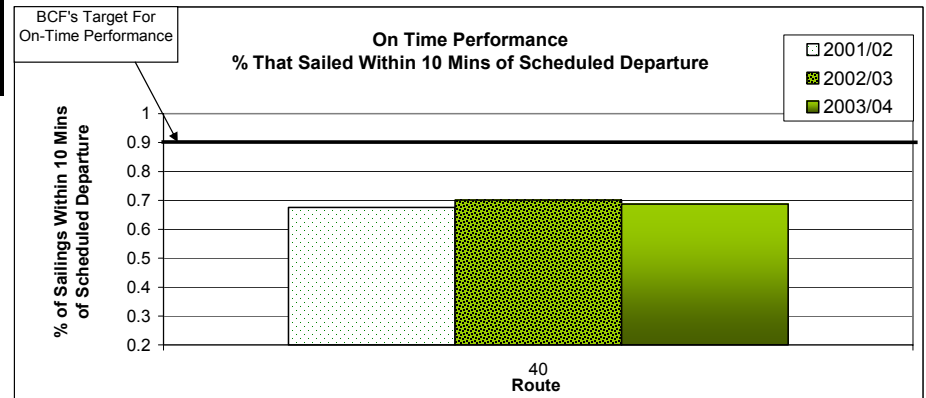
Operations Report – For the Year Ended March 31, 2004

ROUTE GROUP: Route 40



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

Route 40	Route Description	# of Scheduled Round Trips	# of Actual Round Trips	Extra Round Trips/ (Short Round Trips)	% Sailings Overloaded
Route 40	Port Hardy - Mid Coast	39.0	39.0	0.0	0.0%



- Notes: (1) Sailings greater than the 100% BCF agreed to maintain are a result of traffic demand
 (2) Force Majeure means something beyond the control of the Company (eg bad weather)

Temporary Service Disruptions Report

(Year ended March 31, 2004)



Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Major Routes										
Route 01	1	SOBC	Yes	Apr-2003	Vessel Mechanical Failure	1	0	1	0	1
	1	Vancouver	Yes	May-2003	Surrey Fire	0	1	2	0	1
	18	Vancouver	Yes	Jun-2003	Surrey Fire	0	9	11	0	2
	2	Vancouver	Yes	Jul-2003	Vessel Mechanical Failure	1	0	12	0	1
	2	Vancouver	Yes	Aug-2003	Vessel Mechanical Failure	2	0	14	0	2
	2	All vessels	Yes	Oct-2003	Weather	0	1	15	0	1
	1	Esquimalt	Yes	Nov-2003	Weather	0	1	16	0	1
	21	All vessels	Yes	Dec-2003	Labour Disruption	0	5	21	0	5
Route 02	2	Esquimalt	Yes	Apr-2003	Vessel Maintenance	1	0	1	0	1
	3	New Westminster	Yes	Apr-2003	Surrey Fire	0	1	2	0	1
	1	Oak Bay	Yes	May-2003	Surrey Fire	0	1	3	0	1

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Major Routes										
Route 02	4	Oak Bay	Yes	Jul-2003	Surrey Fire	0	3	6	0	2
	4	Coquitlam	Yes	Aug-2003	Vessel Mechanical Failure	3	0	9	0	1
	2	All vessels	Yes	Oct-2003	Weather	0	1	10	0	1
	2	All vessels	Yes	Oct-2003	Weather	0	1	11	0	1
	1	Coquitlam	Yes	Nov-2003	Vessel Mechanical Failure	1	0	12	0	1
	28	All vessels	Yes	Dec-2003	Labour Disruption	0	5	17	0	5
Route 30	16	Esquimalt	Yes	Apr-2003	Vessel Maintenance	16	0	16	0	16
	1	Alberni	Yes	Aug-2003	Vessel Mechanical Failure	1	0	17	0	1
	2	All vessels	Yes	Oct-2003	Weather	0	1	18	0	1
	6	Vancouver	Yes	Nov-2003	Vessel Maintenance	0	0	18	6	0
	2	Vancouver	Yes	Nov-2003	Weather	0	1	19	0	1

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Major Routes										
Route 30	19	All vessels	Yes	Dec-2003	Labour Disruption	0	5	24	0	5
	21	Vancouver	Yes	Dec-2003	Vessel Maintenance	0	0	24	21	0
	1	Vancouver	Yes	Dec-2003	Regulatory Issue	1	0	25	0	1
	4	All vessels	Yes	Dec-2003	Weather	0	2	27	0	2
	1	Alberni	Yes	Feb-2004	Vessel Mechanical Failure	1	0	1	0	1
	27	Esquimalt	Yes	Mar-2004	Vessel Maintenance	0	0	1	27	0
	1	Esquimalt	Yes	Mar-2004	Dock Maintenance	1	0	2	0	1
	2	Esquimalt	Yes	Mar-2004	Weather	0	2	4	0	1
	1	Vancouver	Yes	Mar-2004	Vessel Mechanical Failure	1	0	5	0	1

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Minor Routes										
Route 04	17	Skeena Qn	Yes	Dec-2003	Labour Disruption	0	4	4	0	3
	1	Skeena Qn	No	Dec-2003	Stat Holiday	1	0	4	0	0
	1	Skeena Qn	No	Jan-2004	Stat Holiday	1	0	0	0	0
Route 05	15	Cumberland	Yes	Dec-2003	Labour Disruption	0	4	4	0	3
	12	Mayne Qn	Yes	Dec-2003	Labour Disruption	0	4	8	0	3
	1	Mayne Qn	No	Dec-2003	Stat Holiday	1	0	8	0	0
	1	Cumberland	No	Dec-2003	Stat Holiday	1	0	8	0	0
	1	Mayne Qn	No	Jan-2004	Stat Holiday	1	0	0	0	0
	1	Cumberland	No	Jan-2004	Stat Holiday	1	0	0	0	0
Route 06	3	Howe Sound Qn	No	Aug-2003	Heavy Traffic	3	0	0	0	0
	37	Howe Sound Qn	Yes	Dec-2003	Labour Disruption	0	4	4	0	3

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Minor Routes										
Route 07	1	Tsawwassen	Yes	Jun-2003	Surrey Fire	0	1	1	0	0
	2	Tsawwassen	Yes	Jul-2003	Surrey Fire	0	2	3	0	1
	24	Chilliwack	Yes	Dec-2003	Labour Disruption	0	5	8	0	5
	1	Chilliwack	No	Dec-2003	Stat Holiday	1	0	8	0	0
	1	Chilliwack	No	Jan-2004	Stat Holiday	1	0	0	0	0
Route 08	2	Capilano	Yes	May-2003	Surrey Fire	0	1	1	0	1
	1	Capilano	No	Jun-2003	Heavy Traffic	1	0	1	0	0
	1	Capilano	Yes	Jul-2003	Dock Maintenance	1	0	2	0	1
	2	Capilano	Yes	Aug-2003	Vessel Mechanical Failure	2	0	4	0	1
	1	Capilano	No	Aug-2003	Heavy Traffic	1	0	4	0	0
	1	Bowen Qn	No	Sep-2003	Heavy Traffic	1	0	4	0	0
	34	Capilano	Yes	Dec-2003	Labour Disruption	0	4	8	0	3

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Minor Routes										
Route 09	1	Nanaimo	Yes	Nov-2003	Weather	0	1	1	0	1
	5	Nanaimo	Yes	Dec-2003	Labour Disruption	0	4	5	0	3
Route 17	1	Tsawwassen	Yes	Apr-2003	Weather	0	1	1	0	1
	1	Tsawwassen	Yes	Sep-2003	Vessel Mechanical Failure	1	0	2	0	1
	1	Burnaby	Yes	Oct-2003	Weather	0	1	3	0	1
	1	Burnaby	Yes	Oct-2003	Vessel Mechanical Failure	1	0	4	0	1
	1	Burnaby	Yes	Nov-2003	Vessel Mechanical Failure	1	0	5	0	1
	3	Burnaby	Yes	Nov-2003	Weather	0	2	7	0	2
	2	Burnaby	Yes	Dec-2003	Weather	0	2	9	0	1
	18	Burnaby	Yes	Dec-2003	Labour Disruption	0	5	14	0	5
	1	Burnaby	No	Dec-2003	Stat Holiday	1	0	14	0	0
	1	Burnaby	No	Jan-2004	Stat Holiday	1	0	0	0	0

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Minor Routes										
Route 17	1	Burnaby	Yes	Jan-2004	Weather	0	1	1	0	1
Route 18	1	NI Princess	Yes	Jul-2003	Vessel Mechanical Failure	1	0	1	0	1
	4	Tachek	Yes	Oct-2003	Weather	0	3	4	0	1
	1	NI Princess	Yes	Nov-2003	Weather	0	1	5	0	1
	24	NI Princess	Yes	Dec-2003	Labour Disruption	0	5	10	0	5
	1	NI Princess	Yes	Dec-2003	Weather	0	1	11	0	1
	1	NI Princess	No	Dec-2003	Stat Holiday	1	0	11	0	0
	1	NI Princess	No	Jan-2004	Stat Holiday	1	0	0	0	0
	1	NI Princess	Yes	Feb-2004	Vessel Mechanical Failure	1	0	1	0	1
	2	Kahloke	Yes	Mar-2004	Weather	0	1	2	0	1

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Minor Routes										
Route 19	1	Quinsam	Yes	Apr-2003	Vessel Mechanical Failure	1	0	1	0	1
	4	Quinsam	Yes	Oct-2003	Weather	0	1	2	0	1
	1	Quinsam	Yes	Nov-2003	Medical Emergency	1	0	3	0	1
	1	Quinsam	Yes	Nov-2003	Vessel Mechanical Failure	1	0	4	0	1
	44	Quinsam	Yes	Dec-2003	Labour Disruption	0	5	9	0	5
	1	Quinsam	Yes	Mar-2004	Vessel Mechanical Failure	1	0	1	0	1
Route 20	1	Klitsa	Yes	Jul-2003	Vessel Mechanical Failure	1	0	1	0	1
	3	Kahloke	Yes	Nov-2003	Vessel Mechanical Failure	2	0	3	0	2
	1	Kahloke	Yes	Dec-2003	Vessel Mechanical Failure	1	0	4	0	1
	28	Kahloke	Yes	Dec-2003	Labour Disruption	0	4	8	0	3
	2	Klitsa	Yes	Feb-2004	Emergency Response	1	0	1	0	1

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Minor Routes										
Route 20	1	Klitsa	Yes	Mar-2004	Medical Emergency	1	0	2	0	1
	1	Klitsa	Yes	Mar-2004	Weather	0	1	3	0	1
Route 21	42	Quinitsa	Yes	Dec-2003	Labour Disruption	0	4	4	0	3
	2	Tachek	Yes	Dec-2003	Regulatory Issue	1	0	5	0	1
	1	Kahloke	Yes	Mar-2004	Vessel Mechanical Failure	1	0	1	0	1
Route 22	3	Kahloke	Yes	Sep-2003	Weather	0	1	1	0	1
	2	Kahloke	Yes	Oct-2003	Vessel Mechanical Failure	1	0	2	0	1
	26	Tachek	Yes	Dec-2003	Labour Disruption	0	4	6	0	3
	1	Tachek	Yes	Feb-2004	Vessel Mechanical Failure	1	0	1	0	1
Route 23	1	Powell River Qn	Yes	May-2003	Dock Maintenance	1	0	1	0	1
	3	Powell River Qn	Yes	Jun-2003	Dock Maintenance (May 31-Jun 1)	1	0	2	0	2

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Minor Routes										
Route 23	2	Powell River Qn	Yes	Oct-2003	Regulatory Issue	1	0	3	0	1
	1	Bowen Qn	Yes	Nov-2003	Weather	0	1	4	0	1
	38	Bowen Qn	Yes	Dec-2003	Labour Disruption	0	4	8	0	3
	3	Bowen Qn	Yes	Dec-2003	Weather	0	1	9	0	1
	1	Powell River Qn	Yes	Feb-2004	Vessel Mechanical Failure	1	0	1	0	1
Route 24	2	Tenaka	Yes	Apr-2003	Weather	0	2	2	0	2
	1	Tenaka	Yes	Apr-2003	Vessel Maintenance	1	0	3	0	1
	1	Tenaka	Yes	Oct-2003	Weather	0	1	4	0	1
	14	Tenaka	Yes	Dec-2003	Labour Disruption	0	4	8	0	3
	5	Tenaka	Yes	Dec-2003	Weather	0	4	12	0	2
	1	Tenaka	No	Dec-2003	Stat Holiday	1	0	12	0	0
	1	Tenaka	No	Jan-2004	Stat Holiday	1	0	0	0	0

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Minor Routes										
Route 24	1	Nimpkish	Yes	Feb-2004	Weather	0	1	1	0	1
Route 25	27	Quadra Qn II	Yes	Dec-2003	Labour Disruption	0	4	4	0	3
	8	Quadra Qn II	Yes	Dec-2003	Weather	0	2	6	0	1
	5	Quadra Qn II	Yes	Jan-2004	Weather	0	1	1	0	1
	2	Quadra Qn II	No	Feb-2004	Heavy Traffic	1	0	1	0	0
	1	Quadra Qn II	No	Mar-2004	Heavy Traffic	1	0	1	0	0
Route 26	2	Kwuna	Yes	Apr-2003	Vessel Mechanical Failure	1	0	1	0	1
	1	Kwuna	Yes	Jun-2003	Vessel Mechanical Failure	1	0	2	0	1
	2	Kwuna	Yes	Sep-2003	Weather	0	1	3	0	1
	7	Kwuna	Yes	Oct-2003	Weather	0	2	5	0	1
	1	Kwuna	No	Dec-2003	Community event	1	0	5	0	0
	14	Kwuna	Yes	Dec-2003	Weather	0	3	8	0	1

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Minor Routes										
Route 26	29	Kwuna	Yes	Dec-2003	Labour Disruption	0	4	12	0	3
	1	Kwuna	No	Dec-2003	Stat Holiday	1	0	12	0	0
	1	Kwuna	No	Jan-2004	Stat Holiday	1	0	0	0	0
Route Group: Northern Routes										
Route 10	1	The North	Yes	May-2003	Vessel Maintenance	1	0	1	0	1
	3	Prince Rupert	Yes	Jan-2004	Vessel Mechanical Failure	3	0	3	0	1
	3	The North	Yes	Mar-2004	Weather	0	3	6	0	2
Route 11	1	Prince Rupert	Yes	May-2003	Vessel Maintenance	1	0	1	0	1
	1	Prince Rupert	Yes	Dec-2003	Weather	0	1	2	0	1
	1	Prince Rupert	Yes	Dec-2003	Labour Disruption	0	1	3	0	1
	3	Prince Rupert	Yes	Jan-2004	Weather	0	3	3	0	2
	3	Prince Rupert	Yes	Jan-2004	Vessel Mechanical Failure	3	0	6	0	2
	2	The North	Yes	Mar-2004	Weather	0	2	8	0	2

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Route 03										
Route 03	5	Esquimalt	Yes	Apr-2003	Vessel Maintenance	5	0	5	0	5
	1	Surrey	Yes	Apr-2003	Vessel Mechanical Failure	1	0	6	0	1
	15	Surrey	Yes	May-2003	Surrey Fire	0	15	21	0	4
	15	Surrey	Yes	Jun-2003	Surrey Fire	0	15	36	0	4
	4	Esquimalt	Yes	Jul-2003	Surrey Fire	0	4	40	0	2
	1	Surrey	Yes	Oct-2003	Vessel Mechanical Failure	1	0	41	0	1
	22	All vessels	Yes	Dec-2003	Labour Disruption	0	5	46	0	5
	1	Surrey	No	Dec-2003	Stat Holiday	1	0	46	0	0
	1	Surrey	No	Jan-2004	Stat Holiday	1	0	0	0	0
	1	Surrey	Yes	Feb-2004	Dock Maintenance	1	0	1	0	1

Temporary Service Disruptions – For the Year Ended March 31, 2004

Route	# of Round Trips Cancelled	Vessel	(Note 2) Allowed (Yes/No)	Month	(Note 4) Cause	# of Days when Round Trips Missed due to NON Force Majeure (A)	# of Days when Round Trips Missed due to Force Majeure (B)	(Note 3) Cumulative # of Days when Round Trips Missed (A+B) (Calendar Year)	# of Days Round Trips Missed by Order / Exemption	(Note 1) Highest # of Consecutive Days when Round Trips Missed
Route Group: Route 12										
Route 12	1	Mill Bay	Yes	Sep 2003	Regulatory Issue	1	0	1	0	1
	17	Mill Bay	Yes	Dec 2003	Labour Disruption	0	3	4	0	3
	2	Mill Bay	Yes	Mar 2004	Weather	0	2	2	0	1
Route Group: Route 13										
Route 13	No Cancellations									
Route Group: Route 40										
Route 40	No Cancellations									

- Notes: (1) Highest # of Consecutive Days when Round Trips Missed EXCLUDES those round trips that were missed by Order/Exemption
 (2) Cancellation allowed is based on what is specified in Schedule A 2(a) of The Coastal Ferry Services Contract
 (3) Sailing cancellations falling outside the “Allowed” Temporary Service Disruption definition in the contract were EXCLUDED from the Cumulative # of days calculations
 (4) Round trips missed for the cause “Stat Holiday” are a result of the first sailings on Christmas and New Year’s day not being operated on a number of routes due to low traffic demand. While these sailings are specified in the Coastal Ferry Services Contract, they were not scheduled sailings and have not been provided historically by BC Ferries

Route Financial Report

(Year ended March 31, 2004)





British Columbia Ferry Services Inc.
Route Statement
For the Twelve Months Ended March 31, 2004
(in 000's)

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6	Group 7		
	Corporate Total	Major Routes	03-Horseshoe Bay - Langdale	Northern Routes	40-Bear Cove - Mid-Coast	12-Mill Bay - Brentwood	Minor Routes	13-Langdale - Gambier Island - Keats Island	Unregulated Routes
Tariff Revenue	323,023	242,826	22,549	11,645	1,184	846	43,851	122	0
Ancillary Revenue	56,187	46,101	3,830	2,505	143	7	3,499	102	0
Ferry Service Fees	91,818	0	4,971	13,457	1,893	1,425	69,543	529	0
Social Program Reimbursements	12,317	6,674	1,336	493	12	0	3,767	35	0
Federal Contract	23,973	0	1,327	3,568	502	0	18,436	140	0
Contracted Routes Fee	1,747	0	0	0	0	0	0	0	1,747
Total Revenue	509,065	295,601	34,013	31,668	3,734	2,278	139,096	928	1,747
Total Operating Expenses	411,214	220,957	31,935	31,731	2,935	1,875	118,512	1,419	1,850
Earnings from Operations	97,851	74,644	2,078	(63)	799	403	20,584	(491)	(103)
Amortization	(47,260)	(28,948)	(3,145)	(1,477)	(1,419)	(485)	(11,782)	(4)	0
Financing Expense	(21,041)	(12,880)	(1,963)	(479)	(43)	(134)	(5,541)	(1)	0
Cost of Capital	(68,301)	(41,828)	(5,108)	(1,956)	(1,462)	(619)	(17,323)	(5)	0
(Loss) Gain on Sale of Fixed Assets	(2,559)	(1,734)	(4)	(26)	0	0	(762)	(33)	0
Gain on Sale of Fast Ferry Facility	994	757	69	37	3	2	125	1	0
Loss on Disposal of Capital Assets	(1,565)	(977)	65	11	3	2	(637)	(32)	0
Net Income (Loss)	27,985	31,839	(2,965)	(2,008)	(660)	(214)	2,624	(528)	(103)



British Columbia Ferry Services Inc.
Route Statement
Group 1 - Major Routes
For the Twelve Months Ended March 31, 2004
(in 000's)

	01-Tsawwassen - Swartz Bay	02-Horseshoe Bay - Nanaimo	30-Nanaimo - Tsawwassen	Major Routes
Tariff Revenue	123,546	74,028	45,252	242,826
Ancillary Revenue	26,590	13,560	5,951	46,101
Ferry Service Fees	0	0	0	0
Social Program Reimbursements	2,849	2,849	976	6,674
Federal Contract	0	0	0	0
Contracted Routes Fee	0	0	0	0
Total Revenue	152,985	90,437	52,179	295,601
Total Operating Expenses	101,230	65,980	53,747	220,957
Earnings from Operations	51,755	24,457	(1,568)	74,644
Amortization	(17,070)	(6,125)	(5,753)	(28,948)
Financing Expense	(7,426)	(2,582)	(2,872)	(12,880)
Cost of Capital	(24,496)	(8,707)	(8,625)	(41,828)
(Loss) Gain on Sale of Fixed Assets	(638)	(525)	(571)	(1,734)
Gain on Sale of Fast Ferry Facility	393	230	134	757
Loss on Disposal of Capital Assets	(245)	(295)	(437)	(977)
Net Income (Loss)	27,014	15,455	(10,630)	31,839



British Columbia Ferry Services Inc.
Route Statement
Group 6 - Minor Routes
For the Twelve Months Ended March 31, 2004
(in 000's)

	04-Swartz Bay - Fulford Harbour	05-Swartz Bay - Gulf Islands	06-Vesuvius Bay - Crofton	07-Saltery Bay - Earls Cove	08- Horseshoe Bay - Snug Cove	09- Tsawwassen Gulf Islands	17-Comox Powell River	18-Texada Island - Powell River	19-Gabriola Island - Nanaimo Harbour
Tariff Revenue	3,559	3,118	2,915	3,712	5,007	7,480	5,741	782	3,078
Ancillary Revenue	229	327	75	358	294	1,427	593	11	42
Ferry Service Fees	5,049	10,932	1,444	9,381	5,175	6,880	6,289	3,245	2,549
Social Program Reimbursements	254	347	233	212	498	263	560	116	405
Federal Contract	1,339	2,898	383	2,487	1,372	1,824	1,667	860	676
Contracted Routes Fee	0	0	0	0	0	0	0	0	0
Total Revenue	10,430	17,622	5,050	16,150	12,346	17,874	14,850	5,014	6,750
Total Operating Expenses	7,745	15,744	4,509	12,420	10,120	18,367	13,064	5,191	4,767
Earnings from Operations	2,685	1,878	541	3,730	2,226	(493)	1,786	(177)	1,983
Amortization	(1,393)	(1,313)	(163)	(3,068)	(1,281)	(894)	(1,215)	(348)	(447)
Financing Expense	(1,121)	(966)	(80)	(312)	(1,083)	(279)	(507)	(162)	(257)
Cost of Capital	(2,514)	(2,279)	(243)	(3,380)	(2,364)	(1,173)	(1,722)	(510)	(704)
(Loss) Gain on Sale of Fixed Assets	(40)	(104)	(43)	(58)	(43)	(49)	(45)	(43)	(49)
Gain on Sale of Fast Ferry Facility	10	9	8	11	14	23	17	2	8
Loss on Disposal of Capital Assets	(30)	(95)	(35)	(47)	(29)	(26)	(28)	(41)	(41)
Net Income (Loss)	141	(496)	263	303	(167)	(1,692)	36	(728)	1,238



British Columbia Ferry Services Inc.

Route Statement

Group 6 - Minor Routes

For the Twelve Months Ended March 31, 2004

(in 000's)

	20-Thetis Island - Kuper Island - Chemainus	21-Denman Island - Buckley Bay	22-Hornby Island - Denman Island	23-Quadra Island - Campbell River	24-Cortes Island - Quadra Island	25-Alert Bay · Sointula - Port Mcneill	26- Skidegate - Alliford Bay	Minor Routes
Tariff Revenue	742	1,426	1,173	3,025	569	1,044	480	43,851
Ancillary Revenue	55	16	10	34	8	15	5	3,499
Ferry Service Fees	2,484	2,694	2,064	2,894	2,647	3,168	2,648	69,543
Social Program Reimbursements	101	210	28	285	30	196	29	3,767
Federal Contract	658	714	547	767	702	840	702	18,436
Contracted Routes Fee	0	0	0	0	0	0	0	0
Total Revenue	4,040	5,060	3,822	7,005	3,956	5,263	3,864	139,096
Total Operating Expenses	3,800	3,887	2,260	5,986	3,423	4,386	2,843	118,512
Earnings from Operations	240	1,173	1,562	1,019	533	877	1,021	20,584
Amortization	(279)	(425)	(151)	(299)	(217)	(193)	(96)	(11,782)
Financing Expense	(151)	(161)	(84)	(125)	(128)	(87)	(38)	(5,541)
Cost of Capital	(430)	(586)	(235)	(424)	(345)	(280)	(134)	(17,323)
(Loss) Gain on Sale of Fixed Assets	(56)	(42)	(30)	(30)	(36)	(56)	(38)	(762)
Gain on Sale of Fast Ferry Facility	2	4	3	8	2	3	1	125
Loss on Disposal of Capital Assets	(54)	(38)	(27)	(22)	(34)	(53)	(37)	(637)
Net Income (Loss)	(244)	549	1,300	573	154	544	850	2,624



British Columbia Ferry Services Inc.
Route Statement
Group 3 - Northern Routes
For the Twelve Months Ended March 31, 2004
(in 000's)

	10-Bear Cove - Bella Bella - Prince Rupert	11-Prince Rupert - Skidegate	Northern Routes
Tariff Revenue	8,490	3,155	11,645
Ancillary Revenue	1,879	626	2,505
Ferry Service Fees	5,307	8,150	13,457
Social Program Reimbursements	292	201	493
Federal Contract	1,407	2,161	3,568
Contracted Routes Fee	0	0	0
Total Revenue	17,375	14,293	31,668
Total Operating Expenses	18,133	13,598	31,731
Earnings from Operations	(758)	695	(63)
Amortization	(1,094)	(383)	(1,477)
Financing Expense	(353)	(126)	(479)
Cost of Capital	(1,447)	(509)	(1,956)
(Loss) Gain on Sale of Fixed Assets	(14)	(12)	(26)
Gain on Sale of Fast Ferry Facility	27	10	37
Loss on Disposal of Capital Assets	13	(2)	11
Net Income (Loss)	(2,192)	184	(2,008)

Part 2: Service Quality

Overview

This section contains BC Ferries' Customer Satisfaction Tracking Annual Report 2003, the first survey commissioned as part of the Coastal Ferry Services Contract to gauge customer satisfaction.

A total of 11,539 short interviews of customers were conducted across major and minor routes, with 3,626 detailed questionnaires completed and returned by mail.

The survey measured the full range of activities in respect of which a customer is engaged with BC Ferries, including the following service components:

- 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
- Value for money of fares paid

The results of the survey are positive, with 82 percent of passengers reporting being satisfied with their overall experience traveling with BC Ferries. Among the company's many strengths, the professionalism and courtesy of employees was rated high, as was the safety of the service, and the overall satisfaction at the terminals and onboard vessels.

In addition to meeting BC Ferries' obligations under the Coastal Ferry Services Contract, this survey forms an important part of the market research program that is conducted each year by BC Ferries.

Customer Satisfaction Tracking

Annual Report 2003



Customer Satisfaction Tracking Annual Report 2003

British Columbia Ferry Services Inc.



MUSTEL GROUP

Presented to:

British Columbia Ferry Services Inc.
Victoria, British Columbia

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Executive Overview

Background

Beginning April 2003, BC Ferry Corporation changed from being a Crown Corporation to become British Columbia Ferry Services Inc., an independent regulated company referred to as BC Ferries. The new company provides ferry services to its customers under terms defined in the Coastal Ferry Services Contract between the Province of British Columbia and BC Ferries.

One of the many terms of that contract is that BC Ferries hire an independent professional market research firm to conduct a customer satisfaction survey each year. The annual results of that survey are to be reported to the Government of British Columbia, to the Independent Regulator who is appointed to monitor adherence to the Coastal Ferry Services Contract and to the public via posting on the BC Ferries website.

To fully satisfy the terms of the contract as specified, this report provides annual customer satisfaction results for the following:

- Overall ferry service, including a comparison with stated objectives
- 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

In keeping with the spirit of the agreement, this report also includes in the Appendix detailed tables of satisfaction scores for all 65 service attributes by route. The Appendix also includes detailed satisfaction scores for the 25 terminal-related attributes, broken out by major terminal.

Methodology

Results are based on a comprehensive two-phased research approach. First a random sample of passengers were intercepted onboard using a screener questionnaire to collect key data including frequency of travel on BC Ferries, purpose of trip, area of residence, origin and destination, and standard demographic

questions. Immediately following this screener, passengers were asked to complete a survey *after* they disembarked and left the terminal area.

A total of 11,539 screener interviews were conducted and 3,626 questionnaires were completed and returned. Interviews were distributed across major and minor routes over the year during three different periods: peak season, shoulder season and low season. A sample of eight designated routes was included in the survey representing 80% of the annual passenger traffic carried by BC Ferries. Further explanation of the research design can be found in the *Research Methodology* section of the report in the Appendix.

Findings

Customers were asked to rate their satisfaction with 65 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

- In 2003, 82% of passengers report being satisfied overall with their experience travelling with BC Ferries, translating to an average score of 4.0 on a 5-point scale where 5 means Very Satisfied.
- This compares favourably with the stated management objective. As recorded in the *Corporate Strategic Plan 2003-2025* posted on the BC Ferries website, the objective for overall customer satisfaction for 2003 is 4.0 out of 5; this objective was achieved.

Satisfaction Before Arriving at Terminal

- Passengers who used the BC Ferries website are quite satisfied with the *usefulness* of the site, and *ease of using online reservations*.
- Passengers making phone contact with BC Ferries are less complimentary of the *usefulness of BC Ferries phone service*, and specifically of the *ease of using the automated system*.
- Highway signage receives a reasonably consistent high rating of 3.9; passengers at Langdale and Horseshoe Bay terminals, however, are slightly less satisfied than others.

Satisfaction at the Terminal

- Passengers provided an overall satisfaction rating of 3.9 with their terminal experience before boarding.
- Passengers who did not get on their desired sailing are understandably less satisfied with their terminal experience.
- Satisfaction levels are high with all aspects of the ticket purchase process, including satisfaction with *staff courtesy*, with the *efficiency of the transaction* and with the *clarity of directions* about where to go.
- Passengers using food/beverage and retail services at the terminal are critical of the *selection* and the *value for money*.
- Foot passengers are not particularly satisfied with many of their services. Dissatisfaction with parking *availability* and *value for money* of parking is highest among foot passengers at Horseshoe Bay and Departure Bay.
- Among other terminal services, passengers are most positive about the *professionalism of terminal staff*, *procedures for loading*, and *availability of washrooms* at the terminal. Satisfaction levels are slightly lower with respect to *cleanliness of washrooms*, and with *announcements when you need to be informed*. The *clarity of the public address system* receives the most criticism of all these terminal services.

Satisfaction Onboard

- A total of 83% of passengers are satisfied with their overall experience onboard. For the most part, this satisfaction level does not vary by route; however, it is slightly lower (75%) on Route 4 between Swartz Bay and Saltspring Island.
- With respect to the gift shop/news stand, satisfaction levels are relatively high for *staff courtesy* and *variety/selection of merchandise*. Ratings are low, however, for *ease of moving around inside the shop* and *value for money*.
- Food services perform well on *staff courtesy*, *cleanliness of seating area*, and *availability of seating*. Satisfaction levels are lower with respect to *comfort of seating*, *length of time in line*, *food/beverages offered* and *value for money*.

- Passengers are relatively satisfied with the *availability of washrooms* but are more critical of the *cleanliness*.
- Travellers are generally satisfied with the *comfort* and *cleanliness* of indoor lounge seating.
- In terms of other onboard facilities and services, satisfaction levels are quite consistent, with passengers most complimentary of the *professionalism of onboard staff*, and least satisfied with the *video arcade*, and *ease of access for people with disabilities*.

Satisfaction with Sailing Schedules

- Customers are reasonably satisfied with *earliest ferry early enough*. However, many aspects of the sailing schedule are not fully meeting passenger needs; they are least satisfied with the *latest ferry late enough* and the *ability to connect with other sailings* (for those connecting).

Satisfaction with Safety

- Perceptions of the *safety of the ferry operations* are consistently strong overall and on all routes. This appears to be one of the main strengths of the service offered by BC Ferries.

Satisfaction with Overall Value

- Satisfaction levels are low with perceived *value for money of the fares*. Further analysis shows that travellers who were unable to get on the sailing they arrived for are most critical of *value for money*, while older passengers and tourists are most positive about the value they receive.

Key Conclusions

Passengers on the whole are satisfied with their BC Ferries' experience.

The professionalism of the staff is a key contributor to overall satisfaction; this relates to staff in all areas of service, and in particular at the terminal. The customer's terminal experience, otherwise, is generally rated slightly lower than their experience onboard the ferry. Safety of ferry operations consistently rates high.

However, the research identifies several opportunities to enhance the customer experience. The most significant gains in overall satisfaction will likely be achieved through improving:

- On-time departures, and,
- Ability to get on the desired sailing

The research also suggests that improvements to the following services are required:

Pre-terminal

- Ease of using automated phone system

Terminal

- Cleanliness of washrooms
- Clarity of public address system
- Announcements when you need to be informed
- Food/beverages offered and value for money
- Variety selection and value for money of merchandise (gift shop/ news stand/ outdoor market area)
- Availability, comfort and cleanliness of seating in pre-boarding lounge for foot passengers
- Availability of parking spaces
- Parking value for money

Onboard

- Value for money of gift shop/ news stand/ food services
- Length of time in line for food services
- Food/ beverages offered
- Ease of moving inside gift shop/ news stand
- Cleanliness of washrooms
- Video arcade
- Ease of access for those with disabilities

Schedules

- Latest ferry late enough
- Sailing frequency
- Ability to connect

Overall

- Value for money of fares

Detailed Findings

The following section shows the detailed findings from the study. It graphically displays the satisfaction scores for each of the sixty-five 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, and where appropriate the route-by-route scores are shown as well.

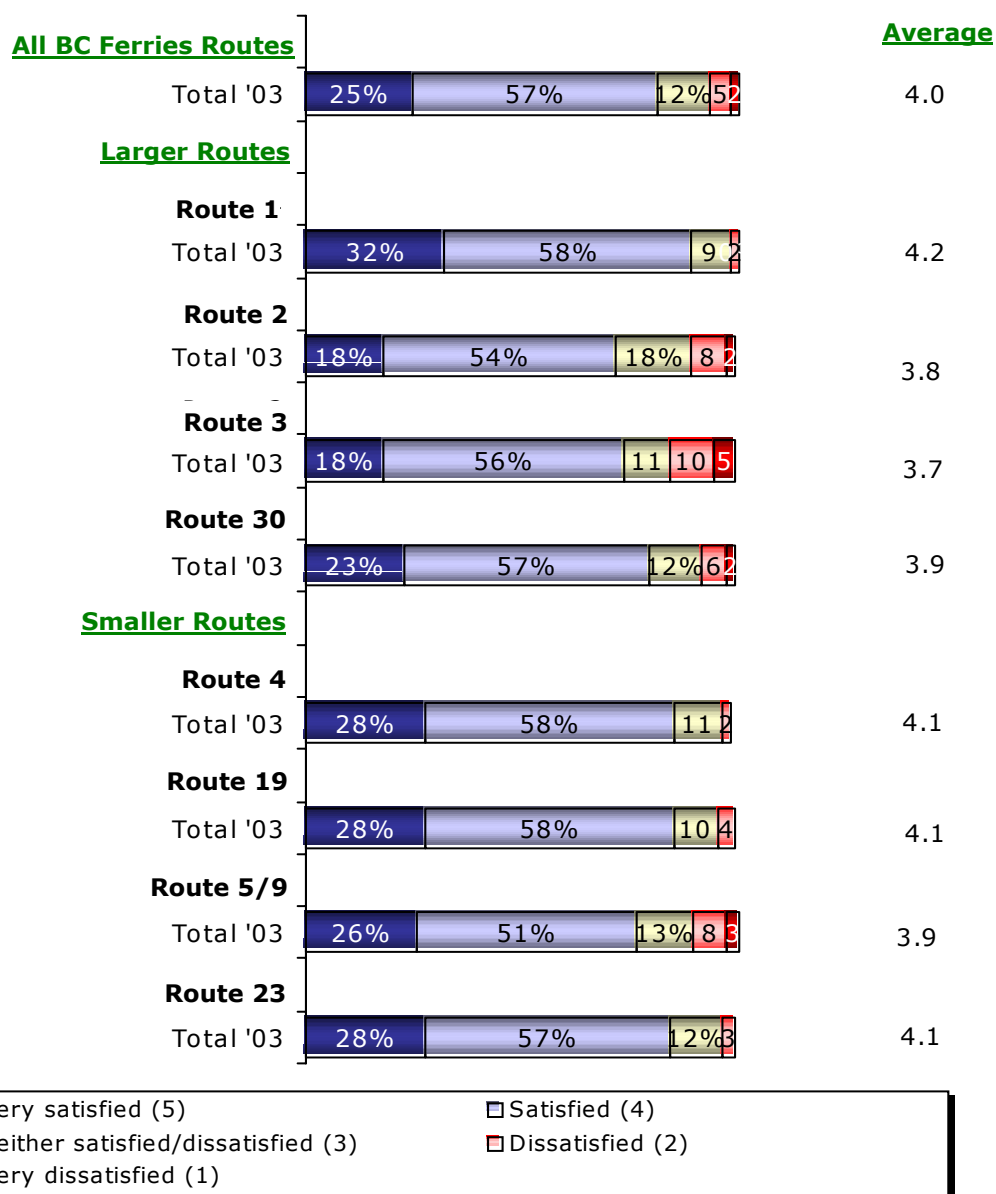
NOTE: When route numbers are shown in the graphs, please refer to the following table that explains each route number.

Ferry Routes Included in Customer Satisfaction Survey - 2003	
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, Saltspring Island
Route 19	Departure Bay-Descanso Bay, Gabriola Island
Route 5/9	Southern Gulf Islands (from Swartz Bay/from Tsawwassen)
Route 23	Campbell River-Quathiaski Cove, Quadra Island

Overall Satisfaction with BC Ferries

- Over the year, 82% of passengers report being satisfied. This translates to an average score of 4.0 on a five-point scale where '1' means 'very dissatisfied' and '5' means 'very satisfied'. [NOTE: Refer to page 46 for Route number codes]
- Ratings by route are also relatively consistent, ranging from 3.7 for Route 3 to 4.2 for Route 1. All other routes scored between 3.8 and 4.1 out of 5.

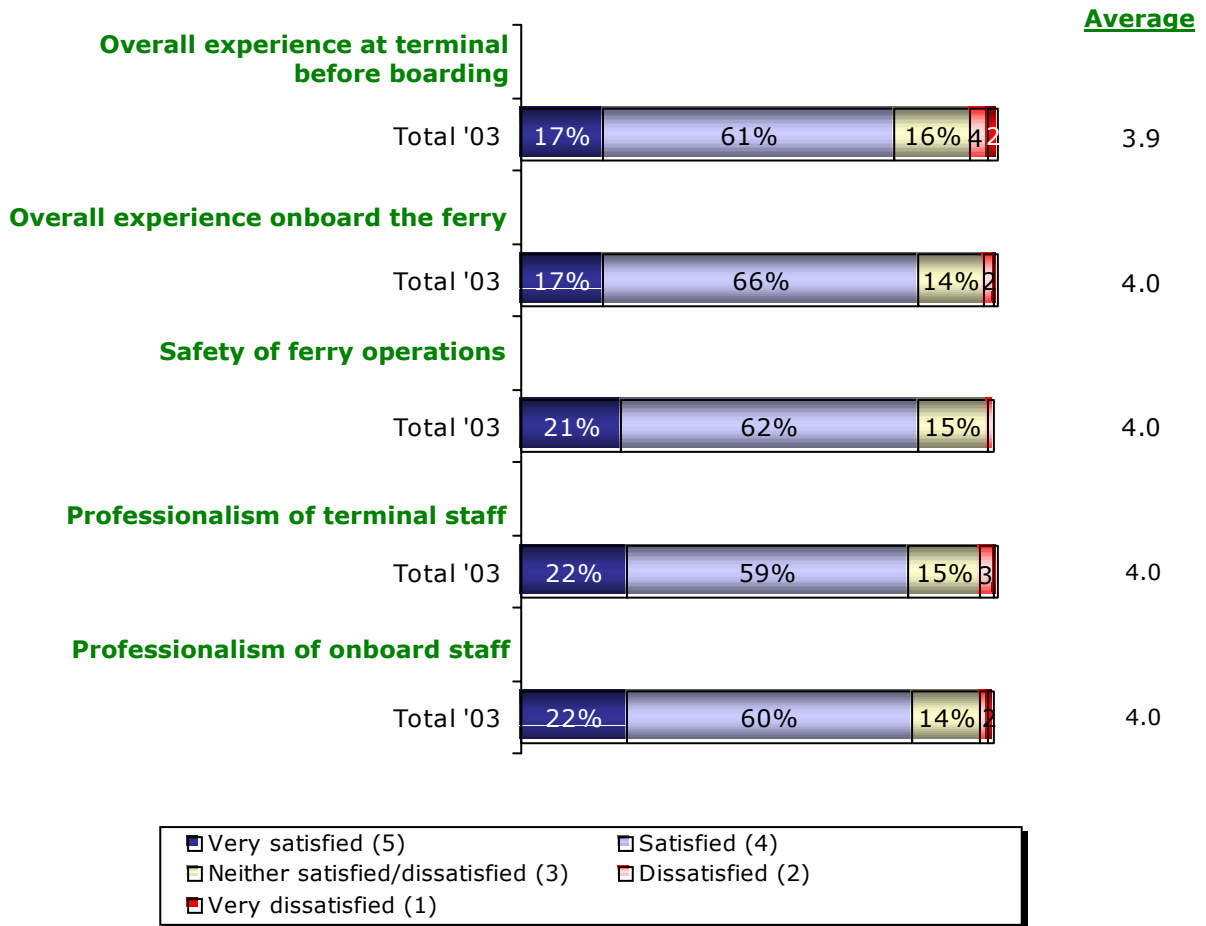
Overall Satisfaction Level with Recent Experience Travelling with BC Ferries



Q1) 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 with BC Ferries staff specifically. Most results are consistent at 4.0 out of 5, with experience at the terminal scoring slightly lower at 3.9 out of 5.

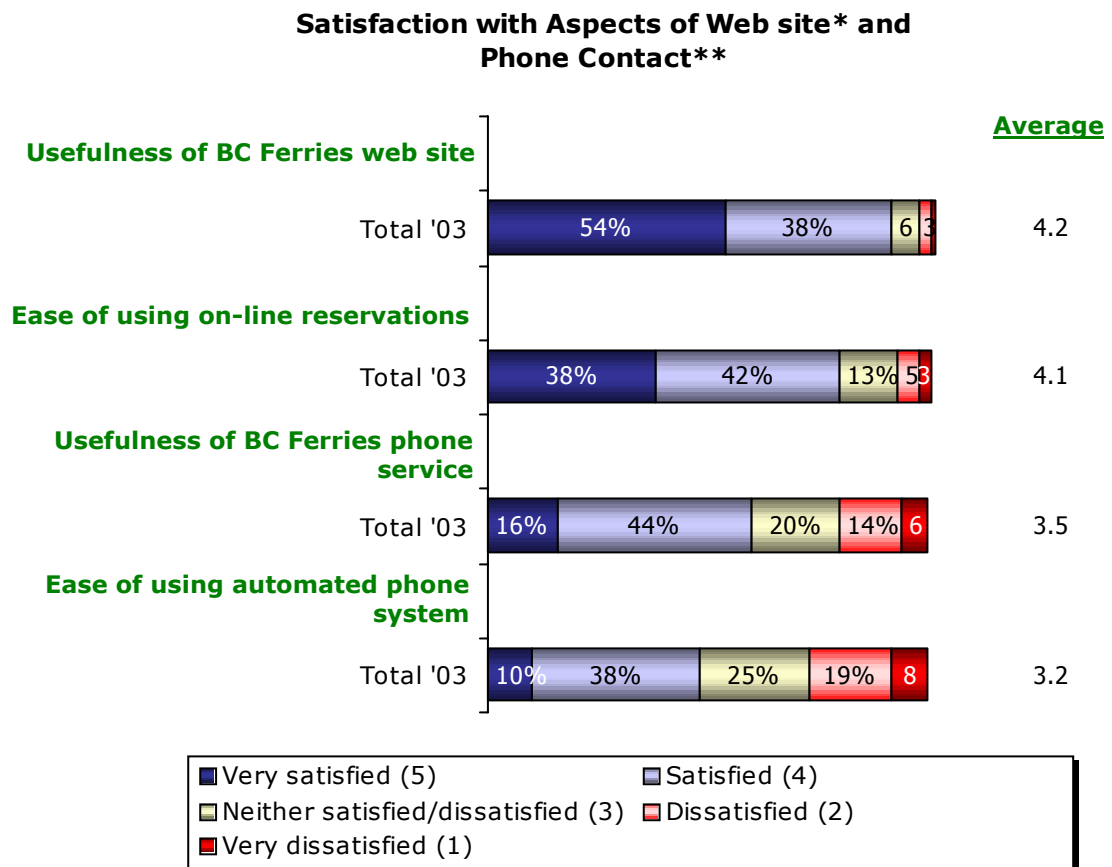
Summary of Main Satisfaction Scores



Before Arriving at Terminal

Web Site and Phone Contact

- Passengers who used the Web site are quite satisfied with the *usefulness* of the site, and *ease of using online reservations*.
- Passengers making phone contact with BC Ferries are less complimentary of the *usefulness of BC Ferries phone service*, and specifically of *ease of using the automated system*.



Q2) Please rate how satisfied or dissatisfied you were with each of the following.

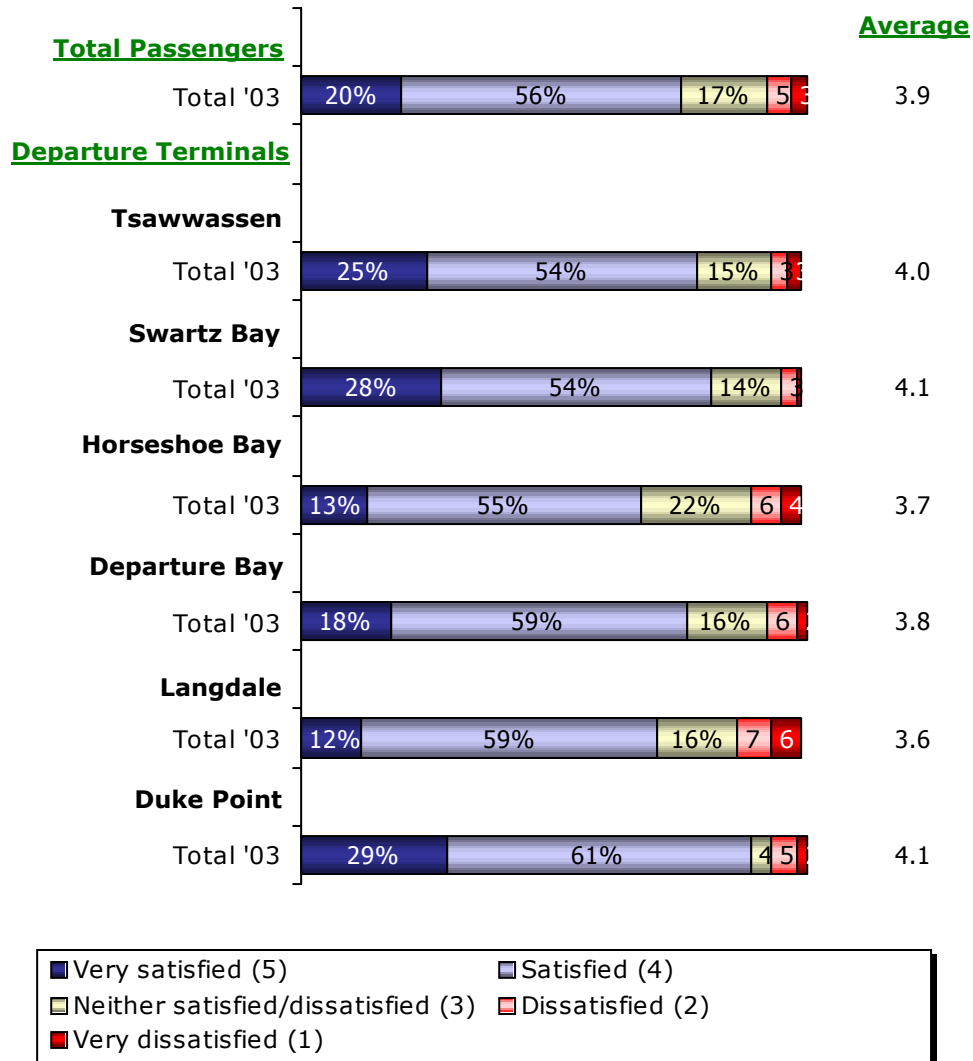
* 46% usage website, 25% usage on-line reservations.

** 35% usage phone service, 27% usage automated phone system.

Highway Signage

- Highway signage receives a rating of 3.9, with Langdale and Horseshoe Bay terminal passengers slightly less satisfied than others.

Satisfaction with Highway Signage*



Q2) Please rate how satisfied or dissatisfied you were with each of the following.

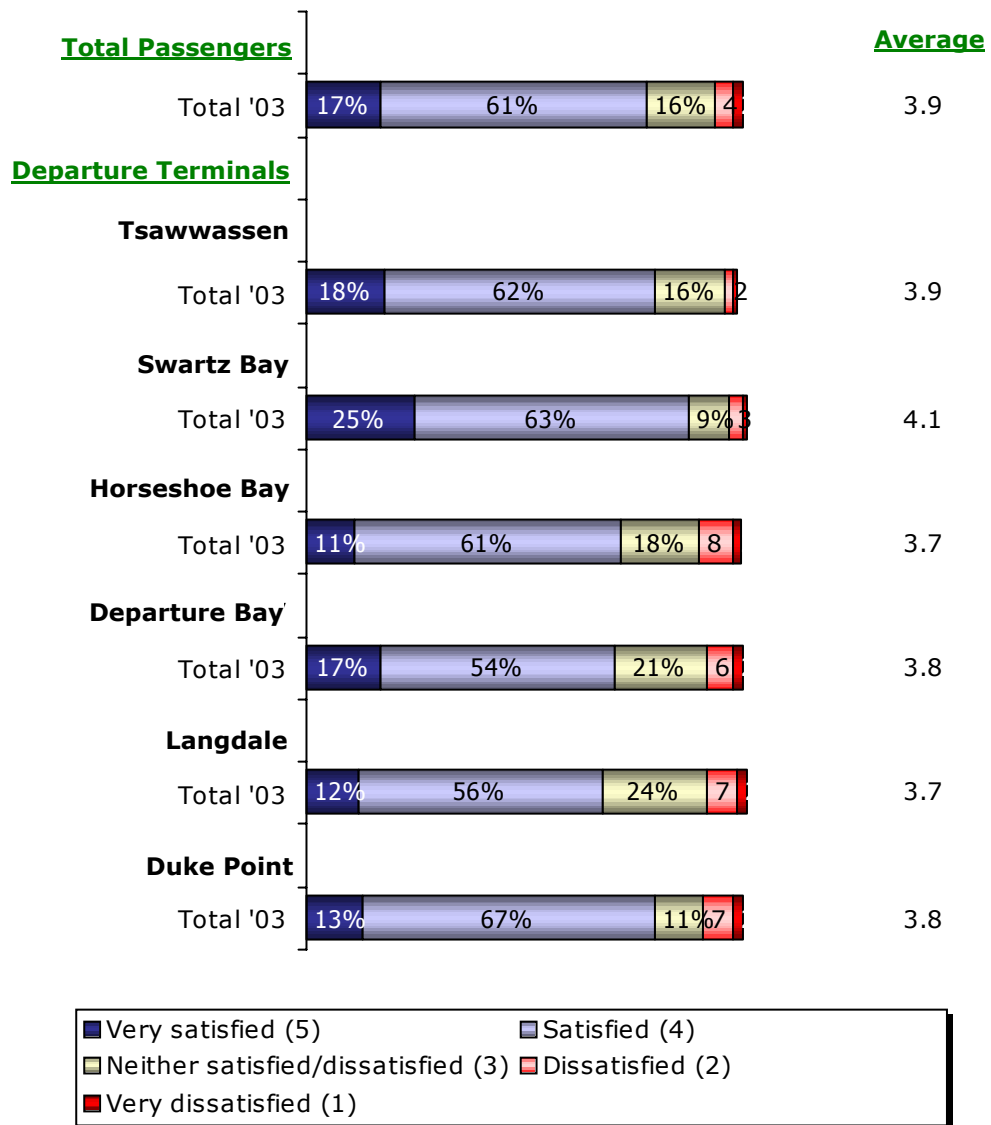
* Usage: 74%

At the Terminal

Overall Experience

- Passengers provided an overall satisfaction rating of 3.9 with their terminal experience before boarding. Scores by terminal are similar ranging from 3.7 at Horseshoe Bay and Langdale to 4.1 at Swartz Bay.

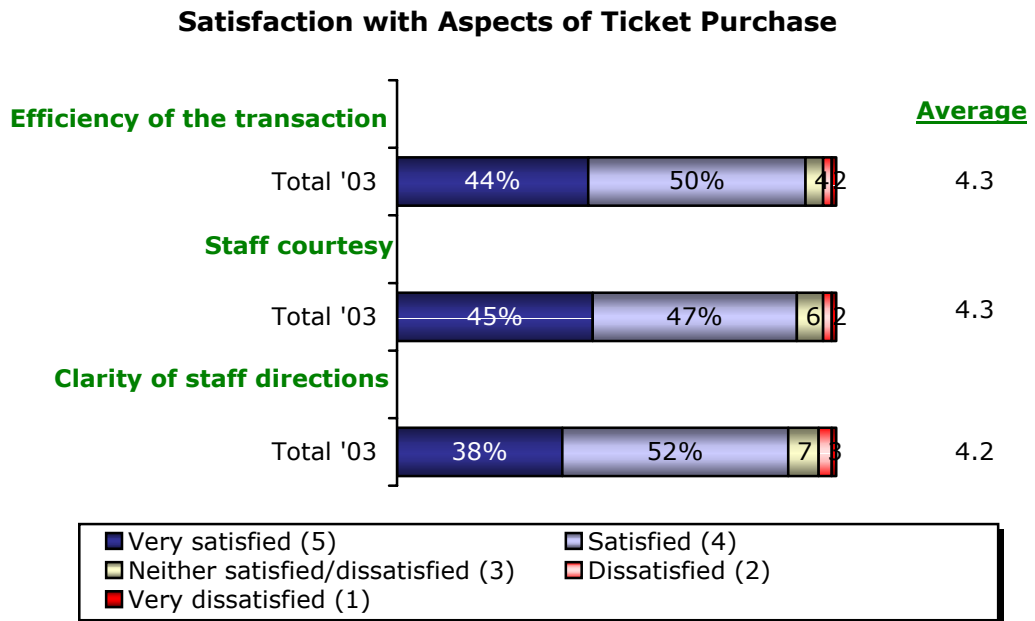
Overall Satisfaction with Experience at the Terminal Before Boarding



Q3) Please rate how satisfied or dissatisfied you were with each of the following.

Ticket Purchase

- Satisfaction levels are very high with all aspects of the ticket purchase process.

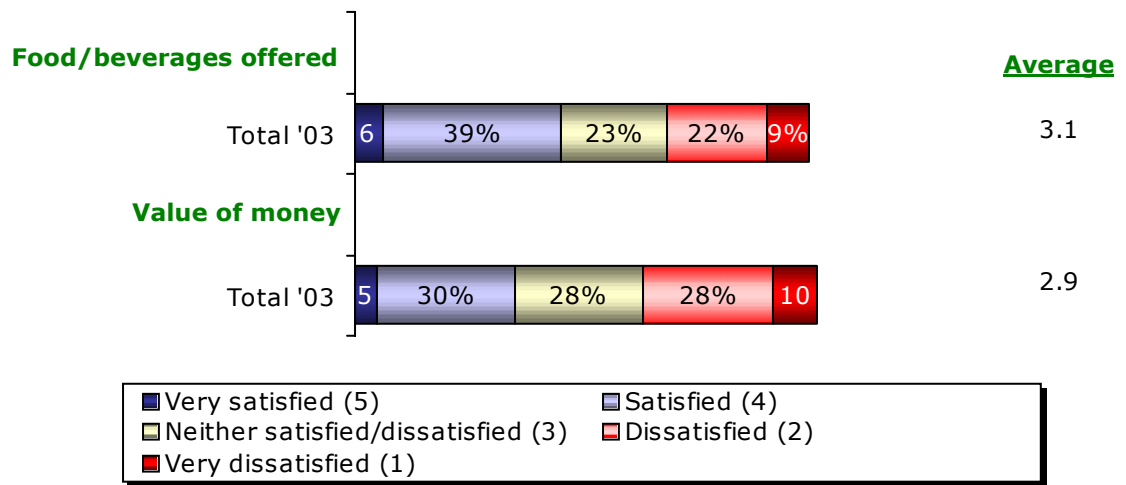


Q3) *Please rate how satisfied or dissatisfied you were with each of the following.*

Food/Beverage Services at Terminal

- Passengers using food and beverage services at the terminal are critical of the *food/beverage offered* and with *value for money*.

Satisfaction with Aspects of Food and Beverage Services at Terminal*



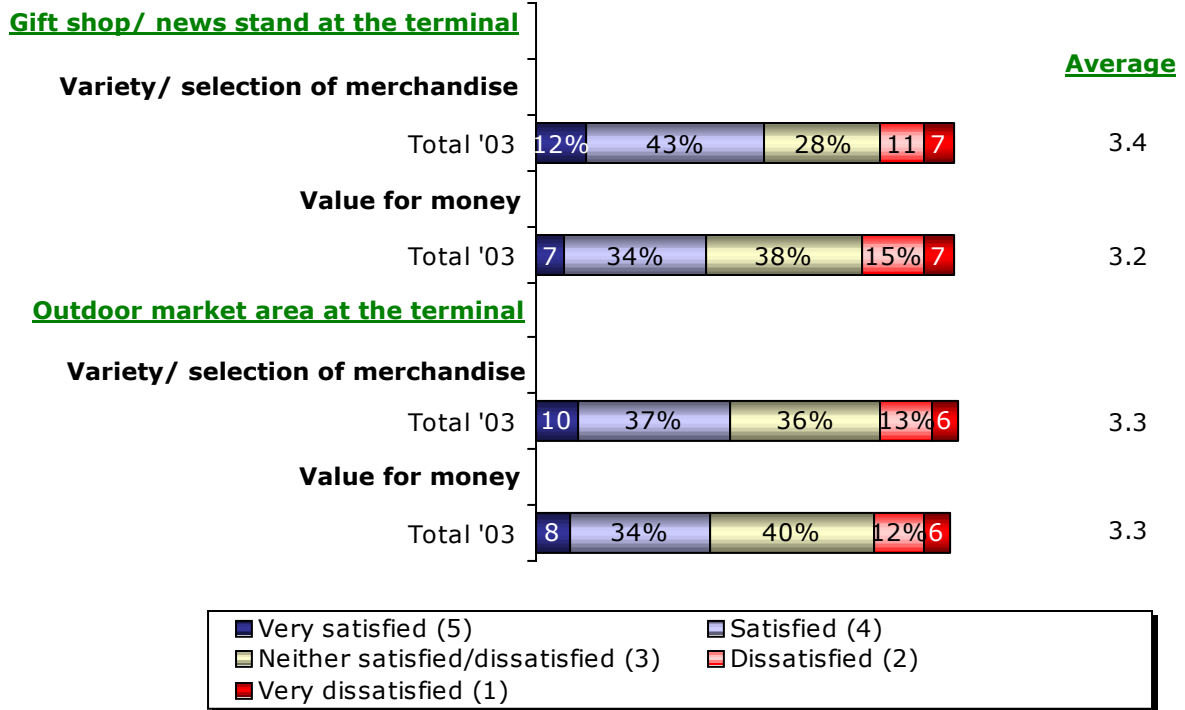
Q3) Please rate how satisfied or dissatisfied you were with each of the following.

* 34% usage overall; excludes Routes 19 and 23.

Retail Services at Terminal

- Satisfaction levels with retail services at the terminal are above those for food and beverage services, but also show room for improvement.

Satisfaction with Aspects of Retail Services at Terminal*



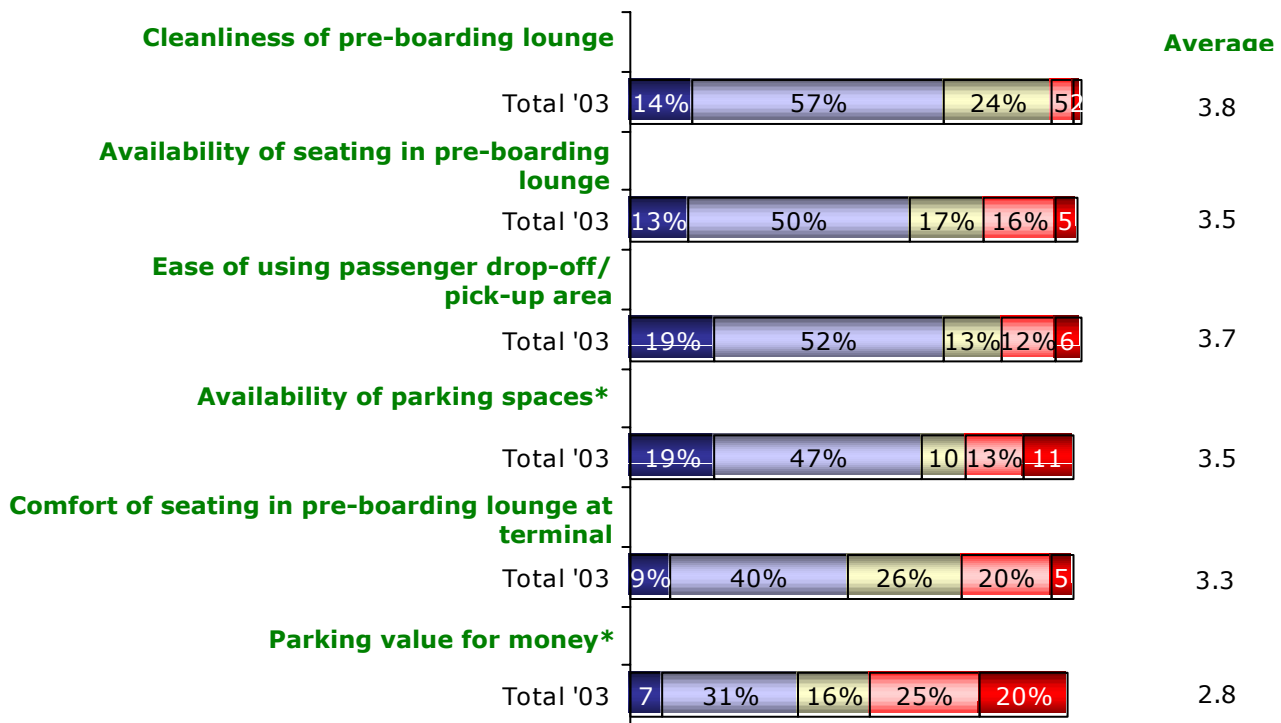
Q3) Please rate how satisfied or dissatisfied you were with each of the following.

*23% usage gift shop, 22% usage outdoor market; excludes Routes 19 and 23

Foot Passenger Services

- Overall, foot passengers are not particularly satisfied with many of their services, especially with *value for money* of parking.
- Dissatisfaction with *availability* and *value for money* of parking is highest with the Horseshoe Bay and Departure Bay terminal services for foot passengers.

Satisfaction with Foot Passenger Services*



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

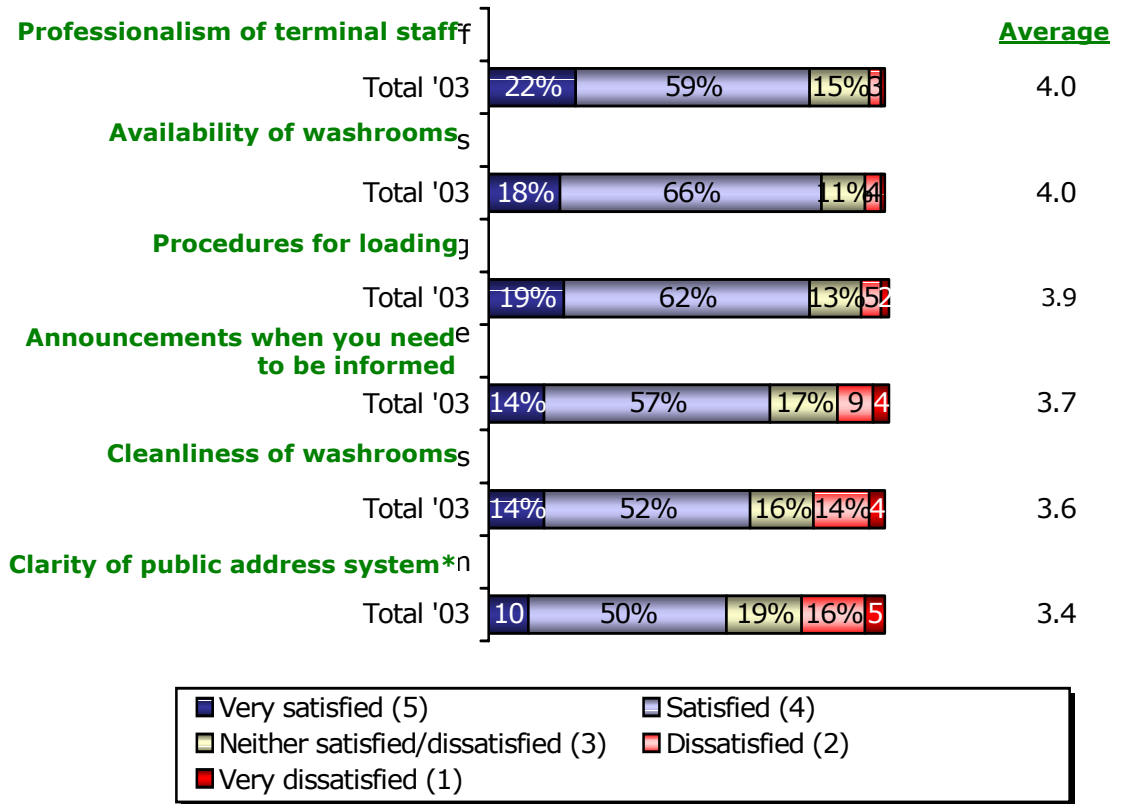
Q3) Please rate how satisfied or dissatisfied you were with each of the following.

*37% are foot passengers (including bus). * Excludes Route 23

Other Terminal Services

- Satisfaction levels with other terminal services have been generally quite high, with passengers most positive about the *professionalism of terminal staff*, *procedures for loading*, and *availability of washrooms* at the terminal.
- Satisfaction levels are slightly lower with respect to *cleanliness of washrooms*, and with *announcements when you need to be informed*. The *clarity of the public address system* receives the most criticism of all these terminal services.

Satisfaction with Other Terminal Services



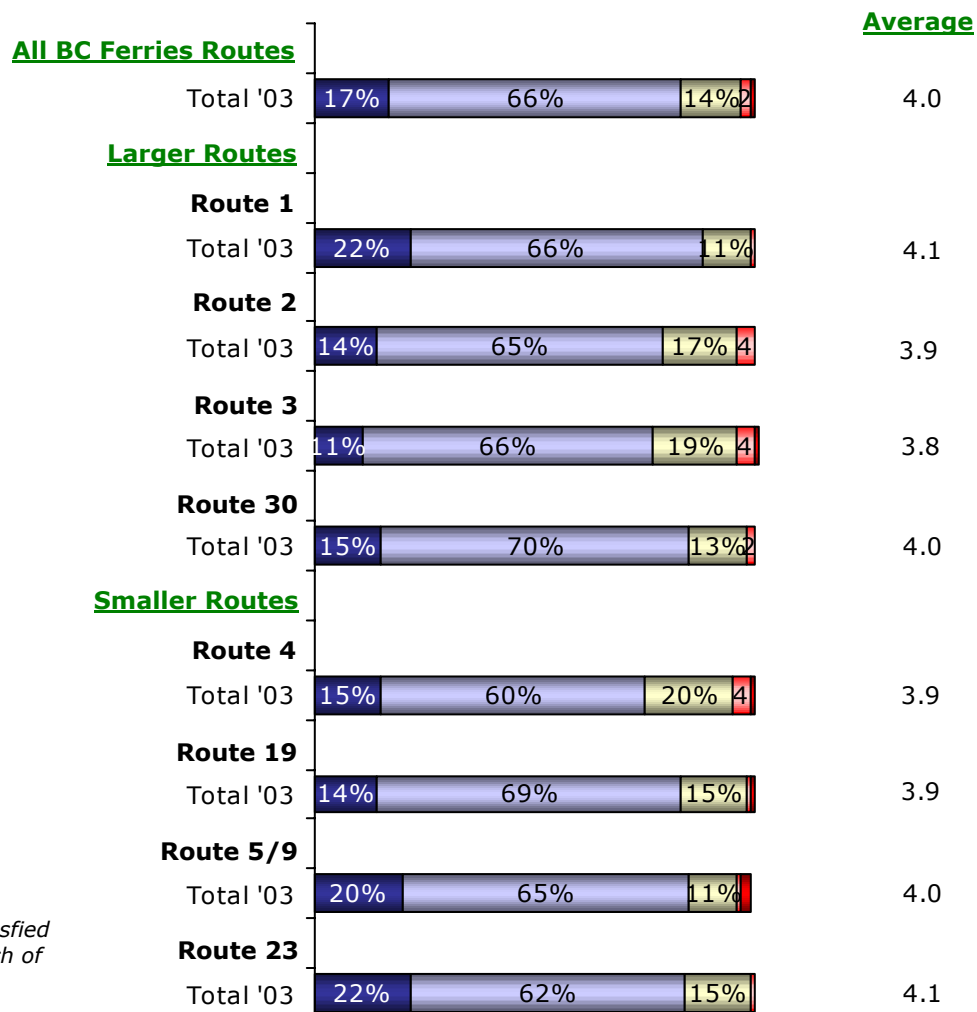
Q3) Please rate how satisfied or dissatisfied you were with each of the following. * Excludes Route 23.

Onboard Experience

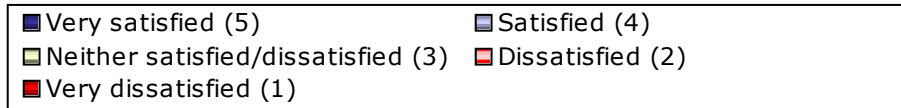
Overall Onboard Experience

- A total of 83% of passengers were satisfied with their overall experience onboard. Scores are very similar across all routes, varying only slightly, between 3.8 and 4.1 out of 5, with highest satisfaction on Route 1 between Tsawwassen and Swartz Bay and on Route 23 between Campbell River and Quadra Island. [NOTE: Refer to page 46 or page 67 for Route number codes]

Overall Satisfaction with Onboard Experience



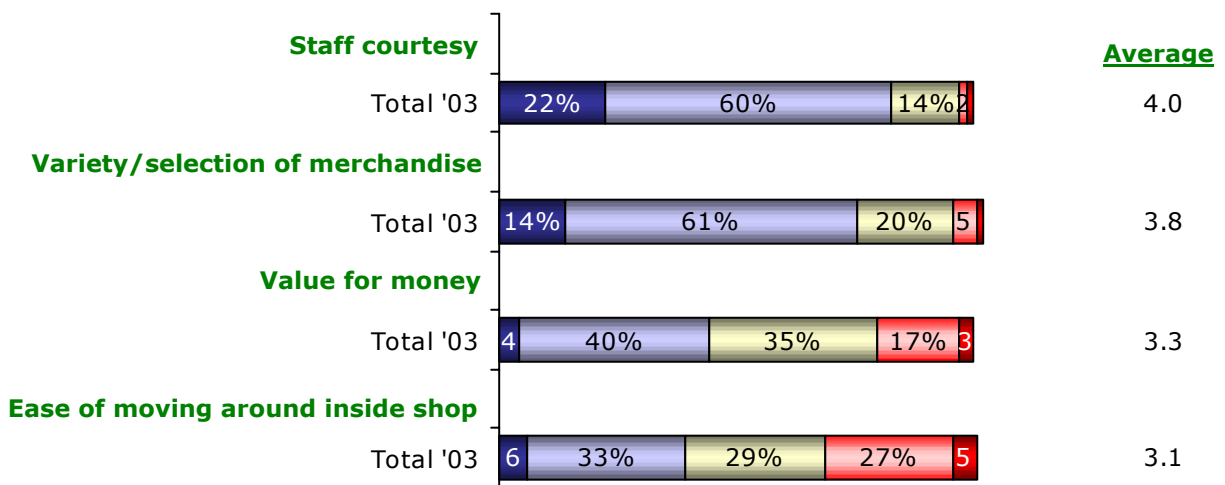
Q4) Please rate how satisfied or dissatisfied you were with each of the following.



Onboard Gift Shop/News Stand

- Satisfaction levels are relatively high with the *staff courtesy* and *variety/selection of merchandise* in the gift shop/news stand. But ratings are low for *ease of moving around inside the shop* and *value for money*.

Satisfaction with Aspects of Gift Shop / News Stand Onboard*



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

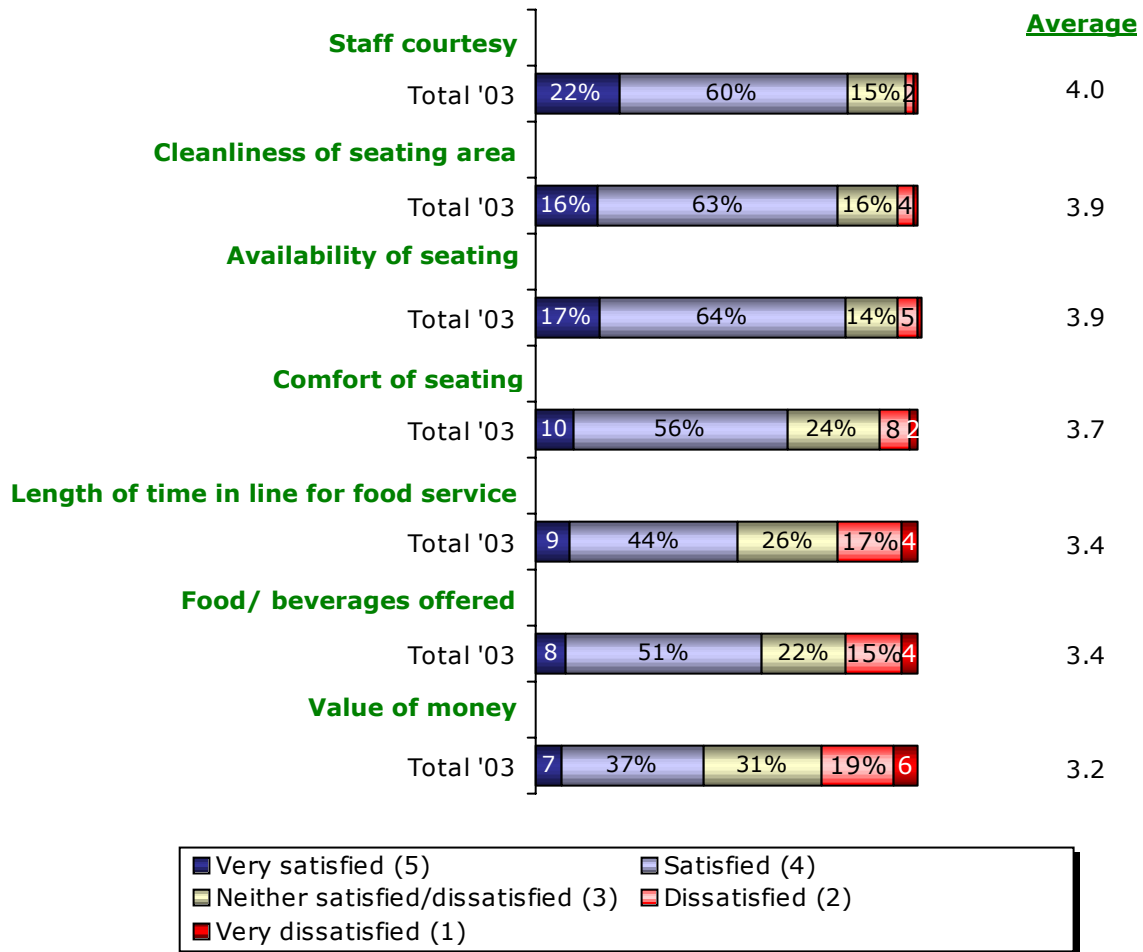
Q4) Please rate how satisfied or dissatisfied you were with each of the following.

* Excludes Routes 4, 19, 23. Otherwise usage is 54%

Onboard Food Services

- Food services perform well for *staff courtesy, cleanliness of seating area and availability of seating* on all vessels. Satisfaction levels are lower with respect to *length of time in line, food/beverages offered and value for money.*

Satisfaction with Aspects of Food and Beverage Services Onboard*



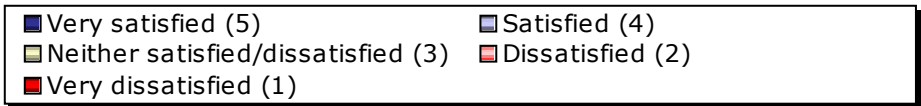
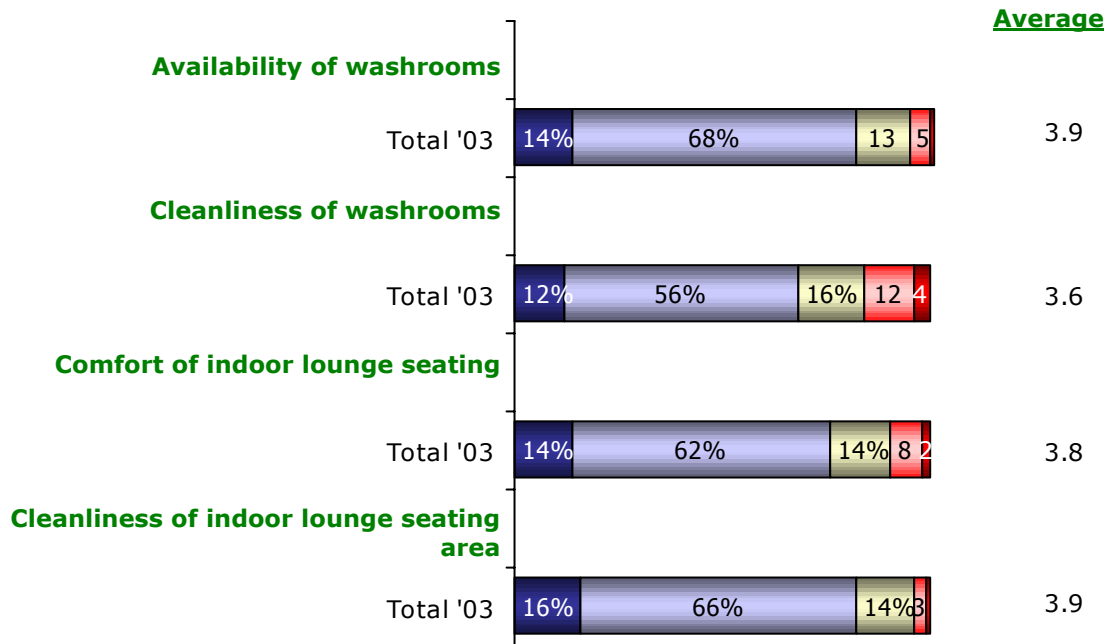
Q4 Please rate how satisfied or dissatisfied you were with each of the following.

* Excludes Routes 4, 19, 23. Usage 75%

Onboard Washrooms and Onboard Seating

- Passengers are relatively satisfied with the *availability of washrooms* but more critical of the *cleanliness* on most vessels.
- Passengers are also satisfied with the *comfort* and *cleanliness* of indoor lounge seating. Further analysis, however, shows that passengers are critical of seating comfort on the Quinsam, Skeena Queen and Mayne Queen.

Satisfaction with Onboard Washrooms and Onboard Seating

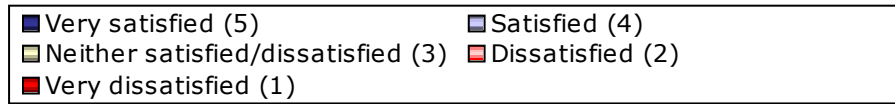
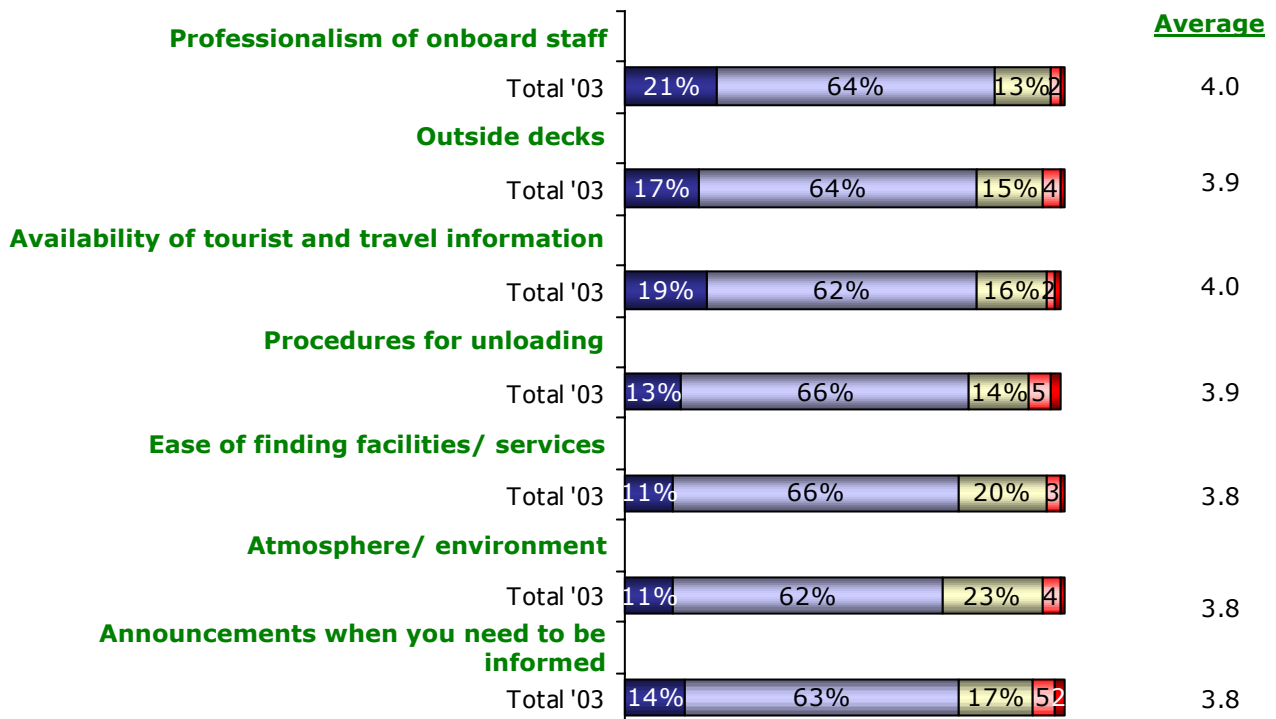


Q4) Please rate how satisfied or dissatisfied you were with each of the following.

Other Onboard Facilities/Services

- In terms of other onboard facilities and services, satisfaction levels have been satisfactory overall, with passengers most complimentary of the *professionalism of onboard staff*, and least satisfied with the *video arcade and ease of access for people with disabilities* (see graph continuing on next page).

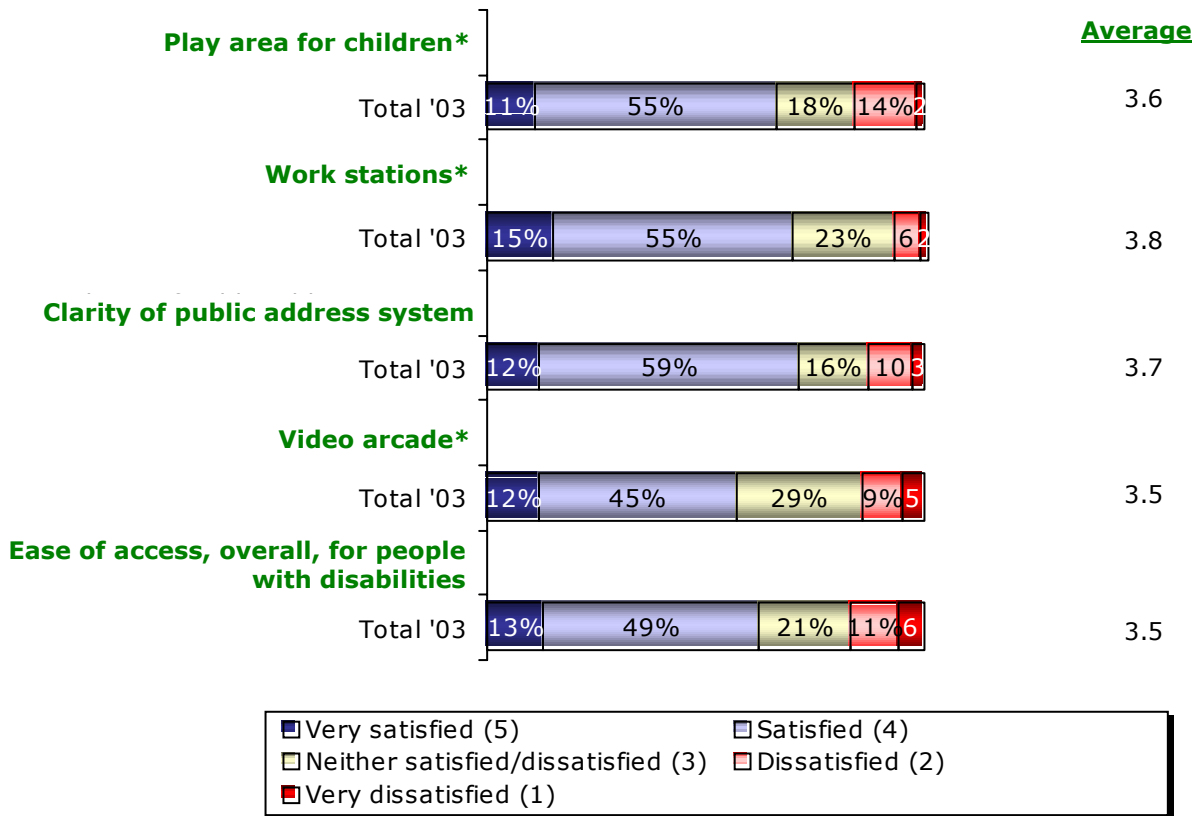
Satisfaction with Other Facilities/Services Onboard



Q4) Please rate how satisfied or dissatisfied you were with each of the following.

Other Onboard Facilities/Services (cont'd)

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



Q4) Please rate how satisfied or dissatisfied you were with each of the following.

* Excludes Routes 4, 19, 23.

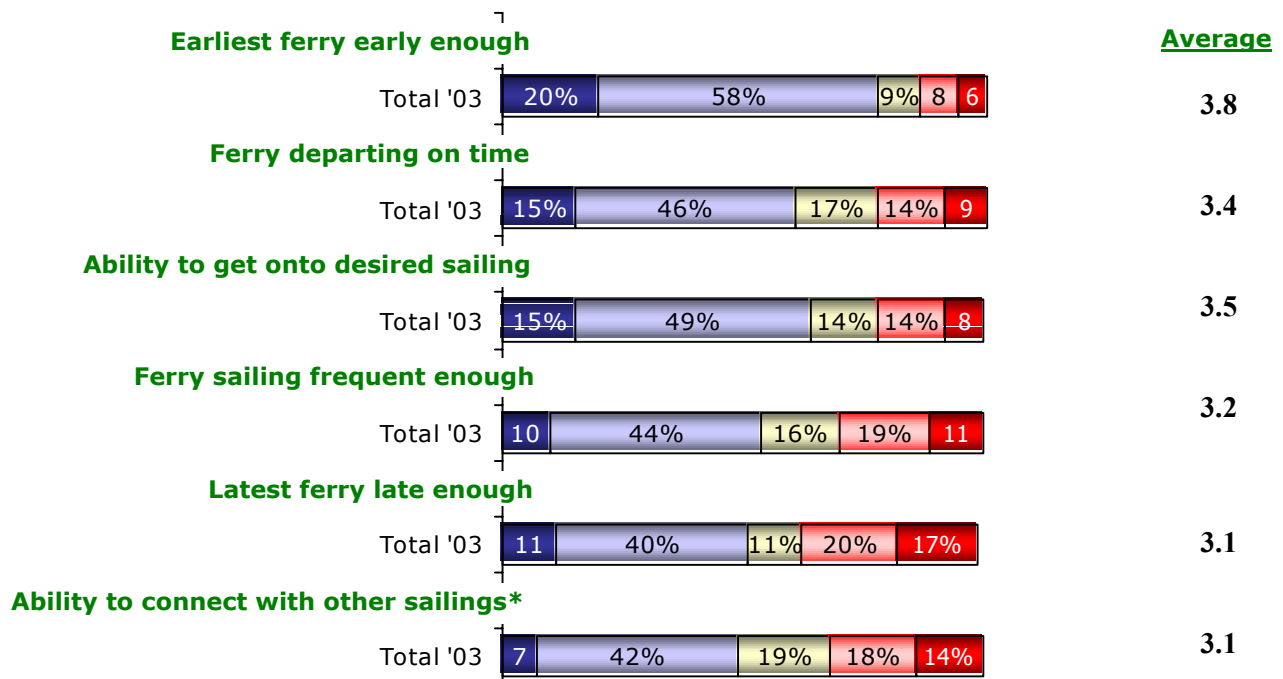
Sailing Schedules

Various Aspects of Sailing Schedules

Many aspects of the sailing schedule are not meeting passenger requirements. Key differences by route include the following: [NOTE: Refer to page 46 or page 67 for Route number codes.]

- *On-time departures:* The Tsawwassen-Swartz Bay route (Route 1) and most minor routes have the highest ratings. Route 2 between Horseshoe Bay and Nanaimo and Route 5/9 to various Southern Gulf Islands have the lowest ratings.
- *Ability to get onto desired sailing:* Route 2, 3 and 19 passengers seem to have most difficulty.
- *Sailing frequency:* Passengers on Route 3 report the greatest dissatisfaction.
- *Ability to connect:* Route 1 has the highest rating, Routes 3, 4 and 19 the lowest.
- *Latest ferry late enough:* Routes 3 and 4 record the lowest ratings.

Satisfaction with Sailing Schedules



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

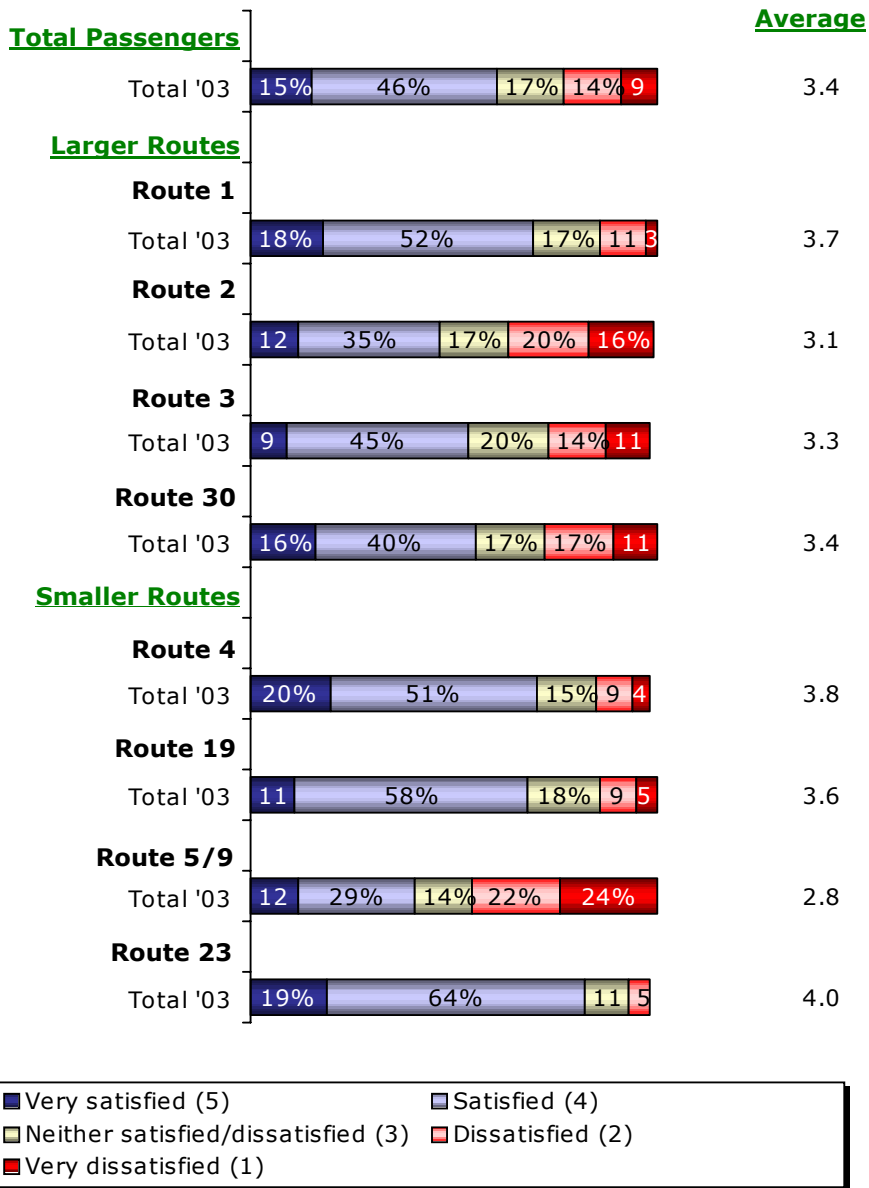
Q5) Please rate how satisfied or dissatisfied you were with each of the following.

* Based on those connecting (n=1,199).

Departing on Time

- The following graph details the ratings for *departing on time* by route.
[NOTE: Refer to page 46 or page 67 for Route number codes]

Satisfaction with "Departing on Time"

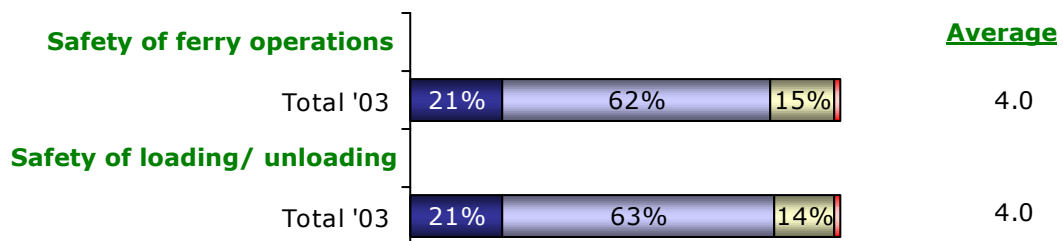


Q5) Please rate how satisfied or dissatisfied you were with each of the following.

Safety

- Perceptions of the *safety of the ferry operations* are very strong overall, and on each route. This appears to be one of the main strengths of the service provided by BC Ferries.

Satisfaction with Aspects of Safety of Ferry Operations

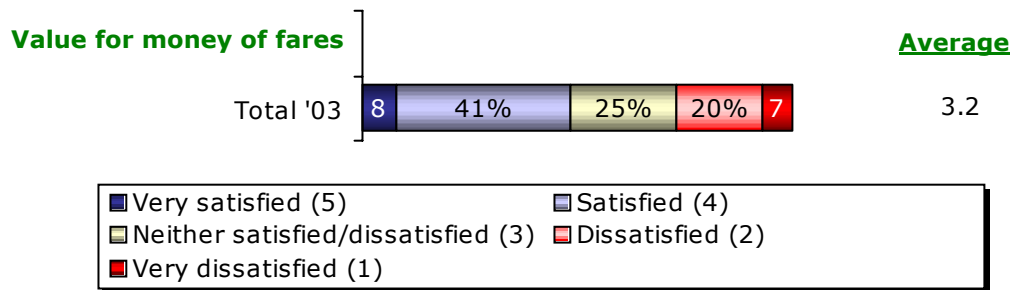


Q5) Please rate how satisfied or dissatisfied you were with each of the following.

Overall Value

- Satisfaction levels are low with perceived value for money of the fares. As a rule, frequent travellers and those unable to get on the sailing they arrived for are most critical. Further analysis shows that passengers on the smaller routes, older passengers, tourists and Gulf Island residents are most positive about the value they receive.

Satisfaction with Overall Value



Q5) *Please rate how satisfied or dissatisfied you were with each of the following.*

Appendix

Route-by-Route Average Satisfaction Score for Each Attribute:

Ferry Routes Included in Customer Satisfaction Survey - 2003	
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, Saltspring Island
Route 19	Departure Bay-Descanso Bay, Gabriola Island
Route 5/9	Southern Gulf Islands (from Swartz Bay/from Tsawwassen)
Route 23	Campbell River-Quathiaski Cove, Quadra Island

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

Average Satisfaction Ratings by Route
(see page 67 for Route Number codes)

	Total	Major Routes					Route 3	Minor Routes				
		Total	1	2	30	Total		4	19	5/9	23	
OVERALL EXPERIENCE												
Trip overall	4.0	4.0	4.2	3.8	3.9	3.7	4.0	4.1	4.1	3.9	4.1	
BEFORE ARRIVING AT TERMINAL												
Usefulness of BC Ferries website	4.2	4.3	4.3	4.3	4.2	4.2	4.2	4.2	4.3	4.3	4.2	
Ease of using on-line reservations	4.1	4.1	4.1	4.2	4.1	3.8	4.0	3.9	4.0	4.1	4.0	
Usefulness of BC Ferries phone service	3.5	3.6	3.6	3.5	3.6	3.2	3.7	3.9	3.4	3.6	3.7	
Ease of using automated phone service	3.2	3.4	3.4	3.3	3.3	2.8	3.2	3.5	3.0	3.2	2.8	
Highway signage	3.9	4.0	4.0	3.8	4.0	3.6	3.8	3.9	3.7	3.9	3.6	
TERMINAL EXPERIENCE												
Terminal overall	3.9	3.9	4.0	3.8	3.9	3.7	3.9	4.0	3.9	3.9	4.0	
Ticket Purchase												
Efficiency of the transaction	4.3	4.4	4.4	4.3	4.4	4.2	4.4	4.4	4.4	4.4	4.4	
Staff courtesy	4.3	4.4	4.4	4.3	4.4	4.1	4.5	4.4	4.5	4.5	4.5	
Clarity of staff directions	4.2	4.3	4.3	4.2	4.3	4.0	4.3	4.3	4.4	4.3	4.4	
Food & Beverage Services at the Terminal												
Food beverages offered	3.1	3.2	3.3	3.1	3.1	2.8	3.1	3.1	-	3.2	-	
Value for money	2.9	3.0	3.0	2.8	2.9	2.8	2.9	2.8	-	3.0	-	
Gift Shop/News Stand at the Terminal												
Variety/selection of merchandise	3.4	3.5	3.6	3.4	3.2	3.2	3.2	3.2	-	3.1	-	
Value for money	3.2	3.3	3.4	3.1	3.2	3.0	3.1	3.2	-	3.0	-	
Outdoor Market Area at the Terminal												
Variety/selection of merchandise	3.3	3.3	3.4	3.3	3.2	3.1	3.6	3.6	-	3.5	-	
Value for money	3.3	3.2	3.2	3.2	3.2	3.2	3.4	3.6	-	3.3	-	
Other Terminal Services												
Clarity of Public address system	3.4	3.5	3.6	3.4	3.6	3.3	3.2	3.1	3.0	3.4	-	
Announcements when you need to be informed	3.7	3.8	3.9	3.6	3.8	3.4	3.5	3.4	3.3	3.6	3.7	
Availability of washrooms	4.0	4.0	4.1	3.9	4.0	3.8	3.9	4.1	3.8	4.0	4.0	
Cleanliness of washrooms	3.6	3.6	3.6	3.5	3.8	3.4	3.7	3.9	3.4	3.8	3.7	
Procedures for loading	3.9	4.0	4.1	3.8	4.0	3.7	3.9	4.0	4.0	3.7	4.1	
Professionalism of terminal staff	4.0	4.0	4.0	3.9	4.0	3.8	4.1	4.0	4.2	4.0	4.2	

continued

Average Satisfaction Ratings by Route (cont'd)
(see page 67 for Route Number codes)

	Total	Major Routes					Minor Routes				
		Total	1	2	30	Route 3	Total	4	19	5/9	23
Foot Passenger Services at the Terminal											
Availability of parking spaces	3.5	3.6	3.7	3.4	3.9	3.6	3.0	2.7	2.7	3.7	-
Parking value for money	2.8	2.8	2.9	2.5	3.0	2.8	2.9	2.5	3.0	2.8	-
Ease of using passenger drop-off/ pick-up area	3.7	3.7	3.6	3.7	4.1	3.6	3.5	3.3	3.2	3.8	3.8
Availability of seating in pre-boarding lounge at terminal	3.5	3.5	3.6	3.4	3.3	3.4	3.5	4.0	3.6	3.2	3.5
Comfort of seating in pre-boarding lounge at terminal	3.3	3.3	3.4	3.1	3.3	3.1	3.2	3.6	3.1	3.2	3.1
Cleanliness of pre-boarding lounge	3.8	3.8	3.9	3.7	3.6	3.7	3.7	4.0	3.8	3.7	3.5
ONBOARD EXPERIENCE											
Onboard overall	4.0	4.0	4.1	3.9	4.0	3.8	4.0	3.9	3.9	4.0	4.1
Gift Shop/ News Stand											
Variety/ selection of merchandise	3.8	3.8	3.9	3.8	3.7	3.8	3.6	-	-	3.6	-
Staff courtesy	4.0	4.1	4.1	4.1	4.1	3.9	4.1	-	-	4.1	-
Ease of moving around inside shop	3.1	3.1	3.1	3.1	3.0	3.0	3.2	-	-	3.2	-
Value for money	3.3	3.3	3.3	3.2	3.3	3.2	3.3	-	-	3.3	-
Food Services											
Time in line for food services	3.4	3.4	3.5	3.1	3.6	3.3	3.7	-	-	3.7	-
Food/ beverages offered	3.4	3.5	3.5	3.4	3.4	3.3	3.3	-	-	3.3	-
Staff courtesy	4.0	4.0	4.0	4.0	4.1	4.0	4.2	-	-	4.2	-
Availability of seating	3.9	3.9	3.9	3.8	4.0	3.9	4.1	-	-	4.1	-
Comfort of seating	3.7	3.7	3.7	3.7	3.5	3.6	3.6	-	-	3.6	-
Cleanliness of seating area	3.9	3.9	3.9	3.9	3.9	3.9	4.1	-	-	4.1	-
Value for money	3.2	3.2	3.3	3.1	3.1	3.1	3.3	-	-	3.3	-
Washrooms											
Availability of washrooms	3.9	3.9	3.9	3.9	4.0	3.8	3.9	3.9	3.8	4.1	4.1
Cleanliness of washrooms	3.6	3.6	3.7	3.5	3.7	3.6	3.6	3.7	3.3	3.9	3.7
Lounge Seating											
Comfort of indoor lounge seating	3.8	3.9	4.0	3.7	3.7	3.8	3.3	2.9	3.0	3.6	3.8
Cleanliness of indoor lounge seating area	3.9	4.0	4.0	3.9	3.9	3.9	3.8	3.7	3.5	4.1	3.9

continued

Average Satisfaction Ratings by Route (cont'd)
(see page 67 for Route Number codes)

	<u>Total</u>	<u>Major Routes</u>			<u>Route 3</u>	<u>Minor Routes</u>					
		<u>Total</u>	<u>1</u>	<u>2</u>		<u>30</u>	<u>Total</u>	<u>4</u>	<u>19</u>	<u>5/9</u>	<u>23</u>
Other Onboard Facilities/ Services											
Play area for children	3.6	3.6	3.8	3.3	3.7	3.5	3.7	-	-	3.7	-
Video arcade	3.5	3.6	3.7	3.3	3.6	3.3	3.3	-	-	3.3	-
Work stations	3.8	3.8	4.0	3.7	3.4	3.5	3.8	-	-	3.8	-
Outside decks	3.9	4.0	4.1	3.9	3.9	3.8	3.8	3.6	3.6	4.0	4.0
Availability of tourist and travel information	4.0	4.0	4.0	4.0	4.1	3.9	3.8	3.8	3.5	3.9	3.8
Ease of access, overall, for people with disabilities	3.5	3.7	3.9	3.4	3.7	3.4	3.2	3.4	3.0	3.6	2.9
Ease of finding facilities/ services	3.8	3.9	3.9	3.8	3.9	3.8	3.7	3.7	3.6	3.9	3.8
Clarity of public address system	3.7	3.7	3.8	3.6	3.8	3.6	3.3	3.3	3.0	3.7	3.4
Announcements when you need to be informed	3.8	3.9	3.9	3.8	3.9	3.7	3.6	3.6	3.3	3.7	3.5
Atmosphere/ environment	3.8	3.8	3.9	3.7	3.8	3.7	3.7	3.5	3.6	3.8	3.8
Procedures for unloading	3.9	3.9	3.9	3.9	3.9	3.6	3.9	3.9	4.0	3.6	3.9
Professionalism with onboard staff	4.0	4.1	4.1	4.0	4.1	3.9	4.1	4.0	4.2	4.0	4.1
Experience with the Sailing Schedule											
Earliest ferry earliest enough	3.8	3.7	3.7	3.7	3.9	3.8	4.0	3.9	4.1	3.8	4.0
Latest ferry late enough	3.1	3.2	3.2	3.0	3.5	2.6	3.3	2.7	3.3	3.4	3.6
Ferry sailing frequent enough	3.2	3.4	3.6	3.1	3.2	2.6	3.5	3.4	3.7	3.2	3.7
Ability to get onto desired ferry	3.5	3.6	3.7	3.3	3.6	3.1	3.6	3.7	3.3	3.8	3.4
Ability to connect with other sailings	3.1	3.3	3.5	3.1	3.3	2.7	3.0	2.7	2.7	3.3	3.6
Ferry departing on time	3.4	3.5	3.7	3.1	3.4	3.3	3.5	3.8	3.6	2.8	4.0
Safety											
Safety of ferry operations	4.0	4.1	4.1	4.0	4.1	3.9	4.1	4.1	4.0	4.1	4.1
Safety of loading/unloading	4.0	4.1	4.1	4.0	4.1	3.9	4.1	4.2	4.1	4.1	4.1
OVERALL VALUE											
Value for money of fares	3.2	3.2	3.3	3.1	3.2	3.2	3.4	3.3	3.5	3.6	3.2

TERMINAL ATTRIBUTES ONLY - Satisfaction Ratings by Terminal							
	<u>Total</u>	<u>Tsawwassen</u>	<u>Swartz Bay</u>	<u>Horseshoe Bay</u>	<u>Departure Bay</u>	<u>Langdale</u>	<u>Duke Point</u>
OVERALL EXPERIENCE							
Overall	4.0	4.1	4.2	3.8	3.8	3.7	3.9
TERMINAL EXPERIENCE							
Terminal Overall	3.9	3.9	4.1	3.7	3.8	3.7	3.8
Ticket Purchase							
Efficiency of the transaction	4.3	4.4	4.4	4.2	4.4	4.2	4.4
Staff courtesy	4.3	4.4	4.4	4.2	4.4	4.1	4.4
Clarity of staff directions	4.2	4.3	4.3	4.1	4.2	4.0	4.3
Food & Beverage Services at the Terminal							
Food beverages offered	3.1	3.2	3.4	3.0	3.2	2.6	2.7
Value for money	2.9	3.0	3.1	2.9	2.8	2.7	2.8
Gift Shop/ News Stand at the Terminal							
Variety/selection of merchandise	3.4	3.6	3.7	3.3	3.6	3.1	2.9
Value for money	3.2	3.3	3.4	3.1	3.2	3.0	3.0
Outdoor Market Area at the Terminal							
Variety/selection of merchandise	3.3	3.3	3.5	3.2	3.4	3.0	3.0
Value for money	3.3	3.1	3.4	3.2	3.3	3.1	3.2
Other Terminal Services							
Clarity of Public address system	3.4	3.6	3.6	3.3	3.5	3.3	3.5
Announcements when you need to be informed	3.7	3.9	3.9	3.5	3.7	3.5	3.7
Availability of washrooms	4.0	4.0	4.1	3.9	3.9	3.8	4.1
Cleanliness of washrooms	3.6	3.6	3.7	3.5	3.6	3.5	4.0
Procedures for loading	3.9	4.0	4.1	3.7	3.9	3.7	4.1
Professionalism of terminal staff	4.0	4.0	4.1	3.9	4.0	3.8	4.1
Foot Passenger Services at the Terminal							
Availability of parking spaces	3.5	3.6	3.7	3.3	3.4	3.9	4.2
Parking value for money	2.8	3.0	2.9	2.4	2.5	3.1	3.2
Ease of using passenger drop-off/ pick-up area	3.7	3.6	3.6	3.5	3.9	3.8	4.2
Availability of seating in pre-boarding lounge at terminal	3.5	3.4	3.9	3.5	3.4	3.2	3.8
Comfort of seating in pre-boarding lounge at terminal	3.3	3.2	3.7	3.1	3.2	3.0	3.7
Cleanliness of pre-boarding lounge	3.8	3.7	4.0	3.8	3.6	3.7	3.9
Overall Value							
Value for money of fares	3.2	3.3	3.2	3.2	3.1	3.1	3.1

Research Methodology

Background

British Columbia Ferry Services Inc. (BC Ferries) commissioned tracking research to gauge customer satisfaction on specific BC Ferries routes to determine and monitor areas of service that passengers believe are performing well and areas that require improvement. While the primary purpose of the research for this report is to satisfy contract obligations, this research will ultimately contribute to product and service enhancements for improved service for BC Ferries travellers. This study is part of a regular program of ongoing research conducted by BC Ferries.

Project Overview

The 2003 Customer Satisfaction Tracking Study will act as a baseline for the newly formed British Columbia Ferry Services Inc. and will track performance on satisfaction levels overall and with specific service attributes. Once a year, the annual satisfaction scores will be published on the BC Ferries website as required by the Coastal Ferry Services Contract.

Research Objectives

The specific objectives are as follows; to:

- Determine customers satisfaction levels with BC Ferries service, overall,
- Determine satisfaction with the specific attributes of the service that span the entire range of points of customer contact with BC Ferries - including before arriving at the terminal, at the terminal, onboard the vessel, loading/unloading, overall safety and value for money of fares paid,
- Track changes in satisfaction over time, and to
- Ensure the tracking research is relevant and credible so as to pass internal and external scrutiny.

Sample Selection

First, a random sample of passengers aged 18 or older 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 internal analysis. This information was collected in the form of a "batch header", which was attached to all the "screeners" completed on each sailing.

Immediately following this “screener”, passengers were asked to complete a survey after they disembarked and left the terminal area. The completed survey was returned in a postage pre-paid envelope. Respondents were instructed to complete the survey within 48 hours of receiving it to ensure top-of-mind experiences were recorded.

Completed questionnaires were mailed directly to the professional research firm, not to BC Ferries, in order to maintain respondent anonymity. As well, the practice is in accordance with existing federal and provincial rules related to privacy legislation.

This self-administered portion of the survey was designed to capture satisfaction and usage information from all potential points of contact. The survey related to the customer’s experience on their current/last trip on BC Ferries, when they received the questionnaire, rather than to their general experience onboard a ferry at some time in the past.

Sample Size

The total sample of placements was distributed across larger and smaller routes to ensure a minimum number of interviews per route for reliability. The final results were weighted to reflect actual passenger traffic volumes.

Routes surveyed and the number of screeners and completed returned surveys from each route during 2003 are as follows:

	Screeners	Returns
Larger Routes:	6,576	2,149
Route 1: Tsawwassen-Swartz Bay	1,854	620
Route 2: Horseshoe Bay-Departure bay	1,970	602
Route 3: Horseshoe Bay-Langdale	1,338	461
Route 30: Tsawwassen-Duke Point	1,414	466
Smaller Routes:	4,963	1,477
Route 4: Swartz Bay-Fulford Harbour, Saltspring Island	1,280	356
Route 19: Departure Bay-Descanso Bay, Gabriola Island	1,325	360
Route 5/9: Southern Gulf Islands	1,168	403
Route 23: Campbell River-Quadra Island	1,190	358
TOTAL	11,539	3,626

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 -2003 -				
	Screeners		Returns	
	<u>Actual</u> (11,539) %	<u>Weighted</u> (11,539) %	<u>Actual</u> (3,626) %	<u>Weighted</u> (3,626) %
Larger Routes	57	83	59	84
Weekend	18	28	19	29
30	4	3	4	3
3	3	5	4	6
2	5	7	5	6
1	6	13	6	13
Weekday	40	55	40	56
30	9	6	9	5
3	9	11	9	11
2	12	15	12	15
1	10	24	11	25
Smaller Routes	43	17	41	16
Weekend	14	5	11	4
19	3	1	2	1
4	3	1	3	1
5/9	3	1	3	1
23	4	1	4	1
Weekday	29	12	29	12
19	8	4	8	3
4	8	3	7	3
5/9	7	3	9	4
23	6	3	6	3

Data Collection

The interviewers for were personal intercept staff who have completed rigorous training and are experienced with general public studies. A briefing of interviewers 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, as was physically and practically possible:

- 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 decks; interviewers moved to each of these areas every 15 minutes on major routes and every 5 minutes on minor routes.
- Both foot and vehicle passengers were approached.
- To correct for inherent bias of foot to vehicle passengers (foot passengers are often first on and usually the last to leave the main onboard passenger decks), some interviews (the short 'screeners') were conducted on parking decks with vehicle passengers after the announcement they could return to their vehicle.
- Interviewers were instructed not to accommodate customers requesting a survey; however, if individuals were persistent, a specially marked copy was provided which allowed for its later removal from the total sample.

Interviewing and questionnaire placements for 2003 were completed in shoulder season (June), peak season (August) and off-peak season (November). Results were combined for an annual total and weighted according to actual traffic volumes.

Data Analysis

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 Rates

The following outlines the response rates achieved in the 2003 tracking program.

Response Rates	
Larger Routes	Total '03
Route 1	33%
Route 2	31%
Route 3	34%
Route 30	33%
Smaller Routes	
Route 4	28%
Route 19	27%
Route 5/9	35%
Route 23	30%
Overall Response Rate	31%

Margin of Error

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

Tolerance Limits –2003		
	Actual Sample Size	Approximate Tolerance Limits % Points
Total Screeners	11,539	+/-0.9%
Total Returns	3,626	+/-1.6%
Total Larger Route Returns	2,149	+/-2.1%
Total Smaller Route Returns	1,147	+/-2.9%

These tolerance limits apply to a true random sample typically achieved through a general population telephone survey. However, in similar studies, we have found that our sampling rigours have consistently produced an accuracy level well within the tolerance limits described here.

Part 3: Additional or Alternative Service Providers

Overview

This section responds to the requirement under section 66 of the Act, for BC Ferries to submit a review, in summary form, of the proposals received or other actions it has taken in accordance with section 69 of the Act.

Additional or Alternative Service Providers Plan

Consistent with the requirements under section 69 of the Act, BC Ferries submitted its *Additional or Alternative Service Providers Plan* (the “Plan”) for the first (5 year) performance term to the British Columbia Ferry Commissioner on March 31, 2004.

The Plan presents a flexible and dynamic process for the achievement of desired outcomes of the Act with respect to alternative service delivery of ferry services. The process has been designed to be comprehensive and ensure that all alternative service delivery options and suppliers are properly assessed and, where supported, properly implemented.

BC Ferries understands that to be successful and to attract alternative service delivery suppliers, the assessment and implementation processes must be legitimate and perceived as such by the market. The process BC Ferries uses to assess service delivery alternatives is based on best practices from other jurisdictions and from the experience it has attained in exploring and implementing alternative service delivery options over the past year.

The assessment process includes consideration of the market for the proposed service (i.e. does one exist, is there more than one provider) and the commercial viability of the service. No decision will be based on price alone. BC Ferries considers the following key principles, including price, when evaluating the viability of an external operator versus BC Ferries.

1. Safety

Safety is priority number one. There can be no potential for compromise in the excellent safety standards now maintained by BC Ferries and its employees as a result of implementing any alternative service delivery options.

2. Quality of Service (Ships and Terminals)

Better scheduling and improvements in the appearance and cleanliness of terminals and ships are objectives BC Ferries’ embraces and which must be a focus of any alternative service delivery provider.

3. Service Quality for Customers

This principle relates to the interaction with customers, the way customers are treated and the appearance of employees. Customer satisfaction surveys undertaken by BC Ferries (please refer to Part 2 of this report) confirm high satisfaction ratings of passengers travelling with BC Ferries. The professionalism and courtesy of employees are particular strengths of BC Ferries which are confirmed in the survey results. In considering alternative service delivery options, BC Ferries must be confident that standards of service quality for customers will not be comprised.

4. Price

Any alternative service delivery option must be cost-effective and competitive in terms of price.

5. Financial Strength

Potential alternative service providers must demonstrate the financial capability to meet the ongoing service requirements. A strong balance sheet, demonstrated ability to meet insurance requirements and to post performance bonds and guarantees are examples of the criteria potential alternative service providers must meet.

BC Ferries uses a business case as the key decision tool throughout the process of assessing service delivery opportunities. For the first performance term, consideration of all general and major capital expenditures by BC Ferries will include an assessment of alternative service delivery opportunities which may complement, augment, defer and/or eliminate the need for the expenditure.

In addition, BC Ferries has identified three specific Designated Ferry Service Areas where it will assess alternative service delivery. The three areas are:

- **The Northern Routes (Route Group 3 and 4)** which includes three routes: Port Hardy to Prince Rupert (Route 10), Queen Charlotte Islands to Prince Rupert (Route 11), and the Discovery Coast Passage route from Port Hardy to the Mid-Coast (Route 40)
- **Route Group 6** which includes two routes: Comox to Powell River (Route 17) and Powell River to Texada Island (Route 18)
- **Route Group 5** which includes one route: Mill Bay to Brentwood Bay (Route 12)

Finally, BC Ferries recognizes that in order to attract interest from qualified world-wide ferry operators in service delivery opportunities, it must promote and educate these operators on the new model under which BC Ferries operates. To assist in this exercise, BC Ferries is scheduled to be a keynote speaker at the INTERFERRY conference in the fall of 2004. This conference is attended by the major ferry operators in the world.

2003/04 Alternative Service Delivery Initiatives

During 2003/04, BC Ferries received a number of inquiries from parties interested in providing core ferry services on the Designated Ferry Routes, but did not receive any formal unsolicited proposals. However, during the year, BC Ferries sought Alternative Service Providers to enhance its provision of ancillary services and to meet its ferry service requirements under the Coastal Ferry Services Contract. With respect to the latter, two major areas of activity during the year are described below.

Route 13

Route 13 is a passenger-only service from Langdale on the Sunshine Coast to Gambier and Keats Islands. Faced with a need to replace its aging passenger-only vessel, BC Ferries assessed the route against alternative means of providing the service by issuing a Request for Proposals (RFP) in December 2002. The results of the RFP evaluation demonstrated that a third-party operator could deliver the service 5 to 10 percent more efficiently than BC Ferries. The third-party operator was able to offer a better price, in large part due to better labour and scheduling flexibility, but, also due to the fact that it had an available vessel. A contract was entered into with the successful proponent and, after one year of operation, customer service feedback has been exceptionally positive.

Route 25 (supplementary service)

As part of the Coastal Ferry Services Contract, BC Ferries is responsible for the management of the contracts for delivery of ferry services for the unregulated routes. In June 2003, an RFP was issued to provide ferry service for the student population residing on Cormorant Island to attend school in Port McNeill. Three bids were received in response to the RFP, of which two proposals offered vessels which met the vessel capacity requirement. An agreement was reached with the successful proponent and service has been provided by this third party operator since August 22, 2003.