

Creighton, Kathleen

From: McNair, Rob
Sent: May 19, 2021 3:41 PM
To: Storey, Corrine; Sharland, Jill; Carson, Janet; Collins, Mark; Anderson, Brian; Barabash, Jason
Subject: 21-05-19 EMC decisions - Pricing and Revenue Management -

My takeaways from the EMC call to day are as follows:

EMC Decisions

- 1) Do not proceed with introducing new fare choices on Route 3
- 2) Terminal Ops and Tariff and Revenue can proceed with tactical increases on to RT3 reservation allocations – using the same approaches they used last summer for route 2, and once residents rule was removed on route 3
- 3) Decision of free reservations for TAPS needs to have a separate meeting
- 4) Decision to offer free reservations to TPASS customers should be part of a broader conversation with HR on employee benefits.

outside the scope of request

Please let me know if I have missed or misrepresented anything.

Rob

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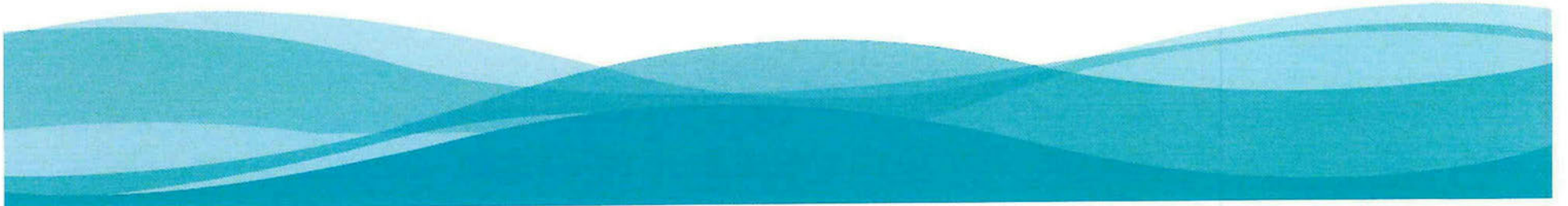
Decision Requests

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Free reservations

- Delay free reservations for TPASS & Travel Passes

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The logo for BC Ferries, featuring a stylized blue wave icon to the left of the text "BC Ferries" in a bold, blue, sans-serif font.

Launch Prepaid and Saver from HSB – Route 3

Objectives

- **Speeds up Throughput at terminal**
 - More fully prepaid = less Res only and Less drive up
- **Increased departure certainty & Reduced overloads**
 - Ability to shape demand
 - higher reservation allocations
- **Stimulates additional traffic once restrictions lifted**
 - Ability to travel for less with a reservation & travel certainty

Criteria

- **Not Divisive**
 - Adds choice only – all existing fare choice and prices remain
- **Tried and Tested**
 - All ready in place on Route 1,2,30 ***and***
 - Limited or no training needed – can be used by MPOS
- **Revenue Positive**
 - Results in increase in Average Fare Paid ***and*** additional traffic

Alternatives considered

1. Prepaid & Saver (*recommended*)

- Prepaid: at terminal +\$10 & +\$17
- Saver: \$39*, \$49 & \$59
- "move tourist traffic away from peak sailings" and
- "Speed up throughput at Horseshoe Bay Terminal"

2. Saver only

- "\$39*, \$49 & \$59
- "move tourist traffic away from peak sailings"

3. No new fare choices (*res allocation increases only*)

*\$39 fare is a \$8 less than E card drive up rate (\$47.05)

** Increases on **non** commuter sailings & and sailings with low drive up demand only -

\$10 & \$17 separate Res
fee retained

New fares only apply for
Horseshoe Bay departures

As today E-card
customers can reserve by
purchasing Separate
Reservation fee

Res allocations increases
0-50%**

Pricing comparison – Car + Adult

No ecard	HSB	LDG	
Reservation only	\$71 & \$78	\$10 & \$17	\$5 to change, Res fee is not refundable
Prepaid (new)	\$71 & \$78	n/a	
Saver (new)	\$39,\$49 & \$59	n/a	\$5 to change, \$20 cancel, No refunds for no shows
At Terminal	\$61	\$0	
With e-card			
Res only	\$57.05 & \$64.05	\$10 & \$17	\$5 to change, Res fee is not refundable
At Terminal	\$47.05	\$0	

Making Prepaid more attractive

Status Quo

- Reduced prepaid price (At Terminal + \$10) only available up 7 or more days ahead of departure

HSB to LGD a Thursday in July
fare choices 3 days before departure

Dep time	Prepaid	Saver
07:30	\$78	-
09:50	\$78	\$59
12:10	\$78	-
12:55	\$78	-
14:25	\$78	-
16:45	\$78	-
17:30	\$78	-
19:05	\$78	-
21:25	\$78	\$49
23:30	\$78	\$39

At terminal: Car+ adult \$61 / With ecard \$47.05

Making Prepaid more attractive

Status Quo

- Reduced prepaid price only available up to 7 days before departure

Recommendation

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Benefits

- Better ability to shape demand and Higher take up close to dep. leading to
 - Faster throughput
 - Increased revenue
 - Less drive up traffic and congestion

HSB to LGD a Thursday in July
fare choices 3 days before departure

Dep time	Prepaid	Saver
07:30	\$78	-
09:50	\$71	\$59
12:10	\$71	-
12:55	\$78	-
14:25	\$78	-
16:45	\$78	-
17:30	\$78	-
19:05	\$71	-
21:25	\$71	\$49
23:30	\$71	\$39

Launch dates / Revenue & Cost benefit estimates

Launch date options

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FY22 Revenue benefit estimate

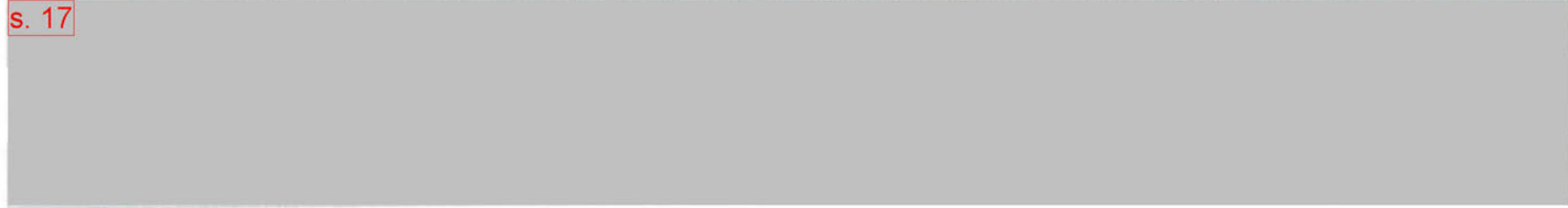
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Operational Costs or Savings

TBC

TBC

Decision Request

Fare choices

1. Saver & Prepaid
 - A) enhanced Prepaid
 - B) Status quo Prepaid
2. Saver only

Launch Date ?

1. s. 13
2.

Tariff and revenue recommendation

- 1a) s. 13

FREE RESERVATIONS FOR TPASS AND TRAVEL PASSES

Recommendation: s. 13

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Free Reservations for TPASS, TAPS & Travel passes – Costs

- New functionality allows TPASS, TAPS & Travel pass customers to book in advance, and defer payment with their pass until departure
- Today these customers purchase a separate reservation fee
- Recent decision to proceed with these changes did not consider the revenue impact – which is outlined below

	Foregone Res \$	Displaced Tariff \$	RECOMMENDATION
Free res for Travel vouchers -Save on -Other	s. 17		s. 13
Free res for TAPS 1,2,30 3&17			
Free res for TPASS 1,2,30 3&17			

FY22 Road Map

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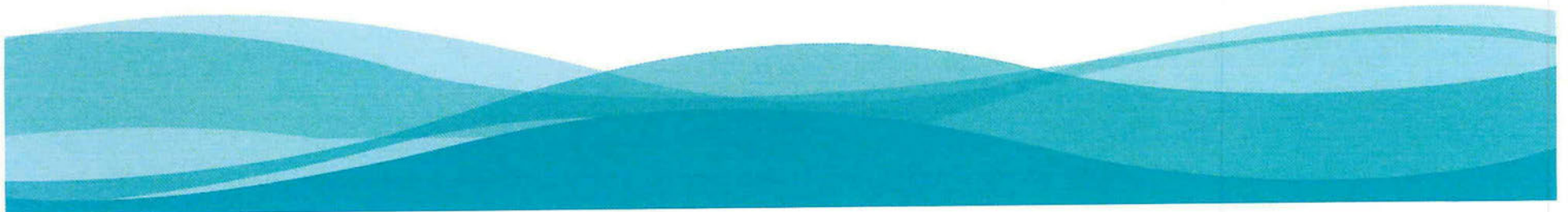
FOR INFORMATION & FEEDBACK ONLY

Provisional FY22 & FY23 Fare flexibility Road Map

Fare Flexibility & Revenue Management Road Map

Getting back on track

 **BC Ferries**



Original Scope

Routes 1,2,30,9,17,3, 10,11,28

- 3-5% increase in Private vehicle itineraries
- 2.4% to 4% in Private Vehicle itinerary Revenue

Customer Groups

- 1.General Public
- 2.Tour Operator & BCF vacations (net pricing)
- 3.TPASS

1. General Public –Private Vehicle Itineraries

- ✓ **Routes 1,2,30 Phase 1 (Saver & Prepaid)**
- **Routes 1,2,30 Phase 2**
 - Premium Products (Flexi)
 - Adjustments to Prepaid and Saver (TBD)
 - Super Saver / other Promotions
- **Route 3 & 17 Phase 1**
 - Saver & Prepaid
- **Route 9,11,28,10**
 - Saver
- **Route 3 & 17 Phase 2**
 - Better fare choices for commuters and residents
 - LGD fare paid ?

2. Tour Operators /& BCF Vacations

- ✓ **BCF Vacations Phase 1 – net fares**
- **Tour Operators – net fares**
- **BCF Vacations Phase 2 – Saver Equivalent**

Other items – not in original scope

- Foot Passenger Reservations – Majors
- Reservable Minor
- Free reservations for customers with Gift Vouchers
- TAPS
- Commercial

Road Map – Key considerations

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Revenue Opportunity Ranking

Revenue Positive	Annual benefit	Other benefits
Flexi	s. 17	CEXP
Res only/ Prepaid / Saver Phase 2		CEXP and Ops
RT3 Saver & Prepaid		CEXP and Ops
RT 9 Saver		CEXP and Ops
Rt10,28,11 Saver		CEXP and Ops
R17 Saver		CEXP and Ops
Foot Passenger reservations		CEXP, Ops & revenue benefit over long term
BCF vacations Saver		Ops & revenue benefit over long term
Reservable Minor		CEXP & revenue benefit over long term
Tour Operator Net Pricing		CEXP & Back office Efficiencies

Provisional FY22 Road Map

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\$24 million will help ~~to limit~~ to keep average annual fare increases to 2.3 per cent until March 31, 2024, in line with the rate caps established by the BC Ferry Commissioner prior to the onset of the pandemic.

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traffic during popular peak times to less busy sailings through fare discounts. s. 13

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Fares held flat or decreased over past three years

BC Ferries has **not increased** fares for the past three years. In 2018, we worked with [and cost-shared with](#) the provincial government to **reduce** fares on the minor and north coast routes by 15 per cent and [held fares flat on the major routes between Metro Vancouver and Vancouver Island.](#) ~~made~~Travel was also ~~made~~ free for Seniors Monday through Thursday.

Fare affordability and travel certainty have been concerns for many customers, well before COVID-19. In response, we continually look for efficiencies to keep the cost of travel down.

Future tariff increases (Fiscal 2022 – Fiscal 2024)

While BC Ferries actively manages expenditures, tariff increases are necessary to cover [rising](#) operating costs and major capital replacement projects.

After three years of fares being held flat or decreased, BC Ferries plans to implement the BC Ferry Commissioner-approved tariff increases of 2.3 per cent on average across the fleet per year for the next three years. Some fare types may be slightly higher and some lower than the average. BC Ferries is still finalizing details of the Fiscal 2022 pricing structure and will be-announce [details](#) closer to the time of [implementation](#).

As per the BC Ferry Commissioner's ruling, the average annual fare increases may not exceed 2.3 per cent through Fiscal 2024.

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Net earnings are reinvested

BC Ferries reinvests all of its net earnings to the benefit of ferry users in the following ways:

- Providing fare discounts and holding or reducing fares

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History of recent pricing changes

- April 1, 2020 – no increases to vehicle and passenger fares, day of departure reservations reduced from \$21 to \$17, \$2 bicycle fee eliminated
- April 1, 2019 – no fare increases
- April 1, 2018 - 15 per cent reduction for vehicle and passenger fares on northern routes, Route 3 and minor routes, no increases on major routes

Commented [AB2]: This should be confirmed... I still see a \$2 'stowage' fee on our rate sheet? Maybe it is for something else?

- April 1, 2017 - 1.9 per cent increase for vehicles on Routes 1,2,30 only (at the same time a 1.9 per cent fuel rebate was introduced. No other changes
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1. The limiting of the fare price limits to 0% this year and 2.3% thereafter, and

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\$ 24 mil

- As per the commissioners ruling for PT5, BC ferries will need to make pricing adjustments of 2.3% per year in order to sustain the ferry system
- the planned April 1, 2020 pricing increase was not implemented and this \$24 mil contribution will cover the lost revenue associated with this decision over the performance term.
- While there are planned increases for the next 3 years averaging 2.3%, this \$24 mil means we do not need to catch up (by implementing higher pricing) on the lost revenues associated with the foregone revenue for this fiscal year.

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Safe Restart Agreement - General
outside the scope of request



\$24 million will help to limit average annual fare increases to 2.3 per cent until March 31, 2024, in line with the rate caps established by the BC Ferry Commissioner prior to the onset of the pandemic.

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outside the scope of request

Fares held flat or decreased over past three years

BC Ferries has **not increased** fares for the past three years. In 2018, we worked with the provincial government to **reduce** fares on the minor and north coast routes by 15 per cent and made travel free for Seniors Monday through Thursday.

Fare affordability and travel certainty have been concerns for many customers, well before COVID-19. In response, we continually look for efficiencies to keep the cost of travel down.

Future tariff increases (Fiscal 2022 – Fiscal 2024)

While BC Ferries actively manages expenditures, tariff increases are necessary to cover operating costs and major capital replacement projects.

After three years of fares being held flat or decreased, BC Ferries plans to implement the BC Ferry Commissioner-approved tariff increases of 2.3 per cent on average across the fleet per year for the next three years. Some fare types may be slightly higher and some lower than the average. BC Ferries is still finalizing details of the Fiscal 2022 pricing structure and will be announced closer to the time.

As per the BC Ferry Commissioner's ruling, the average annual fare increases may not exceed 2.3 per cent through Fiscal 2024.

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Anderson, Brian

From: Marshall, Deborah
Sent: December 08, 2020 3:12 PM
To: BCF All Employees
Subject: President and CEO Update - Safe Restart Funding Program
Attachments: 20201208 President CEO Update - Safe Restart Funding.pdf

Sent on behalf of President & CEO Mark Collins

Please see the attached President & CEO Update with information on the Safe Restart Funding Program as it applies to BC Ferries.

Keep well and SailSafe.

Mark

Deborah Marshall
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President & CEO – Update

December 8, 2020

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- \$24 million will help to keep average annual fare increases to 2.3 per cent until March 31, 2024, in line with the rate caps established by the BC Ferries Commissioner prior to the onset of the pandemic

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Mark

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Safe Restart Contribution Agreement – Highlights

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- b. **Limiting fare increases** – Annual Public Fare Increases are to be capped at 0% for fiscal 2020/21, and then may increase 2.3% annually for fiscal years 2021/22 to 2023/24 (s. 4.01(c) and Schedule “1”, s. 11). The planned April 1, 2020 pricing increase was not implemented and this \$24 million contribution will cover the lost revenue associated with this decision over the performance term. While there are planned increases for the next three years averaging 2.3%, this \$24 million means we do not need to catch up (by implementing higher pricing) on the lost revenues associated with the foregone revenue for this fiscal year. The future compounding effect into Performance Term 6 is not recognized in this agreement as it relates only to Performance Term 5. In recognition of this, the Province included the following statement in Appendix 3 Figure 6: “B.C. Ferries and the Province recognizes that the one time contribution and the measures that B.C. Ferries is taking under this agreement will form part of a broader set of considerations of the B.C. Ferries Commissioner when establishing the price caps for future performance terms.”

Anderson, Brian

From: McNair, Rob
Sent: January 21, 2021 5:37 PM
To: van Delden, Jessica
Cc: Anderson, Brian; Carson, Janet; Sharland, Jill
Subject: on page 13 could you remove top paragraph - see below - we agreed to remove it yesterday - (Jill is asking)

As per the British Columbia Ferry Commission ruling, the average overall annual fare increase may not exceed 2.3 percent. In the last three years, there have been no fare increases on routes 1, 2 & 30 and a 15 percent reduction in fares on all other routes.

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