

**BRITISH COLUMBIA FERRY SERVICES INC
BRIEFING NOTE**

SUBJECT **Commissioner's Observations on Route 1 On-time Performance**

PREPARED FOR **British Columbia Ferry Commission**

BACKGROUND

By email of June 12, 2009, the Commissioner advised British Columbia Ferry Services Inc. (BCFS) of the following observations arising from his examination of the four quarterly operations reports for fiscal year 2009, and asked BCFS to comment on this matter.

"There appears to be a 3-year downward trend in on-time performance for route 1. See the Sep 30 08, Dec 1 08 and Mar 31 09 reports for Appendix 4, which give 3-year same-quarter comparisons. The decline rate is 3 to 5 percentage points per year over the three years in the measure "percent of sailings on time". Part of our mandate is to watch service quality. Could you explain the apparent trend."

DISCUSSION

By way of background to the discussion on BCFS' on-time performance, it is important to note that on an annual basis, BCFS delivers in the order of 184,000 sailings and carries over 20 million passengers and 8 million vehicles on 25 routes with 47 terminals. On a daily basis, BCFS delivers approximately 500 sailings and transports 59,000 passengers and 23,000 vehicles. Within this large and diverse operating environment, BCFS has continually achieved a very high level of on-time performance.

Meeting customer service expectations is an important factor in BCFS' focus on on-time performance. A financial incentive also exists. To this end, BCFS actively manages the turn-around time of its vessels in-port to maintain on-time performance. This avoids increasing fuel burn to keep schedule or, alternatively, incurring overtime wage rates as a result of falling behind schedule.

Table I below sets out BCFS' on-time performance system-wide and on route 1 for the last three fiscal years. System-wide, the percentage of sailings that departed within 10 minutes of schedule in fiscal 2007 and fiscal 2008 was 86.3% and 86.5%, respectively. On-time performance on route 1 for fiscal 2007 and fiscal 2008 was 88.0% and 86.5%, respectively. The modest year-over-year drop in on-time performance on route 1 in 2007/08 was occasioned by various factors, including weather (including severe weather conditions in December, 2008), traffic and vessel start-up procedural issues, the latter of which were actively addressed going forward into fiscal 2009.

Table I: On-Time Performance

% that sailed within 10 minutes of scheduled departure

	2006/07	2007/08	Variance (2007/08 vrs 2006/07)	2008/09	Variance (2008/09 vrs 2007/08)
BCFS System					
Annual	86.3%	86.5%	0.2%	87.9%	1.6%
Route 1					
Quarter 1	86.5%	90.6%	4.7%	89.8%	-1.0%
Quarter 2	88.1%	85.8%	-2.6%	78.8%	-8.2%
Quarter 3	88.1%	86.2%	-2.2%	75.0%	-13.0%
Quarter 4	89.8%	82.8%	-7.8%	77.0%	-7.0%
Annual	88.0%	86.5%	-1.7%	80.4%	-7.1%

In 2008/09, 87.9% of BCFS' sailings, system-wide, departed within 10 minutes of schedule. This record on-time performance was achieved despite serious issues BCFS encountered during the year on route 1 arising from a severe mechanical issue on the *Spirit of British Columbia* and the eight month late completion of the *Queen of New Westminster* upgrade by the external shipyard. These two issues were the principal reasons for the decrease in on-time performance experienced on route 1 during 2008/09. They are discussed further below.

Spirit of British Columbia Engine Failure

The *Spirit of British Columbia* experienced a catastrophic engine failure in August, 2008. This resulted in having to run the vessel on 3 engines for a number of months and also having to divert many sailings south of Saturna Island during periods of strong tides through Active Pass, which increased the transit time significantly. Both of these issues negatively affected on-time performance. Due to lead time for parts, the repairs of the vessel could not be completed until January, 2009.

Queen of New Westminster Upgrade Delays

On-time performance for route 1 in fiscal 2009 was also negatively impacted by the late completion of the mid-life upgrade of the *Queen of New Westminster*. Once upgraded, the *Queen of New Westminster* was to replace the *Queen of Vancouver* as the supplemental vessel on route 1. The external shipyard undertaking the upgrade was unable to complete the project within the originally planned schedule of ten months, which envisaged a completion date of September 30, 2008, and a return to service in the fall, 2008. The *Queen of New Westminster* was not returned to service on route 1 until April, 2009, which meant the vessel was out of service for almost eighteen months.

The delay in the completion of the upgrade of the *Queen of New Westminster* meant BCFS was required to use the *Queen of Vancouver* for longer than expected on route 1. With the catastrophic engine failure on the *Spirit of British Columbia* and no back-up vessel to the *Queen of Vancouver*, BCFS was not in a position to over-extend either vessel to aggressively pursue its on-time performance objectives. The failure of either vessel would have meant a significant service disruption.