
BC Ferry Commission

Comparative Fare Analysis on Selected Ferry Routes

May 2017



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Notice to Reader

This Report is issued by PricewaterhouseCoopers LLP (“PwC”) for the exclusive use of British Columbia Ferry Commission (the “Commission”) in connection with its performance reviews of British Columbia Ferry Services Inc. (“BC Ferries” or the “Company”).

Our work did not constitute an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls nor attestation nor review services in accordance with the standards established by the Canadian Institute of Chartered Accountants. Accordingly, we do not express an opinion nor any other form of assurance on the financial or other information, or operating internal controls, of BC Ferries.

PwC did not examine, compile or apply agreed upon procedures to satisfy the requirements of the Canadian Institute of Chartered Accountants to the financial information used in this Report and we therefore are unable to express assurances on such information except where expressly stated in the Report to form part of the scope of our work.

Our work is based primarily on the information and assumptions listed in the body of this Report. While we assembled information from various sources we did not perform checking or verification procedures except where expressly stated in the Report to form part of the scope of our work. Our work and commentary is subject to assumptions, which may change with the benefit of further detailed information. We make no representation regarding the sufficiency of our work and had we been asked to perform additional work, additional matters may have come to our attention that would have been reported to the Commission.

The outputs of the Report are intended to provide the Commission with information to assist in informing their decision making process pertaining to BC Ferries. PwC accepts no liability in respect of any loss, damage or expense of whatsoever nature caused by any use the reader may choose to make of this Report, or which is otherwise consequent upon the gaining of access to the Report by the reader.

Our Report must be considered in its entirety by the reader. Selecting and relying on specific portions of the analyses, or factors considered by us in isolation may be misleading.

Introduction

Purpose and Scope

The purpose of the analysis is to provide an updated comparison of BC Ferries fares against similar ferry operators. An earlier comparison was conducted by PwC for the Commission during the 2012 BC Ferry Regulatory Review (the “Regulatory Review”). As part of the Regulatory Review, an analysis was performed comparing passenger and vehicle fares on a per nautical mile basis for various routes.

Passenger and vehicle fares charged by BC Ferries are benchmarked to comparable ferry operators in the Pacific Northwest, other parts of North America, Europe and Australia.

The same routes selected in the 2012 BC Ferry Regulatory Review are used for comparison.

Methodology

Fares are compared with and without available discounts for a standard vehicle with one passenger, based on short, medium and long routes. The fares are based on posted rates in May 2017.

Most routes offer discounts that apply to passengers and vehicles. The exceptions are typically with the longer routes. In cases where multiple classes discounts are available, including for residents and non-residents, the base fare and resident discount was selected for comparison. In the case of BC Ferries, we assumed the standard discount available through the BC Experience Card.

During the data collection process, it was identified the following two routes contained variable time of day pricing or had multiple fare classes with different cancellation policies.

1. Spirit of Tasmania – Melbourne to Devonport
2. Irish Ferries – Holyhead to Dublin

The two routes are longer in nature, and are not considered day-to-day commuter routes. As a result, PwC selected the most economical option for comparison purposes.

The fares compared exclude reservation fees, variable fuel surcharges and taxes. All comparisons are in Canadian dollars.

2017 Comparative Fare Analysis

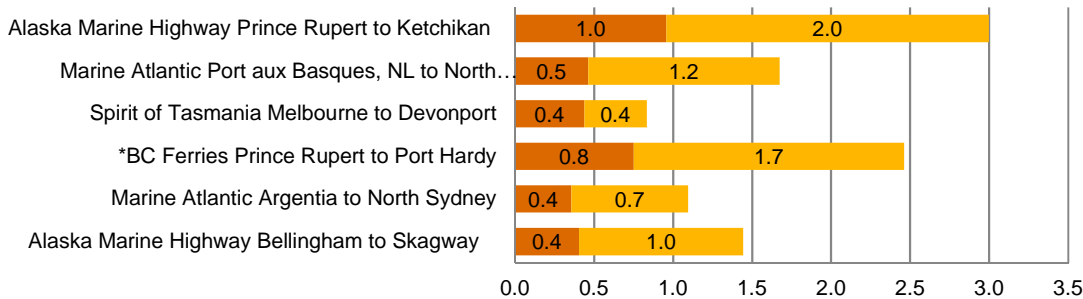
Comparison by Route Class

The fares by route and route group with and without discounts are compared in the following two charts. The results suggest the following:

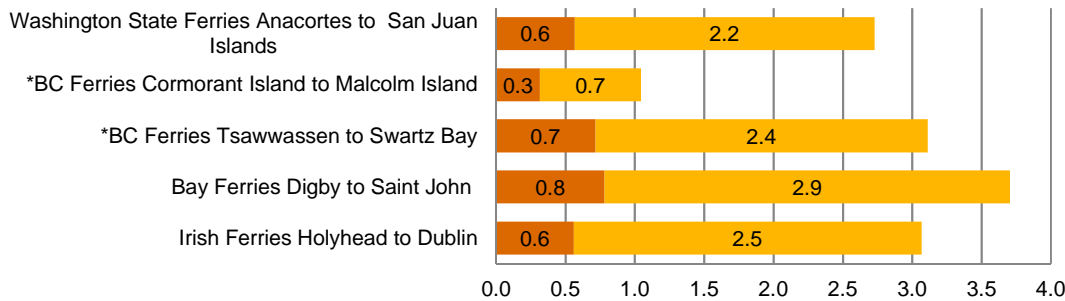
- Fares charged by BC Ferries do not appear to be excessive relative to comparable routes;
- BC Ferries' cost per nautical mile ranking in each category did not change significantly regardless if discounts were applied or excluded. In the short route category, Horseshoe Bay to Snug Cove shifts from 5th lowest route cost to 4th lowest. In the medium category, Tsawwassen to Swartz Bay shifts from the 4th lowest route cost to the 5th lowest.

Passenger and Vehicle Fares per Nautical Mile without Applicable Discounts

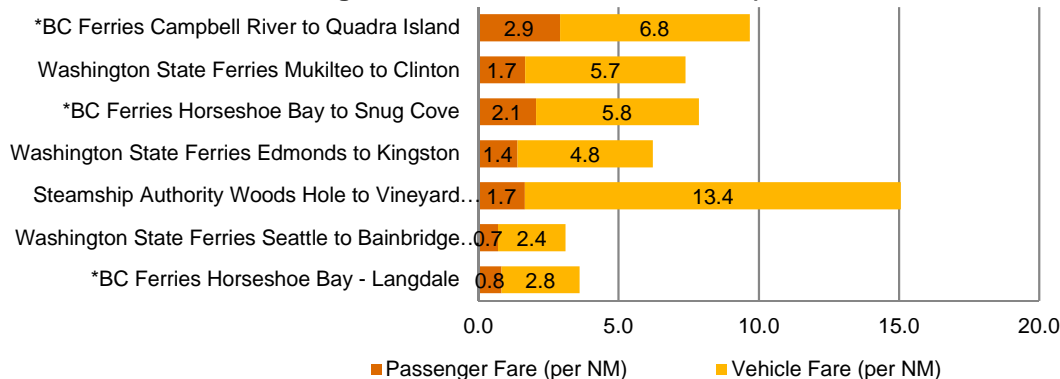
2017 Passenger and Vehicle Fare \$CAD / NM (Long Routes w/o Discounts)



2017 Passenger and Vehicle Fare \$CAD / NM (Medium Routes w/o Discounts)

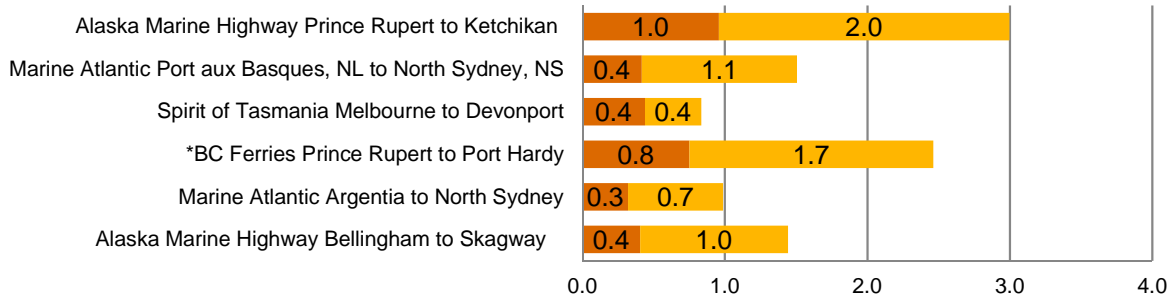


2017 Passenger and Vehicle Fare \$CAD / NM (Short Routes w/o Discounts)

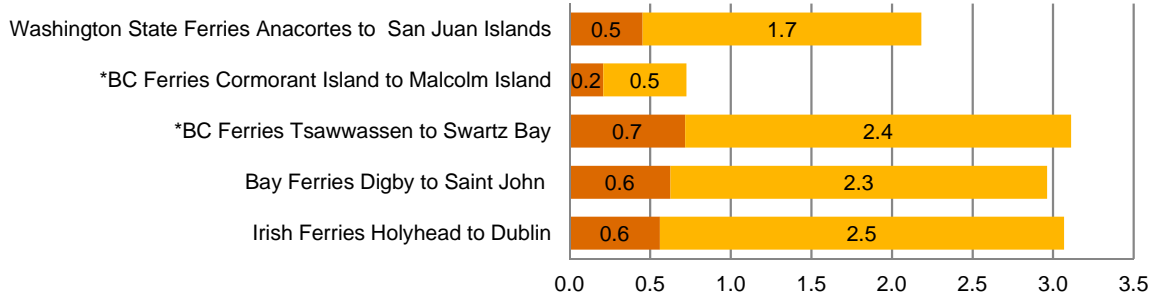


Passenger and Vehicle Fares per Nautical Mile with Applicable Discounts

2017 Passenger and Vehicle Fare \$CAD / NM (Long Routes with Discounts)



2017 Passenger and Vehicle Fare \$CAD / NM (Medium Routes with Discounts)



2017 Passenger and Vehicle Fare \$CAD / NM (Short Routes with Discounts)

