

Good morning folks...

Please find attached [now posted at <http://www.thetisisland.net/ferries-local-news.htm>] BC Ferries August traffic numbers, with commentary below provided by Brian Hollingshead.

Route 20 numbers are down again this month. -3.81% for vehicles and -3.03% for passengers. This brings the YTD numbers to -3.09% for vehicles and -2.24% for passengers.

Any questions, please call...

Regards...

Keith

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From: Brian Hollingshead [mailto:hollingshead@telus.net]

Sent: September-09-13 5:39 PM

Subject: August Ferry Traffic

Hi All

Aug traffic numbers are out earlier this month than they've been for a while. Thank you, BCF.

Very short observation is that system vehicle traffic is down 0.75% from last August, while passenger traffic is up 0.09% (otherwise known as a blip). Graph 2.

Standing a bit farther back, it was a good month, considering last August experienced significant traffic upturns, in part due to the perfect weather. This August was good, but not as super as last Aug. So to retain the passenger traffic boost of last year, and only lose less than 1% from the vehicle traffic level is reason for optimism. Have a look at graph 3. Traffic for both vehicles and passengers last Aug bucked the trend substantially. While passenger traffic held, vehicle traffic declined a little but was still higher than in Aug 2011. The vehicle trend line remains heading south, but not as severely as before.

The year to date indicators are still down, but not as far as last month. Graph 1. Looking at graph 5, it's apparent the April results, with the Easter effect, are the biggest factor in the FY2014 YTD stats. They've been steadily recovering ever since. In this case, the trend is more important than the numbers. Once the Aug numbers are in, the trend is pretty well set for the year. It's likely the YTD numbers will settle in between -0.5% and -1.0%. March should be problematic as it will be comparing a month with no Easter bounce, to last March which included half the long weekend. The other months, with comparatively light traffic, will likely be weather dependent on a month to month basis.

The northern routes, graph 6, are more like what one would expect. While vehicles are up and passengers are down, there were big drops on Rte 10 (tourists spending their dollars elsewhere) offset by substantial increases on rte 11 to Haida Gwaii.

As before, the system traffic losses are most significant where they're least wanted - in vehicle traffic and on the majors. Both account for disproportionate segments of the revenue.

A new (to us) perspective: Until now, we've looked at current year traffic against last year's traffic, or a common baseline point back in time. This look has presumed major external factors have remained constant.

But of course they haven't. The 2011 interVISTAS PT3 Traffic Forecast report (p 7) cites both BC population and BC GDP as 'long run determinants of traffic. In fact, the GDP has grown at a compounded rate of 2.5% since 2003, or 1.1% since 2007, including the 2008/09 'troubles'. BC population has grown at 1.4%, compounded since 2007. GVRD population has grown at 1.5% (Stats Canada) or 1.8% from Stats BC.

Accepting the belief that a rising tide floats all ferries, it is reasonable to assume that in the absence of 'other' determinants, such as extraordinary fare increases, ferry traffic would have increased at some rate. If so, those are the numbers we should be comparing to. Without getting over our heads in statistical witchcraft, let's just say traffic might reasonably have been expected to grow at 1%, compounded. That would be within the bounds of what BCF was predicting, 'back in the day'. The result would have been what you see in graph 7. A real loss of traffic of 16% in ten years. Not just 6.5%. How reasonable is a 1% growth rate in light of the population and GDP growth? Probably close, maybe light. But the point is that the real loss must consider what the traffic would have been without the debilitating fare increases of 80% to over 100% on many route. It's just like factoring inflation into the value of money. Time to get real.

Graphs and stats attached.

Any questions or comments, please ask.

Brian