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Subject: Ferry traffic, July 2015

FAC chairs

Not a whole lot to say, beyond the obvious . . . traffic is up, and up substantially, pretty well across the board. For the month, passenger traffic is up 6.24% while vehicle traffic is up 5.61%. The only reason the graph looks kind of puny, is that the scale is extended up to 12% to accommodate the northern/central coast increase of 10.8%.

The July traffic boost is significant in that although the weather has been outstanding this July, it was just as good last year. So while weather is undoubtedly a factor in drawing visitors and encouraging travel, there's something else going on. The interesting thing is, it seems there's a good chance what we're seeing may be the new norm. Third hot, dry summer in a row. Climate change rescues BCFerries?

Was interesting at the AGM, Mike Corrigan was commenting on the traffic boost, attributing it to the low Canadian dollar and the price of fuel at the pump. The low dollar would be keeping people in Canada (lot of Alberta plates on the ferry) and bringing some Americans in. He didn't explain the comment about the gas prices at the pump. Not obvious to me. He discounted weather as a factor. Not sure I'd agree with him. Or he with me. Certainly, there are a lot more tourists around these days, for whatever reason.

Have a look at the graphs. The one showing this July compared to previous Julys (graph 3) is similar to what we've been seeing for the past five months. Same thing on graph 4 for the minor routes, just larger numbers. Hockey stick.

Graph 5 indicates the increases are holding and they now define a trend that is likely to sustain at least into September, possibly October.

Graph 7 illustrates the continuing rte 30 ascendancy over rte 2, as traffic continues to migrate to rte 30 from rte 2. Even with that, rte 2 traffic is showing a substantial increase this month. The shift isn't surprising and is probably a blessing for traffic trying to utilize Horseshoe Bay terminal. I'm sure everyone is looking forward to having almost full reservation capability there, such that pretty much only those with reservations on rtes 2 or 3 show up at the terminal. Won't likely apply to rte 8 traffic, but still, shrinking the stored traffic for rtes 2 and 3 would make a huge difference to traffic flow to and within the terminal.

Graph 8 reminds us that traffic is still a long, long way under where it could have been, should have been, had there been reasonable fare increases all along.

And graph 9 cautions us about prematurely breaking out the crystal and fine champagne. Yes, a little bump up last year, but microscopic compared to how far traffic has fallen since 2008.

All in all, an extremely good month. An excellent year to date. Likely to continue at least into the fall and possibly all year. But still susceptible to coming undone at the hands of the weather, the economy and any number of extraneous factors. As we said about executive roles at a one time employer, the higher they sit, the further they have to fall.

Any questions, please ask them.

Brian