



PRESIDENT & CHIEF EXECUTIVE OFFICER

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October 20, 2008

The Honourable Gordon Campbell
Premier, Province of British Columbia
Parliament Buildings, Victoria, BC

SUBJECT: YOUR SUGGESTION OF A PROPOSED "SEAT SALE" ON BC FERRIES

Dear Premier Campbell:

This letter is in response to your proposed seat sale for the upcoming December/January period. The basis of analysis for the proposed seat sale is passenger and vehicle traffic levels for the same period last year, which are as follows:

December 2007	Passenger Traffic	All Routes	1,533,645
January 2008	Passenger Traffic	All Routes	1,217,861
December 2007	Total Vehicle Traffic	All Routes	616,233
January 2008	Total Vehicle Traffic	All Routes	521,993

Using the traffic numbers above and assuming no incremental travel, the cost is approximately \$6.2 million for each 10% of discount. It is our experience that to have any impact on traffic levels, any fare adjustments need to be at least 25%. However, our greatest success has been our Coast Saver program of Spring, 2008 where discounts of 40% were offered. This program generated noticeable traffic increases

Assuming traffic levels are the same as last year, the seat sale cost would be as follows:

25% fare reduction:	\$15.2 million
40% fare reduction:	\$24.3 million
50% fare reduction:	\$30.3 million

I have prepared a discount schedule and vehicle usage chart that I will use with the Ministry of Transportation staff for a post audit to cover any adjustments due to final traffic generated (positive or negative variances).

I would be happy to work through the details with the Ministry of Transportation staff. I would also suggest a decision be made by November 6th will allow enough time for us to implement the program and give your team proper time to plan the communications. BC Ferries would be willing to fund some of the advertising.

Please contact me with any questions.

Regards,

David L. Hahn
President & CEO