



FEDERAL BRIDGE CORPORATION  
SOCIÉTÉ DES PONTS FÉDÉRAUX

# CORPORATE PLAN SUMMARY (2019-2024)

The Federal Bridge Corporation Limited  
55 Metcalfe Street, Suite 200  
Ottawa, Ontario K1P6L5

Canada 

# EXECUTIVE SUMMARY

The Federal Bridge Corporation Limited (FBCL) manages Canada's interest in four of the bridges linking Ontario with the United States. Each crossing is endowed with unique characteristics. The bridges are dynamic reflections of their regional communities and are subject to distinct co-ownership and administrative models. As a collective, they enhance FBCL's aim of generating a shared portfolio-wide capital reserve for asset maintenance and contingency management while still commanding a need for individualized consideration.

This dichotomy is also reflected in FBCL's broader operating reality. With an eye on growth, service quality and operational excellence, FBCL possesses a strong ability to effectively manage the internal minutiae of its environment. On the other hand, the Corporation's influence on the overall marketplace is very limited and it must be prepared to be resilient when facing such external pressures as the ever-changing global economy, capricious international trade pressures, fluctuating currency exchange rates and the effects of climate change.

External pressures have been frequent and polarizing in recent years. Uncertainty in the rate of currency exchange and the dampening of oil prices present volatility. And, although North America is benefiting from generally high rates of employment, the economic unpredictability resulting from trade tariffs, both actual and threatened, are having dampening effects at the border. Due to these factors, overall vehicle traffic levels between Ontario and the United States have only grown at a very modest 1% rate over the course of the past year. Regardless of the publicized deliberations and subsequent ratification activities associated with the implementation of new trade agreements, for the past year, manufacturers have begun to make strides in adapting to their new normal. Substantive improvements in the economic climate and border travel could potentially arise should an atmosphere of tranquility be allowed to prevail.

During this period, FBCL's active management of controllable factors has allowed it to continue to evolve its business and increase its relative market share, collectively outpacing its peers by a slight margin. Following a brief cycle of retraction, over the course of FY2018-19, FBCL bridges are poised to approach 32% of traffic market share, a peek previously attained only in 2014-15.

## A federal Canadian Crown corporation entrusted with the oversight of selected international bridges:

- Sault Ste. Marie International Bridge  
Sault Ste. Marie, Ontario
- Blue Water Bridge  
Point Edward, Ontario
- Thousand Islands International Bridge  
Lansdowne, Ontario
- Seaway International Bridge  
Cornwall, Ontario



Emerging from the completion of \$186M in protracted capital investment asset renewal projects, FBCL is also witnessing some other notable successes:

- The Crown's long standing land claim litigation with the Mohawks of Akwesasne appears to be in the final stages of reaching a favourable settlement for all parties;
- Standard & Poor's Financial Services LLC upgraded FBCL's Global Rating from 'A' to 'A+' and revised the outlook "stable";
- The binational agreement for the Sault Ste. Marie International Bridge was renewed, extending a decades-long, highly successful partnership; and,
- The automated ConneXion frequent traveller pre-paid tolling program launched at Blue Water Bridge was received with overwhelming response; exceeding its first year adoption targets in less than 2 months.

Subsequent to these achievements, FBCL will continue to focus on user improvements and on the establishment of a robust policy framework that will support its evolution, growth and operational excellence. An emphasis on goal achievement will be implemented through investments in technology and innovation. Growth in toll revenue will be supported by actions to influence greater consistency and efficiencies from key partners and by deepening existing positive relationships with bridge stakeholders.



## Notable Thrusts

The Corporation is continuing on its proven, long standing strategic path through its ongoing activities in organizational efficiency and excellence. FBCL focuses its efforts and attention towards the proper solutions required to improve its services and position itself for the future. To mitigate risks, FBCL will continue to monitor its established operational procedures and organizational alignment with corrective measures applied to allow the Corporation to move ever closer to its target strategic objectives.

Notable thrusts for the coming period include:

- Aiming for organizational and revenue growth:
  - Traffic study of Saint Lawrence River crossings;
  - Toll pricing strategies;
  - Optimization of leasing and licensing activities;
  - Study of climate change's impact on assets, and,
  - Deployment of electric vehicle charging stations.
- Influencing partners & relationships:
  - Encouraging continued efficiency & consistency from border security agencies;
  - Ensuring stable community relations;
  - Establishing a mechanism for compensation for the publicly imposed duties resulting from toll-exempt, indigenous crossings and to maintain the solvency of subsidiary The Seaway International Bridge Corporation, Limited (SIBC), and,
  - Supporting customer account development.
- Investing in technology & innovation:
  - Updated, improved and expanded toll management systems;
  - Development of consolidated traffic monitoring and predictive analysis systems;
  - Expansion of automated toll pre-payment programs;
  - Deployment of an enterprise asset management system; and,
  - Data mining & targeted customer messaging strategies.

## Strategic Government Attention

In the delivery of its mandate, FBCL will require governmental authorities and/or support in:

- i) the approval of the Corporate Plan and budgets;
- ii) completing Governor in Council appointments of members of the Board of Directors including the Chairperson position;
- iii) finalizing the President and Chief Executive Officer's performance review;
- iv) securing funding allocation for the relocation of FBCL facilities off of Cornwall Island as required under the proposed settlement agreement between the Crown, represented by Transport Canada, and the Mohawk Council of Akwesasne;
- v) finalizing the land transfer of canal lands in the Cornwall area from Transport Canada to FBCL;
- vi) for subsidiary SIBC, establishing a mechanism for compensation for the publicly imposed duties resulting from toll-exempt, indigenous crossings in order to maintain the solvency of the subsidiary; and,
- vii) proposing the next steps regarding the authorized amalgamation with this same subsidiary as per the *Economic Action Plan 2013 Act, No. 2*.



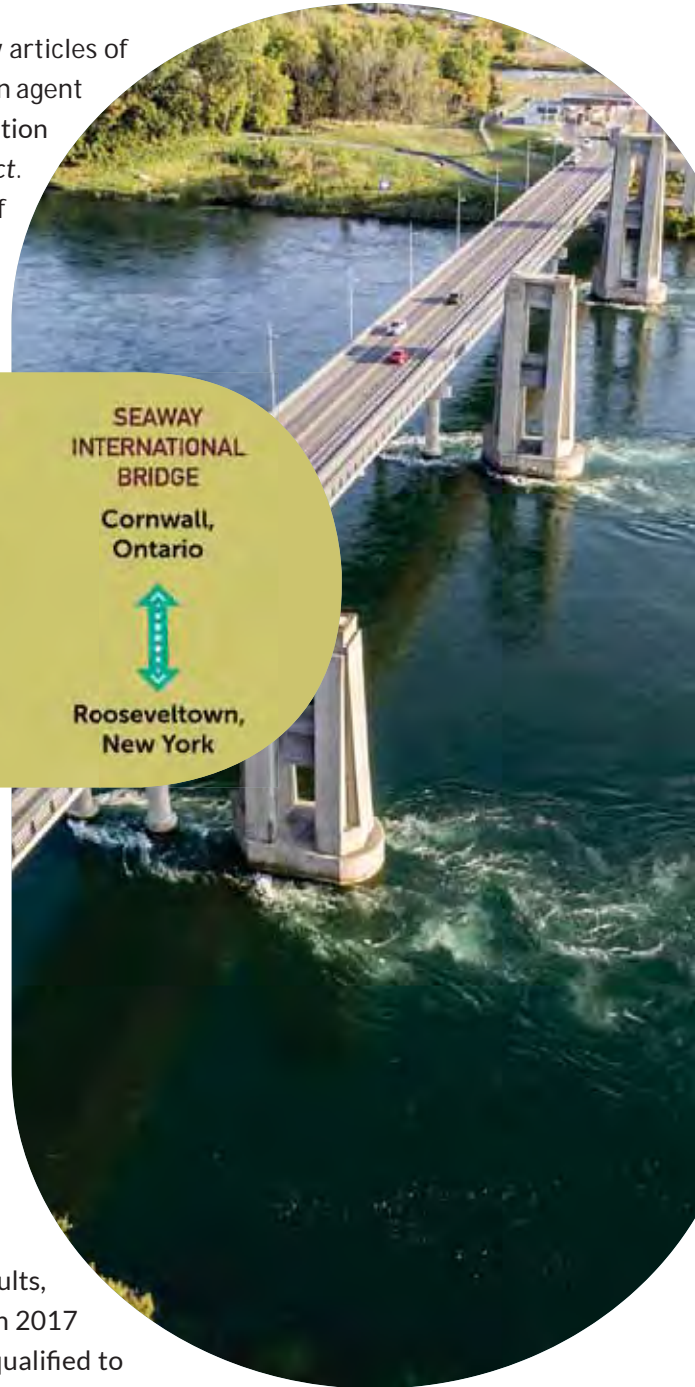
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# CORPORATE OVERVIEW

## Background

The Federal Bridge Corporation Limited (FBCL) was created by articles of incorporation under the *Canada Business Corporations Act*. It is an agent of Her Majesty in Right of Canada and is a parent Crown corporation as listed in Schedule III, Part 1 of the *Financial Administration Act*. It reports to the Parliament of Canada through the Minister of Transport. The Corporation is responsible for Canadian federal interests at four of the eleven international bridges in Ontario and is headquartered in Ottawa, Ontario.



SAULT STE. MARIE  
INTERNATIONAL  
BRIDGE

Sault Ste. Marie,  
Ontario



Sault Ste. Marie,  
Michigan

BLUE WATER  
BRIDGE

Point Edward (Sarnia),  
Ontario



Port Huron,  
Michigan

THOUSAND ISLANDS  
INTERNATIONAL  
BRIDGE

Landsdowne,  
Ontario



Alexandria Bay,  
New York

SEAWAY  
INTERNATIONAL  
BRIDGE

Cornwall,  
Ontario



Rooseveltville,  
New York

FBCL's responsibilities and relationships are varied and reflect the unique origin of each bridge. FBCL owns crossing assets and provides oversight to bridge operations, administering international agreements associated with the bridges, leading bridge engineering and inspection duties and management of bridge capital investment projects.

FBCL's mission, vision and pillars underpin the framework for the Corporation's strategic direction as approved by the Board of Directors.

## Core Responsibility Statement

In accordance with the Treasury Board Secretariat Policy on Results, "Managing international bridges" was approved by the Crown in 2017 as FBCL's Core Responsibility. This responsibility was further qualified to also include its mission and vision statements. FBCL manages these international bridges with a focus on enhancing revenue sources, excellence in governance, best practices in portfolio management, optimization of processes and strong relationships with its stakeholders. This Core Responsibility aims to maintain safe and secure international trade routes and enable the efficient transit of people and goods.

## Mission

FBCL is a Crown corporation responsible for the oversight of Canadian federal interests in four selected international bridge crossings between Canada and the United States.

## Vision

Striving to optimize the safety, security, sustainability and capacity of bridge operations to the benefit of Canada while serving the traveling public with efficiency and respect.

## Mandate

FBCL's mandate, approved by the Minister of Transport, is to provide the highest level of stewardship so that its international bridges and associated structures are safe and efficient for users.

The business and undertakings of the Corporation are limited to the following:

- a) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of bridges or other related structures, facilities, works or properties, including approaches, easements, power or communication transmission equipment, pipelines integrated with any such bridge, other related structure, facility, work, or property, linking the Province of Ontario in Canada to the State of New York or the State of Michigan in the United States of America, either alone, jointly or in cooperation with any other person, legal entity or governmental authority in Canada or in the United States of America;
- b) The design, construction, acquisition, financing, maintenance, operation, management, development, repair, demolition or reconstruction of other bridges or other related structures, facilities, works or properties, as the Governor in Council may deem appropriate, on such terms and conditions as the Governor in Council may determine; and
- c) Any business, undertaking or other activities incidental to any bridge, or other related structure, facility, work or property contemplated in paragraph (a) or (b).

For the foregoing purposes, the Corporation has, subject to the *Financial Administration Act*, the *Canada Business Corporations Act*, and its mandated articles, as amended from time to time, the capacities and powers of a natural person.







## Strategic Pillars

FBCL will fulfill its mission through these key pillars:

- Operating with a unified **portfolio management** approach and strong corporate oversight;
- **Stewardship** of the bridge assets, focused on safety and security through a program of independent inspections, of appropriate asset management programs and on the provision of excellent customer service;
- Effective use of **technology**, utilizing common platforms to ensure efficiency of operations and accuracy of information, managed in a manner that limits risk and cost;
- **Sustainability** of operations, maintenance and administration through a shared revenue approach, prioritized investment, toll optimization and cost containment; and,
- **Sound governance** of the Corporation, through an optimized structure with the required capacity and skills, and strong relationships with stakeholders.

## Financial Position

FBCL's overall financial position is positive and this perspective is supported through the assessment of Standard & Poor's Financial Services LLC. FBCL's financial risks are assessed regularly and, in August 2018, S&P Global Ratings upgraded its long-term issuer credit and senior unsecured debt ratings on FBCL from 'A' to 'A+'. Additionally, their outlook for the business was revised to "stable." The stable outlook primarily reflects FBCL's ability to manage its capital plan without additional external financing needs that will further improve its debt position. S&P concluded that "FBCL's very strong management and governance characteristics have allowed it to achieve financial and operational goals. We believe the management team has considerable expertise and experience and that it is adequately prepared to quickly react to unfavorable economic conditions. It proactively adjusts operating and capital spending to minimize the impact of traffic volatility on its financial profile and monitors performance against its budgets. Furthermore, management has policies and strategies to mitigate key risks, including debt management, cash and investment management, and a suite of insurance policies."

FBCL is currently servicing debt that was amassed by its legacy corporations prior to its legislated amalgamation in 2015. Outstanding loans and corporate bonds are locked and subject to a debt-servicing program that will be completed in 2027. Any future independent FBCL capital investments within its portfolio will need to be funded either through additional debt or be scheduled for implementation at its present modest pace through operational funding (or perhaps a combination of both). For this reason, FBCL aims to accelerate its asset management plans by opportunistically leveraging support from relevant capital funding avenues, such as the National Trade Corridors Fund, when these are feasible.

The 2017-18 Annual Report is posted at <https://www.federalbridge.ca/wp-content/uploads/2018/10/AR-E-web.pdf>. For FY2018-19, the Corporation is expecting a slightly improved financial position due to continued debt reduction, the execution of its toll policy and the anticipated stabilization of North American trade.



# OPERATING ENVIRONMENT

A bridge is a passive facilitator of travel and trade. Due to its presence, it enables the transit of people and goods while possessing no fundamental or intrinsic means of enticing its usage. The provision of a safe, well-maintained and functional crossing ensures the bridge's viability and appeal however the decision to cross relies much more significantly on the availability of local and regional attractors on the opposite side. Without those external attractors, a bridge has little effect on its community of prospective users.

## Strategic Issues

Within that operational context, the key strategic issues faced by the Corporation remain largely unchanged and include:

- **The Economy:** The overall state of local and broader international economic health and outlook manifest their effects on FBCL in a number of ways. These include effects derived from currency exchange rates, employment and productivity as well as from travel attractors serviced by bridges.
  - a. Currency exchange rates affect bridge usage both in term of the commercial attractiveness of Canadian export goods to foreign buyers and/or the affordability of desirable import goods;
  - b. Local, regional, provincial and national general employment, manufacturing and economic health enhances the presence of thriving exporting and importing industries and manufacturers operating within a stable or growing international business climate and these contribute to the creation of a well-remunerated population empowered with disposable income for spending and investing on both sides of the border; and,
  - c. Given that between 80 and 95% of passenger car crossings originate locally, the presence and/or demise of bridge-accessible travel attractors and destinations have a significant impact on the number of prospective travellers. Bridge users seek value for dollar and uniquely available products, services or entertainment. A marquee retail outlet or a notable employment source each impact travel decisions and bridge activity.
- **Throughput at the border:** A reputation for speed and ease of crossing is the single most important factor affecting crossing choice for non-local travellers and commercial goods transporters. Safe spaces, free of obstructions, complemented by well-staffed, efficient and stable customs processing systems collectively ensure the fluidity of a crossing. Successful delivery of these services is a joint operational obligation of both the bridge operator and border protection services who necessarily must find the appropriate balance between security protection and processing efficiency.
- **Trade and Tariff Stability:** The re-establishment of a stable North American trade agreement, regardless of any potential advantages or short-comings, is a fundamental resource for the facilitation of international trade and commercial growth on both sides of the border. The imposition of any nationalistic trade barriers and tariffs on import/export dependent businesses will have profound

consequences for many years on the volume of crossings at FBCL international bridges as users and corporations adjust to new operational modalities and realities.

- **Technology and its security:** Customer pressures to adopt support for an ever expanding diversity of novel rapid payment options prevails across the bridge portfolio. Multi-component systems with various integrated interfaces are required to link customer transaction processing with internal financial management systems, customer account management resources and external payment processing systems. FBCL must ensure that its underlying transaction management technologies remain current, adaptable and secure. Additionally, the security of these systems is fundamental to ensuring customer trust and confidence.
- **Competition:** The international crossing landscape in southwestern Ontario is headed towards a paradigm shift as the competitive battleground sees new options. Changes are afoot in the Windsor-Detroit corridor. As shovels hit the ground, the riverfront skyline will experience change with the introduction of the new Gordie Howe International Bridge and, potentially, the proposed replacement to the Ambassador Bridge. While these development projects are not anticipated to have a significantly material effect on car transits at the Blue Water Bridge, the same is not accurate for highly lucrative long-haul transport trucks. Blue Water Bridge is expected to remain the option of choice for western and southwestern tractor trailers, however a disruptive cycle to Blue Water Bridge's commercial traffic is anticipated and a new status quo is not expected be established in the region for at least five years following the opening of the new bridge(s), now estimated for 2024.



With the exception of well-maintained bridge assets and support for secure and novel payment technologies, all of the strategic issues affecting FBCL's line of business are external and detached from the organization's direct influence.



## Alignment With Government Priorities

As they are defined in the 2016 Speech from the Throne, the Government of Canada's priorities are focused on growth for the middle class; open and transparent governance; a clean environment and a strong economy; strength through diversity; and security and opportunity.

The activities of FBCL support all of the Government's economic priorities. By facilitating secure international trade and the efficient transit of people and goods, FBCL delivers gateways to economic growth and prosperity for all Canadians. This is demonstrated not only in terms of transport; it also cascades into related domains including job creation, economic opportunities and expanded markets for Canadian innovation. International bridges allow Canada to strengthen its multi-faceted relationships with its allies, expressly with the United States.

In the Cornwall area, within the framework of its designated mandate, FBCL fully maintains its commitment to supporting the needs and objectives of the Crown regarding the continued growth of a constructive relationship with the Mohawk community and the achievement of an equitable settlement of land claims. FBCL and its SIBC subsidiary have a long history of positive engagement both as a reliable source of employment for members of the local indigenous community as well as through the management of a vital facilitator of local economic growth.

## International Bridge Traffic Trends

Traditionally, due to data sources, FBCL has monitored and reported on traffic trends along calendar year formats. In order to better align with Corporate and Crown financial reporting, effective this issue of the Corporate Plan, FBCL is reporting traffic patterns according to fiscal years.

The following table outlines the evolution of traffic flows at each FBCL crossing. Also provided are regional comparables. The Ambassador & Peace Bridges serving as regional peers to the Blue Water Bridge and the Ogdensburg-Prescott International Bridge as a peer to the Seaway International Bridge and to the Thousand Islands International Bridge. While each of the crossings possesses its own individual attributes and challenges, no bridge truly operates free of an overarching international and regional economic context.

A unique factor impacting the Seaway International Bridge is the toll exempt passage for members of the indigenous community. For that reason, the table provides traffic trends for the crossing holistically as well as a view solely on usage that generates a compensation.



	ALL TRAFFIC			COMMERCIAL		
	2016-17	2017-18	2018-19	2016-17	2017-18	2018-19
Sault Ste. Marie International Bridge	-5.81%	1.72%	-2.47%	5.98%	1.43%	-0.46%
Blue Water Bridge	-1.48%	-0.85%	0.69%	3.79%	-4.08%	2.41%
Thousand Islands International Bridge	-0.25%	-0.69%	-2.27%	-2.16%	-0.91%	-2.61%
Seaway International Bridge (All Traffic)	1.44%	2.83%	0.59%	3.51%	1.86%	7.57%
Seaway International Bridge (Paid Traffic)	-3.26%	4.56%	-1.49%	4.67%	-1.98%	1.57%
<b>ALL FBCL TOTAL:</b>	<b>-1.24%</b>	<b>0.35%</b>	<b>-0.34%</b>	<b>2.83%</b>	<b>-3.02%</b>	<b>1.51%</b>
Ambassador Bridge	-2.26%	3.80%	2.55%	2.22%	-0.36%	0.82%
Peace Bridge	-2.05%	1.10%	-3.36%	-3.35%	-2.63%	-4.39%
Ogdensburg-Prescott International Bridge	2.28%	7.96%	-4.08%	3.69%	5.76%	-6.22%
<b>ALL CROSSINGS:</b>	<b>-1.00%</b>	<b>0.81%</b>	<b>-0.62%</b>	<b>1.88%</b>	<b>-1.77%</b>	<b>-0.18%</b>

From this table, we see the impact on Commercial traffic of last year's trade uncertainty and the steel tariffs that affect Sault Ste. Marie's industry. These factors have begun to resolve themselves as a new stasis is reached. A lasting trade agreement should facilitate continued improvements of these numbers. The impact of currency exchange disparity, especially on Canadian travellers, manifests its presence in the form of more robust growth in commercial crossings relative to that of private passenger vehicles and overall traffic.

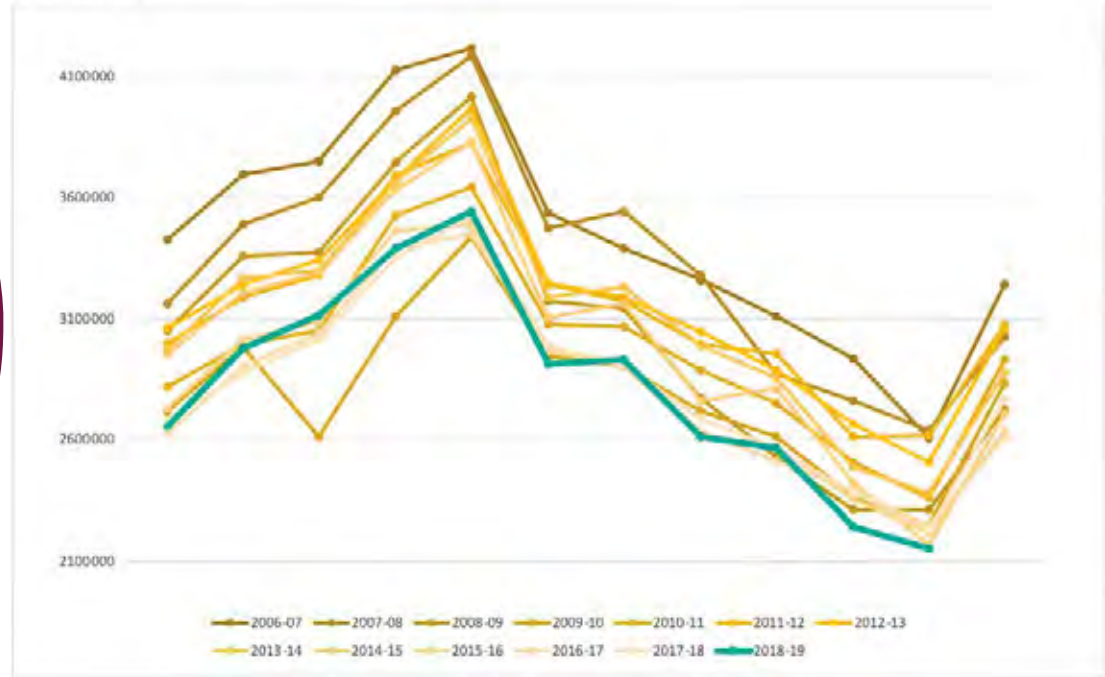
Collectively FBCL's crossings are witnessing generally better growth and faster recovery than that of the overall marketplace. This may be due to a combination of factors including the impact of continued construction on the Peace Bridge and Detroit-Windsor Tunnel, to some local economic developments and to nationalistic import tariffs applied to the national steel and aluminium industries. While Blue Water Bridge and the Ambassador Bridge both support the Southwestern Ontario-Michigan auto industry, Blue Water Bridge, with its access to the US federal highway system, also services trade between Ontario and the broader Midwestern and Southwestern US states that may be less affected by recent trade uncertainties.

For the other crossings on an individual level, the Thousand Islands International Bridge continues its decade of construction and investments in new border infrastructure. Modest effects will likely persist as the Americans rebuilt the Customs and Border Protection facilities on the other side of the border. Sault Ste. Marie is also rebounding from their own border infrastructure renewal however tariff uncertainty has seemingly impacted the region. At the Seaway International Bridge, while economic opportunities on the U.S. side remain relatively flat, the quality of life in Cornwall and especially that within the local indigenous community continues to show improvement and recovery following a decade of retraction.



# All BTOA Bridges

All BTOA Bridges



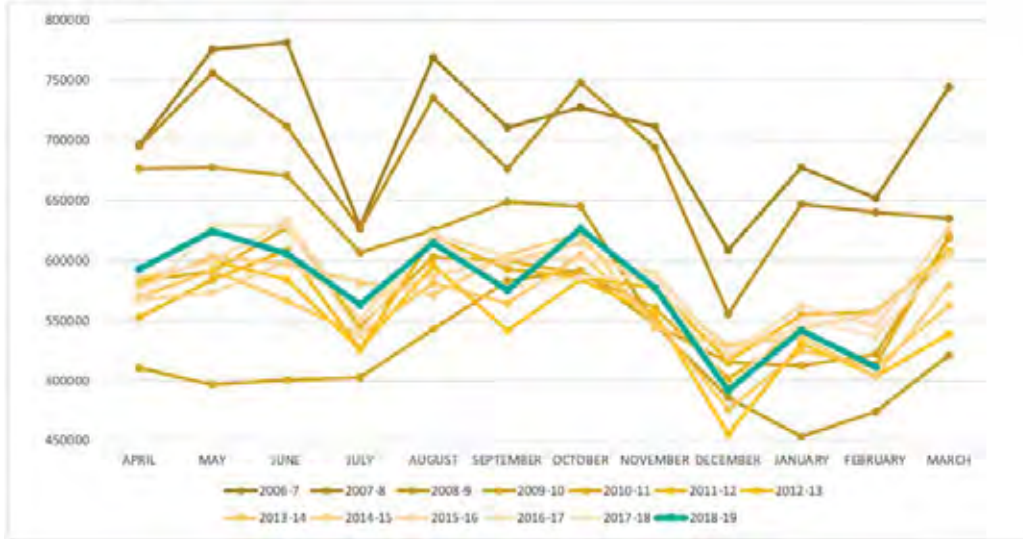
Only FBCL's Bridges



# Only FCBL Bridges

The above charts show monthly combined traffic levels for all vehicles over the past decade, the most recent year in bold. On the left, all 11 crossings of the Bridge and Tunnel Operators Association are shown while only FBCL's 4 bridges are presented in the chart on the right. As can be seen, FBCL's traffic patterns generally offer close correspondence to that of the overall group, however FBCL's most recent year period is improving and trending slightly better than recent periods whereas the present year for the overall group still remains mired in its lowest cycles. FBCL demonstrates better than average usage growth.

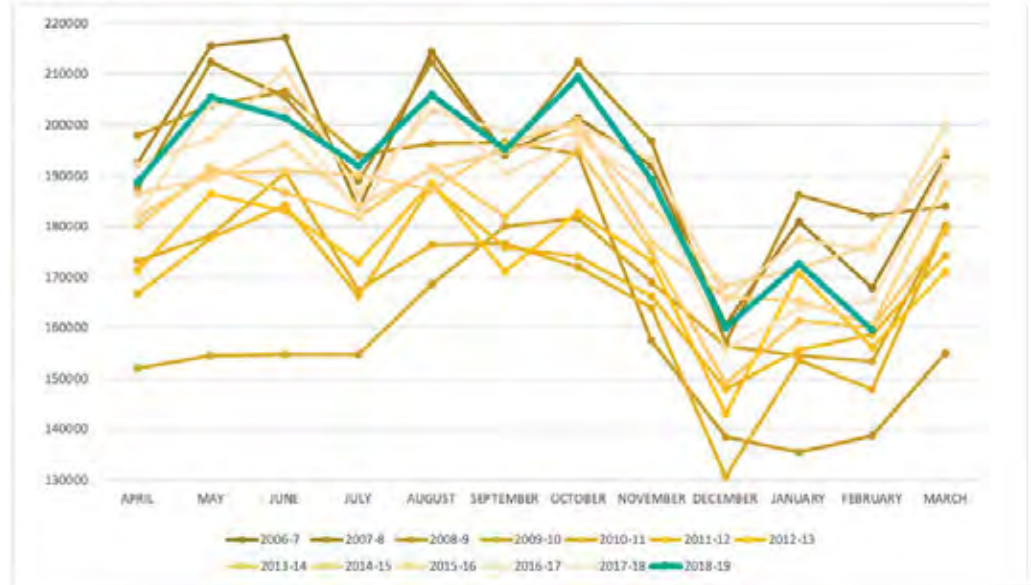
All BTOA Commercial



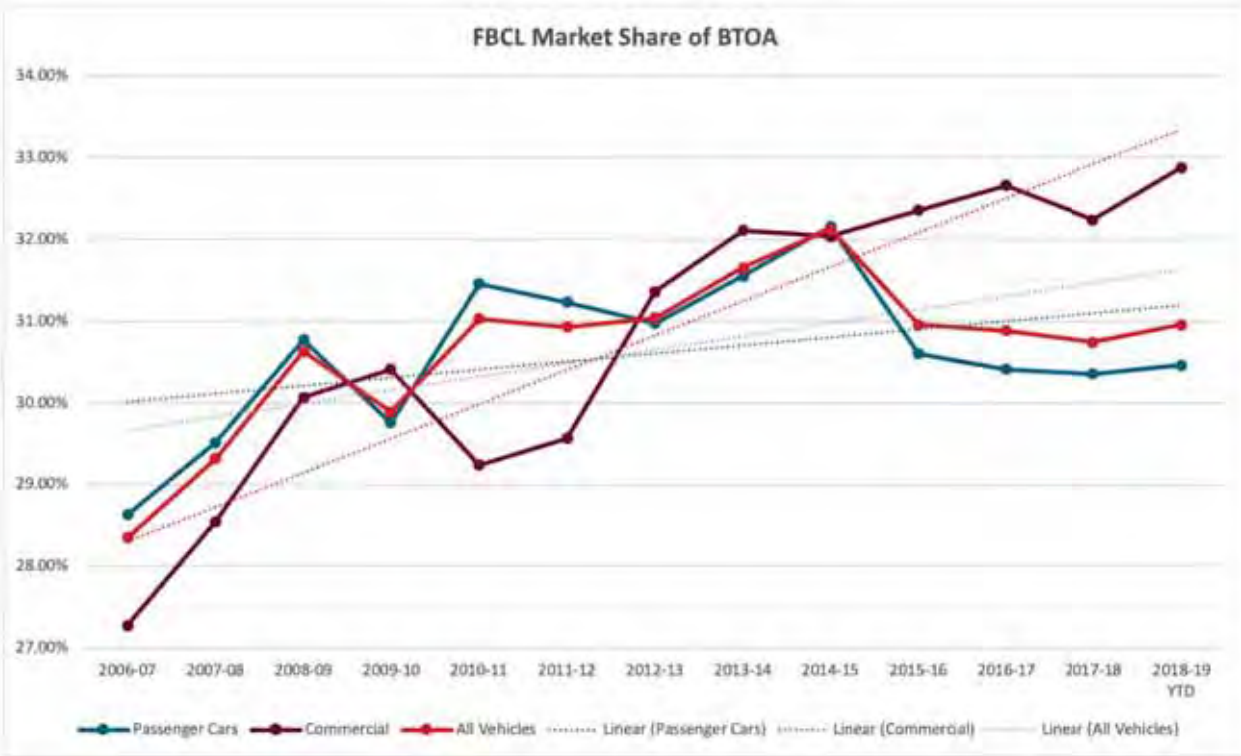
## All BTOA Commercial

## FCBL Commercial

FCBL's Commercial



Separating commercial truck traffic from the overall load, more clearly demonstrates that, for international truck freight, FBCL crossings are performing better than their peers relative to their historic averages. Fiscal Year 2018-19 is positive for FBCL whereas it's in the middle of the pack for the overall group.



The previous graph shows positive trends for passenger vehicle market share (blue), commercial (purple) and overall traffic (red) at all FBCL crossings relative to the collective of 11 other BTOA crossings linking Ontario with the states of New York and Michigan. FBCL's pursuit of excellence in the areas of safety and service excellence continues to pay dividends in the form of market share growth.

Notably, the Blue Water Bridge is a workhorse for Canadian international trade and, in tandem with its Windsor-Detroit-based peers, establishes the crucial backbone for the success of international trade within our economy. As the second-busiest commercial crossing between Canada and the United States, the Blue Water Bridge is a critical cornerstone in the reliability of Canada's freight transport supply chain.

The Blue Water Bridge, through its geographic separation from Windsor, Ontario, provides Canada with its only true border crossing redundancy. Blue Water Bridge ensures our nation's economic health and trade. Contributing to its success is its exceptionally high 34.2% ratio of commercial vehicles within its traffic mix. Comparatively, the Thousand Island International Bridge closely mirrors the Ontario average of 20% while the other two venues remain in the 4-6% range. At roughly 35%, only the Ambassador Bridge sees a slightly higher ratio of commercial crossings than the Blue Water Bridge. So far in FY 2018-19, Blue Water Bridge





has carried 24.72% of all truck freight crossing Ontario-USA bridges; comparatively, the Ambassador and Peace Bridges respectively handled 37.65% and 16.51%.

While the Seaway International Bridge witnessed usage growth in 2018-19, it must be noted that more than 70% of its cars and nearly 34% of its commercial vehicle traffic was toll exempt. This equates to roughly \$6.5M in uncollectable toll revenue that would normally contribute to bridge operations, maintenance and long-term capital project reserves. This is a financial constraint that continues to hold managerial attention. Over the course of the previous reporting cycle, traffic volume at the Seaway International Bridge increased by almost 2%; however, the rate of growth of non-tolled crossings grew at a much stronger pace than that of tolled traffic. Identifying Crown sources of financial support for the impact of these uncompensated transits remains a critical concern for the long term financial viability of the crossing and of the SIBC subsidiary.

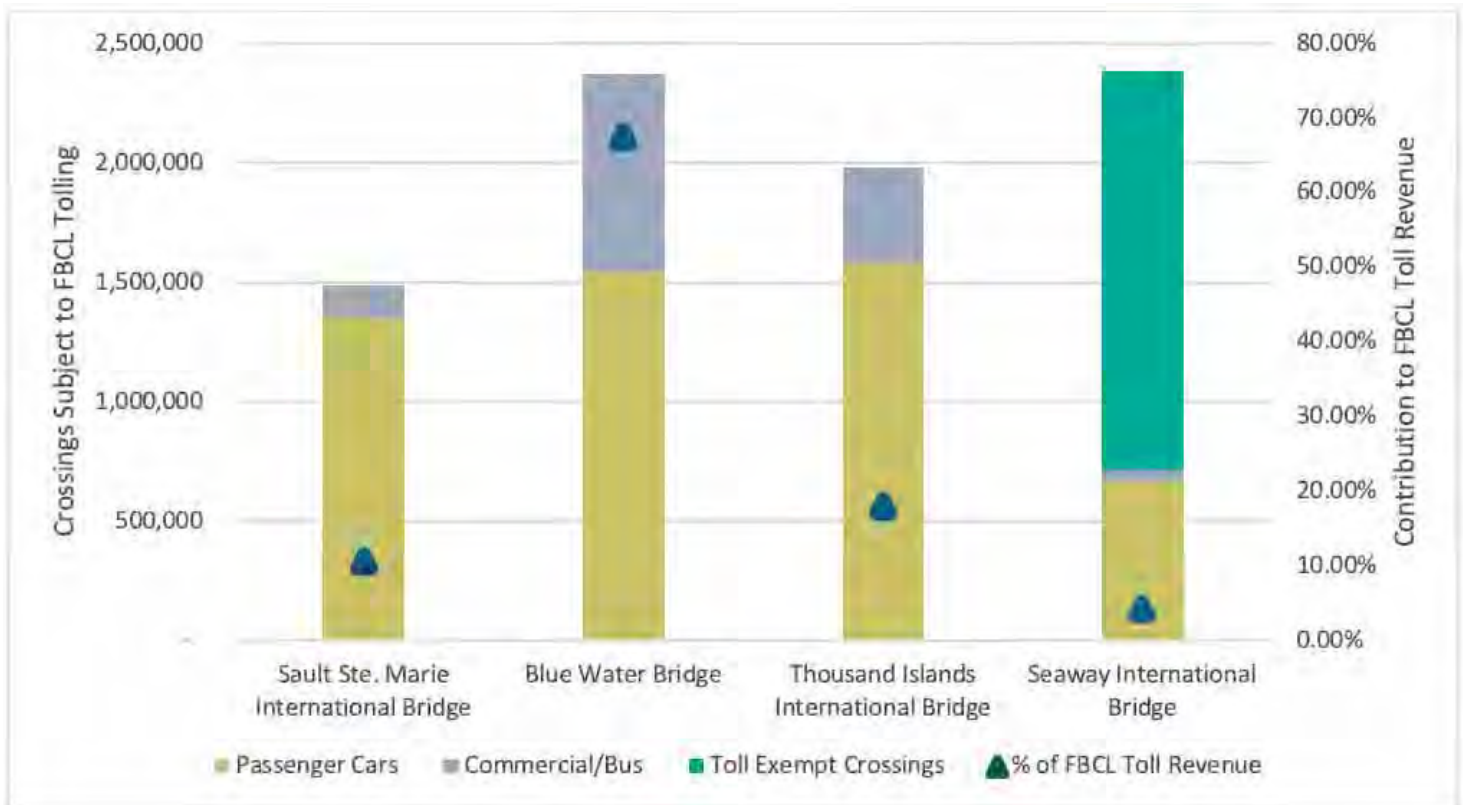
For reference purposes, the 2017-2022 Corporate Plan provides a more comprehensive analysis of the recent past decade's traffic patterns.





## Financial Contributions

Adding a financial perspective to crossing data provides additional insight into FBCL’s operational and financial context.



The above figure shows forecasted FY2018-19 crossings subject to tolling by FBCL or its subsidiary operating entity. An overlay shows the impact towards FBCL’s total toll revenue from each location. In terms of total traffic passing through FBCL-managed toll booths, U.S.-bound travellers at Blue Water Bridge generate only 13% more crossings than total traffic at Thousand Islands International Bridge and almost 1% more than at the Seaway International Bridge. Yet, despite these numbers, Blue Water Bridge contributes roughly two thirds of FBCL’s toll revenue.

This data strongly underscores the economic value of location and commercial traffic in the overall mix. The toll revenue from the other three crossings is also subject to revenue sharing with FBCL’s U.S.-based operating partners that further reduces their effect on FBCL’s financial situation. Seaway International Bridge is also significantly impacted by its high volume of uncompensated crossings.



## SWOT Analysis

In delivering its mandate, the Corporation is affected by internal and external factors that may impact results. Once identified, these factors are monitored and plans are adapted to address significant changes and challenges. FBCL has established a common approach to handling key, portfolio-wide issues that arise while also taking local crossing attributes and requirements into account.

<h3>STRENGTHS</h3> <ul style="list-style-type: none"> <li>• Strategic locations, particularly for BWB</li> <li>• Unimpeded authority within the sphere of operational mandate and core responsibility</li> <li>• Excellence in capital project delivery</li> <li>• Good condition and long term viability of bridge assets and facilities</li> <li>• Stable financial position</li> <li>• Partnerships with engaged and responsive organizations</li> <li>• Collaborations with border services agencies</li> <li>• Positive support from the Crown and goodwill in user communities</li> <li>• Experienced leadership and bridge administrators</li> <li>• Robust governance framework</li> <li>• Effective risk and performance management and measurement</li> </ul>	<h3>WEAKNESSES</h3> <ul style="list-style-type: none"> <li>• Narrow mandate limits financial diversification and growth opportunities</li> <li>• Can only be anticipatory and reactive to external events and factors</li> <li>• Cash reserves for large scale capital projects take years to accumulate and could impact timings of project executions</li> <li>• Not leading in transaction automation</li> <li>• No offset to costs resulting from CBSA/CFIA requirements or from uncompensated crossings</li> <li>• Confirmation of asset renewal needs</li> </ul>
<p>EXPIRING TERMS AND TERM LIMITS OF CEO AND BOARD MEMBERSHIP</p>	
<h3>OPPORTUNITIES</h3> <ul style="list-style-type: none"> <li>• Generally favourable economic climate despite trade uncertainty</li> <li>• Investigate potential impacts of climate change on market and assets</li> <li>• Augmented data-driven asset management tracking</li> <li>• Improved automation and online interface technologies</li> <li>• Burgeoning collection of business intelligence</li> <li>• Increased marketing and customer engagement</li> <li>• Increased positive visibility and engagement within Government</li> <li>• Continued optimization and implementation of operational and governance best practices</li> <li>• Revenue diversification</li> <li>• Potential future integration with other international bridges</li> <li>• New Ideas from refreshed governance</li> </ul>	<h3>THREATS</h3> <ul style="list-style-type: none"> <li>• Impact of currency fluctuations on travel decisions</li> <li>• Unpredictable border management staffing and technology issues causing congestion and usage deterrence</li> <li>• Long term financial sustainability of the SIBC subsidiary</li> <li>• Shifts in regional manufacturing and employment landscapes</li> <li>• Inability to influence macro-scale socio-economic factors affecting bridge usage</li> <li>• Protectionist international trade practices</li> <li>• Unpredictable shifts in socio-political attitudes and behaviours</li> <li>• Changes to regional travel routes and travel preferences</li> <li>• Competition, particularly from changes coming to the Windsor-Detroit corridor</li> </ul>



Term duration limits to the CEO and Board membership are felt to affect all categories of the SWOT analysis. On one hand, it permits the injection of new perspectives; whereas, on the other, they result in the prospective loss of institutional knowledge and momentum.

## Human Resources Overview

The following table summarizes the Corporation and its subsidiary’s staffing situation.

Function	Current	Budget
	<b>Full Time Equivalents</b>	
Executive Management	4	5
Bridge Engineering and Asset Management	35	35
Bridge Operations, Facilities and Security	34	41
Corporate Services	24	25
<b>Total:</b>	<b>97</b>	<b>106</b>

A collective bargaining agreement is in effect up to November 2019 with 45 unionized staff at Blue Water Bridge. No materially significant changes to staffing and agreements are expected for this reporting period.

Staff at the Thousand Islands International Bridge and Sault Ste. Marie International Bridge are employed by the American partner and thus are not subject to FBCL Human Resources administration and policies.

## Competition

There are key issues as well as various ownership and management models uniquely applicable to each international bridge that place some crossings at an advantage over others. These various factors include geography, country of incorporation and financial operating modes. The Blue Water Bridge faces the most competition, specifically from the Ambassador Bridge, the Detroit-Windsor Tunnel and, in the future, the Gordie Howe International Bridge.

To date, the Blue Water Bridge has successfully capitalized on user frustrations with congestion in the Windsor-Detroit area and has robustly established itself as the second busiest commercial crossing between Canada and the U.S. Traffic studies show that it offers the preferred routing from Ontario’s industrial core to long-haul destinations in the central and southwestern United States such as Chicago and Texas. Blue Water Bridge relies on these commercial transits for the majority of its revenue.





As previously stated, the introduction of the future Gordie Howe International Bridge in late 2024 will result in an immediate disruption of regional traffic patterns. While the new bridge with its appealing direct and fluid linkages to regional highways will have its most significant impact on its closest neighbour, the aging, urban Ambassador Bridge, a collateral effect will undoubtedly be noticed at Blue Water Bridge. Traffic analyses and forecasts predict that some of Blue Water Bridge's commercial customer base will shift to alternates. Since the Corporation is actively focused on legacy debt retirement, changes in traffic patterns will ultimately impact FBCL's ability to develop capital reserves in support of long term objectives.

Any negative repercussions to crossing revenues at Blue Water Bridge will ultimately cascade throughout the financial prospects and operational planning of the overall FBCL portfolio. The Corporation has anticipated this development, has taken and continues to take mitigating actions and will be monitoring this situation and the bridge's toll policy with great attention, particularly should actual economic outcomes drift away from predicted forecasts.

On other fronts, the Thousand Islands and Seaway locations compete with the Ogdensburg-Prescott International Bridge that operates under a different, privatized business model. Specifically, Ogdensburg, operated entirely by an American entity, uses an aggressive toll rate strategy in addition to being free from the Sections 6 obligations of the *Customs Act*. FBCL's crossings are required to bear the costs of the Canadian Border Services Agency and other Canadian mandated facilities as well as permit the toll-exempt passage for the indigenous community at the Seaway location. The competitive tolling rates employed by the Ogdensburg-Prescott International Bridge heavily constrains FBCL's flexibility in dealing with toll rate elasticity and rate management at its two nearby crossings.

FBCL monitors its competitors and adjusts plans including increasing tolls, monitoring expenses and debt levels carefully, as well as looking at other revenue generating opportunities, in an attempt to ensure the long-term financial sustainability of all four international crossings.





## Technology

Bridge users, like many consumers in North America, are quickly advancing towards the use of non-cash modes of payment. To ensure ongoing efficiency of operations, FBCL must remain responsive with its adoption of relevant technologies. The accelerating use of technologies by all bridge stakeholders is increasing at a rapid pace. It is integrated in every process from traffic management, toll collection, pre-clearance of individuals and commercial loads, trusted traveller management to border wait-time control. Additionally, with the on-going incidence of reports of technology security breaches appearing in the media, defending the security of customer payment information remains a vital aspect in protecting customer trust.

FBCL will continue to invest in technology, alone or in partnership with others, in order to ensure optimal efficiencies in operations and high customer satisfaction. More specifically, FBCL has recently launched the ConneXion frequent traveller program and initially implemented it at Blue Water Bridge. The program uses radio-frequency identity and payment automation technologies to speed the processing of non-commercial vehicles. Additional user account self-management and facilitation resources will also be deployed in addition to expanding the use of the program at other crossings.

Additionally, FBCL will seek to increase user loyalty through various incentive programs, data mining and targeted user engagement campaigns. FBCL will also examine the potential of real-time traffic data collection resources for improvements in planning and predictive analysis to better inform traffic management and decision making.



## Notable Operational Initiatives

Over the past reporting cycles, FBCL has categorized performance tracking within four broad categories. These are Asset Management; Revenue Generation; Trade and Border Support; and, Internal Services. The Corporation's strategic initiatives commonly address needs from more than one individual category, providing overlapping value in multiple areas. Investments in facilities modernization, for example, deliver benefits across all of the first three categories in addition to impacting the resources and infrastructure of Internal Services.



At this point, the Corporation is emerging from the recent and successful completion of three major capital renewal investments valued at more than \$186M. The past year also bore witness to a few other notable events or activities that have impacted or could potentially impact bridge operations and deliver value in each of the four performance program domains. This information provides context and specificity for the sections that follow.

#### At the Sault Ste. Marie International Bridge

The binational agreement for the administration of the bridge was renewed, extending a decades-long, highly successful partnership. Following completion of recent major renewal activities, no notable capital investments are presently scheduled for this location. The focus will remain on standard, on-going bridge and facilities maintenance.

#### At the Blue Water Bridge

A targeted construction project is under way to introduce a loop roadway segment to the Canadian bridge plaza. This Emergency Return Road project will offer a pathway to facilitate the removal of obstructing vehicles, the secure return to the United States of vehicles deemed to be inadmissible to Canada and to provide US-bound commercial vehicles with access to customs brokerage facilities housed in the FBCL Administration building. The demolition of a disused administration facility is also proceeding. This activity should free up space that will facilitate the future deployment of new bridge plaza amenities.

In support of greening initiatives, in 2019, FBCL aims to deploy high capacity charging stations for electric vehicles as they seek a reliable point for international transit. The US-bound crossing will feature a 25 kWh charger for electric cars.

#### At the Thousand Islands International Bridge

Following completion of recent major renewal activities, no notable capital investments are presently scheduled for this location. The focus will remain on standard, on-going bridge and facilities maintenance.

A renewal of the facility's toll management system has been commissioned and is expected to come in use in the spring of 2019. This modernization will set a foundation for further technological innovation.





It must be noted the United States' General Services Administration is presently investing US\$215M to refresh and expand their Customs and Border Protection facilities. The modernization is set to be delivered in two phases with the commercial component set for late 2019 completion and the balance of the undertaking expected to be completed in late 2022. These works will likely have some impact on the attractiveness of this crossing with travellers during and shortly following the construction.

Shortly following the planned deployment at Blue Water Bridge, FBCL intends to also make a 25 kWh electric vehicle charger available to users of the Thousand Islands International Bridge.

### At the Seaway International Bridge

In support of the Crown's efforts to resolve long standing land claims, and pending the local community's expected ratification of a proposed settlement agreement, FBCL is readying itself for a multi-faceted 30-month activity associated with the relocation of FBCL operational facilities away from Cornwall Island. The project includes further optimization of the Canadian bridge plaza on the space known as the Canal Lands. Additional outcomes of this undertaking include new traffic routing and the creation of dedicated lanes for eligible members of Canada's First Nations.



Over the course of the planning period, FBCL aims to collaborate with the Crown to identify and implement lasting measures to address revenue constraints at this crossing that result from the significant volume of toll exempt vehicular traffic.

In the context of on-going bridge and facilities maintenance, a project estimated to cost \$3M to replace a mobile maintenance platform under the South Channel Bridge is scheduled for the summer of 2019.



# STRATEGIC OBJECTIVES, ACTIVITIES AND RESULTS

In early 2015, following the amalgamation of the previous operating entity with its subsidiaries, the present structure of FBCL began operation. In the intervening years, the strategic focus of the organization has centered on the consolidation and rationalization of internal processes. At present, with the successful passing of a number of strategic milestones, the Corporation finds itself at a new horizon. FBCL has established its operational foundations. It is now in a position to leverage its operational consolidation and the resulting efficiencies to take action based on insights acquired over the course of recent years. FBCL continues to evolve its strategy towards portfolio growth, innovation and operational excellence.

## Corporate Strategic Goals

The Corporation is emphatically focusing on the core of its business. While the sustainability and security of assets and operational optimization remain foundational pieces of the mandate, increasing weight is being placed on the growth of revenue through an active approach to toll management and on viable longevity through the diligent care of its bridge assets.

The targeted outcomes will be achieved through an emphasis on:

1. The growth in toll revenues through toll pricing strategies and customer engagement tactics;
2. The leveraging of positive relationships with border management partners in order to ensure rapid crossing processing; and,
3. The force multiplying, modernization and innovative effects resulting from increased, targeted usage of beneficial technologies.



# Planned Major Activities

In addition to on-going activities, the following incremental strategic activities are anticipated:

Risk scale: 

Major Objective	Activities	Expected Results	Performance Measure	Risk Level
Revenue Growth	Toll rate strategies	Continued fiscal stability and operational funding	Completion of St Lawrence crossings traffic study to inform semi-annual fare reviews (early 2019-20)	Low
	Expansion of ConneXion pre-payment program	Consolidated program usable by customers at multiple locations	Expansion to include BWB commercial vehicles and additional FBCL crossings	Medium Technological dependencies
	Deployment of electric vehicles charging stations	Unique capability at FBCL international bridges	Launch of new service	Low
	Identification of potential climatic deficiencies that could interrupt long term growth	Climate resiliency	Development of climate impact action plan	Low
	Maintain or increase customer amenities and service	In-demand services available at FBCL bridges	Increase in lease revenues	Medium Scheduling indeterminacies
Partners & Relationship	Supporting efficiency & consistency from border partners	Improvement in border wait times	Frequency of local strategic coordination meetings	Medium Dependencies on 3rd parties
	Customer Account Development	Relevant and popular customer programs	Uptake of new programs	Low
	Support of Crown negotiations with MCA for resolution of claim	Settlement Agreement with MCA fully executed	- Funding for Bridge facilities relocation in place (2019-20) - Property transfers completed (2022-23) - Relocation completed (2022-23)	Medium Reconciliation is a Crown priority and indications are that litigation resolution is imminent
	Mechanism for compensation for the publicly imposed duties resulting from toll-exempt, indigenous crossings and to maintain the solvency of subsidiary SIBC	Establishment of a lasting funding mechanism	Progress on a funding framework	High Ratio of toll exempt crossings continues to rise above 70%, driving up maintenance and operational costs that impact the financial sustainability of the crossing
Technology & Innovation	Real-time predictive traffic analysis	Improved staff and activity scheduling	Deployment of consolidated data aggregation and analysis solution	Medium Dependencies on 3rd parties
	Asset Management Program Development	Asset management system in place	Core of asset planning and budgets defined by asset management program (2020-21)	Low
	Improve toll collection management	Modernized toll management and payment collection systems	- Implementation of systems - Partnerships with multi-toll management providers	Medium Complex and costly roadway systems
	Data mining and targeted messaging	Data driven promotional campaigning	Core of marketing activities defined by data analytics (2020-21)	Low



## On-going Operational Priorities

International bridges are complex operations that feature the collection of tolls, traffic flow management, on-going asset inspection and maintenance functions, capital renewal projects, and activities associated with leases to third parties.

A number of policy and operational issues are being tracked internally to ensure the most effective and efficient behaviour and to reduce risk. During the planning period, FBCL will be reviewing and measuring each of these components across the portfolio in order to implement best-practices, and to continuously improve the delivery of the mandate. These on-going operational areas include but are not limited to:

- Quality customer service;
- Improvement to bridge facilities;
- Financial self-reliance for daily operations;
- Positive relationships with stakeholders; and,
- Sustaining intrinsic engagement of employees.

## Risk Assessments

The Corporation monitors and manages its risk profile and is tracking risks within ten detailed categories. These include:

1. Physical Security of Bridges and Premises
2. Technology:
  - a. Security
  - b. Systems
3. Workforce Management
4. Organizational Risk
5. Fraud and Corruption
6. Financial Sustainability
7. Competition
8. Partnerships and Stakeholders
9. Public Perception
10. Bridge Safety
  - a. Asset Integrity
  - b. Human Element



Of these categories, the key risk areas of concern involve ensuring that:

- the bridges remain secure and protected from misuse and threats;
- the Corporation's technologies, particularly in the areas of information security, reliability, payment processing and document archival remain relevant and current; and,
- the Seaway International Bridge toll and port-running security issues and the site's financial exposure resulting from the high percentage of toll exempt crossings are both subject to continued monitoring and progressive improvements.

To mitigate the risks associated with payment technologies, the Corporation is in the process of defining its requirements for a replacement system as well as investigating partnership options with existing, established toll automation systems providers. The deployment of a GCDocs-compliant electronic documents and records management solution is presently being implemented to ensure the longevity of the FBCL records management and archival resource.

Subsidiary company SIBC implements a vigilant cost management strategy to ensure that its operational expenses remain in line with budgets and revenue. FBCL is acting in close partnership with Transport Canada with the support of Crown-Indigenous Relations and Northern Affairs Canada and Indigenous Services Canada in the management of issues affecting the indigenous community and its toll exempt passage.



# FINANCIAL OVERVIEW

At present, FBCL is operationally self-reliant in its daily operations and seeks Crown support where applicable. FBCL's goal is to generate adequate revenue to cover its daily operations and carry out a risk-based asset management program while also building fiscal surpluses to responsibly address the present and future major capital requirements of the bridges, approaches, and facilities.

FBCL's revenue from operations consists of:

- Tolls collected at international bridges (87%);
- Leases and licenses (11%) from:
  - Commercial properties on the bridge plazas such as duty free stores, food services and brokerage facilities;
  - Properties bordering bridges that are retained for future use;
  - Licenses and permits for utilities and services exploiting the bridges' rights of way; and,
- Interest and other miscellaneous revenue (2%).

Funding provided by government is limited to designated major capital projects.

The Corporation budgets to record approximately \$17.0M per year surplus of revenues over cash expenses, before recognizing the costs of depreciation. These funds are used to pay down the substantial legacy debt and asset management requirements.

CONSOLIDATED STATEMENT OF INCOME								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2017-18	Current Forecast 2018-19	Main Budget 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
TOTAL REVENUE	42,887	43,720	42,591	44,783	45,572	45,930	46,291	47,021
TOTAL EXPENSES	44,428	42,899	42,864	46,053	46,798	47,663	48,138	49,023
OPERATING INCOME BEFORE GOVERNMENT FUNDING	(1,541)	821	(273)	(1,270)	(1,226)	(1,733)	(1,847)	(2,002)
TOTAL GOVERNMENT FUNDING	3,360	3,417	4,082	3,506	3,474	3,419	3,431	3,431
TOTAL NON-OPERATING ITEMS	(4,793)	(4,298)	(4,296)	(3,889)	(3,501)	(3,041)	(2,597)	(2,161)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(2,974)	(60)	(487)	(1,653)	(1,253)	(1,355)	(1,013)	(732)



## Capital Investments

In 2019-20, the Corporation plans to engage in \$13.9M in capital investment projects, funded directly by through FBCL operations. Approximately 80% of the spending on capital projects is to take place on the bridges and plaza at the Blue Water Bridge in Point Edward, which addresses many components of the Master Plan for this location. The remaining 20% of capital projects results from the corporation's share of joint projects with operating partners and other miscellaneous works at FBCL's other three bridge locations.

Up to the 2018-19 fiscal year, government funded special major capital projects at the Sault Ste. Marie, Thousand Islands and Seaway International Bridges. At the time of writing, there are no approved Crown funded projects in the coming five-year horizon. However, within the context of the Crown's proposed settlement agreement with the Mohawk Council of Akwesasne, the Corporation has submitted a funding proposal to the Gateways and Border Crossings Fund for the relocation of its SIBC operational facilities in accordance with the terms of that agreement. The impact of this provisional activity is reflected in a subsection of the capital investment plan as shown below.

Additionally, the Corporation plans to submit additional proposals to the National Trade Corridor's Fund for the acceleration of the delivery of works related to the Blue Water Bridge Master Plan (in excess of the works scheduled to be performed by the Corporation), given that such Crown funding is not committed, it has not been incorporated into the Corporate Plan.

CAPITAL INVESTMENTS									
for the year ending March 31 (in thousands of dollars)				Budget					
	Actual 2017-18	Current Forecast 2018-19	Main Budget 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	
<b>FUNDING</b>									
Government funded	56,410	4,108	3,793	-	-	-	-	-	
FBCL funded	3,446	13,388	16,759	13,937	9,127	13,679	4,217	6,663	
<b>TOTAL FUNDING</b>	<b>59,856</b>	<b>17,496</b>	<b>20,552</b>	<b>13,937</b>	<b>9,127</b>	<b>13,679</b>	<b>4,217</b>	<b>6,663</b>	
FBCL Proposal to Transport Canada									
<b>FUNDING &amp; CAPITAL EXPENDITURES</b>									
Cornwall Port Of Entry enhancement for CBSA and new FBCL facilities for bridge operations <sup>(1) (2)</sup>	-	-	-	2,000	8,000	9,000	-	-	
<b>TOTAL FUNDING &amp; CAPITAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>8,000</b>	<b>9,000</b>	<b>-</b>	<b>-</b>	

<sup>(1)</sup> Funding proposal to Transport Canada for consideration as part of land claim discussions for Cornwall international crossing and related broader federal issues. Realization dependent on project specific authorities granted.

<sup>(2)</sup> Customs Act, Section 6 is currently assumed by CBSA due to long-term free passage rights granted.



## Debt


As referenced above, FBCL is administering legacy fiscal and debt constraints. The Corporation has financing arrangements to fund the portion of major capital projects that could not be covered within previously available funding. Pursuant to the *Economic Action Plan 2013 Act, No. 2*, the maximum that FBCL can borrow is \$130M, subject to Minister of Finance approval.

FBCL has three financing arrangements in place to address capital redevelopment and infrastructure. These are composed of two outstanding loans agreements, and a bond issuance that were established by the Corporation's legacy subsidiaries prior to amalgamation. At March 31, 2019, the remaining balances on these arrangements will be \$5.4M in loans, and \$57.1M in remaining principal for the bond. These financing arrangements have each received approval from the Minister of Finance pursuant to Section 127(3) of the *Financial Administration Act*.

In January 2016, FBCL put in place a debt repayment plan that specifies its intent to pay down the loans payable as they come due. Consequently, one loan arrangement of \$2.3M will be paid in 2019-20 and the last loan arrangement of \$2.8M will be paid in 2021-22.

Unlike the loans payable, FBCL has not elected to accelerate payments on its bonds payable as the premium associated with doing so is substantial. As such, the bonds payable will mature in July 2027 with FBCL repaying \$29.7M in principal and \$14.7M in interest over the next five-year horizon.

The debt load of loans and bonds payable will reduce from \$62.5M at March 31, 2019, to \$28.4M at March 31, 2024, a reduction of \$34.1M, or 55%. Interest payments to service debt will fall from \$4.3M for the 2018-19 fiscal year, to \$2.2M in the 2023-24 fiscal year.



*The revenue stream is strengthened by the fact that the distribution of goods by truck remains the most significant delivery mode for 90%-95% of Ontario's exports to the U.S. market.*

## Financial Prospects

FBCL's financial risks are assessed regularly by Standard & Poor's Financial Services LLC (S&P). S&P Global Ratings raised its long-term issuer credit and senior unsecured debt ratings on FBCL from 'A' to 'A+' in August 2018 based on its assessment of FBCL's stand-alone credit profile, with a stable outlook. The stable outlook primarily reflects S&P's expectation that FBCL's low capital plan and lack of additional external financing needs will result in increasing debt service coverage and declining debt to Earnings Before Interest, Depreciation and Amortization in the next two years.

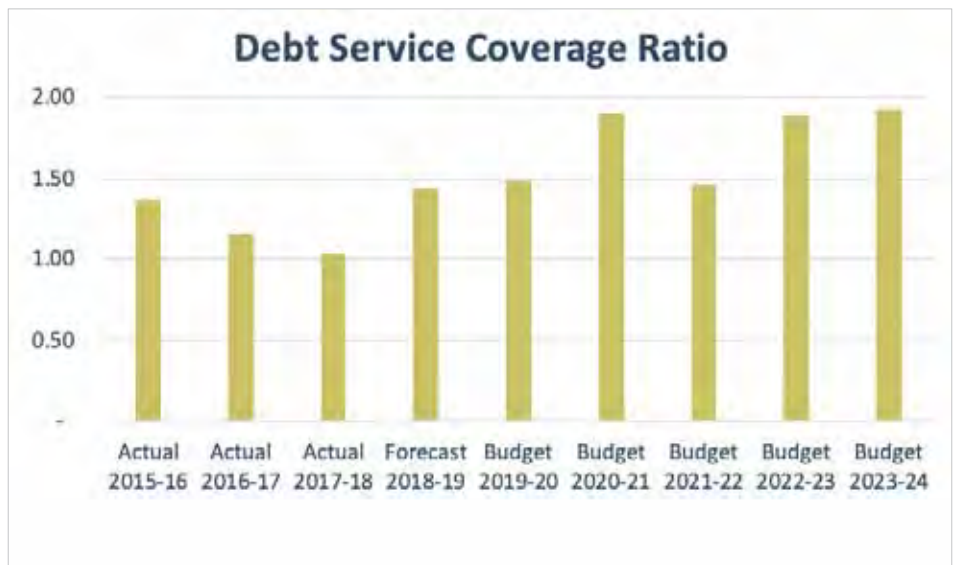


The revenue stream is strengthened by the fact that the distribution of goods by truck remains the most significant delivery mode for 90%-95% of Ontario’s exports to the U.S. market. FBCL’s bridge portfolio accounts for 32.9% of truck crossings between Ontario, and the States of Michigan and New York. FBCL is subject to competition from alternative crossings to the U.S. although these competing facilities mainly serve differing economic basins.

While FBCL has some control over toll rates, it must be noted that most international bridges are managed jointly under international agreements with U.S. partners. From a revenue perspective, the ability to unilaterally change toll rates for additional revenue is subject to variances in governance policies between Canada and the United States.

On the expenditure front, whereas Canadian bridge owners must comply with the *Customs Act* (Section 6) and the *Health of Animals Act* to provide the Canada Border Services Agency and the Canadian Food Inspection Agency with facilities, similar expenses for the U.S. Customs and Border Protection organization are not the responsibility of American bridge owners/operators. In addition, given the Crown agreements providing toll-free passage for members of the indigenous community, this section of the *Customs Act* is not applied at the Seaway International Bridge as the operational burden financed through non-competitive tolling would effectively threaten the facility’s financial sustainability.

Finally, the overall level of FBCL’s debt is forecasted to decline as loan balances are reduced. Although FBCL’s strategy is to repay its loans as they become due, FBCL also wishes to maintain a strong debt service coverage ratio (DSCR), at the same time. In the years in which loans are repaid (2019-2020 and 2021-22), the DSCR is forecasted to be 1.5X and 1.9X in the years in which no loans are repaid. This strong debt management strategy will allow for reduced debt payments over the life of the loans, and will minimize the need for additional indebtedness.

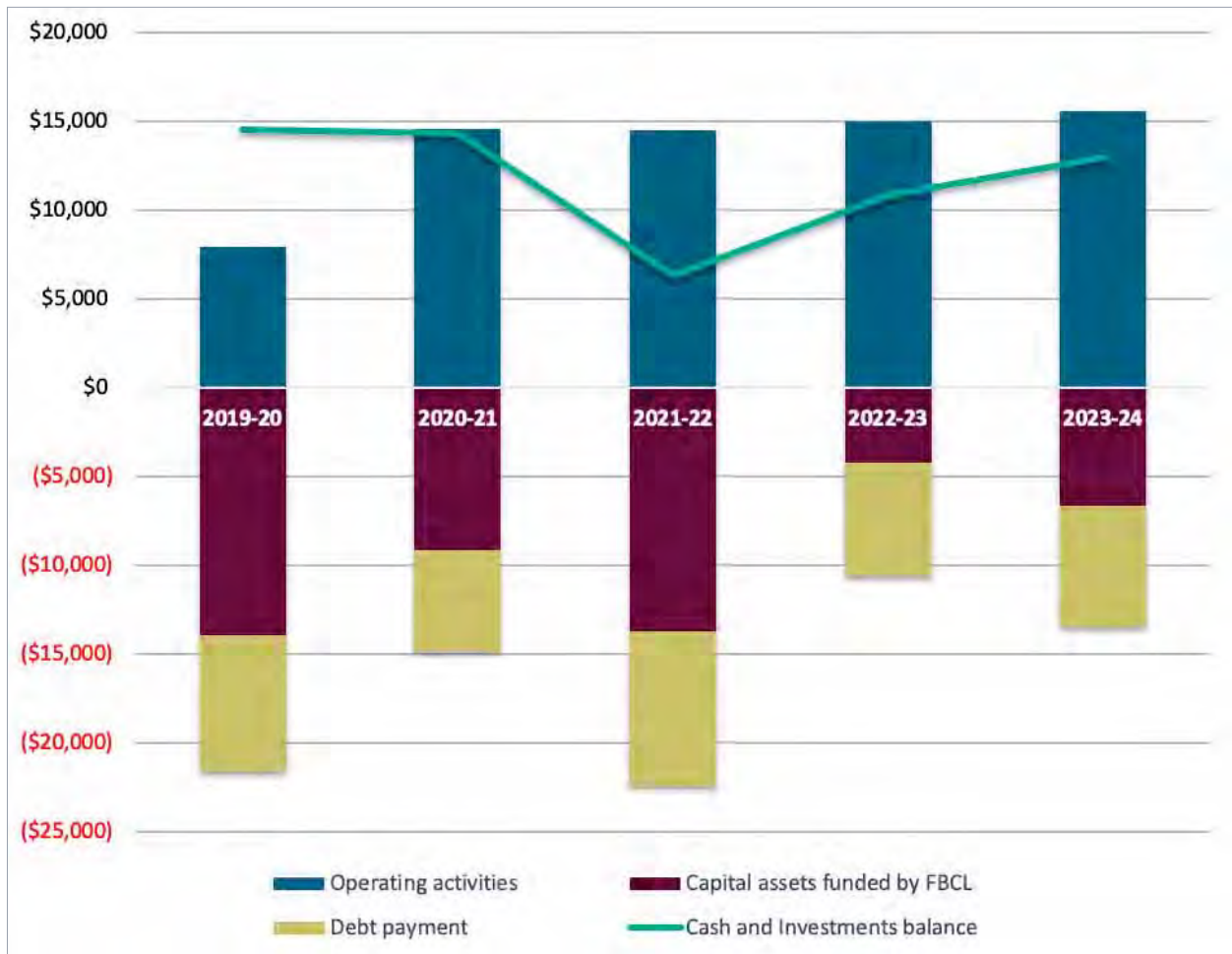






## Forecast Cash Flow Position

A summary of FBCL's financial status for the period of the Corporate Plan is illustrated by the following figure. Cash flow for each fiscal period is mapped against the total value of budgeted cash and investments.





While cash flow from operations continue to be positive over the five year horizon, this cash flow will be reinvested into a risk-based asset management program, as well as repaying FBCL's loans and bonds payable. Unless accelerated with support from an external source such as the National Trade Corridors Fund, FBCL's efforts will be focused on progressively implementing the capital expenditures of next phase of the Blue Water Bridge Master Plan in Point Edward through its limited internal funding.

As a result, FBCL's cash and investments will noticeably diminish over the five year horizon. However, at the end of this five year cycle, some of FBCL's capital assets will have been partially rejuvenated, with the expectation that the following five-year cycles may potentially result in lower capital expenditure requirements. This strategy will ensure that FBCL's capital assets are properly maintained prior to the opening of a new bridge in the Detroit-Windsor vicinity that will impact Blue Water Bridge toll revenues and thus restricting FBCL's ability to heavily invest in future capital improvements. FBCL also has the option to review and modify the loan repayment plan in order to allow for a higher cash and investment balance.



# ANNEXES

1. Ministerial Direction
2. Corporate Governance Structure
3. Planned Results
4. Chief Executive Officer Results Commitment
5. Chief Financial Officer Attestation
6. Financial Statements
7. Borrowing Plan
8. Risk Management
9. Compliance with Legislative and Policy Requirements
10. Government Priorities and Direction
11. Abbreviations
12. Acknowledgements

# MINISTERIAL DIRECTION

The Federal Bridge Corporation Limited is presently operating in accordance with the guidance expressed in the Prime Minister's Minister of Transport Mandate Letter dated November 12, 2015, that was communicated to the Chief Executive Officer by the Honourable Marc Garneau, Minister of Transport.

<https://pm.gc.ca/eng/minister-transport-mandate-letter>



# CORPORATE GOVERNANCE STRUCTURE

As a Crown corporation, FBCL is governed by a Board of Directors (“the Board”) and is accountable to Parliament through the Minister of Transport. The Board is composed of seven directors, including the Chairperson and the Chief Executive Officer (CEO). The Chairperson and the CEO are appointed by the Governor in Council, in accordance with section 105 of the *Financial Administration Act*. The directors, other than the Chairperson and the CEO, are appointed by the Minister with the approval of the Governor in Council.



Bridge operations for the Blue Water Bridge and the Seaway International Bridge are directly administered by FBCL whereas FBCL provides a liaison function through local bridge authorities for the operations of Sault Ste. Marie International Bridge and Thousand Islands International Bridge.

## FBCL Board Role

The Board is responsible for the oversight and strategic direction of the Corporation. It sets corporate objectives and direction, ensures good governance, monitors financial performance, approves budgets and financial statements, approves policies and by-laws, as well as ensures that risks are identified and managed. Eight or nine meetings of the Board of Directors are typically held in each fiscal period.

The Board is currently supported in its role and responsibilities by the legally required Finance and Audit Committee as well as by a Governance, Policy and Human Resources Committee.

The Board has established a Charter for each standing Committee and operating guidelines that govern the operations of all committees. The Board may establish other committees as required to assist the Board in meeting its responsibilities. Committee membership is subject to change and presently serving committee members are listed on the Corporation’s web site.

## Board of Directors Membership

Position	Location	OIC Appt. Date	Term
Vacant Chairperson	TBD	TBD	5 years
Natalie Kinloch Director, Chief Executive Officer	North Glengarry, Ontario	February 1, 2019	5 years
Pascale Daigneault Director	Sarnia, Ontario	February 1, 2015	Renewed to June 5, 2021
Karen Hill Director	Ohsweken, Ontario	February 1, 2019	4 years
Marie-Jacqueline Saint-Fleur Director	Montreal, Quebec	June 6, 2018	4 years
Andrew Travis Seymour Director	Ottawa, Ontario	June 6, 2018	4 years
Richard Talvitie <sup>1</sup> Director and Vice-Chairperson	Sault Ste. Marie, Ontario	February 1, 2015	4 years
Vacant Director	TBD	TBD	4 years

Three Board positions including that of the Chairperson are subject to replacement or renewal at the time of submission of this plan. At present, it is expected that all Board members on expiring terms are eligible for re-appointment. Changes to the Board's composition may impact corporate continuity and eventually lead to adjustments in corporate direction and strategies.

## Committees

### Finance and Audit Committee

Mandate: As per the duties outlined in the *Financial Administration Act*, the Finance and Audit Committee provides oversight and makes recommendations to the Board on the standards of integrity and behaviour, the reporting of financial information, management control practices, risk management and insurance needs.

The Committee is responsible for advising the Board on matters related to financial statements, any internal audit of the Corporation and the annual auditor's report of the Corporation. It is also responsible to review and advise the Board with respect to a special examination, and the resulting plans and reports. The Committee performs other functions assigned to it by the Board and that are included in corporate by-laws.

Membership: This Committee is composed of three members of the Board who are appointed by the Board on the recommendation of the Board Chair. One of these members is designated by the Board, on the recommendation of the Board Chair, to be the Chair of the Committee. The Board Chair is also a non-voting ex officio member of the Committee.

<sup>1</sup> Continuing to serve at Her Majesty's pleasure following January 31, 2019 completion of 4-year term.



### Governance, Policy and Human Resources Committee

**Mandate:** This Committee assists the Board in overseeing the Corporation’s governance, board policy infrastructure and human resources. The role of the Committee is to support the Board in the discharge of its responsibilities by performing due diligence on matters within its area of responsibility. Its function is not to approve but make recommendations for approval by the Board.

**Membership:** This Committee is composed of three members of the Board who are appointed by the Board on the recommendation of the Board Chair. One of these members is designated by the Board, on the recommendation of the Board Chair, to be the Chair of the Committee. The Board Chair is also a non-voting ex officio member of the Committee.

### Audit Regime

The audit regime consists of external and internal audits. The Office of the Auditor General conducts an annual audit of the consolidated financial statements to verify that they fairly reflect the operating results and financial position, and that the transactions have been carried out in accordance with International Financial Reporting Standards (IFRS) and Part X of the *Financial Administration Act*. The Office of the Auditor General also conducts a special examination at least once every ten years to confirm that assets are being safeguarded and controlled; that financial, human and physical resources are being managed efficiently; and that operations are being conducted effectively.

The internal audit regime aims to strengthen accountability, risk management, resource stewardship, and good governance by ensuring that internal audit is a key governance component. Risk-based, multi-year audit plans are developed to identify key risk areas common to all bridge locations. The current audit plan focuses on fraud prevention, policies, ethics, and internal controls.

### Senior Executives

The following individuals hold key senior executive positions within the Corporation:

Name	Title
Richard Iglinski	Director of Finance
Thye Lee	Vice-President, Engineering and Construction
Anthony Pickett	Chief Corporate Services Officer

## Bridge Operations

The organization’s operational structure outlined below allows FBCL to manage all bridges as a portfolio, sharing staff, expertise, support infrastructure, revenues, expenses and best practices through a common administrative framework for the collective benefit of the four assets.

	Sault Ste. Marie International Bridge	Blue Water Bridge	Thousand Islands International Bridge	Seaway International Bridge
<b>FBCL Ownership</b>	50% of the bridge; 100% of Canadian bridge plaza and port of entry	50% of each of the twin bridges; 100% of Canadian bridge plaza and port of entry	100% Canadian Bridge; 50% Rift Bridge; 100% of Canadian bridge plaza and port of entry	100% North Channel Bridge, 100% of Canadian toll plaza and International Road; 32% South Channel Bridge
<b>International Partner</b>	Michigan Department of Transportation	Michigan Department of Transportation	Thousand Islands Bridge Authority, a New York State <i>Public Authorities Law</i> public benefit corporation	Saint Lawrence Seaway Development Corporation, an agency of the United States Department of Transportation
<b>Bridge Operator</b>	International Bridge Administration, a distinct administrative unit within the Michigan Department of Transportation with delegated authority from Sault Ste. Marie Bridge Authority, a separate legal entity constituted by Michigan Department of Transportation and FBCL	Canadian portion: FBCL; American portion: Michigan Department of Transportation	Thousand Islands Bridge Authority	Seaway International Bridge Corporation Limited, a subsidiary Canadian Crown corporation
<b>Governance Structure</b>	Eight Directors: four Americans appointed by the Governor of Michigan; four Canadians appointed by FBCL	Canadian portion: FBCL; American portion: Michigan Department of Transportation	U.S. Chair and six Directors appointed by Jefferson County; three Americans and three Canadians (recommended by FBCL)	Eight Directors appointed by FBCL, four Canadians and four Americans (recommended by Saint Lawrence Seaway Development Corporation)



# PLANNED RESULTS

The following provides an overview of the Corporation's performance to date and intended results for the future as listed in the 2018-19 to 2021-22 Appendix of the Corporate Plan.

Status scale:



Major Objective	Activities	Expected Results	Performance Measures	Status
Revenue Growth	Toll rate strategies	Toll elasticity study and price tolerance report	Completion of study to inform semi-annual fare reviews (2018-19)	Completed
	Maintain or increase customer amenities and service	Renewed or new service or retail leases	Increase in lease revenues	On Target
Partners & Relationship	Supporting efficiency & consistency from border partners	Improvement in border wait times	Frequency of local strategic coordination meetings	Fewer, shorter border system incidents Dependencies on 3rd parties
	Customer Account Development	Customer oriented web services	Ease of uptake of new program	Successful ConneXion program launch
	Support of Crown negotiations with MCA for resolution of claim	Settlement Agreement with MCA fully executed	<ul style="list-style-type: none"> <li>- Agreement executed by parties (2018-19)</li> <li>- Funding for Bridge facilities relocation in place (2019-20)</li> <li>- Property transfers completed (2021-22)</li> <li>- Relocation completed (2021-22)</li> </ul>	On Target Tentative settlement agreement reached, pending community ratification in Feb. 2019
Technology & Innovation	Enhance Corporate Image and customer interaction	<ul style="list-style-type: none"> <li>- New and integrated web site</li> <li>- Customer account self-management</li> </ul>	<ul style="list-style-type: none"> <li>- Website launch and dissemination</li> <li>- Growth in customer account registrations and self-management</li> </ul>	On Target New web in service and ConneXion account self-management launched
	Asset Management Program Development	Implement asset management system to collect, analyze and report on asset data	Core of asset planning and budgets defined by asset management program (2020-21)	On Target
	Improve toll collection management	Launch updated toll management and payment collection systems	<ul style="list-style-type: none"> <li>- Implementation of systems</li> <li>- Partnerships with multi-toll management providers</li> </ul>	On Target
	Data mining and targeted messaging	Data analytics capabilities enhanced	Core of marketing activities defined by data analytics (2020-21)	On Target

# CHIEF EXECUTIVE OFFICER RESULTS COMMITMENT

I, Natalie Kinloch, as Chief Executive Officer of The Federal Bridge Corporation Limited, am accountable to the Board of Directors of The Federal Bridge Corporation Limited for the implementation of results described in this Corporate Plan and outlined in this Annex. I verify that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



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Natalie Kinloch,  
Chief Executive Officer  
The Federal Bridge Corporation Limited

1 February 2019

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Date

# CHIEF FINANCIAL OFFICER ATTESTATION

In my capacity as Director of Finance of The Federal Bridge Corporation Limited, I have reviewed the Corporate Plan and the supporting information that I considered necessary, as of the date indicated below. Based on this due diligence review, I make the following conclusions:

1. The nature and extent of the financial and related information is reasonably described and assumptions having a significant bearing on the associated financial requirements have been identified and are supported.
2. Significant risks having a bearing on the financial requirements, the sensitivity of the financial requirements to changes in key assumptions, and the related risk-mitigation strategies have been disclosed, with the following observation:

The Strategic Issues presented in this Corporate Plan (pages 8-9) have the potential to be highly disruptive to FBCL business. Prudent budgeting and investment decisions have been made within this Corporate Plan to enable FBCL to mitigate the risks of these issues. Despite this mitigation, there remains a risk that the impact of one or more of such disruptions, should they occur or align in timing, materially impact the assumptions, forecasts and budgets of this Corporate Plan and require future amendments.

3. Financial resource requirements have been disclosed and are consistent with the stated assumptions, and options to contain costs have been considered.
4. Funding has been identified and is sufficient to address the financial requirements for the expected duration of the Corporate Plan, with the following observations, including, observations with regards to appropriations that have not yet been approved.
5. The Corporate Plan is compliant with relevant financial management legislation and policies, and the proper financial management authorities are in place (or are being sought as described in the Corporate Plan).
6. Key financial controls are in place to support the implementation of proposed activities and ongoing operation of the parent Crown corporation and its wholly-owned subsidiary, with the following observation:

FBCL presents consolidated budgets and financial statements within its Corporate Plan that includes financial information and assumptions for bridge operations of a subsidiary and American bridge partners. Although the financial information received is validated through qualitative and quantitative processes and internal controls, there remains a budgetary risk related to potential error in forecasting, application of accounting standards and/or omission of information by third parties. Should such a risk materialize, dependent on its magnitude, it could materially impact the assumptions, forecasts and budgets of this Corporate Plan and require future amendments.

In my opinion, the financial information contained in this Corporate Plan is sufficient overall to support decision making.



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Richard Iglinski,  
Director of Finance  
The Federal Bridge Corporation Limited

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1 February 2019

Date

# FINANCIAL STATEMENTS

This Corporate Plan is presented under International Financial Reporting Standards (IFRS).

This operational view with prior year comparison values and the consolidated financial picture reflects consolidated accounting under International Financial Reporting Standards (IFRS).

For FY2018-19, forecasted revenues are anticipated to be \$1.1M higher than budgeted due to higher traffic volumes at three of the four bridge locations and expenses are anticipated to be \$0.3M below budgeted values. Ultimately, FBCL is expecting to close FY2018-19 with a favourable financial position that improves on that of the prior year. This strong financial position is key for the upcoming five-year horizon as FBCL will be reinvesting in capital assets as well as repaying loans and bonds payable. This strategy will ensure that FBCL's capital assets are properly maintained and that outstanding debt balances are minimized prior to the opening of an important new regional competitor around 2025, the Gordie Howe International Bridge. It is expected that this new rival will result in declining traffic and toll revenues at Blue Water Bridge thus restricting some of FBCL's ability to invest in new capital improvements for a potentially protracted period.

The budgeting outlook beyond 2019 assumes steady and stable traffic flows and growth; operational behaviour that is consistent with current approaches; and, adjustments made for typical, predictable economic factors such as inflation. Potential income growth resulting from new, future revenue sources or expenses from significant, unplanned capital investments are not reflected in future budget forecasts.





## Financial Planning Factors

When preparing its forecast and budgets, FBCL considers a variety of elements, both financial and non-financial. During the budget preparations, the following assumptions have been applied:

### Interest rates:

Based on forecasts the following interest rates have been used:

Short term (under one year)	1.70%
One year rate	1.90%
Long term average (over one year)	2.20%

### Inflation rate:

Rates for inflation, related to goods and services, have been set at 2.0%, annually.

Rates for inflation related to employee salaries have been set at 2.0%, annually.

### Exchange rates:

2019-20	1 CDN \$ = 0.77 US \$	1 US \$ = 1.30 CDN \$
2020-21 & onwards	1 CDN \$ = 0.74 US \$	1 US \$ = 1.35 CDN \$

### Changes to the competitive landscape:

Gordie Howe International Bridge – will become operational after the current planning cycle.

Ambassador Bridge – any possible changes are expected to become operational after the current planning cycle.

### Economy:

While some volatility is expected, any economic downturn impacting particularly the Ontario and Quebec import and export markets would not extend beyond 1-year in any given year.

### Thousand Islands International Bridge Agreement:

The current agreement term, which has been in place since 2010, is for a 10-year term due for renewal in June 2020. For planning purposes, it is expected that this agreement will be renewed under similar terms.

### Safety and Security:

No finding or event, internal or external, is expected to result in a major investment requirement, which is defined as more than \$10M, or to modify U.S. or Canadian border processing in a significant manner.

# Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION									
as at March 31 (in thousands of dollars)									
	Actual 2017-18	Current Forecast 2018-19	Main Budget 2018-19	Budget					
				2019-20	2020-21	2021-22	2022-23	2023-24	
<b>ASSETS</b>									
Current Assets									
Cash and cash equivalents	5,024	3,539	5,584	3,933	3,697	2,737	4,815	4,990	
Investments	25,816	20,000	16,000	8,000	8,000	2,000	2,000	2,000	
Trade and other receivables	2,731	1,500	3,000	1,500	1,500	1,500	1,500	1,500	
Prepays	631	500	500	500	500	500	500	500	
<b>TOTAL CURRENT ASSETS</b>	<b>34,202</b>	<b>25,539</b>	<b>25,084</b>	<b>13,933</b>	<b>13,697</b>	<b>6,737</b>	<b>8,815</b>	<b>8,990</b>	
Non-current Assets									
Capitalized assets	399,647	399,911	403,345	395,440	385,853	380,547	365,869	353,376	
Capitalized leases	-	-	-	2,167	1,887	1,607	1,327	1,047	
Lessor Inducement	250	234	233	218	202	186	170	154	
Investments	5,600	4,600	7,500	2,600	2,600	1,600	4,000	6,000	
<b>TOTAL NON-CURRENT ASSETS</b>	<b>405,497</b>	<b>404,745</b>	<b>411,078</b>	<b>400,425</b>	<b>390,542</b>	<b>383,940</b>	<b>371,366</b>	<b>360,577</b>	
<b>TOTAL ASSETS</b>	<b>439,699</b>	<b>430,284</b>	<b>436,162</b>	<b>414,358</b>	<b>404,239</b>	<b>390,676</b>	<b>380,181</b>	<b>369,567</b>	
<b>LIABILITIES</b>									
Current liabilities									
Trade and other payables	5,478	4,000	6,500	4,000	4,000	4,000	4,000	4,000	
Employee benefits	1,036	800	805	805	810	816	822	829	
Provisions	-	5,920	5,000	-	-	-	-	-	
Holdbacks	601	500	500	500	500	200	200	200	
Deferred revenue	2,561	2,611	2,635	2,674	2,721	2,742	2,764	2,808	
Current portion of capitalized leases	-	-	-	280	280	280	280	280	
Current portion of loans payable	3,494	2,428	2,428	139	2,834	-	-	-	
Current portion of bonds payable	4,863	5,191	5,191	5,540	5,914	6,312	6,737	7,191	
Current portion of deferred capital funding	3,400	3,506	4,202	3,474	3,419	3,431	3,431	3,431	
<b>TOTAL CURRENT LIABILITIES</b>	<b>21,433</b>	<b>24,956</b>	<b>27,261</b>	<b>17,412</b>	<b>20,478</b>	<b>17,781</b>	<b>18,234</b>	<b>18,739</b>	
Non-current Liabilities									
Capitalized leases	-	-	-	1,887	1,607	1,327	1,047	767	
Loans payable	5,494	2,974	2,974	2,834	-	-	-	-	
Bonds payable	57,052	51,860	51,861	46,320	40,407	34,095	27,358	20,168	
Employee benefits	6,450	7,032	8,550	7,632	8,232	8,832	9,432	10,032	
Deferred revenue	1,668	1,650	1,650	1,600	1,525	1,450	1,375	1,300	
Deferred capital funding	103,635	104,220	105,880	100,746	97,327	93,896	90,465	87,034	
Provisions	6,292	-	-	-	-	-	-	-	
Leasee inducement	251	228	236	216	204	192	180	168	
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>180,842</b>	<b>167,964</b>	<b>171,151</b>	<b>161,235</b>	<b>149,302</b>	<b>139,792</b>	<b>129,857</b>	<b>119,469</b>	
<b>TOTAL LIABILITIES</b>	<b>202,275</b>	<b>192,920</b>	<b>198,412</b>	<b>178,647</b>	<b>169,780</b>	<b>157,573</b>	<b>148,091</b>	<b>138,208</b>	
<b>EQUITY</b>									
Retained earnings	237,647	237,587	237,783	235,934	234,682	233,326	232,313	231,582	
Accumulated other comprehensive income	(223)	(223)	(33)	(223)	(223)	(223)	(223)	(223)	
<b>TOTAL EQUITY</b>	<b>237,424</b>	<b>237,364</b>	<b>237,750</b>	<b>235,711</b>	<b>234,459</b>	<b>233,103</b>	<b>232,090</b>	<b>231,359</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>439,699</b>	<b>430,284</b>	<b>436,162</b>	<b>414,358</b>	<b>404,239</b>	<b>390,676</b>	<b>380,181</b>	<b>369,567</b>	

## Income

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2017-18	Current Forecast 2018-19	Main Budget 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>REVENUES</b>								
Tolls and services	30,234	30,937	30,272	32,024	32,467	32,752	33,041	33,330
Leases and permits	4,606	4,841	4,532	4,909	4,954	4,988	5,023	5,058
Currency exchange	888	-	-	-	-	-	-	-
International Thousand Islands Bridge revenue	6,169	6,955	7,168	6,955	7,259	7,295	7,331	7,735
Interest	570	643	589	651	647	648	648	649
Other	420	344	30	244	245	247	248	249
<b>TOTAL REVENUE</b>	<b>42,887</b>	<b>43,720</b>	<b>42,591</b>	<b>44,783</b>	<b>45,572</b>	<b>45,930</b>	<b>46,291</b>	<b>47,021</b>
<b>EXPENSES</b>								
Operations	4,983	5,156	5,076	5,961	6,057	6,229	6,365	6,503
Thousand Islands International Bridge expenses	4,708	5,188	4,357	4,587	5,020	5,113	5,209	5,307
Currency exchange	736	-	-	-	-	-	-	-
Maintenance	6,590	4,907	5,513	6,070	5,724	5,843	5,963	6,133
CBSA & CFIA operations	3,443	2,970	3,338	3,295	3,412	3,484	3,556	3,631
Administration	8,062	7,446	7,083	7,732	7,871	8,009	8,150	8,293
Restructuring costs								
Depreciation	15,906	17,232	17,497	18,408	18,714	18,985	18,895	19,156
<b>TOTAL EXPENSES</b>	<b>44,428</b>	<b>42,899</b>	<b>42,864</b>	<b>46,053</b>	<b>46,798</b>	<b>47,663</b>	<b>48,138</b>	<b>49,023</b>
<b>OPERATING INCOME BEFORE GOVERNMENT FUNDING</b>	<b>(1,541)</b>	<b>821</b>	<b>(273)</b>	<b>(1,270)</b>	<b>(1,226)</b>	<b>(1,733)</b>	<b>(1,847)</b>	<b>(2,002)</b>
<b>GOVERNMENT FUNDING</b>								
Funding with respect to decommissioning liability	703	-	-	-	-	-	-	-
Amortization of deferred capital funding	2,657	3,417	4,082	3,506	3,474	3,419	3,431	3,431
<b>TOTAL GOVERNMENT FUNDING</b>	<b>3,360</b>	<b>3,417</b>	<b>4,082</b>	<b>3,506</b>	<b>3,474</b>	<b>3,419</b>	<b>3,431</b>	<b>3,431</b>
<b>NON-OPERATING ITEMS</b>								
Interest expense	(4,793)	(4,298)	(4,296)	(3,889)	(3,501)	(3,041)	(2,597)	(2,161)
<b>TOTAL NON-OPERATING ITEMS</b>	<b>(4,793)</b>	<b>(4,298)</b>	<b>(4,296)</b>	<b>(3,889)</b>	<b>(3,501)</b>	<b>(3,041)</b>	<b>(2,597)</b>	<b>(2,161)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(2,974)</b>	<b>(60)</b>	<b>(487)</b>	<b>(1,653)</b>	<b>(1,253)</b>	<b>(1,355)</b>	<b>(1,013)</b>	<b>(732)</b>

## Cash Flows

CONSOLIDATED STATEMENT OF CASH FLOWS								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2017-18	Current Forecast 2018-19	Main Budget 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Net Income	(2,974)	(60)	(487)	(1,653)	(1,253)	(1,355)	(1,013)	(732)
Adjustments for:								
Amortization of deferred capital funding	(2,657)	(3,417)	(4,082)	(3,506)	(3,474)	(3,419)	(3,431)	(3,431)
Depreciation of capitalized assets	15,906	17,232	17,497	18,408	18,714	18,985	18,895	19,156
Change in employee benefits	1,616	346	55	605	605	606	606	607
Loss on disposal of assets	203	-	-	-	-	-	-	-
Changes in working capital:								
(Increase) decrease in trade and other receivables	(153)	1,231	1,016	-	-	-	-	-
(Increase) decrease in prepaids	13	131	-	-	-	-	-	-
Increase (decrease) in trade and other payables	56	(1,478)	(1,512)	-	-	-	-	-
Increase (decrease) in holdbacks	(41)	(101)	(500)	-	-	(300)	-	-
Increase (decrease) in provisions	726	(372)	-	(5,920)	-	-	-	-
Increase (decrease) in deferred revenue	(289)	32	(39)	13	(28)	(54)	(53)	(31)
Increase (decrease) in lease inducements		(7)		4	4	4	4	4
<b>Net cash generated by operating activities</b>	<b>12,406</b>	<b>13,537</b>	<b>11,948</b>	<b>7,951</b>	<b>14,568</b>	<b>14,467</b>	<b>15,008</b>	<b>15,573</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>								
Payments for property and equipment (government funded)	(37,161)	(4,108)	(3,793)	-	-	-	-	-
Payments for property and equipment (FBCL funded)	(2,978)	(13,388)	(16,759)	(13,937)	(9,127)	(13,679)	(4,217)	(6,663)
Government funding related to acquisition of property and equipment received	37,161	4,108	3,793	-	-	-	-	-
Proceeds on sale (purchase) of investments	(4,001)	6,816	9,300	14,000	-	7,000	(2,400)	(2,000)
<b>Net cash generated (spent) on investing activities</b>	<b>(6,979)</b>	<b>(6,572)</b>	<b>(7,459)</b>	<b>63</b>	<b>(9,127)</b>	<b>(6,679)</b>	<b>(6,617)</b>	<b>(8,663)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>								
Proceeds (Repayment) of bonds payable	(4,578)	(4,864)	(4,863)	(5,191)	(5,539)	(5,914)	(6,312)	(6,736)
Proceeds (Repayment) of loans payable	(4,556)	(3,586)	(3,504)	(2,429)	(139)	(2,834)	-	-
<b>Net cash generated (spent) on financing activities</b>	<b>(9,134)</b>	<b>(8,450)</b>	<b>(8,367)</b>	<b>(7,620)</b>	<b>(5,678)</b>	<b>(8,748)</b>	<b>(6,312)</b>	<b>(6,736)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(3,707)</b>	<b>(1,485)</b>	<b>(3,878)</b>	<b>394</b>	<b>(236)</b>	<b>(960)</b>	<b>2,079</b>	<b>175</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>8,731</b>	<b>5,024</b>	<b>9,462</b>	<b>3,539</b>	<b>3,933</b>	<b>3,697</b>	<b>2,737</b>	<b>4,815</b>



## Changes in Equity

### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2017-18	Current Forecast 2018-19	Main Budget 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>BALANCE, BEGINNING OF YEAR</b>	238,065	237,424	238,237	237,364	235,711	234,459	233,103	232,090
Net income / (loss)	(2,974)	(60)	(487)	(1,653)	(1,253)	(1,355)	(1,013)	(732)
Actuarial gains / (losses)	2,523	-	-	-	-	-	-	-
Investments (AOCI)	(190)	-	-	-	-	-	-	-
<b>BALANCE, END OF YEAR</b>	237,424	237,364	237,750	235,711	234,459	233,103	232,090	231,359
Made up of:								
- Retained earnings	237,647	237,587	237,783	235,934	234,682	233,326	232,313	231,582
- Accumulated OCI	(223)	(223)	(33)	(223)	(223)	(223)	(223)	(223)

## Operating and Capital Budgets

### OPERATING BUDGET

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2017-18	Current Forecast 2018-19	Main Budget 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>FUNDING</b>								
Tolls	30,234	30,937	30,272	32,024	32,467	32,752	33,041	33,330
Leases and permits	4,606	4,841	4,532	4,909	4,954	4,988	5,023	5,058
Currency exchange	888	-	-	-	-	-	-	-
International Thousand Islands Bridge operating revenues	6,169	6,955	7,168	6,955	7,259	7,295	7,331	7,735
Interest	570	643	589	651	647	648	648	649
Other	420	344	30	244	245	247	248	249
<b>TOTAL FUNDING</b>	42,887	43,720	42,591	44,783	45,572	45,930	46,291	47,021
<b>EXPENSES</b>								
Operations	4,983	5,156	5,076	5,961	6,057	6,229	6,365	6,503
Thousand Islands International Bridge expenses	4,708	5,188	4,357	4,587	5,020	5,113	5,209	5,307
Currency exchange	736	-	-	-	-	-	-	-
Maintenance	6,590	4,907	5,513	6,070	5,724	5,843	5,963	6,133
CBSA & CFIA operations	3,443	2,970	3,338	3,295	3,412	3,484	3,556	3,631
Administration	8,062	7,446	7,083	7,732	7,871	8,009	8,150	8,293
Restructuring costs	-	-	-	-	-	-	-	-
<b>TOTAL EXPENSES</b>	28,522	25,667	25,367	27,645	28,084	28,678	29,243	29,867
<b>EXCESS OF FUNDING OVER EXPENDITURES</b>	14,365	18,053	17,224	17,138	17,488	17,252	17,048	17,154

# CAPITAL BUDGET

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2017-18	Current Forecast 2018-19	Main Budget 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>FUNDING</b>								
Appropriations:								
FBCL North Channel Bridge replacement	6,412	-	-	-	-	-	-	-
Cornwall Island roadway improvements	337	3,443	3,443	-	-	-	-	-
TIB Lansdowne CBSA facility	37,725	-	-	-	-	-	-	-
<b>Total appropriations</b>	<b>44,474</b>	<b>3,443</b>	<b>3,443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
SMRBC Contribution agreement - Custom Plaza	11,936	665	350	-	-	-	-	-
Other revenue / cash reserves	3,446	13,388	16,759	13,937	9,127	13,679	4,217	6,663
<b>TOTAL FUNDING</b>	<b>59,856</b>	<b>17,496</b>	<b>20,552</b>	<b>13,937</b>	<b>9,127</b>	<b>13,679</b>	<b>4,217</b>	<b>6,663</b>
<b>EXPENDITURES</b>								
Government funded:								
Cornwall New North Channel Bridge and construction of associated structures	5,710	-	-	-	-	-	-	-
Cornwall Old North Channel Bridge demolition	702	-	-	-	-	-	-	-
Cornwall Island Roadway Improvements	337	3,443	3,443	-	-	-	-	-
TIB Lansdowne Customs Facility construction	37,330	-	-	-	-	-	-	-
TIB Lansdowne demolition of old structures	395	-	-	-	-	-	-	-
<b>Total appropriations funded projects:</b>	<b>44,474</b>	<b>3,443</b>	<b>3,443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Sault Ste. Marie Customs Plaza Redevelopment	11,275	665	350	-	-	-	-	-
Sault Ste. Marie demolition of old structures	661	-	-	-	-	-	-	-
<b>Total Contribution agreement funded projects:</b>	<b>11,936</b>	<b>665</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
FBCL funded:								
Blue Water bridge paving, repairs, painting	527	100	100	610	2,690	9,511	150	3,000
Blue Water Equipment and Electronic Systems	141	2,440	2,765	4,779	4,283	2,395	1,005	745
Blue Water Plaza design improvements and rehabilitation	514	6,892	8,359	4,927	630	350	200	-
Cornwall bridge repairs	-	170	1,460	968	184	257	419	230
Sault Ste Marie painting and maintenance projects	197	402	300	588	585	565	514	730
Lansdowne Toll Upgrade & Electronic Tolling	664	512	512	150	-	-	-	-
Lansdowne Canadian Bridge and Plaza repairs	683	1,450	-	915	230	50	1,350	1,350
Property acquisitions	-	-	500	500	-	-	-	-
Other capital projects	720	1,422	2,763	500	525	551	579	608
<b>TOTAL EXPENDITURES</b>	<b>59,856</b>	<b>17,496</b>	<b>20,552</b>	<b>13,937</b>	<b>9,127</b>	<b>13,679</b>	<b>4,217</b>	<b>6,663</b>
<b>EXCESS (SHORTFALL) OF FUNDING OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FBCL Proposal to Transport Canada</b>								
<b>FUNDING &amp; CAPITAL EXPENDITURES</b>								
Cornwall Port Of Entry enhancement for CBSA and new FBCL facilities for bridge operations <sup>(1) (2)</sup>	-	-	-	2,000	8,000	9,000	-	-
<b>TOTAL FUNDING &amp; CAPITAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,000</b>	<b>8,000</b>	<b>9,000</b>	<b>-</b>	<b>-</b>

<sup>(1)</sup> GBCF funding proposal to Transport Canada for consideration as part of proposed Seaway land claim settlement agreement. Realization dependant on project specific authorities granted.  
<sup>(2)</sup> Customs Act, Section 6 is currently assumed by CBSA due to long-term free passage rights granted.

# BORROWING PLAN

## Borrowing Authority

The corporation has financing arrangements to fund the portion of major capital projects that could not be covered by available funding at the time. Pursuant to Section 127(3) of the *Financial Administration Act*, the corporation is only engaged in borrowings that have been approved by the Minister of Finance. This approval from the Minister is valued at no more than \$130M per *Economic Action Plan 2013 Act, No. 2*.

## Overview of Borrowing

In the period considered by this Corporate Plan, the corporation does not propose entering into any new borrowing arrangements. At March 31, 2019, the corporation will have two types of outstanding financing arrangements.

The current financing arrangements were entered into by the legacy entities. These financing arrangements include:

- Bonds for Blue Water Bridge capital redevelopment in June 2002: \$57.1M principal balance remaining outstanding at March 31, 2019, on an original face value issue of \$110M, 6.41% Revenue Bonds, payable semi-annually, due July 9, 2027, subject to maintenance of bond rating.
- Loans for infrastructure improvements to Blue Water Bridge issued as a Third Supplemental Indenture in June 2010: \$15.0M non-revolving term facility on a fixed rate, non-current basis with periodic payments of interest and principal, not to exceed a maturity of 25 years. The term facility carries valued maturities through July 27, 2021 at rates varying from 2.83% to 4.42%. These facilities were split into four tranches, with two tranches having been fully paid down by March 31, 2019. The remaining two tranches totalling \$5.4M at March 31, 2019 are scheduled to be paid down in July of 2019, and 2021.

OUTSTANDING BORROWINGS								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2017-18	Current Forecast 2018-19	Main Budget 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>CURRENT PORTION</b>								
Capitalized leases	-	-	-	280	280	280	280	280
Loans payable	3,494	2,428	2,428	139	2,834	-	-	-
Bonds payable	4,863	5,191	5,191	5,540	5,914	6,312	6,737	7,191
<b>TOTAL CURRENT PORTION OF BORROWINGS</b>	<b>8,357</b>	<b>7,619</b>	<b>7,619</b>	<b>5,959</b>	<b>9,028</b>	<b>6,592</b>	<b>7,017</b>	<b>7,471</b>
<b>NON-CURRENT PORTION</b>								
Capitalized leases	-	-	-	1,887	1,607	1,327	1,047	767
Loans payable	5,494	2,974	2,974	2,834	-	-	-	-
Bonds payable	57,052	51,860	51,861	46,320	40,407	34,095	27,358	20,168
<b>TOTAL NON-CURRENT PORTION OF BORROWINGS</b>	<b>62,546</b>	<b>54,834</b>	<b>54,835</b>	<b>51,041</b>	<b>42,014</b>	<b>35,422</b>	<b>28,405</b>	<b>20,935</b>
<b>TOTAL BORROWINGS</b>	<b>70,903</b>	<b>62,453</b>	<b>62,454</b>	<b>57,000</b>	<b>51,042</b>	<b>42,014</b>	<b>35,422</b>	<b>28,406</b>

Note: All forms of borrowing by FBCL are denominated in Canadian dollars.



LONG-TERM BORROWING CONTINUITY								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2017-18	Current Forecast 2018-19	Main Budget 2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
<b>Capitalized leases</b>								
Opening balance	-	-	-	-	-	1,887	1,607	1,327
IFRS assumption of existing lease	-	-	-	-	2,167	-	-	-
Maturities	-	-	-	-	(280)	(280)	(280)	(280)
New issuances	-	-	-	-	-	-	-	-
<b>TOTAL CAPITALIZED LEASES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,887</b>	<b>1,607</b>	<b>1,327</b>	<b>1,047</b>
<b>Loans payable</b>								
Opening balance	17,572	8,988	13,693	5,402	2,973	2,834	-	-
Maturities	(8,584)	(3,586)	(8,291)	(2,429)	(139)	(2,834)	-	-
New issuances	-	-	-	-	-	-	-	-
<b>TOTAL LOANS PAYABLE</b>	<b>8,988</b>	<b>5,402</b>	<b>5,402</b>	<b>2,973</b>	<b>2,834</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Bonds payable</b>								
Opening balance	70,740	61,915	66,471	57,051	51,860	46,321	40,407	34,095
Maturities	(8,825)	(4,864)	(9,419)	(5,191)	(5,539)	(5,914)	(6,312)	(6,736)
New issuances	-	-	-	-	-	-	-	-
<b>TOTAL BONDS PAYABLE</b>	<b>61,915</b>	<b>57,051</b>	<b>57,052</b>	<b>51,860</b>	<b>46,321</b>	<b>40,407</b>	<b>34,095</b>	<b>27,359</b>
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>70,903</b>	<b>62,453</b>	<b>62,454</b>	<b>54,833</b>	<b>51,042</b>	<b>42,014</b>	<b>35,422</b>	<b>28,406</b>

## IFRS 16 Adoption

In the 2019-20 fiscal year, the Corporation will adopt the International Financial Reporting Standard 16 (IFRS 16), Leases. This standard becomes effective in fiscal years that start after January 1, 2019. The Corporation is then required to account for all material leases as a liability equal to the discounted present value of future lease payments, regardless of whether these leases were previously determined to be capital or operating leases.

On April 1, 2019, FBCL will record \$2.4M of currently existing leases as a liability and as a capital asset, as a result of this IFRS standard. This liability (and corresponding asset) will be amortized to December 2026. No new lease arrangements are currently being considered by the organization for the duration of this Corporate Plan.

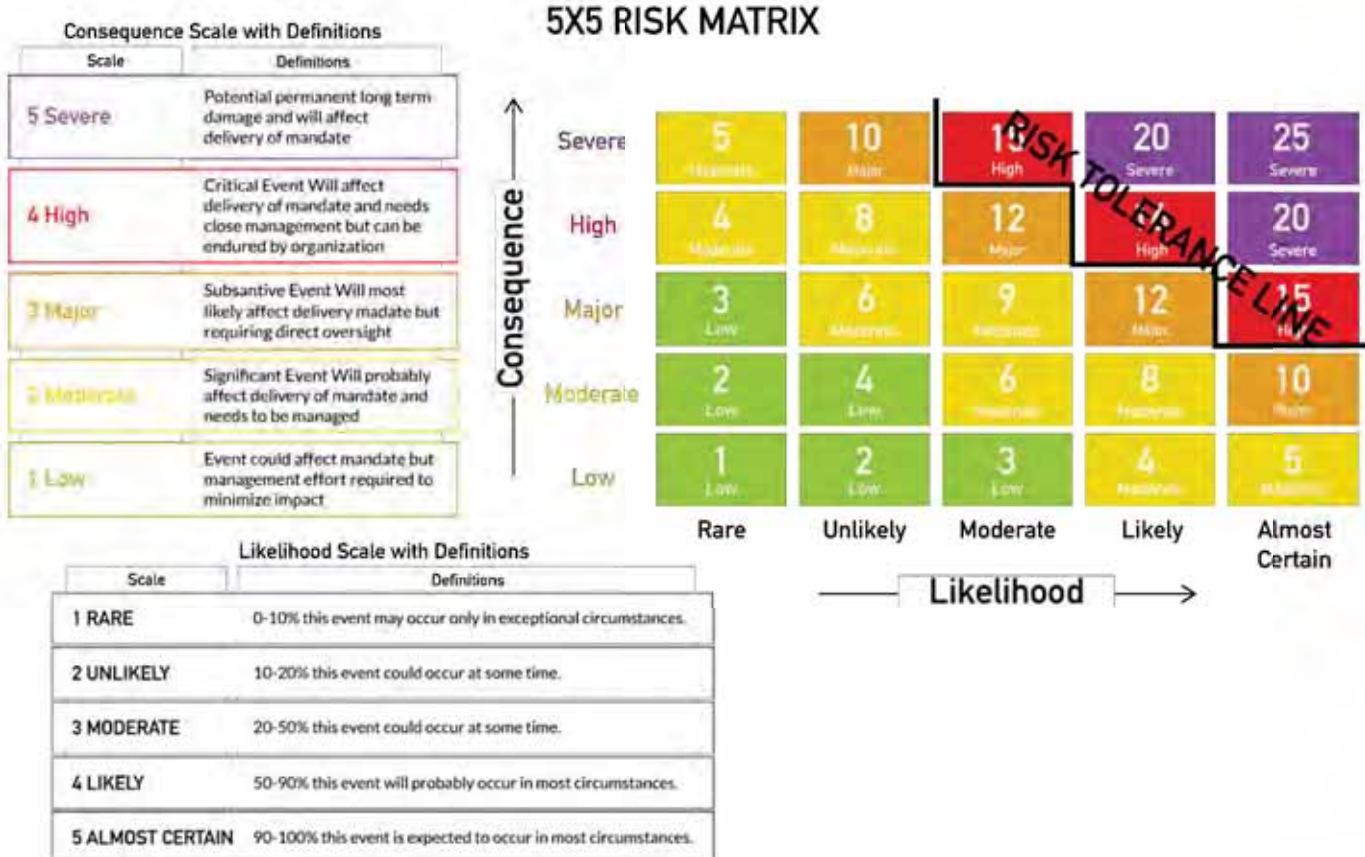
# RISK MANAGEMENT

FBCL considers risk management to be a shared responsibility. Accordingly, members of the Board of Directors, its committees, the Chief Executive Officer, and all employees are accountable for managing risk within their area of responsibility. Risk management policies ensure a consistent, comprehensive and enterprise-wide risk management approach that is integrated into planning, decision-making and operational processes.

The Board is accountable with the Chief Executive Officer for the overall stewardship of the Corporation. The Board sets the strategic direction and:

- Provides direction on risk management, including risk tolerance;
- Provides corporate leadership on risk management and responsibility for strategic risks in the Corporate Risk Profile;
- Ensures that the key risks have been identified and that appropriate systems and resources to manage these risks have been put in place;
- Ensures that information systems and management practices meet corporate needs and give the Board confidence in the integrity of information produced; and
- Communicates high residual risks to the Minister of Transport.

The Board of Directors has adopted the following risk profile and tolerance matrix that has been adapted from the commonly recognized Paisley Consulting Governance, Risk and Compliance assessment methodology.



At present, through the implementation of the mitigation strategies outlined below, the key risks identified for the Corporation are:

RISK AREA	SITUATIONAL CONTEXT	RISK LEVEL	MITIGATION STRATEGY
<b>BRIDGE SECURITY</b>	Security risk refers to FBCL's ability to maintain the physical security of its international bridges and associated structures. Intentional acts such as terrorism, protests, vandalism with possible injury, loss of life and/or property damage causing crossing closures or obstructing traffic flow will bring into question FBCL's capacity and credibility to manage its assets. The inability of FBCL to maintain a secure environment could cause property damage, crossing closures or impact traffic flow, or harm to users and employees, which would result in a loss of public confidence and financial liabilities.	<b>HIGH</b> (Largely due to port running issues at Seaway International Bridge; less elevated elsewhere)	<ul style="list-style-type: none"> <li>• FBCL's international bridges security plans and high-alert security protocols can be activated and have been tested;</li> <li>• Maintaining excellent communication protocols between FBCL, bridge operators, partners and local police forces;</li> <li>• Planned redevelopment of Seaway International Bridge plaza with port running mitigation elements;</li> <li>• Close monitoring of special interest groups, their communications and media reports;</li> <li>• Ongoing monitoring of First Nations issues.</li> </ul>
<b>TECHNOLOGY A) SECURITY</b>	Inherent technology risks can stem from deliberate human actions, unintentional and natural threats to service providers, information hardware and software. The lack of integration within FBCL's systems and networks can also result in important consequences due to lack of availability of timely information or gaps in communications. IT Security vulnerabilities are a huge risk as cybercrime and cyber security remain corporate threats.	<b>MODERATE</b>	<ul style="list-style-type: none"> <li>• Employing a staff member with a special focus on security</li> <li>• An IT consulting firm remains on retainer to assist in-house resources as required;</li> <li>• System documentation and IT plans provide an appropriate level of quality assurance.</li> </ul>
<b>TECHNOLOGY B) SYSTEMS</b>	The risk arising from inadequate infrastructure (technological or otherwise) including system failure. The source of this risk can include insufficient funding or renewal efforts as well as insufficient technical capacity and problems related to life cycle management. The entity or objective is threatened by failures and/or deficiencies in equipment and technology including computer hardware and software.	<b>MODERATE</b>	<ul style="list-style-type: none"> <li>• Monitor and ensure appropriate testing and release management are maintained;</li> <li>• Access to FBCL infrastructure is controlled;</li> <li>• Action list is monitored and maintained.</li> </ul>
<b>ORGANIZATIONAL RISK</b>	FBCL's ability to maintain operational effectiveness during periods of transition in executive leadership (quality and depth), management and labour performance including the retention and availability of human resources, as well as its ability to endure organizational cost and cultural alignment.	<b>MODERATE</b>	<ul style="list-style-type: none"> <li>• Finance Integration Plan developed and being executed;</li> <li>• Alignment of classification system and remuneration for all salaried employees;</li> <li>• Key policies in place including financial delegation, banking, investments, procurement, code of values and ethics, risk management, etc. Progress continues to be made in the policy alignment with a focus on areas of greater risk;</li> <li>• Normal staffing procedures in conjunction with succession planning processes will fill voids.</li> </ul>

RISK AREA	SITUATIONAL CONTEXT	RISK LEVEL	MITIGATION STRATEGY
FRAUD / CORRUPTION	Risk that public opinion including media reports or other information may impede the organization's ability to achieve its objectives. Negative public opinion can influence the ability of FBCL to act in key areas and may negatively affect FBCL's reputation if not managed appropriately. Depending on the findings of this issue, the risk of fraudulent acts of employees including organized crime schemes would have a serious impact on FBCL's reputation and integrity with the public and within the Government itself.	MODERATE	<ul style="list-style-type: none"> <li>• Third party audit performed on cash management;</li> <li>• BWB and Cornwall have security cameras in toll booths.</li> </ul>
FINANCIAL SUSTAINABILITY	If there are inadequate operating and capital long-term funds, FBCL may not be able to carry its mandate which will impact bridge safety and security. (e.g., <i>Customs Act</i> Section 6). FBCL is intended to generate sufficient revenue to cover expenses and build necessary operational surpluses to fund repairs as well as most major capital projects. To mitigate the risk of not achieving financial self-sufficiency, the corporation will continue with regular toll rate reviews with U.S. partners, ongoing financial restraint measures, value engineering studies for capital projects, investments in technology, completion of the current capital improvement program at all bridges, and full consideration of other revenue opportunities. FBCL continues to work with TC on developing options to deal with long-term CBSA facility cost increases.	LOW	<ul style="list-style-type: none"> <li>• On-going assessment of overall debt and possible options;</li> <li>• 6 month toll rate review policies and adjustments;</li> <li>• Active monitoring of expenditures to budget and review for efficiencies.</li> </ul>
BRIDGE SAFETY A) ASSET INTEGRITY	FBCL's top priority, and focus, is the safety of its international bridge assets. Assets are defined as human, information and physical assets. FBCL is highly dependent on information technology assets and data. Should any assets become unavailable due to an accident, incident, or maintenance failures, the ability to provide services might be impaired. Detailed maintenance and repair programs are developed for each location based on cyclical inspection reports to ensure appropriate planning, resource allocation and delivery.	LOW	<ul style="list-style-type: none"> <li>• Detailed maintenance and repair programs are developed for each location based on cyclical inspection reports to ensure appropriate planning, resource allocation and delivery.</li> </ul>

RISK AREA	SITUATIONAL CONTEXT	RISK LEVEL	MITIGATION STRATEGY
B) HUMAN ELEMENT	<p>FBCL's top priority includes the safety of people using and/or working on its international bridges. FBCL's control framework ensures the physical safety, security and appropriate management of the organization's assets. Injuries or death would negatively affect FBCL's ability to provide services.</p>	LOW	<ul style="list-style-type: none"> <li>• Emergency Action Plans in place (i.e. fire, medical and other first responders);</li> <li>• Employee Safety training, Health and Safety Coordinator and Committee on staff;</li> <li>• Cross walks in place;</li> <li>• Excellent and efficient communications between Canada and U.S. bridge staff;</li> <li>• Managing negative incident communications with local media outlets to reduce copycat behaviour;</li> <li>• Ongoing agencies and bridge managers meetings.</li> </ul>
COMPETITION	<p>In some instances, commercial and passenger vehicle operators have alternative routes for travelling between Canada and the United States, including other bridges, or alternate modes of transportation. Factors such as price, customer service, destination and route convenience might influence the choice made by cross-border travellers, and could disadvantage FBCL bridge crossings and have a negative impact on revenues. These factors may be further exacerbated by the outcome of the current NAFTA negotiations. Negotiations will ultimately impact the level of border trade amongst the three partner countries. Strategies to address this risk include plans to improve traveller experiences, corporate branding and marketing strategy, and ongoing market monitoring/analysis. The creation of a marketing position has been a key mitigating factor in this risk area.</p>	LOW	<ul style="list-style-type: none"> <li>• Strategies to address this risk include plans to improve traveller experiences, corporate branding and marketing strategy and ongoing market monitoring and analysis.</li> </ul>
WORKFORCE MANAGEMENT	<p>Workforce management risk relates to FBCL's ability to have sufficient and appropriate human resources and expertise to effectively deliver its mandate. In the event of labour disruption, FBCL will implement a contingency plan to maintain the safe and secure operation of the bridge. Sharing of resources and expertise in international bridge operations and management within one organization will be an important factor in achieving a strengthened workforce.</p>	LOW	<ul style="list-style-type: none"> <li>• FBCL has contingency plans to maintain the safe and secure operation of the bridge in the event of a labour disruption.</li> </ul>





FBCL is also considering risk clock speed within the context of its approach to risk management. Risk clock speed is a phrase coined by Keith Smith in a 2007 paper published by the Institute of Risk Management. Risk clock speed is defined as the rate at which the information necessary to understand and manage a risk becomes available.

- Slow clock speed risks are those where a sufficient amount of thinking time is available;
- Fast clock speed risks are those requiring response;
- The risk clock speed window is the range between how well organizations can deal with fast clock speed risks and slow clock speed risks and still function effectively.

Smith argues that with globalization and technological advances, management and boards are called on to make more decisions more quickly, in situations with greater complexity at a less forgiving pace. The notion of risk clock speed is introduced as a new dimension in analyzing consequential risk because the time horizon to detect the occurrence and to develop a response may be substantially different. For example, the unexpected and lengthy disruption at a key facility can have a major impact on the enterprise and would require almost an immediate response. However, the unanticipated loss of key executives, while concerning, can be mitigated with interim appointments while a longer-term solution is sought.



# COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

## *Official Languages Act*

FBCL has assigned an Official Languages champion to monitor and promote the use of official languages within the Corporation. FBCL ensures that all its internal and public communications as well as its services to the public are available bilingually. The use of both official languages within the workplace interactions is very prevalent, particular in Eastern Ontario regions where each language is well represented within the community. Annually FBCL reports its findings related to languages to the Treasury Board Secretariat's Official Languages Centre of Excellence. Over the course of the past year, only one Act-related issue was communicated to the Corporation and it was immediately rectified to the satisfaction of the Office of the Commissioner for Official Languages.

## *Access to Information Act*

As part of a commitment to clear and transparent governance, FBCL voluntarily reports, through its website, annual summaries of all requests related to the *Access to Information Act* received for itself and its subsidiaries. To date in FY2018-19, no requests have been received by the Corporation.

## **Directive on travel, hospitality, conferences and event expenditures**

As part of a commitment to good governance and as directed under s.89 of the *Financial Administration Act*, FBCL has established a policy governing the reimbursement of reasonable expenses required for the purposes of business travel, hospitality, conferences and events in accordance with Government of Canada direction. This policy includes processes for preparation and approval of expenses for reimbursement. FBCL's compliance with this policy is audited annually by the Office of the Auditor General.

FBCL voluntarily reports, through its website, annual aggregate corporate expenses related to travel and business development activities as well as the travel and hospitality expenses for the President and CEO and senior executives. Expenses are reported by fiscal quarter and are reflected in the period during which they were reimbursed.

These disclosures include business expenses related to business travel, hospitality, conferences, and event expenses for activities directly related to the delivery of FBCL's core mandate or legal requirements, engagement with its key stakeholders, internal governance, and training.

## **Pension plan reforms**

Prior to December 31, 2017, FBCL was fully compliant with the Ministerial directive under s.89 of the *Financial Administration Act* that ensured that defined contribution pension plan benefits align with a 50:50 contribution ratio.



## Trade agreements

FBCL is not involved with any activities directly related to trade agreements. A stable and collaborative pro-trade economic environment directly benefits FBCL's business activities.

FBCL follows a procurement process that includes tendering in a public manner respecting the thresholds established in the various trade agreements.

## Other

Additionally, the Corporation supports and complies with the following legislation that affect various facets of its operations:

### CORPORATE

- *Canada Business Corporations Act*, RSC 1985, c C-44
- *Financial Administration Act*, RSC 1985, c F-11
- *Economic Action Plan 2013 Act*, No. 1, SC 2013, c 33
- *Economic Action Plan 2014 Act*, No. 1, SC 2014, c 20

### GOVERNMENT INSTITUTIONS

- *Auditor General Act* R.S.C., 1985, c. A-17
- *Conflict of Interest Act*, SC 2006, c 9, s 2
- *Commercial Arbitration Act*, RSC 1985, c 17 (2nd Supp.)
- *Library and Archives of Canada Act*, SC 2004, c 11
- *Lobbying Act*, RSC 1985, c 44 (4th Supp.)
- *Privacy Act*, RSC 1985, c P-21
- *Public Servants Disclosure Protection Act*, SC 2005, c 46

### REGULATORY STATUTES

- *Bridges Act*, RSC 1985, c B-8
- *International Bridges and Tunnels Act*, SC 2007, c 1
- *Canada Labour Code*, RSC 1985, c L-2
- *Canadian Environmental Assessment Act*, 2012, SC 2012, c 19, s 52
- *Canadian Environmental Protection Act*, 1999, SC 1999, c 33
- *Canadian Human Rights Act*, RSC 1985, c H-6
- *Customs Act*, RSC 1985, c 1 (2nd Supp.)
- *Health of Animals Act*, SC 1990, c 31
- *Proceeds of Crime (Money Laundering) and Terrorist Financing Act*, SC 2000, c 17

Amongst others also including:

- *Canada Transportation Act*, SC 1996, c 10
- *Federal Real Property and Federal Immovables Act* S.C., 1991, c. 50

# GOVERNMENT PRIORITIES AND DIRECTION

## Results linked to Government priorities

The Government of Canada's priorities aim for growth for the middle class; open and transparent governance; a clean environment and a strong economy; strength through diversity; and security and opportunity.

Through its operational and policy framework, FBCL delivers on the commitment to open and transparent governance as well as effective compensation and diversity through employment opportunities. By facilitating the active flow of vehicles, limiting delays and unnecessary idling and through the construction of energy efficient facilities, FBCL delivers its contribution to a cleaner environment and support for a growing economy.

## Government Stakeholders

The Corporation has a variety of stakeholders that add layers of complexity to its operations, policy establishment, and delivery of projects. These include federal partners such as Transport Canada, Canada Border Services Agency, Canadian Food Inspection Agency, Public Services and Procurement Canada, U.S. Customs and Border Protection as well as provincial and municipal governments and agencies, local First Nations communities, the U.S. government and its agencies, multiple law enforcement agencies, trade unions and emergency responders. FBCL works in close collaboration with these stakeholders and the surrounding communities to ensure efficient border crossings. Similarly, FBCL cooperates with its U.S. partners to coordinate efforts to ensure the safe, efficient and reliable movement of international traffic. The process involves extensive communication, the establishment of common understanding, and responsiveness to unplanned situations that can arise in a dynamic border environment. These partnerships are based on ten year renewable agreements. In 2018-19, the agreement with Sault Ste. Marie's International Bridge Administration was renewed. The agreement with the Thousand Islands Bridge Authority is scheduled for renegotiations and renewal in 2020-21.





When investing in capital projects at bridge plazas, FBCL must intensively coordinate its initiatives to accommodate the important and complex requirements expressed by stakeholders with particular emphasis on those conveyed by the Canadian Border Services Agency, the U.S. Customs and Border Protection, its international bridge ownership partners as well as the local indigenous community at the Seaway crossing.

## Transparency and Open Government

With the use of communications tools and social media services, FBCL is well positioned to deliver its mandate in a fully open and transparent manner. The diligent administration of bridge properties also ensures that the social and economic benefits made possible with FBCL bridge assets ensure the safety and security of its users.

Within the required timeframes, FBCL openly publishes its Public reports such as Annual and Quarterly Reports, Summary Corporate Plans, Proactive Disclosures and *Access to Information Act* inquiries. The Corporation aims to respond in a timely manner to all information requests as well as reasonably address their associated concerns when feasible.

Ensuring that bridge operations, policy decisions and future projects are supported by bridge customers and host communities is also critical. As such, the Corporation strives to improve its community engagement and communications using blogs and other social media to ensure that community concerns are identified and addressed, and that the contributions of international bridges are clearly understood.

## Gender-Based Analysis / Diversity and Employment Equity

FBCL's staff volume is too low for a statistically significant analysis of any of its employment parameters. Despite its limited quantities of personnel, FBCL remains nimble and effective in the delivery of its mandate. While not driven by specific employment targets, FBCL benefits from a broadly diverse workforce. FBCL is a model employer in a number of notable employment categories including but not limited to gender and linguistic diversity of both staff and Board of Directors. More specifically, bilingualism is actively used at work, there is very visible and equitable representation from women in positions of authority; and other diversity factors such as age, disabilities, ethnicity (including indigenous peoples) and cultural background are well represented.





## Indigenous Relationships

It is the Crown's "duty to consult" indigenous groups whose actual or potential rights could be affected by government actions. Through community engagement with regional indigenous groups, FBCL spurs individual economic well-being and promotes an inclusive social diversity that is essential for the future of Canada. This community collaboration also supports environmental protection of the lands and waterways adjoining bridge facilities.

In Cornwall, there are historical agreements in place, varying interpretations of acquired rights and a land claim over the original expropriation of Akwesasne Reserve land for the construction of the crossing and other components of the Saint Lawrence Seaway. Notable within these land claims is a request for the transfer of as much territory as possible to indigenous control. These elements combined with North American current events that impact indigenous communities make the Cornwall crossing particularly susceptible to demonstrations that impact operations. FBCL is actively engaged in its support for the Crown's efforts to establish a definitive settlement agreement with the Mohawk Council of Akwesasne regarding its land claims.

FBCL and its SIBC subsidiary maintain dialogue with the Mohawk Council of Akwesasne (MCA) on all major projects and on various operational matters to address identified issues. The Corporation has a Memorandum of Understanding in place with MCA for its projects that provides for the inclusion of minimum works to be executed by Mohawk contractors and workers. FBCL and its SIBC subsidiary in Cornwall has a long history of positive contribution to its local community as a reliable source of employment for members of the local indigenous community.

In Cornwall, free passage for members of the Mohawk community represents at least \$6.5M in uncollected revenue each year. These factors combined with local economic hardship, results in the Cornwall location operating near deficits. As they are prohibited by the bi-national bridge agreement with the Saint Lawrence Seaway Development Corporation, deficits would significantly impact the international relationship at this location.

While this revenue remains unrecoverable for legitimate reasons, the crossing facilities continue to experience a proportional level of wear and depreciation that cannot be redressed through tolling. For the past two years, the level of traffic has proven to be significant. In excess of 70% of passenger vehicles and nearly 34% of commercial trucks making the crossing are exempt from tolls. These rates have continued to increase over the past decade. This results in a cost level that is disproportionate to the subsidiary's revenue base. A new mechanism of funding support such as regular federal subsidies or alternate revenue sources will be required to ensure that deficits are prevented.

In Point Edward, the Blue Water Bridge resides in an area of significant historical importance for the Aamjiwnaang First Nation. A Memorandum of Understanding is in place with this community that reflects a common respect of the region's history and establishes a protocol of consultation for certain projects and a partnership when indigenous discoveries are made.



## Sustainable Development and Greening of Government Operations

As they presently stand, the FBCL Corporate Centre and the other newer elements of the Blue Water Bridge plaza have benefited from a conception that aimed from the outset for LEED (Leadership in Energy and Environmental Design) certification. This was achieved by the Corporate Centre on June 25, 2015.

This same approach continues to be reflected in ongoing and future FBCL developments and construction throughout the bridge portfolio. A notable example involves the replacement of light sources at all bridge and plaza locations for more environmentally conscious and energy efficient light emitting diode (LED) bulbs. FBCL aims to perpetuate an energy and environment-friendly methodology in both its project implementation and outcomes.

Increases in vehicle processing results in shorter idling times and reductions in the production of greenhouse gas emissions. Fuel typically accounts for over 40% of operational costs for commercial vehicles. For a commercial transport truck travelling three hours, a ten-minute reduction in travel time equates to roughly a 5% reduction in fuel consumption and associated emissions. FBCL's approach to traffic management aims to continuously improve vehicle throughput and to work with its bridge partners for consistency and improvements in their vehicle processing.

Over the course of the planning period, FBCL intends to commission an impact study to assess the vulnerability of the Corporations assets, including bridges, roadways, buildings and other infrastructure to climate change. The study will include considerations for such factors as increased winds, rainfalls and snowfalls; extremes in temperatures; and, abilities to ensure the safe and rapid removal of weather related traffic impediments. Also expected from the study will be an action plan to mitigate the impacts of climate change on FBCL assets.

In addition to past actions, the Corporation aims to increase its green presence. Various initiatives being implemented or contemplated for deployment include the installation of electric vehicle charging stations at all its bridges as well as the feasibility assessment for the generation of green (solar, wind, etc.) energy at its facilities.



*The FBCL Corporate Centre and the other newer elements of the Blue Water Bridge plaza have benefited from a conception that aimed from the outset for LEED (Leadership in Energy and Environmental Design) certification.*

# ABBREVIATIONS

AOCI	Accumulated Other Comprehensive Income
ATIP	Access to Information and Privacy
BWB	Blue Water Bridge
BWBA	Blue Water Bridge Authority
CBCA	<i>Canada Business Corporations Act</i>
CBSA	Canada Border Services Agency
CEO	Chief Executive Officer
CFIA	Canadian Food Inspection Agency
FAA	<i>Financial Administration Act</i>
FBCL	Federal Bridge Corporation Limited
IBA	International Bridge Administration
IBTA	<i>International Bridges and Tunnels Act</i>
IFRS	International Financial Reporting Standards
MCA	Mohawk Council of Akwesasne
MDOT	Michigan Department of Transportation
PAA	Program Alignment Architecture
PBOA	Public Bridge Operators Association
PSPC	Public Services and Procurement Canada
RCMP	Royal Canadian Mounted Police
SIBC	Seaway International Bridge Corporation Limited
SLSDC	Saint Lawrence Seaway Development Corporation
SMRBC	St. Mary's River Bridge Company
SSM	Sault Ste. Marie
SSMBA	Sault Ste. Marie Bridge Authority
TC	Transport Canada
TIBA	Thousand Islands Bridge Authority
TIIB	Thousand Islands International Bridge



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The Federal Bridge Corporation Limited wishes to acknowledge and recognize the invaluable assistance received from its international bridge partners in planning, operating and realizing capital projects at all crossings:

- the International Bridge Administration;
- the Michigan Department of Transportation;
- the Thousand Islands Bridge Authority; and
- The Saint Lawrence Seaway Development Corporation.

The preparation of this plan was accomplished with the dedicated cooperation and collaboration of many individuals. It is intended to provide complete and reliable information as a basis for the establishment of governmental approvals, managerial decisions, and to ensure the diligent stewardship of the assets and resources of the Corporation.

