



FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

CORPORATE PLAN (2020-2025)

Summary

The Federal Bridge Corporation Limited
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Ottawa, Ontario K1P6L5

Canada 

EXECUTIVE SUMMARY

The Federal Bridge Corporation Limited (FBCL) is a federal Crown corporation that has been entrusted with the administration of Canada's interests in four international crossings between Ontario and the United States. Each bridge has unique geographic, cultural, climactic, trade, employment and administrative characteristics that offer unique challenges while delivering crucial benefits to their local communities.

The past few years of global events have created interesting operational contexts at FBCL bridges. As the effects of multiple international trade disputes and global market uncertainty continue to play out, the impact on Canada's cross border bridge travel remains notable. With 2018-19 travel achieving lows that had been unprecedented in the prior decade, it would have been challenging to imagine levels falling further. Yet, despite a relatively reasonable summertime travel peak, 2019-20 will likely close with additional overall net declines. By year's end, though passenger vehicle traffic may be somewhat maintained, international trade obstructions, labour unrest, in particular in the automobile sector, and improved cargo consolidation have curtailed growth to the robust revenue derived from commercial crossings. While the value of goods travelling across FBCL-managed borders increases at a rate higher than that of inflation, the volume of commercial vehicles is seeing persistent declines.

FBCL's prudent toll and cost management strategies will help offset the impact of this evolving market however, by the end of the fiscal year, the Corporation is expecting to see its financial position modestly affected by these traffic declines.

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

Looking forward, FBCL's position is only forecasted to be maintained or improved through support from achieving success in the following areas:

- Progress on the establishment of an invigorated fiscal framework for its subsidiary The Seaway International Bridge Corporation Limited;
- Completion of the Crown's long standing land claim litigation with the Mohawks of Akwesasne through a favourable settlement for all parties;
- Growth and expansion of the automated ConneXion frequent traveller pre-paid tolling program at Blue Water Bridge; and,
- Maintaining Standard & Poor's Financial Services LLC Global Rating of 'A+' within a "stable" or better outlook.

As a new North American free trade agreement witnesses its tri-national ratification, a new degree of stability is also anticipated to positively impact FBCL-managed crossings. FBCL will continue to focus on asset improvements, deepening employee engagement and ensuring fiscal sustainability. These goals will be facilitated through investments in key technologies and innovation.





Strategic Priorities

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 as required to allow the Corporation to move ever closer to its target strategic objectives.

Notable priorities for the coming period include:

- Preparing FBCL's people for the future labour & skills landscape:
 - Succession planning;
 - Development of career paths; and,
 - Retention of skills and experience.
- Managing assets and infrastructure:
 - Maintaining the safety and security of facilities;
 - Delivering effective asset stewardship;
 - Ensuring the flow of goods and people; and,
 - Maximize the operational lifecycle of assets for lowest cost.
- Safeguarding the Corporation's financial sustainability:
 - Planning long-term capital investment requirements;
 - Clearance of the legacy corporation's debts;
 - Reduction of overall business risks; and,
 - Promoting revenue growth and diversification.
- Investing in technology & innovation:
 - Facilitating data-driven decision making;
 - Increasing the efficiencies of business operations;
 - Ensuring the security of business practices; and,
 - Maintaining market competitiveness.

Strategic Government Attention

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

- i) the tabling of the 2018-19 Annual Report;
- ii) the approval and tabling of the prior and present Corporate Plans and budgets;
- iii) for subsidiary SIBC, establishing a mechanism of compensation for the publicly imposed duties resulting from toll-exempt, indigenous crossings in order to maintain the solvency of the subsidiary as well as in supporting a renewal of the parameters of the binational revenue sharing agreement;
- iv) maintaining the 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 transfer of canal lands in the Cornwall area from the Crown (Transport Canada) to FBCL; and
- vi) proposing the next steps regarding the authorized amalgamation with the SIBC 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 amalgamation 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



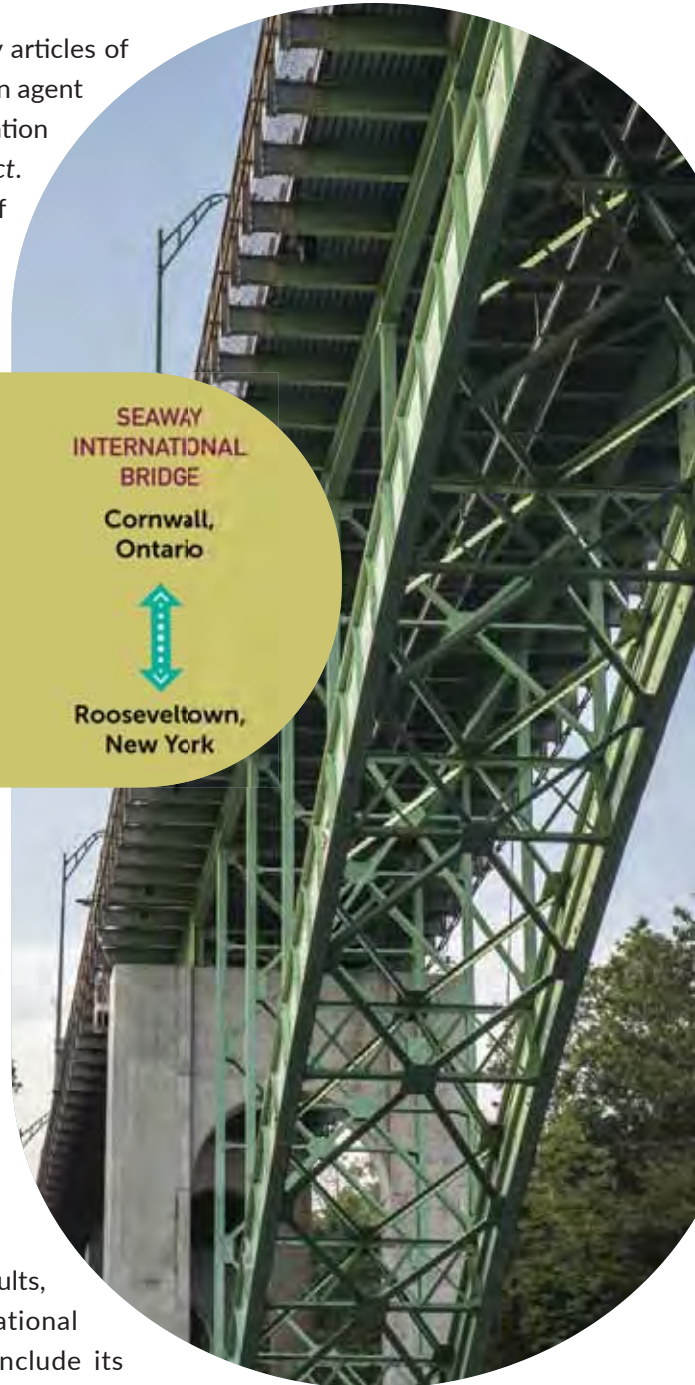
Roosevelttown, New York

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, FBCL's Core Responsibility statement is "Managing international bridges". 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 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:

- **Mandate** of unified bridge portfolio delivered proficiently by agile, innovative and skilled teams;
- **Stewardship** of assets and infrastructure emphasizing safety, security and asset lifecycle management;
- **Technology** adoption aligned with solid data-driven operational efficiency, limiting risk and resource expenditure;
- **Sustainability** based on enhanced revenue, prioritized investment, toll optimization and cost containment; and,
- **Governance** through strong corporate oversight, profound employee engagement and positive stakeholder relations.

Financial Position

Given its progressive approach to debt management amid a generally unpredictable and changeable external context, FBCL's overall financial position is best described as resilient. This perspective is supported through the assessment of Standard & Poor's Financial Services LLC. FBCL's financial risks are assessed regularly and, in August 2019, S&P Global Ratings maintained its long-term issuer credit and senior unsecured debt ratings on FBCL at 'A+'. Additionally, their outlook for the business continued to be listed as "stable." The stable outlook primarily reflects the expectation that, in the next two years, FBCL's traffic and earnings will increase modestly and that the corporation will continue with its debt reduction strategy and the lack of need for external financing support. S&P concluded that "despite the traffic volatility and increasing exposure to competition in the medium term, there are strong economic fundamentals in FBCL's service area and the corporation has a low industry risk compared to other industries and sectors". S&P pointed out that FBCL benefits from a strong federal government link and 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 governmental capital funding avenues when these are feasible and accessible.

The latest tabled Annual Report (2018-19) is posted at <https://www.federalbridge.ca/wp-content/uploads/2020/02/Federal-Bridge-Annual-Report-EN-20190828.pdf>. For FY2019-20, the Corporation is expecting a generally change-neutral financial position due to continued debt reduction, the execution of its toll policy and slight declines in customer crossings.



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 limited ability to affect consumption behaviour on its 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. While it has experience a few larger shifts, the Canada-US exchange rate has generally been stable around 1.33 for the past year;
 - 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;
 - c. Stable international trading environments allow for the predictable movement of goods across Canada's borders, and,
 - d. 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.
- **Evolving transportation logistics:** Even when the absolute volume of commercial vehicles crossing Ontario's border with the United States shows annual declines, the reported value of goods has



been increasing at a rate higher than inflation over the course of recent years. This is an indication of freight consolidation and improvements in transportation logistics. Any change in transportation logistics and modalities will have an impact on cross-border bridge usage.

- **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.
- **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 to be established in the region for at least five years following the opening of the new bridge(s), now projected 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 2019 Speech from the Throne, the Government of Canada’s priorities are focused on responding to a changing climate; strengthening the middle class; reconciliation with First Nations peoples; ensuring the health and safety of Canadians; and, positioning Canada for success in an uncertain world.

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 secure 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.

Additionally, as initiated in the previous fiscal year, FBCL is in the process of assessing the impact of changing climate on its assets and customer relationship and, in turn, identifying mitigating measures to reduce risks.

International Bridge Traffic Trends

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		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Sault Ste. Marie International Bridge	1.72%	-2.47%	-6.92%	1.43%	-0.46%	0.32%
Blue Water Bridge	-0.85%	0.69%	-5.02%	-4.08%	2.41%	-5.00%
Thousand Islands International Bridge	-0.69%	-2.27%	5.32%	-0.91%	-2.61%	1.74%
Seaway International Bridge (All Traffic)	2.83%	0.59%	0.75%	1.86%	7.57%	-10.02%
Seaway International Bridge (Paid Traffic)	4.56%	-1.49%	-2.70%	-1.98%	1.57%	-5.02%
ALL FBCL TOTAL:	0.35%	-0.34%	-2.01%	-3.02%	1.51%	-4.08%
Ambassador Bridge	3.80%	2.55%	-4.66%	-0.36%	0.82%	-1.92%
Peace Bridge	1.10%	-3.36%	-3.09%	-2.63%	-4.39%	-3.32%
Ogdensburg-Prescott International Bridge	7.96%	-4.08%	-1.01%	5.76%	-6.22%	-1.79%
ALL CROSSINGS:	0.81%	-0.62%	-2.28%	-1.77%	-0.18%	-2.77%

From this table, we see the impact on Commercial traffic of recent trade uncertainty and capriciously imposed tariffs on imports and exports. The implementation of a lasting trade agreement and return to a predictable international trade climate could and should facilitate improvements of these numbers.

Although the amount of commercial traffic may be slowly declining, the value of goods transported continues to climb at a rate higher than inflation. This is a sign of increasing efficiencies in the transport logistics sector and trans-border cargo consolidation.

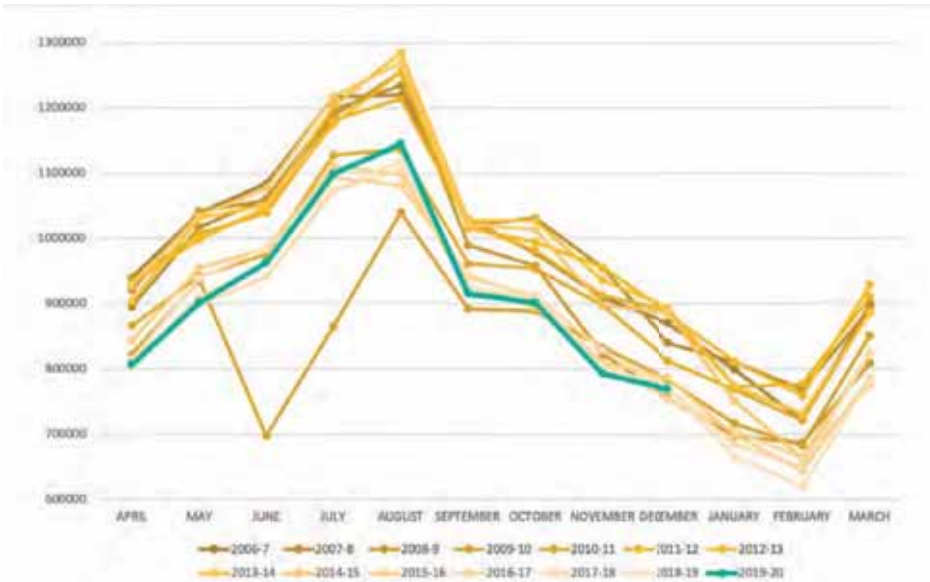
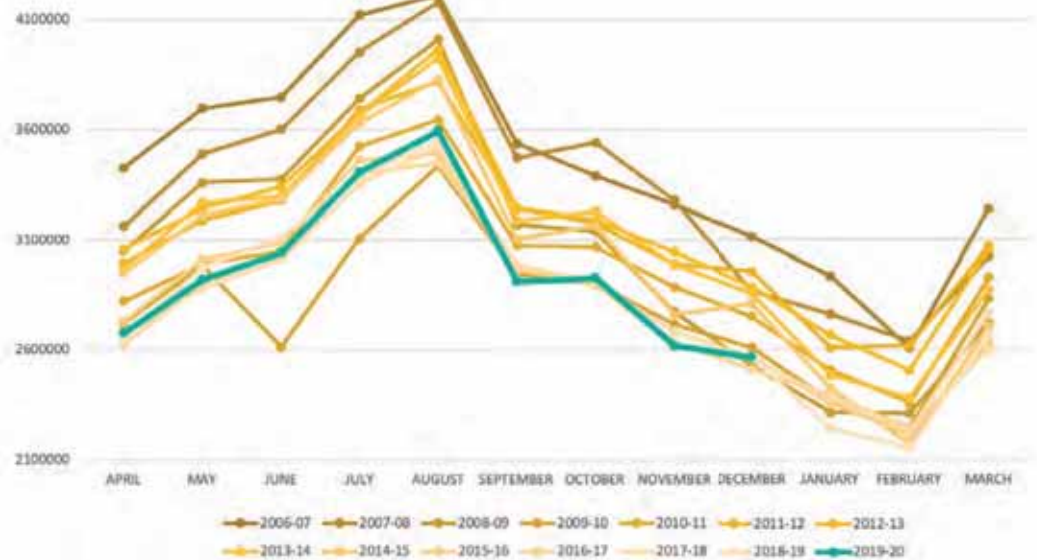
The impact of currency exchange disparity manifests its presence in the form of fluctuating tourism and rates of private vehicles entering Canada to benefit from favourable prices. The relative stability of the exchange rate in recent months has also encouraged renewed movement of Canadian travellers.

For private travellers, collectively FBCL's crossings continue to witness modestly better growth and faster recovery than that of the overall marketplace. This may be due to a combination of factors including regional tourism and to some local economic developments. Tariffs on metals and labour action in the automotive sector was clearly felt in the crossings between Michigan and Ontario.

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 rebuild the Customs and Border Protection facilities on the other side of the border. Sault Ste. Marie is clearly suffering from tariff uncertainty that has impacted the region, notably to its steel industry. 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. The completion of roadworks on Cornwall Island's International Road is clearly apparent in the decline of commercial construction vehicles making use of the bridge.

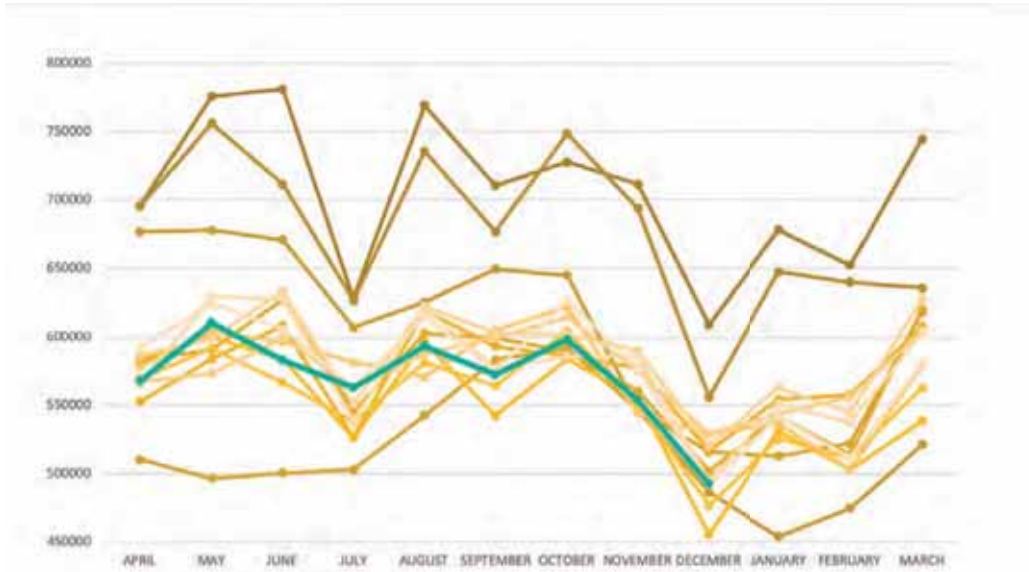


All BTOA Bridges



Only FCBL Bridges

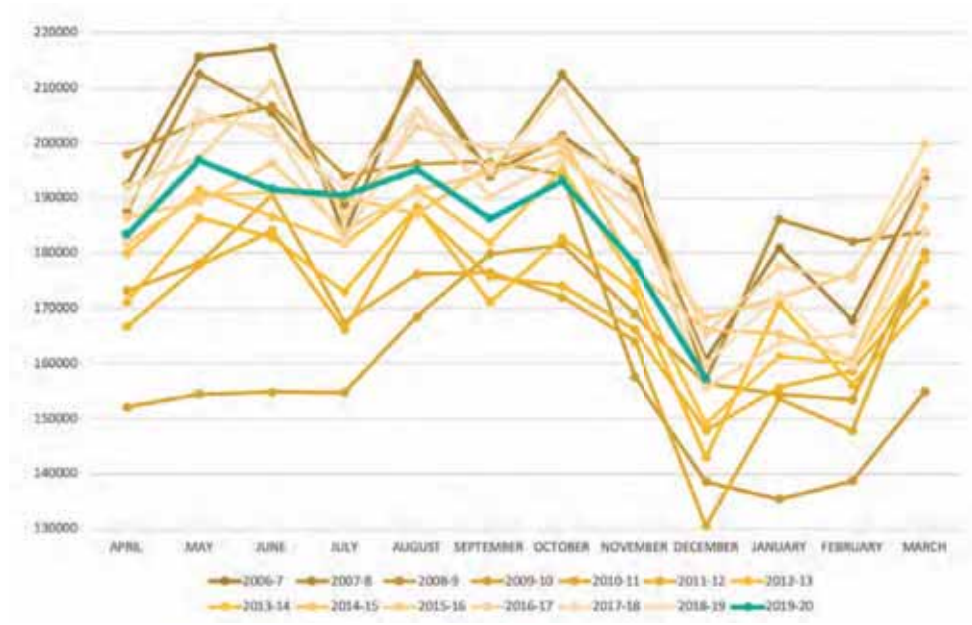
The above charts show monthly combined traffic levels for all vehicles over the past fourteen-year period, the most recent year in bold. On the chart above, all 11 crossings of the Bridge and Tunnel Operators Association are shown while only FCBL's 4 bridges are presented in the chart below. As can be seen, FCBL's traffic patterns generally offer close correspondence to that of the overall group, however FCBL'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.



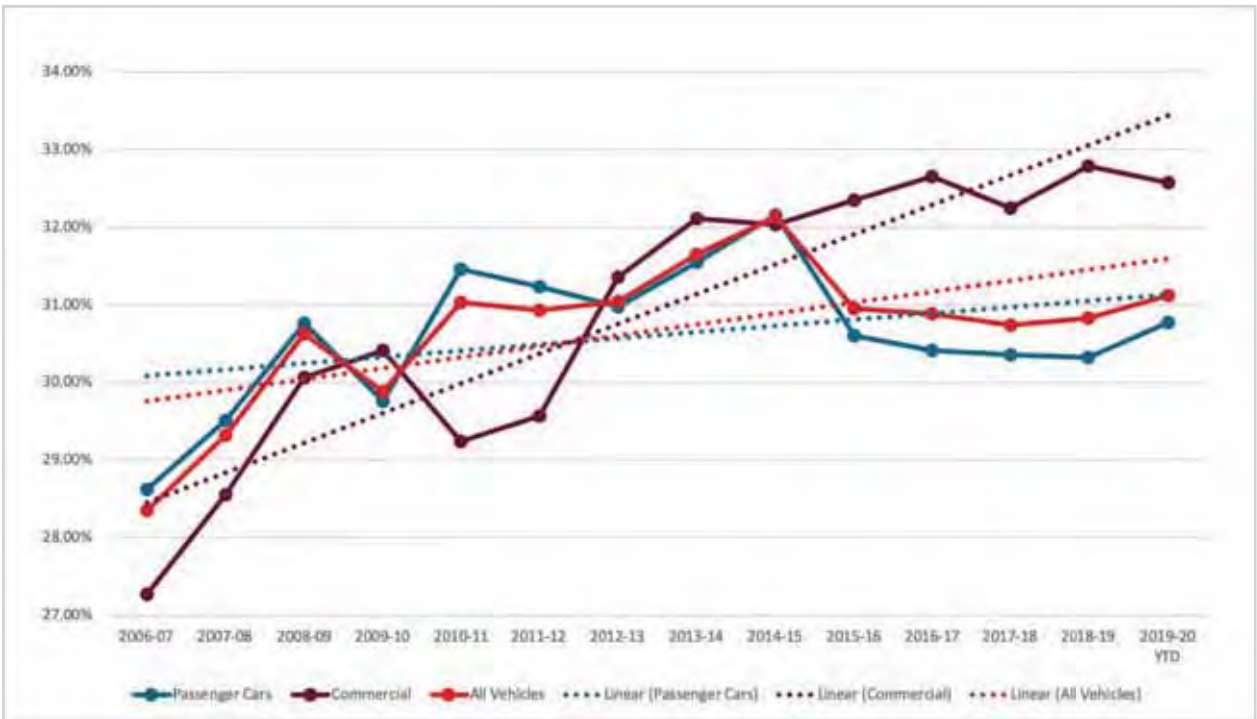
All BTOA Commercial



FCBL Commercial



Separating commercial truck traffic from the overall load, more clearly demonstrates that, for international truck freight, FCBL crossings are generally performing similarly or slightly better to their peers' relative to their historic averages.



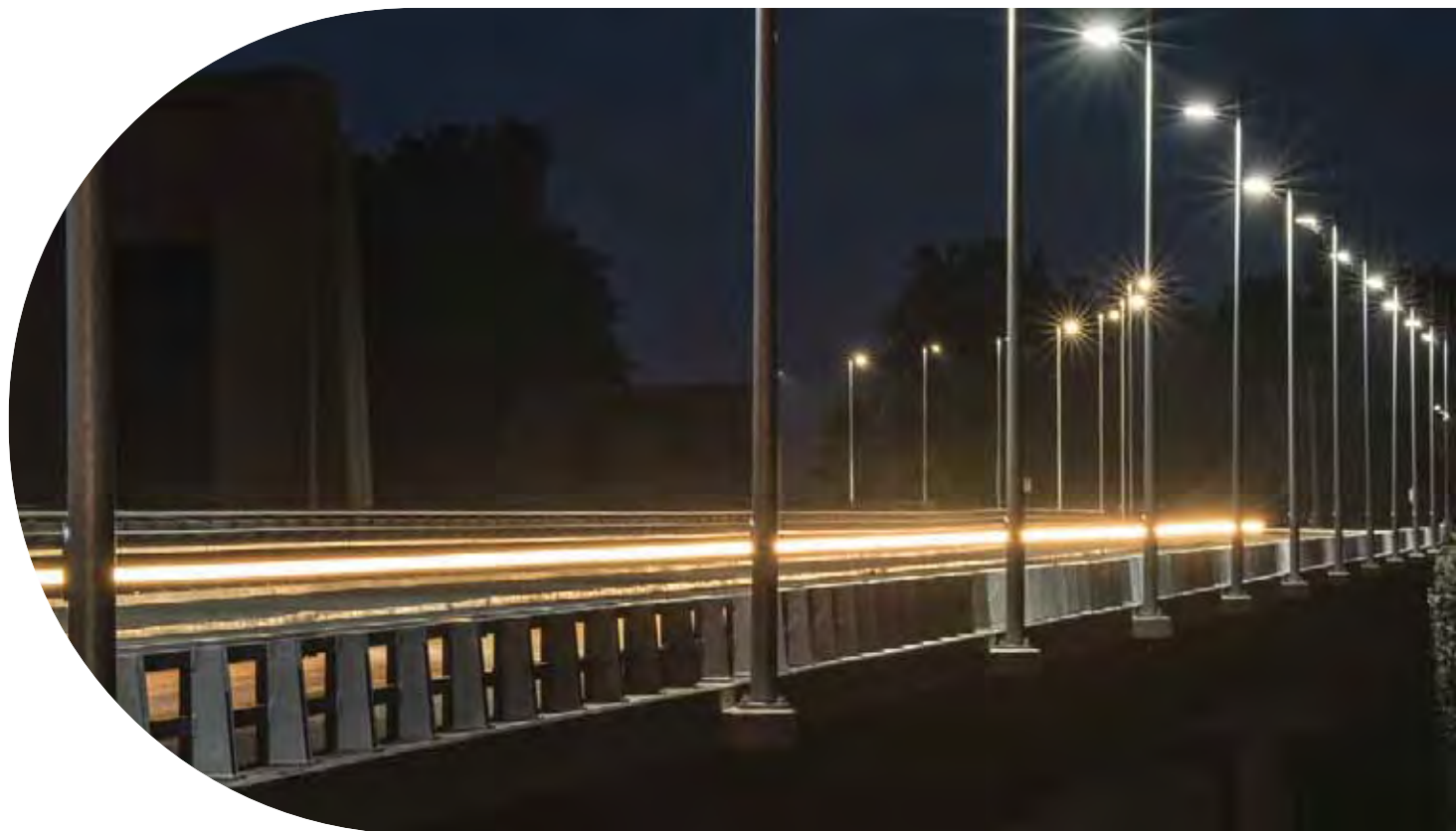
The previous graph shows positive trends for passenger vehicle market share (blue), commercial (purple) and overall traffic (red) at all FBCL crossings relative to the collective of 11 other BTOA crossings linking Ontario with the states of New York and Michigan. FBCL’s pursuit of excellence in the areas 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 commercial border crossing redundancy. Blue Water Bridge ensures our nation’s economic health and trade. Contributing to its success is its exceptionally high 33.6% ratio of commercial vehicles within its traffic mix. Comparatively, the Thousand Island International Bridge closely mirrors the Ontario average of 19% while the other two venues remain in the 3-7% range. At roughly 36%, only the Ambassador Bridge sees a slightly higher ratio of commercial crossings than the Blue Water Bridge. So far in FY 2019-20, Blue Water Bridge has carried 24.1% of all truck freight crossing Ontario-USA bridges; comparatively, the Ambassador and Peace Bridges respectively handled 38.2% and 16.2%.



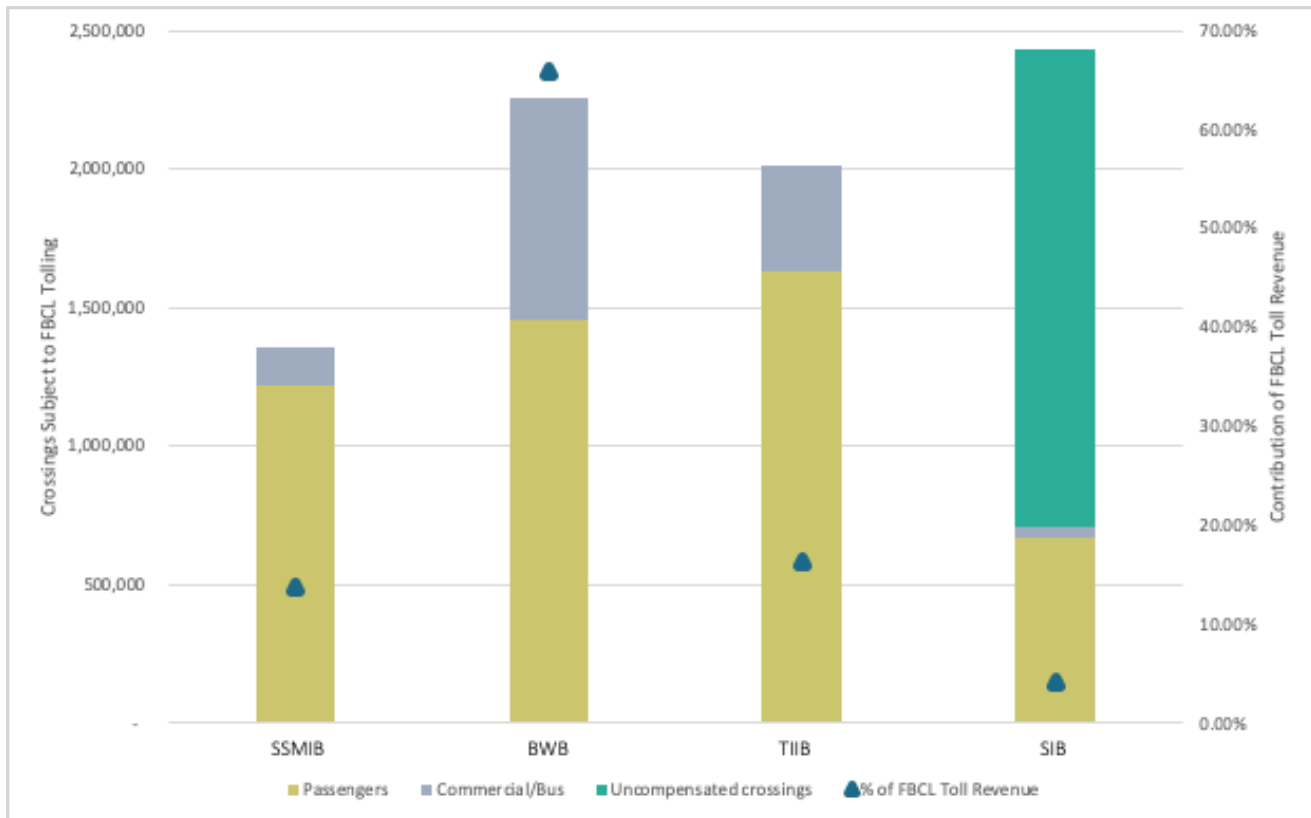
While the Seaway International Bridge witnessed usage growth in 2019-20, it must be noted that more than 71% of its cars and nearly 33% of its commercial vehicle traffic was toll exempt. This equates to roughly \$6.5M annually in uncollectable toll revenue that would normally contribute to bridge operations, 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 3%; however, the rate of growth of non-tolled crossings increased 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 sustainability of the crossing and of the SIBC subsidiary itself.





Financial Contributions

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



The above figure shows forecasted FY2019-20 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 11% more crossings than total traffic at Thousand Islands International Bridge and almost 8% less than at the Seaway International Bridge. Yet, despite these numbers, Blue Water Bridge contributes to 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.

STRENGTHS

- Strategic locations, particularly for BWB
- Unimpeded authority within operational mandate and core responsibility
- Nimble, flexible and responsive to changes with lean resources
- Good condition of assets sets stage for long term viability
- Robust financial management and prospects
- Effective performance and risk measurement and management
- Positive support from the Crown and goodwill in user communities
- Partnership and collaboration with engaged and responsive organizations
- Experienced leadership, committed and capable staff
- Excellence in capital project delivery
- Recently modernized governance and policy frameworks

WEAKNESSES

- Financial sustainability of subsidiary, SIBC and impact on bi-national agreement
- Nothing to offset costs resulting from CBSA/CFIA requirements
- Fully-deployed enterprise asset management program
- Cash reserves for large scale capital projects take years to accumulate and impact timing of project execution
- Financial sustainability reliant on toll revenue, low revenue diversity
- Narrow mandate limits financial diversification and growth opportunities
- Not leading in toll management system and transaction automation
- Can only be anticipatory and reactive to external events and factors

OPPORTUNITIES

- General stability of economic climate despite trade uncertainties
- Improved automation and online interface technologies
- Investigate potential impacts of climate change on market and assets
- Revenue diversification
- Benefit from predictive big data analytics and reporting
- Burgeoning collection of business intelligence
- Increased positive visibility and engagement within Government
- Continued optimization and alignment of resources to priorities, strategies, and objectives
- Potential future integration with other international bridges
- Facilitating of crossing of automated and electric vehicles

THREATS

- Inability to influence macro-scale socio-economic factors affecting bridge usage
- Impact of currency fluctuations on travel decisions
- Volatility in global economics and increasing protectionist trade policies
- Unpredictable shifts in socio-political attitudes and behaviours
- Unpredictable border management staffing and technology issues causing congestion and user deterrence
- Impact of climate change on assets, procedures and bridge operations
- Security of assets (human, physical and information)
- Shifts in regional employment, manufacturing and travel profiles
- Changes to regional travel routes and travel preferences
- Competition, particularly from changes coming to Windsor-Detroit corridor



Human Resources Overview

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

Function	Full Time Equivalents
Executive Management	5
Bridge Engineering and Asset Management	35
Bridge Operations, Facilities and Security	46
Corporate Services	28
Total:	114

On 20 December, 2019, a new collective bargaining agreement was reached with the Public Service Alliance of Canada (PSAC) Local 501. Affecting roughly 45 unionized staff at Blue Water Bridge, the four-year agreement will span to November 2023, allowing for continued stability as the Corporation maintains its focus on delivering the best quality services to partners and clients. The agreement provides a structure for appropriate cost of living increases over the course of the contract as well as basic improvements to entry-level wages that allow FBCL to remain a competitively attractive employer in the Sarnia region

Staff at the Thousand Islands International Bridge and Sault Ste. Marie International Bridge are employed by American partners 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. The competitive tolling approach 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.

With the exception of the Seaway International Bridge, FBCL's crossings are required to bear the costs of the Canadian Border Services Agency and other Canadian mandated facilities. Financial constraints resulting from the imposed duty of permitting the toll-exempt passage of members of the ever growing indigenous community at the Seaway location inhibit The Seaway International Bridge Corporation Limited's ability to be financially self-sustaining in addition to preventing it from carrying any of the burdens resulting from the Customs Act.

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 recently launched the ConneXion frequent traveller program with an initial implementation 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 were also deployed. As usage and enrollment of ConneXion continues to grow on a daily basis, plans are to expand the use of the program to include commercial vehicles and eventually extend its acceptance to 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. The past year bore witness to a few other notable events or activities that have impacted bridge operations and will deliver value to all of the Corporation's performance domains. Similarly, the Corporation is committed in the near term to implement a number of new notable initiatives. This information provides context and specificity for the sections that follow.



At an overarching Corporate level

FBCL continues to progress its Asset Management modernization program with the retention of a specialist agent that will further refine internally defined requirements in order to facilitate the technology procurement process. Related to its asset management objectives, the Corporation has initiated a weather and climate change impact assessment study to identify and quantify the Corporation's vulnerabilities and risk areas resulting from environmental factors. The Corporation, in conjunction with three of its international bridge ownership partners, is undertaking a consolidated requirements definition process for the future acquisition of a next generation toll management system that will be shared across locations.



Inwardly, the Corporation has consolidated and updated the system used for Human Resource management, staff scheduling and payroll at its two operating locations. In addition to this, the Corporation has initiated the Community ConneXion outreach and engagement program as a means for staff to demonstrate their intimate ties to their communities through coordinated volunteering and charitable giving activities.

At the Sault Ste. Marie International Bridge

Following completion of recent major renewal activities, regular annual maintenance and bridge inspection activities rather than notable capital investments are presently scheduled for this location. Over the course of the present maintenance season, flood coating, sealing and surface treatment for the U.S. arch has been completed resulting in 100% coverage of the pair of arches. Additionally, the concrete top of Pier 20, a critical component located over a complex underlying landscape, was recapped to ensure its resiliency to future moisture encroachment.

The on-going focus remains on standard, well-scheduled bridge and facilities maintenance.

At the Blue Water Bridge

A targeted construction project was completed to introduce a loop roadway segment to the Canadian bridge plaza. This Emergency Return Road project offers 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 was also completed freeing up space that will facilitate the future deployment of new bridge plaza amenities.

With the completion of all of the principle objectives of the prior 2004-based planning cycle, FBCL has commissioned the definition of a new Master Plan for the Canadian plaza of the Blue Water Bridge with a focus on improved income generation. To that end, the assessment phase of the endeavour seeks to review



possible commercial development of the plaza site as well as to optimize and streamline existing operations to improve profitability. Based on individual business cases supporting each proposed activity, the execution phase of the rejuvenated Master Plan will schedule short, medium and long term redevelopment items needed to ensure the continued vitality and relevance of the bridge plaza site.

In support of its greening initiatives, FBCL launched a pilot program at two sites, including Blue Water Bridge, that offers drivers of electric vehicles with the security of DC fast charging electrical supply services at this bridge. FBCL's electric vehicle support program offers high capacity 25 kW units with support for all existing connector types in order to get drivers back on the road quickly.

At the Thousand Islands International Bridge

Following completion of recent major renewal activities, regular annual maintenance and bridge inspection activities rather than notable capital investments are presently scheduled for this location. The on-going focus remains on standard, well-scheduled bridge and facilities maintenance.

A renewal of the facility's toll management system has been completed. This modernization sets 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 early 2020 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.

This location is the second where FBCL deployed the pilot program to offer drivers of electric vehicles with the security of DC fast charging electrical supply services at this 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. The Corporation is presently leveraging its operational 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 continues to focus on the core and future 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 skills development and retention in order to ensure the long-term sustainability of the corporation and its subsidiary.

The organization's targeted outcomes will be achieved through an emphasis on:

1. Preparing FBCL's people for the future labour & skills landscape;
2. Managing assets and infrastructure;
3. Safeguarding the Corporation's financial sustainability; and,
4. Investing in technology and innovation.



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
People	Attract and retain skills and experience	Diverse pool of skill sets	Skills map gap action plan	Low
	Employee development	Healthy and respectful workplace	Plan implemented	Low
	Employee engagement	Labour goodwill	Increasing scores in employee satisfaction surveys	Low
	Community engagement	Solid organizational reputation	Activities and partnerships with local community groups	Low
Assets	Asset Management Program Development	Asset management system in place	Core of asset planning and budgets defined by asset management program (2020-21)	Low
	Identification of potential climatic deficiencies that could disrupt long term growth	Climate resiliency	Development of climate impact action plan and progress of its action items	Low
	Blue Water Bridge Master Plan	Definition of future course of action for site	Plan completed	Low
Sustainability	Toll Rate Strategies	Continued fiscal stability and operational funding	Traffic trends and market shares	Medium Traffic volumes at lowest in decade. New international bridge on horizon.
	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

Sustainability (continued)	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
	Maintain or increase customer amenities and service	In-demand services available at FBCL bridges	Increase in lease and other diversified non-toll revenues	Medium Scheduling indeterminacies
Technology	Real-time predictive traffic analysis	Improved staff and activity scheduling	Deployment of consolidated data aggregation and analysis solution	Medium Dependencies on 3rd parties
	Technology master plan	Course of action for direction of technological assets	Plan completed	Low
	Customer-oriented data mining	Data driven decision-making and promotional campaigning	Core of operational and marketing activities defined by data analytics (2020-21)	Low
	Data Integrity	Secure data	Absence of data breaches	Medium Dependencies on 3rd parties



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 Bridge Security
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 next generation 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 has ensured the longevity of the FBCL records management and archival resource.

Subsidiary company SIBC implements a rigorous 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

Introduction

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. At present, both the operating and capital expenditures are funded internally as there are no approved Crown funded projects. However, FBCL is actively working with the Crown regarding:

- the establishment of funding support for the publicly imposed duties resulting from toll-exempt, indigenous crossings in order to maintain the solvency of the subsidiary, SIBC;
- the 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; and,
- the finalization of the transfer of the Canal Lands in the Cornwall area from the Crown (Transport Canada and/or Natural Resources Canada) to FBCL.

There are no significant changes in FBCL's mandate and operations and consequently the budgeted revenues and operating expenses are consistent with the current year forecast. Furthermore, FBCL continues to repay its loans payable as they mature and to implement the next phase of its Master Plan at the Blue Water Bridge in Point Edward.



Operating budget

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%).

The Corporation budgets to record an average deficit of expenses over revenue of \$3.4M per year. Net of depreciation and interest expense, this results a surplus of \$14.2M per year. These funds are to be used to pay down the substantial legacy debt and to procure capital investments. As the debt is repaid, FBCL will see significant decreases in its interest expense, dropping from \$3.9M in 2019-20 to \$1.6M in 2024-25.

CONSOLIDATED STATEMENT OF INCOME								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Current Forecast 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
TOTAL REVENUE	42,783	43,059	44,783	43,774	45,261	45,275	45,726	45,024
TOTAL EXPENSES	43,357	45,382	46,053	48,246	48,675	49,291	49,543	50,773
OPERATING INCOME BEFORE GOVERNMENT FUNDING	(574)	(2,323)	(1,270)	(4,472)	(3,414)	(4,016)	(3,817)	(5,749)
TOTAL GOVERNMENT FUNDING	3,395	3,537	3,506	3,505	3,450	3,450	3,450	3,450
TOTAL NON-OPERATING ITEMS	(4,401)	(3,911)	(3,889)	(3,444)	(2,968)	(2,509)	(2,072)	(1,610)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,580)	(2,697)	(1,653)	(4,411)	(2,932)	(3,075)	(2,439)	(3,909)



Capital Investments

In 2020-21, the Corporation plans to engage in \$15.7M in capital investment projects, funded directly through FBCL operations and a further \$22.7M in the subsequent four years. Approximately 90% of the spending on capital projects over these five years 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 and will ensure that capital assets are properly maintained prior to the opening of a new bridge in the vicinity. The remaining 10% of the capital projects result from the corporation's share of joint projects with operating partners and other miscellaneous works at FBCL's other three bridge locations.

CAPITAL INVESTMENTS								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Current Forecast 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
FUNDING								
Government funded	3,464	-	-	-	-	-	-	-
FBCL funded	10,068	5,147	13,937	15,748	8,766	2,965	6,843	4,078
TOTAL FUNDING	13,532	5,147	13,937	15,748	8,766	2,965	6,843	4,078
FBCL Proposal to Transport Canada FUNDING & CAPITAL EXPENDITURES								
Cornwall Port Of Entry enhancement for CBSA and new FBCL facilities for bridge operations ^{(1) (2)}	-	-	-	2,000	8,000	9,000	-	-
TOTAL FUNDING & CAPITAL EXPENDITURES	-	-	-	2,000	8,000	9,000	-	-

⁽¹⁾ 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.

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




Debt

The Corporation has financing arrangements to fund portions of past major capital projects. Pursuant to the *Economic Action Plan 2013 Act*, No. 2, the maximum that FBCL can borrow is \$130.0M, subject to Minister of Finance approval.

FBCL has two financing arrangements in place to address capital redevelopment and infrastructure. These are composed of an outstanding loan agreement, and a bond issuance that were established by one of the Corporation's legacy organizations prior to amalgamation in 2015. These financing arrangements have each received approval from the Minister of Finance pursuant to Section 127(3) of the *Financial Administration Act*. The debt load of loans and bonds payable will reduce from \$3.1M and \$51.9M, respectively, at March 31, 2020, to \$20.2M in bonds payable only at March 31, 2025, a reduction of 63%. Interest payments which largely go to service debt will fall from \$3.9M for the 2019-20 fiscal year, to \$1.6M in the 2024-25 fiscal year.

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, the one loan arrangement of \$2.8M (at its term end date) 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. Consequently, the bonds payable will mature in July 2027 with FBCL repaying \$31.7M in principal and \$12.2M in interest over the next five-year horizon.

In addition to the loans and bonds payable, FBCL has a capitalized lease liability of \$1.5M as at March 31, 2020 for its Ottawa office space. By the end of 2024-25, the remaining lease liability will be \$0.4M. FBCL does not have plans to enter into significant new lease agreements in the upcoming five year period and consequently does not anticipate having any leases that need to be approved in accordance with Section 127(3) of the *Financial Administration Act* and the associated *Crown Corporation General Regulations, 1995*.



FBCL does not have plans to enter into new lease agreements in the upcoming five year period and consequently does not have any leases that need to be approved



Financial Prospects

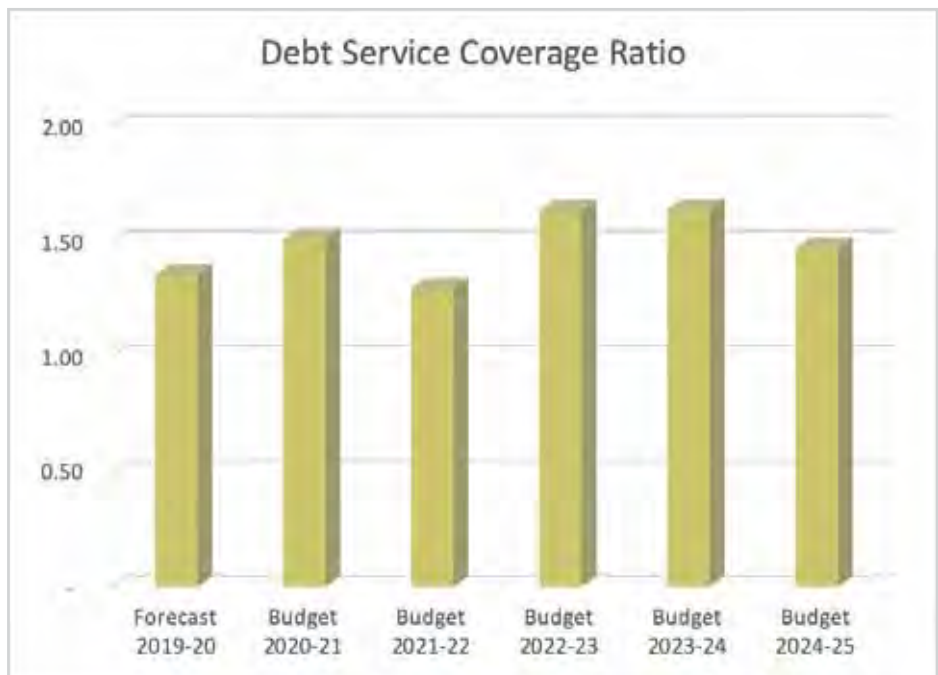
FBCL's financial risks are assessed regularly by Standard & Poor's Financial Services LLC (S&P) and in August 2019, S&P Global Ratings maintained its long-term issuer credit and senior unsecured debt ratings on FBCL at 'A+'. Additionally, their outlook for the business continued to be listed as "stable". The stable outlook primarily reflects the expectation that, in the next two years, FBCL's traffic and earnings will increase modestly and that the corporation will continue with its debt reduction strategy and the lack of need for external financing support. S&P concluded that "despite the traffic volatility and increasing exposure to competition in the medium term, there are strong economic fundamentals in FBCL's service area and the corporation has a low industry risk compared to other industries and sectors.

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 over 32% 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. It is noted that if there was prolonged downward volatility in this commercial traffic, it would reflect negatively on FBCL's financial basis.

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), the *Plant Protection Act*, 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 would effectively threaten the facility's financial sustainability.

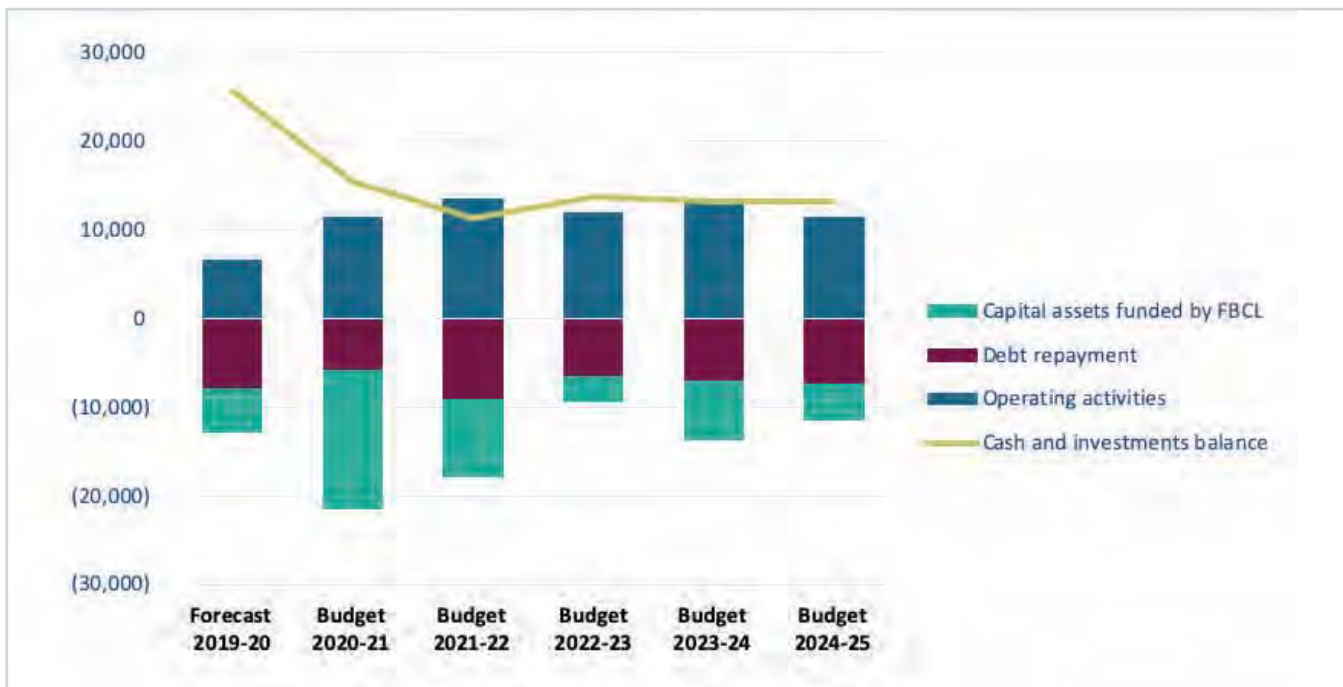




Finally, the overall level of FBCL's debt is forecasted to decline as loan balances are reduced. Although FBCL's strategy is to repay its loans as they become due, FBCL also wishes to maintain a strong debt service coverage ratio (DSCR), at the same time. In the year in which the final loan tranche is repaid (2021-22), the DSCR is at its lowest point being 1.17X and in the years in which no loan is repaid, the ratio varies between 1.5X and 1.6X. 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 continues 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. FBCL's efforts will be focused on implementing the next phase of the Master Plan in Point Edward of which the identified capital expenditures will be funded internally.

As a result, FBCL's cash and investments will diminish over the five year horizon from \$25.7M as at March 31, 2020 to as low as \$11.3M in 2021-22 and ending this five year cycle at \$13.3M. However, at the end of this five year cycle, FBCL's capital assets will have been significantly rejuvenated, with the expectation that the following five-year cycle would result in lower capital expenditure requirements. This strategy will ensure that FBCL's capital assets are properly maintained prior to the planned opening of a new bridge in the vicinity which could result in declining toll revenues thus restricting FBCL's ability to invest in capital improvements. FBCL also has the ability to review 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. Acknowledgments

MINISTERIAL DIRECTION

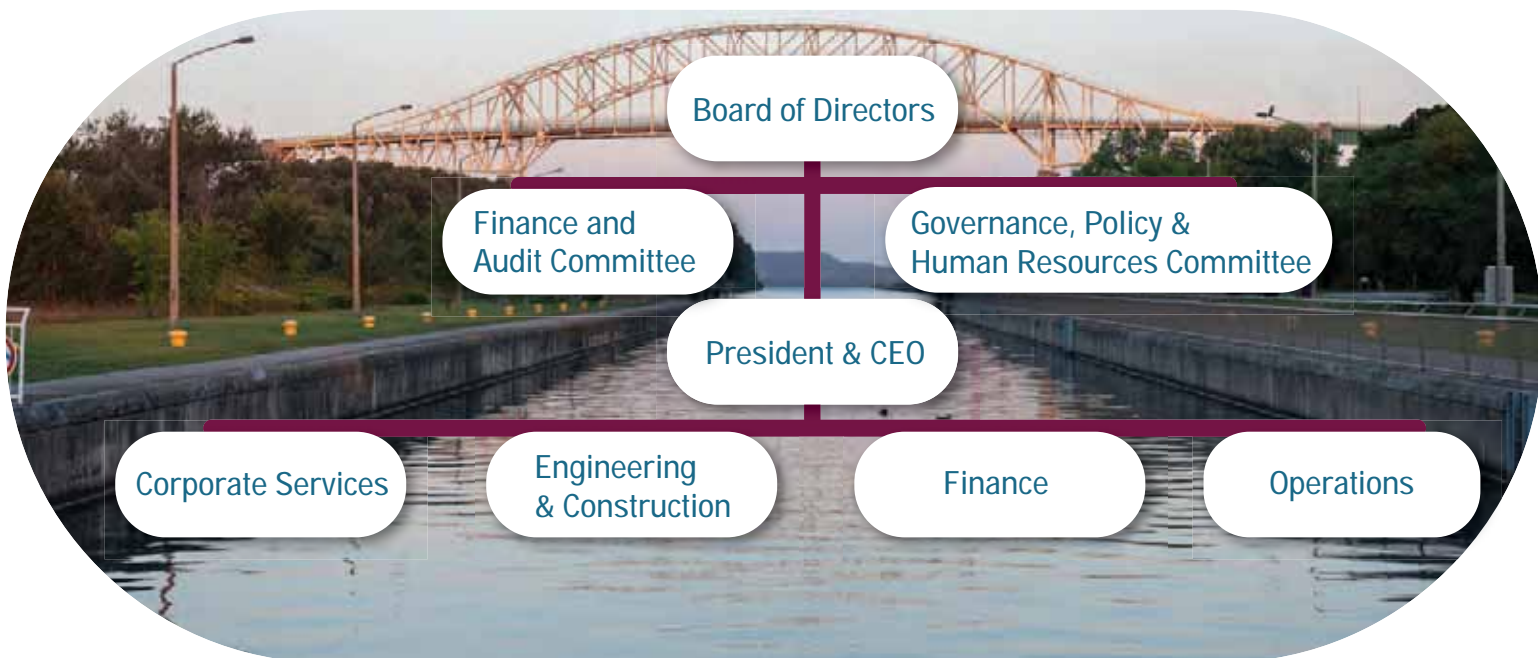
The Federal Bridge Corporation Limited is presently operating in accordance with the guidance expressed in the Prime Minister's Minister of Transport Mandate Letter dated December 13, 2019, that was communicated to the Chief Executive Officer by the Honourable Marc Garneau, Minister of Transport.

<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 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
Pascale Daigneault Chairperson	Sarnia, Ontario	May 9 2019	2 years
Andrew Travis Seymour Vice-Chairperson	Ottawa, Ontario	June 6, 2018	4 years
Natalie Kinloch Director, Chief Executive Officer	North Glengarry, Ontario	February 1, 2019	5 years
Karen Hill Director	Ohsweken, Ontario	February 1, 2019	4 years
John Lopinski Director	Port Colborne, Ontario	May 9, 2019	2 years
Marie-Jacqueline Saint-Fleur Director	Montreal, Quebec	June 6, 2018	4 years
Rakesh Shreewastav Director and Vice-Chairperson	Toronto, Ontario	May 9, 2019	4 years

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.

¹ 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
Warren Askew	Chief Operating Officer
Richard Iglinski	Chief Financial Officer
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.

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	Continued fiscal stability and operational funding	Completion of St Lawrence crossings traffic study to inform semi-annual fare reviews (early 2019-20)	On target. Toll rates adjusted at SSMIB, BWB and SIB
	Expansion of ConneXion pre-payment program	Consolidated program usable by customers at multiple locations	Expansion to include BWB commercial vehicles and additional FBCL crossings	On target.
	Deployment of electric vehicles charging stations	Unique capability at FBCL international bridges	Launch of new service	Completed. Units in service at BWB and TIIB; first customers recorded.
	Identification of potential climatic deficiencies that could interrupt long term growth	Climate resiliency	Development of climate impact action plan	On target. RFP for Weather and Climate Change Impact Assessment closing in November. Services to be delivered in FY
	Maintain or increase customer amenities and service	In-demand services available at FBCL bridges	Increase in lease revenues	On target. In addition to Electric Vehicle Chargers, new BWB Master Plan focused on services commissioned
Major Objective	Activities	Expected Results	Performance Measures	Status

Partners & Relationship	Supporting efficiency & consistency from border partners	Improvement in border wait times	Frequency of local strategic coordination meetings	On target. Fewer border incidents reported.
	Customer Account Development	Relevant and popular customer programs	Uptake of new programs	On target. EZPass / Bestpass implemented at TIIB. ConneXion program at BWB being expanded
	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)	On target. Pending community referendum, early 2020.
	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	On target. Transport Canada and SLSDC both amenable to identifying solutions. Negotiations in early stages.
Technology & Innovation	Real-time predictive traffic analysis	Improved staff and activity scheduling	Deployment of consolidated data aggregation and analysis solution	On target. Pending customer data analytics system
	Asset Management Program Development	Asset management system in place	Core of asset planning and budgets defined by asset management program (2020-21)	On target. Consultant being retained
	Improve toll collection management	Modernized toll management and payment collection systems	- Implementation of systems - Partnerships with multi-toll management providers	On target. New system deployed at TIIB. Design consultant retained for other crossings.
	Data mining and targeted messaging	Data driven promotional campaigning	Core of marketing activities defined by data analytics (2020-21)	On target. Marketing and Communications Plan has been updated and baseline data defined.

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 Appendix. I verify that this commitment is supported by the balanced use of all available and relevant performance measurement and evaluation information.



Natalie Kinloch,
Chief Executive Officer
The Federal Bridge Corporation Limited

1 February 2020

Date

CHIEF FINANCIAL OFFICER ATTESTATION

In my capacity as Chief Financial Officer of The Federal Bridge Corporation Limited, accountable to the Board of Directors of The Federal Bridge Corporation Limited through the Chief Executive Officer, I have reviewed the Corporate Plan, budgets 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.



Richard Iglinski,
Chief Financial Officer
The Federal Bridge Corporation Limited

1 February 2020

Date

FINANCIAL STATEMENTS

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

2019-20 Forecast: forecasted revenues are anticipated to be \$1.7M lower than budget due to lower traffic volumes and expenses are anticipated to be \$0.7M below budgeted values. By closely monitoring the timing of capital asset purchases, FBCL was able to reallocate costs to future years while not jeopardizing the integrity of its assets, thus allowing FBCL to close FY2019-20 with a favourable financial position. This strong financial base is key for the upcoming five-year horizon as FBCL will be significantly reinvesting in capital assets and repaying loans and bonds payable while maintaining an appropriate debt service coverage ratio. This strategy will ensure that FBCL's capital assets are properly maintained and that outstanding debt balances are minimized prior to the opening of a major new competitor in the vicinity by 2025, the Gordie Howe International Bridge, which may result in lower traffic and toll revenues thus restricting for some time FBCL's ability to invest in capital improvements.

Budget Outlook: The five-year (2020-21 to 2024-25) budget outlook assumes that traffic volumes will remain consistent with the 2019-20 forecast, with a decrease affecting FBCL's Blue Water Bridge in the fifth year due to the opening of the Gordie Howe International Bridge. Additionally, the budget includes necessary toll increases to account for the cost of inflation; operational behaviour that is consistent with current approaches; and, adjustments made for typical, predictable economic factors. Ultimately, at the end of this five-year cycle, FBCL's capital assets will have been significantly rejuvenated and FBCL's financial position will remain positive. FBCL continues to monitor the timing of the opening of the Gordie Howe International Bridge, with the expectation that the following five-year cycle would result in lower overall revenues.



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:

Traffic volumes:

Traffic volumes for years 1 to 4 are consistent with the 2019-20 forecasted volumes. Volumes at the Blue Water Bridge in year 5 have been decreased 4% for commercial and 2% for passenger vehicles due to the planned opening of the Gordie Howe International Bridge.

Competition:

Gordie Howe International Bridge – will become operational in year five of the planning cycle.

Ambassador Bridge – any changes will 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:

A renewed agreement, to replace the current agreement, was signed in December 2019 for a 10-year term starting in June 2020. The agreement's terms are similar to the existing terms and do not result in significant material impact on Thousand Islands International Bridge Revenues and Expenses.

Safety and Security:

No finding or event, internal or external, would result in a major investment requirement, which is defined as more than \$10.0M, or modify US or Canadian border processing times in a significant manner.

Inflation rate:

Rates for inflation, related to goods and services, have been set as 2.00%, annually. Employee wage and salary increases, where known, have been incorporated into the annual expense values.

Exchange rates:

2020-21	1 CDN \$ = 0.75 US \$	1 US \$ = 1.34 CDN \$
2021-22 & onwards	1 CDN \$ = 0.74 US \$	1 US \$ = 1.35 CDN \$

Interest rates:

Based on forecasts the following interest rates have been used:

Short term (under one year)	2.00%
One year rate	2.10%
Long term average (over one year)	2.20%

Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION									
as at March 31 (in thousands of dollars)				Budget					
	Actual 2018-19	Current Forecast 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	
ASSETS									
Current Assets									
Cash and cash equivalents	9,054	9,555	3,933	5,510	5,205	4,732	4,788	4,817	
Investments	19,988	13,000	8,000	7,000	2,500	4,500	4,000	4,000	
Trade and other receivables	1,258	1,500	1,500	1,200	1,200	1,200	1,200	1,200	
Prepays	847	500	500	500	500	500	500	500	
TOTAL CURRENT ASSETS	31,147	24,695	13,933	14,210	9,972	11,477	10,944	10,973	
Non-current Assets									
Capitalized assets	395,407	384,209	397,607	381,726	371,755	356,295	344,908	330,307	
Lessor Inducement	235	219	218	203	187	171	155	139	
Investments	3,000	3,000	2,600	3,000	3,000	4,000	4,000	4,000	
TOTAL NON-CURRENT ASSETS	398,642	387,428	400,425	384,929	374,942	360,466	349,063	334,446	
TOTAL ASSETS	429,789	412,123	414,358	399,139	384,913	371,943	360,006	345,419	
LIABILITIES									
Current liabilities									
Trade and other payables	3,706	4,000	4,000	4,000	4,000	4,000	4,000	4,000	
Employee benefits	1,357	1,350	805	1,355	1,405	1,361	1,367	1,374	
Provisions	6,047	-	-	-	-	-	-	-	
Holdbacks	811	500	500	500	1,000	500	700	200	
Deferred revenue	2,490	2,606	2,674	2,649	2,739	2,740	2,768	2,726	
Current portion of capitalized leases	-	194	280	202	215	220	227	232	
Current portion of loans payable	2,419	131	139	2,943	-	-	-	-	
Current portion of bonds payable	5,191	5,540	5,540	5,914	6,312	6,737	7,191	7,675	
Current portion of deferred capital funding	3,535	3,505	3,474	3,450	3,450	3,450	3,450	3,450	
TOTAL CURRENT LIABILITIES	25,556	17,826	17,412	21,013	19,121	19,008	19,703	19,657	
Non-current Liabilities									
Capitalized leases	-	1,290	1,887	1,088	873	653	426	194	
Loans payable	3,075	2,944	2,834	-	-	-	-	-	
Bonds payable	51,861	46,321	46,320	40,407	34,095	27,358	20,167	12,492	
Employee benefits	7,247	7,847	7,632	8,447	9,097	9,797	10,547	11,347	
Deferred revenue	1,517	1,650	1,600	1,800	1,725	1,650	1,575	1,500	
Deferred capital funding	104,235	100,728	100,746	97,278	93,828	90,378	86,928	83,478	
Provisions	-	-	-	-	-	-	-	-	
Leasee inducement	252	-	216	-	-	-	-	-	
TOTAL NON-CURRENT LIABILITIES	168,187	160,780	161,235	149,020	139,618	129,836	119,643	109,011	
TOTAL LIABILITIES	193,743	178,606	178,647	170,033	158,739	148,844	139,346	128,668	
EQUITY									
Retained earnings	235,789	233,017	235,934	228,606	225,674	222,599	220,160	216,251	
Accumulated other comprehensive income	257	500	(223)	500	500	500	500	500	
TOTAL EQUITY	236,046	233,517	235,711	229,106	226,174	223,099	220,660	216,751	
TOTAL LIABILITIES AND EQUITY	429,789	412,123	414,358	399,139	384,913	371,943	360,006	345,419	



Income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME								
for the year ending March 31 (in thousands of dollars)								
	Actual 2018-19	Current Forecast 2019-20	Main Budget 2019-20	Budget				
				2020-21	2021-22	2022-23	2023-24	2024-25
REVENUES								
Tolls and services	31,020	31,252	32,024	31,973	33,488	33,487	33,549	32,914
Leases and permits	4,910	5,105	4,909	4,972	4,977	4,994	5,012	4,934
International Thousand Islands Bridge revenue	6,038	6,099	6,955	6,212	6,259	6,259	6,572	6,572
Interest	640	543	651	417	382	376	378	384
Other	175	61	244	200	205	209	215	220
TOTAL REVENUE	42,783	43,059	44,783	43,774	45,261	45,275	45,726	45,024
EXPENSES								
Operations	4,926	5,737	5,961	5,966	6,043	6,246	6,428	6,591
Thousand Islands International Bridge expenses	4,900	5,092	4,587	5,247	5,240	5,332	5,424	5,518
Maintenance	4,755	6,090	6,070	7,368	7,069	7,367	7,207	7,408
CBSA & CFIA operations	3,305	3,738	3,295	4,028	4,191	4,297	4,405	4,517
Administration	8,062	6,801	7,732	7,406	7,395	7,624	7,849	8,060
Depreciation	17,409	17,924	18,408	18,231	18,731	18,419	18,224	18,674
TOTAL EXPENSES	43,357	45,382	46,053	48,246	48,669	49,285	49,537	50,768
OPERATING INCOME BEFORE GOVERNMENT FUNDING	(574)	(2,323)	(1,270)	(4,472)	(3,414)	(4,016)	(3,811)	(5,744)
GOVERNMENT FUNDING								
Amortization of deferred capital funding	3,395	3,537	3,506	3,505	3,450	3,450	3,450	3,450
TOTAL GOVERNMENT FUNDING	3,395	3,537	3,506	3,505	3,450	3,450	3,450	3,450
NON-OPERATING ITEMS								
Interest expense	(4,401)	(3,911)	(3,889)	(3,444)	(2,968)	(2,509)	(2,072)	(1,610)
TOTAL NON-OPERATING ITEMS	(4,401)	(3,911)	(3,889)	(3,444)	(2,968)	(2,509)	(2,072)	(1,610)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(1,580)	(2,697)	(1,653)	(4,411)	(2,932)	(3,075)	(2,433)	(3,904)

Cash Flows

CONSOLIDATED STATEMENT OF CASH FLOWS								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Current Forecast 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
CASH FLOWS FROM OPERATING ACTIVITIES								
Net Income	(1,580)	(2,697)	(1,653)	(4,411)	(2,932)	(3,075)	(2,439)	(3,909)
Adjustments for:								
Amortization of deferred capital funding	(3,395)	(3,537)	(3,506)	(3,505)	(3,450)	(3,450)	(3,450)	(3,450)
Depreciation of capitalized assets	17,409	17,924	18,408	18,231	18,731	18,419	18,224	18,674
Change in employee benefits	840	593	605	605	700	656	756	807
Loss on disposal of assets	59	-	-	-	-	-	-	-
Changes in working capital:								
(Increase) decrease in trade and other receivables	119	(242)	-	300	-	-	-	-
(Increase) decrease in prepaids	(216)	347	-	-	-	-	-	-
Increase (decrease) in trade and other payables	(595)	294	-	-	-	-	-	-
Increase (decrease) in holdbacks	-	(311)	-	-	500	(500)	200	(500)
Increase (decrease) in provisions	(245)	(6,047)	(5,920)	-	-	-	-	-
Increase (decrease) in deferred revenue	(222)	249	13	193	15	(74)	(47)	(117)
Increase (decrease) in lease inducements	16	16	4	16	16	16	16	16
Net cash generated by operating activities	12,190	6,589	7,951	11,429	13,586	11,998	13,266	11,526
CASH FLOWS FROM INVESTING ACTIVITIES								
Payments for property and equipment (government funded)	(3,464)	-	-	-	-	-	-	-
Payments for property and equipment (FBCL funded)	(10,659)	(5,287)	(13,937)	(15,608)	(8,766)	(2,965)	(6,843)	(4,078)
Government funding related to acquisition of property and equipment received	5,484	-	-	-	-	-	-	-
Proceeds on sale (purchase) of investments	8,836	6,988	14,000	6,000	4,500	(3,000)	500	-
Net cash generated (spent) on investing activities	197	1,841	63	(9,748)	(4,266)	(5,965)	(6,343)	(4,078)
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds (Repayment) of bonds payable	(3,494)	(5,191)	(5,191)	(5,540)	(5,914)	(6,312)	(6,737)	(7,191)
Proceeds (Repayment) of loans payable	(4,863)	(2,419)	(2,429)	(132)	(2,943)	-	-	-
Proceeds (Repayment) of lease liability	-	(179)	-	(194)	(202)	(215)	(220)	(227)
Net cash generated (spent) on financing activities	(8,357)	(7,789)	(7,620)	(5,866)	(9,059)	(6,527)	(6,957)	(7,418)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,030	641	394	(4,185)	261	(494)	(34)	30
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,024	9,054	3,539	9,695	5,510	5,772	5,277	5,244
CASH AND CASH EQUIVALENTS AT END OF YEAR	9,054	9,695	3,933	5,510	5,772	5,277	5,244	5,273

Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Current Forecast 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
BALANCE, BEGINNING OF YEAR	237,424	236,046	237,364	233,517	229,106	226,174	223,099	220,660
IFRS 16 adjustment (lease liability)		168						
Net income / (loss)	(1,580)	(2,697)	(1,653)	(4,411)	(2,932)	(3,075)	(2,439)	(3,909)
Actuarial gains / (losses)	(278)	-	-	-	-	-	-	-
Investments (AOCI)	480	-	-	-	-	-	-	-
BALANCE, END OF YEAR	236,046	233,517	235,711	229,106	226,174	223,099	220,660	216,751
Made up of:								
- Retained earnings	235,789	233,017	235,934	228,606	225,674	222,599	220,160	216,251
- Accumulated OCI	257	500	(223)	500	500	500	500	500

Operating and Capital Budgets

OPERATING BUDGET								
for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Current Forecast 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
FUNDING								
Tolls	31,020	31,252	32,024	31,973	33,488	33,487	33,549	32,914
Leases and permits	4,910	5,105	4,909	4,972	4,977	4,994	5,012	4,934
International Thousand Islands Bridge operating revenues	6,038	6,099	6,955	6,212	6,259	6,259	6,572	6,572
Interest	640	543	651	417	382	376	378	384
Other	175	61	244	200	205	209	215	220
TOTAL FUNDING	42,783	43,059	44,783	43,774	45,261	45,275	45,726	45,024
EXPENSES								
Operations	4,926	5,737	5,961	5,966	6,043	6,246	6,428	6,591
Thousand Islands International Bridge expenses	4,900	5,092	4,587	5,247	5,240	5,332	5,424	5,518
Maintenance	4,755	6,090	6,070	7,368	7,069	7,367	7,207	7,408
CBSA & CFIA operations	3,305	3,738	3,295	4,028	4,191	4,297	4,405	4,517
Administration	8,062	6,801	7,732	7,406	7,395	7,624	7,849	8,060
TOTAL EXPENSES	25,948	27,458	27,645	30,015	29,938	30,866	31,313	32,094
EXCESS OF FUNDING OVER EXPENDITURES	16,835	15,601	17,138	13,759	15,323	14,409	14,413	12,930



CAPITAL BUDGET

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Current Forecast 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
FUNDING								
Appropriations:								
Cornwall Island roadway improvements	3,464		-	-	-	-	-	-
Total appropriations	3,464	-	-	-	-	-	-	-
SMRBC Contribution agreement - Custom Plaza	-	-						
Other revenue / cash reserves	10,068	5,147	13,937	15,748	8,766	2,965	6,843	4,078
TOTAL FUNDING	13,532	5,147	13,937	15,748	8,766	2,965	6,843	4,078
EXPENDITURES								
Government funded:								
Cornwall Island Roadway Improvements	3,464	-	-	-	-	-	-	-
Total appropriations funded projects:	3,464	-	-	-	-	-	-	-
FBCL funded:								
Blue Water bridge paving, repairs, painting	153	217	610	505	4,890	165	3,600	-
Blue Water Equipment and Electronic Systems	827	1,618	4,580	7,028	2,805	1,572	1,677	1,687
Blue Water Plaza design improvements and rehabilitation	6,781	2,161	5,126	4,790	22	-	550	20
Cornwall bridge repairs	119	174	768	1,457	143	196	190	121
Sault Ste Marie painting and maintenance projects	986	538	-	-	-	-	-	-
Sault Ste Marie Electronic Systems	-	-	-	228	234	-	-	-
Lansdowne Toll Upgrade & Electronic Tolling	308	-	150	-	-	-	-	-
Lansdowne Canadian Bridge and Plaza repairs	691	364	915	75	25	205	25	1,325
CBSA E-gate at three locations	-	-	-	600	-	-	-	-
Property acquisitions	-	75	500	425	-	-	-	-
Other capital projects	203	-	1,288	640	647	827	801	925
TOTAL EXPENDITURES	13,532	5,147	13,937	15,748	8,766	2,965	6,843	4,078
EXCESS (SHORTFALL) OF FUNDING OVER EXPENDITURES	-	-	-	-	-	-	-	-
FBCL Proposal to Transport Canada								
FUNDING & CAPITAL EXPENDITURES								
Cornwall Port Of Entry enhancement for CBSA and new FBCL facilities for bridge operations ^{(1) (2)}	-	-	-	2,000	8,000	9,000	-	-
TOTAL FUNDING & CAPITAL EXPENDITURES	-	-	-	2,000	8,000	9,000	-	-

⁽¹⁾ GBCF funding proposal to Transport Canada for consideration as part of proposed Seaway land claim settlement agreement. Realization dependant on project specific authorities granted.
⁽²⁾ 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 the legacy corporations could not cover 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 \$130.0M 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, 2020, the corporation will have three types of outstanding financing arrangements:

- Bonds for Blue Water Bridge capital redevelopment in June 2002: \$51.9M principal balance remaining outstanding at March 31, 2020, 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 originally carried maturities through July 27, 2021 at rates varying from 2.85% to 4.42%. These facilities were split into four tranches, with three tranches having been fully paid down by March 31, 2020. The remaining tranche totaling \$3.1M at March 31, 2020 is scheduled to be paid down in July of 2021.



- In the 2019-20 fiscal year, the Corporation adopted IFRS 16, Leases. This requires the corporation 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 recorded \$1.7M of currently existing leases as a liability, as a result of this IFRS standard. This liability ends December 2026. No new lease arrangements are currently being considered by the organization for the duration of this Corporate Plan.

FBCL does not have plans to enter into significant new lease agreements in the upcoming five year period and consequently does not anticipate having any leases that need to be approved in accordance with Section 127(3) of the *Financial Administration Act* and the associated *Crown Corporation General Regulations, 1995*.



OUTSTANDING BORROWINGS

for the year ending March 31 (in thousands of dollars)				Budget				
	Actual 2018-19	Current Forecast 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
CURRENT PORTION								
Capitalized leases	-	194	280	202	215	220	227	232
Loans payable	2,419	131	139	2,943	-	-	-	-
Bonds payable	5,191	5,540	5,540	5,914	6,312	6,737	7,191	7,675
TOTAL CURRENT PORTION OF BORROWINGS	7,610	5,865	5,959	9,059	6,527	6,957	7,418	7,907
NON-CURRENT PORTION								
Capitalized leases	-	1,290	1,887	1,088	873	653	426	194
Loans payable	3,075	2,944	2,834	-	-	-	-	-
Bonds payable	51,861	46,321	46,320	40,407	34,095	27,358	20,167	12,492
TOTAL NON-CURRENT PORTION OF BORROWINGS	54,936	50,555	51,041	41,495	34,968	28,011	20,593	12,686
TOTAL BORROWINGS	62,546	56,420	57,000	50,554	41,495	34,968	28,011	20,593

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 2018-19	Current Forecast 2019-20	Main Budget 2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Capitalized leases								
Opening balance	-	-	-	1,484	1,290	1,088	873	653
IFRS assumption of existing lease	-	1,663	-	-	-	-	-	-
Maturities	-	(179)	-	(194)	(202)	(215)	(220)	(227)
New issuances	-	-	-	-	-	-	-	-
TOTAL CAPITALIZED LEASES	-	1,484	-	1,290	1,088	873	653	426
Loans payable								
Opening balance	8,988	5,494	5,402	3,075	2,943	-	-	-
Maturities	(3,494)	(2,419)	(2,429)	(132)	(2,943)	-	-	-
New issuances	-	-	-	-	-	-	-	-
TOTAL LOANS PAYABLE	5,494	3,075	2,973	2,943	-	-	-	-
Bonds payable								
Opening balance	61,915	57,052	57,051	51,861	46,321	40,407	34,095	27,358
Maturities	(4,863)	(5,191)	(5,191)	(5,540)	(5,914)	(6,312)	(6,737)	(7,191)
New issuances	-	-	-	-	-	-	-	-
TOTAL BONDS PAYABLE	57,052	51,861	51,860	46,321	40,407	34,095	27,358	20,167
TOTAL LONG-TERM BORROWINGS	62,546	56,420	54,833	50,554	41,495	34,968	28,011	20,593

IFRS 16 Adoption

In the 2019-20 fiscal year, the Corporation adopted the International Financial Reporting Standard 16 (IFRS 16), Leases. This standard became effective in fiscal years that start after January 1, 2019. The Corporation is 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, 2020, 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.

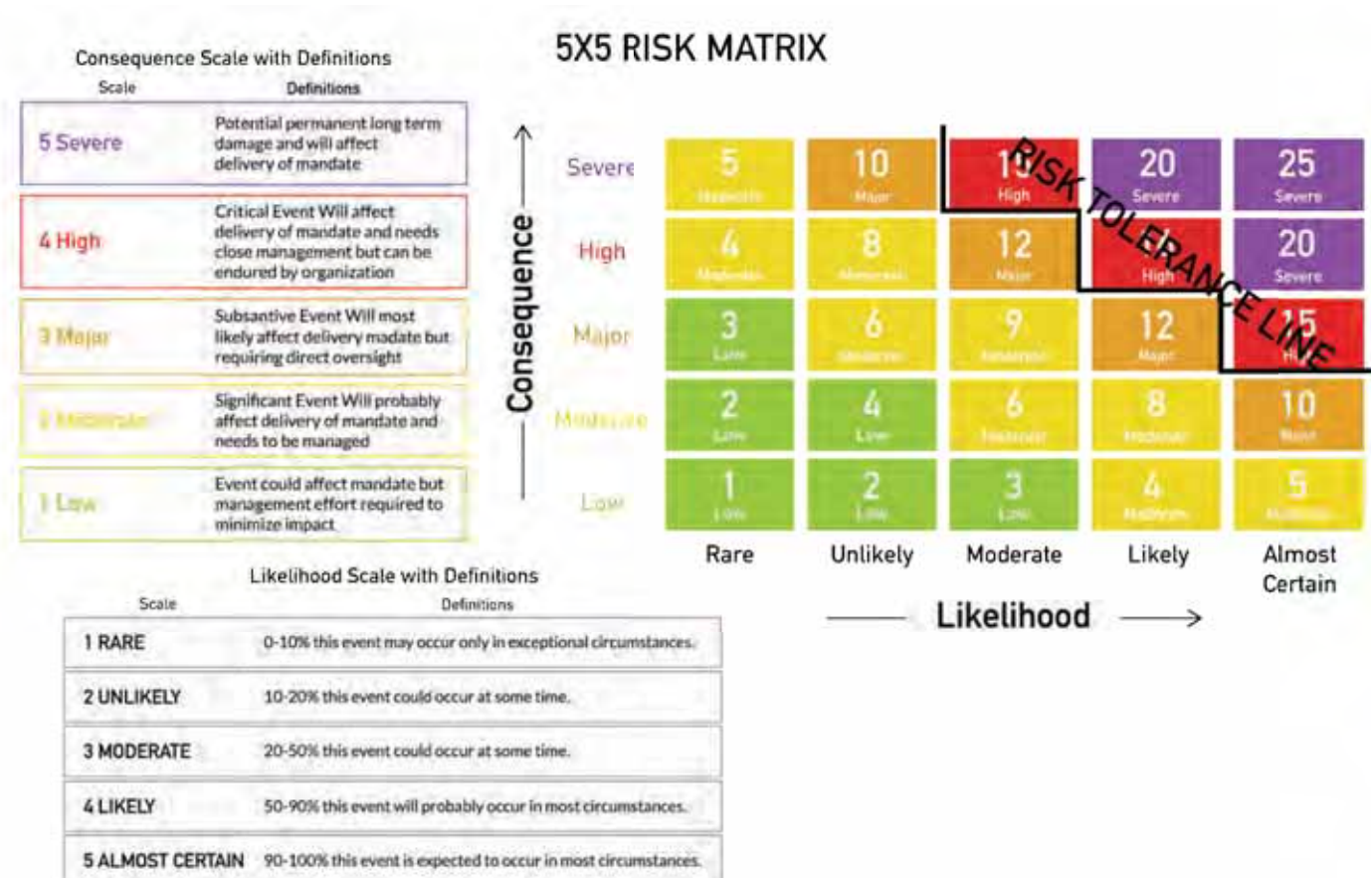
RISK MANAGEMENT

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 risk metrics for the Corporation are:

RISK AREA	SITUATIONAL CONTEXT	RISK LEVEL	MITIGATION STRATEGY
BRIDGE SECURITY	Risk that bridge security may be compromised due to intentional acts such as terrorism, protests, vandalism, and criminal activities that could lead to possible injury, loss of life and/or property damage. Furthermore, such a risk could lead to bridge closures, significant financial liabilities and loss of public confidence.	HIGH (Largely due to port running issues at Seaway International Bridge; less elevated elsewhere)	<ul style="list-style-type: none"> • FBCL's international bridges security plans and high-alert security protocols can be activated and have been tested; • Maintaining excellent communication protocols between FBCL, bridge operators, partners and local police forces; • Planned redevelopment of Seaway International Bridge plaza with port running mitigation elements; • Close monitoring of special interest groups, their communications and media reports; • Ongoing monitoring of First Nations issues.
TECHNOLOGY A) SECURITY	Risk that technology security compromises may occur, due to human error, unintentional consequences, equipment failure, natural disasters and deliberate attacks, such as cybercrime that could lead to critical system failures, financial and reputational liabilities.	MODERATE	<ul style="list-style-type: none"> • Employing staff members with a special focus on security; • An IT consulting firm remains on retainer to assist in-house resources as required; • System documentation and IT plans provide an appropriate level of quality assurance; • Security assessment completed biennially by external IT security consultant.
TECHNOLOGY B) SYSTEMS	Risk that technology systems may be inadequate, antiquated, poorly designed, and inferior may occur, due to lack of planning, insufficient investment, lack of IT skills and poor business decisions that could lead to critical system failures, financial and reputational liabilities.	MODERATE	<ul style="list-style-type: none"> • Update hardware and software as part of a life cycle management program; • Monitor and ensure appropriate testing and release management are maintained; • Access to FBCL infrastructure is controlled; • Action list is monitored and maintained.
WORKFORCE MANAGEMENT	Risk that workforce management issues may occur, due to labour disruption, insufficient human resources, a lack of skilled employees, the development of a toxic workplace environment and the lack of an appropriate compensation structure that could lead to the inability to staff key positions, a constant staff turnover, unsatisfied and non-engaged employees and an inability to effectively deliver or execute our mandate.	LOW	<ul style="list-style-type: none"> • FBCL has contingency plans to maintain the safe and secure operation of the bridge in the event of a labour disruption.
ORGANIZATIONAL RISK	Risk that organizational threats may occur, due to a transition in executive leadership, underlying management and labour performance difficulties that could lead to an erosion of operational and financial performance.	LOW	<ul style="list-style-type: none"> • Finance Integration Plan developed and being executed; • Alignment of classification system and remuneration for all salaried employees; • 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; • Normal staffing procedures in conjunction with succession planning processes will fill voids.

RISK AREA	SITUATIONAL CONTEXT	RISK LEVEL	MITIGATION STRATEGY
FRAUD / CORRUPTION	Risk that fraud and corruption are committed due to intentional act(s) by one or more individual employees that could lead to the loss of public funds or property, diminish employee morale, and undermine Canadians confidence in public services.	MODERATE	<ul style="list-style-type: none"> • Third party audit performed on cash management; • Whistleblower hotline established; • Policies on Conflict of Interest and Values and Ethics renewed annually; • BWB and Cornwall have security cameras in toll booths.
FINANCIAL SUSTAINABILITY	Risk that financial instability may occur, due to a significant reduction in revenue generation (i.e.: reduced toll revenue), unexpected expenditures or mismanagement that could lead to reductions in bridge operations, maintenance, bridge safety and security, jeopardizing our employees and clients.	LOW	<ul style="list-style-type: none"> • On-going assessment of overall debt and possible options; • 6-month toll rate review policies and adjustments; • Active monitoring of expenditures to budget and review for efficiencies; • On-going financial restraint measures; • Value engineering studies for capital projects; • Investments in technology; • Full consideration of other revenue opportunities; • FBCL continues to work with TC on developing options to deal with long-term CBSA facility cost increases.
COMPETITION	Risk that competition may occur, due to the availability of competing international crossings or modes of transportation offering better pricing, customer service or route destinations that could lead to a decrease in tolling and general revenue impacting overall financial sustainability.	LOW	<ul style="list-style-type: none"> • Strategies to address this risk include plans to improve traveller experiences, corporate branding and marketing strategy and ongoing market monitoring and analysis. The creation of a marketing position has been a mitigating factor in this risk area.
B) HUMAN ELEMENT	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.	LOW	<ul style="list-style-type: none"> • Emergency Action Plans in place (i.e. fire, medical and other first responders); • Employee Safety training, Health and Safety Coordinator and Committee on staff; • Cross walks in place; • Excellent and efficient communications between Canada and U.S. bridge staff; • Managing negative incident communications with local media outlets to reduce copycat behaviour; • Ongoing agencies and bridge managers meetings.

RISK AREA	SITUATIONAL CONTEXT	RISK LEVEL	MITIGATION STRATEGY
PARTNERSHIPS / STAKEHOLDERS	Risk that actions by partners and stakeholders may occur, due to environmental factors and business decisions that could lead to a deterioration in our ability to meet business objectives and our public service obligations.	LOW	<ul style="list-style-type: none"> Active engagement strategy with key stakeholders and border partners.
PUBLIC PERCEPTION	Risk that negative public perception of the Corporation may occur, due to the inability to foster a positive and productive relationships with neighbouring communities, stakeholders and the public that could lead to decreased credibility of the Corporation, difficulties in obtaining support and cooperation for initiatives and potentially, disruption to operations.	LOW	<ul style="list-style-type: none"> Execution of Community ConneXion charitable outreach activities to build positive local engagement; Active media engagement strategy including regular bridge facilities tours; Active stakeholder engagement with border partners; Marketing and communications planning activities.
BRIDGE SAFETY; A) ASSET INTEGRITY	Risk that compromised bridge safety (asset integrity) instances may occur, due to accidents, incidents, natural disasters or maintenance failures that could lead to possible injury, loss of life and/or property damage. Furthermore, such a risk could lead to bridge closures, significant financial liabilities and loss of public confidence.	LOW	<ul style="list-style-type: none"> Detailed maintenance and repair programs are developed for each location based on cyclical inspection reports to ensure appropriate planning, resource allocation and delivery.
BRIDGE SAFETY B) HUMAN ELEMENT	Risk that compromised bridge safety (human elements) instances may occur, due to accidents, incidents, natural disasters or workplace injuries, which could lead to possible injury, loss of life and/or property damage. Furthermore, such a risk could lead to significant financial liabilities and loss of employee and public confidence.	LOW	<ul style="list-style-type: none"> Emergency Action Plans in place (i.e. fire, medical and other first responders); Employee Safety training, Health and Safety Coordinator and Committee on staff; Cross walks in place; Excellent and efficient communications between Canada and U.S. bridge staff; Managing negative incident communications with local media outlets to reduce copycat behaviour; Ongoing agencies and bridge managers meetings.

COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

Official Languages Act , R.S.C., 1985, c. 31 (4th Supp.)

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, two Act-related issues were communicated to the Corporation and they were 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 FY2019-20, no requests have been received by the Corporation.

Directive on travel, hospitality, conferences and event expenditures

As part of a commitment to good governance per the requirement of the Access to Information Act 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 Chief Executive Officer, Board members 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 reform directives

Prior to December 31, 2017, FBCL became fully compliant with the Ministerial directive under s.89 of the *Financial Administration Act* that ensures 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
- *Corruption of Foreign Public Officials Act*, SC 1998, c 34
- *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 INSTUTIONS

- *Auditor General Act*, R.S.C., 1985, c. A-17
- *Commercial Arbitration Act*, RSC 1985, c 17 (2nd Supp.)
- *Conflict of Interest Act*, SC 2006, c 9, s 2
- *Library and Archives of Canada Act*, SC 2004, c 11
- *Lobbying Act*, RSC 1985, c 44 (4th Supp.)
- *Pay Equity Act*, SC 2018, c.27, s 416
- *Privacy Act*, RSC 1985, c P-21
- *An Act to amend the Access to Information Act and the Privacy Act and to make consequential amendments to other Acts*, S.C. 2019, c. 18
- *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

REGULATIONS

- *Crown Corporation General Regulations*, 1995 (SOR/95-226)
- *Crown Corporation Corporate Plan, Budget and Summaries Regulations* (SOR/95-223)

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

As they are defined in the 2019 Speech from the Throne, the Government of Canada's priorities are focused on responding to a changing climate; strengthening the middle class; reconciliation with First Nations peoples; ensuring the health and safety of Canadians; and, positioning Canada for success in an uncertain world.

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 as was the agreement with the Thousand Islands Bridge Authority in December 2019.

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, transparent and accessible 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 in addition to conducting Annual Public Meetings throughout its operational communities. 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.

Safe Workspaces

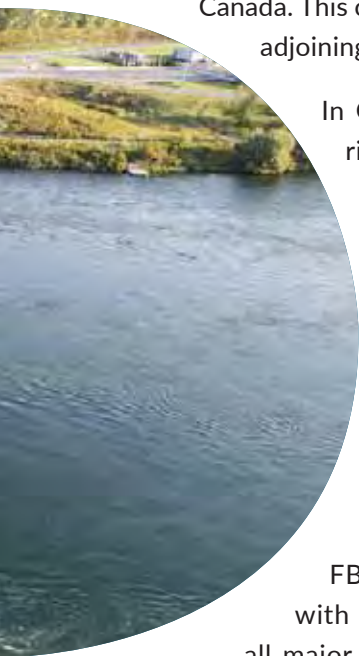
FBCL promotes a healthy and respectful workplace that is intrinsically tied to diversity and inclusion. Instilling such a culture requires acceptance and participation by all employees at all levels. FBCL supports its employees in the achievement of related objectives through multiple methods. The 'tone from the top' sets clear expectations that behavior inconsistent with FBCL's culture is not tolerated. This direction is reinforced by corporate policies concerning behavior and conduct in the workplace, such as harassment prevention, workplace violence prevention, values and ethics, and internal dialogue on topics



such as mental health and wellness. Furthermore, FBCL is also undertaking a comprehensive review and enhancement of its health and safety program in alignment with its culture.

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 factors, 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 71% 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 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 extreme weather and 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 feasibility assessments for the generation of green (solar, wind, etc.) energy at its facilities.

Accessibility

FBCL's operational facilities comply with the accessibility legislation, building codes and similar requirements in effect within their local footprints. FBCL endeavours to monitor the continued accessibility of its facilities, as is relevant to each's intended purpose, with an aim to improve accessibility to staff, external stakeholders and customers when and where required.

ABBREVIATIONS

BTOA	Bridge and Tunnel Operators Associations
BTS	Bureau of Transportation Statistics(United States)
BWB	Blue Water Bridge
CBCA	Canada Business Corporations Act
CBSA	Canada Border Services Agency
CEO	Chief Executive Officer
CFIA	Canadian Food Inspection Agency
FAA	Financial Administration Act
FBCL	Federal Bridge Corporation Limited
IBA	International Bridge Administration
IBTA	International Bridges and Tunnels Act
IFRS	International Financial Reporting Standards
MCA	Mohawk Council of Akwesasne
MDOT	Michigan Department of Transportation
SIBC	Seaway International Bridge Corporation Limited
SLSDC	Saint Lawrence Seaway Development Corporation
SSM	Sault Ste. Marie
SSMIBA	Sault Ste. Marie International Bridge Authority
TC	Transport Canada
TIBA	Thousand Islands Bridge Authority
TIIB	Thousand Islands International Bridge

ACKNOWLEDGEMENTS

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.

