

2019 – 2020

# Annual Report of B.C. Ferry Authority







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# B.C. Ferry Authority Fiscal 2020 Year End Review Report



## A Message from the Chair

On behalf of the board of directors of the B.C. Ferry Authority (the “Authority”), I am pleased to present the Authority’s Year End Review Report for the fiscal year ended March 31, 2020. Compared to previous reports, this report provides new information to meet additional reporting requirements as per the changes to the *Coastal Ferry Act* in 2019. It reports on the actions taken by the Authority to meet its statutory responsibilities during the fiscal year, and is an important part of the Authority’s framework to ensure that British Columbia Ferry Services Inc. (“BC Ferries”, “BCFS”, or the “Company”) provides a service that is responsive to the needs of both ferry customers and the many stakeholders who have a connection with the company. The Authority is the sole voting shareholder of BC Ferries, the service provider under contract to the Province of British Columbia, responsible for the delivery of safe, efficient and reliable ferry service along coastal British Columbia.

The Authority has responsibility under the *Coastal Ferry Act* to appoint the board of directors of BC Ferries and to approve compensation plans for the directors and executives. In addition, legislative changes that took effect shortly after the start of the fiscal year place renewed emphasis on the role of the Authority in providing oversight of the

strategic direction of BC Ferries in support of the public interest, including the public’s interest in safe, reliable and affordable coastal ferry services in British Columbia.

COVID-19 had a significant impact on the last few weeks of this past fiscal year, and BC Ferries’ role to provide lifeline services to coastal communities has never been more important. In accordance with its mandate, the Authority provided oversight of the strategic direction of BC Ferries during this challenging time in order to help address the unique needs of coastal communities in British Columbia.

The close of this past year also brought with it a change in the membership of the board of the Authority. On behalf of the board, I extend special thanks to outgoing director and chair, Sandra Stoddart-Hansen, and director Susan Mehinagic for their years of service and commitment to the Authority. I also take pleasure in welcoming new directors Wayne Rowe and Marlene Kowalski to the Authority board and recognize the experience and expertise they will bring.

**Leticia Stewart**  
Chair of the Board of Directors  
B.C. Ferry Authority



## Context

This report provides information to meet the requirements outlined in the *Coastal Ferry Act*. The report contains two sections:

1. Annual Report pursuant Section 21.01(3) that describes findings made and actions that the Authority Board has taken in carrying out its oversight role.
2. Annual Report pursuant to Section 18(5) that includes other information such as audited financial statements, appointment of directors, any amendments to bylaws, remuneration of directors as well information regarding meeting held during this fiscal year.

## Overview

The B.C. Ferry Authority is established and governed by the Coastal Ferry Act. The Authority is a corporation without share capital which owns the single issued voting share of BC Ferries, the service provider under contract to the Province of British Columbia (the “Province”) responsible for the delivery of ferry service along coastal British Columbia. The Province is the holder of all of the preferred shares of BC Ferries and has no voting interest in either the Authority or BC Ferries.

The Authority’s principal responsibilities are set out in the Coastal Ferry Act, and in the fiscal year ended March 31, 2020 (“fiscal 2020”) were to appoint the directors of BC Ferries, to establish compensation plans for the directors and executives of the Company, and to oversee the strategic direction of the Company in support of the public interest, including the public’s interest in safe, reliable and affordable coastal ferry services in British Columbia.

During fiscal 2020, new processes regarding the appointment of BC Ferries’ directors and the remuneration of executives of the Company were established. The board of directors of each of the Authority and BC Ferries established a joint committee for the recruitment of directors of BC Ferries (the “Joint Committee”) and a committee of Authority and BC Ferries directors established an executive compensation plan effective September 1, 2019. Also as result of the changes in the legislation pertaining to the Authority’s mandate, the protocol agreement which came into effect in October 2010 will be terminated effective June 25, 2020.

The Authority has adopted high standards of public and stakeholder accountability that require the Authority’s financial and operating performance, the plans it has established in respect of BC Ferries’ director and executive compensation, and its processes for appointing directors of the Authority and BC Ferries to be open to public view.

# Section 1

## Annual Report on the B.C. Ferry Authority Oversight of the Strategic Direction of British Columbia Ferry Services Inc. in Support of the Public Interest

### I) Introduction

Section 21.01 of the *Coastal Ferry Act* (the “Act”) mandates the B.C. Ferry Authority (as sole voting shareholder of BCFS) to “oversee the strategic direction of BCFS in support of the public interest, including the public’s interest in safe, reliable and affordable coastal ferry services in British Columbia”.

### II) Purpose

The purpose of this section of the annual report is to set out the actions taken by the directors of the Authority subsequent to the coming into force of section 21.01 of the Act in May 2019.

### IV) Findings Made and Actions Taken by the Authority Under Section 21.01

#### A – Clarifying Roles and Responsibilities

To ensure a full understanding of the intent of section 21.01, the Chair of the Authority met with the Honourable Claire Trevena, Minister of Transportation and Infrastructure (MOTI) and MOTI staff.

To further inform their understanding of the intent of section 21.01, the Authority Board examined Hansard reporting of the debates in committee and the legislature that led up to the introduction of the legislative amendments, along with Hansard records of the introduction of the 2003 Act legislation.

The Authority Chair met with the British Columbia Ferries Commissioner (“Commissioner”) to discuss the relationship between the Commissioner’s public interest and fare affordability responsibilities vis-à-vis the Authority’s section 21.01 responsibilities. The above information provided the Authority with a foundational understanding of the intent behind the legislation, as well as clarity in its role in relation to that of the Commissioner.

On the basis of the meeting with the Minister and MOTI staff, it became apparent that once completed, the “visioning process” planned by MOTI, aimed at establishing a long-term vision for coastal ferry services, would serve to further inform the Authority of its role with respect to its strategic oversight responsibility. Notwithstanding the visioning process had not yet occurred, the Authority determined that it should proceed with implementation of its section 21.01 responsibilities.

Section 21.01 (3) of the Act requires that the directors of the Authority make public an annual report, published with the annual report required under section 18 (4), that describes findings made and actions taken, if any, during the year in carrying out its oversight role under subsection (1).

### III) Timeframe

This report covers the period from the enactment of the legislation in May 2019 to the end of the reporting year on March 31, 2020.

As an initial step in carrying out its section 21.01 responsibility, the Authority developed the following working definitions to guide its work:

#### **Oversight of strategic direction:**

The oversight mandate requires the Authority to determine whether BCFS’ strategic plans are appropriately responsive to public interest issues whereby BCFS has considered i) the full range of alternatives in developing its plans, ii) the expected impacts in the short-, medium-, and long-term are well-defined, and iii) that a process has been established to monitor actual results in order to inform future planning processes.

#### **Public interest:**

Matters of public interest are all those policies, plans and actions of BCFS that materially affect BCFS users, ferry-dependent communities and other British Columbians and more specifically all those matters that affect customer service, the environment, the well-being of First Nations and other coastal communities, the economy, the workforce, and the long-term sustainability of the corporation.

The Authority has concluded that the responsibility for the public interest is also shared with the Province (as contractor for the services), the Commissioner and BCFS.

As a contracted service provider, BCFS operates on routes and with frequencies that are defined in the contract between the Province and BCFS. The contract sets out the routes that will be serviced, the vessels that will be used on those routes and the minimum number of round trips that will be provided. The Commissioner is responsible for regulating rates to ensure that they are fair and reasonable.

## B – Implementation Steps

The Board established the following action plan for fiscal 2020:

<b>Step One:</b>	<b>Information Gathering</b>
<b>Step Two:</b>	<b>Analysis, Observations and Conclusions</b>
<b>Step Three:</b>	<b>Reporting</b>

### Step One – Information Gathering

The Authority first began by examining the BCFS strategic plan to review the content of the plan along with the cycle of activities and decision points associated with the strategic planning process.

Outlined below is the list of the six strategic goals outlined and presented by BCFS:

#### Goal One – Customer and Community Centred

- We strive to provide our customers with a seamless, easy and enjoyable experience.
- We consider our customers and indigenous and coastal communities in the decisions we make.
- We give back to coastal communities where we live and work.

#### Goal Two - Prepare for the Future

- We are a resilient ferry system that responds to the future of the way people travel.
- We strive to be the safest ferry operator in the world and provide reliable and efficient operations.

#### Goal Three – An Employer of Choice

- We create a workplace where people want to work and remain throughout their career in productive, competitive and high skilled employment.
- We provide opportunities for B.C. workers throughout the province, hire locally where we can and develop and advance our people.

#### Goal Four – A Leader in the Transition to a More Sustainable Future

- We employ our resources, services and relationships in recognition of our responsibility to continuously reduce our impact on the natural environment.
- We strive to be one of the most sustainable large-scale ferry operators in the world.

#### Goal Five – A Significant Contributor to the B.C. Economy

- We manage finances, grow and profitably diversify our revenue base while ensuring fare affordability, financial sustainability and prudent asset management in the interests of ferry users.
- We invest to create economic opportunities and support jobs in coastal B.C.

#### Goal Six – Innovative and Continually Improving

- We promote a culture of risk-managed innovation and continuous improvement.
- We use our knowledge and technology to enhance employee learning, customer experience, asset investment and management.

On August 14, 2019, BCFS presented a detailed briefing to the Authority Board on the Strategic Plan and the planning process at BCFS.

Subsequent to the initial meeting to discuss the BCFS plan, the Authority corresponded with the BCFS Board Chair requesting further information, including a description of the processes used to engage with the public and gather stakeholder feedback, specifically to:

- Identify the issues and matters of public interest that BCFS' strategic and related plans address;
- Explain how these issues were identified; and
- Elaborate on the rationale supporting the chosen directions to address these issues.

The Authority would like to thank BCFS, and acknowledge that BCFS responded to the request by the Authority, as it represents a first step in what the Authority will require for carrying out its oversight role consistent with its duties under the Act.

### Step Two – Observations, Analysis and Conclusions

#### A – Observations: Discussion of the Plan

##### General:

In terms of the plan, the Authority observes that it would benefit from more explicit “environmental scans” which would provide greater detail on the set of assumptions that BCFS has made concerning the short- and long-terms factors that are predicted to influence the strategic plan (i.e. assumptions about the economy, forecast changes to traveller volumes, demographic changes, the value of the Canadian dollar, etc.).

##### Community Engagement:

The Authority is generally satisfied with several of the BCFS customer engagement activities, both those mandated by the Commissioner and the many other engagement initiatives that are undertaken by BCFS.

However, the Authority is concerned that the Ferry Advisory Committee (FAC) structure is not working optimally.

The Authority Chair met with the Chairs of the FAC's and heard concerns that "advice" was not being sought. They expressed the view that they are, in fact, "ferry listening committees" and that advice is not always welcomed. In addition, they expressed the concern that they are expected to advocate for BCFS within their communities. They indicated that they do not feel free to express the concerns of their communities. A further observation is that these volunteers are not resourced to do any community outreach to gather views and develop advice from a broader base of community stakeholders.

On a specific community issue, the Authority was approached by members of the FAC and community members on the Southern Gulf Islands with strong concerns about the availability of ferry services to their community, particularly during peak travel periods.

The Authority Board struck a task force to review the concerns and recommended that BCFS President & CEO Mark Collins travel to the community to hear from concerned customers. The meeting occurred and there was positive and open dialogue; however, the exercise illustrates that FACs in locations served by one ferry travelling on a multi-port route can be subject to competing interests of various island communities. (A FAC policy apparently exists where the individual island FAC will not suggest any service schedule or frequency changes that may be negative to other communities).

Creative solutions, even within the parameters of the contract with government, may be thwarted by these competing interests.

## B – Analysis of Strategic Goals

### Goal One – Customer and Community Centred

The Authority is generally satisfied with several of the BCFS customer engagement activities, both those mandated by the Commissioner and the many other engagement initiatives that are undertaken by BCFS.

### Goal Two – Prepared for the Future

The Authority supports this goal and recognized the infusion of safety throughout the plan. At the time of the Authority's analysis of these goals, the COVID-19 pandemic was in its early stages. Being prepared for the future will be critical for the future of BCFS.

### Goal Three – An Employer of Choice

The Authority supports this strategic goal and encourages BCFS to continue to build on its success as one of BC's 2020 Top Employers.<sup>1</sup>

### Goal Four – A Leader In the Transition to a More Sustainable Future

The Authority supports BCFS' directions vis-à-vis the environment. The conversion of the Spirit Class vessels to liquefied natural gas ("LNG"), the acquisition of hybrid vessels and the innovative technologies that BCFS has developed with respect to LNG fuelling support BCFS's move towards a green and environmentally sustainable service.

Further, the Authority feels that BCFS is showing leadership in other areas of environmental protection, including a well-developed recycling program. The Authority encourages BCFS to continue to improve and expand its recycling/ composting initiatives.

### Goal Five – A Significant Contributor to the B.C. Economy

The Authority supports the strategic goal of diversifying BCFS' revenue base as a means of contributing to fare affordability. As an example, the Authority notes the success of the retail program in relieving pressure on the fare box.

### Goal Six – Innovative and Continually Improving

The Authority supports this strategic goal. At the time of this report the COVID-19 pandemic was in its initial stages. Achieving the goal of innovation and continuous improvement will be critical to the path forward for BCFS in order to respond to the uncertain times ahead in the upcoming year.

## C – Conclusions

The Authority supports the six strategic goals as outlined as above. In order to be able to monitor progress against the strategic goals, it would be useful to include an assessment of BCFS' current performance relative to each of the goals.

### Step Three – Reporting

As the plan is a living document and is reviewed and updated once each year, the Authority would recommend that measurements of progress be taken annually, and that this assessment be incorporated into the plan as the starting point for the next planning cycle.

1. Published in an insert to the Vancouver Sun February 20, 2020 by 2020 Mediacorp Canada Inc. and Portmedia Network Canada Corp.

## Section 2

### Annual Report of B.C. Ferry Authority Activities

#### I) Introduction

Section 18(5) of the *Coastal Ferry Act* (the “Act”) requires the Authority to report on its activities each year. This requires reporting on appointment of directors of BC Ferries, BC Ferries’ compensation

#### II) Purpose

The purpose of this report is to meet the statutory reporting requirements of Section 18(5) of the Act.

#### IV) Reporting of Activities

##### A – Appointment of Directors of BC Ferries

In accordance with the Act, the Authority makes its determinations on the composition of the BC Ferries board of directors in consideration of the skills and experience that each director holds. The Authority selects individuals for appointment or renewal of term in such a way as to ensure that, as a group, the directors of the Company are qualified candidates who hold all of the skills and all of the experience needed to oversee the operation of BC Ferries in an efficient and cost-effective manner. The Authority has established a profile setting out the key skills and experience that BC Ferries’ directors individually and collectively should possess to meet this legislative requirement. The skills and experience profile is reviewed regularly by the Authority to ensure continued alignment of the skills and experience represented on the BC Ferries board.

A Joint Committee has been established to identify suitable candidates for election as directors of the Company. This committee is comprised of four members, two of whom are appointed by the Authority board from among its members, one of whom must be the chair of the Authority board, and two are appointed by the BC Ferries board from among its members, one of whom must be the chair of the BC Ferries board.

The Authority holds the view that a diverse board makes prudent business sense and makes for good corporate governance. Within the overriding objective of ensuring that the board of BC Ferries possesses the appropriate skills and experience, the Authority also seeks to maintain a composition of talented and dedicated directors with a diverse mix of backgrounds that is reflective of the nature of the business environment in which the Company operates, and the people and the communities it serves.

plans, appointment of Authority Directors, amendments to bylaws, Authority Board meetings, remuneration of Authority directors, and the independent auditor’s report and audited financial statements.

#### III) Timeframe

The timeline for this report is April 1, 2019 through March 31, 2020.

The directors of BC Ferries in fiscal 2020 are listed in Table 1.

**Table 1**  
British Columbia Ferry Services Inc. Board of Directors  
Year ended March 31, 2020

Director	Term Ending
John A. Horning, Chair	2020
Donald P. Hayes <sup>1</sup>	2020
Brian G. Kenning <sup>1</sup>	2020
P. Geoffrey Plant, Q.C. <sup>1</sup>	2020
Bruce A. Chan <sup>2</sup>	2022
Brenda J. Eaton	2022
Jan K. Grude	2021
Gordon M. Kukec	2022
Sarah A. Morgan-Silvester, O.B.C.	2020
David R. Podmore, O.B.C.	2023
Judith F. Sayers	2021

1. Effective May 22, 2019, the *Coastal Ferry Act* was amended to limit the maximum period of time that a director can serve on the BC Ferries board to eight consecutive years, and having each served in excess of that time, Donald P. Hayes, P. Geoffrey Plant and Brian G. Kenning resigned from the board.

2. Effective May 22, 2019, in response to the legislative amendment, the Authority also reduced the term of Bruce A. Chan’s re-election by one year to 2022 such that his consecutive years of service will not exceed the maximum allowable. This change was effective June 24, 2019.

In fiscal 2020, the Authority confirmed its intent to appoint one new director, Janine M. North for a term ending in 2024. The Authority also confirmed its intent to re-appoint two incumbent directors, John A. Horning for a term ending March 31, 2021, and Sarah A. Morgan-Silvester, for a term ending in 2024, respectively. These changes were effective June 23, 2020.

## B – BC Ferries Compensation Plans

As required by the Act, the Authority has established director and executive compensation plans for BC Ferries. The current plans are available for public view on the Authority's website: [www.bcferryauthority.com](http://www.bcferryauthority.com).

### Directors' Compensation Plan

The compensation plan for the directors of BC Ferries was established in the fiscal year ended March 31, 2011. The remuneration limits set out in the plan were established with the assistance of an independent third-party compensation expert and with reference to the Act, which requires that the remuneration under a directors' compensation plan be consistent with the remuneration that organizations in Canada that are of a similar size and scope to BC Ferries provide to their directors, and not be greater than the remuneration that provincial public sector organizations in British Columbia provide to their directors. The remuneration for the directors of the Company was set by the Authority in accordance with the plan effective October 1, 2010. The directors' compensation plan and the remuneration framework for the Company's directors have remained unchanged since their establishment.

In accordance with the directors' compensation plan approved by the Authority, BC Ferries provides the following remuneration to its directors:

<b>Annual Retainers</b>	
Board Chair Retainer	\$100,000
Board Member Retainers:	
Base Retainer (all directors excluding Board Chair)	\$25,000
Vice Chair Retainer	\$8,000
A&F Committee Chair Retainer	\$8,000
Other Committee Chair Retainer	\$5,000
Committee Member Retainer (excluding Committee Chair)	\$3,000
<b>Per Diem Fees</b>	
Board Member Fees (all directors excluding Board Chair)	Up to \$1,200 per day

### Ferry Travel Pass

Ferry Pass for directors and eligible members of their respective immediate families, for complimentary vehicle and personal travel on BC Ferries' vessels

### Executive Compensation Plan

An executive compensation plan applies to the executives<sup>2</sup> of the Company, as that term is defined in the Act, who in fiscal 2020 were the individuals holding the positions of, or acting in a similar capacity or performing similar functions to, the Chief Executive Officer ("CEO"), Executive Vice President ("EVP"), or Vice President

of BC Ferries. Pursuant to Miscellaneous Statutes Amendment Act No. 3 - 2010 ("Bill 20"), an individual who held the positions of, or acted in a similar capacity or performed similar functions to, the CEO or an EVP, on the date Bill 20 received first reading in 2010, is excluded from the provisions of an executive compensation plan for so long as that individual remains in that executive position with BC Ferries. In fiscal 2020, the remuneration of the Company's CEO and Vice Presidents were governed by an executive compensation plan.

An executive compensation plan describes the philosophy for executive compensation and the maximum remuneration that the individuals whose compensation is governed by such a plan can receive in any year. The remuneration limits set out in an executive compensation plan are established with the assistance of an independent third-party compensation expert and with reference to the Act, which requires that the remuneration under an executive compensation plan be consistent with the remuneration provided to individuals who, in organizations in Canada that are of a similar size and scope to BC Ferries, perform similar services or hold similar positions, and not be greater than the remuneration that provincial public sector employers in British Columbia provide to individuals who, in those organizations, perform similar services or hold similar positions.

In fiscal 2020, as a consequence of amendments to the Act effective May 16, 2019, which broadened the definition of "executive" to include Vice Presidents, a committee of members of the Authority board and the BC Ferries board, with the assistance of an independent compensation advisor, undertook a review of remuneration limits in conjunction with market data from appropriate Canadian general industry and transportation sector companies and provincial public sector employer organizations. Based on this review, a new executive compensation plan incorporating those adjustments (the "new plan") was established effective September 1, 2019. The new plan provides that an individual whose remuneration was set under a previous executive compensation plan will continue to be governed by that plan for so long as that individual's remuneration remains unchanged. As such, the new remuneration limits will apply only to those individuals who are appointed to the positions in the future and/or to the incumbents should the Company change their remuneration. The maximum remuneration that may be paid to executives of the Company pursuant to the new plan is as follows:

<b>Executive Level</b>	<b>Maximum Remuneration (000's)</b>
President & Chief Executive Officer	\$611
Executive Vice President / Chief Officer	\$517
Vice President	\$415

2. The Coastal Ferry Amendment Act - 2019 broadened the definition of "executive" in the Coastal Ferry Act to include Vice Presidents, effective May 16, 2019.

### C – Appointment of B.C. Ferry Authority Directors

The composition of the board of the Authority is set out in the Act and, in fiscal 2020, the board was comprised of four directors appointed by the board from nominees of four appointment areas composed of coastal regional districts, one director appointed by the board from the nominees of the BC Ferry & Marine Workers' Union, the trade union representing the employees of BC Ferries, and four directors appointed by the Province.

At the conclusion of fiscal 2020, Sandra A. Stoddart-Hansen, a qualified candidate from the Southern Mainland Appointment Area, retired from the board, and the Authority appointed J. Wayne Rowe as a director effective April 1, 2020. In addition, Susan G. Mehinagic, a qualified candidate from the Southern Vancouver Island Appointment Area fulfilled her three-year term, and the Authority appointed Marlene G. Kowalski as a director effective April 1, 2020. Also effective that date, the Province reappointed G. Wynne Powell for a subsequent three-year term ending March 31, 2023.<sup>3</sup>

The directors of the Authority in fiscal 2020 are listed in Table 2. In selecting individuals to serve as directors of the Authority,

two primary objectives continued to guide the board in its deliberations. The first objective was to ensure that the composition of the board continues to meet the requirements of the Act, and the second was to ensure that, collectively, the board includes qualified individuals with the skills and experience necessary to ensure the sound performance of the Authority and the effective interaction and operation of the board. The skills and experience profile for the Authority board guided the board in its appointment process during the year. The profile is reviewed by the board on an annual basis to ensure it encompasses the appropriate set of skills and experience. A copy of the current profile is attached as Schedule "A" to the general bylaws of the Authority.

The Authority believes that a diverse board serves to strengthen decision-making and enhances overall board governance. Within the overarching objective of ensuring that the board is composed of members that collectively possess the appropriate skills and experience to enable the Authority to perform its stewardship role effectively, the board, in selecting candidates for appointment, also seeks to maintain and/or enhance the diversity of background among its members.

**Table 2**

B.C. Ferry Authority Board of Directors  
Year ended March 31, 2020

Director		Term Ending March 31
Sandra A. Stoddart-Hansen, Chair <sup>1</sup>	Southern Mainland Appointment Area	2020
Yuri L. Fulmer, O.B.C. <sup>2</sup>	Community-at-Large	2021
Fiona L. Macdonald <sup>2</sup>	Community-at-Large	2019
Shelley L. Chrest	Central Vancouver Island & Northern Georgia Strait Appointment Area	2021
Shirley J. Mathieson	Organized Labour	2022
Susan G. Mehinagic <sup>3</sup>	Southern Vancouver Island Appointment Area	2020
Shona A. Moore	Province of British Columbia	2022
G. Wynne Powell <sup>4</sup>	Province of British Columbia	2020
Michael W. Pucci	Northern Coastal and North Island Appointment Area	2021
Marvin G. Shaffer	Province of British Columbia	2022
Lecia Stewart	Province of British Columbia	2022

1. Sandra A. Stoddart-Hansen retired from the board on March 31, 2020, and J. Wayne Rowe, a nominee of the Southern Mainland appointment area, was appointed to the board effective April 1, 2020 for a term ending 2023.

2. Amendments to the Coastal Ferry Act were brought into effect on May 22, 2019 that eliminated the community-at-large positions from the board. Effective that date, Yuri L. Fulmer and Fiona L. Macdonald resigned from the board and Sandra A. Stoddart-Hansen was elected Chair.

3. Susan G. Mehinagic's term on the board ended on March 31, 2020, and Marlene G. Kowalski, a nominee of the Southern Vancouver Island appointment area, was appointed to the board effective April 1, 2020 for a term ending 2023.

4. G. Wynne Powell, a nominee of the Province of British Columbia, was reappointed to the board effective April 1, 2020, for a subsequent term ending 2023.

### D – B.C. Ferry Authority General Bylaws

The general bylaws of the Authority are available for public view on the Authority's website. In fiscal 2020, as a consequence of the amendments to the Act effective May 16, 2019, the bylaws of

the Authority were amended to, among other things, expand the definition of "executive" to include Vice Presidents and also to reflect the term limits that have been imposed on the directors of the BC Ferries board.

3. The Coastal Ferry Amendment Act - 2019 has altered the composition of the board, by eliminating the two positions appointed from the community-at-large and increasing the number of positions appointed by the Province from two to four. These changes were effective May 22, 2019 and, as at that date, Yuri L. Fulmer and Fiona L. Macdonald, members appointed from the community-at-large, resigned from the board, and Shona Moore and Marvin Shaffer were appointed by the Province to the board.

### E – B.C. Ferry Authority Board Meetings

The board meets regularly to conduct its business. In fiscal 2020, the board met on 10 occasions. This included the annual general

meeting of the Authority held in accordance with the Act. A summary of the outcomes of the meetings of the board is provided in Table 3.

**Table 3**

Summary of Meeting Outcomes  
Year ended March 31, 2020

Date	Type	Outcomes <sup>1</sup>
April 26, 2019	Board of Directors	<ul style="list-style-type: none"> <li>Director Stoddart-Hansen was elected Chair.</li> </ul>
May 24, 2019	Board of Directors	<i>No resolutions passed.</i>
June 24, 2019	Board of Directors	<ul style="list-style-type: none"> <li>Fiscal 2019 audited financial statements of the Authority approved.</li> <li>Fiscal 2019 annual report of the Authority approved.</li> <li>Fiscal 2019 report on the Authority's compliance with the Coastal Ferry Act approved for submission to the British Columbia Ferries Commissioner.</li> <li>Resignations of Director Fulmer and Director Macdonald effective May 22, 2019 were acknowledged.</li> <li>Corporate Secretary authorized to execute the shareholder's unanimous consent resolutions pertaining to matters respecting the business required to be transacted at the 2019 annual general meeting of BC Ferries, including amending the term for Bruce A. Chan as a director of BC Ferries to end in 2022.</li> <li>Notice of Termination of Protocol Agreement with BC Ferries authorized and Chair authorized to provide notice to BC Ferries.</li> </ul>
August 14, 2019	Board of Directors	<ul style="list-style-type: none"> <li>Alterations to the Articles of BC Ferries were approved, pending approval from the Province. The Corporate Secretary was authorized to execute any documents as may be required pertaining to this matter. This resolution was rescinded on August 15.</li> </ul>
August 15, 2019	Board of Directors	<ul style="list-style-type: none"> <li>Amendments to the By-Laws were approved.</li> <li>The draft alterations to the Articles of BC Ferries were approved, with the Chair given authority to approve any additional recommended amendments. The Corporate Secretary was authorized to execute any documents as may be required pertaining to this matter.</li> </ul>
August 15, 2019	Annual General Meeting	<i>Annual General Meeting open to the public held in Vancouver, British Columbia.</i>
September 17, 2019	Board of Directors	<ul style="list-style-type: none"> <li>The BC Ferries Executive Compensation Plan was approved, effective September 1.</li> </ul>
October 15, 2019	Board of Directors	<i>No resolutions passed.</i>
November 27, 2019	Board of Directors	<i>No resolutions passed.</i>
February 4, 2020	Board of Directors	<i>No resolutions passed.</i>
March 19, 2020	Board of Directors	<ul style="list-style-type: none"> <li>Intent to elect of Janine M. North as a director of BC Ferries for a term ending 2024, to re-elect of John A. Horning as a director of BC Ferries for a term ending March 31, 2021, and to re-elect of Sarah A. Morgan-Silvester as a director of BC Ferries for a term ending 2024 confirmed.</li> <li>Appointment of Director Lecia Stewart as Chair of the Board effective April 1, 2020.</li> <li>Marlene G. Kowalski appointed to the Authority Board from qualified candidates nominated by the Southern Mainland Appointment Area and J. Wayne Rowe appointed to the Authority Board from qualified candidates nominated by the Southern Mainland Appointment Area, effective April 1, 2019 for a term ending March 31, 2023.</li> <li>Fiscal 2021 terms of engagement of the external auditor approved.</li> <li>Fiscal 2021 operating budget of the Authority approved.</li> <li>Time and location of the 2020 annual general meeting of the Authority confirmed.</li> </ul>

1. Meeting outcomes are resolutions passed by the board.

Meeting attendance for board members is an important issue and one that the Authority monitors on a regular basis.

In fiscal 2020, meeting attendance by board members was 95 percent.

## F – Remuneration of BCFA Directors

An outline of the current remuneration framework for directors of the Authority is provided in Table 4. The framework, which was set by the board effective October 1, 2010, is regularly reviewed and has remained unchanged since that date. The amount each director received for remuneration and expenses in fiscal 2020 is set out in Table 5.

**Table 4**

B.C. Ferry Authority Director Remuneration Framework  
Year ended March 31, 2020

<b>Annual Retainers</b>	
Board Chair Retainer	\$25,000
Board Member Retainers:	
Base Retainer (all directors excluding Board Chair)	\$6,250
Committee Chair Retainer <sup>1</sup>	\$2,000
Committee Member Retainer <sup>1</sup>	\$750
<b>Per Diem Fees<sup>2</sup></b>	
Board Member Fees (all directors excluding Board Chair)	Up to \$1,200 per day
<b>Ferry Travel Pass</b>	
Ferry Pass for directors and eligible members of their respective immediate families, for complimentary vehicle and personal travel on BC Ferries' vessels	

1. There currently are no committees of the board.

2. Directors are also eligible for reimbursement of reasonable expenses incurred on board-related business.

**Table 5**

B.C. Ferry Authority Director Remuneration and Expenses  
Year ended March 31, 2020

Director	Remuneration <sup>1</sup> (\$)	Expenses Reimbursed (\$)
Sandra A. Stoddart-Hansen, Chair <sup>2</sup>	26,352.58	5,738.83
Shelley L. Chrest	24,025.23	nil
Yuri L. Fulmer, O.B.C. <sup>3</sup>	3,596.49	34.00
Fiona L. Macdonald <sup>3</sup>	2,241.68	nil
Shirley J. Mathieson	16,450.08	nil
Susan G. Mehinagic <sup>3</sup>	17,997.48	1,231.55
Shona A. Moore	25,317.94	86.15
G. Wynne Powell	16,813.98	715.10
Michael W. Pucci	26,707.68	1,126.93
Marvin G. Shaffer	16,269.49	312.90
Lecia Stewart	20,754.58	304.77

1. Remuneration includes retainers, per diem fees and taxable income from the ferry travel pass program.

2. Yuri L. Fulmer served as Chair of the board to April 24, 2019. Sandra A. Stoddart-Hansen was elected Chair effective April 25, 2019.

3. Amendments to the Coastal Ferry Act were brought into effect on May 22, 2019 that eliminated the community-at-large positions from the board. Effective that date, Yuri L. Fulmer and Fiona L. Macdonald resigned from the Board.

# Independent Auditors' Report

To the Board of Directors, B.C. Ferry Authority

## Opinion

We have audited the financial statements of B.C. Ferry Authority ("the Entity"), which comprise:

- the statement of financial position as at March 31, 2020
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

## Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial

## Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.



Chartered Professional Accountants  
Victoria, Canada  
June 23, 2020

## Statements of Financial Position

(Expressed in thousands of Canadian dollars)

	As at March 31	
	2020	2019
<b>Assets</b>		
Investment in British Columbia Ferry Services Inc.	550,623	562,841
<b>Total assets</b>	<b>550,623</b>	<b>562,841</b>
<b>Equity</b>		
Invested in common share of British Columbia Ferry Services Inc.	1	1
Contributed surplus of British Columbia Ferry Services Inc.	25,000	25,000
Accumulated undistributed earnings of British Columbia Ferry Services Inc.	525,622	537,840
<b>Total equity</b>	<b>550,623</b>	<b>562,841</b>

## Statements of Loss or Profit and Other Comprehensive (Loss) Income

(Expressed in thousands of Canadian dollars)

	As at March 31	
	2020	2019
<b>Earnings</b>		
Share in (losses) earnings of British Columbia Ferry Services Inc. (note 3)	(12,218)	50,011
<b>Total (loss) revenue</b>	<b>(12,218)</b>	<b>50,011</b>
<b>Expenses</b>		
Administration	229	141
Recovery from British Columbia Ferry Services Inc. (note 4)	(229)	(141)
<b>Total Expenses</b>		-
<b>Total comprehensive (loss) income</b>	<b>(12,218)</b>	<b>50,011</b>

See accompanying notes to the financial statements

## Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

	As at March 31	
	2020	2019
<b>Cash flows from operating activities</b>		
Net (loss) earnings	(12,218)	50,011
Items not affecting cash		
Share in losses (earnings) of British Columbia Ferry Services Inc. (note 3)	12,218	(50,011)
<b>Net increase in cash</b>	<b>-</b>	<b>-</b>

## Statements of Changes in Equity

(Expressed in thousands of Canadian dollars)

	Invested in BCFS	Contributed surplus of BCFS	Accumulated undistributed earnings of BCFS	Total equity
Balance as at April 1, 2018	1	25,000	487,829	512,830
Total comprehensive income	-	-	50,011	50,011
Balance as at March 31, 2019	1	25,000	537,840	562,841
Total comprehensive loss	-	-	(12,218)	(12,218)
<b>Balance as at March 31, 2020</b>	<b>1</b>	<b>25,000</b>	<b>525,622</b>	<b>550,623</b>

See accompanying notes to the financial statements

# Notes to the Financial Statements

## Years ended March 31, 2020 and 2019

(Tabular amounts expressed in thousands of Canadian dollars)

B.C. Ferry Authority (the "Authority") was established by the *Coastal Ferry Act* (British Columbia) (the "Act") on April 1, 2003, as a corporation without share capital. The Act specifies that the Authority is governed by a board of nine directors. The directors of the Authority appoint replacements for outgoing directors for five of the positions as follows:

- four appointed from nominees of qualified individuals, as defined in the Act, provided to the board by each of the four appointment areas consisting of those coastal regional districts that the Lieutenant Governor in Council of British Columbia may prescribe, with one director appointed from each area;
- one appointed from nominees of qualified individuals provided by the trade union representing the employees of British Columbia Ferry Services Inc. ("BCFS").

The Lieutenant Governor in Council of British Columbia appoints the other four directors from qualified Authority candidates.

The Authority's primary purposes are set out in the Act and are to hold the single-issued common voting share of BCFS, a company incorporated under the *Company Act* (British Columbia) by way of conversion on April 2, 2003, and which now validly exists under the *Business Corporations Act* (British Columbia), to appoint the directors of BCFS, to establish compensation plans for the directors and executives of BCFS, and to oversee the strategic direction of BCFS in support of the public interest. BCFS's primary business is the provision of coastal ferry services in British Columbia. The Province of British Columbia (the "Province") contributed the initial capital to the

Authority to fund the purchase of the BCFS common share. The Act provides that upon a sale of the common share of BCFS held by the Authority, the Authority shall repay the Province its initial contribution and be dissolved. The Act also provides that upon dissolution of the Authority, all remaining assets of the Authority, if any, vest in the Province. As part of his annual report to the Lieutenant Governor in Council, the British Columbia Ferries Commissioner is required by the Act to issue an opinion on the performance of the Authority in carrying out its legislated responsibilities.

On March 11, 2020, the World Health Organization declared the outbreak of novel coronavirus, ("COVID-19"), a pandemic. BCFS is facing an unprecedented drop in vehicle and passenger traffic with a corresponding decline in revenue as a result of the pandemic and the preventative measures and imposed travel restrictions. During the month of March 2020, the COVID-19 pandemic significantly impacted BCFS's earnings and cash from operations.

Historically, BCFS's business is seasonal in nature, with the highest activity in the summer (second quarter) and the lowest activity in the winter (fourth quarter), due to the high number of leisure travellers and their preference for travel during the summer months. BCFS also takes advantage of the low activity during the winter months to perform a significant portion of the required annual maintenance on vessels and at terminals. However, given the impact of the COVID-19 pandemic, it is expected that the normal seasonal demand pattern will not occur in fiscal 2021, with traffic being considerably lower than normal (see note 8).

## 1. Accounting policies

### A – Basis of preparation:

The Authority is a corporation domiciled in Canada. The address of the Authority's registered office is Suite 500, 1321 Blanshard Street, Victoria, BC, Canada, V8W 0B7.

These financial statements represent the annual statements of the Authority as at and for the years ended March 31, 2020 and 2019, prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB"). In accordance with IFRS, the Authority has provided comparative financial information and applied the same accounting policies throughout all periods presented unless otherwise indicated.

These financial statements are prepared in accordance with IAS 27 *Separate Financial Statements* and therefore do not consolidate the results of the Authority's wholly-owned subsidiary, BCFS. The Authority has elected to account for its investment in BCFS

using the equity method. Under the equity method the original cost of the investment is adjusted for the Authority's share of post-acquisition earnings or losses, dividends and any other post-acquisition changes in the equity of BCFS.

These financial statements have been prepared using the historical cost method except that changes in the investment in BCFS may include fair value movements in owned land, head office land under lease and certain financial assets and liabilities, including derivatives.

These financial statements are presented in Canadian dollars which is the Authority's functional currency. All tabular financial data is presented in Canadian dollars and rounded to the nearest thousand, unless otherwise stated.

These financial statements were approved by the Board of Directors on June 23, 2020.

**B – Use of estimates and judgements:**

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting methods and the amounts recognized in the financial statements. These estimates and the underlying assumptions are established and reviewed continuously on the basis of past experience and other factors considered reasonable in the circumstances. They therefore serve as the basis for making judgments about

the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates.

**C – Taxes:**

The Authority is a “Tax Exempt Corporation” as described in the Income Tax Act (Canada) and as such is exempt from federal and provincial income taxes.

**2. Adoption of new and amended standards****A – Changes in accounting policies:****Amendments to IAS 19, Employee Benefits:**

The amendments to IAS 19 require entities to use the updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement. The amendments also clarify how the requirements for accounting for a plan amendment, curtailment or settlement affect the asset ceiling requirements. The Authority adopted IAS 19 effective April 1, 2019, and its application had no impact on the Authority’s financial statements.

**B – Future changes in accounting policies:****IFRS 17, Insurance Contracts**

In May 2017, the IASB issued IFRS 17, Insurance Contracts, which will replace IFRS 4, Insurance Contracts. On June 26, 2019 the IASB issued an exposure draft covering targeted amendments to IFRS 17, including a proposed amendment to defer the effective date of the Standard by one year to January 1, 2022. The IASB is currently in the process of considering the feedback received on the exposure draft and is planning to issue the final amendments in mid-2020.

On March 17, 2020, the IASB has decided that, due to the responses received from stakeholders during the comment period on the exposure draft, the effective date of the Standard will be deferred to annual reporting periods beginning on or after January 1, 2023. The Authority will evaluate the potential impact on its financial statements as further information becomes available.

**3. Share in (losses) earnings of British Columbia Ferry Services Inc.**

The distributable earnings of BCFS consist of the current period total comprehensive income, less amounts reclassified from equity and any dividends paid in the current period and less a reserve for undeclared preferred share dividends, if any.

	As at March 31	
	2020	2019
Net earnings of BCFS	28,777	52,189
Other comprehensive (loss) gain:		
Items that are or may be reclassified subsequently to net earnings	(36,451)	7,450
Items that will not be reclassified to net earnings	5,653	7,945
<b>Total comprehensive (loss) income</b>	<b>(2,021)</b>	<b>67,584</b>
Realized hedge gains recognized on fuel swaps	(4,407)	(11,783)
Hedge losses on interest rate forward contracts reclassified to net earnings	248	248
Dividends paid on 8% cumulative preferred shares	(6,038)	(6,038)
<b>Share in (loss) earnings of British Columbia Ferry Services Inc.</b>	<b>(12,218)</b>	<b>50,011</b>

#### 4. Recovery from British Columbia Ferry Services Inc.

In accordance with the Act, BCFS is responsible for paying any expenses that are incurred by the Authority.

#### 5. Subsidiary supplemental information

The consolidated financial position and operating results for BCFS and its wholly-owned subsidiaries are summarized below:

	As at March 31	
	2020	2019
Assets:		
Current assets	356,592	236,754
Non-current assets	2,003,925	1,945,776
<b>Total assets</b>	<b>2,360,517</b>	<b>2,182,530</b>
Liabilities:		
Current liabilities	219,991	251,456
Long-term debt and other non-current liabilities	1,514,426	1,292,756
<b>Total liabilities</b>	<b>1,734,417</b>	<b>1,544,212</b>
Equity:		
Common share held by the Authority	1	1
Preferred shares (a)	75,477	75,477
Contributed surplus	25,000	25,000
Retained earnings	547,745	525,006
Equity before reserves	648,223	625,484
Reserves (b.i)	(22,123)	12,834
<b>Total equity including reserves</b>	<b>626,100</b>	<b>638,318</b>
<b>Total liabilities and equity</b>	<b>2,360,517</b>	<b>2,182,530</b>

	As at March 31	
	2020	2019
Revenue	941,394	925,653
Expenses	912,617	873,464
<b>Net earnings</b>	<b>28,777</b>	<b>52,189</b>
Other comprehensive (loss) income (b.ii)	(30,798)	15,395
<b>Total comprehensive (loss) income</b>	<b>(2,021)</b>	<b>57,584</b>

A – The outstanding non-voting, 8% cumulative preferred shares are held by the Province and are convertible to common shares upon a sale of the outstanding common share. Special rights attached to the preferred shares restrict BCFS' ability to issue share capital and to declare dividends.

**B – Other comprehensive (loss) income:**

(i) – Continuity of reserves:

	Land revaluation reserves	Employee future benefit revaluation reserves	Fuel swap reserves	Interest rate forward contract reserves	Total
<b>Balance as at April 1, 2018</b>	<b>8,934</b>	<b>(5,969)</b>	<b>12,471</b>	<b>(6,462)</b>	<b>8,974</b>
Land revaluation	7,945	-	-	-	7,945
Derivatives designated as cash flow hedges:					
Net change in fair value	-	-	7,450	-	7,450
Realized gains	-	-	(11,783)	-	(11,783)
Amortization of losses	-	-	-	248	248
<b>Balance as at March 31, 2019</b>	<b>16,879</b>	<b>(5,969)</b>	<b>8,138</b>	<b>(6,214)</b>	<b>12,834</b>
Land revaluation	5,779	-	-	-	5,779
Actuarial losses on post-employment benefit obligations	-	(126)	-	-	(126)
Derivatives designated as cash flow hedges:					
Net change in fair value	-	-	(36,451)	-	(36,451)
Realized gains	-	-	(4,407)	-	(4,407)
Amortization of losses	-	-	-	248	248
<b>Balance as at March 31, 2020</b>	<b>22,658</b>	<b>(6,095)</b>	<b>(32,720)</b>	<b>(5,966)</b>	<b>(22,123)</b>

(ii) – Other comprehensive (loss) income:

	Years ended March 31	
	2020	2019
Items that are or may be reclassified subsequently to net earnings:		
Hedge (losses) gains on fuel swaps	(36,451)	7,450
Items that will not be reclassified to net earnings:		
Land revaluations	5,779	7,945
Actuarial losses on post-employment benefit obligations	(126)	-
	<b>(30,798)</b>	<b>15,395</b>

Other comprehensive (loss) income of BCFS includes:

- a) In cash flow hedging relationships, the effective portion of the change in the fair values of the derivatives.
- b) Fair value increases of owned land and head office land, except to the extent that such an increase represents a reversal of an amount previously recognized in net earnings or loss. Fair value decreases
- c) Actuarial gains and losses on employee future benefits which are not reclassified to net earnings or loss in subsequent periods.

## 6. Related party transactions

### Management compensation:

The compensation of the Authority's directors and executive officers during the year is as follows:

	Years ended March 31	
	2020	2019
Short-term benefits	2,347	2,257
Post-employment benefits	861	302
Termination benefits	-	593
<b>Total</b>	<b>3,028</b>	<b>3,152</b>

## 7. Share capital

The share capital of BCFS is described below:

### A – Authorized:

1,000,000	Class A voting common shares, without par value
1	Class B voting common share, without par value
80,000	Class C non-voting, 8% cumulative preferred shares, with a par value of \$1,000 per share, convertible to Class A shares upon the sale of the outstanding Class B share by the initial shareholder. Special rights attached to the Class C shares restrict the Group's ability to issue shares and to declare dividends.

### B – Issued and Outstanding:

	As at March 31, 2020			
	2020		2019	
	No. of shares	Amount \$	No. of shares	Amount \$
Class B, common	1	1	1	1
Class C, preferred	75,477	75,477	75,477	75,477
		<b>75,478</b>		<b>75,478</b>

### C – Dividends:

Dividends on the Class C cumulative preferred shares, if declared, are payable annually on March 31 of each year. All dividend entitlements to date have been paid.

## 8. Subsequent events

On April 3, 2020 and April 8, 2020, BCFS announced service level adjustments across multiple routes to protect the health and safety of communities and ferry workers, to ensure the resiliency of the coastal ferry service. These adjustments, if sustained over a long period, will likely result in significant declines in earnings and cash from operations.

On April 4, 2020, the Coastal Ferry Services Contract with the Province of British Columbia was amended to reflect temporary reduced service levels in response to the COVID-19 pandemic. The Authority cannot predict the full impact or the timing for when conditions improve. BCFS is actively monitoring the situation to ensure the transportation of essential goods and services, while managing to preserve cash and protect the financial well-being of the company.

On May 15, 2020, BCFS' banking syndicate approved an Amendment to the Credit Facility Agreement whereby the debt service coverage of the impacted quarters in fiscal 2021 (first, second and third)

will be replaced by an average of the debt service coverage from the respective quarters in fiscal years 2018, 2019 and 2020. This will result in a modified debt service coverage calculation that will exceed 1.25:1. As a condition, for the duration of the relief period, the Group will be required to maintain \$50 million in unrestricted cash which can be comprised of cash, short-term investments and undrawn facility.

On May 22, 2020, KfW IPEX-Bank GmbH conditionally consented to waive the DSCR covenant until and including March 2021, subject to the parties finalizing an amending agreement.

Given the impact of the COVID-19 pandemic, it is expected that the normal seasonal demand pattern will not occur for BCFS during the remainder of fiscal 2021, with certain revenues, expenses, and balance sheet items tied directly to sales and operating activities expected to be significantly impacted by the drop in vehicle and passenger traffic. The demand for the summer period cannot yet be established with any sufficient degree of confidence.

## B.C. Ferry Authority

### **Board of Directors**

(Year ended March 31, 2020)

**Sandra A. Stoddart-Hansen, Chair**

**Shelley L. Chrest**

**Yuri L. Fulmer, O.B.C.**

(ceased to be a director May 22, 2019)

**Fiona L. Macdonald**

(ceased to be a director May 22, 2019)

**Shirley J. Mathieson**

**Susan G. Mehinagic**

**Shona A. Moore**

(effective May 23, 2019)

**G. Wynne Powell**

**Michael J. Pucci**

**Marvin G. Shaffer**

(effective May 23, 2019)

**Lecia Stewart**

### **Officers**

(Year ended March 31, 2020)

**Cynthia M. Lukaitis**

Corporate Secretary (to August 31, 2019)

**Jason W. Barabash**

Corporate Secretary (effective September 1, 2019)