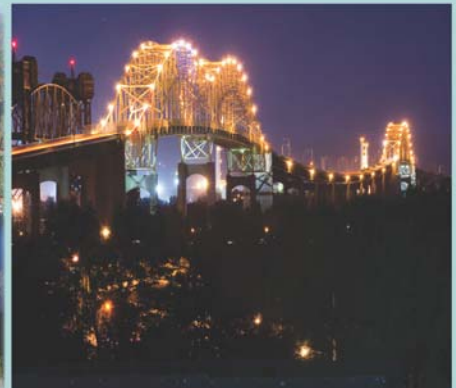




FEDERAL BRIDGE CORPORATION
SOCIÉTÉ DES PONTS FÉDÉRAUX

CORPORATE PLAN SUMMARY

2016-17 TO 2020-21



ACKNOWLEDGEMENTS

The Federal Bridge Corporation Limited (FBCL) wishes to acknowledge and recognize the invaluable assistance received from its international bridge partners: the International Bridge Administration, the Michigan Department of Transportation, the Thousand Islands Bridge Authority and the St. Lawrence Seaway Development Corporation in planning, operating and realizing capital projects at all crossings.

The preparation of this plan was accomplished with the dedication and cooperation of many individuals. It is intended to provide complete and reliable information as a basis for seeking governmental approvals, making important management decisions, and to ensure responsible stewardship of the assets and funds of the corporation.

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Executive Summary

A corporate renewal, a full integration, a set of achievements and a new outlook – that is the corporate status of The Federal Bridge Corporation Limited (FBCL).

In 2015, the corporation was amalgamated with two other federal Crown corporations to own and/or operate international bridges within a new entity. While the FBCL name was retained, its mandate has been renewed to include four international bridges that provide vital trade routes and links between Ontario, Michigan State and New York State, supporting the Canadian and the United States (U.S.) economies as a whole.

The diversity of the operations across the bridge portfolio is significant. The Blue Water Bridge has the most volume, the Seaway International Bridge Crossing has the most challenging operating environment and the demographics and traffic patterns at the Thousand Islands International Bridge and the Sault Ste. Marie International Bridge differ significantly.

With the first year under one corporation nearly completed, this corporate plan outlines the plan over the next five years to deliver on strategic objectives and fully integrate the entity.

FBCL's new mandate provides an opportunity to align, to look at all possibilities and focus on a portfolio model for all four international bridges, where best practices are shared across all locations and forms the basis for a strong self-sustaining corporation. The primary elements of success for the corporation at creation were governance and accountability. By-laws, key policies and practices have or are in the process of a fulsome review.

As this work continues, the day-to-day bridge operations and stewardship is moving forward. Electronic tolling and automation is in place or being implemented at three locations, currency exchange operations are providing important services to bridge users and the community, maintenance programs are proactive and areas highlighted in the inspection reports are being addressed.

Important major projects are being delivered or are planned in the next few years for bridge security, safety and renewal:

Sault Ste. Marie

- Canadian Plaza Redevelopment (\$51.6M)
- Bridge arch painting (\$10.8M – shared with U.S. partner)

Blue Water Bridge

- Toll Infrastructure Renewal and Automated Tolling
- Emergency return ramp (\$2.0M)
- Infrastructure, Networks and Systems Improvements (\$1.0M – phased approach)



A federal Canadian Crown corporation entrusted with the oversight of four international bridges in Ontario:

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

Thousand Islands Bridge

- Rehabilitation of CBSA Port of Entry (\$60M)
- Toll Infrastructure Modernization and Automation (\$3M – shared with U.S. partner)

Seaway International Bridge

- With construction of the New North Channel Bridge completed, demolition of the old high-level bridge and related infrastructure improvements (\$74.8M)

Corporate services are championing many aspects of the integration with finance leading the way with the implementation of International Financial Reporting Standards (IFRS) and alignment of key services such as banking, investments, procurement and insurance. In human resources, a comprehensive review of classifications and remuneration is underway and the collective agreement for operational, maintenance and janitorial staff in Point Edward is under negotiation. Technology and information management services are seen as major contributors to the future direction and the focus currently is on the combination, upgrade and optimization of network and infrastructure to support management systems and ensure security at all times.

The corporation is continuing on the established path:

- Transformational Governance – The focus is on ensuring adequate capacity to move the organization forward while continuing to manage ongoing operations. The Board's committee structure and commitment to implementation of best practices in corporate governance will support integration and transformation in governance, accountability and human resources.
- Corporate Culture Alignment – It is a unique opportunity to achieve the best managed international bridge portfolio for Canada, through joining forces of staff members all specialized in international bridge management. The achievement of this goal hinges on the successful integration of the people, culture and processes to optimize the organization and move forward to stronger portfolio management.
- Organizational Optimization - The emphasis is on improving efficiencies and applying a consistent approach to the management of federal international bridges. Once operations are integrated and the portfolio approach is fully imbedded, the corporation will pursue additional operational efficiencies that will contribute to controlling operating expenditures, improving performance and reaching financial self-sufficiency.

Financial position

FBCL's overall financial position is positive when looking at the assets over liabilities. While total annual operating income excluding depreciation is favourable, however major challenges are being faced. Externally, the sharp decline in the value of the Canadian dollar has significantly impacted bridge traffic and commercial exports have been slow in expanding to offset this revenue decline for bridges. For the Sault Ste. Marie and Cornwall bridges in particular, the decline is over 20% of paying passenger traffic. In Cornwall, the combination of this reality with the free passage for the Mohawk community is resulting in a very bleak forecast being monitored actively by FBCL and the U.S. federal partner. The corporation's debt load is high and was put in place by legacy corporations for the purposes of capital investment. A specific debt repayment strategy has been adopted in order to improve the overall financial position and allow for re-investment in the capital program over the long-term. A review of operations and expenses at each location is underway to provide assistance across the portfolio in terms of economies of scale and learning curve advantages. FBCL forecasts an average of \$14.6M excess of funds over expenses for this 5 year period in the operating budget, a decline of nearly \$1.0M from the prior year. A review of toll rate policies and identification of further efficiencies will be necessary to offset this decline in traffic.

1. Mandate

FBCL's mandate, approved by the Minister of Transport and established within the executed Amalgamation Agreement of the legacy corporations, is to provide the highest level of stewardship so that the international bridges and associated structures are safe and efficient for users.

The business or undertaking of the Corporation shall be 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* (FAA), the *Canada Business Corporations Act* (CBCA), and these articles, as amended from time to time, the capacities and powers of a natural person.

Strategic Direction

FBCL's mission, vision and pillars define the framework for the corporation's strategic direction. This direction has been approved by the Board of Directors.

Mission

FBCL is a Crown corporation that is responsible for overseeing the Canadian federal interests of the four entrusted international bridge crossings between Canada and the United States.

Vision

We strive 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.

Pillars

We will deliver the mission and vision through 5 key pillars:

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

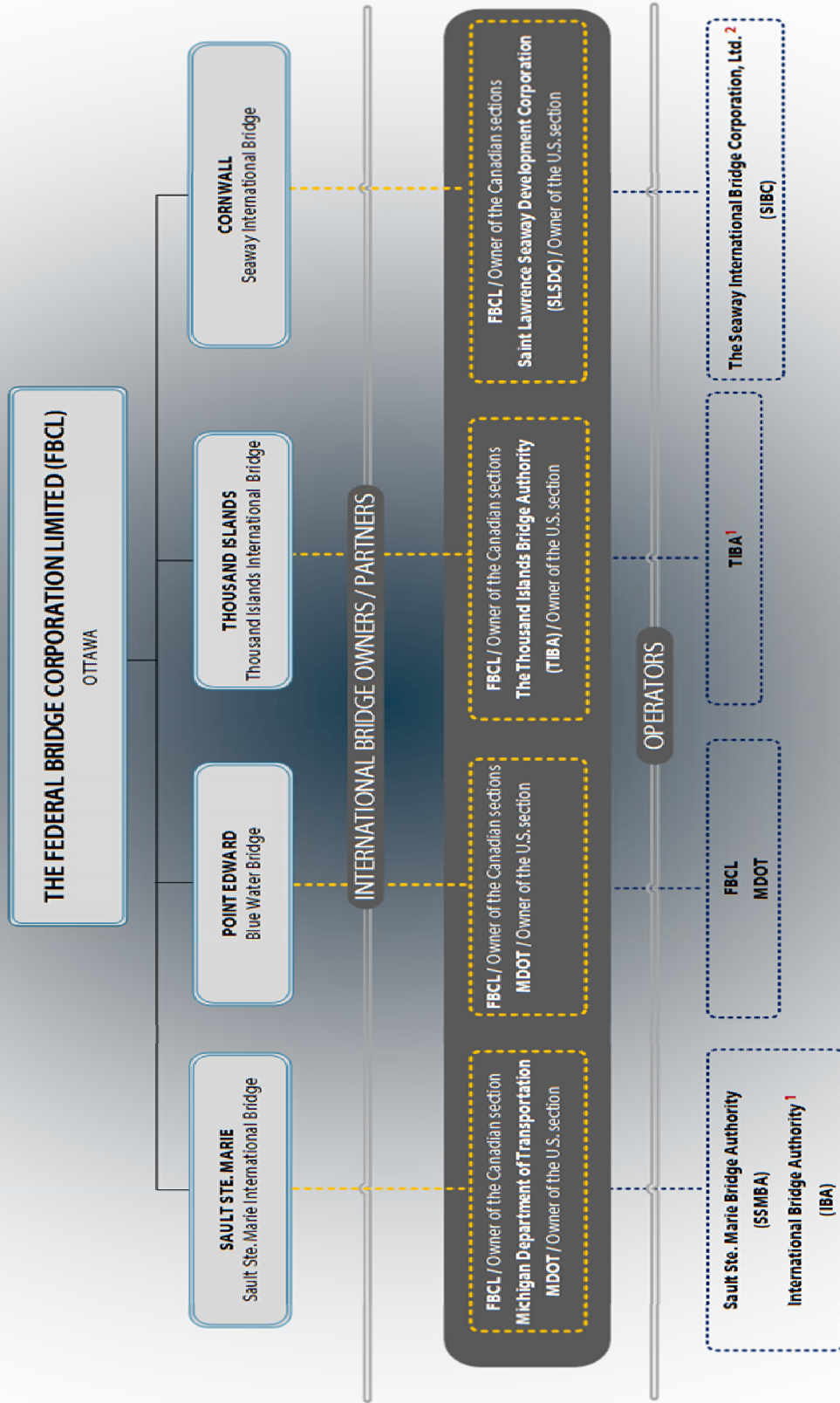
2. Corporate Structure

FBCL is a CBCA corporation listed in Schedule III Part 1 of the FAA and is an agent of Her Majesty. It is a parent Crown corporation that reports to the Parliament of Canada through the Minister of Transport.

FBCL amalgamated with the St. Mary's River Bridge Company (SMRBC), a wholly-owned subsidiary, on January 27, 2015 and the Blue Water Bridge Authority (BWBA), a parent Crown corporation, on February 1, 2015. FBCL is optimistic that it will be in a position to amalgamate with the remaining subsidiary, The Seaway International Bridge Corporation, Limited (SIBC), in the short-term, once agreement with the U.S. partner, the St. Lawrence Seaway Development Corporation (SLSDC), is reached. The amalgamated entity is responsible for the Canadian federal interest at four of eleven international bridge locations in Ontario, as follows:

- **Sault Ste. Marie:** Ownership of the Canadian interest in the Sault Ste. Marie International Bridge. The bridge is managed by the International Bridge Administration (IBA), an entity of the State of Michigan, U.S., through an international agreement between the asset owners, FBCL and the IBA, a division of the Michigan Department of Transportation (MDOT). The bridge operations are overseen by a joint international Board of Directors, the Sault Ste. Marie Bridge Authority (SSMBA).
- **Point Edward:** Ownership, management and operation of the Canadian portion of the twinned Blue Water Bridge, linking Point Edward, Ontario to Port Huron, Michigan. FBCL works in close cooperation with MDOT, the owner, manager and operator of the U.S. portion of the bridge.
- **Thousand Islands:** Ownership of the Canadian interest in the Thousand Islands International Bridge. The bridge is managed by the Thousand Island Bridge Authority (TIBA), an entity of the State of New York, U.S., under a bi-national agreement between the asset owners, FBCL and TIBA.
- **Cornwall:** Ownership of the Canadian interest in the Seaway International Bridge Crossing. FBCL is responsible for management of the whole bridge crossing including the North Channel Bridge, an international roadway, and the South Channel Bridge. The operations are managed by international agreement as a joint venture by the SIBC on behalf of the asset owners, FBCL and SLSDC, a federal U.S. entity.

INTERNATIONAL BRIDGE PORTFOLIO — CANADIAN INTEREST



¹ Operates the bridge under an International Agreement

² SIBC is a subsidiary of FBCL and operates the bridge under an International Agreement

SUMMARY OF OPERATIONS

	FBCL				SIBC
Operations	Headquarters	Sault Ste. Marie International Bridge	Blue Water Bridge	Thousand Islands International Bridge	Seaway International Bridge Crossing
Location in Ontario	Ottawa	Sault Ste. Marie	Point Edward	Lansdowne	Cornwall
Corporate Status	Incorporated in 2015 as CBCA corporation 2015 amalgamation with SMRBC and BWBA				Subsidiary Incorporated in 1962, continued in 1979 as a CBCA corporation.
Board of Directors	Seven Directors (includes the Chairperson and the President and CEO) appointed by Governor in Council.				Eight Directors, four Canadians; four U.S., appointed by FBCL. SLSDC recommends U.S. Directors for appointment.
International Agreement and Oversight		FBCL/MDOT MDOT-IBA operates Eight Directors appointed equally by each owner to the Sault Ste. Marie Bridge Authority (SSMBA).		FBCL/TIBA TIBA operates U.S. Chair and six Directors, three U.S; three Canadian, appointed by Jefferson County. FBCL recommends Canadian Directors for appointment.	FBCL/SLSDC SIBC operates
Bridge Ownership		○ 50% of international bridge	○ 50% of twin bridges (Canadian portion only)	○ 100% Canadian Bridge ○ 50% rift bridge	○ 100% North Channel Bridge ○ 32% South Channel Bridge
Activities					
	Portfolio management of four bridges and oversight of: <ul style="list-style-type: none"> • Operations • International agreement • Engineering, inspections • Capital projects 	Bridge operations, security and maintenance			
		Leases and licenses including Duty Free			
			Currency exchange		Free passage Aboriginal community
	CBSA and CFIA facilities operations				
Corporate Services					
Communications, finance, human resources, information technology and management, internal audit, legal affairs, strategic planning					

3. Corporate Governance

Public Accountability

As a Crown corporation, FBCL is accountable to Parliament through the Minister of Transport.

FBCL Board

FBCL is governed by a Board of Directors (“the Board”) which is composed of seven directors, including the Chairperson and the President and CEO. The Chairperson and the President and CEO are appointed by the Governor in Council, in accordance with section 105 of the FAA. The directors, other than the Chairperson and the President and CEO, are appointed by the Minister with the approval of the Governor in Council.

The Board is accountable 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, recommends appointment of the Canadian directors of International Bridge Boards, as well as ensures that risks are identified and managed.

The Board is currently supported in its role and responsibilities by a Finance and Audit Committee which is legally required and is in the process of establishing a Governance Committee and a Human Resources Committee.

Finance and Audit Committee

The Finance and Audit Committee (FAC) is responsible to oversee and make 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 FAC is composed of three Directors appointed by the Board, one of whom is appointed as Chair of the Committee.

The role of the FAC is as mandated for audit committees in the FAA. The FAC is responsible for advising the Board on matters of the oversight of financial statements, any internal audit of the corporation and the annual auditor’s report of the corporation. The FAC is also responsible to review and advise the Board with respect to a special examination, and the resulting plans and reports. The FAC performs other functions assigned to it by the Board and that are included in the corporate by-laws.

Audit Regime

The audit regime consists of external and internal audits. The OAG 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 FAA. By exception, in this year of amalgamation, additional audits were required to close-out the legacy corporations. The OAG 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 which identify key risk areas common to all locations. The current audit plan focuses on fraud prevention and ethics, internal controls, currency exchange policies and practices.

Funding Model

FBCL's goal is self-sufficiency; to generate sufficient revenue to cover expenses and build necessary operational surpluses to pay as much as possible for the capital requirements of the bridges. Currently, the corporation operates with revenue from operations, rental income from leases and licenses, past debt issued and earnings from interest on investments from bridge revenues. These funds are expended solely to sustain the current bridge operations and to save for future bridge construction, rehabilitation and enhancements. Funding provided by government is limited to specific major capital projects and emergency situations.

Parliamentary appropriations and government funding have been for major capital projects: the rehabilitation of the Canadian Plaza at the Sault Ste. Marie International Bridge, the CBSA Lansdowne Port of Entry facilities at the Thousand Islands International Bridge, and; the construction of a new low-level North Channel Bridge at the Seaway International Bridge Crossing.

As a new entity with a broader focus encompassing multiple international bridges, we aim to minimize our financial dependency on the Crown by sharing expertise across all bridge locations, exploring greater opportunities for revenue growth and optimizing the condition of the portfolio of assets.

FBCL's financial risks are assessed regularly by Standard & Poor's who highlighted credit strengths in FBCL's relatively unfettered ability to set rates and strong management team following the amalgamation with BWBA. The rating report points to the diverse portfolio of assets, which helps mitigate traffic volatility and contribute to cash flow, strong traffic demand profile and competitive advantages given the strategic location of the bridges within Ontario, which represents about 40% of Canada's economic output. While FBCL is exposed to the volatility of the Canadian dollar, commercial traffic typically benefits from a weaker Canadian dollar compared with the U.S. dollar and results in higher exports.

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 and FBCL's bridge portfolio together accounted for about 32% of truck crossings between Ontario, and Michigan and New York in 2014 and as of Sept. 30, 2015. FBCL is subject to competition from alternative crossings to the U.S. however these competing facilities are at capacity and therefore the risk is mitigated.

Further, a stable debt service coverage ratio (DSCR) is projected in the planning period and the overall debt burden is expected to decline, with debt to total revenues falling to 1.9x by fiscal 2017-18 from 2.2x in fiscal 2014-15. The relatively mature capital program projected for the next five years will also minimize the need for additional indebtedness.

4. A Change in Focus

Amalgamation

In December 2013, Bill C-4 - *Economic Action Plan 2013 Act, No. 2* received Royal assent and authorized the amalgamation of four Crown corporations (BWBA, SMRBC, SIBC and FBCL) that own or operate international bridges and gives control and management responsibilities to the resulting amalgamated corporation, FBCL.

In early 2014, the first phase of amalgamation saw the Jacques Cartier and Champlain Bridges Incorporated (JCCBI) in Montreal cease to be a subsidiary of FBCL and become a standalone parent Crown corporation.

In a second phase, completed on January 27, 2015, FBCL amalgamated with one of its wholly-owned subsidiaries, SMRBC. FBCL is optimistic that it will be in a position to amalgamate with the remaining wholly-owned subsidiary, SIBC, once agreement is reached with the U.S. partner, SLSDC, to complete this phase.

Phase three of the amalgamation took place on February 1, 2015, with the amalgamation of FBCL and BWBA under the CBCA, continuing as one corporation under the name The Federal Bridge Corporation Limited (FBCL).

The Board of Directors of the new entity, including the Chairperson and the President and CEO, were appointed upon amalgamation. The new Chairperson and the new President and CEO are the same that held the previous positions with the legacy FBCL. The continuity of these positions proved to be an asset during transition and as we plan for the future. All governance-related matters are now the responsibility of the new Board. (Note that until amalgamation with SIBC takes place, that subsidiary will continue to be overseen by its own Board of Directors appointed by FBCL, which includes representation from senior management.) All activities, assets and liabilities of the legacy corporations have continued under the amalgamated corporation.

The effected amalgamation has increased focus and greater accountability for international bridges through a single Board structure.

5. Prepare for Tomorrow's Opportunities

Transformational Governance

The Board is highly engaged to provide effective governance during this period of profound transformation. Priority was initially focused on ensuring adequate capacity to move the organization forward while continuing to manage ongoing operations. Specific skills and capabilities required continue to be identified and confirmed including transportation, engineering, maintenance, administration, information technology, Crown law and organizational development skills. The Board's committee structure is supporting integration and transformation, governance, accountability and human resources.

Corporate Culture Alignment

The amalgamation addressed long-standing issues of complex governance. It is a unique opportunity to achieve the best managed international bridge portfolio for Canada, through joining forces of the staff members of four Crown corporations, all specialized in international bridge management. However, achievement of this goal hinges on the successful integration of the legacy entities to optimize the organization. A corporate culture alignment is mainly about the people, culture of delivery, approaches and processes. Only after successful integration takes place can the corporation move forward in pursuit of greater operational efficiencies and the creation of greater value for Canada.

While continuity of staff from the legacy organizations continues to be a great benefit, it also has required a culture change on the part of all employees to an entirely new way of operating and being governed as "the sum of four parts". Respect for existing employees of all legacy organizations is a fundamental value for the transition. The Board of Directors have set the direction and the "tone at the top". It's about accountability, transparency, fairness, ethics and values in the delivery of the mandate and the utmost prudence with public funds.

Organizational Optimization

The policy decision to amalgamate these federal international bridges within a single Crown corporation was based on the expectation that this structure would create increased value for Canadians. The goal of the amalgamation was not a cost cutting exercise, the focus is on improving efficiencies and applying a consistent approach to the management of federal international bridges. This longer term goal will be achieved through progressive steps leading to an optimized organization over a transition period spanning a few years. Initially, the focus has been on an effective structural and functional integration across the Corporation. In parallel, cultural alignment is being facilitated and implemented.

Effective use of technology represents a significant optimization opportunity. The implementation of common technology platforms such as automated tolling systems and extended financial forecasting and monitoring will contribute to efficiency of operations and accuracy of long-term data, and will be managed in a manner that limits associated risk and costs. Implementation of an automated tolling system is a current example of how technology in service delivery can improve efficiency, reduce resource requirements and improve client service.

The optimization of the safety, security, sustainability and capacity of bridge operations to the benefit of Canada is setting the stage for further growth within the portfolio and to gain greater benefit, contingent on Government policy direction.

Portfolio Management

A portfolio management approach changes significantly the manner in which the new entity delivers the mandate from the legacy corporations. The entity is not a portfolio of corporations but rather one parent Crown corporation overseeing a portfolio of federal assets (once amalgamation with SIBC is completed) which are used in pursuit of public policy objectives.

Portfolio management is essential to gain the full benefit of amalgamation. The single focus on international bridges and associated structures once fully implemented, will allow for:

- A comprehensive approach to the management of the bridge assets through the application of consistent policies and procedures across all bridge operations;
- Streamlining of reporting, integration of best practices at all locations including asset lifecycle management, toll operations, maintenance;
- Operational planning uniformity, consistent service levels and security protocols and more rigorous financial planning as well as integrated resource management;
- Integrated long-term capital plan developed as basis for capital prioritization and annual capital budget,
- Strengthened and direct relationships with U.S. partners to facilitate communication; and,
- Sharing of resources and expertise within one organization as an important factor in achieving a more efficient and effective management model.

The alignment of best practices and policies in this area will include direct participation from Bridge Directors, employees across the corporation as well as representatives from U.S. partners. Once operations are fully integrated, we will be able to identify and pursue operational efficiencies which will contribute to controlling operating expenditures, optimizing toll policy across the portfolio and moving toward self-sufficiency and potential portfolio growth.

6. Business Environment

In delivering the mandate, the corporation is affected by internal and external factors which may highlight strengths, generate opportunities, create challenges and impose threats. Once identified, these factors are monitored and plans are adapted to address significant changes. We are establishing a common approach to key issues that arise while taking into account crossing location differences.

Economic Impact

The significant drop in the global price of oil, by over 60% since mid-2014, has had significant impacts on the Canadian economy and the Canadian dollar.

Fluctuations in the Canadian dollar significantly impact cross-border traffic patterns, and the toll revenues generated by international bridges. A weak Canadian dollar and low prices for Canadian gas products immediately decreases cross-border traffic by Canadian consumers to the U.S. for shopping and tourism. Double-digit declines in passenger traffic tolls have been recorded at most Canadian international bridge crossings.

In the past, a reduction in the Canadian dollar has resulted in a quicker offsetting increase in commercial exports however in this cycle, that shift has been really slow in materializing. That reality has resulted in a major revenue impact at some crossings. Despite compensating measures of toll rate and currency exchange adjustments, it is not enough at the Sault Ste. Marie and Cornwall crossings to offset. Management and the Boards of Directors are monitoring very closely and are deferring and limiting spending to weather the storm however.








Beyond the Border Action Plan

The U.S./Canada Beyond the Border Action Plan sets out a range of initiatives to promote security and support trade and economic growth, by improving the shared border and by supporting prosperity through improved cross-border trade. As CBSA facilities are located at each international bridge crossing, these initiatives have a direct impact on the flow of traffic and the facilities requirements. We continue to engage with our partners, CBSA and TC to meet the objectives of this action plan. Most notable is the complete rehabilitation of the plazas at the Sault Ste. Marie and the Lansdowne international bridge crossings. In December 2015, the U.S. Government included in the federal budget an allocation of \$105.0M to rebuild and upgrade the Alexandria Bay border patrol facilities.

These investments are important to support Canada's trade growth. For the corporation, these new facilities add a lot of operational effectiveness to the bridge plazas. The challenge in building such facilities come in their long-term maintenance. The maintenance and operation costs will grow exponentially starting in 2017 given the sheer size of the new structures.

Traffic Patterns

In comparing 2014 to 2015 for all four international bridges, commercial traffic has increased by 0.50% overall but total traffic has decreased by 5.05%. Individual bridge traffic is as follows:

	Commercial Traffic	All Traffic
Sault Ste. Marie	 4.13%	 20.64%
Point Edward	 1.24%	 15.18%
Lansdowne	 2.14%	 2.14%
Cornwall	No change	 5.01%

Stakeholders

The corporation has a variety of stakeholders that add a layer of complexity to the operations, policy establishment, and delivery of projects. These include federal partners such as TC, Central Agencies, CBSA, Canadian Food Inspection Agency and Public Works and Government Services Canada, U.S. Customs and Border Patrol as well as provincial and municipal governments and agencies, local First Nations, U.S. governments and agencies, law enforcement agencies, unions and emergency responders. FBCL works in close collaboration with these stakeholders and the surrounding communities to ensure efficient and effective border crossings. Similarly, we work cooperatively with U.S. partners to coordinate efforts to ensure the safe, efficient and reliable movement of international traffic. The process involves extensive communications and establishment of common understanding, responsiveness to unplanned situations that can arise in a dynamic border environment.

We must also ensure that our bridge operations, policy decisions and future projects are supported by our bridge customers and host communities. Bridge users, like many in North America, are quickly advancing towards non-cash models of payment. To ensure ongoing efficiency of operations, we also need to remain responsive with technology. As such, we strive to improve our community engagement and communications using blogs and other social media to ensure that community concerns are identified and addressed, and that the contributions of our international bridges are clearly understood.

Aboriginal Communities

The Crown's "duty to consult" aboriginal groups whose actual or potential rights could be affected by government actions is required.

In Cornwall, there are historical agreements in place, interpretation of acquired rights and a land claim for the crossing. FBCL continues to dialogue with the Mohawk Council of Akwesasne (MCA) on all major projects and on various operational matters to address issues identified. The corporation has a Memorandum of Understanding (MOU) in place with MCA for the North Channel bridge project that provides for the inclusion of minimum works to be executed by Mohawk contractors and workers. SIBC also has a number of employees at the Cornwall location from the Mohawk community.

In Point Edward, the Blue Water Bridge resides in an area of significant historical importance for the Aamjiwnaang First Nation. A MOU 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 aboriginal discoveries are made.

Competition

There are various ownership and management models for international bridges that place some geographical crossings at an advantage versus others due to a variety of factors such as operations limited to Canada or differentiating financial models. The Point Edward location faces the most competition from the Detroit-Windsor Tunnel, the Ambassador Bridge and the soon to be constructed Gordie Howe International Bridge.

The Lansdowne and Cornwall locations compete with the Ogdensburg International Bridge. Additionally, in Cornwall, free passage provided for the Mohawk community represents \$4.8M each year, what is difficult to sustain in the long-term.

FBCL monitors these factors, performs specific traffic studies and adjust plans including increasing tolls, monitoring expenses and debt levels carefully as well as looking at other revenue generating opportunities to ensure long-term financial sustainability of all four international crossings.

Technology

The use of technology by all bridge plaza stakeholders is increasing at a rapid pace. It is integrated in every activity from traffic management, to toll collection, pre-clearance of individuals and commercial loads, trusted travellers and border wait-time management.

FBCL must continue to invest in technology in partnership with others in order to further facilitate trade and ensure optimal efficiencies in operations.

Governor in Council Directives

Pension plan affordability: FBCL is committed to affordable and financially sustainable Crown corporation pension plans. The Governor in Council has directed specific Crown corporations to ensure that pension plans align with benefits available with the Public Service Pension Plan (PSPP), and in particular provides a 50:50 employee and employer cost-sharing ratio by December 31, 2017, and that the normal retirement age is raised to 65 for employees hired on or after January 1, 2015. We are in the process of reviewing all of our compensation plans including pension plans as part of the amalgamation integration and will adjust and integrate the various pension plans to meet these requirements. Employees of legacy BWBA have employee future benefits for medical, dental and life insurance benefits through retirement. The current actuarial valuation is some \$8M that is funded.

Travel, hospitality, conference and event: The Governor in Council has directed Crown corporations to align their policies, guidelines and practices with Treasury Board policies, directives and related instruments in a manner that is consistent with their legal obligations. In response to this directive, we immediately developed and sought approval of the Board of Directors in November 2015 of a new Travel, Hospitality, Conference and Event Policy applicable to all employees, Board members and contracted individuals and contractors that aligns with those of the Treasury Board. The subsidiary, SIBC, has also implemented its new policy. The most substantial changes include the detailed approval process requirement, the specific applicability of the government's prescribed limited for accommodations and the public disclosure on our website of annual budgets and actual spending with an explanation of variances. The first disclosure is expected in June 2016.

7. Strategic Issues and Risk Management

FBCL considers risk management to be a shared responsibility. Accordingly, members of the Board of Directors, Committees, the President and CEO, 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.

Infrastructure Safety

Our top priority and focus is the safety of the four international bridges and associated structures. It ensures that these bridges are inspected, maintained, monitored and repaired appropriately to ensure safety at all times. We are administering the international bridge programs with a long-term view aimed at extending the life of the infrastructure and ensuring the highest level of safety in maintaining and operating the bridges for users and employees. These initiatives are undertaken in collaboration with U.S. bridge partners in order to produce a comprehensive view of the structural standing of the bridges.

Security

Canada faces increasingly complex national security threats and federal organizations must adapt to this evolving threat environment. The corporation is not in a leadership role in these matters but rather cooperates actively with Canadian federal entities with these mandates. Disruptions of important infrastructure or technologies could result in loss of life or adverse economic effects, and significantly undermine the safety and wellbeing of Canadian communities. We work with partners to monitor potential threats that could compromise the security of the international bridges and associated structures and/or cause property damage, closure of a bridge or impact the flow of traffic.

Sustainability

The premise of the international bridge funding model is that toll revenues would cover operating and maintenance expenses while capital expenditures would be funded by the accumulated share of net earnings. International bridges face financial uncertainty in line with economic conditions affecting traffic volumes and toll.

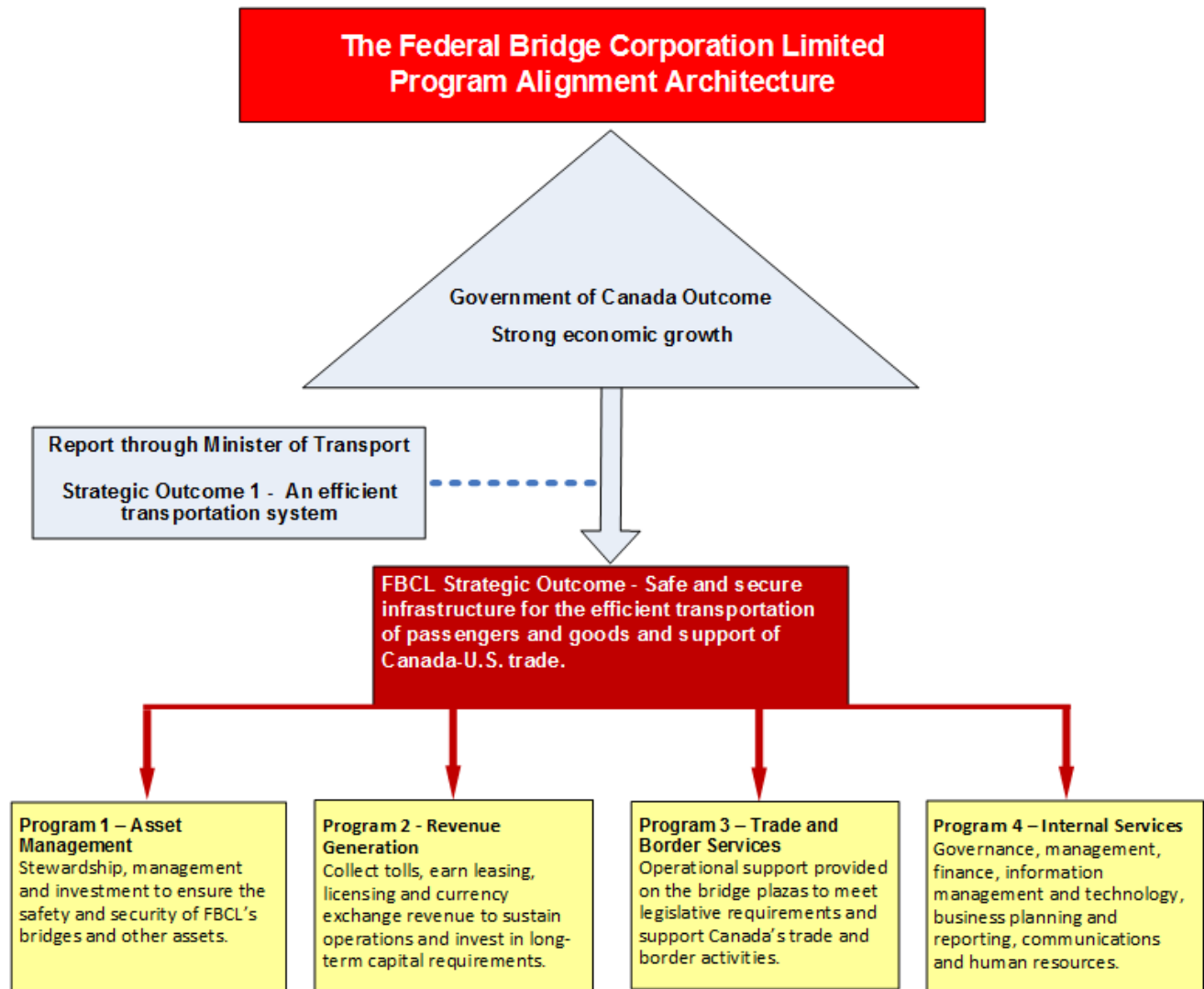
The Mohawks of Akwesasne have instituted a claim against The St. Lawrence Seaway Authority (“SLSA”) and Her Majesty in right of Canada (“Her Majesty”) for unlawful expropriation and breach of fiduciary duty in connection with the expropriation that was carried out by the SLSA in the mid-1950s for the purposes of the construction of the St. Lawrence Seaway (“Mohawk Claim”). This action is pending before the Federal Court of Canada since the mid 1970’s. In 2000, the Mohawks of Akwesasne amended their action to add the corporation as named defendants. The amount claimed is \$50M plus interest and costs subject to accounting for tolls. FBCL and SIBC are represented by the Department of Justice in this matter.

Governance

The past year has resulted in a significant change in governance and operational model. The renewed corporation brought together two parent Crown corporations, as well as pre-existing subsidiaries (once amalgamation with SIBC is completed) who were all in the international bridge business. The Board rapidly familiarized itself with Crown governance requirements, the portfolio management approach, the Amalgamation Agreement, and all bridges within the new portfolio.

8. Program Alignment Architecture (PAA)

The corporation has a mandate to provide the highest level of stewardship of the Canadian interests in the Sault Ste. Marie International Bridge, in Sault Ste. Marie, Ontario; the Blue Water Bridge in Point Edward, Ontario; the Thousand Islands Bridge at Lansdowne, Ontario; and the Seaway International Bridge in Cornwall, Ontario. The PAA is intended to guide continuous improvement of the effectiveness and efficiency of operations through comprehensive risk management, optimization of performance, in planning and delivery of works as well as ensuring stronger corporate reporting and performance measurement.



9. Plans and Priorities

In the current year, we have reviewed the legacy structure of programs and have realigned their presentation in order to more clearly communicate all aspects of the mandate. In doing so, we hope to strengthen the understanding and pride of employees in executing their functions and achieve a better understanding by stakeholders of the corporation's direction.

Program 1 – Asset Management

Our priority is first and foremost to be the keeper of the international bridges in our portfolio. Total assets valued at \$420.8M make up the portfolio across the four locations. Ensuring that the bridge assets remain in good condition over the long-term is the anticipated outcome. The state of the assets is the key baseline in establishing the objectives, action plans and resource allocations.

Portfolio Alignment

A number of policy and operational issues must be identified and assessed to ensure the most effective and efficient response and risk management. During the planning period, we will be undertaking a review of each of these components portfolio wide in order to identify best-practices, and continuously improve the delivery of the mandate. These areas include but are not limited to:

- Structural integrity of the bridge
- Customer service
- Customer and employee safety
- Financial self-sufficiency
- Bridge facilities and operational security
- Relationships with stakeholders
- Human Resources
- Improvement to bridge facilities

Major Asset Renewal

As stewards of four of Canada's international bridge crossings, it is necessary to invest prudently in the maintenance, rehabilitation and at times, complete replacement of bridge and bridge plaza assets. A summary of the bridge condition assessment and major projects being planned and realized are listed by location below. The full scope of additional longer term projects is currently being reviewed to reconfirm priority levels and inform the broader allocation of funding over the long-term.

Sault Ste. Marie (Ontario)

Bridge Condition and Maintenance (ongoing): The annual inspection concluded that the overall condition of the bridge is good. Regular maintenance activities consistent with the recommendations from the inspection report are carried out each year. Maintenance works planned for the next five years include the replacement of Slide Plate Bearings on the arch spans in 2015-16 and the repainting of the upper arch of the Canadian Bridge in 2018-19. An asset management system is being developed to track, detect and inform maintenance and capital investment requirements. The system has been reviewed by peer colleagues across the U.S. It is currently in the latter stages of being populated with historic data and is generating valuable information for bridge planning.

Planned Projects:

- Canadian Plaza Redevelopment (\$51.6M)
- Painting of Bridge (estimated \$10.8M)

Point Edward, Ontario

Bridge(s) Condition and Maintenance (ongoing): Span 1 of the twinned bridges was refurbished in 1997 and Span 2 opened in 1997. An annual engineering assessment of the twinned bridge structures is jointly funded with the co-owner, MDOT. Further inspections were conducted in 2015 concluding that the Canadian span of the bridges were both in good condition and some works initially planned to be realized this year could be deferred. Regular maintenance activities consistent with the recommendations from the inspection report are carried out each year.

Planned Projects:

- Blue Water Bridge Master Plan (estimated at \$125.0M)
- Toll Infrastructure Renewal Span 1 Resurfacing Project
- Span 1 resurfacing project

Lansdowne, Ontario

Bridge(s) Condition and Maintenance (ongoing): The annual inspection concluded that the overall condition of the bridge is good. Regular maintenance activities consistent with the recommendations from the inspection report are carried out each year. Maintenance works and repairs planned in the next five years are the rehabilitation of concrete piers at the Canadian bridge and asphalt replacement at the Canadian maintenance garage.

Planned Projects:

- Rehabilitation of CBSA Lansdowne (\$60M)
- Toll Infrastructure Renewal (estimated at \$2.6M)
- Pier 10, 12 and 13 Rehabilitation (estimated at \$2.2M)

Cornwall, Ontario

Bridge(s) Condition and Maintenance: The North Channel Bridge has been newly constructed and opened last year. The South Channel Bridge is considered to be in good condition according to annual inspection reports for the Canadian and American portions of the bridge.

Planned Projects:

- North Channel Bridge (\$74.8M)
- Toll Facilities (\$2M)
- International Roadway (estimated at \$3M)

Performance Measures

Objective	Performance Indicators	Timeline
1. Mitigate risks through regular bridge inspections, undertake all minor repairs within available funding and identify/prioritize long-term major rehabilitation requirements.	Reporting of results of inspection program and repairs undertaken at each bridge.	Annually
	Formal reports on asset risks as part of the Enterprise Risk Management (ERM).	Annually
2. Develop asset management program.	Complete detailed inventory of assets.	2016-17
	Inspect and validate useful life of each asset including cyclical interventions required.	2016-18
	Select and implement asset management system to collect, analyse and report on asset data.	2017-19
	Establish long-term asset management plan.	2018-19
3. Enhance electronic and automation capacity of toll systems at international bridges.	Implement electronic tolling at international bridges as follows:	
	Point Edward	2015-17
	Lansdowne	2016-17
4. Deliver government funded major international bridge construction projects on time and on budget.	Sault Ste. Marie: Customs Plaza Rehabilitation (\$51.6M).	2013-18
	Thousand Islands: Renewal of the CBSA facility (\$60M).	2014-18
	Cornwall: North Channel Bridge (\$74.8M).	2014-17

Program 2 – Revenue Generation

Tolling

The tolling activity is a user-pay system intended to cover the primary cost of international bridge ownership and operations. International bridges are major infrastructure asset for Canada and their ongoing maintenance and longer term rehabilitation are costly. These bridges are also our primary trade routes to Canada's number one trading market in addition to being key links for tourism and general travel.

Tolls are set based on a number of factors including economic conditions, long-term operational and capital requirements, market relativity, competition, foreign exchange, bridge partner perspective, historical and political elements as well as the community of user's ability to pay. The authority for setting tolls varies within the portfolio.

Electronic and Automated Tolling

Point Edward:

At this location, the focus has been to upgrade the outdated system with new technology and in doing so, not only broaden the new payment options from cash, bridge tokens and pre-pay options (commercial-only) to include debit and credit cards but also provide for significantly enhanced capability to automate the collection of tolls. The new system allows for commercial travelers to directly manage their toll accounts online.

Lansdowne:

The electronic tolling project in Lansdowne consists of a complete development of an electronic toll system including civil and toll booth infrastructure upgrades and new system implementation as well as back-office system and integration. Subsequent to a feasibility study, the best toll system based on the pre-penetration rate of existing technology is the E-ZPass system. Given the status of the U.S. partner, TIBA, as an entity of the County of Jefferson of the State of New York, it has the ability to collaborate with the *New York State Thruway Authority* system in order to gain economies of scale. The new system allows for commercial travelers to directly manage their toll accounts online and travellers can connect through one account across the entire Eastern United States.

Tolling Challenges

Traffic volume and composition at all locations: Economic conditions and the value of the Canadian dollar directly impact traffic on international bridges. The ongoing decline in the Canadian dollar has resulted in passenger car traffic being reduced by as much as 20% year-over-year

Point Edward:

At par rate: This location has been offering at par tolling rates for many years. While this was not a major issue in recent years with the dollar being closer to parity, it has certainly been brought to the forefront in 2015 with the significant decline in the value of the Canadian dollar.

Tokens: This location is one of the last to continue to use tokens as a method of payment. These tokens, in general, are intended for the most frequent passenger traffic or commuters. We will be removing this payment option once the automated tolling system is fully activated.

Cornwall:

Currently, the subsidiary, SIBC, is barely profitable. This bridge location is challenged both by historical government arrangements providing the Mohawk community with free passage (minimum toll revenue uncollected of \$4.8M in 2014-15) and the significant decline in cross-border travels linked to the deteriorating value of the Canadian dollar and regional economic challenges. At this time, the corporation is forecasting a breakeven financial forecast for the next few years despite having implanted significant cost restraint measures in the current year. As such, the Board of Directors of SIBC is very closely engaged in managing the budget and actual results of that entity.

Toll rates have most recently been increased to \$3.50 per passenger car that is charged both ways for a total of \$7 per crossing. This rate is amongst the highest in the industry and certainly is at the limit of the community and the user’s ability to pay. This is reflected in the impact of a toll increase on a user’s decision to cross the bridge or not.

Currency Exchange (Point Edward)

A currency exchange activity is in place at the Blue Water Bridge which serves two purposes: i) revenue generation for sustainability of infrastructure and operations and, ii) product and service offering to bridge customers. The currency exchange kiosk meets the definition of a Money Service Business for purposes of the Proceeds of Crime (Money Laundering) and Terrorist Financing Act. In the last fiscal year, the currency exchange activity generated gross revenue of \$1.4M.

Performance Measures

Objective	Performance Indicators	Timeline
1. Align toll rate policies and business rules within the portfolio.	Progress towards alignment.	Annually
	Development and implementation of a tolling internal audit program.	2017-18
2. Review robustness and service delivery methods of currency exchange activity.	Maintain FINTRAC compliance for currency exchange activity.	Annually
3. Review revenue generation opportunities to assist in funding long-term capital requirements.	Secure additional rent or lease all available facilities within bridge plazas.	2016-18
	Seek other sources of revenue.	Annually

Program 3 – Trade and Border Support

Traffic Flow

Other than the bridge assets themselves, our corporate activities play a major role in ensuring the smooth flow of trade across the international bridges. Plaza configurations, operational policies and practices go a long way in ensuring the traffic flows. We invest considerable resources in the area of traffic management including managing the number of toll lanes that are open, continuous coordination between staff on both sides of the bridges to alert to problems or back-ups, signaling and directing traffic through overhead signage, deploying staff on the ground to direct traffic and active maintenance management (repairs, snow removal and lighting, etc.).

Creating Customer-Centred Bridge Plazas

We must endeavour to create opportunities to position our bridges in the most favourable light before passenger vehicle travellers, as the preferred or “essential” crossing of choice, with a goal of attracting a stable, yet growing customer base. Areas of benefit would include:

- Providing a secure and safe rest station that offers a worry free environment;
- Contributing to the efficiency and convenience of customer travel such as: ensuring the application of intuitive plaza designs and variable message signage, observations and practices; responsibly advocating on behalf bridge customers before border security authorities for the simplification and coordination of cross-border security procedures; supporting government traveller education programs and supporting the sound and efficient management of cross-border trusted traveller programs, such as NEXUS; and,
- Providing drivers with appropriate supports in advance of their border crossing to orient them to the environment, features and benefits of each crossing.

Performance Measures

Objective	Performance Indicators	Timeline
1. Ensure security programs are in place at all international crossings.	Security plans and programs at all locations are reviewed and meet all IBTA requirements.	Annually
2. Enhance emergency preparedness.	Emergency Management Plans at each location are reviewed.	Annually
	Strategic Emergency Management Plan developed.	2016-17
3. Support needs of federal partners CBSA and CFIA.	Provide necessary services as per legislation for CBSA and CFIA to meet their border objectives.	Annually

Program 4 - Internal Services

Internal Services are groups of related activities and resources that support the strategic outcome and issues and other corporate obligations. The internal services include management support, and resource management services such as finance, information technology and systems, internal audit, risk management, business planning and reporting, and human resources. This professional expertise is integrated in all activities to appropriately manage risks, deliver projects as planned on all international bridges and complete liaison with external federal agencies.

Strategies:

- Rebrand the corporation under a new logo to align all locations and communicate the change to all stakeholders;
- Develop a new common Human Resources regime for the integration of all employees within one entity;
- Review, integrate and invest in information technology and systems to ensure ongoing functionality and security at all locations as well as common platforms for enhanced service offering to customers;
- Assess and develop long-term financial planning capacity to ensure financial sustainability and inform decision-making;
- Develop and systematize the internal controls, audit and compliance functions ensuring continuous diligence and improvements in all activities;
- Deliver professional services that provide strategic advantage and facilitates effective and efficient management in the delivery of projects and operations at all locations; and,
- Keep stakeholders and bridge users well informed on the status of works and resulting traffic disruptions using common and integrated social media and other communication tools.

Corporate and Administrative Policy Review

With a new mandate, we have undertaken a complete review of corporate and administrative policies by researching and identifying best practices and incorporating guidance from government policy as appropriate. We are also reviewing and further developing our risk management tools and monitoring capacity. We will continue to exercise prudence to ensure optimal use of public funds and develop corporate-wide planning and reporting processes and procedures.

As part of the policy review initiative, we also responded to a ministerial directive and developed new Travel, Hospitality, Conference and Event Policy applicable to all employees, Board members and contracted individuals and firms that aligns with those of the Treasury Board. This new policy has been communicated across the corporation.

Communications

We continue our use of social media as an effective tool for sharing timely information on our operations and special projects. These highly effective communication tools have proven essential to provide the most up-to-date information to users.

Internet blog sites are also used for all major projects in the ongoing section of the FBCL website (<http://www.pontscanadabridges.ca/en/ongoing-projects/>):

- Replacement of the North Chanel Bridge (Cornwall, ON);
- Canadian Plaza Rehabilitation Project (Sault Ste. Marie, ON);
- Canadian Customs Facility Rehabilitation Project (Lansdowne, ON); and,
- Blue Water Bridge Resurfacing Project (Point Edward, ON).

We are also rebranding the corporate image with a new logo applicable to all locations and are working to renew the website for further corporate integration. Efforts continue to further integrate communications, operations and technology functions over the planning period.

Objectives	Performance Indicators	Timeline
1. Implement a common policy framework.	Inventory of internal services and policies, processes and systems completed and integration plan established.	2015-17
	Internal services policies, processes and systems (HR, Finance, IT, Legal) integrated.	2015-17
2. Deliver amalgamation as announced in Bill C-4 <i>Economic Action Plan 2013 Act, No. 2</i> .	International agreement negotiated and amalgamation with SIBC completed (dependant on TC bi-national discussions).	To be determined
3. Enhance stakeholder communications ensuring that users are well informed of corporate changes, the status of works and resulting traffic disruptions using social media and other tools.	Complete renewal of website.	2016-17
	Statistics on number of subscribers and visitors to social media sites, and other mechanisms used.	Annually
4. Develop foundation for a customer service improvement strategy.	Portfolio baseline data on commercial and passenger clients collected, analysed and gaps identified.	2016-17
	Customer surveys conducted on a prioritized basis.	2016 - 18
5. Pension plan directive implementation.	Status of pension implementation strategy.	2017
6. Financial self-sufficiency.	Degree to which toll revenue covers expenses by crossing and portfolio-wide.	Annually
7. Financial system integration.	Full integration of financial systems and enhancements.	2016-18
8. Information management and technology.	Complete integration of network.	2016-17
	Integration and improvement of information management systems.	2016-20
9. Negotiate a new collective agreement with the bargaining agent for unionized employees.	Conclusion of negotiations between management and union including ratification of new collective agreement.	2016

10. Pro-Forma Consolidated Financial Statements

The following section presents the Pro Forma Consolidated Financial Statements per approved budget data for the upcoming five years 2016-17 to 2020-21.

As discussed, we have assessed and concluded that IFRS is the most appropriate accounting framework. Comparative data has been presented for the March 2015 year-end Consolidated Statement of Financial Position values. However, per accounting standards, it was determined that we are a new corporation and as such only results from the amalgamated date could be consolidated. The transition period and past year results were audited by the OAG. Since the March 2015 year-end Consolidated Statement of Comprehensive Income only included the two months of financial information of the new amalgamated corporation, this data has been left out of the comparatives for this Corporate Plan, as it would provide misleading comparative information.

Consolidated Statement of Financial Position

as at March 31 (in thousands of dollars)								
	Actual 2014-15	Current Forecast 2015-16	Main Budget 2015-16	Budget				
				2016-17	2017-18	2018-19	2019-20	2020-21
ASSETS								
Current Assets								
Cash and cash equivalents	23,562	8,649	13,320	7,655	6,755	5,019	5,530	5,939
Investments	14,003	25,000	29,413	14,000	11,000	5,000	5,000	7,500
Trade and other receivables	7,685	6,000	2,453	6,000	4,000	3,000	2,750	2,750
Prepays	378	500	679	500	500	500	500	500
TOTAL CURRENT ASSETS	45,628	40,149	45,865	28,155	22,255	13,519	13,780	16,689
Non-current Assets								
Property and equipment	301,735	327,909	342,519	367,251	392,103	386,912	375,668	364,051
Investment properties	20,468	19,703	15,787	18,938	18,173	17,408	16,643	15,878
Intangible assets	43	25	-	7	44	26	8	45
Investments	5,940	6,300	-	6,300	6,300	6,300	6,300	6,300
TOTAL NON-CURRENT ASSETS	328,186	353,937	358,306	392,496	416,620	410,646	398,619	386,274
TOTAL ASSETS	373,814	394,086	404,171	420,651	438,875	424,165	412,399	402,964
LIABILITIES								
Current liabilities								
Trade and other payables	11,120	10,000	4,650	7,500	6,000	4,500	4,575	4,650
Employee benefits	654	675	-	680	685	691	697	704
Due to US partner of the joint operations	1,849	1,831	1,957	1,726	1,755	1,810	1,853	1,913
Decommissioning liability	12,183	3,021	4,393	225	-	-	-	-
Holdbacks	1,075	1,500	2,767	1,250	750	450	450	450
Deferred revenue	2,864	2,800	2,795	2,850	2,850	2,900	2,900	2,950
Current portion of loans payable	619	4,078	642	4,589	3,504	2,428	139	2,834
Current portion of bonds payable	3,999	4,269	4,310	4,556	4,863	5,191	5,540	5,914
Current portion of deferred capital funding	564	833	-	1,363	3,653	3,652	3,650	3,650
TOTAL CURRENT LIABILITIES	34,927	29,007	21,514	24,739	24,060	21,622	19,804	23,065
Non-current Liabilities								
Loans payable	17,572	13,494	16,947	8,906	5,402	2,974	2,834	-
Bonds payable	70,740	66,471	66,748	61,915	57,052	51,861	46,320	40,407
Employee benefits	7,531	8,000	7,792	8,150	8,300	8,450	8,600	8,750
Deferred revenue	2,142	2,000	1,879	1,900	1,800	1,700	1,600	1,500
Deferred capital funding	6,564	34,571	107,495	74,214	102,451	98,799	95,149	91,499
Decommissioning liability	1,291	225	225	-	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	105,840	124,761	201,086	155,085	175,005	163,784	154,503	142,156
TOTAL LIABILITIES	140,767	153,768	222,600	179,824	199,065	185,406	174,307	165,221
EQUITY								
Retained earnings	232,741	240,012	181,571	240,521	239,504	238,453	237,786	237,437
Accumulated other comprehensive income	306	306	-	306	306	306	306	306
TOTAL EQUITY	233,047	240,318	181,571	240,827	239,810	238,759	238,092	237,743
TOTAL LIABILITIES AND EQUITY	373,814	394,086	404,171	420,651	438,875	424,165	412,399	402,964

Consolidated Statement of Comprehensive Income

for the year ending March 31 (in thousands of dollars)								
	Current Forecast 2015-16	Main Budget 2015-16	Budget					
			2016-17	2017-18	2018-19	2019-20	2020-21	
REVENUES								
Tolls and services	27,065	27,663	26,757	26,847	27,106	27,677	27,990	
Leases and permits	3,834	4,088	3,595	3,658	3,700	3,733	3,766	
Currency exchange	1,500	1,476	1,350	1,431	1,445	1,460	1,474	
International Thousand Islands Bridge revenue	5,749	4,830	5,793	5,559	5,587	5,615	5,924	
Interest	657	775	618	567	526	490	456	
Other	130	426	33	34	35	37	38	
TOTAL REVENUE	38,936	39,258	38,145	38,095	38,400	39,011	39,648	
EXPENSES								
Operations	4,376	4,859	5,205	4,555	4,710	4,823	4,957	
Thousand Islands International Bridge expenses	4,392	3,293	3,963	3,972	4,044	4,114	4,189	
Currency exchange	727	-	817	831	848	865	884	
Maintenance	5,622	5,571	4,495	4,077	4,422	4,382	4,638	
CBSA & CFIA operations	2,179	1,303	2,872	2,860	3,071	3,136	3,215	
Administration	6,700	6,725	6,613	6,625	6,780	7,010	7,176	
Restructuring costs	300	300	300	125	-	-	-	
Depreciation	12,013	9,748	12,132	12,928	14,972	15,161	15,126	
TOTAL EXPENSES	36,309	31,799	36,397	35,974	38,847	39,492	40,186	
OPERATING INCOME BEFORE GOVERNMENT FUNDING	2,627	7,459	1,748	2,121	(447)	(481)	(538)	
GOVERNMENT FUNDING								
Funding with respect to decommissioning liability	10,066	7,777	3,021	225	-	-	-	
Amortization of deferred capital funding	196	1,287	833	1,363	3,653	3,652	3,650	
TOTAL GOVERNMENT FUNDING	10,262	9,064	3,854	1,588	3,653	3,652	3,650	
NON-OPERATING ITEMS								
Interest expense	(5,618)	(5,358)	(5,094)	(4,726)	(4,257)	(3,838)	(3,462)	
TOTAL NON-OPERATING ITEMS	(5,618)	(5,358)	(5,094)	(4,726)	(4,257)	(3,838)	(3,462)	
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	7,271	11,165	508	(1,017)	(1,051)	(667)	(350)	

Consolidated Statement of Changes in Equity

for the year ending March 31
(in thousands of dollars)

	Actual 2014-15	Current Forecast 2015-16	Main Budget 2015-16	Budget				
				2016-17	2017-18	2018-19	2019-20	2020-21
BALANCE, BEGINNING OF YEAR	-	233,047	170,406	240,318	240,827	239,810	238,759	238,092
Net assets received from legacy FBCL and BWBA								
- Retained earnings	228,813	-	-	-	-	-	-	-
- Accumulated Other Comprehensive Income (AOCI)	367	-	-	-	-	-	-	-
Net income	4,165	7,271	11,165	508	(1,017)	(1,051)	(667)	(350)
Actuarial losses	(237)	-	-	-	-	-	-	-
Investments (AOCI)	(61)	-	-	-	-	-	-	-
BALANCE, END OF YEAR	233,047	240,318	181,571	240,827	239,810	238,759	238,092	237,743
Made up of:								
- Retained earnings	232,741	240,012	181,571	240,521	239,504	238,453	237,786	237,437
- Accumulated OCI	306	306	-	306	306	306	306	306

Consolidated Statement of Cash Flows

		Budget					
		2016-17	2017-18	2018-19	2019-20	2020-21	
for the year ending March 31							
(in thousands of dollars)							
	Current Forecast 2015-16	Main Budget 2015-16					
CASH FLOWS FROM OPERATING ACTIVITIES							
Net Income	7,271	11,165	508	(1,017)	(1,051)	(667)	(350)
Adjustments for:							
Amortization of deferred capital funding	(196)	(1,287)	(833)	(1,363)	(3,653)	(3,652)	(3,650)
Depreciation of property and equipment	11,230	9,748	11,349	12,145	14,189	14,378	14,343
Depreciation of intangible assets	18	-	18	18	18	18	18
Depreciation of investment properties	765	-	765	765	765	765	765
Change in employee benefits	490	-	155	155	156	156	157
Foreign exchange gain	-	-	-	-	-	-	-
Changes in working capital:							
(Increase) decrease in trade and other receivables	1,685	(415)	-	2,000	1,000	250	-
(Increase) decrease in prepaids	(122)	(162)	-	-	-	-	-
Increase (decrease) in trade and other payables	(1,120)	(91)	(2,500)	(1,500)	(1,500)	75	75
Increase (decrease) in decommissioning liabilities	(10,228)	(8,123)	(3,021)	(225)	-	-	-
Increase (decrease) in deferred revenue	(206)	(33)	(50)	(100)	(50)	(100)	(50)
Net cash generated by operating activities	9,587	10,802	6,391	10,878	9,874	11,223	11,308
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments for property and equipment (government funded)	(28,472)	(41,974)	(41,006)	(31,890)	-	-	-
Payments for property and equipment (FBCL funded)	(8,932)	(9,783)	(9,685)	(5,162)	(8,997)	(3,134)	(2,781)
Increase (decrease) in holdbacks	425	2,267	(250)	(500)	(300)	-	-
Government funding related to acquisition of property and equipment received	28,472	41,971	41,006	31,890	-	-	-
Proceeds on sale (Purchase) of investments	(11,357)	(10,573)	11,000	3,000	6,000	-	(2,500)
Net cash generated (spent) on investing activities	(19,864)	(18,092)	1,065	(2,662)	(3,297)	(3,134)	(5,281)
CASH FLOWS FROM FINANCING ACTIVITIES							
Increase (decrease) in due to US partner of the joint operations	(18)	50	(105)	29	55	43	60
Proceeds (Repayment) of bonds payable	(3,999)	(4,052)	(4,269)	(4,556)	(4,863)	(5,192)	(5,539)
Proceeds (Repayment) of loans payable	(619)	(602)	(4,077)	(4,589)	(3,504)	(2,429)	(139)
Net cash generated (spent) on financing activities	(4,636)	(4,604)	(8,451)	(9,116)	(8,312)	(7,578)	(5,618)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(14,913)	(11,894)	(995)	(900)	(1,735)	511	409
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	23,562	25,214	8,649	7,655	6,755	5,019	5,530
CASH AND CASH EQUIVALENTS AT END OF YEAR	8,649	13,320	7,655	6,755	5,019	5,530	5,939

Consolidated Operating Budget

OPERATING BUDGET								
for the year ending March 31 (in thousands of dollars)								
	Current Forecast 2015-16	Main Budget 2015-16	Budget					
			2016-17	2017-18	2018-19	2019-20	2020-21	
FUNDING								
Tolls	27,065	27,663	26,757	26,847	27,106	27,677	27,990	
Leases and permits	3,834	4,088	3,595	3,658	3,700	3,733	3,766	
Currency exchange	1,500	1,476	1,350	1,431	1,445	1,460	1,474	
International Thousand Islands Bridge operating revenues	5,749	4,830	5,793	5,559	5,587	5,615	5,924	
Interest	657	775	618	567	526	490	456	
Other	130	426	33	34	35	37	38	
TOTAL FUNDING	38,936	39,258	38,145	38,095	38,400	39,011	39,648	
EXPENSES								
Operations	4,376	4,859	5,205	4,555	4,710	4,823	4,957	
Thousand Islands International Bridge	4,392	3,293	3,963	3,972	4,044	4,114	4,189	
Currency exchange	727	-	817	831	848	865	884	
Maintenance	5,622	5,571	4,495	4,077	4,422	4,382	4,638	
CBSA & CFIA operations	2,179	1,303	2,872	2,860	3,071	3,136	3,215	
Administration	6,700	6,725	6,613	6,625	6,780	7,010	7,176	
Restructuring costs	300	300	300	125	-	-	-	
TOTAL EXPENSES	24,296	22,051	24,265	23,046	23,875	24,331	25,060	
EXCESS OF FUNDING OVER EXPENDITURES	14,640	17,207	13,880	15,049	14,525	14,680	14,588	

Consolidated Capital Budget

for the year ending March 31
(in thousands of dollars)

	Current Forecast 2015-16	Main Budget 2015-16	Budget				
			2016-17	2017-18	2018-19	2019-20	2020-21
FUNDING							
Appropriations:							
FBCL North Channel Bridge replacement	11,766	15,282	7,570	-	-	-	-
TIB Lansdowne CBSA facility	10,991	20,000	23,844	23,844	-	-	-
Total appropriations	22,757	35,282	31,414	23,844	-	-	-
SMRBC Contribution agreement - Custom Plaza	15,781	14,466	12,613	8,271	-	-	-
Other revenue / cash reserves	8,932	9,783	9,685	5,162	8,997	3,134	2,781
TOTAL FUNDING	47,470	59,531	53,712	37,277	8,997	3,134	2,781
EXPENDITURES							
Government funded:							
Cornwall New North Channel Bridge and construction of associated structures	2,400	7,755	5,949	-	-	-	-
Cornwall Old North Channel Bridge demolition	9,366	7,527	1,621	-	-	-	-
TIB Lansdowne Customs Facility construction	10,991	19,750	23,144	23,844	-	-	-
TIB Lansdowne demolition of old structures	-	250	700	-	-	-	-
Total appropriations funded projects:	22,757	35,282	31,414	23,844	-	-	-
Sault Ste. Marie Customs Plaza Redevelopment	15,081	14,466	11,913	8,046	-	-	-
Sault Ste. Marie demolition of old structures	700	-	700	225	-	-	-
Total Contribution agreement funded projects:	15,781	14,466	12,613	8,271	-	-	-
FBCL funded:							
Blue Water Span paving and repairs	3,000	3,200	1,150	2,275	5,000	390	-
Blue Water Equipment and Electronic Systems	1,154	1,214	224	1,563	232	216	221
Blue Water Plaza design improvements and rehabilitation	1,500	1,500	300	-	-	-	-
SIBC Roadway Improvements *	-	-	-	300	3,000	-	-
SSM Painting and maintenance projects	2,224	1,384	2,379	300	184	2,180	2,134
TIB - Toll Upgrade & Electronic Tolling	169	1,150	1,330	-	-	-	-
TIB - Canadian Bridge concrete piers/warren truss	-	425	2,550	-	-	-	125
Other capital projects	885	910	1,752	724	582	348	301
TOTAL EXPENDITURES	47,470	59,531	53,712	37,277	8,997	3,134	2,781
EXCESS (SHORTFALL) OF FUNDING OVER EXPENDITURES	-	-	-	-	-	-	-

* Dependant on identification of funding source.

Financial Discussion

Consolidated Statement of Financial Position

Current Assets

The current assets are expected to drop by \$12.0M in the 2016-17 fiscal year, as compared to the forecasted March 2016 values and to drop by \$23.5M in total over the course of the planning period. This decrease is primarily due to a specific debt reduction strategy to repay as long term loans come up for renewal, which corresponds to payments of approximately \$14.0M. This debt reduction strategy is being employed in order to reduce future interest payments and free up cash for future requirements. Interest expenses will be reduced by approximately \$2.2M per year by the end of the fifth year of this plan. Additionally, in the first year of this plan, there are \$9.7M of capital projects requiring work to be funded by the corporation.

Non-current Assets

Non-current assets are primarily made up of property and equipment and investment properties. Capital asset acquisitions in the first two years of this plan represent \$50.7M and \$37.0M, respectively. Spending on three large projects constitute the most significant spending in this area, with \$47.0M being spent on the Canadian Customs Plaza Rehabilitation in Lansdowne, \$20.0M in spending on the Canadian Plaza Rehabilitation project in Sault Ste. Marie, and \$5.9M being spent in Cornwall completing the roadways surrounding the new North Channel Bridge. These three projects are funded through government funding, based on agreements that were entered into by the legacy FBCL. The remaining property and equipment acquisitions, which range from \$2.8M to \$9.7M per year over the course of the five-year plan, are being funded by the corporation.

Current Liabilities

Current liabilities are expected to remain consistently around \$24.0M over 5 years. The largest segment of this total relates to accounts payable and other payables, which will continue to have larger balances in the midst of the large capital projects, discussed above. Of the remaining balances, there are variations mainly around the decommissioning liability and the current portions of loans and deferred capital funding. The decommissioning liability refers to the structures demolition that are part of the three major capital projects discussed above. The demolition of the various structures will be completed by March 2018.

Non-current Liabilities

Non-current liabilities are also increasing significantly in the first two years of this plan. This is due to the three capital projects receiving government funding. Per IFRS, the funding received for these three projects is held on the Consolidated Statement of Financial Position until the construction is complete and the assets are in use, and is then amortized over the same period as the assets are depreciated. Therefore, the deferred capital funding will stay on the Consolidated Statement of Financial Position for up to 70 years. Loans payable in this section of the Consolidated Statement of Financial Position are decreasing to zero over the course of these five years, as all of the current outstanding loans are expected to be repaid by the 2021-22 fiscal year, for the reasons discussed under the current assets section above. The corporation, however, still has bonds outstanding that require payments of interest and principal against every year until 2027.

Consolidated Statement of Comprehensive Income

Revenue

Across the portfolio of bridges, there are variations in the types of traffic. The current downturn of the Canadian dollar in respect to the U.S. dollar has significantly affected the passenger traffic at some bridges, and had a minor effect at others. Combined with the strong overall reliance on truck traffic, which has been largely unaffected, total toll revenue is only expected to dip slightly in the 2016-17 fiscal year as compared to the forecast for 2015-16. The expected higher foreign exchange rate has also assisted in raising budgeted toll revenue received in US dollars. Total toll revenue is budgeted at \$32.6M in 2016-17, which compares to \$32.8M in 2015-16 (note that these toll values represent the “Tolls and services” and the “International Thousand Islands Bridge revenue” indicated in the Consolidated Statement of Comprehensive Income). There is a further decline in 2017-18 expected, at \$32.4M, which is based on higher passenger traffic but an expected recovery in the Canadian dollar exchange rate offsets this increase in traffic. Only in the fourth and fifth year of the planning period do we expect to reach the same toll revenue level as in 2015-16.

Revenue from leases and permits is largely variable based on sales from Duty Free Store tenants, and the decrease in passenger traffic across the bridges, who are the main clients of these Duty Free stores will have an impact.

Expenses

Total expenses have largely been affected by two issues in this budget, as compared to the previous budget. As a result of a complete consolidation of accounting policies between legacy corporations, depreciation expenses are higher in the current Corporate Plan as compared to the prior year. The difference is approximately \$2.5M to \$3.0M per year in additional expenses, to ensure consistent accounting policies.

Additionally, approximately 35% of the operating expenses in the 2016-17 budget result from our share of expenses from bridge partners, and these expenses are denominated in US\$. With the budgeted exchange rate in effect for this budget being almost 16% higher than last year, the resulting impact is an increase of over \$1.0M simply on translation.

Operations expenses in the first year of the planning period are expected to be higher in comparison to the forecast for 2015-16 and the second year of the budget due to a higher first year maintenance contract for the new electronic tolling facilities at the Point Edward location and an economic and traffic study to be performed in 2016-17. This study will give further insights into the current and future traffic use of international bridges, with these insights to be used for improvement of the management of the crossings. Salary expenses represent approximately two-thirds of the expenses in this category, and are forecast to increase very

In the Corporate Plan prepared last year, Administration expenses were budgeted between \$6.7M and \$7.2M per year. In this year’s plan, these expenses are \$0.1M lower due to savings realized from amalgamation. Further savings are expected as we continue to integrate all aspects of legacy corporations over the next two years, with approximately \$0.4M to be spent on these efforts.

Travel, hospitality, events and conferences expenses are integrated within each category above. Travel expenses are necessary for the following activities:

- board of directors and committee meetings of FBCL and the subsidiary, SIBC each of the bi-national bridge locations;
- managerial oversight of bridge operations and major projects;
- corporate services integration initiatives;
- expert level participation with professional associations; and,
- training and conferences

Annual planned expenditures include \$289K for travel, \$2K for hospitality and \$80K for conferences.

The corporation does not in the regular course of business host events.

Revenues

Tolls and services – We collect tolls from four international crossings, in Sault Ste. Marie, Point Edward, Lansdowne and Cornwall, however, due to the structure of the international agreement with the U.S. partner, the tolls from the Lansdowne crossing are reported as a separate line on the Consolidated Statement of Comprehensive Income, as “International Thousand Islands Bridge revenue”. Each bridge has its own mix of traffic between passenger and commercial vehicles. The drop in the value of the Canadian dollar has had a negative effect on many of the crossings in terms of passenger traffic, however, commercial trucking traffic has largely stayed static. With an expected betterment of the Canadian dollar forecast after the 2016-17 fiscal year, it is hoped that passenger traffic will rebound.

Leases and Permits – The leasing revenue is generated from the leasing of space within the buildings or the money received from Duty Free Stores at the particular crossings. We are conservatively forecasting a drop in the revenue from the Duty Free Stores under the assumption of lower passenger traffic crossings will result in fewer purchases at these stores, resulting in lower rent payable (rent is largely variable based on sales). With an expected slow recovery in passenger traffic, this income source is expected to rise at the same pace. All other current leasing contracts at the various bridge locations are expected to remain in place, without interruption, with periodic and scheduled increases in annual charges.

Currency Exchange – At the Point Edward location, a Currency Exchange facility is operated. This operation is able to serve customers crossing the bridge as well as walk-up clients who simply want to exchange currency without crossing the bridge. The Currency Exchange service is managed in accordance with the regulations for financial institutions, as administered by the Financial Transactions and Reports Analysis Centre of Canada (FINTRAC), and is subject to regular, third-party compliance audits by the regulator.

Interest Income – Investments are actively managed to preserve the capital value of assets of the long-term in order to fund the capital plan.

Expenditures

Salaries and Benefits – Wage increases are considered on an annual basis. For this planning period, wage increases have been forecast between 1.5% and 2.0% per year. These values are subject to annual Board approval before any increase actually takes effect. Maintenance

and operational staff at the Blue Water Bridge location are unionized and their wages are subject to their collective agreement currently under negotiation.

Operations expenses – These include expenses related to tolling operations at international bridges, traffic management, security contracts, and other operational type items. Operational improvements are continually reviewed and electronic tolling options are being studied and implemented at various crossings. The largest crossing, Point Edward, has installed electronic tolling lanes and continued maintenance costs on this implementation are forecasted for the next four years to ensure optimal support and stability.

Thousand Islands International Bridge expenses – Expenses incurred at the crossing in Lansdowne are representative of half of the operational costs incurred by the U.S. partner, TIBA, who operates the crossing. These expenses are denominated in US\$ and converted to Canadian dollar for the purposes of reporting.

Currency Exchange – The primary source of expenses for the Currency Exchange operation is for staffing of the facility. Other costs expended for this service relate to the building in which this operation is housed and the systems used to ensure compliance to FINTRAC requirements.

Maintenance expenses – Expenses related to maintenance vary between years, depending on the works planned and required at the various crossings. These works may be identified through cyclical inspections or identified by crews in their daily work to upkeep the crossings. Many of the regular maintenance expenses will increase as time passes, simply as a result of the age of the structures, and required inspection programs for all bridges and associated structures. Certain major maintenance works have been identified at each of the bridge locations which will require attention during the current planning period. These are works that go beyond the simple day-to-day repairs and maintenance; however they do not qualify as capital expenditures based on the nature of the work to be done.

CBSA & CFIA operations – The Corporation is required to provide and maintain CBSA facilities at three of the four crossings and CFIA facilities at two crossings. CBSA facilities are currently being upgraded and coming into operation, in stages, at the Sault Ste. Marie and Thousand Islands bridge crossings in the coming years. The impact for the increase in CBSA expenses, due to these larger facilities coming into operation, results in cost increases of over 112% by the end of the fifth year of this plan, as compared to the current 2015-16 forecast. These increased costs include Payment in Lieu of Taxes for these much larger new facilities as well as increased operational costs.

Administrative expenses – Expenses for administration continue to be a source of review. In this cost category, savings are being realized as a result of the amalgamation. Additional work is still required to more fully consolidate administrative policies and procedures which should continue to drive costs down. Upfront costs will be required for two more years to see this through, and more consistent control and consolidation of policies will be gained, an intended result of this amalgamation.

Government Funding – We will continue to report government funding for the costs recovered from demolition activities on the three major projects in Sault Ste. Marie, Lansdowne and Cornwall. This will continue until the 2017-18 fiscal year. Government funding is held on the Consolidated Statement of Financial Position as “deferred capital funding” until the specific assets are in use. At that point, the income recognized at the same rates that the assets are being depreciated.

11. Performance Assessment as at December 31, 2015

The following are the corporate objectives, strategies and performance targets by activity that we are delivering in 2015-16 and will continue to undertake to deliver the mandate.

Activity 1- Rehabilitate, Construct, Manage and Operate			
Expected Results: Ensure the ongoing safety and security of clients while maintaining the efficient operation and management of construction and rehabilitation projects at the international bridges and associated structures.			
2015-16 Performance Measures	Performance Indicators	Timeline	Status
1. Mitigate risks through regular bridge inspections, undertake all minor repairs within available funding and identify/prioritize long-term major rehabilitation requirements.	Reporting of results of inspection program and repairs undertaken at each bridge.	Annually	Met. Inspections undertaken at the four international bridges. Each bridge is considered in good condition with repairs being addressed as required. Inspection reports are submitted to TC annually.
	Formal reports on asset risks as part of Enterprise Risk Management (ERM).	Annually	Partially met. Bridge asset risks are monitored quarterly and reports are presented and discussed with the Board of Directors.
2. Ensure innovations or new technologies are explored and/or utilized.	Implement automated tolling at international bridges as follows:		
	Sault Ste. Marie	2015-16	Met. This joint project is completed and the official bi-national opening was held in October 2015. Toll lanes were fully reconstructed and are now equipped with automated card readers, gates and patron fare displays.
	Blue Water Bridge	2015-16	Partially Met. The new toll system is implemented and in use in all lanes. Commercial self-managed accounts are active.
	Thousand Islands Bridge (subject to design and funding approvals).	2014-17	Ongoing. This project is to replace the existing computerized toll system that is obsolete. The full system implementation is expected in 2016-17.

3. Deliver funded major international bridge construction projects on time and on budget.	Sault Ste. Marie: Customs Plaza Rehabilitation (\$51.6M).	2013-18	<p>Ongoing. The first phase of works: the maintenance garage, Duty Free facility and civil works, has been completed.</p> <p>The final contract including the CBSA traffic and commercial buildings in addition to surrounding site works was awarded in April 2015 and works are proceeding at a rapid pace. Estimated project completion remains on target for 2017-18. Estimated project completion remains on target for 2017-18.</p>
	Thousand Islands: Renewal of the CBSA facility (\$60M).	2014-18	<p>Ongoing. Mass rock excavation and crushing contract was completed in October 2015. The utility and service building is under construction with completion targeted for early 2016. A contract was awarded in October 2015 for temporary CBSA commercial facilities.</p> <p>Preparation of construction drawings for the construction of the new CBSA integrated traffic and commercial building is ongoing with the anticipated tender before March 31, 2016.</p>
	Cornwall: North Channel Bridge (\$74.8M).	2014-17	<p>Ongoing. The demolition of the old bridge is progressing well with substantial completion planned for early 2016. Due to budget challenges, we continue to explore technical solutions for the removal of the bridge piers in the water.</p> <p>The fourth and final contract is the realignment of Brookdale Avenue and detours. This contract will be scheduled for tender in early to mid-2016. The project completion remains on target for March 31, 2017. This contract will be scheduled for tender in early to mid-2016. The project completion remains on target for March 31, 2017.</p>

	Cornwall: CBSA interim port of entry (CBSA funded).	2013-16	Met. CBSA Interim Port of Entry delivered and fully operational as per CBSA's Statement of Requirements.
4. Ensure security programs are in place at all international crossings.	Security plans and programs at all locations are reviewed and meet all IBTA requirements.	Annually	Partially met. Security plans have been completed for the Sault Ste. Marie, Lansdowne and Cornwall international bridges. The operational processes for the Point Edward bridge are in place however the full security plan remains in development.
5. Review revenue generation opportunities to assist in funding long-term capital requirements.	Toll rates are reviewed and optimized with U.S. partners and other revenue opportunities are identified and explored.	Annually	<p>Ongoing. Canadian exchange rates have been adjusted at the Sault Ste. Marie, Lansdowne and Cornwall locations to reflect Canadian currency values.</p> <p>In order to remain sustainable, the SIBC, operator of the Cornwall location has increased their toll rates from \$3.25 to \$3.50. This challenge is due to only 40 percent of traffic paying given the free passage to the Mohawk community.</p> <p>A further strain on profitability is being endured at this crossing due to the decline in the Canadian dollar.</p> <p>There have been no changes at the Point Edward location at this time due to implementation of new automated tolling system.</p> <p>Leases have been renewed with one Duty Free operator and six customs brokers at market rates.</p>

Activity 2- Internal Services

Expected Results: Ensure that internal services at all divisions support the needs for operations, employees, the President and CEO and Board of Directors.

2015-16 Performance Measures	Performance Indicators	Timeline	Status
1. Implement a common FBCL policy framework.	Inventory of internal services and policies, processes and systems (HR, Finance, IT, Legal) completed and integration plan established.	2015-16	<p>Ongoing. Significant work has been undertaken in the areas the following areas:</p> <p>HR: Complete review underway of job descriptions, classification and remunerations for all salaried positions.</p> <p>Finance: Focus on compliance and integration of accounting policies and completion of multiple legacy financial audits.</p> <p>IT: Inventory of technology, documentation of systems and establishment of an IT strategic plan to guide the transition. Integration of network and email systems were prioritized.</p> <p>Key policies were integrated and approved.</p>
2. Deliver amalgamation as announced in Bill C-4 <i>Economic Action Plan 2013 Act, No. 2</i> .	International agreement negotiated and amalgamation with SIBC completed.	2015 -16	Not met. The realization of the amalgamation with the remaining subsidiary, The Seaway International Bridge Corporation, Limited, is contingent upon an agreement being reached with the U.S. partner, SLSC, at this location. TC has undertaken bi-lateral discussions with SLSDC in this matter.
3. Keep stakeholders and international bridge users well informed of corporate changes, on the status of works and resulting traffic disruptions using social media and other tools.	<p>Stakeholder feedback through communications.</p> <p>Statistics on number of subscribers and visitors to social media sites, and other mechanisms used.</p>	Annually	<p>Met. We have actively engaged stakeholders in all areas of activities. Overall, federal counterparts and municipal entities were kept up to date on progress on major projects at all bridge locations with multiple joint meetings and technical briefings.</p> <p>In addition to multiple press releases, interviews and stakeholder updates, FBCL communicated directly with 290 subscribers through social media sites and response to direct questions from individuals.</p>

4. Develop foundation for a customer service improvement strategy.	Portfolio baseline data on commercial and passenger clients collected, analysed and gaps identified.	2016-17	Committed to target.
	Customer surveys conducted on a prioritized basis.	2016- 18	Committed to target.
5. Continue to support government restraint and affordability directions.	Savings achieved through restraint.	Annually	Met. We remain committed to existing levels of human resources and have implemented restraint in salary increases. New travel, hospitality, conference and event policy implemented to align to TBS.
	Status of pension implementation strategy.	2017	Committed to target. Comprehensive remuneration study to be completed in early 2016 with required changes to pension plan to follow by ministerial directive timeline.
6. Financial self-sufficiency.	Degree to which toll revenue covers expenses by crossing and portfolio-wide.	Annually	Met. In the current forecast year, we retained over \$2.9M as a net of toll revenues less operating expenses and interest. Revenues other than tolls add further \$6.1M.
7. Modernize IT support infrastructure at all crossings.	Status of replacement of outdated infrastructure at bridge crossings:		
	Blue Water Bridge: ▪ Installation of utilities and data networking infrastructure for plaza.	2013-18	Partially Met. Full utilities and data networking infrastructure were upgraded as part of the reconstruction of toll lanes in advance of onboarding the new toll system. Additional upgrades of utilities, particularly electrical systems, are required across the plaza in the years ahead.
	▪ Introduction of new technologies and integration and improvement of select information management systems.		Partially Met. Priority of integration was placed on email, phone and network. Significant IT resources were invested in new automated toll system in Point Edward. Remainder of integration and improvement of information management systems deferred to optimize use of limited IT resources.

	Sault Ste. Marie: installation of toll automation project.	2015-16	Met. The technology supporting this joint project was fully implemented allowing for project completion in October 2015 as outlined above.
	Thousand Islands Bridge (subject to funding approvals) complete design and installation.	2014-16	Ongoing. This project is to replace the existing computerized toll system that is obsolete. The full system implementation is expected in 2016-17.
8. Negotiate a new collective agreement for unionized employees.	Status of new collective agreement.		Ongoing.

Appendix 1 - List of Abbreviations

ATIP	ACCESS TO INFORMATION AND PRIVACY
BWBA	BLUE WATER BRIDGE AUTHORITY
CBCA	CANADA BUSINESS CORPORATIONS ACT
CBSA	CANADA BORDER SERVICES AGENCY
CEO	PRESIDENT AND CHIEF EXECUTIVE OFFICER
ERM	ENTERPRISE RISK MANAGEMENT
FAA	FINANCIAL ADMINISTRATION ACT
FBCL	THE FEDERAL BRIDGE CORPORATION LIMITED
IBA	INTERNATIONAL BRIDGE ADMINISTRATION
IBTA	INTERNATIONAL BRIDGES AND TUNNELS ACT
IFRS	INTERNATIONAL FINANCIAL REPORTING STANDARDS
JCCBI	JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED
MDOT	MICHIGAN DEPARTMENT OF TRANSPORTATION
PAA	PROGRAM ALIGNMENT ARCHITECTURE
PSPF	PUBLIC SERVICE PENSION PLAN
PWGSC	PUBLIC WORKS AND GOVERNMENT SERVICES CANADA
SIBC	THE SEAWAY INTERNATIONAL BRIDGE CORPORATION LIMITED
SLSDC	ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
SMRBC	ST. MARY'S RIVER BRIDGE COMPANY
SSMBA	SAULT STE. MARIE BRIDGE AUTHORITY
TC	TRANSPORT CANADA
TIBA	THOUSAND ISLANDS BRIDGE AUTHORITY

Appendix 2 - Board of Directors

FBCL

Connie Graham

Location: London, Ontario

Position: Chairperson

OIC Appointment Date/Term: February 1, 2015 / 5 years

Pascale Daigneault

Location: Sarnia, Ontario

Position: Vice-Chairperson

OIC Appointment Date/Term: February 1, 2015 / 3 years

Gary Atkinson

Location: Wyoming, Ontario

Position: Director

OIC Appointment Date/Term: February 1, 2015 / 4 years

Diana Dodge

Location: Brockville, Ontario

Position: Director

OIC Appointment Date/Term: February 1, 2015 / 3 years

Micheline Dubé

Location: Ottawa, Ontario

Position: Director, President and Chief Executive Officer

OIC Appointment Date/Term: February 1, 2015 / 4 years

Richard Talvitie

Location: Sault Ste. Marie, Ontario

Position: Director

OIC Appointment Date/Term: February 1, 2015 / 4 years

Deborah Tropea

Location: Cornwall, Ontario

Position: Director, Chair of the Finance and Audit Committee

OIC Appointment Date/Term: February 1, 2015 / 3 years

Appendix 3 – Extract from FBCL’s Audited Consolidated Financial Statements of March 31, 2016

The amalgamation of legacy FBCL with legacy BWBA on February 1, 2015 involved, among other things, (i) the creation of a new Corporation as of the date of amalgamation and (ii) the recognition of the assets and liabilities received from the legacy corporations at their carrying value as at the date of amalgamation in the new Corporation’s financial statements. Previously, the legacy FBCL prepared the consolidated financial statements in accordance with Canadian Public Sector Accounting Standards (“PSAS”) and BWBA applied IFRS. The carrying values of the assets and liabilities received have been adjusted, where applicable, at the date of amalgamation to comply with IFRS and to align with the accounting policies, methods and assumptions adopted by the Corporation.

Presented here is a reconciliation of each of the legacy corporations’ statements of financial position, starting from their latest published audited financial statements, incorporating all the operating results from the date immediately following the latest published audited financial statements to the date immediately prior to the amalgamation.

(In thousands of dollars)

	Legacy FBCL - PSAS		
	March 31, 2014 (restated)**	April 1, 2014 - Jan. 31, 2015 activity *	January 31, 2015
FINANCIAL ASSETS			
Cash and cash equivalents	9,035	(4,270)	4,765
Restricted cash	1,565	(1,565)	-
Accounts receivable			
Federal departments and agencies	4,900	(1,761)	3,139
Other	781	789	1,570
Portfolio investments	13,813	(400)	13,413
TOTAL FINANCIAL ASSETS	30,094	(7,207)	22,887
LIABILITIES			
Accounts payable and accrued liabilities			
Federal departments and agencies	3,872	(3,872)	-
Other ** (ii)	4,635	1,184	5,819
Due to a government partner	1,644	204	1,848
Holdback	852	35	887
Employee future benefits	133	5	138
Asset retirement obligation	17,869	500	18,369
Credit facility	4,820	(154)	4,666
Deferred revenue	374	(63)	311
TOTAL LIABILITIES	34,199	(2,161)	32,038
NET DEBT	(4,105)	(5,046)	(9,151)
NON-FINANCIAL ASSETS			
Tangible capital assets ** (i)	80,978	15,076	96,054
Prepaid expenses	173	69	242
TOTAL NON-FINANCIAL ASSETS	81,151	15,145	96,296
ACCUMULATED SURPLUS, March 31, 2014 (as previously reported)	80,807		
Prior period adjustments ** (i) and (ii)	<u>(3,761)</u>		
ACCUMULATED SURPLUS, March 31, 2014 (restated)	77,046		
Total Revenue		11,445	
Maintenance expense		(5,704)	
Operations expense		(1,394)	
Administration expense		(3,881)	
International Thous and Islands Bridge expense		(4,349)	
Government transfers		<u>13,159</u>	
Net operating surplus		9,276	
Increase in foreign exchange remeasurement		489	
Increase in portfolio investment remeasurement		<u>334</u>	
ACCUMULATED SURPLUS, January 31, 2015		10,099	87,145

* The amalgamation between legacy FBCL and SMRBC took place on January 27, 2015. Since legacy FBCL previously owned 100 % of the shares of SMRBC, there were no adjustments to the carrying values received from SMRBC.

** The restatement of prior period errors relate to:

- (i) The remaining unamortized asset retirement cost related to the Cornwall North Channel Bridge (NCB) that was capitalized as part of tangible capital assets should have been derecognized by January 2014 when the old NCB ceased being used. As a result, the March 31, 2014 carrying amount of tangible capital assets and accumulated surplus were decreased by \$3.3M.
- (ii) A portion of the funding provided by the Government of Canada in the assistance of managing the closure of the NCB in 2009 was applied against accounts payable rather than being expensed. As a result, the March 31, 2014 accounts payable balance was increased by \$0.5M and the accumulated surplus was decreased by the same amount.

(in thousands of dollars)

	Legacy BWBA - IFRS		
	September 1,		
	August 31, 2014	2014 - Jan. 31, 2015 activity	January 31, 2015
ASSETS			
Current			
Cash	15,682	(508)	15,174
Investments	1,264	4,936	6,200
Trade and other receivables	500	(124)	376
Prepaid expenses	419	(181)	238
Total current assets	17,865	4,123	21,988
Investments	-	2,303	2,303
Property, plant and equipment	204,646	(870)	203,776
Intangible assets	39	7	46
Investment properties	16,679	156	16,835
Restricted funds	6,506	(6,506)	-
TOTAL ASSETS	245,735	(787)	244,948
LIABILITIES AND EQUITY			
Current			
Trade and other payables	2,313	(621)	1,692
Holdbacks payable	213	58	271
Deferred revenue	2,495	246	2,741
Current portion of loans payable	419	6	425
Current portion of bonds payable	3,913	86	3,999
Total current liabilities	9,353	(225)	9,128
Employee benefits	6,625	610	7,235
Non-current deferred revenue	1,934	202	2,136
Non-current loans payable	13,382	(178)	13,204
Non-current bonds payable	73,111	(2,371)	70,740
Total liabilities	104,405	(1,962)	102,443
EQUITY			
Retained Earnings, August 31, 2014	141,330		
Total revenue		11,384	
Depreciation of property, plant and equipment		(2,580)	
Interest on long-term debt		(2,267)	
Salaries, wages and benefits		(2,311)	
General and administrative		(1,505)	
Maintenance and other expenses		(850)	
Depreciation of investment property		(252)	
Depreciation of intangible assets		(7)	
Net income - bridge operations		1,612	
OCI - actuarial losses		(437)	
Retained Earnings, January 31, 2015		1,175	142,505
TOTAL LIABILITIES AND EQUITY	245,735	(787)	244,948

Upon amalgamation, the legacy FBCL's carrying values were adjusted to comply with IFRS and the legacy BWBA's carrying values were adjusted in order to align the accounting policies of the legacy BWBA with those of the Corporation. The following is a reconciliation between the legacy corporations' January 31, 2015 statements of financial position and the carrying values that were received by the Corporation as at the date of the amalgamation:

(in thousands of dollars)

	Legacy FBCL			Legacy BWBA			FBCL
	As at Jan. 31, 2015 as shown above	IFRS adjusting entries	Carrying value of assets and liabilities received on Feb. 1, 2015	As at Jan. 31, 2015 as shown above	Alignment of Accounting Policies	Carrying value of assets and liabilities received on Feb. 1, 2015	IFRS
	\$	\$	\$	\$	\$	\$	\$
Assets							
Current assets							
Cash and cash equivalents	4,765		4,765	15,174		15,174	19,939
Investments	13,413	(3,902) i	9,511	6,200		6,200	15,711
Trade and other receivables	4,709		4,709	376		376	5,085
Prepays	242		242	238		238	480
Total current assets	23,129	(3,902)	19,227	21,988	-	21,988	41,215
Non-current assets							
Property and equipment	96,054	(4,211) iv, v	91,843	203,776	6,119 vii	209,895	301,738
Investment property	-	3,741 iv	3,741	16,835		16,835	20,576
Intangible assets	-		-	46		46	46
Investments	-	3,902 i	3,902	2,303		2,303	6,205
Total non-current assets	96,054	3,432	99,486	222,960	6,119	229,079	328,565
Total assets	119,183	(470)	118,713	244,948	6,119	251,067	369,780
Liabilities							
Current liabilities							
Trade and other payables	5,819		5,819	1,692		1,692	7,511
Employee benefits	138		138	-		-	138
Due to US partner of the joint op	1,848		1,848	-		-	1,848
Decommissioning liabilities	18,369	(1,291) iii	17,078	-		-	17,078
Holdback	887		887	271		271	1,158
Deferred revenue	311		311	2,741		2,741	3,052
Current portion of loan payable	-	191 ii	191	425		425	616
Current portion of bond payable	-		-	3,999		3,999	3,999
Deferred capital funding	-		-	-	564 vii	564	564
Total current liabilities	27,372	(1,100)	26,272	9,128	564	9,692	35,964
Non-current liabilities							
Loan payable	4,666	(191) ii	4,475	13,204		13,204	17,679
Bonds payable	-		-	70,740		70,740	70,740
Employee benefits	-		-	7,235		7,235	7,235
Deferred revenue	-		-	2,136		2,136	2,136
Deferred capital funding	-		-	-	5,555 vii	5,555	5,555
Decommissioning liabilities	-	1,291 iii	1,291	-		-	1,291
Total non-current liabilities	4,666	1,100	5,766	93,315	5,555	98,870	104,636
Equity							
Retained earnings	85,839	469 v, vi	86,308	142,505		142,505	228,813
Accumulated other comprehensi	1,306	(939) vi	367	-		-	367
Total equity	87,145	(470)	86,675	142,505	-	142,505	229,180
Total equity and liabilities	119,183	(470)	118,713	244,948	6,119	251,067	369,780

Notes:

- (i) Presentation of investment - under IFRS the Corporation must separate the investments into current and non-current amounts. This resulted in a reclassification of \$3.9M.
- (ii) Presentation of loans payable - under IFRS the Corporation must separate the loans payable into current and non-current amounts. This resulted in a reclassification of \$0.2M.
- (iii) Presentation of decommissioning liabilities - under IFRS the Corporation must separate the decommissioning liability (formerly referred to as “asset retirement obligation” under PSAS) into current and non-current amounts. This resulted in a reclassification of \$1.3M.
- (iv) Presentation of investment properties - under IFRS the Corporation presents the investment properties into a dedicated line item on the statement of financial position.
- (v) Componentisation of property and equipment - under IFRS the Corporation has to separate the property and equipment into components in accordance with IAS 16. This process resulted in partial aspects of previously capitalised assets to be derecognized in the amount of \$0.5M.
- (vi) Presentation of foreign currency translation - under IFRS the Corporation foreign currency translations are shown in net income rather than in remeasurement gains and losses. This resulted in a reclassification of \$0.9M.
- (vii) Presentation of government funding - to conform the presentation to the Corporation’s accounting policy, which is to set up the government funding as deferred capital funding, an adjustment to the acquisition cost of property and equipment of \$9.2M and to accumulated depreciation of \$3.1M was made to reallocate the remaining unamortised amounts of government funding received in previous years to deferred capital funding. The presentation was updated in both current and non-current liabilities.

In respect to the componentization of property and equipment, all changes and adjustments were made on a prospective basis. The establishment of components (and the associated useful lives) did not affect the carrying values received from the legacy FBCL. Components and useful lives of the legacy BWBA were also adjusted on a prospective basis in order to comply with the accounting policies of the Corporation, and did not affect the values of the assets received from the legacy BWBA.