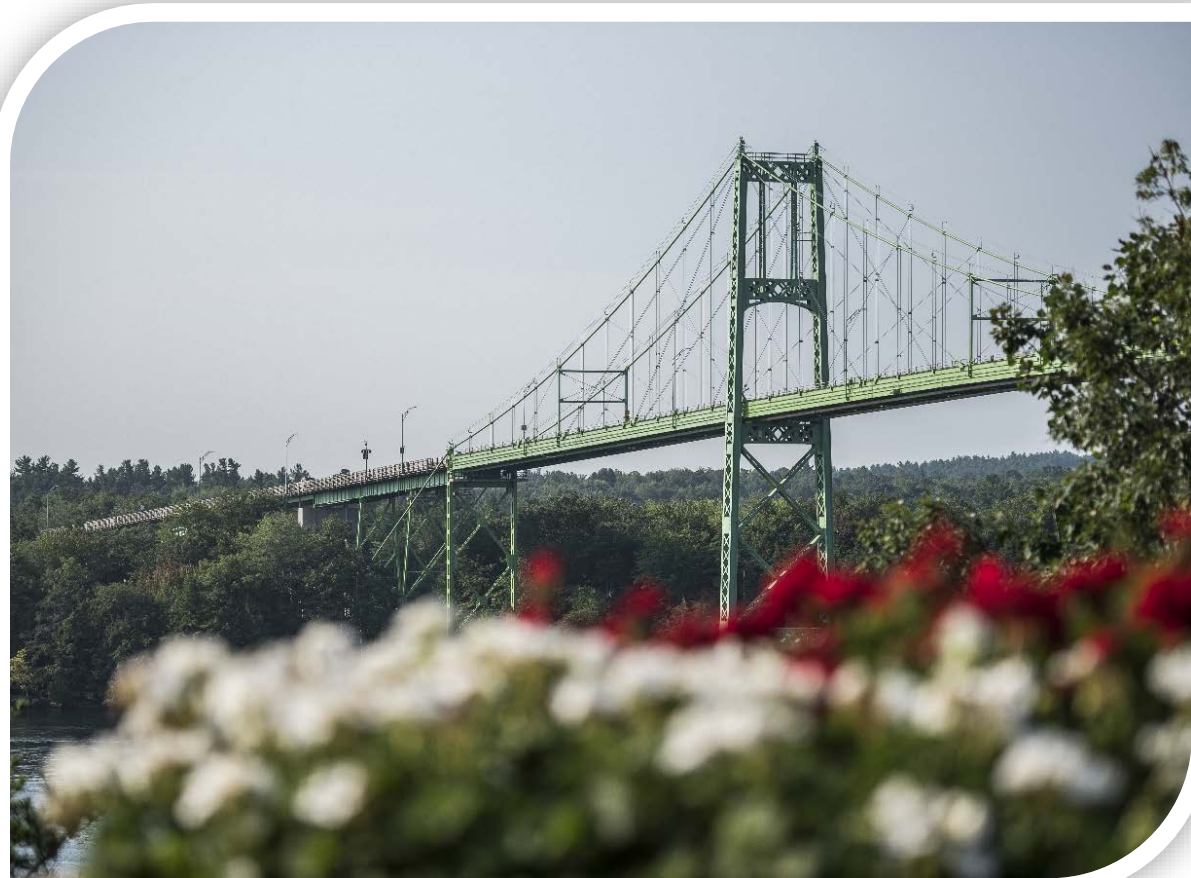




## Corporate Plan Summary (2018-2023)



The Federal Bridge Corporation Limited  
55 Metcalfe Street, Suite 200  
Ottawa, Ontario  
K1P 6L5

## Executive Summary

The Federal Bridge Corporation Limited (FBCL) manages Canada's interest in four of the bridges linking Ontario with the United States. Multiple crossings within a portfolio enhance the owner's ability to generate a capital reserve for portfolio-wide asset maintenance and contingency management.

Within the realm of factors that can strategically and materially impact the Corporation's future, the most prominently unquantifiable are those of the health of the North American import/export economy resulting from unpredictable changes to trade policies as well as those that derive from the continuing struggle of border management agencies to balance high throughput border fluidity within the context of their essential national security mandates.

Canada's international bridges measure the real-time temperature of the country's trade and economic health. Calendar year 2017 began with an overall warming trend that eventually sputtered through the very wet summer and a higher Canadian dollar. As summer heat waned into autumn, the Canadian dollar weakened and passenger travel seemingly began to recover although critically important commercial crossings maintained their uncertain and inconsistent trends. Despite these fluctuations, while overall traffic remained relatively low, the long, slow, multi-year migration of commercial vehicles away from Canada's borders appears to have potentially ended. Ultimately, from the standpoint of traffic flow, 2017 will go down as generally unremarkable.

A critical review of international land crossings over the past decade shows that, for all bridge operators, the low volumes of 2017 rank within the bottom three. An optimistic perspective on this same data would suggest that despite negligible growth from the previous year where gains in passenger traffic were cancelled out by slight losses in commercial transits, the recent trend in annual declines of overall bridge traffic seems to have finally bottomed out. Perhaps 2017 was a turning point that hints at a coming recovery.

The traffic patterns at FBCL's bridges generally mirrored those of all of Ontario's international bridges. Blue Water Bridge, Sault Ste. Marie and the Thousand Islands International Bridges finished the year with traffic flows within  $\pm 1\%$  of those of the previous year. Only the Seaway International Bridge witnessed real growth, consistently with its own recent trends. Its 4.4% increase reflects the continuing recovery of its local economy, improvements in exchange rates and increases in toll exempt transits by members of the indigenous community.

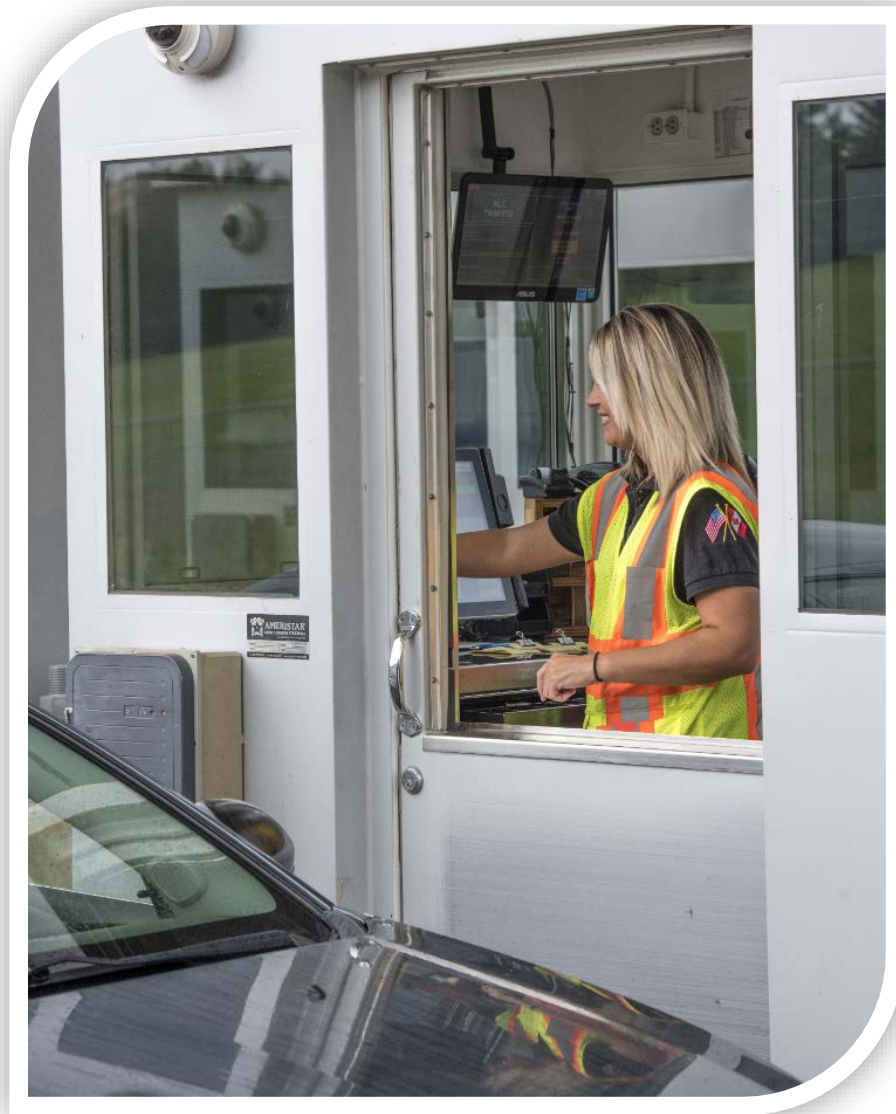
As stewards of this portfolio of assets, FBCL has largely invested its recent energies in the delivery of asset improvements and in operational consolidation while laying the self-sustaining foundations for the newly

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

- **Sault Ste. Marie International Bridge**  
Sault Ste. Marie, Ontario
- **Blue Water Bridge**  
Point Edward, Ontario (Sarnia)
- **Thousand Islands International Bridge**  
Lansdowne, Ontario
- **Seaway International Bridge Crossing**  
Cornwall, Ontario

unified corporation. With increasing numbers of successfully completed integration milestones streaming by, the Corporation is entering a phase of portfolio development with its eyes on growth. Growth that will hopefully be supported and reflected by a broader economic climate. FBCL's operational goals for the coming period aim to leverage its earlier amalgamation so as to take action based on the insights and efficiencies acquired over the last three years. FBCL will evolve from renewal, consolidation & alignment towards a portfolio growth strategy that aims to focus on its core business: revenue from tolls, nurturing its bridge assets to ensure longevity and optimization of its bridge operation partnerships.

This emphasis on goal achievement will be implemented through investments in technology and innovation. Growth in toll revenue will be supported by actions to influence greater consistency and efficiencies from key partners and by deepening existing positive relationships with bridge stakeholders.



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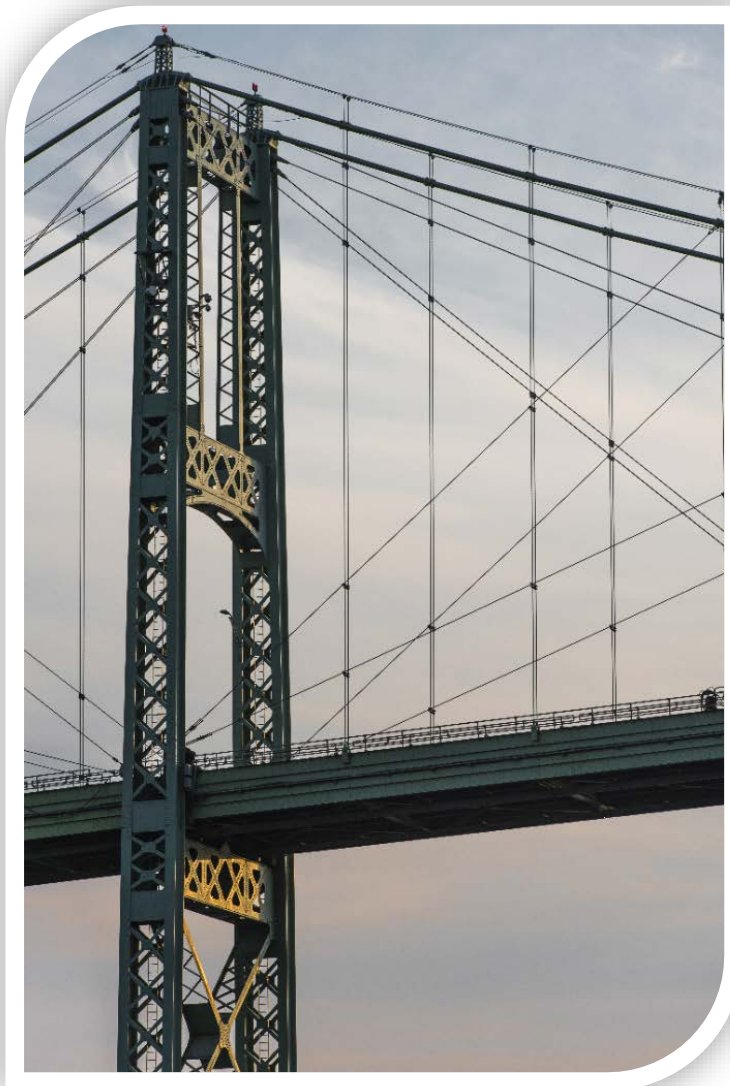
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## Corporation, Mandate, Mission, Vision

### Background

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

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



#### Sault Ste. Marie International Bridge

Sault Ste. Marie,  
Ontario



Sault Ste. Marie,  
Michigan

#### Blue Water Bridge

Point Edward  
(Sarnia), Ontario



Port Huron,  
Michigan

#### Thousand Islands International Bridge

Lansdowne, Ontario



Alexandria Bay,  
New York

#### Seaway International Bridge

Cornwall, Ontario



Roosevelt,  
New York

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



## Mandate

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

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

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

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

## Core Responsibilities Statement

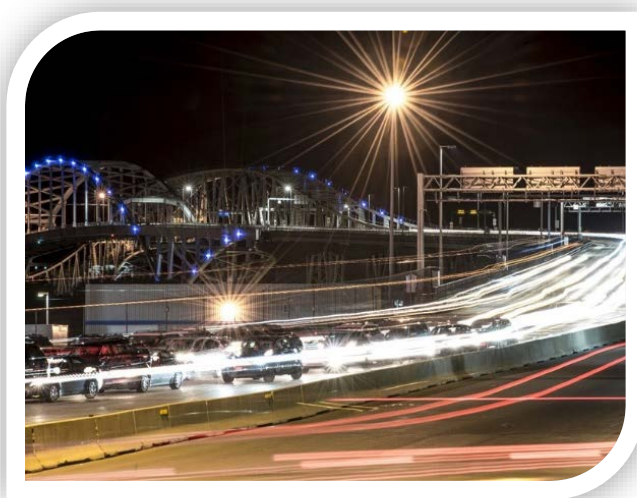
In accordance with the Treasury Board Secretariat Policy on Results, "Managing international bridges" was approved by the Crown in 2017 as FBCL's Core Responsibility. This responsibility is further qualified to include its mission and vision statements. FBCL manages these international bridges with a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

## Mission

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

## Vision

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



## Pillars

FBCL will fulfill its mission through these key pillars:

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

## Financial Position

FBCL's overall financial position is positive and this perspective is supported through the assessment of Standard & Poor's Financial Services LLC. FBCL's financial risks are assessed regularly and in November 2017 S&P Global Ratings maintained its long-term issuer credit and senior unsecured debt ratings on FBCL at 'A'. Additionally, they improved the outlook to "positive" from "stable". The financial outlook reflects their expectation that, in the next two years, FBCL's traffic will be relatively stable and, with the corporation's determined debt reduction strategy, its debt metrics will improve, and the reduced financial risk will offset increased business risk that could come from international trade negotiations and a medium-term increase in competition.

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

The 2016-17 Annual Report is posted at <https://www.federalbridge.ca/wp-content/uploads/2017/10/AR-2017-English-Final.pdf>. For FY2017-18, forecasted expenses are outpacing budgeted values by \$1.6M and the financial position is being compounded by a \$1.4M shortfall in expected revenue. The difference between current forecasts and prior budgeted values is largely due to currency rate effects on assets and expenses, higher depreciation tied to expansive new Canadian Border Services Agency (CBSA) facilities as well as the reduced demand for the soon to be divested Currency Exchange Service. Lower traffic and currency exchange demand were caused by the strong disparity between Canadian and American currencies, particularly in the earlier part of the present fiscal period. Through the diligent management of Crown funded capital investment projects and associated deliverable milestone efficiencies, FBCL improved on its forecasted asset amortization schedule resulting in a positive overall fiscal outcome.

Ultimately, FBCL is expecting to close FY2017-18 with a favourable financial position continuing its trend of steady improvement over the prior year.

## Operating Environment

At its most basic, a bridge is a connection between two points. As a business, it provides revenue opportunities from entities seeking to benefit from that connection and from other entities benefiting from the presence of crossers. In pragmatic terms, a bridge is a services-based business that delivers crossing facilitation and ancillary services to crossers. A bridge can't be relocated or extensively diversified in order to broaden its addressable market. As such, a bridge passively exerts a localized sphere of influence and, for a broader geography, must continuously maintain high levels of service and unique advantages in order to attract users.

Additionally, within its local footprint, the bridge serves as an access facilitator for regional attractors. Without those external attractors, a bridge has little effect on its community of prospective users.

## Strategic Issues

Within that operational context, the key strategic issues faced by the Corporation include:

- **The Economy:** The overall state of local and broader international economic health and outlook manifest their effects on FBCL in a number of ways. These include effects derived from currency exchange rates, employment and productivity as well as from travel attractors serviced by bridges.
  - a. Currency exchange rates affect bridge usage both in term of the commercial attractiveness of Canadian export goods to foreign buyers and/or the affordability of desirable import goods;
  - b. Local, regional, provincial and national general employment, manufacturing and economic health enhances the presence of thriving exporting and importing industries and manufacturers operating within a stable or growing international business climate and these contribute to the creation of a well-remunerated population empowered with disposable income for spending and investing on both sides of the border; and,
  - c. Given that between 80 and 95% of passenger car crossings originate locally, the presence and demise of bridge-accessible travel attractors and destinations have a significant impact on the number of prospective travellers. These bridge users seek value for dollar as well as uniquely available products, services or entertainment. The opening of a marquee retail outlet or the closure of a notable source of employment each impact travel decisions and bridge activity.
- **Throughput at the border:** a reputation for speed and ease of crossing is the single most important factor affecting crossing choice for non-local travellers and commercial goods transporters. Safe spaces, free of obstructions, complemented by well-staffed, efficient and stable customs processing systems collectively ensure the fluidity of a crossing. Successful delivery of these services is a joint operational obligation of both the bridge operator and border protection services who necessarily must find the appropriate balance between security protection and processing efficiency.
- **Impact of NAFTA:** The outcome of NAFTA negotiations as well as the imposition of any nationalistic trade barriers and tariffs on import/export dependent businesses could have profound consequences for many years on the volume of crossings at FBCL international bridges as users and corporations adjust to new operational modalities and realities.
- **Technology and its security:** Customer pressures to adopt support for an ever expanding diversity of novel rapid payment options prevails across the bridge portfolio. FBCL must ensure that its underlying transaction management technologies remain current, adaptable and secure. Multi-component systems with various integrated interfaces are required to link customer transaction processing with internal financial management systems, customer account management resources and external



payment processing systems. Additionally, the security of these systems is fundamental to ensuring customer trust and confidence.

- **Competition:** The international crossing landscape in southwestern Ontario is headed towards a paradigm shift as the competitive battleground sees new options. Changes are afoot in the Windsor-Detroit corridor. As shovels hit the ground, the riverfront skyline will experience change with the introduction of the new Gordie Howe International Bridge and, potentially, the proposed replacement to the Ambassador Bridge. Blue Water Bridge is expected to remain the option of choice for western and southwestern long-haul tractor trailers, however a disruptive cycle to Blue Water Bridge's commercial traffic is anticipated and a new status quo won't be established in the region for at least five years following the opening of the new bridge(s).

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

## Alignment with Government Priorities

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

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

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

## Bridge Traffic Trends

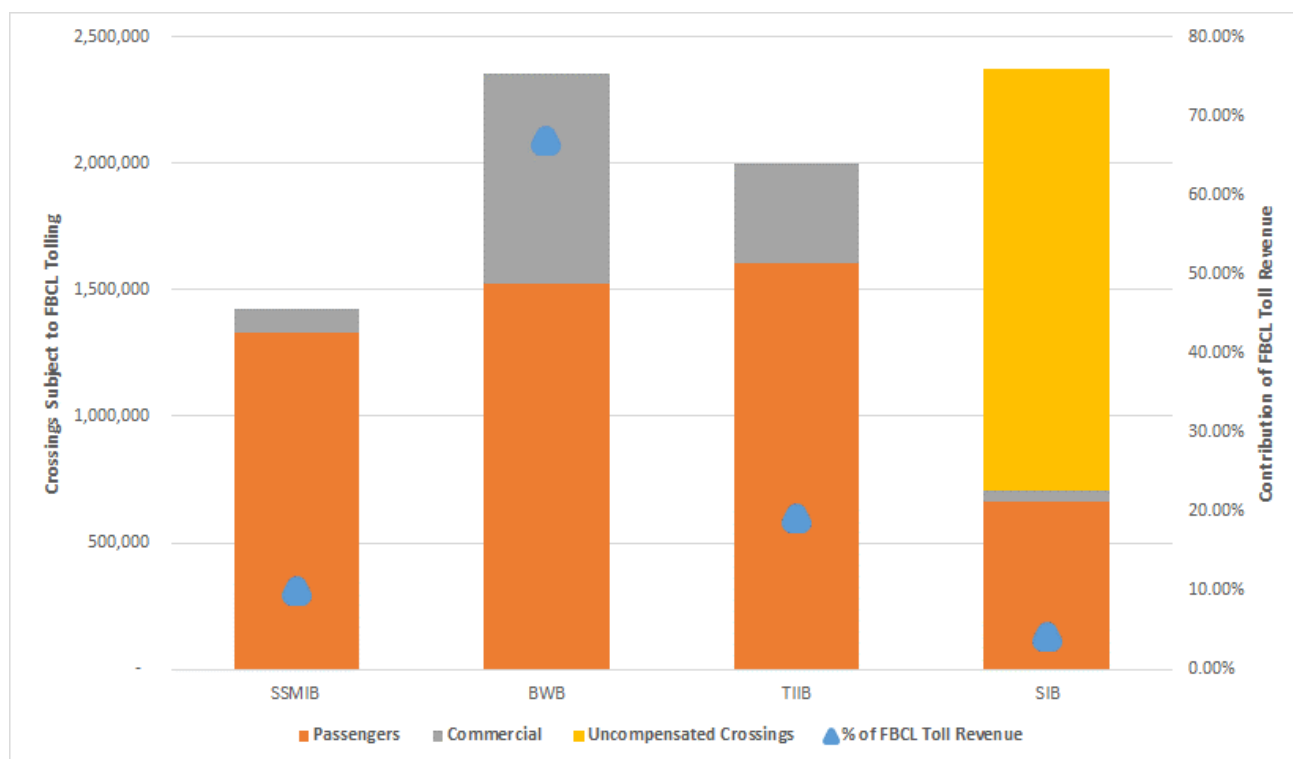
On the whole, 2017 could be interpreted in two distinct manners. One view of the data concludes that 2017 was unimpressive, featuring flat growth and inconsistent traffic flows, suggesting a new normal, a steady state settling in. Another point of view judges that the declining trend of recent years has finally bottomed out which sets the stage for a new period of growth. Both interpretations presently remain valid. The impact of on-going economic effects will ultimately reveal which category of economic cycle is in play.

Recent traffic at Thousand Islands International Bridge has been lightly impacted by the effects of construction of new CBSA facilities to the benefit of the Ogdensburg-Prescott International Bridge. With construction now completed, this traffic is expected to re-normalize.

	All Traffic			Commercial Traffic		
Vs Prior Year	2015	2016	2017	2015	2016	2017
Sault Ste. Marie	-20.64%	-8.67%	-1.04%	-4.13%	4.16%	3.14%
Blue Water	-10.53%	-2.49%	-0.92%	1.04%	4.72%	-1.90%
Thousand Islands	-3.14%	-0.57%	-0.34%	4.40%	-0.46%	-1.03%
Seaway	-2.27%	0.56%	4.39%	-0.30%	3.10%	4.90%
Seaway (Tolled)	-19.21%	-6.97%	4.95%	-2.62%	5.60%	1.38%
All FBCL	-9.29%	-2.39%	0.34%	1.26%	3.70%	-1.24%
All Crossings	-6.43%	-1.42%	0.47%	-0.04%	2.68%	-0.81%

## Financial Contributions

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



The above figure shows forecasted FY2017-18 crossings subject to tolling by FBCL or its subsidiary operating entity. An overlay shows the impact towards FBCL's total toll revenue from each location. In terms of total traffic passing through FBCL-managed toll booths, US-bound travellers at Blue Water Bridge generate only 15% more crossings than total traffic at Thousand Islands International Bridge and almost 1% less than at the

Seaway International Bridge. Yet, despite these numbers, Blue Water Bridge contributes roughly 67% of FBCL’s toll revenue.

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

SWOT Analysis

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

<p><b>Strengths</b></p> <ul style="list-style-type: none"><li>•Strategic locations, particularly for BWB</li><li>•Unimpeded authority within the sphere of operational mandate and core responsibility</li><li>•Partnership agreements with collaborative and responsive organizations</li><li>•Good condition and long term viability of bridge assets</li><li>•Stable financial position</li><li>•Positive support from the Crown</li><li>•Experienced leadership and bridge administrators</li><li>•Robust governance framework</li></ul> <p>Expiring terms of CEO and Board</p>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"><li>•Narrow mandate limits broad diversification</li><li>•Can only be anticipatory and reactive to external events and factors</li><li>•Limited collection of business intelligence</li><li>•Cash reserves for large scale capital projects take years to accumulate and could impact timings of project executions</li><li>•Not leading in transaction automation and customer account self-management technology</li><li>•No offset to costs resulting from CBSA/CFIA requirements or from uncompensated crossings</li></ul> <p>and term limits membership</p>
<p><b>Opportunities</b></p> <ul style="list-style-type: none"><li>•Generally favourable economic climate despite trade uncertainty</li><li>•Improved automation and online interface technologies</li><li>•Data-driven toll rate elasticity and management strategy</li><li>•Increased marketing and customer engagement</li><li>•Increased visibility and engagement within Government</li><li>•Continued optimization and implementation of operational and governance best practices</li><li>•Revenue diversification</li><li>•New ideas from refreshed governance</li></ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"><li>•Impact of currency fluctuations on travel decisions</li><li>•Unpredictable border issues causing congestion and usage deterrence</li><li>•Shifts in regional manufacturing and employment landscapes</li><li>•Inability to influence macro-scale socio-economic factors affecting bridge usage</li><li>•Possible negative impact from NAFTA negotiations</li><li>•Unpredictable shifts in socio-political attitudes and behaviours</li><li>•Changes to regional travel routes and travel preferences</li><li>•Competition, particularly from changes coming to the Windsor-Detroit corridor</li></ul>

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

## Human Resources Overview

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

Function	Full Time Equivalents
Executive Management	6
Bridge Engineering and Asset Management	35
Bridge Operations and Facilities	38
Corporate Services	25
<b>Total:</b>	<b>104</b>

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

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

## Notable Operational Initiatives

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

The past year bore witness to a number of notable events or activities that have impacted or could potentially impact bridge operations and deliver value in each of the four performance program domains. This information provides context and specificity for the sections that follow.

### Sault Ste. Marie International Bridge

At Sault Ste. Marie International Bridge, an eight-year Canadian bridge plaza redevelopment project delivered significant modernization and increased capacity to the community. The \$51.6M redevelopment of the Canadian bridge plaza, duty-free store and CBSA facilities was substantively completed on December 15, 2017.

In 2017, the bridge's Canadian arch was painted using a novel and cost effective single coat technique, which was faster in its implementation than previous methods in addition to minimizing any negative environmental and bridge customer impacts. Work on the \$3.5 million project began May 1 and was completed on October 13, 2017, nearly three weeks ahead of schedule and on budget.

### Blue Water Bridge

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

A project was initiated to introduce a loop roadway segment to the Canadian bridge plaza. This project aims to construct a pathway to facilitate the removal of obstructing vehicles, the return to the United States of vehicles deemed to be inadmissible to Canada and to provide US-bound commercial vehicles with access to customs brokerage facilities housed in the FBCL Administration building. This loop was one of the components proposed in the Blue Water Bridge Master Plan.

Due to an increasing regulatory burden associated with the operation of a currency exchange service, an internal viability assessment of the business was conducted. FBCL has opted to divest itself from this line of business. An agreement to lease the space used for this service to an established provider from the currency exchange industry was executed in early 2018. Currency-related services will be provided within the context of a broader retail operation. The Corporation aims to substitute its direct services revenue with lease and profit sharing income.

The Blue Water Bridge, through its geographic separation from Windsor, Ontario, provides Canada with its only true border crossing redundancy. Blue Water Bridge ensures our nation's economic health and trade.

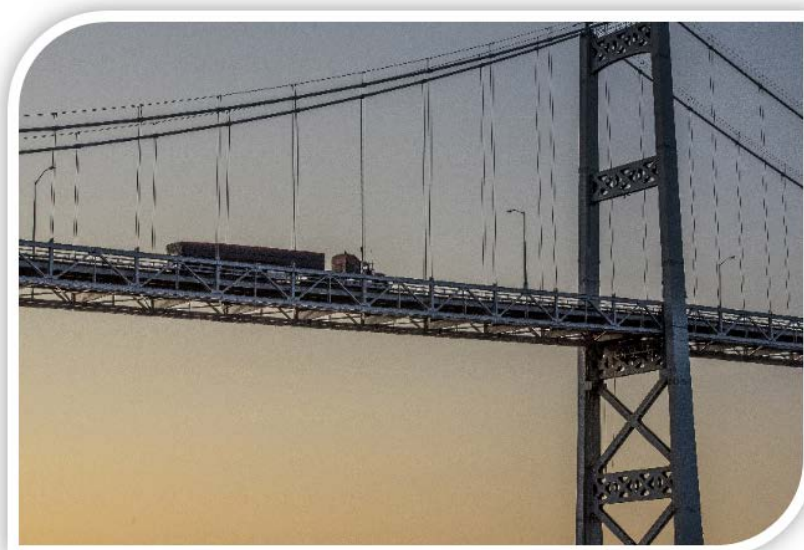
### Thousand Islands International Bridge

A three-year, \$60M investment in the renewal of the Canadian customs plaza was substantively completed on November 28, 2017. The modern facility provides CBSA and Canadian Food Inspection Agency (CFIA) with significantly increased capacity and better segregation of passenger and commercial vehicles.

A renewal of the facilities toll management system has been commissioned for completion in the 2018-2019 fiscal period.

### Seaway International Bridge

Over the course of 2017, the traffic volume at the Seaway International Bridge increased by more than 4%; however, the rate of growth of non-tolled crossings grew at a stronger pace than that of tolled traffic. Identifying Crown sources of financial support for the impact of these uncompensated transits remains a critical concern for the long term financial viability of the crossing.





## Strategic Objectives, Activities and Results

In early 2015, following the amalgamation of the previous operating entity with its subsidiaries, the present structure of FBCL began operations. In the intervening years, the strategic focus of the organization has centered on the consolidation and rationalization of internal processes. At present, with the successful passing of an increasing number of original strategic milestones, the Corporation finds itself approaching a new strategic horizon. FBCL has established its operational foundations. It is now in a position to leverage its operational consolidation and its resulting efficiencies to take action based on insights acquired over the course of recent years. Effective fiscal year 2018-19, FBCL will be moving from a strategy oriented towards transformation & alignment and evolve its strategic approach to one of portfolio growth.

### Corporate Strategic Goals

The present strategic horizon will now see the Corporation focus on the core of its business. While the sustainability and security of assets and operational optimization remain foundational pieces of the mandate, emphasis will be placed on the growth of revenue through an active approach to toll management and on viable longevity through the diligent care of its bridge assets.

The targeted outcomes will be achieved through an emphasis on:

1. the growth in toll revenue through customer engagement tactics;
2. the leveraging of positive relationships with border management partners in order to ensure rapid crossing processing; and,
3. the force multiplying, modernization and innovative effects resulting from increased usage of technology.

### Planned Major Activities

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

Major Objective	Activities	Expected Results	Performance Measures	Risk Level
Revenue Growth	Maintain or increase customer amenities and service	Renewed or new service or retail leases	Increase in lease revenues	Medium
Partners & Relationship	Supporting efficiency & consistency from border partners	Improvement in border wait times	Frequency of local strategic coordination meetings	Medium Dependencies on 3 <sup>rd</sup> parties
	Customer Account Development	Customer oriented web services	Ease of uptake of new program	Low
Technology & Innovation	Enhance corporate image and customer interaction	<ul style="list-style-type: none"> <li>- New and integrated website</li> <li>- Customer account self-management</li> </ul>	<ul style="list-style-type: none"> <li>- Website launch and dissemination (2018-19)</li> <li>- Growth in customer account sign-up and self-management (annual)</li> </ul>	Medium Reputational as public facing

Major Objective	Activities	Expected Results	Performance Measures	Risk Level
	Asset Management Program Development	Implement asset management system to collect, analyze and report on asset data	Core of asset planning and budgets defined by asset management program (2020-21)	Low
	Improve toll collection management	Launch updated toll management and payment collection systems	- Implementation of systems - Partnerships with multi-toll management providers	Medium Complex and costly roadway systems
	Data mining and targeted messaging	Data analytics capabilities enhanced	Core of marketing activities defined by data analytics (2020-21)	Low

### On-going Operational Priorities

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

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

- Structural integrity of the bridges;
- Customer service;
- Customer and employee safety;
- Improvement to bridge facilities;
- Bridge perimeter and plaza physical and operational security;
- Financial self-sufficiency;
- Relationships with stakeholders; and,
- Human Resources.

### Risk Assessments

The Corporation monitors and manages its risk profile and is tracking risks within seven categories. These include, in order of declining exposure: technological, financial, security, asset integrity, competition, corporate transition and workforce management.

Given the present advanced post-amalgamation state of the organization in which long term labour stability has been ensured, the latter two areas no longer present any active concerns.

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

- the Corporation's technologies, particularly in the areas of information security, payment processing and document archival remain relevant and current; and,

- the Seaway International Bridge financial sustainability subject to continued monitoring and progressive improvements.

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

Subsidiary company SIBC implements a vigilant cost management strategy to ensure that its operational expenses remain in line with budgets and revenue.



## Financial Overview

At present, FBCL is operationally financially self-sufficient and working in collaboration with the Crown to manage costs resulting from recent major capital expenditure requirements. FBCL's ultimate goal is full financial autonomy; to generate adequate revenue to cover operational expenses and build necessary fiscal surpluses to address the present and future capital requirements of the bridges such as construction, rehabilitation and enhancements.

FBCL's revenue from operations consists of:

- Tolls collected at international bridges (**88%**);
- Leases and licenses (**11%**) from:
  - Commercial properties on the bridge plazas such as duty free stores, food services and brokerage facilities;
  - Properties bordering bridges that are retained for future use;
  - Licenses and permits for utilities and services exploiting the bridges' rights of way; and,
- Interest and other miscellaneous revenue (**1%**).

Funding provided by government has also occurred. Its usage is limited to designated major capital projects and emergency situations. With time, FBCL aims to build a sufficient operational reserve to minimize its financial dependency on the Crown and to share resources and expertise across all bridge locations, exploring opportunities for greater revenue growth and optimizing the condition of the portfolio of assets. In the interim, FBCL is administering legacy funding constraints on a per location basis.

CONSOLIDATED STATEMENT OF INCOME								
for the year ending March 31 (In thousands of dollars)	Budget							
	Actual 2016-17	Current Forecast 2017-18	Main Budget 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>TOTAL REVENUE</b>	43,611	42,420	43,776	42,591	44,068	45,082	45,602	46,086
<b>TOTAL EXPENSES</b>	42,292	41,757	40,178	42,864	43,027	43,738	44,819	45,514
<b>OPERATING INCOME BEFORE GOVERNMENT FUNDING</b>	1,319	663	3,598	(273)	1,041	1,344	783	572
<b>TOTAL GOVERNMENT FUNDING</b>	3,135	4,789	2,237	4,082	4,202	4,202	4,202	4,202
<b>TOTAL NON-OPERATING ITEMS</b>	(5,114)	(4,917)	(4,753)	(4,296)	(3,899)	(3,516)	(3,056)	(2,612)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	(660)	535	1,082	(487)	1,344	2,030	1,929	2,162

## Capital Investments

Parliamentary appropriations were provided for special major capital projects: the rehabilitation of the Canadian Plaza at the Sault Ste. Marie International Bridge; the rehabilitation of the Lansdowne Port of Entry facilities at the Thousand Islands International Bridge; the construction of a new low-level North Channel Bridge and improvements to International Road at The Seaway International Bridge. These recent undertakings are now largely completed. In 2017, the Gateways and Border Crossings Fund commissioned a \$700K FBCL design and feasibility study to optimize the Canadian plaza of the Seaway International Bridge.

In 2018-19, the corporation is to engage in \$20.55M in capital investment projects, of which nearly \$3.8M are Crown funded with the balance funded through FBCL operations. Approximately 67% of the FBCL-funded

projects are to take place on the bridges and plaza at the Blue Water Bridge in Point Edward, which addresses some components of the Master Plan for this location. The remaining 33% of FBCL specific spending results from the corporation's share of joint projects with operating partners and other miscellaneous works.

Additionally, the Corporation has made proposals to the Crown for the funding of additional enhancements at Sault Ste. Marie International Bridge and to accelerate the delivery of works related to the Blue Water Bridge Master Plan (in excess of the works scheduled to be performed by the Corporation).

CAPITAL INVESTMENTS								
for the year ending March 31 (in thousands of dollars)	Actual 2016-17	Current Forecast 2017-18	Main Budget 2017-18	Budget				
				2018-19	2019-20	2020-21	2021-22	2022-23
FUNDING								
Government funded	56,410	30,345	34,787	3,793	-	-	-	-
FBCL funded	3,446	2,727	11,107	16,759	11,538	6,965	9,519	6,833
TOTAL FUNDING	59,856	33,072	45,894	20,552	11,538	6,965	9,519	6,833

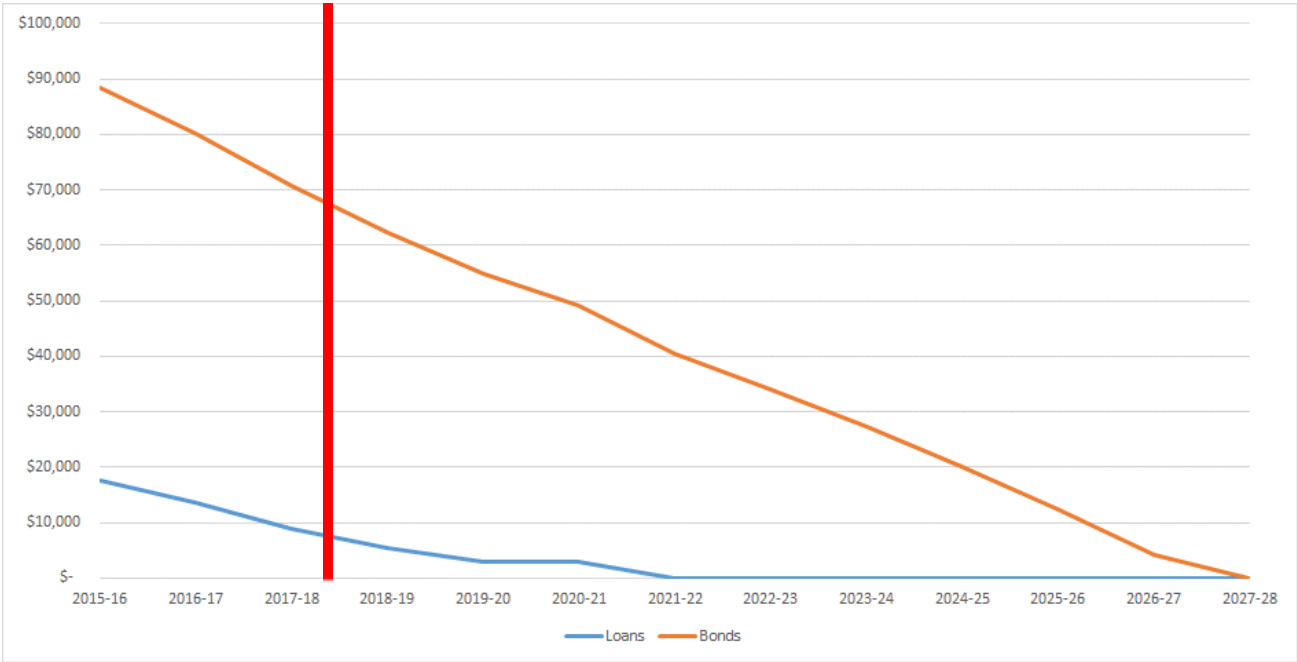
## Debt

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

FBCL has four financing arrangements in place to address capital redevelopment and infrastructure. These are composed of three outstanding loans agreements, and a bond issuance that were established by the Corporation's legacy subsidiaries prior to amalgamation. At March 31, 2018, the remaining balances on these arrangements will be \$8.9M in loans, and \$63.9M in remaining principal for the bond. These financing arrangements have each received approval from the Minister of Finance pursuant to Section 127(3) of the *Financial Administration Act*.



The debt retirement schedule (in \$ ,000) is illustrated below.



**Financial Prospects**

FBCL’s financial risks are assessed regularly by Standard & Poor's Financial Services LLC. S&P Global Ratings maintained its long-term issuer credit and senior unsecured debt ratings on FBCL at 'A'. They additionally improved the outlook to “positive” from “stable”. The improved ratings were based on the findings that the Corporation could raise tolls as necessary, that there is a diversity of assets and that it is linked to the Government of Canada through its status as a Crown corporation. The positive outlook reflects their expectation that, “in the next two years, FBCL’s traffic will be relatively stable and, with the corporation’s determined debt reduction strategy, its debt metrics will improve, and the reduced financial risk will offset increased business risk that could come from trade negotiations and a medium-term increase in competition”.

The revenue stream is strengthened by the fact that the distribution of goods by truck remains the most significant delivery mode for 90%-95% of Ontario's exports to the U.S. market. FBCL’s bridge portfolio accounts for over 32% of truck crossings between Ontario, and the States of Michigan and New York. FBCL is subject to competition from alternative crossings to the U.S. although these competing facilities mainly serve differing economic basins.

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

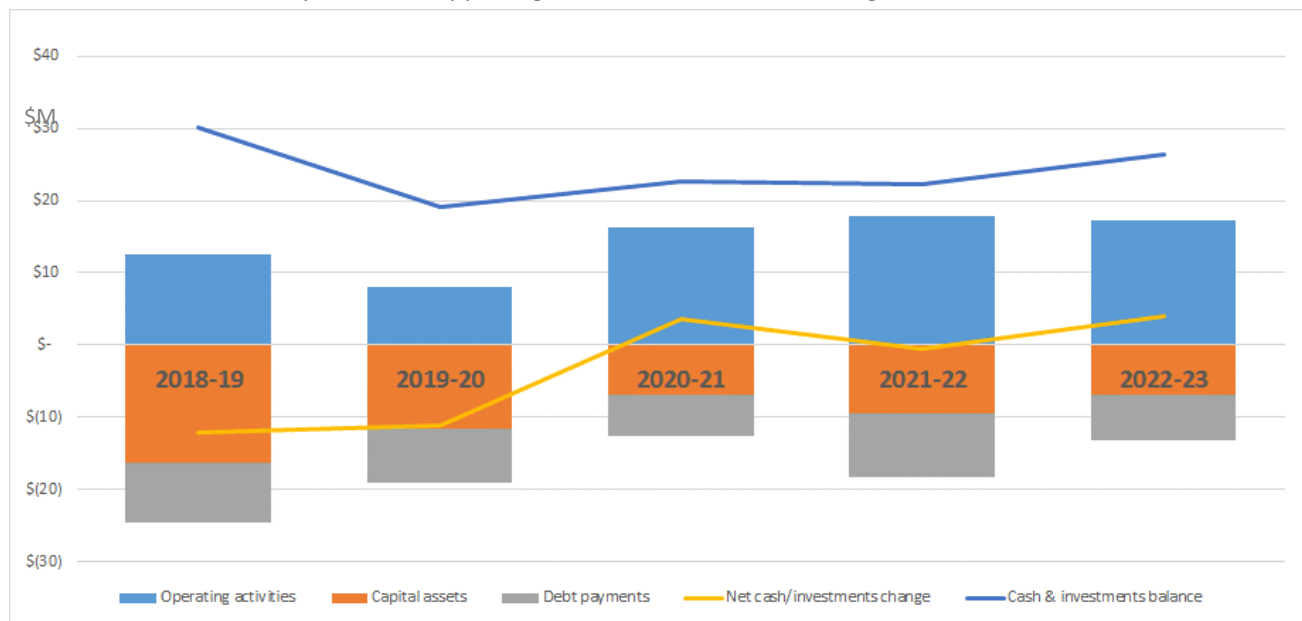
On the expenditure front, whereas Canadian bridge owners must comply with the *Customs Act* (Section 6) and the *Health of Animals Act* to provide the Canada Border Services Agency and the Canadian Food Inspection Agency with facilities, similar expenses for the U.S. Customs and Border Protection organization are not the responsibility of American bridge owners/operators. Also, given the Crown agreements providing toll-free passage for members of the indigenous community, this section of the *Customs Act* is not applied at the

Seaway International Bridge as the operational burden financed through non-competitive tolling would effectively threaten the facility's financial sustainability.

Finally, the overall debt burden of the corporation is forecasted to decline, with a view to quickly reducing loan balances. With this strategy, however, the corporation wishes to maintain a strong debt service coverage ratio (DSCR), at the same time. Over the planning period, the ratio is expected to increase from its 1.16x position at March 31, 2017, to 1.41x at March 31, 2019. By the end of the planning period, this ratio is forecasted to be 1.87x. This strong debt management strategy will allow for reduced debt payments over the life of the loans, and will minimize the need for additional indebtedness.

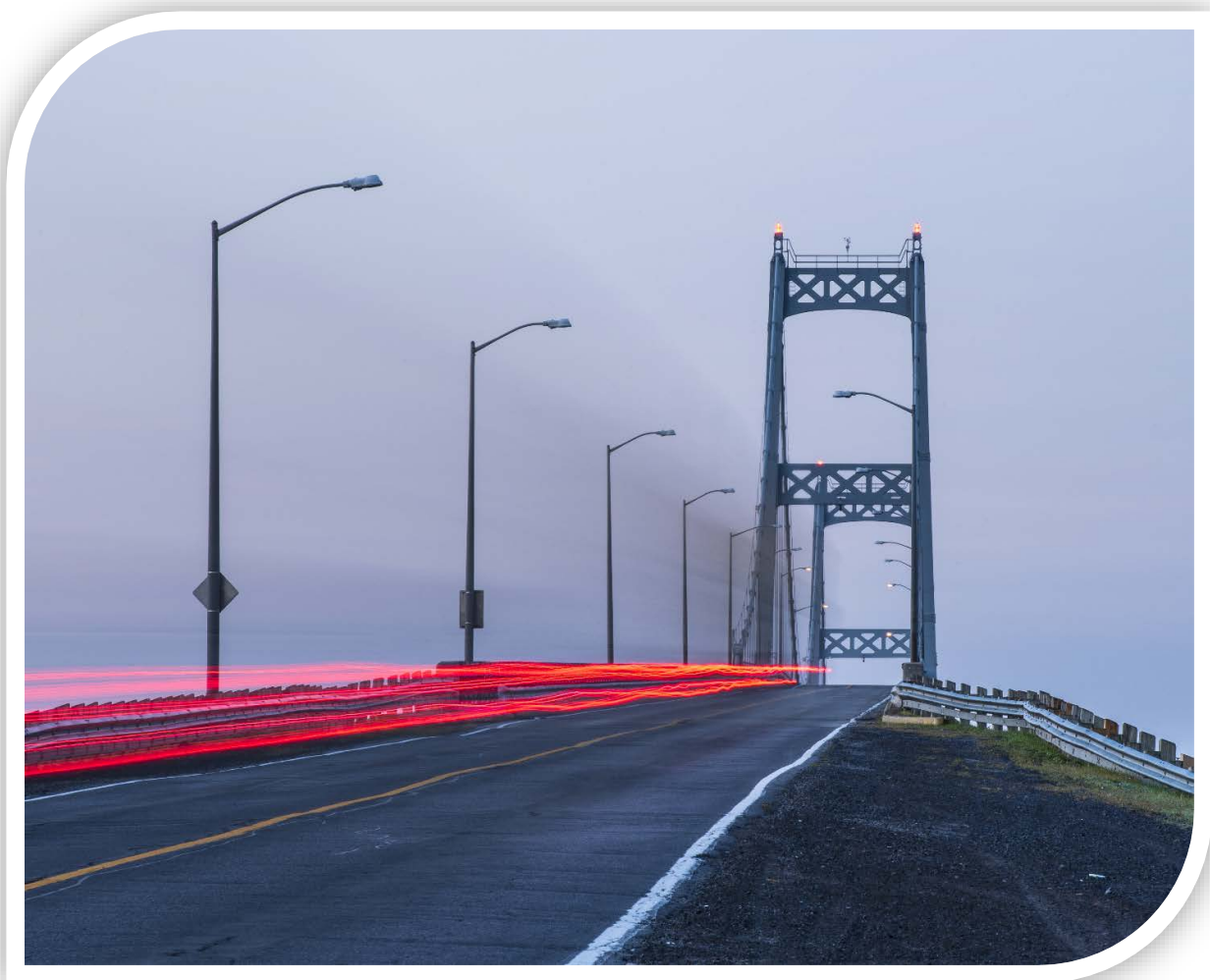
### Forecast Cash Flow Position

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



## Annexes

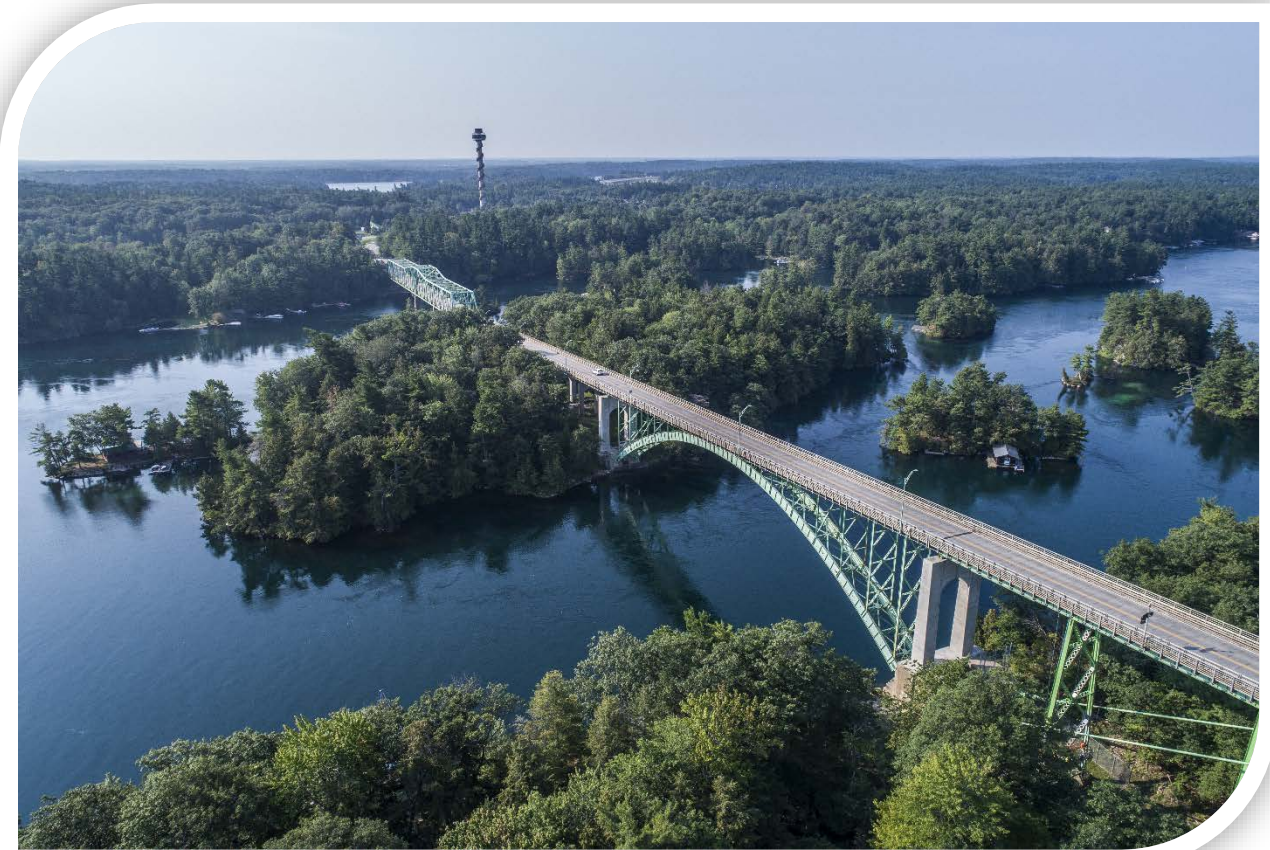
1. Ministerial Direction
2. Corporate Governance Structure
3. Performance
4. Chief Executive Officer Results Commitment
5. Chief Financial Officer Attestation
6. Financial Statements
7. Borrowing Plan
8. Risk Management
9. Compliance with Legislative and Policy Requirements
10. Government Priorities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



## Ministerial Direction

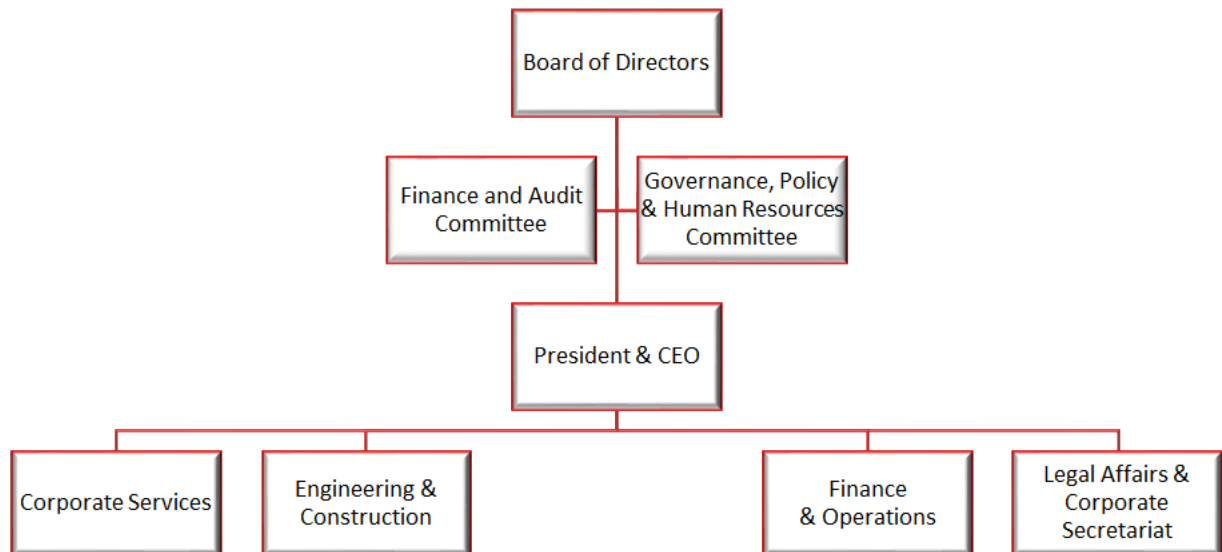
The Federal Bridge Corporation Limited is presently operating in accordance with the guidance expressed in the Prime Minister's Minister of Transport Mandate Letter dated November 12, 2015, that was communicated to the President and Chief Executive Officer by the Honourable Marc Garneau, Minister of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

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



## Corporate Governance Structure

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



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

### FBCL Board Role

The Board is responsible for the oversight and strategic direction of the Corporation. It sets corporate objectives and direction, ensures good governance, monitors financial performance, approves budgets and financial statements, approves policies and by-laws, as well as ensures that risks are identified and managed.

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

The Board has established a Charter for each standing Committee and operating guidelines that govern the operations of all committees. The Board may establish other committees as required to assist the Board in meeting its responsibilities.



## Board of Directors Membership

Position	Location	OIC Appointment Date	Term
<b>Connie Graham</b> Chairperson	London, Ontario	February 1, 2015	5 years
<b>Gary Atkinson</b> Director	Wyoming, Ontario	February 1, 2015	4 years
<b>Pascale Daigneault</b> Director	Sarnia, Ontario	February 1, 2015	3 years
<b>Diana Dodge</b> Director and Vice-Chairperson	Brockville, Ontario	February 1, 2015	3 years
<b>Micheline Dubé</b> Director, President and Chief Executive Officer	Ottawa, Ontario	February 1, 2015	4 years
<b>Richard Talvitie</b> Director	Sault Ste. Marie, Ontario	February 1, 2015	4 years
<b>Deborah Tropea</b> Director	Cornwall, Ontario	February 1, 2015	3 years

As shown in the above table, three Board positions are subject to change or renewal no later than February 1<sup>st</sup>, 2018. Three additional positions including that of the President and Chief Executive Officer are set to change or renew no later than February 1<sup>st</sup>, 2019. These changes to the Board's composition may impact corporate continuity and eventually lead to adjustments in corporate direction and strategies.

## Committees

### Finance and Audit Committee

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

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

**Membership:** The Committee is composed of three Directors appointed by the Board, one of whom is appointed as Chair of the Committee. The Board Chair is also a non-voting ex officio member of the Committee.

## Governance, Policy and Human Resources Committee

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

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

### Audit Regime

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

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

## Senior Executives

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

Name	Title
Natalie Kinloch	Chief Financial and Operating Officer
Thye Lee	Vice-President, Engineering and Construction
Anthony Pickett	Chief Corporate Services Officer
Jacques E. Pigeon, Q.C.	Vice-President, Legal Affairs & Corporate Secretary



## Bridge Operations

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

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

## Performance

The following provides an overview of the Corporation's performance to date and intended results for the future as listed in the 2017-18 to 2020-21 Appendix of the Corporate Plan.

### Short-Term Performance Assessment

Outcomes	Performance Indicators	Targets	Data Strategy	Present Status
Safe & Dependable Infrastructure	Bridge inspections	Passing grades at all bridges	Annual assessments	Met
	Asset Management Program	Asset reports & metrics (Thresholds TBD)	Asset Management Plan to be established by 2018-19	Progressing on schedule
	Security programs & Emergency preparedness	Plan in place and reviewed	Annual assessments	On target
Open Border Crossings	Capital construction projects	Completed on time & on budget	Quarterly progress reporting	Met
	CBSA & CFIA support	Partner agencies meeting their targets	Annual assessments	Progress made
Predictable Traffic & Revenue Flows	Capital construction projects	Completed on time & on budget	Monthly PBOA Traffic Data	Met
	Toll automation	BWB in 2017, TIIB in 2018	New systems deployed	-BWB project closure imminent -TIIB toll system contract awarded
	Revenue diversification strategy	Marketing Plan created	Revenue analysis completed in 2017-18	Met
Operational Efficiency	Toll policy alignment	Tolling audit program in 2017-18	Completion	On target
	Financial system integration	Completed in 2018	Completion	Progressing on schedule
Informed Decision Support & Processes	Currency exchange review	Completed in 2017-18	Completion	On target
	Revenue diversification strategy	Marketing Plan created & revenue analysis completed in 2017-18	Completion	Met

Outcomes	Performance Indicators	Targets	Data Strategy	Present Status
	Customer Relationship Management analysis	Assessed within Marketing Plan & Analysis completed in 2017-18	Completion	On target
Operational Consistency	Common policy framework	HR, Finance & IT policies, processes & systems integrated in 2017	Completion	Progressing on schedule
Common Approach to Services Delivery	All bridges sharing infrastructure and resources		Completion	Progressing on schedule

### Medium-Term Performance Assessment

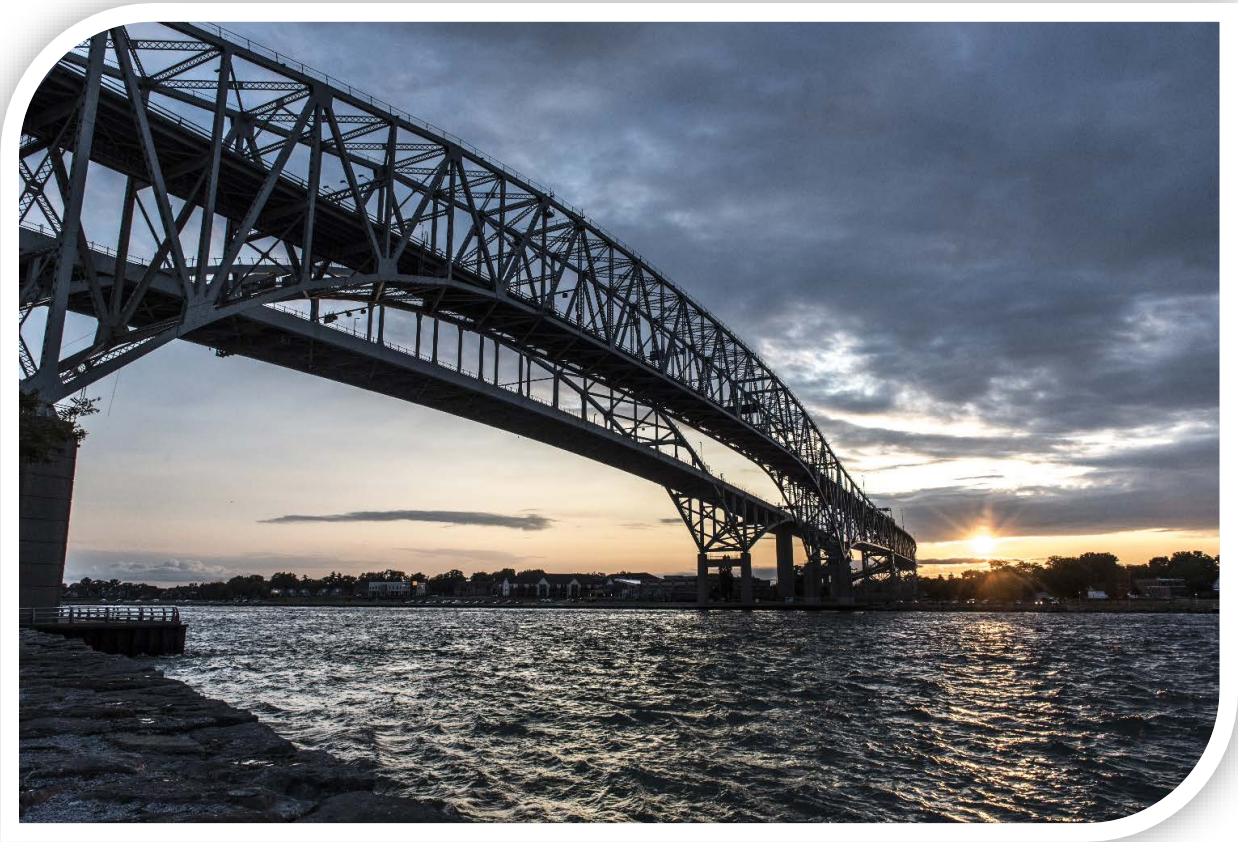
Outcomes	Performance Indicators	Targets	Data Strategy
Trusted as a Services Provider / Public Trust & Confidence	Market share growth	FBCL crossings collectively maintain positive annual growth for passenger, commercial and all vehicle crossings relative to peers in Ontario	Monthly PBOA traffic data
Unified Approach to Data & Financial Reporting	Fully integrated financial administration	Completed in 2018	Completion
Consistent, Faster, Simpler Services Delivery, Support & Processes	Automation and CBSA & CFIA support in place	Partner agencies meeting their targets	Annual assessments
Increasing & Diversified Revenues	Marketing Plan execution	Targets TBD	Monthly assessments
Labour Peace	Collective Agreement	New agreement in effect in 2019-20	Proactive engagement with union

### Long-Term Performance Assessment

Outcomes	Performance Indicators	Targets	Data Strategy
Long-Lived Assets	Durable capital investments	Expenses focused solely on maintenance	Financial analysis of debt & capital expenditures
Reliable Asset Support	Durable capital investments	Expenses focused solely on maintenance	Financial analysis of debt & capital expenditures



Outcomes	Performance Indicators	Targets	Data Strategy
Increasing Traffic Flows	Crossing data	Aligned with or better than Canadian GDP growth and relative to competition	Monthly PBOA traffic data
Increasing Net Revenues	Income statements & balance sheets	Aligned with or better than Canadian GDP growth	Monthly assessments
Financial Self-Sufficiency	Debt Management strategy	On target for 2028 resolution	Monthly assessments
Supporting a Strong Economy	Traffic & market share growth	FBCL crossings collectively maintain positive annual growth for passenger, commercial and all vehicle crossings relative to peers in Ontario	Monthly & annual PBOA traffic data analysis





## President and Chief Executive Officer Results Commitment

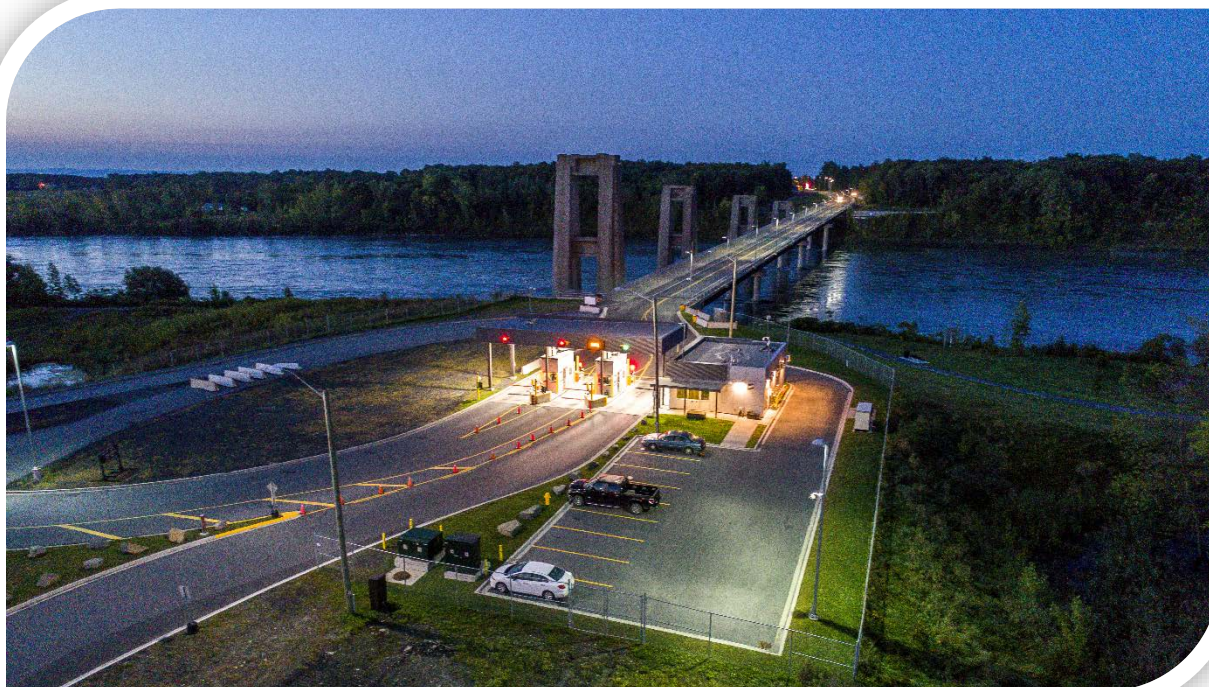
I, Micheline Dubé, as President and Chief Executive Officer of The Federal Bridge Corporation Limited, am accountable to the Board of Directors of The Federal Bridge Corporation Limited for the implementation of results described in this Corporate Plan and outlined in this Annex. I verify that this commitment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



Micheline Dubé, President and Chief Executive Officer  
The Federal Bridge Corporation Limited

1 February 2018

Date



## Chief Financial Officer Attestation

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

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

The Strategic Issues presented in this Corporate Plan (pages 7-8) have the potential to be highly disruptive to FBCL business. Prudent budgeting and investment decisions have been made within this Corporate Plan to enable FBCL to mitigate the risks of these issues. Despite this mitigation, there remains a risk that the impact of one or more of such disruptions, should they occur or align in timing, materially impact the assumptions, forecasts and budgets of this Corporate Plan and require future amendments.

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

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

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



Natalie Kinloch, Chief Financial and Operations Officer  
The Federal Bridge Corporation Limited

1 February 2018

Date

# Financial Statements

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

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

For FY2017-18, forecasted expenses are outpacing budgeted values by \$1.6M and the financial position is being compounded by \$1.4M in revenue shortfall. The difference between current forecasts and prior budgeted values is largely due to currency rate effects on assets and expenses as well as due to reduced demand for the soon to be divested Currency Exchange Service. The lower demand was caused by the strong disparity between Canadian and American currencies, particularly in the earlier part of the present fiscal period. Through the diligent management of Crown funded capital investment projects and associated deliverable milestone efficiencies, FBCL improved on its forecasted asset amortization schedule resulting in a positive overall fiscal outcome.

Ultimately, FBCL is expecting to close FY2017-18 with a favourable financial position that improves on that of the prior year.

The budgeting outlook beyond 2018 assumes steady and stable traffic flows and growth; operational behaviour that is consistent with current approaches; and, adjustments made for typical, predictable economic factors such as inflation. Potential income growth resulting from new, future revenue sources or expenses from significant, unplanned capital investments are not reflected in future budget forecasts.

## Financial Planning Factors

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

### Interest rates:

Based on forecasts the following interest rates have been used:

Short term (under one year)	0.85%
One year rate	1.10%
Long term average (over one year)	1.60%

### Inflation rate:

Rates for inflation, related to goods and services, have been set as follows:

2019-20	1.7%
2020-21	1.7%
2021-22	1.7%
2022-23	1.7%

Rates for inflation related to employee salaries have been set as follows:

2019-20	1.5%
2020-21	1.5%
2021-22	1.5%
2022-23	1.5%

### Exchange rates:

2018-19 & 2019-20	1 CDN \$ = 0.78 US \$	1 US \$ = 1.28 CDN \$
2020-21 & onwards	1 CDN \$ = 0.77 US \$	1 US \$ = 1.30 CDN \$

## Financial Position

CONSOLIDATED STATEMENT OF FINANCIAL POSITION									
as at March 31 (in thousands of dollars)	Actual 2016-17	Current Forecast 2017-18	Main Budget 2017-18	Budget					
				2018-19	2019-20	2020-21	2021-22	2022-23	
ASSETS									
Current Assets									
Cash and cash equivalents	8,731	9,462	10,683	5,584	5,542	5,655	5,707	5,806	
Investments	20,805	25,000	22,500	16,000	7,000	10,500	10,500	13,000	
Trade and other receivables	12,696	4,000	3,500	3,000	2,800	2,500	1,500	1,500	
Prepays	649	500	500	500	500	500	500	500	
TOTAL CURRENT ASSETS	42,881	38,962	37,183	25,084	15,842	19,155	18,207	20,806	
Non-current Assets									
Capitalized assets	384,386	400,290	405,078	403,345	396,683	385,268	375,712	363,277	
Capitalized leases	-	-	-	-	2,167	1,887	1,607	1,327	
Lessor Inducement	265	249	248	233	217	201	185	169	
Investments	6,800	7,800	7,500	7,500	5,500	5,500	5,000	6,500	
TOTAL NON-CURRENT ASSETS	391,451	408,339	412,826	411,078	404,567	392,856	382,504	371,273	
TOTAL ASSETS	434,332	447,301	450,009	436,162	420,409	412,011	400,711	392,079	
LIABILITIES									
Current liabilities									
Trade and other payables	12,026	8,000	9,000	6,500	4,000	4,000	4,000	4,000	
Employee benefits	820	800	605	805	810	816	822	829	
Provisions	1,372	-	-	5,000	-	-	-	-	
Holdbacks	2,663	1,000	2,453	500	500	200	200	200	
Deferred revenue	2,698	2,624	3,542	2,635	2,726	2,789	2,821	2,851	
Current portion of capitalized leases	-	-	-	-	280	280	280	280	
Current portion of loans payable	4,578	3,504	3,504	2,428	139	2,834	-	-	
Current portion of bonds payable	4,556	4,863	4,863	5,191	5,540	5,914	6,312	6,737	
Current portion of deferred capital funding	1,895	4,082	3,694	4,202	4,202	4,202	4,202	4,202	
TOTAL CURRENT LIABILITIES	30,608	24,873	27,661	27,261	18,197	21,035	18,637	19,099	
Non-current Liabilities									
Capitalized leases	-	-	-	-	1,887	1,607	1,327	1,047	
Loans payable	8,988	5,402	5,402	2,974	2,834	-	-	-	
Bonds payable	61,915	57,052	57,052	51,861	46,320	40,407	34,095	27,358	
Employee benefits	7,573	8,500	7,650	8,550	8,600	8,650	8,700	8,750	
Deferred revenue	1,820	1,700	2,182	1,650	1,575	1,500	1,425	1,350	
Deferred capital funding	81,261	106,289	104,457	105,880	101,678	97,476	93,274	89,072	
Provisions	4,194	5,000	-	-	-	-	-	-	
Leasee inducement	271	248	248	236	224	212	200	188	
TOTAL NON-CURRENT LIABILITIES	166,022	184,191	176,991	171,151	163,118	149,852	139,021	127,765	
TOTAL LIABILITIES	196,630	209,064	204,652	198,412	181,315	170,887	157,658	146,864	
EQUITY									
Retained earnings	237,735	238,270	245,157	237,783	239,127	241,157	243,086	245,248	
Accumulated other comprehensive income	(33)	(33)	200	(33)	(33)	(33)	(33)	(33)	
TOTAL EQUITY	237,702	238,237	245,357	237,750	239,094	241,124	243,053	245,215	
TOTAL LIABILITIES AND EQUITY	434,332	447,301	450,009	436,162	420,409	412,011	400,711	392,079	



## Income

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME								
for the year ending March 31 (In thousands of dollars)				Budget				
	Actual 2016-17	Current Forecast 2017-18	Main Budget 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>REVENUES</b>								
Tolls and services	30,955	30,191	31,048	30,272	31,649	32,085	32,510	32,895
Leases and permits	4,166	4,082	4,200	4,532	4,587	4,646	4,702	4,759
Currency exchange	1,216	989	1,313	-	-	-	-	-
International Thousand Islands Bridge revenue	6,451	6,565	6,541	7,168	7,204	7,719	7,757	7,796
Interest	553	561	641	589	597	599	599	601
Other	270	32	33	30	31	33	34	35
<b>TOTAL REVENUE</b>	<b>43,611</b>	<b>42,420</b>	<b>43,776</b>	<b>42,591</b>	<b>44,068</b>	<b>45,082</b>	<b>45,602</b>	<b>46,086</b>
<b>EXPENSES</b>								
Operations	5,005	5,026	5,953	5,076	5,155	5,288	5,371	5,455
Thousand Islands International Bridge expenses	5,050	4,572	4,345	4,357	4,594	4,746	4,831	4,918
Currency exchange	624	950	873	-	-	-	-	-
Maintenance	7,329	4,803	5,042	5,513	5,024	5,079	5,136	5,303
CBSA & CFIA operations	3,289	2,444	2,174	3,338	3,318	3,394	3,449	3,506
Administration	6,803	6,694	7,007	7,083	6,736	6,851	6,957	7,065
Restructuring costs	-	100	200	-	-	-	-	-
Depreciation	14,192	17,168	14,584	17,497	18,200	18,380	19,075	19,267
<b>TOTAL EXPENSES</b>	<b>42,292</b>	<b>41,757</b>	<b>40,178</b>	<b>42,864</b>	<b>43,027</b>	<b>43,738</b>	<b>44,819</b>	<b>45,514</b>
<b>OPERATING INCOME BEFORE GOVERNMENT FUNDING</b>	<b>1,319</b>	<b>663</b>	<b>3,598</b>	<b>(273)</b>	<b>1,041</b>	<b>1,344</b>	<b>783</b>	<b>572</b>
<b>GOVERNMENT FUNDING</b>								
Funding with respect to decommissioning liability	2,522	1,659	900	-	-	-	-	-
Amortization of deferred capital funding	613	3,130	1,337	4,082	4,202	4,202	4,202	4,202
<b>TOTAL GOVERNMENT FUNDING</b>	<b>3,135</b>	<b>4,789</b>	<b>2,237</b>	<b>4,082</b>	<b>4,202</b>	<b>4,202</b>	<b>4,202</b>	<b>4,202</b>
<b>NON-OPERATING ITEMS</b>								
Interest expense	(5,114)	(4,917)	(4,753)	(4,296)	(3,899)	(3,516)	(3,056)	(2,612)
<b>TOTAL NON-OPERATING ITEMS</b>	<b>(5,114)</b>	<b>(4,917)</b>	<b>(4,753)</b>	<b>(4,296)</b>	<b>(3,899)</b>	<b>(3,516)</b>	<b>(3,056)</b>	<b>(2,612)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(660)</b>	<b>535</b>	<b>1,082</b>	<b>(487)</b>	<b>1,344</b>	<b>2,030</b>	<b>1,929</b>	<b>2,162</b>

## Cash Flows

CONSOLIDATED STATEMENT OF CASH FLOWS									
for the year ending March 31 (In thousands of dollars)				Budget					
	Actual 2016-17	Current Forecast 2017-18	Main Budget 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>									
Net Income	(660)	535	1,082	(487)	1,344	2,030	1,929	2,162	
Adjustments for:									
Amortization of deferred capital funding	(613)	(3,130)	(1,337)	(4,082)	(4,202)	(4,202)	(4,202)	(4,202)	
Depreciation of capitalized assets	14,192	17,168	14,584	17,497	18,200	18,380	19,075	19,267	
Change in employee benefits	65	907	155	55	55	56	56	57	
Loss on disposal of assets	68	-	-	-	-	-	-	-	
Changes in working capital:									
(Increase) decrease in trade and other receivables	1,864	8,712	2,516	1,016	216	316	1,016	16	
(Increase) decrease in prepaids	(242)	149	(110)	-	-	-	-	-	
Increase (decrease) in trade and other payables	(2,342)	(4,049)	(1,223)	(1,512)	(2,512)	(12)	(12)	(12)	
Increase (decrease) in holdbacks	(709)	(1,663)	(324)	(500)	-	(300)	-	-	
Increase (decrease) in provisions	1,578	(566)	(900)	-	(5,000)	-	-	-	
Increase (decrease) in deferred revenue	(653)	(194)	30	(39)	16	(12)	(43)	(45)	
<b>Net cash generated by operating activities</b>	<b>12,548</b>	<b>17,869</b>	<b>14,473</b>	<b>11,948</b>	<b>8,117</b>	<b>16,256</b>	<b>17,819</b>	<b>17,243</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>									
Payments for property and equipment (government funded)	(44,008)	(30,345)	(33,887)	(3,793)	-	-	-	-	
Payments for property and equipment (FBCL funded)	(9,651)	(2,727)	(11,107)	(16,759)	(11,538)	(6,965)	(9,519)	(6,833)	
Government funding related to acquisition of property and equipment received	44,008	30,345	33,887	3,793	-	-	-	-	
Proceeds on sale (purchase) of investments	869	(5,195)	2,500	9,300	11,000	(3,500)	500	(4,000)	
<b>Net cash generated (spent) on investing activities</b>	<b>(8,782)</b>	<b>(7,922)</b>	<b>(8,607)</b>	<b>(7,459)</b>	<b>(538)</b>	<b>(10,465)</b>	<b>(9,019)</b>	<b>(10,833)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>									
Proceeds (Repayment) of bonds payable	(4,269)	(4,556)	(4,556)	(4,863)	(5,192)	(5,539)	(5,914)	(6,312)	
Proceeds (Repayment) of loans payable	(4,006)	(4,660)	(4,787)	(3,504)	(2,429)	(139)	(2,834)	-	
<b>Net cash generated (spent) on financing activities</b>	<b>(8,275)</b>	<b>(9,216)</b>	<b>(9,343)</b>	<b>(8,367)</b>	<b>(7,621)</b>	<b>(5,678)</b>	<b>(8,748)</b>	<b>(6,312)</b>	
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(4,509)</b>	<b>731</b>	<b>(3,478)</b>	<b>(3,878)</b>	<b>(42)</b>	<b>113</b>	<b>52</b>	<b>98</b>	
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>13,240</b>	<b>8,731</b>	<b>14,160</b>	<b>9,462</b>	<b>5,584</b>	<b>5,542</b>	<b>5,655</b>	<b>5,707</b>	
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>8,731</b>	<b>9,462</b>	<b>10,683</b>	<b>5,584</b>	<b>5,542</b>	<b>5,655</b>	<b>5,707</b>	<b>5,806</b>	

## Changes in Equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY									
for the year ending March 31 (In thousands of dollars)				Budget					
	Actual 2016-17	Current Forecast 2017-18	Main Budget 2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	
<b>BALANCE, BEGINNING OF YEAR</b>	<b>238,803</b>	<b>237,702</b>	<b>244,275</b>	<b>238,237</b>	<b>237,750</b>	<b>239,094</b>	<b>241,124</b>	<b>243,053</b>	
Net income / (loss)	(660)	535	1,082	(487)	1,344	2,030	1,929	2,162	
Actuarial gains / (losses)	(328)	-	-	-	-	-	-	-	
Investments (AOI)	(113)	-	-	-	-	-	-	-	
<b>BALANCE, END OF YEAR</b>	<b>237,702</b>	<b>238,237</b>	<b>245,357</b>	<b>237,750</b>	<b>239,094</b>	<b>241,124</b>	<b>243,053</b>	<b>245,215</b>	
Made up of:									
- Retained earnings	237,735	238,270	245,157	237,783	239,127	241,157	243,086	245,248	
- Accumulated OCI	(33)	(33)	200	(33)	(33)	(33)	(33)	(33)	



## Operating and Capital Budgets

OPERATING BUDGET									
for the year ending March 31 (in thousands of dollars)	Actual 2016-17	Current Forecast 2017-18	Main Budget 2017-18	Budget					
				2018-19	2019-20	2020-21	2021-22	2022-23	
<b>FUNDING</b>									
Tolls	30,955	30,191	31,048	30,272	31,649	32,085	32,510	32,895	
Leases and permits	4,166	4,082	4,200	4,532	4,587	4,646	4,702	4,759	
Currency exchange	1,216	989	1,313	-	-	-	-	-	
International Thousand Islands									
Bridge operating revenues	6,451	6,565	6,541	7,168	7,204	7,719	7,757	7,796	
Interest	553	561	641	589	597	599	599	601	
Other	270	32	33	30	31	33	34	35	
<b>TOTAL FUNDING</b>	<b>43,611</b>	<b>42,420</b>	<b>43,776</b>	<b>42,591</b>	<b>44,068</b>	<b>45,082</b>	<b>45,602</b>	<b>46,086</b>	
<b>EXPENSES</b>									
Operations	5,005	5,026	5,953	5,076	5,155	5,288	5,371	5,455	
Thousand Islands International									
Bridge expenses	5,050	4,572	4,345	4,357	4,594	4,746	4,831	4,918	
Currency exchange	624	950	873	-	-	-	-	-	
Maintenance	7,329	4,803	5,042	5,513	5,024	5,079	5,136	5,303	
CBSA & CFIA operations	3,289	2,444	2,174	3,338	3,318	3,394	3,449	3,506	
Administration	6,803	6,694	7,007	7,083	6,736	6,851	6,957	7,065	
Restructuring costs	-	100	200	-	-	-	-	-	
<b>TOTAL EXPENSES</b>	<b>28,100</b>	<b>24,589</b>	<b>25,594</b>	<b>25,367</b>	<b>24,827</b>	<b>25,358</b>	<b>25,744</b>	<b>26,247</b>	
<b>EXCESS OF FUNDING OVER EXPENDITURES</b>	<b>15,511</b>	<b>17,831</b>	<b>18,182</b>	<b>17,224</b>	<b>19,241</b>	<b>19,724</b>	<b>19,858</b>	<b>19,839</b>	

CAPITAL BUDGET									
for the year ending March 31 (in thousands of dollars)	Actual 2016-17	Current Forecast 2017-18	Main Budget 2017-18	Budget					
				2018-19	2019-20	2020-21	2021-22	2022-23	
<b>FUNDING</b>									
Appropriations:									
FBCL North Channel Bridge replacement	6,412	1,812	1,700	-	-	-	-	-	
Cornwall Island roadway improvements	337	220	2,050	3,443	-	-	-	-	
TIB Lansdowne CBSA facility	37,725	16,768	20,235	-	-	-	-	-	
<b>Total appropriations</b>	<b>44,474</b>	<b>18,800</b>	<b>23,985</b>	<b>3,443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
SMRBC Contribution agreement - Custom Plaza	11,936	11,545	10,802	350	-	-	-	-	
Other revenue / cash reserves	3,446	2,727	11,107	16,759	11,538	6,965	9,519	6,833	
<b>TOTAL FUNDING</b>	<b>59,856</b>	<b>33,072</b>	<b>45,894</b>	<b>20,552</b>	<b>11,538</b>	<b>6,965</b>	<b>9,519</b>	<b>6,833</b>	
<b>EXPENDITURES</b>									
<b>Government funded:</b>									
Cornwall New North Channel Bridge and construction of associated structures	5,710	1,812	1,700	-	-	-	-	-	
Cornwall Old North Channel Bridge demolition	702	-	-	-	-	-	-	-	
Cornwall Island Roadway Improvements	337	220	2,050	3,443	-	-	-	-	
TIB Lansdowne Customs Facility construction	37,330	16,768	19,335	-	-	-	-	-	
TIB Lansdowne demolition of old structures	395	-	900	-	-	-	-	-	
<b>Total appropriations funded projects:</b>	<b>44,474</b>	<b>18,800</b>	<b>23,985</b>	<b>3,443</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Sault Ste. Marie Customs Plaza Redevelopment	11,275	11,545	10,802	350	-	-	-	-	
Sault Ste. Marie demolition of old structures	661	-	-	-	-	-	-	-	
<b>Total Contribution agreement funded projects:</b>	<b>11,936</b>	<b>11,545</b>	<b>10,802</b>	<b>350</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>FBCL funded:</b>									
Blue Water bridge paving, repairs, painting	527	300	-	100	150	2,120	7,255	4,150	
Blue Water Equipment and Electronic Systems	141	15	1,590	2,765	3,670	2,070	150	-	
Blue Water Plaza design improvements and rehabilitation	514	385	4,910	8,359	6,194	1,232	300	300	
Cornwall bridge repairs	-	-	-	1,460	-	-	-	-	
Sault Ste Marie painting and maintenance projects	197	140	1,647	300	109	201	388	317	
Lansdowne Toll Upgrade & Electronic Tolling	664	600	660	512	-	-	-	-	
Lansdowne Canadian Bridge concrete piers/warren truss	683	622	850	-	-	-	-	-	
Property acquisitions	-	-	-	500	-	-	-	-	
Other capital projects	720	665	1,450	2,763	1,415	1,342	1,426	2,066	
<b>TOTAL EXPENDITURES</b>	<b>59,856</b>	<b>33,072</b>	<b>45,894</b>	<b>20,552</b>	<b>11,538</b>	<b>6,965</b>	<b>9,519</b>	<b>6,833</b>	
<b>EXCESS (SHORTFALL) OF FUNDING OVER EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	

## Borrowing Plan

### Borrowing Authority

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

### Overview of Borrowing

In the period considered by this Corporate Plan, the corporation does not propose entering into any new borrowing arrangements. At March 31, 2018, the corporation will have two outstanding financing arrangements.

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

- Bonds for Blue Water Bridge capital redevelopment in June 2002: \$61.9M principal balance remaining outstanding at March 31, 2018 on an original face value issue of \$110M, 6.41% Revenue Bonds, payable semi-annually, due July 9, 2027, subject to maintenance of bond rating.
- Loans for infrastructure improvements to Blue Water Bridge issued as a Third Supplemental Indenture in June 2010: \$15.0M non-revolving term facility on a fixed rate, non-current basis with periodic payments of interest and principal, not to exceed a maturity of 25 years. The term facility carries valued maturities through July 27, 2021 at rates varying from 2.83% to 4.42%. These facilities were split into four tranches, with one tranche having been fully paid down in July Of 2016. The remaining three tranches totalling \$8.9M at March 31, 2018 are scheduled to be paid down in July of 2018, 2019, and 2021.

OUTSTANDING BORROWINGS								
for the year ending March 31 (in thousands of dollars)	Actual 2016-17	Current Forecast 2017-18	Main Budget 2017-18	Budget				
				2018-19	2019-20	2020-21	2021-22	2022-23
<b>CURRENT PORTION</b>								
Capitalized leases	-	-	-	-	280	280	280	280
Loans payable	4,578	3,504	3,504	2,428	139	2,834	-	-
Bonds payable	4,556	4,863	4,863	5,191	5,540	5,914	6,312	6,737
<b>TOTAL CURRENT PORTION OF BORROWINGS</b>	<b>9,134</b>	<b>8,367</b>	<b>8,367</b>	<b>7,619</b>	<b>5,959</b>	<b>9,028</b>	<b>6,592</b>	<b>7,017</b>
<b>NON-CURRENT PORTION</b>								
Capitalized leases	-	-	-	-	1,887	1,607	1,327	1,047
Loans payable	8,988	5,402	5,402	2,974	2,834	-	-	-
Bonds payable	61,915	57,052	57,052	51,861	46,320	40,407	34,095	27,358
<b>TOTAL NON-CURRENT PORTION OF BORROWINGS</b>	<b>70,903</b>	<b>62,454</b>	<b>62,454</b>	<b>54,835</b>	<b>51,041</b>	<b>42,014</b>	<b>35,422</b>	<b>28,405</b>
<b>TOTAL BORROWINGS</b>	<b>80,037</b>	<b>70,821</b>	<b>70,821</b>	<b>62,454</b>	<b>57,000</b>	<b>51,042</b>	<b>42,014</b>	<b>35,422</b>

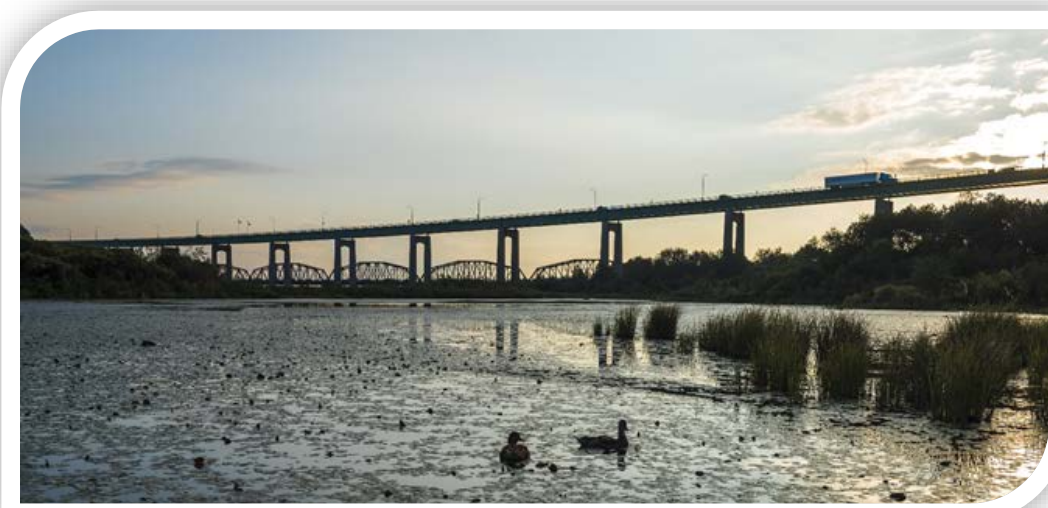
Note: All forms of borrowing by FBCL are denominated in Canadian dollars.

BORROWING CONTINUITY									
for the year ending March 31 (in thousands of dollars)	Actual 2016-17	Current Forecast 2017-18	Main Budget 2017-18	Budget					
				2018-19	2019-20	2020-21	2021-22	2022-23	
<b>Capitalized leases</b>									
Opening balance	-	-	-	-	-	2,167	1,887	1,607	
IFRS assumption of existing lease	-	-	-	-	2,447	-	-	-	
Maturities	-	-	-	-	(280)	(280)	(280)	(280)	
New issuances	-	-	-	-	-	-	-	-	
<b>TOTAL CAPITALIZED LEASES</b>	-	-	-	-	2,167	1,887	1,607	1,327	
<b>Loans payable</b>									
Opening balance	17,572	13,566	13,693	8,906	5,402	2,973	2,834	-	
Maturities	(4,006)	(4,660)	(4,787)	(3,504)	(2,429)	(139)	(2,834)	-	
New issuances	-	-	-	-	-	-	-	-	
<b>TOTAL LOANS PAYABLE</b>	13,566	8,906	8,906	5,402	2,973	2,834	-	-	
<b>Bonds payable</b>									
Opening balance	70,740	66,471	66,471	61,915	57,052	51,860	46,321	40,407	
Maturities	(4,269)	(4,556)	(4,556)	(4,863)	(5,192)	(5,539)	(5,914)	(6,312)	
New issuances	-	-	-	-	-	-	-	-	
<b>TOTAL BONDS PAYABLE</b>	66,471	61,915	61,915	57,052	51,860	46,321	40,407	34,095	
<b>TOTAL LONG-TERM BORROWINGS</b>	<b>80,037</b>	<b>70,821</b>	<b>70,821</b>	<b>62,454</b>	<b>57,000</b>	<b>51,042</b>	<b>42,014</b>	<b>35,422</b>	

## IFRS 16 Adoption

In the 2019-20 fiscal year, the Corporation will adopt the International Financial Reporting Standard 16 (IFRS 16), entitled Leases. This requires the corporation to account for all material leases as a liability equal to the discounted present value of future lease payments, regardless of whether these leases were previously determined to be capital or operating leases. This standard becomes effective in fiscal years that start after January 1, 2019, and the Corporation has chosen not to early adopt the standard.

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



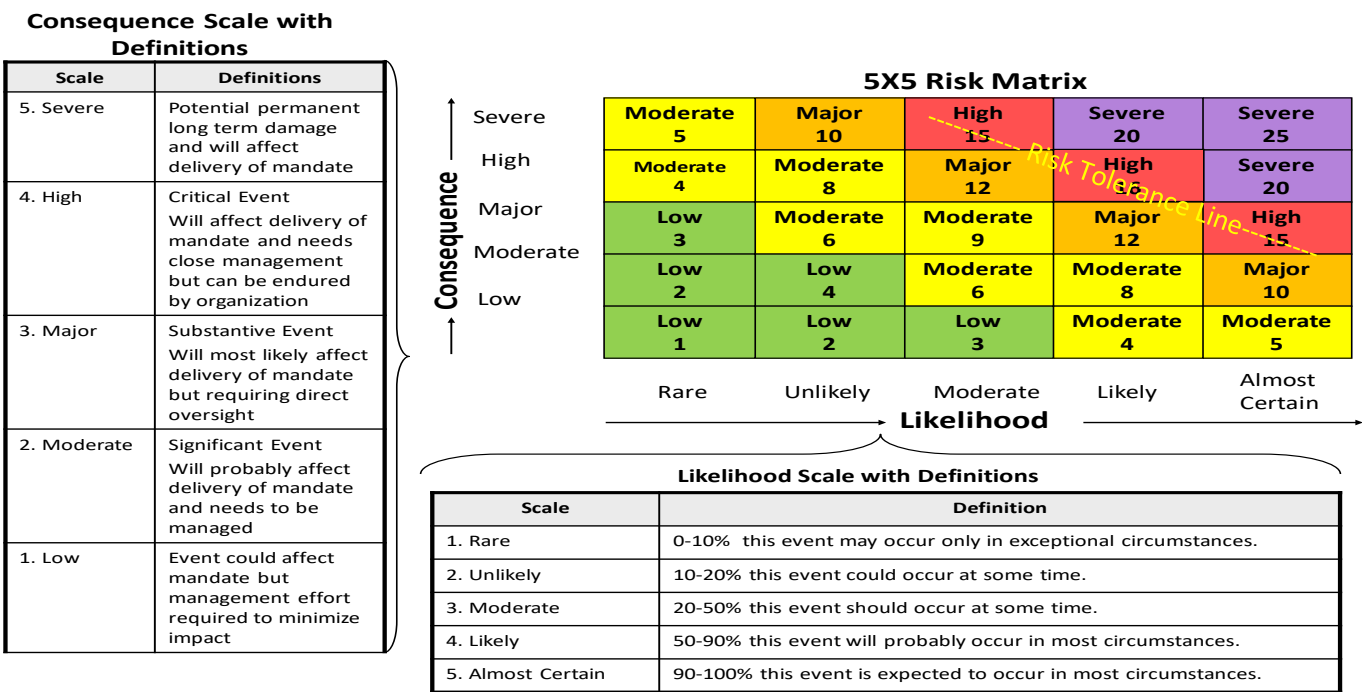
# Risk Management

FBCL considers risk management to be a shared responsibility. Accordingly, members of the Board of Directors, its committees, the 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.

The Board is accountable with the President and CEO for the overall stewardship of the Corporation. The Board sets the strategic direction and:

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

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



Present status is denoted by ▲: within tolerance limits; ○: known issues being managed; and, ▼: at risk.

At present, the key risks identified for the Corporation are:

Issue	Risk Level	Details	Status
Technology	High	Systems and network infrastructure support the everyday functioning of the international bridges, and as society is increasingly reliant on technology, they are also critical to meeting customer expectations. Inherent technology risks can stem from deliberate human actions, unintentional and natural threats to service providers, information management hardware and/or software. The integration of systems and networks is a possible other area of exposure that can result in important consequences due to electronic security shortcomings, delays in the delivery of timely business intelligence or gaps in communication.	○
Security	Moderate (Higher at SIBC)	Security risk refers to the ability to maintain physical security of the international bridges and associated structures. The inability to maintain a secure environment could cause harm to users and employees, property damage, closure of a crossing or impact the flow of traffic, and result in a loss of public confidence.	○
Competition	Moderate	In some instances, commercial and passenger vehicle operators have alternative routes for travelling between Canada and the United States, including other bridges, or alternate modes of transportation. Factors such as price, customer service, destination and route convenience might influence the choice made by cross-border travellers, and could disadvantage bridge crossings and have a negative impact on revenues.	△
Financial Sustainability	Low (Moderate at SIBC)	The funding model intends to generate sufficient revenue to cover disbursement including debt and to build necessary operational surpluses to fund repairs as well as most major capital projects. The current state of the Canadian dollar and overall economic outlook impact vehicle traffic at all locations.	△
Asset Integrity	Low	The Corporation is highly dependent on its bridge assets and associated information technology data. Should any assets become unavailable due to an accident, incident, or maintenance failures, injuries could result and the ability to provide services might be impaired.	△
Workforce Management	Low	Workforce management risk relates to the ability to have sufficient and appropriate human resources and expertise to effectively deliver the mandate	△



## Compliance with Legislative and Policy Requirements

### **Official Languages Act**

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

### **Access to Information Act**

As part of a commitment to clear and transparent governance, FBCL voluntarily reports, through its website, annual summaries of all requests related to the *Access to Information Act* received for itself and its subsidiaries. To date in FY2017-18, one request has been processed by the Corporation.

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

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

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

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

### **Pension plan reforms**

In accordance with the Ministerial directive to comply with s.89 of the *Financial Administration Act*, FBCL implemented a change to its defined contribution pension plan benefits at December 31, 2017 to align with a 50:50 contribution ratio.

### **Trade agreements**

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

FBCL follows a procurement process that includes tendering in a public manner respecting the thresholds established in the various trade agreements. In 2017, FBCL specifically implemented changes in respect of the



Canada-European Union Comprehensive Economic and Trade Agreement that came into effect during the year.

## Other

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

### CORPORATE

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

### GOVERNMENT INSTUTIONS

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

### REGULATORY STATUTES

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

Amongst others including:

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

## Government Priorities and Direction

### Results linked to Government priorities

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

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

### Transparency and Open Government

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

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

### Gender-Based Analysis / Diversity and Employment Equity

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

### Indigenous Relationships

Through community engagement with regional indigenous groups, FBCL spurs individual economic well-being and promotes an inclusive social diversity that is essential for the future of Canada. This community collaboration also supports environmental protection of the lands and waterways adjoining bridge facilities.

Additionally, FBCL and its SIBC subsidiary in Cornwall has a long history of positive contribution to its local community as a reliable source of employment for members of the local indigenous community. The Corporation has a Memorandum of Understanding in place with Mohawk Council of Akwesasne for the North Channel bridge project that provides for the inclusion of minimum works to be executed by Mohawk contractors and workers.

In Point Edward, the Blue Water Bridge resides in an area of significant historical importance for the Aamjiwnaang First Nation. A Memorandum of Understanding is in place with this community that reflects a

common respect of the region's history and establishes a protocol of consultation for certain projects and a partnership when indigenous discoveries are made.

### **Sustainable Development and Greening of Government Operations**

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

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

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

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



# Abbreviations

AOCI	ACCUMULATED OTHER COMPREHENSIVE INCOME
ATIP	ACCESS TO INFORMATION AND PRIVACY
BWB	BLUE WATER BRIDGE
BWBA	BLUE WATER BRIDGE AUTHORITY
CBCA	<i>CANADA BUSINESS CORPORATIONS ACT</i>
CBSA	CANADA BORDER SERVICES AGENCY
CEO	PRESIDENT AND CHIEF EXECUTIVE OFFICER
CFIA	CANADIAN FOOD INSPECTION AGENCY
FAA	<i>FINANCIAL ADMINISTRATION ACT</i>
FBCL	THE FEDERAL BRIDGE CORPORATION LIMITED
IBA	INTERNATIONAL BRIDGE ADMINISTRATION
IBTA	<i>INTERNATIONAL BRIDGES AND TUNNELS ACT</i>
IFRS	INTERNATIONAL FINANCIAL REPORTING STANDARDS
MCA	MOHAWK COUNCIL OF AKWESASNE
MDOT	MICHIGAN DEPARTMENT OF TRANSPORTATION
PAA	PROGRAM ALIGNMENT ARCHITECTURE
PBOA	PUBLIC BRIDGE OPERATORS ASSOCIATION
PSPC	PUBLIC SERVICES AND PROCUREMENT CANADA
RCMP	ROYAL CANADIAN MOUNTED POLICE
SIBC	THE SEAWAY INTERNATIONAL BRIDGE CORPORATION LIMITED
SLSDC	ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION
SMRBC	ST. MARY’S RIVER BRIDGE COMPANY
SSM	SAULT STE. MARIE
SSMBA	SAULT STE. MARIE BRIDGE AUTHORITY
TC	TRANSPORT CANADA
TIBA	THOUSAND ISLANDS BRIDGE AUTHORITY
TIIB	THOUSAND ISLANDS INTERNATIONAL BRIDGE

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

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

