

A photograph of a woman and a young child walking on the deck of a ferry. The woman, on the left, is smiling and looking down at the child. She has long dark hair and is wearing a white t-shirt under a blue denim jacket and light-colored trousers. The child, in the center, is also smiling and looking down. They are walking on a metal deck with a white metal railing. In the background, there is a red and white striped buoy and a blue sky with some clouds. The overall mood is happy and relaxed.

2023 – 2024

# B.C. Ferry Authority Annual Report





*Passengers enjoying the outer deck while arriving to Horseshoe Bay terminal.*



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## B.C. Ferry Authority Fiscal 2023/24 Year End Review Report



### A Message from the Chair

In 2023, the BC Ferry Authority shifted its focus from change and renewal to future readiness and strategic planning. Stability has been restored at the BC Ferry Services' Board following changes made in the previous year, and the Authority continues to fulfill its mandate responsibilities through its oversight function.

As the new chair, on behalf of the entire board of directors, I extend our deepest thanks and gratitude to outgoing chair Lecia Stewart. Lecia, who led the board through a period of significant evolution, stepped down from the role on March 31st, 2024. I am honoured to be named chair of the Authority and to continue to serve in the public interest.

In 2022 the BC Ferry Authority, jointly with BC Ferry Services Board, initiated the most comprehensive strategic planning process ever undertaken at BC Ferries. This work continued through 2023/2024 and the resulting planning framework will set the long-term course for the coastal ferry network, for decades to come.

During the fall over 10,000 British Columbians took the time to provide feedback on the Charting the Course vision. Respondents listed reliability, affordability, and better integration with transit and active transportation as their top priorities. The Authority remains committed to continuing our work with the BC Ferry Services board to ensure these priorities remain core to the vision. I am reassured by the progress that has already been made in these areas and the Authority will continue to contribute to further improvements.

Dedicated BC Ferries employees have been critical in maintaining service through the challenges of the pandemic, the subsequent recovery period and through peak seasons. Significant efforts have been made to recruit a larger and more resilient workforce. The Authority extends its heartfelt thanks to all the talented people who provide this essential public service day in and day out.

British Columbians rely on BC Ferries for our livelihoods, travel, and recreation. Planning for the future of our ferry system will better align the service with the way we work and travel and is critical for the economic well-being of the province.

**David Levi**

Chair of the Board of Directors  
B.C. Ferry Authority



Island Nagalis

## Context

This report is divided in two parts to provide information on activities in the fiscal year that ended on March 31, 2024, and to meet the requirements in the Coastal Ferry Act (the “Act”):

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

## Overview

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

The Authority’s responsibilities are set out in the Act. These responsibilities are to appoint the directors of the BCFS Board, to establish compensation plans for the executives and directors of the Company, and to oversee the strategic direction of the Company in support of the public interest, including the public’s interest in safe, reliable and affordable coastal ferry services.

To carry out its responsibilities, the Authority has developed a robust infrastructure to reflect its independence from and oversight of the Company. These efforts have included hiring staff and continuing to establish governance measures to support the Board’s statutory accountabilities.

The Authority continues to maintain high standards of transparency, seeking independent opinions and advice on matters within its mandate, such as examining the composition of the BCFS Board of Directors and establishing new upper limits on BCFS executive compensation. It has published the reports it commissioned on its website, and the findings and recommendations in these reports continue to guide the Board’s work.

# Section 1

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

### Introduction

Our coastal ferry services are crucial to the economy of British Columbia and essential to the daily lives of local communities. They serve as the economic and transportation lifeline, facilitating the movement of people, goods, supplies, and services. With travel returning to pre-pandemic levels and the economy evolving, the BC Ferry Authority's role in advancing the public interest is becoming increasingly important as we plan for the future.

#### Public interest:

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

The Authority identified guiding principles that continue to frame our work:

- Enhancing Public Accountability
- Providing Access to Information on Service Standards
- Ensuring Public Safety for Passengers and the General Public
- Improving Affordability for Passengers and Protecting Financial Outcomes
- Working with Labour as a Partner to Promote and Support Innovation
- Supporting the Economy and Community Sustainability

### Purpose

The purpose of this section of the annual report is to set out the actions taken by the directors of the Authority as per section 21.01(3) of the Act.

### Timelines

This report covers the period April 1, 2023 to March 31, 2024.

## Reporting of Action Under Section 21.01 (3)

### A. Appointment of BCFS Directors

Amendments to the Act in 2010 gave the Authority the mandate to appoint directors to the BCFS Board of Directors. This mandate includes ongoing assessments of the needs of the BCFS Board. In late 2023 the Authority undertook an assessment process that considered the current needs of the BCFS board, leading to the appointment of Board members for terms commencing in 2024. Additionally, one BCFS Board member was re-appointed in June 2023.

### B. Visioning and Strategic Planning

The most comprehensive strategic planning process ever undertaken by BC Ferries started in 2022 and extended through the 2023/2024 fiscal year. The resulting planning framework will chart the long-term course for the coastal ferries network, serving the public interest, in the decades to come. The two boards have maintained collaboration through a joint planning committee, overseeing the project team and providing recommendations to the full boards.

By March 31, 2024, the committee had engaged the public and interest holders to gather perspectives and ideas aimed at enhancing services and the future needs of coastal communities.

### C. BCFS Executive Compensation Plan

In 2022, the Authority developed a revised Executive Compensation Plan and has continued to adjust upper limits to align with competitive public sector salary standards. This approach ensures fairness and competitiveness relative to other public sector agencies. The effectiveness of this Plan is evidenced by its successful recruitment of new members to the BCFS Executive team.

On February 1st, 2024, the Authority approved BC Ferry Services' request to raise the salary ranges within the Plan by the Public Sector Employer's Council Secretariat (PSEC) approved 6.75%, maintaining alignment with competitive public sector wages.

### D. BCFS Performance Term

Following the review of submissions for Performance Term ("PT") #6, the BC Ferry Commissioner (the "Commissioner") determined the price cap (the maximum allowable increase in average fares) for the upcoming four-year term starting in April 2024. The Authority will collaborate with BCFS and, when necessary, the Commissioner's office to support the implementation of significant capital expenditures during this term.

## Section 2

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

#### Introduction

Section 18(5) of the Act requires the Authority to report on the following activities each year:

- the appointment of BCFS directors;
- the approval of compensation plans for BCFS directors and executives;
- the appointment of Authority directors;
- amendments to the Authority's bylaws;
- Authority Board meetings;
- remuneration of BCFS and BCFA directors; and
- the independent auditor's report and audited financial statements of BCFS.

#### Purpose

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

#### Timelines

The timeline for this report is April 1, 2023 to March 31, 2024.

### Reporting of Activities

#### A. Appointment of BCFS Directors

In accordance with the Act, the Authority makes and renews appointments to the BCFS Board of Directors that ensure as a group, candidates are qualified and hold the skills and experience necessary to oversee the operation of ferry services in an efficient and cost-effective manner.

The Authority holds the view that a diverse board makes for good corporate governance and will continue to refine its director recruitment, appointment and assessment processes to ensure that engaged and experienced individuals are chosen to oversee BCFS operations.

The directors of BCFS in fiscal year 2023/2024 (as of March 31, 2024) are listed in Table 1.

**Table 1**

British Columbia Ferry Services Inc. Board of Directors

Director	Term Ending
Joy MacPhail, O.B.C. (Chair)	2024
Eric Denhoff (Vice Chair)	2024
Dennis Blatchford	2024
Harold Calla	2024
Charlene Hiller	2024
Catherine McLay	2024
Shona Moore	2025
Sarah A. Morgan-Silvester, O.B.C.	2024
Tamim Raad	2024

Director Shona Moore was reappointed for a two-year term and the terms for Directors Joy MacPhail, Eric Denhoff, Tamim Raad, Sarah Morgan Silvester, Cathy McLay, Harold Calla, Dennis Blatchford and Charlene Hiller remained unchanged in the 2023/24 fiscal year.

Joy MacPhail was first elected as the Chair of the BCFS Board of Directors on June 29, 2022, and Eric Denhoff was elected as Vice Chair effective August 1, 2022. Both remained in these positions in the 2023/24 fiscal year. The election of BCFS officers is the exclusive domain of the BCFS Board of Directors, with the Authority having no role in those elections.



## B. Compensation Plans

As required by the Act, the Authority has approved compensation plans for BCFS directors and executives. The current plans are available for public view on the Authority's website: [www.bcferryauthority.com](http://www.bcferryauthority.com)

### Directors' Compensation Plan

The compensation plan for BCFS Directors has remained unchanged since 2011. The current rates were established with the assistance of an independent third-party compensation expert and in accordance with the Act, which mandates that directors' remuneration must be consistent with that of Canadian organizations of similar size and scope to BCFS. Additionally, the remuneration must not exceed what provincial public sector organizations in British Columbia provide to their directors.

Under the directors' compensation plan approved by the Authority, BCFS provides the following remuneration to its directors:

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

### Ferry Travel Pass

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

### Executive Compensation Plan

An executive compensation plan applies to the executives of the Company, as that term is defined in the Act who, in fiscal year 2023/2024, were the individuals holding the positions of or acting in a similar capacity or performing similar functions to the CEO, Executive Vice President ("EVP"), or Vice President. The positions of Chief Financial Officer and Chief Operations Officer are deemed to be EVPs.

As noted in Section 1 of this Report, an updated BCFS Executive Compensation Plan was approved by the Authority Board in December 2022 and is posted on its website. February 1st, 2024, the Authority approved the request from BC Ferry Services to increase the plan's salary ranges by the PSEC approved 6.75%.

## C. Appointment of BCFA Directors

The composition of the Authority's board is set out in the Act and, in fiscal year 2023/2024, the Board was comprised of four directors appointed by the Province, four directors nominated from coastal regional districts (as prescribed in the Designated Appointment Areas Regulation), and one director nominated by the BC Ferry & Marine Workers' Union, the trade union representing the BCFS employees.

The directors of the Authority in fiscal year 2023/2024 are listed in Table 2. In selecting individuals to serve as directors, two primary objectives guide the Board. The first objective is to ensure that the composition continues to meet the requirements of the Act, and the second is to ensure that, collectively, qualified individuals with the skills and experience necessary to ensure the sound performance of the Authority in meeting its statutory mandate are selected. The skills and experience profile is included as Schedule "A" to the general bylaws of the Authority which are posted on the Authority's website.

The Authority believes that a diverse board strengthens decision-making and enhances overall board governance. In addition to ensuring an optimal mix of skills and experience, the Authority also seeks to maintain and/or enhance the diversity of background among its members.

There were changes to the composition of the Authority Board in fiscal year 2023/2024. Director Wynne Powell reached the end of his prescribed term in 2023. Director Peter Lantin was appointed by the Province of BC. Two Coastal Regional District appointments expired during 2023/24 and Marlene Kowalski was re-appointed from the Southern Vancouver Island appointment area while William (Bill) Dingwall was appointed from the Southern Mainland appointment area.

**Table 2**

B.C. Ferry Authority Board of Directors  
(as of March 31, 2024)

Director		Term Ending March 31
Lecia Stewart, Chair	Province of British Columbia	2025
Jessica Bowering	Province of British Columbia	2025
Gary Coons	Northern Coastal and North Vancouver Island Appointment Area	2024
Marlene Kowalski	Southern Vancouver Island Appointment Area	2026
David Levi	Province of British Columbia	2025
Andrew Ross	BC Ferry and Marine Workers Union	2025
Marc Tremblay	Central Vancouver Island and Northern Georgia Strait Appointment Area	2024
Peter Lantin	Province of British Columbia	2026
Willian (Bill) Dingwall	Southern Mainland Appointment Area	2026

#### D. BCFA General Bylaws

The general bylaws of the Authority are available for public view on the Authority's website<sup>1</sup>. No changes or updates were made to the bylaws in fiscal year 2023/2024.

#### E. BCFA Board Meetings

In the fiscal year 2023/2024, the Board met on 8 occasions, including the annual general meeting of the Authority held in accordance with the Act on August 24, 2023. A summary of the outcomes of the meetings of the Board is provided in Table 3.

**Table 3**

Summary of Meeting Outcomes  
Year ended March 31, 2024

Date	Type	Outcome
June 25, 2023	Board of Directors	<ul style="list-style-type: none"> <li>Resolution approved to receive the fiscal 2022/2023 BCFA year-end budget for information.</li> <li>The Chairs of the Governance &amp; Nominating, Audit &amp; Finance, and Executive Compensation standing committees and the Performance Term 6 Ad Hoc committee provided reports from their inaugural meetings.</li> <li>Resolution approved to update the BCFA Board Governance Manual Director Compensation &amp; Expenses.</li> </ul>
June 26, 2023 (continuation of June 25, 2023)	Board of Directors	<ul style="list-style-type: none"> <li>The Joint Planning Committee Co-Chair and the Board Chair provided an overview of the work of the committee.</li> <li>Fiscal 2022/2023 audited BCFS financial statements approved.</li> <li>Corporate Secretary authorized to execute the shareholder's unanimous consent resolutions pertaining to matters respecting the business required to be transacted at the 2023 annual general meeting of the BCFA.</li> <li>The Minister of Transportation and Infrastructure, Rob Fleming attended the meeting and provided an update on the government's priorities with respect to coastal ferry services.</li> <li>A report from BCFS CEO was received for information.</li> <li>The Board approved the reappointment of Shona Moore to the Services Board for a two-year term.</li> </ul>

<sup>1</sup> <https://www.bcferryauthority.com/wp-content/uploads/2021/04/BCFA-General-By-Laws-January-2020.pdf>



August 23, 2023	Board of Directors	<ul style="list-style-type: none"> <li>Annual disclosure forms were completed by the Directors and submitted to the Corporate Secretary.</li> <li>Reports from the Audit &amp; Finance committee and the Executive Compensation Committee were received for information.</li> </ul>
August 24, 2023	Annual General Meeting	<i>Annual General Meeting open to the public held in Victoria, British Columbia.</i>
October 6, 2023	Board of Directors	<ul style="list-style-type: none"> <li>A report from BCFS CEO was received for information.</li> <li>A report from BCFS CFO was received for information.</li> <li>Reports from the PT6 Oversight Committee and an update from the Executive Compensation Committee were received for information.</li> <li>William (Bill) Dingwall was appointed to the Board for a term commencing October 6, 2023 and ending March 31, 2026.</li> </ul>
December 5, 2023	Board of Directors	<ul style="list-style-type: none"> <li>A report from BCFS CEO was received for information.</li> <li>A report from BCFS CFO was received for information</li> <li>The fiscal year 2024/25 operating budget for the Authority was approved.</li> <li>Reports from the PT6 Oversight Committee and Governing &amp; Nominating were received for information.</li> <li>The location for the June Board meeting was approved.</li> </ul>
February 1, 2024	Board of Directors	<ul style="list-style-type: none"> <li>A report from the BCFS CEO was received for information.</li> <li>A presentation for information was provided on domestic shipbuilding.</li> <li>The Board received an update on the Charting the Course – BC Ferries Vision Project.</li> <li>The Executive Compensation Committee provided a report and recommendation on the request from BC Ferry Services to increase the plan's salary ranges by the PSEC approved 6.75%.</li> <li>Resolution approved to increase the Executive Compensation plan's salary ranges.</li> </ul>
March 5, 2024	Board of Directors	<ul style="list-style-type: none"> <li>A report from the BCFS CEO was received for information.</li> <li>A report from BCFS CFO was received for information</li> <li>The KPMG BCFA Audit Engagement letter, Audit Plan and the BCFS Audit Planning report were received and approved.</li> <li>Reports from the Joint Planning Committee and Governing &amp; Nominating were received for information.</li> </ul>
March 28, 2024	Board of Directors	<ul style="list-style-type: none"> <li>David Levi was appointed as Chair of the BCFA Board of Directors for a one-year term.</li> <li>A report from the Joint Planning Committee was received for information.</li> <li>Gary Coons was reappointed as director nominated from his appointment area to the Board for a term commencing April 1, 2024 and ending March 31, 2027.</li> <li>Claire Trevena was appointed as director nominated from her appointment area to the Board for a term commencing April 1, 2024 and ending March 31, 2027</li> <li>Resolution approved the reappointments of Directors Joy MacPhail, Eric Denhoff, Dennis Blatchford, Charlene Hiller, Cathy McLay, Tamim Raad, Harold Calla to the BCFS Board of Directors.</li> <li>Resolution approved appointing Lecia Stewart to the BCFS Board of Directors.</li> </ul>

Meeting attendance for board members is an important issue and one that the Authority monitors on a regular basis. In fiscal year 2023/2024, meeting attendance by board members was 95 percent.

## F. Remuneration of BCFA Directors

An outline of the current remuneration framework for directors of the Authority is provided in Table 4. The framework, which was set by the board effective October 1, 2010, is regularly reviewed. On June 25th, 2023, the Board approved a resolution to update the Director Compensation & Expenses section of the BCFA Board Governance Manual to include the position of vice-chair, a per diem for the Chair for official board meetings, and to adjust meal per diems, mileage to remain consistent with PSEC guidelines. The amount each director received for remuneration and expenses in the fiscal year 2023/2024 is set out in Table 5.

**Table 4**

B.C. Ferry Authority Director Remuneration Framework  
as of March 31, 2024

<b>Annual Retainers</b>	
Board Chair Retainer	\$25,000
Vice Chair Retainer	\$8,000
Board Member Retainers:	
Base Retainer (all directors excluding board Chair, Vice Chair)	\$6,250
Committee Chair Retainer	\$2,000
Committee Member Retainer	\$750
<b>Per Diem Fees</b>	
Board Member Fees	Up to \$1,200 per day
<b>Ferry Travel Pass</b>	
Ferry Pass for directors and eligible members of their respective immediate families, for complimentary vehicle and personal travel on BC Ferry Services' vessels.	

**Notes:**

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

**Table 5**

B.C. Ferry Authority Director Remuneration and Expenses  
April 1, 2023 - March 31, 2024

Director	Remuneration <sup>1</sup> (\$)	Expenses Reimbursed (\$)
Lecia Stewart, Chair	\$41,852.45	\$3,697.09
G. Wynne Powell	\$1,270.83	Nil
Jessica Bowering	\$20,913.91	\$1,468.49
Marlene Kowalski	\$22,520.66	\$908.00
David Levi	\$49,486.10	\$1,852.27
Andrew Ross	\$24,591.66	\$734.54
J. Wayne Rowe	\$1,120.83	Nil
Marc Tremblay	\$20,154.17	\$651.72
Gary Coons	\$26,787.30	\$2,407.24
Peter Lantin	\$26,232.00	\$382.47
William Dingwall	\$8,566.00	\$316.81

**Notes:**

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

## G. Remuneration of BCFA Board Directors

The amount each BCFS director received for remuneration and expenses in the fiscal year 2023/2024 is set out in Table 6.

**Table 6**

B.C. Ferry Services Board Director Remuneration and Expenses  
June 24, 2023 - March 31, 2024

Director	Remuneration <sup>1</sup> (\$)	Expenses Reimbursed (\$)
Joy MacPhail	\$100,452.40	\$503.38
Eric Denhoff	\$52,359.80	Nil
Shona Moore	\$48,273.60	Nil
Sarah Morgan-Silvester	\$53,255.25	\$879.84
Harold Calla	\$50,800.00	Nil
Cathy McLay	\$45,450.00	\$1,065.16
Dennis Blatchford	\$45,600.00	\$192.76
Tamim Raad	\$56,283.60	\$734.75
Charlene Hiller	\$50,530.37	Nil

**Notes:**

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



# Independent Auditors' Report

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

## Opinion

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

- the statement of financial position as at March 31, 2024
- the statement of comprehensive loss for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of material accounting policy information

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

## Basis for Opinion

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

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

## Other Information

Management is responsible for the other information. Other information comprises:

- the information, other than the financial statements and the auditor's report thereon, included in the B.C. Ferry Authority Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

The information, other than the financial statements and the auditor's report thereon, included in a document likely to be entitled "B.C. Ferry Authority Annual Report" is expected to be made available to us after the date of this auditor's report. If, based on the work we will perform on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact to those charged with governance.

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

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

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

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

## Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.  
  
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

The image shows the handwritten signature of KPMG LLP in black ink, with a horizontal line underneath the letters.

**Chartered Professional Accountants**  
Victoria, Canada  
June 25, 2024



## Financial Statements

### Statement of Financial Position

(Expressed in thousands of Canadian dollars)

	As at	
	March 31, 2024	March 31, 2023
<b>Assets</b>		
Investment in British Columbia Ferry Services Inc.	639,764	684,379
<b>Total assets</b>	<b>639,764</b>	<b>684,379</b>
<b>Equity</b>		
Invested in common share of British Columbia Ferry Services Inc.	1	1
Contributed surplus of British Columbia Ferry Services Inc.	25,000	25,000
Accumulated undistributed earnings of British Columbia Ferry Services Inc.	614,763	659,378
<b>Total equity</b>	<b>639,764</b>	<b>684,379</b>

### Statement of Comprehensive Loss

(Expressed in thousands of Canadian dollars)

		Years ended March 31	
	Note	2024	2023
<b>Loss</b>			
Share in loss of British Columbia Ferry Services Inc.	3	(44,615)	(12,458)
<b>Total loss</b>		<b>(44,615)</b>	<b>(12,458)</b>
<b>Expenses</b>			
Administration	4	1,056	581
Recovery from British Columbia Ferry Services Inc.		(1,056)	(581)
<b>Total expenses</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive loss</b>		<b>(44,615)</b>	<b>(12,458)</b>

The accompanying notes are an integral part of these Financial Statements.

## Statement of Cash Flows

(Expressed in thousands of Canadian dollars)

	Note	Years ended March 31	
		2024	2023
<b>Cash flows from operating activities</b>			
Net loss		(44,615)	(12,458)
Items not affecting cash:			
Share in loss of British Columbia Ferry Services Inc.	3	44,615	12,458
<b>Net change in cash</b>		-	-

## Statement of Changes in Equity

(Expressed in thousands of Canadian dollars)

	Invested in BCFS	Contributed surplus of BCFS	Accumulated undistributed earnings (loss) of BCFS	Total equity
Balance as at March 31, 2022	1	25,000	671,836	696,837
Total comprehensive loss	-	-	(12,458)	(12,458)
Balance as at March 31, 2023	1	25,000	659,378	684,379
Total comprehensive loss	-	-	(44,615)	(44,615)
<b>Balance as at March 31, 2024</b>	<b>1</b>	<b>25,000</b>	<b>614,763</b>	<b>639,764</b>

The accompanying notes are an integral part of these Financial Statements.

# Notes to the Financial Statements

## Year ended March 31, 2024

(Tabular amounts expressed in thousands of Canadian dollars)

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

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

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

The Authority’s primary purposes are set out in the Act and includes holding the single-issued common voting share of BCFS, a company incorporated under the Company Act (British Columbia) by way of conversion on April 2, 2003 and which now validly exists under the Business Corporations Act (British Columbia), to appoint the directors of BCFS, to establish a compensation plan for the directors of BCFS, to approve an executive compensation plan for the executives of

BCFS and to oversee the strategic direction of BCFS in support of the public interest. BCFS’ primary business is the provision of coastal ferry services in British Columbia. The Province of British Columbia (the “Province”) contributed the initial capital to the Authority to fund the purchase of the BCFS common share. The Act provides that upon a sale of the common share of BCFS held by the Authority, the Authority shall repay the Province its initial contribution and be dissolved. The Act also provides that upon dissolution of the Authority, all remaining assets of the Authority, if any, vest with the Province. As part of their annual report to the Lieutenant Governor in Council, the British Columbia Ferries Commissioner is required by the Act to issue an opinion on the performance of the Authority in carrying out its legislated responsibilities.

Historically, BCFS’ business is seasonal in nature, with the highest activity in the summer (second quarter) and the lowest activity in the winter (fourth quarter), due to the high number of leisure travellers and their preference for travel during the summer months.

## 1. Material Accounting Policies

### A. Basis of Preparation:

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

These financial statements represent the annual statements of the Authority prepared in accordance with IFRS Accounting Standards (“IFRS”), and its interpretations, as issued by the International Accounting Standard Board (“IASB”). The Authority has provided comparative financial information and applied the same accounting policies throughout all periods presented unless otherwise indicated.

These financial statements are prepared in accordance with IAS 27, Separate Financial Statements and therefore do not consolidate the results of the Authority’s wholly-owned subsidiary, BCFS. The Authority has elected to account for its investment in BCFS using the equity method. Under the equity method, the original cost of the investment is adjusted for the Authority’s share of post-acquisition

earnings or losses, dividends and any other post-acquisition changes in the equity of BCFS.

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

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

These financial statements were approved by the Board of Directors on June 25, 2024.

## B. Estimates and Judgements:

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting methods and the amounts recognized in the financial statements. These estimates and the underlying assumptions are established and reviewed continuously on the basis of past experience and other factors considered reasonable in the circumstances. They therefore serve as the basis for making judgments about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates.

## C. Taxes:

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

## 2. Adoption of New and Amended Standards

Future changes in accounting standards, which may impact BCFS:

### IFRS 18, *Presentation and Disclosure in Financial Statements*:

In April 2024, the IASB issued IFRS 18, *Presentation and Disclosure in Financial Statements* which will replace IAS 1, *Presentation of Financial Statements* effective for periods after January 1, 2027. The new standard is not expected to change how BCFS recognizes and measures items in the financial statements. IFRS 18 may change how items in the financial statements are subtotaled and categorized. Additionally, it will require additional disclosure of certain management-defined performance measures in the BCFS financial statement notes.

## 3. Share in Loss of BCFS

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

	Years ended March 31	
	2024	2023
<b>Net loss of BCFS</b>	(31,385)	(1,842)
<b>Other comprehensive income of BCFS:</b>		
Items that are or may be reclassified subsequently to net loss:		
Hedge gains on fuel swaps	7,215	18,155
Items not be reclassified to net loss:		
Net gains on revaluation of land	14,076	20,780
Actuarial (losses) gains on post-employment benefit obligations	(2,993)	1,091
<b>Total other comprehensive income of BCFS</b>	<b>18,298</b>	<b>40,026</b>
<b>Total comprehensive (loss) income of BCFS</b>	<b>(13,087)</b>	<b>38,184</b>
<b>Items reclassified from equity and dividends of BCFS:</b>		
Net realized hedge gains recognized on fuel swaps	(25,737)	(44,852)
Hedge losses on interest rate forward contracts reclassified to net loss	247	248
Dividends paid on 8% cumulative preferred shares	(6,038)	(6,038)
<b>Share in loss of BCFS</b>	<b>(44,615)</b>	<b>(12,458)</b>



## 4. Recovery from BCFS

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

## 5. Subsidiary Supplemental Information

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

		As at	
	Note	March 31, 2024	March 31, 2023
Assets:			
Current			
Cash and cash equivalents		31,906	87,122
Other current assets		536,584	479,359
Current assets		568,490	566,481
Non-current assets		2,059,203	1,925,345
<b>Total assets</b>		<b>2,627,693</b>	<b>2,491,826</b>
Liabilities:			
Current liabilities		313,176	261,639
Long-term debt and other non-current liabilities		1,599,276	1,470,331
<b>Total liabilities</b>		<b>1,912,452</b>	<b>1,731,970</b>
Equity:			
Share capital	5(a)	75,478	75,478
Contributed surplus		25,000	25,000
Retained earnings		545,473	582,896
Equity before reserves		645,951	683,374
Reserves	5(b)	69,290	76,482
<b>Total equity including reserves</b>		<b>715,241</b>	<b>759,856</b>
<b>Total equity</b>		<b>2,627,693</b>	<b>2,491,826</b>

## 5. Subsidiary Supplemental Information (continued):

	Note	Years ended March 31	
		2024	2023
<b>Total revenue</b>		<b>1,110,901</b>	<b>1,042,840</b>
<b>Expenses</b>			
Other operating expenses		901,122	810,158
Depreciation and amortization		187,071	181,375
<b>Total operating expenses</b>		<b>1,088,193</b>	<b>991,533</b>
<b>Operating profit</b>		<b>22,708</b>	<b>51,307</b>
<b>Net finance and other expenses</b>			
Finance expenses		67,616	67,836
Finance income		(28,615)	(16,498)
Net loss on disposal and impairment of property, plan and equipment and intangible assets and other charges		15,092	1,811
<b>Net finance and other expenses</b>		<b>54,093</b>	<b>53,149</b>
<b>NET LOSS</b>		<b>(31,385)</b>	<b>(1,842)</b>
Items that are or may be reclassified subsequently to net loss:			
Hedge gains on fuel swaps		7,215	18,155
Items that will not be reclassified to net loss:			
Gains on revaluation of land		14,076	20,780
Actuarial (losses) gains on post-employment benefit obligations		(2,993)	1,091
<b>Total other comprehensive income</b>	5(b)(ii)	<b>18,298</b>	<b>40,026</b>
<b>Total comprehensive (loss) income</b>		<b>(13,087)</b>	<b>38,184</b>

### A. The Share Capital of BCFS Consists of:

#### (i) – Authorized:

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

(ii) — Issued and outstanding:

As at March 31

	2024		2023	
	Number of shares	Amount \$	Number of shares	Amount \$
Class B, common	1	1	1	1
Class C, preferred	75,477	75,477	75,477	75,477
		75,478		75,478

The outstanding Class B common share is held by the Authority, and the Class C preferred shares are held by the Province.

(iii) — Dividends:

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

B. Continuity of reserves:

	Land revaluation reserves	Employee future benefit revaluation reserves	Fuel swap reserves	Interest rate forward contract reserves	Total
<b>Balance as at April 1, 2022</b>	<b>48,576</b>	<b>(7,902)</b>	<b>45,856</b>	<b>(5,470)</b>	<b>81,060</b>
Land revaluation	20,780	-	-	-	20,780
Actuarial gains on post-employment benefit obligations	-	1,091	-	-	1,091
Derivatives designated as cash flow hedges:					
Net change in fair value	-	-	18,155	-	18,155
Realized gains	-	-	(44,852)	-	(44,852)
Amortization of hedge losses	-	-	-	248	248
<b>Balance as at March 31, 2023</b>	<b>69,356</b>	<b>(6,811)</b>	<b>19,159</b>	<b>(5,222)</b>	<b>76,482</b>
Land revaluation	14,076	-	-	-	14,076
Actuarial losses on post-employment benefit obligations	-	(2,993)	-	-	(2,993)
Derivatives designated as cash flow hedges:					
Net change in fair value	-	-	7,215	-	7,215
Realized gains	-	-	(25,737)	-	(25,737)
Amortization of losses	-	-	-	247	247
<b>Balance as at March 31, 2024</b>	<b>83,432</b>	<b>(9,804)</b>	<b>637</b>	<b>(4,975)</b>	<b>69,290</b>

## 6. Related Party Transactions

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

	Years ended March 31	
	2024	2023
Short-term benefits	2,521	1,908
Post-employment benefits	-	97
Termination benefits	-	1,200
<b>Total</b>	<b>2,521</b>	<b>3,205</b>



## B.C. Ferry Authority

### **Board of Directors**

(as of March 31, 2024)

**Lecia Stewart, Chair**

**David Levi, Vice Chair**

**Jessica Bowering**

**Gary Coons**

**Marlene Kowalski**

**Peter Lantin**

**Andrew Ross**

**William (Bill) Dingwall**

**Marc Tremblay**

### **Officers**

(as of March 31, 2024)

**William Beale**

Executive Director

**Amber Nash**

Corporate Secretary

