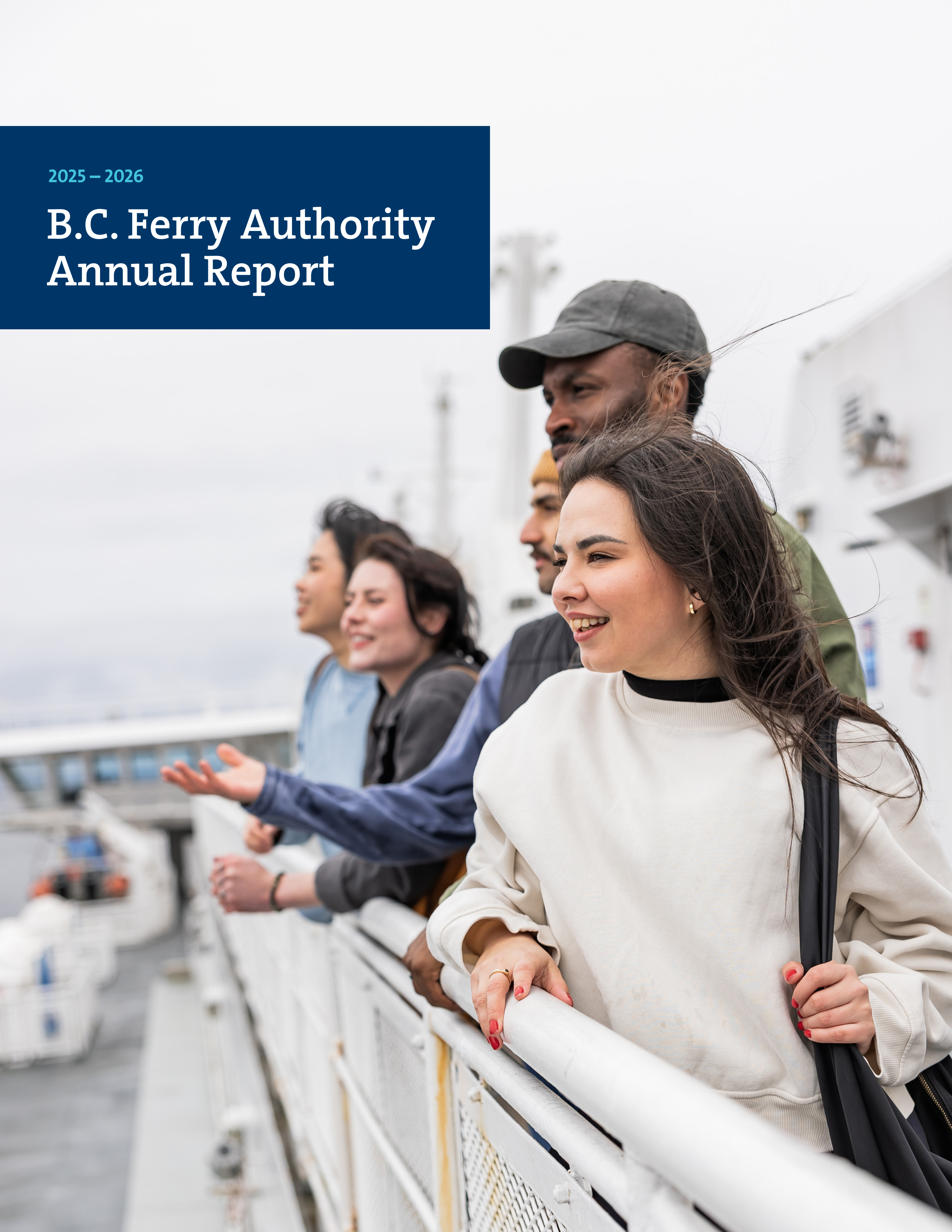
2025 – 2026

# B.C. Ferry Authority Annual Report



*Passengers arriving at Tsawwassen terminal.*

# Contents

# B.C. Ferry Authority Fiscal 2025/26 Year End Review Report

## A Message from the Chair

I currently reside in Victoria, but Haida Gwaii will always be my home. From my experience living in the North, I know that every sailing matters for coastal communities. Ferries are not simply transportation; they are lifelines to work or school, medical appointments, and the essential goods and services our families rely on.

This past year, the Authority delivered meaningful progress on its mandate that reflects diverse public interest perspectives while strengthening its engagement with coastal communities.

With the support of the Province and in collaboration with BC Ferries, we developed Charting the Course, a shared long-term vision for the coastal ferry system. Shaped by the voices of ferry-dependent communities, First Nations leaders, ferry users, local governments, employees, and the public, it reflects what people told us matters most to them and it gives a common direction for the coastal ferry system over the long-term.

With the help of the vision, we were able to strengthen oversight by enhancing ferry governance and creating processes to sharpen our focus on public interests, community engagement, and long-term planning. Our directors advanced this work by deepening our understanding of Truth and Reconciliation and what it means within our governance and oversight role.

The next few years will shape choices about affordability, reliability, investment, and service for years to come. The Authority is working with our governance partners to ensure these public interest choices are thoughtfully considered and reflected in the next performance term. We have also strengthened the collective skills and expertise of the Authority and BC Ferry Services' boards through new appointments, supporting strong governance and informed decision-making as these important choices are made. This is why strong, independent governance matters.

As the Authority, our focus is simple. It is to keep people and communities at the centre, so the decisions made today strengthen the ferry system coastal British Columbians will rely on tomorrow.

**Peter Lantin**
Chair of the Board of Directors
B.C. Ferry Authority


*Northern Expedition*

## Context

This report is divided in two parts to provide information on activities in the fiscal year that ended on March 31, 2026, 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 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. ("BC Ferries"), 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 the preferred shares of BC Ferries and has no voting interest in either the Authority or BC Ferries.

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

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

# 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

The Authority provides independent governance in the public's interest of BC Ferry Services. BC Ferries is responsible for day-to-day operations, maintenance, service delivery, and investment planning, and its operations and performance are overseen by a board of directors. The Authority's role is different and distinct. It helps ensure the governance of the ferry system remains accountable, transparent, and focused on long-term public value as an essential service.

The Authority carries out this role by appointing directors to the BC Ferry Services board, overseeing key governance matters, and helping to connect public priorities to board-level decision-making. This structure provides an important layer of accountability for a system that is essential to coastal British Columbia and supported by significant public investment.

This report outlines how the Authority's work throughout 2025/26 strengthened governance, supported the activation of the first long-term vision for the entire coastal ferry system titled Charting the Course and prepared for decisions that will shape the future of the ferry system.

### 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.

### Timeline

This report covers the period April 1, 2025, to March 31, 2026.

### Reporting of Action Under Section 21.01 (3)

#### A. Appointment of BCFS directors

Amendments to the Act in 2010 mandated that the Authority appoint directors to the BC Ferry Services board. In 2025, the Authority applied the same assessment lens used in prior years to evaluate the current and future needs of BC Ferry Services and the optimal composition of its board. The assessment considered succession planning, the preservation of core skills and experience, and the need to respond to emerging priorities. During the year, one director's term came to an end, and in response, the Authority opted to strengthen the BC Ferry Services board's overall skills and experience through the appointment of two new directors. Those appointments brought considerable expertise in the transportation industry, public engagement, labour, and governance, further enhancing the board's capacity to provide effective oversight of BC Ferries.

#### B. Visioning and strategic planning

Charting the Course was sponsored by the Authority and developed through the joint leadership of the Authority and BC Ferry Services boards. It provides a shared framework for the coastal ferry system and for how the system can remain sustainable, resilient, affordable, and responsive to the needs of coastal communities over time.

The visioning process was grounded in listening. Input from ferry users, coastal communities, First Nations, elected officials, employees, and other interest holders helped identify the priorities that matter most to the people and communities served by BC Ferries. Those perspectives informed a vision that looks beyond immediate operating and demographic pressures to the long-term movement of people, goods, and services across coastal British Columbia through to 2050 and beyond.

The vision gives communities, government, the BC Ferry Commissioner, BC Ferry Services, and the Authority a shared reference point for future decisions. It connects governance, investment, service planning, and accountability to the outcomes people expect from the ferry system. The vision was unanimously adopted by the Authority and BC Ferry Services board and shared with the public in fall 2025.

The vision also provides measures to help track progress and support public accountability. For the Authority, Charting the Course now serves as a guide for oversight, engagement, and future discussions about the ferry system in the public interest.

#### C. BCFS executive compensation plan

Building on the foundation of the revised Executive Compensation Plan developed in 2022, the Authority's focus this year has been on monitoring the plan to ensure continued alignment with public sector compensation practices. The Authority remains committed to ensuring the plan reflects fairness, transparency, and competitiveness within the broader public service.

**D. BCFS performance term**

Every four years, the Province and BC Ferries negotiate the service levels, funding commitments, fare framework, and capital investments that guide delivery of the coastal ferry system under the Coastal Ferry Service Contract. These performance terms turn broad public policy choices into practical commitments including service people can rely on, the fares they pay, and the investments needed to sustain an essential public system.

Performance Term 7 is one of the first major opportunities to put Charting the Course into action. The Authority is working collaboratively with the Province and BC Ferry Services as this work advances, while maintaining its independent governance role. The Authority's focus is to help ensure the plan reflects long-term public value, not only near-term operational or financial pressures.

For ferry-dependent communities, the importance of this work is immediate and practical. Performance Term 7 will influence affordability, reliability, resilience, responsible investment, and the needs of ferry-dependent communities, Indigenous communities, ferry workers, ferry users, and the travelling public. Work began in 2025 and continued through fiscal 2025/26, with submission of the plan for Performance Term 7 to the BC Ferry Commissioner due in fall 2026. As the process moves forward, the Authority will continue to help ensure decisions are tested against the shared vision and the outcomes communities expect from an essential public service.

## CTC Vision

### Vision statement

"By 2050, British Columbia's coastal ferry system is a fully integrated, carbon-neutral, people-centred transportation network that connects coastal communities. It provides safe, reliable, efficient and affordable services, and promotes environmental stewardship, economic vitality and strong partnerships with First Nations and governments, interest holders and local communities."

### Goals and objectives

Emerging from this visioning process is a clear definition of what makes up the public interest. The public interest is made up of five overarching goals and 18 supporting objectives to inform the long-term planning of BC's coastal ferry system. First Nations reconciliation is an underlying theme embedded throughout all five goals.

### The five goals for the coastal ferry system are:

- Reliable and available
- Convenient and integrated
- Safe and comfortable
- Environmentally sensitive and resilient
- Affordable and efficient

# 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 BC Ferry Services directors;
- the approval of compensation plans for BC Ferry Services directors and executives;
- the appointment of Authority directors;
- amendments to the Authority's bylaws;
- Authority board meetings;
- remuneration of the Authority and BC Ferry Services directors; and
- the independent auditor's report and audited financial statements of BC Ferries.

### 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, 2025, to March 31, 2026.

### Reporting of activities

#### A. Appointment of BCFS Directors

In accordance with the Act, the Authority makes and renews appointments to the BC Ferry Services board 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 continues to hold 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 BC Ferries operations.

BC Ferry Services directors in fiscal year 2025/2026 (as of March 31, 2026) are listed in Table 1.

**Table 1**
British Columbia Ferry Services Inc. Board of Directors
(as of March 31, 2026)

| Director | Term Ending |
|---|---|
| Joy MacPhail, O.B.C. (Chair) | 2026 |
| Catherine McLay (Vice Chair) | 2028 |
| Dennis Blatchford | 2026 |
| Harold Calla | 2027 |
| Charlene Hiller | 2027 |
| Eric Denhoff | 2026 |
| Lecia Stewart | 2027 |
| Tamim Raad | 2028 |
| Paul Faoro | 2028 |
| Grant Main | 2028 |

In fiscal 2025/2026, the term of Shona Moore came to an end. Directors Grant Main and Paul Faoro were appointed to the BC Ferry Services board for terms commencing in June 2025.

Joy MacPhail remained Chair of BC Ferries board in fiscal 2025/2026. Following the conclusion of Shona Moore's term, Catherine McLay was appointed Vice Chair. The election of BCFS officers is the exclusive domain of the BC Ferry Services board.

### B. Compensation plans

As required by the Act, the Authority has approved compensation plans for BC Ferry Services directors and executives. The current plans are available for public view on the Authority's website: **www.bcferryauthority.com**

#### Directors' Compensation Plan

The compensation plan for BC Ferry Services 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 BC Ferries. 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, BC Ferry Services provides the following remuneration to its directors:

| | |
|---|---|
| **Annual Retainers** | |
| 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 |
| **Per Diem Fees** | |
| 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 BC Ferries, as that term is defined in the Act who, in fiscal year 2025/2026, 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 BC Ferries Executive Compensation Plan was approved by the Authority in December 2022 and last amended in August 2024 and is posted on its website.

### C. Appointment of BCFA directors

The composition of the Authority board of directors is set out in the Act and, in fiscal year 2025/2026, the Authority 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 BC Ferries employees.

The directors of the Authority in fiscal year 2025/2026 are listed in Table 2. Two primary objectives guide the selection of individuals to serve as directors: ensure that the composition continues to meet the requirements of the Act, and 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. 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 several changes to the composition of the Authority board in fiscal 2025/2026 arising from the conclusion of existing appointments. In March 2025, the terms of provincial appointees Jessica Bowering and David Levi concluded, and the Province appointed Marie Della Mattia and Paul Kariya as their successors. Rebecca Maurer's provincial appointment also concluded that month, and she was reappointed for a final three-year term. At the same time, labour appointee Andy Ross's term ended, and Laird Cronk was nominated by the BC Ferry and Marine Workers' Union and appointed to the Authority board. Together, these appointments supported continuity in the Authority's governance and oversight functions while adding valuable skills and experience to the Board.

**Table 2**
B.C. Ferry Authority Board of Directors (as of March 31, 2026)

| Director | | Term Ending March 31 |
|---|---|---|
| Peter Lantin, Chair | Province of British Columbia | 2026 |
| Rebecca Maurer, Vice Chair | Province of British Columbia | 2028 |
| Paul Kariya | Province of British Columbia | 2028 |
| Gary Coons | Northern Coastal and North Vancouver Island Appointment Area | 2027 |
| Marlene Kowalski | Southern Vancouver Island Appointment Area | 2026 |
| Marie Della Mattia | Province of British Columbia | 2028 |
| Laird Cronk | BC Ferry and Marine Workers Union | 2028 |
| Claire Trevena | Central Vancouver Island and Northern Georgia Strait Appointment Area | 2027 |
| William (Bill) Dingwall | Southern Mainland Appointment Area | 2026 |

### D. Public interest and strategic direction

In 2025/26, the Authority advanced the Province's commitments to Truth and Reconciliation by deepening its understanding of reconciliation and what it means within a governance and oversight role. Authority directors participated in a two-part learning process, beginning with historical context and foundational learning in February 2025, followed by a session on how reconciliation can be reflected in the Authority's work.

These learnings identified practical areas for continued progress, including the Authority's commitment to Truth and Reconciliation Call to Action #92 and a governance-level Reconciliation Action Plan, the use of a reconciliation lens in oversight tools, stronger expectations and reporting related to reconciliation, meaningful engagement with Indigenous communities, and ongoing education for Authority directors.

The Authority also took steps to strengthen how public interest perspectives are heard and reflected in strategic direction. It established a new Partnerships & Engagement Committee to provide a governance-level forum for stronger engagement and partnerships with regional districts, local communities, labour, Indigenous communities, and other public interest partners. The committee is intended to complement BC Ferries' Let's Connect engagement platform by creating additional dialogue at the governance level about the future of the ferry system.

The Authority Board has three standing committees responsible for the Authority's oversight of BC Ferries.

**Committees of the Authority:**

**Governance and Nominating Committee:** fulfills the Authority Board's legislative mandate to oversee the board's internal policies and bylaws and lead the appointment and evaluation processes for directors to both the Authority and Services' boards.

**Audit and Finance Committee:** fulfills the Authority Board's legislative mandate to provide financial oversight of BC Ferries, including regular engagement with the BC Ferry Services Audit & Finance Committee and the CEO and CFO. The committee also establishes and amends the compensation plan for BCFS directors and executives and appoints the external auditor.

**Partnerships and Engagement Committee:** this newly established committee serves the board by informing and strengthening its public interest mandate and oversees BC Ferry Services' engagement with interested parties, First Nations, coastal communities, local and provincial governments, agency partners, and the travelling public.

**In addition to the above standing committees, the Authority and the BC Ferry Services Board have established two ad hoc committees to strengthen governance and public interest perspectives:**

**Joint Governance Committee:** enhances collaboration across both boards, ensures clarity in governance and strategic direction and alignment of processes related to the implementation of the Charting the Course vision.

**Joint Performance Term 7 Committee:** serves as the forum for both the Authority and BC Ferry Services Board to review the development of the Performance Term 7 submission to the BC Ferry Commissioner.

### E. The Authority General Bylaws

The general bylaws of the Authority are available for public view on the Authority's website . No changes or updates were made to the bylaws in fiscal year 2025/2026.

### F. The Authority Board Meetings

In the fiscal year 2025/2026, the Authority directors met on six occasions, including the annual general meeting of the Authority held in accordance with the Act on September 11th, 2025. A summary of the outcomes of the meetings of the Board is provided in Table 3.

[1] *https://www.bcferryauthority.com/wp-content/uploads/2021/04/BCFA-General-By-Laws-January-2020.pdf*

**Table 3**
Summary of Meeting Outcomes Year Ended March 31, 2026

| Date | Type | Outcome |
|---|---|---|
| **May 27, 2025** | Board of Directors | • The Chair welcomed Laird Cronk, Marie Della Mattia and Paul Kariya to the Board of Directors of the Authority for terms ending March 31st, 2028.<br>• An update was provided on the Charting the Course project, noting the work was nearing completion and looking forward to implementation.<br>• An update was provided on the process and recommendation for appointments to BC Ferry Services Board of Directors. A resolution was passed to appoint Grant Main and Paul Faoro to the BC Ferry Services Board.<br>• The Chair provided an update to the board on the recent meetings with the Province and BC Ferry Services Chair and executive regarding Charting the Course implementation. |
| **June 24-25, 2025** | Board of Directors | • The Board participated in an all-day Truth & Reconciliation Session.<br>• Fiscal 2025/2026 audited Authority financial statements were approved.<br>• The Corporate Secretary was authorized to execute the shareholder's unanimous consent resolutions pertaining to matters respecting the business required to be transacted at the 2025 annual general meeting of BC Ferry Services.<br>• The Board held a goal-setting session to guide the Authority's oversight activities and influence implementation of strategies, plans, and actions of BC Ferries in the public interest.<br>• A report from the BC Ferry Services board Chair was received for information.<br>• The Chair provided an update on recent meetings with the Province. |
| **September 10-11, 2025** | Board of Directors | • Annual disclosure forms were completed by Directors and submitted to the Corporate Secretary.<br>• The Chair provided an update on recent meetings with the Province.<br>• An update was provided on the Charting the Course vision confirming the establishment of a Joint Governance Committee with three members from each board, including both Chairs, to assist in implementation of the goals and objectives.<br>• A report from the Audit & Finance Chair was received for information. |
| **September 11, 2025** | Annual General Meeting | *Annual General Meeting open to the public held in Horseshoe Bay, West Vancouver, BC.* |
| **December 1-2, 2025** | Board of Directors | • The Board of Directors participated in a two-day strategic planning session focused on the Authority's 2026 governance oversight priorities, committee structures, and work planning approach to support public interest goals and joint governance responsibilities. |
| **March 4, 2026** | Board of Directors | • The Chair provided an update on recent meetings, including the first meeting of the joint PT7 Committee.<br>• The KPMG Authority Audit Engagement letter, Audit Plan and the BC Ferries Audit Planning report were received and approved.<br>• The terms of reference for the newly constituted Partnerships & Engagement Committee were reviewed by the Board.<br>• Updates were provided on recent meetings of the Audit & Finance Committee, Governance & Nominating Committee and newly formed Partnerships & Engagement Committee.<br>• Peter Lantin was re-elected Chair of the Authority Board.<br>• Resolution adopted to continue succession planning and requesting the Governance & Nominating Committee to provide a recommendation to the Board regarding appointments to the Services board.<br>• Resolution approved to elect Paul Murray to the Authority board for a term commencing April 1st, 2026 and ending March 31st, 2029.<br>• Resolution approved to re-elect Bill Dingwall to the Authority board for a term commencing April 1st, 2026 and ending March 31st, 2029.<br>• The Board thanked outgoing Director Kowalski for her dedicated service. |

***Meeting attendance for Board members is an important issue and one that the Authority monitors on a regular basis. In fiscal year 2025/2026, meeting attendance was 98 percent.***

## G. Remuneration of Authority Directors

An outline of the current remuneration framework for directors of the Authority is provided in Table 4. The framework, which was set by the board effective October 1, 2010, is regularly reviewed and was updated in June 2023 to include the position of vice-chair and a per diem for the Chair for official board meetings. No changes to remuneration were made in fiscal year 2025/206. The amount each director received for remuneration and expenses in this fiscal year is set out in Table 5.

**Table 4**
B.C. Ferry Authority Director Remuneration Framework
as of March 31, 2025

| | |
|---|---|
| **Annual Retainers** | |
| Board Chair Retainer | $25,000 |
| Board Member Retainers: | |
| Base Retainer (all directors excluding board Chair) | $6,250 |
| Vice-Chair Retainer | $8,000 |
| Committee Chair Retainer | $2,000 |
| Committee Member Retainer | $750 |
| **Per Diem Fees**[1] | Up to $1,200 |
| Board Member Fees | 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. | |

*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, 2025-March 31, 2026

| Director | Remuneration[1] ($) | Expenses Reimbursed ($) |
|---|---|---|
| Peter Lantin, Chair | $49,360 | $563 |
| Rebecca Maurer, Vice-Chair | $38,676 | $675 |
| Paul Kariya | $17,847 | $984 |
| Gary Coons | $29,393 | $1447 |
| William (Bill) Dingwall | $24,379 | $931 |
| Marlene Kowalski | $25,200 | $254 |
| Marie Della Mattia | $25,184 | $254 |
| Claire Trevena | $28,113 | $1255 |
| Laird Cronk | $30,742 | $659 |

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

## H. Remuneration of BC Ferry Services Board Directors

The amount each BC Ferry Services director received for remuneration and expenses in the fiscal year 2025/2026 is set out in Table 6.

**Table 6**
B.C. Ferry Services Board Director Remuneration and Expenses
April 1, 2025 - March 31, 2026

| Director | Remuneration[1] ($) | Expenses Reimbursed ($) |
|---|---|---|
| Joy MacPhail, Chair | $100,000 | Nil |
| Catherine McLay, Vice-Chair | $53,900 | $1045 |
| Eric Denhoff | $46,600 | Nil |
| Paul Faoro[2] | $35,307 | $214 |
| Harold Calla | $41,480 | $814 |
| Grant Main[2] | $30,102 | Nil |
| Dennis Blatchford | $46,950 | Nil |
| Tamim Raad | $49,805 | $275 |
| Charlene Hiller | $51,906 | $3536 |
| Lecia Stewart | $47,542 | $2259 |
| Shona Moore | $14,687 | Nil |

*Notes:*
1. *Remuneration includes retainers, per diem/meeting fees and taxable income from the ferry travel pass program.*
2. *Paul Faoro & Grant Main were appointed as directors effective June 25, 2025.*

# Independent Auditor's 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, 2026
- 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 policies

(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, 2026, 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.

## 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

KPMG LLP

**Chartered Professional Accountants**
Victoria, Canada
June 26, 2026

# Financial Statements

## Statement of financial position
(Expressed in thousands of Canadian dollars)

| | As at | |
|---|---|---|
| | March 31, 2026 | March 31, 2025 |
| | | (As adjusted - Note 1(b)) |
| **Assets** | | |
| Investment in British Columbia Ferry Services Inc. | 528,564 | 552,323 |
| **Total assets** | **528,564** | **552,323** |
| **Equity** | | |
| 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. | 503,563 | 527,322 |
| **Total equity** | **528,564** | **552,323** |

## Statement of comprehensive loss
(Expressed in thousands of Canadian dollars)

| | | Years ended March 31 | |
|---|---|---|---|
| | Note | 2026 | 2025 |
| **Loss** | | | |
| Share in loss of British Columbia Ferry Services Inc. | 3 | (23,759) | (81,838) |
| **Total loss** | | **(23,759)** | **(81,838)** |
| **Expenses** | | | |
| Administration | 4 | 973 | 1,067 |
| Recovery from British Columbia Ferry Services Inc. | | (973) | (1,067) |
| Total expenses | | - | - |
| **Total comprehensive loss** | | **(23,759)** | **(81,838)** |

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

## Statement of cash flows
(Expressed in thousands of Canadian dollars)

| | Note | 2026 | 2025 |
|---|---|---|---|
| | | Years ended March 31 | |
| | | | (As adjusted - Note 1(b)) |
| **Cash flows from operating activities** | | | |
| Net loss | | (23,759) | (81,838) |
| Items not affecting cash: | | | |
| Share in loss of British Columbia Ferry Services Inc. | 3 | 23,759 | 81,838 |
| **Net change in cash** | | **-** | **-** |

## 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, 2024 | 1 | 25,000 | 609,160 | 634,161 |
| Total comprehensive loss | - | - | (81,838) | (81,838) |
| **Balance as at March 31, 2025** | **1** | **25,000** | **527,322** | **552,323** |
| Total comprehensive loss | - | - | (23,759) | (23,759) |
| **Balance as at March 31, 2026** | **1** | **25,000** | **503,563** | **528,564** |

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

# Notes to the Financial Statements

## Year ended March 31, 2026
(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. Five directors are appointed through nomination-based processes, and the remaining four directors are appointed directly by the Lieutenant Governor in Council from qualified Authority candidates. The five nomination-based appointments are as follows:

- Four directors are appointed from nominees provided by each of the four designated appointment areas, which consist of coastal regional districts prescribed by the Lieutenant Governor in Council. One director is appointed from the nominees of each appointment area, with all nominees being qualified Authority candidates, as defined in the Act.
- One director is appointed from nominees provided by the trade union representing employees of British Columbia Ferry Services Inc. ("BCFS"), with nominees again being qualified Authority candidates.

The remaining four directors are appointed directly by the Lieutenant Governor in Council 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 its 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"), 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 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 26, 2026.

**B. Estimates and judgments:**

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

The Authority adopted amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates*, regarding lack of currency exchangeability. This amendment had no impact on the Authority’s financial statements.

## 3. Share in loss of BCFS

The distributable earnings of BCFS consist of the current period total comprehensive loss, 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 | |
|---|---|---|
| | **2026** | **2025** |
| **Net loss of BCFS** | 6,533 | (71,728) |
| **Other comprehensive income (loss) of BCFS:** | | |
| Items that are or may be reclassified subsequently to net loss: | | |
| Hedge gains on fuel swaps | 431 | 3,546 |
| Items not be reclassified to net loss: | | |
| Net (losses) gains on revaluation of land | (22,071) | (5,658) |
| Actuarial losses on post-employment benefit obligations | 10 | (465) |
| **Total other comprehensive loss of BCFS** | **(21,630)** | **(2,577)** |
| **Total comprehensive loss of BCFS** | (15,097) | (74,305) |
| **Items reclassified from equity and dividends of BCFS:** | | |
| Net realized hedging gains recognized on fuel swaps | (2,872) | (1,742) |
| Hedge losses on interest rate forward contracts reclassified to net loss | 248 | 247 |
| Dividends paid on 8% cumulative preferred shares | (6,038) | (6,038) |
| **Share in loss of BCFS** | **(23,759)** | **(81,838)** |

## 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 subsidiary are summarized below:

| | | As at | |
|---|---|---|---|
| | Note | **March 31, 2026** | **March 31, 2025** |
| Assets: | | | |
| Current | | | |
| Cash and cash equivalents | | 363,972 | 204,678 |
| Other current assets | | 308,507 | 270,651 |
| Current assets | | 672,479 | 475,329 |
| Non-current assets | | 2,291,018 | 2,070,623 |
| **Total assets** | | **2,963,497** | **2,545,952** |
| **Liabilities**: | | | |
| Current liabilities | | 369,497 | 341,546 |
| Long-term debt and other non-current liabilities | | 1,989,959 | 1,576,606 |
| **Total liabilities** | | **2,359,456** | **1,918,152** |
| **Equity**: | | | |
| Share capital | 5(a) | 75,478 | 75,478 |
| Contributed surplus | | 25,000 | 25,000 |
| Retained earnings | | 474,194 | 473,699 |
| Equity before reserves | | 574,672 | 574,177 |
| Reserves | 5(b) | 29,369 | 53,623 |
| **Total equity including reserves** | | **604,041** | **627,800** |
| **Total liabilities and equity** | | **2,963,497** | **2,545,952** |

## 5. Subsidiary supplemental information (continued):

| | Years ended March 31 | |
|---|---|---|
| | **2026** | **2025** |
| **Total revenue** | **1,259,846** | **1,171,440** |
| **Expenses** | | |
| Other operating expenses | 984,127 | 981,354 |
| Depreciation and amortization | 204,218 | 202,468 |
| **Total operating expenses** | 1,188,345 | **1,183,822** |
| **Operating profit (loss)** | **71,501** | **(12,382)** |
| **Net finance and other expenses** | 64,351 | 70,897 |
| Finance expenses | (9,019) | (24,082) |
| Finance income | | |
| Net loss on disposal and impairment of property, plant and equipment, and intangible assets and other charges | 9,636 | 12,531 |
| **Net finance and other expenses** | 64,968 | **59,346** |
| **NET LOSS** | **6,533** | **(71,728)** |
| Items that are or may be reclassified subsequently to net earnings (loss): | | |
| Net hedge gains on fuel swaps | **431** | 3,546 |
| Items that will not be reclassified to net earnings (loss): | | |
| Losses on revaluation of land | **(22,071)** | (5,658) |
| Actuarial gains (losses) on post-employment benefit obligations | **10** | (465) |
| **Total other comprehensive (loss) income** | **(21,630)** | **(2,577)** |
| **Total comprehensive loss** | **(15,097)** | **(74,305)** |

### 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 BCFS' ability to issue shares and to declare dividends. |

**(ii) — Issued and outstanding:**

| | As at March 31 | | | |
|---|---|---|---|---|
| | **2026** | | **2025** | |
| | 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 |
|---|---|---|---|---|---|
| **Balance as at April 1, 2024** | **71,837** | **(9,804)** | **637** | **(4,975)** | **57,695** |
| Land revaluation loss | (5,658) | - | - | - | 5,658 |
| | - | - | - | - | |
| Actuarial losses on post-employment benefit obligations | | (465) | - | - | (456) |
| Derivatives designated as cash flow hedges: | - | - | | | |
| Net change in fair value | - | - | 3,546 | - | 3,546 |
| Realized gains | - | - | (1,742) | - | (1,742) |
| Amortization of hedge losses | | | - | 247 | 247 |
| **Balance as at March 31, 2025** | **66,179** | **(10,269)** | **2,441** | **(4,728)** | **53,623** |
| Land revaluation | (22,071) | - | - | - | (22,071) |
| Actuarial gains on post-employment benefit obligations | - | 10 | - | - | 10 |
| Derivatives designated as cash flow hedges: | | | | | |
| Net change in fair value | - | - | 431 | - | 431 |
| Realized gains | - | - | (2,872) | - | (2,872) |
| Amortization of hedge losses | - | - | - | 248 | 248 |
| **Balance as at March 31, 2026** | **44,108** | **(10,259)** | **-** | **(4,480)** | **29,369** |

## 6. Related party transactions

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

| | Years ended March 31 | |
|---|---|---|
| | **2026** | **2025** |
| Short-term benefits | 1,616 | 1,597 |
| Post-employment benefits | 83 | 81 |
| **Total** | **1,699** | **1,678** |

# B.C. Ferry Authority

**Board of Directors**
(as of March 31, 2026)

**Peter Lantin, Chair**

**Rebecca Maurer, Vice-Chair**

**Paul Kariya**

**Gary Coons**

**Marie Della Mattia**

**Marlene Kowalski**

**Laird Cronk**

**William (Bill) Dingwall**

**Claire Trevena**

**Officers**
(as of March 31, 2026)

**William Beale**
Executive Director

**Amber Nash**
Corporate Secretary