



October 17, 2019

Chief Judith Sayers
Nuu-chah-nulth Tribal Council

Reference: 289400

s. 22

Dear Chief Sayers,

Re: Coastal Ferries Engagement

As you know, our government is committed to ensuring the marine highway serves people and communities. As part of this commitment, we are developing a vision for coastal ferry services in British Columbia and will be looking for your involvement in this exercise.

Decisions about transportation investments have long-lasting impacts – that's why it's important that the people of British Columbia have a say in what they would like to see in the future. We need to adapt to the changing transportation needs of coastal communities and consider how best to deliver services in the long-term. Some of what we'll be looking at includes exploring additional ways of connecting coastal communities, innovations to reduce greenhouse gas emissions and how we can better integrate all modes of transportation.

To begin this process, I am hosting seven regional forums to meet with some stakeholders before launching the broader engagement. These meetings are intended to get some initial input on the vision which will be used to refine the broader engagement process.

Engagement with Indigenous communities is an integral part of our visioning process, and we want to hear what's important to you when thinking about the future of coastal ferry services.

Given the importance of transportation to coastal Indigenous communities, I am inviting you to contact ministry staff directly should you wish to arrange a meeting to share your thoughts on this vision. Please contact Kirk Handrahan, Executive Director, Marine Branch at 250 974-5301 or Kirk.Handrahan@gov.bc.ca should you wish to have more information or to arrange a meeting.

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Early in the new year, we will be launching an online engagement process to gather a broad spectrum of input to develop the vision and all British Columbians will be encouraged to participate.

Yours sincerely,

s. 22



Claire Trevena
Minister

Copy to: Kirk Handrahan, Executive Director
Marine Branch



PRESIDENT & CEO

British Columbia Ferry Services Inc.
Suite 500 – 1321 Blanshard Street
Victoria, BC V8W 0A7
Tel (250) 978-1100
www.bcferries.com

The Hon. Claire Trevena
Minister of Transportation
Room 306, Parliament Buildings
PO Box 9055 Stn Prov Govt
Victoria, BC V8W 9E2

August 22, 2019

Dear Minister:

Thank you for your letter of 25 July 2019 to John Horning, Chair of BC Ferries.

We welcome the visioning process soon to be launched by your Ministry. Since 2003 BC Ferries has, to the best of its ability, developed the coastal ferry system to meet the interests of the public, ferry users and coastal communities in the absence of a provincial vision. We welcome a provincial vision for marine transportation as outlined by Mr. Redlin as it will enable BC Ferries to continue to align its investments with public objectives. BC Ferries is pleased to support the visioning process in whatever capacity is appropriate.

We agree that infrastructure decisions likely to be materially impacted by the vision should be considered within its context. We will continue to involve the ministry in our infrastructure planning at early stages so that any impact by the vision can be assessed. Where appropriate and possible, we will adjust project planning to accommodate the timing and direction of the new vision.

In cases where projects must proceed before the vision is complete, we will consult with the ministry as noted above. Such projects are most often renewal of aged assets necessary to maintain reliable service to coastal communities and are unlikely to be affected by the vision.

Regarding the Royal Bay ferry study noted in your letter, BC Ferries undertook this study in response to sustained interest from the public, elected officials and the private sector for marine alternatives to highway congestion in the Colwood area. BC Ferries is frequently encouraged to act in the public interest and this is an obvious way to do so. The study was not in pursuit of revenue enhancement and BC Ferries has made no request for funding for such a service. The results of this study were turned over to MOTI officials about six months ago and BC Ferries has no current activity on this file.

Your letter of 25 July did not specifically address the concerns we raised in our letter of 16 July 2019 regarding the net funding decrease forecast by the PT5 preliminary ruling of the BC Ferries Commissioner. If confirmed in the final ruling, the decision has the potential to

impose financial stress on the ferry system to the extent that capital or operational spending over the performance term may be curtailed. In the alternative, an application under Section 42 of the Coastal Ferry Act for an extraordinary price cap (fare) increase or service level adjustment may be required.

As always, BC Ferries will take all prudent and reasonable steps to avoid negative outcomes for ferry users and the public. We will continue to engage with your Ministry on these issues and are always available for further dialogue.

Sincerely,

s. 22



Mark F. Collins
President & CEO

Copy to: John Horning, Board Chair
BC Ferry Services Inc

Sheldon Stollen, Commissioner
BC Ferry Commission

Sandra A. Stoddart-Hansen, Board Chair
BC Ferry Authority



CHAIR OF THE BOARD

British Columbia Ferry Services Inc.
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Minister Claire Trevena
Room 306, Parliament Buildings
PO Box 9055 Stn Prov Govt
Victoria, BC V8W 9E2

August 22, 2019

Dear Minister:

Thank you for meeting recently with Mark Collins, CEO of BC Ferries and I. Thank you also for your letter of July 25, 2019 in response to Mark's letter of July 16, 2019.

During our meeting we discussed many issues of importance for the ferry system and coastal communities. We are pleased to learn of the ministry's plans to engage the public to develop a provincial level vision for marine transportation in BC. BC Ferries made this recommendation to Mr. Redlin during his review and we were pleased he included it in his report. The Board and management of BC Ferries support the creation of the vision and are prepared to assist in any way appropriate. We will continue to consult with ministry staff on major projects, including those reliability and public interest projects that must proceed while the vision is created.

I have discussed these important issues with BC Ferries management and have asked CEO Mark Collins to write to you with a detailed reply.

Thank you again for your letter and I look forward to continuing dialogue with your government.

Sincerely,

s. 22

John Horning
Chair of the Board

Copy to: Mark Collins, President and CEO
BC Ferries

Sheldon Stollen, Commissioner
BC Ferry Commission

Sandra A. Stoddart-Hansen, Board Chair
BC Ferry Authority



JUL 25 2019

John Horning, Board Chair
BC Ferry Services Inc.
1321 Blanshard Street, Suite 500
Victoria BC V8W 0B7

Reference: 287427
Your File:

Dear Chair Horning,

Re: Provincial Vision for Ferry Services

I am writing to express my appreciation to you and Mr. Collins for taking the time to meet with me on July 15.

I also confirm receipt of Mr. Collins's follow-up letter to me about the provincial government's ferry affordability strategy, introduced in 2018. While BC Ferries and the government do not share a common perspective on this matter, I recognize that our organizations have a mutual interest in ensuring ferry services work for the people of British Columbia.

As discussed at our meeting, the ministry is in the planning stages of developing a provincial vision for connecting B.C.'s coastal communities, as recommended in the Redlin Report. The vision is intended to provide a framework to inform the development and operation of ferry services to connect coastal regions of B.C. in order to support their economic and social development and the sustainability of the ferry system for future generations.

As you know, BC Ferries has been and is engaged in several initiatives and major projects aimed at delivering on the company's vision and strategic goals. For example, I understand that BC Ferries continues its planning process for major projects, such as the Horseshoe Bay terminal development, and new major routes vessels and is considering a service expansion with an additional ferry at Saturna Island. Whether it is the replacement of vessels or upgrades to terminals, these are important decisions that will have a lasting impact on communities. However, it will be important that significant changes to the delivery of ferry services be informed by the broader provincial vision. To that end, the ministry should be involved in any public engagement process prior to it being launched.

.../2

While I appreciate that BC Ferries operates independently from government and wishes to pursue additional revenue opportunities, any new service that would require additional provincial funding to become a reality should align with the provincial vision rather than be a product of BC Ferries' efforts to create additional revenue streams. Until the provincial vision process is complete, it would be appreciated if BC Ferries would put on hold projects such as the Royal Bay passenger-only ferry service.

My staff will be available to provide further information or answer questions regarding the visioning timelines and how BC Ferries can engage in the process. I look forward to future meetings where we can discuss opportunities for greater collaboration between our respective organizations to achieve our mutual goals for marine transportation in B.C.

Yours sincerely,

s. 22

Claire Trevena
Minister

Copy to: Mark Collins, President and CEO
BC Ferries

Sheldon Stoilen, Commissioner
BC Ferry Commission

Sandra A. Stoddart-Hansen, Board Chair
BC Ferry Authority



PRESIDENT & CHIEF EXECUTIVE OFFICER

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Minister Claire Trevena
Room 306, Parliament Buildings
PO Box 9055 Stn Prov Govt
Victoria, BC V8W 9E2

July 16, 2019

Dear Minister:

Re: Follow up on Affordability Initiative Funding in PT5

Thank-you again for meeting with us yesterday. We appreciated your time and attention.

At one point in our conversation, we discussed the government's affordability initiative, our term for the reduction/freezing of fares and the increased senior's discount. As you know, this was a two-year jointly funded effort of government and BC Ferries for fiscal years 2019 and 2020. This funding arrangement expires at the end of fiscal 2020 (31 March 2020).

During our conversation, you expressed the view that government was fully funding the affordability initiative in PT5 via the recently announced \$32.5m increase to ferry transportation fees. You may recall John and I queried that, expressing our view the initiative was not fully funded by government. I write today to summarise the funding of the affordability initiative in PT5 as we understand it.

Below please find information that we believe accurately summarises the situation. We believe new costs placed on the ferry system for PT5 exceed new funding and revenue by more than \$30m annually. This escalates over the cost of PT5. Cost reductions and efficiencies in recent years mean there are few easy ways for the ferry system to absorb such a shortfall.

Ministry staff have advised during our consultations that the ferry transportation fee for PT5 is fixed and non-escalating. Our avenue of discussion under the Coastal Ferry Act is therefore with the BC Ferry Commissioner. This is the subject of our pending submission to the Commissioner.

As always, I am available if you have any questions.

Kind regards,

s. 22

Mark Collins
President & CEO

cc: John Horning, Board Chair, British Columbia Ferry Services Inc.

Summary – Funding of the Affordability Initiative into PT5

- The cost of the F2019/20 two-year affordability initiative (fare reductions/freezes and seniors discount) is \$113.7m
 - The province funded \$59m (52%) and BC Ferries funded \$55m (48%)
 - This funding arrangement expires 31 March 2020
- In fiscal 2020, the final year of PT4, the affordability initiative cost \$54.8m
 - Fare reductions/freeze cost \$44.6m
 - The Province and BC Ferries are each funding half, or \$22.3m each
 - Senior's discount will cost at least \$10.2m, funded by the province
 - Therefore, of the \$54.8m cost in 2020:
 - The province is funding \$32.5m (60%)
 - BC Ferries is funding \$22.3m (40%)
- The provincial funding for PT5 provides for \$32.5m to support the continuation of the affordability initiative. This is equal to the province's portion of affordability initiatives and is \$22.3m short of full funding.
 - The cost to the Province to fully fund the affordability initiative would be at least \$54.8m for the first year of PT5, not \$32.5m
- Avenues to make up the \$22.3m shortfall include:
 - Adjustment to ferry transportation fee
 - A price cap increase above 1.9%
 - Absorbed by the ferry system through efficiencies and cost reductions
- MOTI staff have advised the ferry transportation fee for PT5 is fixed and non-escalating
- The recent PT5 preliminary price cap decisions grants 0.4% over inflation
 - This is approximately \$3m in Fiscal 2021
 - This leaves a \$19.3 m per year shortfall for the ferry system to absorb (\$22.3m - \$3m)
- Over and above this \$19.3m, there is at least \$13m of other unavoidable incremental costs coming to bear on the ferry system for PT5:
 - \$6m for the new Bella Coola route, above previous route cost
 - \$5m for additional carbon tax
 - \$1.5m for employer health tax
 - \$0.5m legislated board and commissioner expenses
- The province has fully funded \$5.8m of new services on certain routes.
- Bottom line, new incremental cost to be borne by the ferry system for PT5 (\$73.6m) is higher than new incremental provincial and price cap funding (\$41.3m)
 - The ferry system must absorb \$32.3m per year of new cost in PT5
 - The amount escalates over the performance term because the ferry transportation fee is not indexed

Summary of Incremental New Costs and Funding (C\$)

New incremental annual costs added to the ferry system for PT5

10.2 m	Seniors discounts
44.6 m	Fare reductions
5.8 m	New service levels
6 m	Route 28 (Bella Coola) Above previous route cost
5 m	Incremental increase in carbon tax
1.5 m	Incremental new employee health tax
<u>0.5 m</u>	<u>Additional board and commissioner expenses</u>
73.6 m	Total (escalates with inflation over PT5)

New incremental funding

32.5 m	Ferry transport fee increase for affordability initiative
5.8 m	New service levels
<u>3 m</u>	<u>Estimated preliminary price cap revenue increment over 1.9% (0.4%)</u>
41.3m	Total (only price cap revenue escalates)

32.3 m Net funding shortfall each year (escalates each year)



PRESIDENT & CHIEF EXECUTIVE OFFICER

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Minister Claire Trevena
Room 306, Parliament Buildings
PO Box 9055 Stn Prov Govt
Victoria, BC V8W 9E2

October 24, 2018

Dear Minister:

On behalf of Board Chairs Donald Hayes and Yuri Fulmer and BC Ferries, thank you for the meeting of Monday, 15 October. We found the meeting useful and productive.

A goal of our collaboration with your Ministry is to ensure you and your staff understand our actions and intentions. We are pleased to enclose copies of our eight most significant planning documents for your reference. They provide a complete picture our plans to continue building a coastal ferry system that serves the interests of ferry users, coastal communities and British Columbia.

Thank you again for the meeting on 15 October and we look forward to continued close collaboration with you and your officials.

Sincerely,

s. 22

Mark Collins
President & CEO

Enclosures:

Strategic Plan
Customer Experience Master Plan
Fleet Master Plan
Terminal Network Master Plan
Long Term Underwater Noise Mitigation Plan
Shipbuilding Plan
Clean Technology Adoption Plan
2018 Business Plan



August 29, 2018

The Honourable Claire Trevena
Minister of Transportation and Infrastructure
PO Box 9850, Stn Prov Govt,
Victoria, BC V8W 9T5

Dear Minister Trevena,

Thank you for taking the time out of your busy schedule to meet with the Board of Directors of British Columbia Ferry Services Inc. (BC Ferries) last week in Vancouver.

The Board appreciated your candor and openness in our dialogue on the challenges and the opportunities we together face in furthering our mutual objective of ensuring a safe, reliable and affordable coastal ferry system. As always, you bring insightful perspectives to the discussion, not only from your Ministerial role, but as MLA and a regular ferry user from one of the coastal communities we serve.

We share your view that BC Ferries and government need to continue to work together to ensure a strong and sustainable ferry system, and confirm our commitment to a positive, collaborative and open working relationship with you and your staff as we work to explore opportunities to further evolve the system to meet the needs of ferry users and coastal communities for decades to come.

Sincerely,

s. 22

Donald P. Hayes
Chair, Board of Directors
British Columbia Ferry Services Inc.



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June 12, 2018

Mr. Grant Main, Deputy Minister
Ministry of Transportation and Infrastructure
PO Box 9850, Stn Prov Govt,
Victoria, BC V8W 9T5

Dear Grant,

Further to our recent communications about the fuel rebate, please allow me to recap developments and to advise the Province of our forthcoming removal of the rebate.

Effective 1 April 2018, BC Ferries, in agreement with the Province, froze fares on the major routes and reduced fares by 15% on minor and northern routes. To help ensure affordable ferry travel for British Columbians, BC Ferries also agreed to absorb the approximately \$15 million existing balance of the fuel deferral account arising from excess rebates to ferry users as foregone revenues. As part of the agreement, BC Ferries advised the Province that the fuel rebate would be removed if and when the fuel deferral balance continued to grow unacceptably after 1 April. We agreed to keep the Province informed of the balance of this account, as we do with the BC Ferries Commissioner.

On 15 May 2018, the Executive Management Committee of BC Ferries determined that the balance of the fuel deferral account had grown unacceptably and, given the trend was for continued unacceptable growth, decided to give the regulatory fifteen day public notice starting on 22 May 2018 of the termination of the rebate. The Province was informed of this decision the same day, 15 May, which was three weeks before the rebate removal would come into effect on 6 June 2018. On 17 May the Minister of Transportation and Infrastructure (MOTI) called me to request a two week delay in giving public notice, a request we declined on 18 May given the rate of growth of the deferral account and there being, to that point, no other mechanism which would relieve the growth of the deferral account balance.

On 21 May, 2018 the Minister wrote to the Chair of the Board of BC Ferries requesting that the Board reconsider the removal of the rebate on the grounds the Province may be willing to offset the cost of the fuel rebate to BC Ferries. Based on this new information on 23 May we wrote to you advising the fifteen day public notice of removal of the rebate would be delayed two weeks to allow the Province the opportunity to explore the possibility of offsetting the fuel rebate cost. During the period 23 May to 6 June, BC Ferries exchanged regular communications with MOTI on the potential offset, however by 7 June no firm arrangement was in place. Communications from 7 and 8 June from ADM Deborah Bowman to BC Ferries VP Mark Wilson advised us that the Province continued to work on arrangements and were hopeful a decision would be forthcoming on 8 June. We advised that BC Ferries would await the Province's decision on potential arrangements even though the two week period had elapsed. We also advised that we could not postpone the removal of the rebate indefinitely.

On 8 June you advised me that no arrangement was likely that day and the Province hoped to advise BC Ferries of an arrangement by latest 11 June. As of the close of business on 11 June we had received no communication from the Province. Inquiring with you late on 11 June you advised that the Province had no arrangement to communicate. We advised you that, as a result, BC Ferries would give the required fifteen day notice of removal of the rebate on 12 June for effect on 27 June 2018.

Grant, we therefore formally advise you that BC Ferries will today give the required fifteen day public notice of removal of the fuel rebate, as required by Order of the BC Ferries Commissioner. The rebate will be removed as of 27 June 2018. We also advise you that should fuel prices remain above our regulated fuel set price a surcharge may be required at some point in the future. No date or amounts have been determined for a potential surcharge. MOTI will be kept informed of the balance of the fuel deferral account as has been committed to MOTI during discussions leading to the implementation of the fare initiatives effective 1 April 2018.

Grant, thank you for the hard work of your Ministry over the past several weeks on this issue. Our team has appreciated the diligence your staff has put into this.

Sincerely,

s. 22

A rectangular box with a dotted border, used to redact the signature of Mark F. Collins.

Mark F. Collins
President & Chief Executive Officer



May 25, 2018

Mark Collins, President and CEO
British Columbia Ferry Services Inc.
The Atrium
1321 Blanshard Street, Suite 500
Victoria BC V8W 0B7

Reference: 276893

Dear Mr. Collins:

Re: Fuel Rebates

Thank you for your letter of May 23, 2018. I appreciate that BC Ferries has agreed to Minister Claire Trevena's request to delay your announcement of the removal of the fuel rebates.

I recognize that during discussions on the fare relief initiatives, BC Ferries shared information with ministry staff on the status of the fuel deferral accounts. The need to address the fuel deferral accounts has always been clearly understood by the ministry. What was unexpected, as indicated in Minister Trevena's letter to BC Ferries' Board Chair, was the company's intention to make a public announcement after this past weekend that the rebate would be eliminated. The insufficient advance notice to government presented challenges for our organizations to engage in meaningful discussions, including the potential opportunity for government to consider additional funding to BC Ferries to avoid ferry travellers having to pay higher costs.

I am committed to, and I hope you are as well, using this situation to improve and strengthen the communications between our organizations to prevent this type of misunderstanding in future. To that end, I understand that Deborah Bowman, Assistant Deputy Minister, Transportation Policy and Programs in the ministry, and Mark Wilson, Vice President Strategy and Community Engagement, are already engaged in discussions to address the fuel rebate issue. Similar to the constructive discussions we had on reaching agreement on government's ferry fare relief commitments, I would hope we can successfully reach an agreement as quickly as possible with respect to the fuel rebates.

Sincerely,

s. 22

Grant Main
Deputy Minister

.../2

Ministry of Transportation
and Infrastructure

Office of the
Deputy Minister

Mailing Address:
PO Box 9850 Sun Prov Govt
Victoria BC V8W 9T5
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Copy to: Donald Hayes, Chair
Board of Directors
British Columbia Ferry Services Inc.

Yuri Fulmer, Chair
Board of Directors
B.C. Ferry Authority



PRESIDENT & CHIEF EXECUTIVE OFFICER

British Columbia Ferry Services Inc
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May 23, 2018

Mr. Grant Main, Deputy Minister
Ministry of Transportation and Infrastructure
PO Box 9850, Stn Prov Govt,
Victoria, BC V8W 9T5

Dear Mr. Main:

We thank the Ministry for a copy of the letter of May 21, 2018 from Minister Claire Trevena to Donald Hayes, Chair of the Board of Directors of BC Ferries, indicating the Province may be prepared to financially offset the fuel rebates now in place.

Keeping ferry travel affordable is an important goal to BC Ferries, and one I know we share with government. We have demonstrated this commitment through a \$39 million contribution over the next two years towards fare freezes and reductions. We also contributed \$15.7 million to eliminate the March 31, 2018 balance in the fuel deferral account.

In addition, BC Ferries independently held the cost of most ferry travel flat for the previous two fiscal years, a contribution of approximately \$20 million. We believe our total contribution of nearly \$75 million over performance term four demonstrates BC Ferries' commitment to keeping coastal transportation affordable for British Columbians.

In the discussions on the fare initiatives we have had with government over the past six months, and when confirming our contributions earlier this year, we advised Ministry staff that BC Ferries is not in a position to continue to absorb the high cost of fuel. We informed Ministry officials that as of April 1, 2018 and going forward, the fuel deferral account mechanism, which has been in place since 2004, would operate in the manner established by the British Columbia Ferries Commissioner. Over the past six months, we advised your staff on a number of occasions that the removal of the rebates could be required as early as June 2018.

We were pleased to learn in the Minister's letter of the Province's interest in transferring fuel cost risk from ferry users to British Columbian taxpayers. Given this new information, we are pleased to accede to the Minister's earlier request for a two-week delay, as of today, prior to giving public notice of the removal of the rebates. We look forward to receiving government's proposal within this time frame.

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As always, we look forward to working with you and your staff in the days ahead.

s. 22

Mark Collins
President & CEO

cc: Donald Hayes, Chair
Board of Directors
British Columbia Ferry Services Inc.

Yuri Fulmer, Chair
Board of Directors
B.C. Ferry Authority



May 21, 2018

Donald Hayes, Chair
Board of Directors
British Columbia Ferry Services Inc.
500 - 1321 Blanshard St
Victoria, BC V8W 0B7

Reference: 276834

Dear Mr. Hayes,

I appreciated our conversations Friday and Sunday, while you were on holiday.

As you know, our government has committed to making life more affordable for the people in our province, including by ensuring people along the coast can travel affordably. The ministry worked very closely with BC Ferries for several months to negotiate an agreement that enabled government's ferry fare relief commitments, which went into effect on April 1, 2018. This included freezing fares on the three Major routes, reducing the fares on all other routes by 15 percent and reinstating the 100% discount on seniors' passenger fares on travel Monday through Thursday. To achieve these reductions, government increased the subsidy to BC Ferries by \$59 million over two years, the highest single increase in more than a decade.

During the last week, I was surprised and disappointed to learn that BC Ferries was going to announce publicly the removal of the fuel rebates of 2.9 percent on the Major and Minor routes and 1.9 percent on the Northern Routes, less than two months after government's fare reduction strategy was put into place. As Minister, I am personally committed to delivering on our government's promise to freeze fares. As I expressed to you, I believe this action is contrary to that.

I also indicated that government was willing to negotiate to provide funds to BC Ferries to avoid this increase. I am extremely disappointed that despite our requests for BC Ferries to come to the table, Mark Collins, BC Ferries CEO has decided to move forward with these fare hikes. I am asking the Board to reconsider this decision and to work with our government to maintain the fare freezes and reductions that British Columbians voted for.

.../2

I look forward to hearing from you.

Yours sincerely,

s. 22



Claire Trevena
Minister

Copy to: Yuri L. Fulmer, Chair
Board of Directors
B.C. Ferry Authority

Mark Collins, President and CEO
BC Ferries

September 21, 2017

Honourable Claire Trevena
Minister of Transportation & Infrastructure
Parliament Buildings
Victoria, BC V8V 1X4

Dear Minister Trevena:

Thank you for your letter of September 1, 2017 and the opportunity to speak with you in subsequent telephone conversations.

We appreciate your advising us of government's intent to defer a decision on the proposed alteration of the Articles of the Company while it conducts a review of the provision of coastal ferry services. As you are aware, the Articles currently include remuneration limits for certain executives that are reflective of the Executive Compensation Plan approved by B.C. Ferry Authority in 2011. We confirm our continued commitment to meet our legislative requirements to comply with the remuneration limits set out in both the Articles, as well as the Executive Compensation Plan most recently approved by B.C. Ferry Authority in 2016.

We have carefully considered your comments in regard to the implementation of organizational changes prior to the completion of government's review. We confirm our intent to maintain the current executive structure, except for the realignment of certain duties to respond to the request of the new President & Chief Executive Officer to reduce the size of the executive from 10 to 9 people, at a saving in cash compensation of approximately \$200,000 per year. Our move to streamline the organizational structure does not pre-empt the work of government's review, nor is it expected to affect our ability to respond to any recommendations that may arise from it.

In response to your request, we are enclosing a chart with the realigned organizational structure. Under each executive's title on the chart we have noted the cash compensation for that position. We confirm that the compensation is in full compliance with the Articles and the current Executive Compensation Plan, as referred to above.

As we have discussed, we confirm that during the course of government's review, BC Ferries will need to continue to operate the business in accordance with its published business and operating plans, and make normal course of business decisions and changes to ensure that coastal ferry services continue to meet the needs of and benefit those in the province who depend on them. We do not foresee any of our actions as compromising government's review or the follow-up to it.

In closing, we convey our continued commitment to work with you as you consider public policy issues relating to coastal ferry services. We remain committed to carrying out our duties under the Coastal Ferry Services Contract and to providing quality services to our customers and ferry dependent communities in the province.

With many thanks,

s. 22

Donald P. Hayes
Chair, Board of Directors
British Columbia Ferry Services Inc.

Attach.

copy: Yuri Fulmer, Chair, B.C. Ferry Authority
Mark Collins, President & CEO, BC Ferries



September 1, 2017

Yuri Fulmer, Chair, British Columbia Ferry Authority
Donald Hayes, Chair, British Columbia Ferry Services Inc.
The Atrium
1321 Blanshard Street, Suite 500
Victoria BC V8W 0B7

Reference: 270051

Dear Chair Fulmer and Chair Hayes:

Re: Thank You

I am writing to thank you and the members of the Boards of the BC Ferry Authority and BC Ferry Services Inc. (BC Ferries) for taking the time to meet with me in August, and for my follow-up conversation with Donald. I am honoured to serve British Columbians in my new role as Minister of Transportation and Infrastructure, and I look forward to delivering on government's commitments with respect to the coastal ferry service.

I am also writing to follow up on the October 7, 2016, correspondence sent from Cynthia Lukaitis, Vice President and Corporate Secretary of BC Ferries, to Grant Main, the ministry's Deputy Minister. The letter sought the Province's approval to update BC Ferries' Articles of Incorporation to reflect a 2016 executive compensation plan, as the Minister of Finance, the holder of the preferred shares, must approve any changes to the Articles. I understand that the Province has not yet responded to this request.

As you know, the British Columbia government is committed to overseeing a comprehensive operating review of BC Ferries. Given this commitment, I have discussed the request to amend the company's Articles with my colleague, the Honourable Carol James, Minister of Finance, and the Province is not prepared to approve the change at this time. I also understand that BC Ferries is contemplating some organizational changes that could affect executive positions. I strongly encourage the Board to defer any changes to BC Ferries' senior executive structure, including compensation, until after the government's review has been completed.

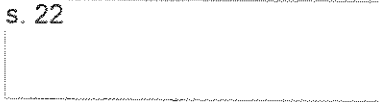
While the Terms of Reference for the review have not yet been finalized, I anticipate that the review will include such matters as BC Ferries' organizational structure and executive compensation. In my view, the review is a critical step to ensure that the provision of coastal ferry service benefits those who depend on this essential transportation service. As minister responsible for the *Coastal Ferry Act*, I would not want to see any organizational changes that may be seen as pre-empting the work of the review.

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In closing, I would like to thank you again for meeting, and I look forward to working with the Boards and BC Ferries.

Sincerely,

s. 22



Claire Treveña
Minister

Copy to: Honourable Carole James
Minister of Finance
MLA, Victoria-Beacon Hill

Grant Main, Deputy Minister
Ministry of Transportation and Infrastructure

Cynthia Lukaitis, Vice President and Corporate Secretary
BC Ferry Services Inc.



PRESIDENT & CHIEF EXECUTIVE OFFICER

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July 25, 2017

Honorable Claire Trevena
Parliament Buildings
Victoria, BC
V8V 1X4

Via email: claire.trevena.MLA@leg.bc.ca

Dear Minister Trevena,

I would like to extend my warmest congratulations to you on your recent appointment as Minister of Transportation and Infrastructure and re-appointment as MLA for North Island.

We at BC Ferries look forward to working with you in your new role and collaborating to ensure the best possible ferry transportation service to coastal communities in our province.

If you have any questions as you commence your new role, please don't hesitate to get in touch. I wish you all the very best in your new portfolio.

Yours sincerely,

s. 22

Mark F. Collins |
President & CEO
BC Ferries



July 24, 2017

Honourable Claire Trevena
Minister of Transportation & Infrastructure
Parliament Buildings
Victoria, BC V8V 1X4

Dear Honourable Trevena:

On behalf of the Board of Directors of British Columbia Ferry Services Inc. (BC Ferries), please accept our congratulations on your appointment as Minister of Transportation & Infrastructure.

Our Board would welcome the opportunity to meet with you as you commence your new portfolio. We will meeting in Vancouver on August 17, the day prior to our annual public meeting, and should you be available that day, we would be delighted if you could join us at a time convenient to you.

We look forward to a continued positive and open relationship with you and the Ministry as we work to ensure an efficient, dependable and customer-focused coastal ferry system for our province.

We wish you success in your new portfolio.

Yours sincerely,

s. 22

A rectangular box with a dotted border, used to redact the signature of Donald P. Hayes.

Donald P. Hayes
Chair, Board of Directors
British Columbia Ferry Services Inc.

cc: Mark Collins, President & CEO, BC Ferries

TELUS LTE

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Claire >

iMessage

Nov 8, 07:07

Good morning, Claire.
A pleasure to see you
yesterday at the hotel.
I trust your Horseshoe
Bay tour went well
with Brian Anderson.

With respect to your
queries about the ar-
rival of the first two Is-
land class vessels, on
for Texada Island and



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CT

Claire

for Texada Island and
on for the Alert Bay
service. I would like to
add that while they are
two months late being
delivered to BCFerries,
they they are not late
arriving into service
with the communities.

The schedule to arrive
in service in the com-
munities has always
been spring of 2020



iMessage



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15:44

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Claire >

and that is what will occur. The two month delay in delivery from the shipyard has been absorbed within our contingency planning.

Please don't hesitate to let me know if there are any questions or concerns.

Kind regards,

Mark



iMessage



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52%



Claire >

concerns.

Kind regards,

Mark

Delivered

Thanks Mark. I appreciate the clarification. It was useful to see the terminal plans and do a walk through so thank too to Brian and Chris. Cheers, Claire



iMessage

