

Underwood, Victor TRAN:EX

From: Donald Hayes s22
Sent: Tuesday, October 22, 2013 10:26 AM
To: Transportation, Minister TRAN:EX; Doyle, Dan PREM:EX; Dyble, John C PREM:EX
Cc: Wolford, Jessica TRAN:EX; 'Corrigan, Mike'; 'Plant, Geoffrey (Heenan Blaikie)'; Bigg, Sandy
Subject: 221376 Meeting Date

Yesterday, we advised the Minister's office that the Board of BC Ferries has completed its review of Executive Compensation.

We requested a joint meeting with responsible officials from both the Premier's and Minister's office. Geoff Plant, Mike Corrigan and myself will attend together. Please provide possible dates at your earliest convenience. Sandy Bigg will coordinate the scheduling for Geoff, Mike and I.

Once the meeting is set, we will distribute a comprehensive package of materials.

We look forward to meeting.

Donald



Donald P. Hayes
President

s22

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This email has been scanned and validated by Hayes SecureEmail System. Microsoft Forefront Online Security for Exchange.

Underwood, Victor TRAN:EX

From: Lukaitis, Cynthia [Cynthia.Lukaitis@bcferries.com]
Sent: Friday, October 25, 2013 4:01 PM
To: Transportation, Minister TRAN:EX
Cc: Wolford, Jessica TRAN:EX
Subject: Donald Hayes BC Ferries Correspondence
Attachments: 2013 10 25 package to TStone.pdf

The attached correspondence to the Minister is sent on behalf of Donald Hayes, Chair, British Columbia Ferry Services Inc.

Cynthia M. Lukaitis
Vice President & Corporate Secretary
British Columbia Ferry Services Inc.
Suite 500 – 1321 Blanshard Street
Victoria, British Columbia V8W 0B7
Tel: s22 | Fax: s22

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LOCAL ORDER FORM

British Columbia Ferry Services Inc.
500 – 1321 Blanshard Street
Victoria, BC V8W 0B7
Tel (250) 381-1401
Fax (250) 381-1402
www.bcferrys.com

October 25, 2013

Honourable Todd Stone
Minister of Transportation & Infrastructure
PO BOX 9055, STN PROV GOVT.
Victoria, BC V8W 9E2

Dear Honourable Stone:

s13

.../2

s13

.../3

s13

s12, s13

.../4

Sincerely,

s22

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

Copy: Jane L. Peverett, Chair, B.C. Ferry Authority

Attach

Pages 7 through 17 redacted for the following reasons:

s12

s12, s13

s12, s13, s14

NEWS RELEASE

For Immediate Release
13-xxx – Draft

XX XX, 2013

BC FERRIES AND BC GOVERNMENT AGREE TO CHANGES IN EXECUTIVE COMPENSATION STRUCTURE

BC Ferries implements subsequent two-year wage freeze for affected executive and management employees

VICTORIA – BC Ferries' Board of Directors announced today that the company will be replacing bonuses for all executives and senior managers with a salary holdback plan consistent with government's guidelines for crown corporation executive compensation.

"Since 2010, when government implemented its Bill 20 amendments to the Coastal Ferry Act restricting executive compensation, BC Ferries has fully complied with the restrictions. In addition, the company has also cut both the number of executives and the total executive compensation paid by more than 50 per cent." said Donald Hayes, BC Ferries' Board Chair.

"While the Board strongly believes that the bonus plan for executives and managers has driven significant results in all areas of the company's performance, we have decided, at the request of the Minister of Transportation and Infrastructure, to replace the plan with a salary holdback plan tied to achievement of financial and business results, similar to crown corporations. As well, once the change to the holdback plan is complete, salaries for affected executives and managers will be frozen until 2016."

The salary holdbacks will be implemented in two phases. Effective April 1, 2013, the bonus plan for executives is discontinued and a salary holdback will be implemented whereby a portion of the executive's salary is held back and payable only upon the achievement of stretch targets set by the Board. This approach will apply to senior managers effective April 1, 2014.

Consistent with crown corporations, the salary holdbacks will be applied to a maximum base salary comprised of the executives' and senior managers' existing base rate plus the average amount of bonus they have received over the past four years. A portion of salary will be held back and only payable if pre-determined performance objectives are achieved.

Also on April 1, 2014, the bonus plan for all other managers will be discontinued. A holdback plan for this group is not feasible or consistent with the government's policy. In lieu, salaries will be adjusted based on historical four year bonus plan payments.

.../2

British Columbia Ferry Services Inc., 500-1321 Blanshard Street, Victoria, BC V8W 0B7
Tel (250) 978-1267 Fax (250) 978-1119 www.bcferries.com/news/

Note to newsrooms: For urgent media inquiries off-hours, call our emergency pager at (250) 516-7211.

President and CEO, Mike Corrigan, will also be subject to the holdback arrangement. However, since his appointment to the position of President and CEO in January 2012, Mr. Corrigan's compensation has been capped, and he earns less than 60 per cent of his predecessor. His compensation strictly complies with the Coastal Ferry Act, as amended by Bill 20, which requires that his compensation not exceed the remuneration that provincial public sector employers in B.C. provide for similar positions.

Hayes concluded by saying, "The Board is committed to attract and retain a skilled and experienced management team to successfully operate this highly complex marine transportation system, which is one of the largest in the world."

- 30 -

Media Contact:
BC Ferries, Media Relations
Victoria: (250) 978-1267

Page 21 redacted for the following reason:

s12

Underwood, Victor TRAN:EX

From: Transportation, Minister TRAN:EX
Sent: Thursday, October 31, 2013 5:52 PM
To: s22
Cc: Stone, Todd TRAN:EX
Subject: 221474 BC Ferries Executive Compensation

Dear Chair Hayes:

Please find attached correspondence from the Honourable Todd Stone, Minister of Transportation and Infrastructure.



221474.pdf

Thank you,

Office of the Minister
Ministry of Transportation and Infrastructure



October 31, 2013

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

Reference: 221474

Dear Chair Hayes:

s13

.../2

- 2 -

s13

s12, s13

s13

Sincerely,

A handwritten signature in black ink, appearing to read 'Todd Stone', with a horizontal line drawn through the middle of the signature.

Todd Stone
Minister

...3/

Copy to: Jane Peverett, Chair
BC Ferry Authority

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

Jessica Wolford, Chief of Staff to the Honourable Todd Stone
Minister of Transportation and Infrastructure

Underwood, Victor TRAN:EX

From: Lukaitis, Cynthia [Cynthia.Lukaitis@bcferries.com]
Sent: Thursday, November 7, 2013 9:49 AM
To: Welford, Jessica TRAN:EX; Transportation, Minister TRAN:EX
Subject: 221729 Letter from Donald Hayes
Attachments: 2013 11 07 letter to TStone combined.pdf

Jessica,

Please find attached, correspondence to Minister Stone from Donald Hayes, Chair, British Columbia Ferry Services Inc. (BCFS) respecting the proposed changes to senior management compensation.

Cynthia M. Lukaitis

Vice President & Corporate Secretary
British Columbia Ferry Services Inc.
Suite 500 – 1321 Blanshard Street
Victoria, British Columbia V8W 0B7

Tel: : s22 | Fax: s22

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OFFICE OF THE CHAIR

British Columbia Ferry Services Inc.
500 - 1321 Blanshard Street
Victoria, BC V8W 0B7
Tel (250) 381-1401
Fax (250) 381-1402
www.bcferrys.com

November 7, 2013

Honourable Todd Stone
Minister of Transportation & Infrastructure
PO BOX 9055, STN PROV GOVT.
Victoria, BC V8W 9E2

Dear Honourable Stone:

s13

.../2

s13

12, s13

Sincerely,

s22

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

Copy: Jane L. Peverett, Chair, B.C. Ferry Authority

Attach

Pages 29 through 35 redacted for the following reasons:

s12, s13

s12, s13, s14

NEWS RELEASE

For Immediate Release
13-xxx – Draft

XX XX, 2013

BC FERRIES TO INTRODUCE CHANGES IN EXECUTIVE COMPENSATION STRUCTURE

BC Ferries implements subsequent two-year wage freeze for affected executive and management employees

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"Since 2010, when government implemented its Bill 20 amendments to the Coastal Ferry Act restricting executive compensation, BC Ferries has fully complied with the restrictions. In addition, the company has also cut both the number of executives and the total executive compensation paid by more than 50 per cent." said Donald Hayes, BC Ferries' Board Chair.

"While the Board strongly believes that the bonus plan for executives and managers has driven significant results in all areas of the company's performance, we have decided, at the request of the Minister of Transportation and Infrastructure, to replace the plan with a salary holdback plan tied to achievement of financial and business results, similar to crown corporations. As well, once the change to the holdback plan is complete, salaries for affected executives and managers will be frozen until 2016."

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Consistent with crown corporations, the salary holdbacks will be applied to a maximum base salary comprised of the executives' and senior managers' existing base rate plus the average amount of bonus they have received over the past four years. A portion of salary will be held back and only payable if pre-determined performance objectives are achieved.

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.../2

British Columbia Ferry Services Inc., 500-1321 Blanshard Street, Victoria, BC V8W 0B7

Tel (250) 978-1267 Fax (250) 978-1119 www.bcferries.com/news/

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Hayes concluded by saying, "The Board is committed to attract and retain a skilled and experienced management team to successfully operate this highly complex marine transportation system, which is one of the largest in the world."

- 30 -

Media Contact:
BC Ferries, Media Relations
Victoria: (250) 978-1267

Page 39 redacted for the following reason:

s12, s13

Underwood, Victor TRAN:EX

From: Transportation, Minister TRAN:EX
Sent: Thursday, November 7, 2013 4:39 PM
To: s22
Cc: Stone, Todd TRAN:EX
Subject: 221766 BC Ferries Executive Compensation

Dear Chair Hayes:

Please find attached correspondence from the Honourable Todd Stone, Minister of Transportation and Infrastructure.



221766.pdf

Thank you,

Office of the Minister
Ministry of Transportation and Infrastructure



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

Reference: 221766

Dear Chair Hayes:

13

12, s13

s13

Sincerely,

Todd Stone
Minister

.../2

- 2 -

Copy to: Jane Peverett, Chair
BC Ferry Authority

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

Jessica Wolford, Chief of Staff to the Honourable Todd Stone
Minister of Transportation and Infrastructure

Underwood, Victor TRAN:EX

From: Transportation, Minister TRAN:EX
Sent: Friday, November 8, 2013 2:24 PM
To: s22
Cc: Stone, Todd TRAN:EX
Subject: REVISED: 221766 BC Ferries Executive Compensation

Dear Chair Hayes:

Please find attached correspondence from the Honourable Todd Stone, Minister of Transportation and Infrastructure, to replace the version sent yesterday, November 7. s13

Thank you,

Office of the Minister
Ministry of Transportation and Infrastructure



221766.pdf

From: Transportation, Minister TRAN:EX
Sent: Thursday, November 7, 2013 4:39 PM
To: s22
Cc: Stone, Todd TRAN:EX
Subject: 221766 BC Ferries Executive Compensation

Dear Chair Hayes:

Please find attached correspondence from the Honourable Todd Stone, Minister of Transportation and Infrastructure.

<< File: 221766.pdf >>

Thank you,

Office of the Minister
Ministry of Transportation and Infrastructure



November 8, 2013

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

Reference: 221766

Dear Chair Hayes:

s12, s13

s13

Sincerely,

Todd Stone
Minister

.../2

- 2 -

Copy to: Jane Peverett, Chair
BC Ferry Authority

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

Jessica Welford, Chief of Staff to the Honourable Todd Stone
Minister of Transportation and Infrastructure