

# BC Transit

2015/16

## ANNUAL SERVICE PLAN REPORT



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## **Board Chair's Accountability Statement**

The *BC Transit 2015/16 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *BC Transit 2015/16 - 2017/18 Service Plan*. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to read 'Kevin Mahoney'.

Kevin Mahoney  
Board Chair

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## Chair/CEO Report Letter

In 2015/16, BC Transit continued to implement the Taxpayer Accountability Principles and to incorporate the Principles into its organizational practices and procedures. This letter describing BC Transit's performance with respect to those expectations established in *BC Transit's 2015/16 Mandate Letter* for operating under the Taxpayer Accountability Principles represents BC Transit's accountability requirement as described in Taxpayer Accountability Principles Action Item 5. (For a summary of BC Transit's actions in response to the direction on strategic priorities for the 2015/16 fiscal year received in the 2015/16 Mandate Letter please see Appendix C.)

BC Transit's strategic engagement with the Ministry during 2015/16, as established in Taxpayer Accountability Principles Action Item 8, included meetings between the President/Chief Executive Officer and the Deputy Minister as well as regular consultations at the staff level throughout the year, beginning with the development of the *BC Transit 2015/16 – 2017/18 Service Plan*. This engagement enabled BC Transit to work more effectively with the Ministry while increasing the Ministry's ability to hold BC Transit accountable for the outcomes and measures identified.

In accordance with Taxpayer Accountability Principle Action Item 9, BC Transit provided orientation and training in 2015/16 for its Board members. New Board member orientation was provided to Board Member Carol Leclerc in September 2015. In June 2015, at the invitation of the Deputy Minister to the Premier and Head of the BC Public Service, a number of BC Transit Board members participated in a Board of Directors Professional Development training session provided by the Ministry of Finance.

We are accountable for BC Transit's performance with respect to those expectations established in *BC Transit's 2015/16 Mandate Letter* for operating under the Taxpayer Accountability Principles.



Kevin Mahoney  
Board Chair



Manuel Achadinha  
President and Chief Executive Officer

## Purpose of the Organization

BC Transit is the provincial Crown agency charged with coordinating the delivery of public transportation across British Columbia with the exception of those areas serviced by TransLink (Metro Vancouver). More than 1.75 million British Columbians in over 130 communities across the province have access to BC Transit local and regional transit services.

BC Transit operates under the [British Columbia Transit Act](#), which provides it with a [mandate](#) to plan, implement, maintain and operate public transportation systems which support growth, community planning, and economic development. BC Transit's operations reflect the priorities and values of the government and its shareholders—the citizens of B.C.—as outlined in the [Taxpayer Accountability Principles](#).

BC Transit's shared services model helps to ensure the most efficient and effective delivery of transit services across all transit systems. In most Regional Transit Systems, service is provided through a partnership between BC Transit, local government, and a transit management company. Under this partnership model, BC Transit provides a variety of shared services available for all transit systems. BC Transit's collaborative, shared-services partnership model offers value by maximizing efficiency through the use of "common resources," specialization and standardization.

BC Transit's activities include planning, financial management, marketing, asset management, supply chain management, the provision of safety and human resources expertise, and contracting for the operation of transit services. BC Transit also operates the conventional service in the Victoria Regional Transit System. The funding of transit service is provided by customer fares and through a partnership of local government and the Province through BC Transit. Information about BC Transit's Corporate Governance is provided in Appendix B.

## Strategic Direction and Context

BC Transit's strategic direction is defined in its [2015/16 Mandate Letter](#) and includes the B.C. Taxpayer Accountability Principles. As detailed in Appendix C, in order to meet the requirements of its mandate, BC Transit:

- Continued actions and activities, in collaboration with its local government partners, that assisted the Ministry to achieve the goals and objectives of *B.C. on the Move – A 10-Year Transportation Plan*, subject to Ministry fiscal funding allocations and local government affordability;
- Continued to undertake business evaluations to maximize efficiencies and expand ridership opportunities, including supporting the Province's Crown Review of BC Transit's operations, planning and forecasting, and financial performance;
- Continued to implement enhanced performance measures and targets which aligned with, and aided in achievement of, the goals and strategies documented in its [2015/16 - 2017/18 Service Plan](#);
- Shared a three-year annual operating budget and a ten-year capital budget with the Ministry and worked with the Ministry throughout the year to ensure that financial targets were achieved, identified reporting requirements were met, quarterly forecasts were accurately reported, and 2015/16 expenditures did not exceed budget; and
- Continued to incorporate the Taxpayer Accountability Principles into its organizational practices and procedures.

Over the past year, BC Transit focused on maximizing the efficiency of its core services and assuring that every operating dollar be maximized in order to position itself and provincial transit systems for future potential growth opportunities. For much of the year, staff provided significant support for a provincial Crown Review. BC Transit also continued its emphasis on transit service optimization, with existing resources reallocated as appropriate to meet changing customer expectations.

This year saw continued pressure on the Canadian dollar creating cost pressures on the procurement of replacement buses and bus parts, many of which are manufactured in the United States. To mitigate these issues, BC Transit implemented a strategic procurement strategy which enabled continued operating cost savings including lower fuel costs. BC Transit also worked extensively with the Ministry to implement regulatory changes that, for the 2015/16 through 2017/18 fiscal years, will enable any operating savings realized in a transit system to be able to be carried forward to offset inflationary increases in costs of that transit system.

With 50 per cent of the fleet scheduled to be replaced over the next five years, BC Transit formalized a right-sizing strategy to ensure replacement buses are chosen to meet service needs in the most cost-effective manner and evaluated a completed Compressed Natural Gas pilot program. In addition, efforts began to implement improvements in financial and asset management information systems.

Efforts continued to connect affordably with customers to meet increasing expectations for access to timely information and services by leveraging the new BC Transit website, the online trip planner, and social media channels. The year also saw ongoing implementation of BC Transit's Human Resources Action Plan with specific improvement in the performance management program and associated employee engagement scores.

## **Report on Performance**

BC Transit's performance in 2015/16 was conducted in accordance with the specific accountabilities prescribed in *BC Transit's 2015/16 Mandate Letter*, which includes the Taxpayer Accountability Principles. Specifically, in accordance with Taxpayer Accountability Principles Action Item 7, BC Transit worked with the Ministry during the 2015/16 service planning process to develop a plan for evaluating BC Transit's health and performance against the Taxpayer Accountability Principles. The specific efficiency and performance measures to be used as determinants of BC Transit's health and performance against the Taxpayer Accountability Principles are captured in the *BC Transit 2015/16 – 2017/18 Service Plan* and are reported on in detail below.

## **Goals, Strategies, Measures and Targets**

This performance report highlights BC Transit's results achieved for the fiscal year ending March 31, 2016. The five goals presented in this section are unchanged from the previous Annual Service Plan Report and the *BC Transit 2015/16-2017/18 Service Plan*. These goals were first published in [Shaping our Future](#), BC Transit's strategic plan. See Appendix B for a complete listing of the performance measures as well as definitions and calculation methodologies for these measures.

## Goal 1: Develop Financial Sustainability

Sustainable long-term revenue sources are fundamental to the ability of BC Transit to deliver on its mandate now and into the future. Since more than two-thirds of total revenues come from provincial and local government sources, the viability of transit services is directly linked to financial support from these levels of government. Demonstrating cost-effective use of public funding (as demonstrated through operating and administrative efficiency), will assist in maintaining government funding support.

### Strategies

The strategic intent is to ensure an affordable public transportation system by:

- Providing effective transit services that are used by the public;
- Renewing and revising fare-based revenue sources and collection systems to reflect changing ridership patterns and reduce fare evasion;
- Developing and taking advantage of non-fare-based revenue opportunities; and
- Improving cost control, communication and monitoring processes to mitigate cost volatility, maximize efficiency, and reduce costs.

### Performance Measure 1.1: Transit System - Service Effectiveness

Performance Measure*	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target†	2017/18 Target†
Conventional passenger trips per service hour	N/A	N/A	27.6	27.3	27.5	27.3	27.4
Custom passenger trips per service hour	N/A	N/A	4.1	4.1	4.1	4.1	4.1

Data Source: Internal tracking data.

\* These are measures introduced in the *BC Transit 2014/15 - 2016/17 Service Plan* to demonstrate the effectiveness of BC Transit's services as reflected by passengers per service hour. Accordingly, results for 2012/13 and 2013/14 have not been reported.

† The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* Conventional passenger trips per service hour exceeded target as service optimization strategies were implemented in 2015/16. Custom passenger trips per service hour also stabilized, with service hours remaining unchanged from 2014/15.



**Performance Measure 1.2: Corporate - Increase Revenue**

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target*	2017/18 Target*
Conventional operating cost recovery	37.4%	36.2%	35.1%	32.8%	36.1%	33.1%	32.3%
Custom operating cost recovery	10.7%	10.0%	9.6%	8.9%	9.1%	8.7%	8.6%

Data Source: BC Transit financial system and audited financial statements.

\* The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* Conventional operating cost recovery was better than target due to lower fuel prices and operating efficiencies as well as higher passenger revenues. Custom operating cost recovery was better than the 2015/16 target; however, the result decreased from 2014/15 as operating costs to deliver custom transit services continued to increase.

**Performance Measure 1.3: Corporate - Increase Cost Efficiency**

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target*	2017/18 Target*
Conventional operating cost per passenger trip	\$3.65	\$3.73	\$3.84	\$4.07	\$3.76	\$4.09	\$4.20
Custom operating cost recovery per passenger trip	\$14.32	\$15.21	\$15.77	\$16.85	\$16.36	\$17.28	\$17.45

Data Source: BC Transit financial system and audited financial statements.

\* The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* Conventional operating cost per passenger trip exceeded the 2015/16 target due to lower fuel prices and operating efficiencies, combined with a slight increase in ridership. Custom operating cost per passenger trip was better than the 2015/16 target due to lower than targeted operating costs.

**Goal 2: Support and Shape Livable Communities**

BC Transit supports more livable communities by encouraging transit-supportive community planning and investments to make it easier to get around by walking, cycling and transit. Greater integration between land use development and transit planning enables greener, more sustainable communities and improves the efficiency of transit services and related infrastructure.

**Strategies**

Plan for the effective growth of public transportation through the following actions:

- Increase integration with other types of sustainable travel and work with partners to influence land use development patterns that encourage walking, cycling, and increase the effectiveness of transit;
- Identify and establish priority transit corridors; and
- Review services on an ongoing basis and make recommendations for improvement.

### Performance Measure 2.1: Corporate - Planning and Integration

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target*	2017/18 Target*
Major urban centres with Transit Future Plans completed	29%	50%	79%	100%	100%	N/A	N/A

Data Source: Internal tracking data.

\* This performance measure was removed from the *BC Transit 2016/17 – 2018/19 Service Plan* because the task was completed in 2015/16.

Discussion: *Target met.* With the completion of the final Transit Future Plan in the Sea to Sky Region in 2015/16, BC Transit has now met its goal of developing these long range plans in all major urban centres (over 25,000 population). Building on this base, BC Transit is now in the process of updating Transit Future Plans on a five year basis.

### Performance Measure 2.2: Corporate - Planning and Integration

Performance Measure*	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target†	2017/18 Target†
Communities with a service optimization review completed in past five years	N/A	N/A	75%	85%	95%	85%	85%

Data Source: Internal tracking data.

\* This is a new measure introduced in the *BC Transit 2014/15 - 2016/17 Service Plan* to demonstrate the effectiveness of BC Transit's ability to provide timely planning expertise and evidence-based recommendations to communities with regards to their transit systems. Accordingly, results for 2012/13 and 2013/14 have not been reported.

† The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* The proportion of communities with service optimization reviews completed in the past five years included the 2015/16 completion of reports for the Victoria Region, Central Fraser Valley, Kamloops, Kelowna Region, Nanaimo Region, Prince George, Whistler, Campbell River, Chilliwack, Comox Valley, Cowichan Valley, Penticton, Sunshine Coast, Vernon Regional, Williams Lake, Hazeltons Regional, Smithers, the Fraser Valley Express, and Okanagan Falls.

### Goal 3: Change the Perception of Transit

To keep existing customers and attract new ones, BC Transit must market its services in competition with private automobiles and reach out to customers in new ways, such as through social media. To help build livable communities, BC Transit must connect with various community and stakeholder

groups to build awareness of, and support for, public transportation as an important part of creating sustainable, green communities.

### Strategies

Build increased support for public transportation through the following actions:

- Promote sustainable transportation and its role in building sustainable, livable communities; and
- Build awareness of BC Transit's services and roles as a transportation leader.

### Performance Measure 3.1: Transit System - Service Delivery

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target*	2017/18 Target*
Customer satisfaction (1-5 scale)	3.62	3.68	3.68	3.62	3.72	3.55	3.65

Data Source: Annual customer tracking survey, conducted by a third party research firm.

\* The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* Customer satisfaction, a measure of the effectiveness of BC Transit in meeting customer expectations, exceeded the target in 2015/16 as well as the result from the last three years. The maintenance of customer satisfaction is the result of continued efforts to enhance the customer experience, including piloting new technologies such as automatic voice annunciators and ensuring services are reliable, routes are designed to meet travel demand, buses are clean, and operators are friendly.

### Performance Measure 3.2: Corporate - Information Effectiveness

Performance Measure*	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target†	2017/18 Target†
Online communication strategy impact (1-5 scale)	N/A	N/A	3.85	3.80	3.83	3.82	3.85

Data Source: Annual customer tracking survey, conducted by a third party research firm.

\* This is a new measure introduced in the *BC Transit 2014/15 - 2016/17 Service Plan* to demonstrate the effectiveness of information provided online. Accordingly, results for 2012/13 and 2013/14 have not been reported.

† The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* Customer perception of the quality, value and effectiveness of BC Transit's online information met the 2015/16 target, reflecting BC Transit's improved internet site and continued growth of its social media channels and expanded use of Trip Planner.

**Performance Measure 3.3: Corporate - Build Awareness**

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target*	2017/18 Target*
Brand recognition	29%	28%	30%	28%	29%	28%	29%

Data Source: Annual customer tracking survey, conducted by a third party research firm.

\* The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* The level of brand recognition exceeded the 2015/16 target by 3.5 per cent; however, as expected the result was slightly less than the 2014/15 measure as limited public marketing opportunities, particularly community events, made it a challenge to communicate new and/or expanded services or major infrastructure projects.

**Goal 4: Deliver Operational Excellence**

The BC Transit business model is based on developing and delivering safe, reliable and easy to use services that continuously improve through active engagement with employees, customers and partners. Transit services must continuously adapt and improve to meet the needs and preferences of society, especially in the midst of continuing social, technological and community development change.

**Strategies**

Deliver a safe, reliable and affordable transit experience through the following actions:

- Provide accessible service;
- Ensure the safety of employees and customers;
- Monitor and address transit system reliability and on-time performance; and
- Improve customer service and ensure an effective transit system.

**Performance Measure 4.1: Transit System - Accessibility**

Performance Measure*	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target†	2017/18 Target†
Conventional service hours per capita	N/A	N/A	1.44	1.45	1.43	1.44	1.44
Custom service hours per capita	N/A	N/A	0.25	0.25	0.25	0.26	0.26

Data Source: Service hours tracked internally by BC Transit; capita data population is based on the defined service area and uses Census Canada information updated by the latest BC Statistics data.

\* These are new measures introduced in the *BC Transit 2014/15 - 2016/17 Service Plan* to demonstrate how much service is provided to the population that lives within a reasonable distance of service routes. Accordingly, results for 2012/13 and 2013/14 have not been reported.

† The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target partially met.* Conventional service hours per capital were below target as population growth exceeded service hour growth. As expected, custom service hours per capita remained stable.

#### Performance Measure 4.2: Corporate - Safety (Passengers)

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target*	2017/18 Target*
Passenger injury claims per million passenger trips	2.5	1.8	0.8	2.0	1.0	2.0	2.0

Data Source: As reported by ICBC and internal tracking data.

\* The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* The number of passenger injury claims for 2015/16 was significantly less than the target but increased from last year's measure. While BC Transit has continued its program of awareness around passenger safety, including defensive driving workshops and improved reporting procedures, an aging population, increased traffic and a trending increase in bodily injury claims have all contributed to the increase in this measure.

#### Performance Measure 4.3: Corporate - Safety (Employees)

Performance Measure*	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target†	2017/18 Target†
Workplace injuries per hundred employees	N/A	N/A	5.14	5.8	5.2	5.8	5.7

Data Source: Internal Tracking data.

\* This is a new measure introduced in the *BC Transit 2014/15 - 2016/17 Service Plan* to demonstrate workplace safety for BC Transit employees. Accordingly, results for 2012/13 and 2013/14 have not been reported.

† The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* Workplace injuries per 100 employees for 2015/16 were significantly lower than the target and represent only a one per cent variance from last year's measure. Stabilization of this measure is as expected and represents BC Transit's focus on safety protocols and improved communication of safety initiatives.

#### Performance Measure 4.4: Quality of Service

Performance Measure*	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target†	2017/18 Target†
Planned service delivered in conventional transit systems	N/A	N/A	99.9%	99.7%	99.8%	99.7%	99.7%

Data Source: Internal tracking data and reports from operating partners.

\* This is a new measure introduced in the *BC Transit 2014/15 - 2016/17 Service Plan* to demonstrate service reliability. Accordingly, results for 2012/13 and 2013/14 have not been reported.

† The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* As expected, the reliability of trips for 2015/16 was stable as a significant decline in mechanical issues contributing to missed service was offset by construction and congestion delays in some communities which often forced subsequent interlined trips to be missed. In BC Transit's largest transit system, trip reliability was maintained while a substantial operator retraining program, required by the new collective agreement in Victoria, was successfully implemented.

## Goal 5: Strengthen Our People and Partnerships

BC Transit's success depends on creating an adaptable, socially responsible organization that lives its values, develops its existing employees and partnerships, attracts new employees and explores opportunities. This means actively working to improve how employees are attracted and developed, encouraging a culture of innovation and accountability, monitoring environmental, social and economic impacts, and strengthening relationships with local government and other partners.

### Strategies

Be a responsive and accountable organization by:

- Increasing environmental accountability;
- Being an adaptable workplace of choice; and
- Enhancing existing partnerships and developing new ones.

### Performance Measure 5.1: Transit System - Reduce Carbon Intensity

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target*	2017/18 Target*
Greenhouse Gas Emissions (GHG) per service hour	28.30	28.35	28.79	28.90	28.88	28.86	28.83

Data Source: Provincial Government's SMARTTool data and internal tracking data.

\* The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* Carbon intensity per service hour measures BC Transit's direct Greenhouse Gas (GHG) emissions in support of Provincial initiatives. The decrease in 2016 reflects the regulated decline in carbon intensity of diesel fuel supplied in B.C. as a result of the Renewable and Low Carbon Fuel Requirements Regulation and the displacing of more diesel fuel through the further expansion of the Compressed Natural Gas bus fleet, where consumption of natural gas by BC Transit's fleet doubled over the previous year.

**Performance Measure 5.2: Corporate - Strengthen Our People**

Performance Measure*	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target†	2017/18 Target†
Employee engagement	N/A	60%	N/A	62%	63%	N/A	63%

Data Source: BC Stats (BC Transit employee survey).

\* The survey which provides the data for this measure is only conducted every other year.

† The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* Employee engagement measures how satisfied or happy employees are with their organization and their jobs, and how committed or loyal they are to them. Engagement is assessed through a bi-annual Work Environment Survey that assesses the many factors that employees experience in the workplace that influence employee engagement. The target for 2015/16 was 62 per cent and BC Transit exceeded this target by achieving 63 per cent. The next Work Environment Survey is expected to be distributed in the fall of 2017.

**Performance Measure 5.3: Corporate - Strengthen Our Partnerships**

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target*	2017/18 Target*
Partner satisfaction (1-5 scale)	3.77	4.00	4.27	3.70	4.06	3.55	3.80

Data Source: CivicInfo BC Transit Survey.

\* The targets shown are from the *BC Transit 2016/17 – 2018/19 Service Plan* and in some cases have been revised from those targets originally published in the *BC Transit 2015/16 – 2017/18 Service Plan*.

Discussion: *Target met.* Local government partners rated their overall satisfaction with the level of customer service provided by BC Transit nearly 10 per cent higher than the target in 2015/16. However, as expected this was less than the 2014/15 result as local governments could not respond to increasing customer demand for services. Maintaining partner relations continued to be a major priority for BC Transit this year and we continued to engage our partners in a collaborative manner to optimize services and identify solutions that met individual community and operating needs.

## Financial Report

### Discussion of Results

Total revenues for the year ending March 31, 2016 were \$289.7 million, an increase of \$8.5 million from fiscal 2014/15 and \$13.8 million lower than budget. The increase in total revenue from fiscal 2014/15 can be attributed to higher passenger revenues due to more passenger trips, fare changes and a new advertising contract in 2015/16. Local government transfers revenue was below budget by \$17.0 million as a result of lower than budgeted operating expenses and increased passenger revenues.

Total operating expenses (excluding debt service) for the year ending March 31, 2016 were \$225.4 million, an increase of \$1.7 million over 2014/15 and \$15.2 million lower than budget. Cost efficiency, as measured on a cost per hour basis, was favourable to budget by 5.7 per cent and decreased year-over-year by 0.7 per cent. The improvement in cost efficiencies from fiscal 2014/15 and budget reflects management's continued focus to contain costs.'

The total operating expenses increased over fiscal 2014/15, which can be attributed to the annualization of 2014/15 service expansions (33,500 service hours), general inflationary pressures on materials, parts, wages and benefits, and contracted services. Total operating expenses decreased from budget which can be attributed to savings in fuel due to a significant drop in diesel prices, lower vehicle maintenance costs, and lower labour costs.

Debt service (interest and amortization) for the year ending March 31, 2016, was \$64.3 million, an increase of \$7.5 million from fiscal 2014/15. The increase over fiscal 2014/15 can be attributed to an increase in amortization expense resulting from the completion of numerous capital projects during the year including \$62.6 million of new vehicles, \$20.4 million towards rapid transit exchanges and \$6.8 million invested in major vehicle components. The increase over budget is due to timing of capitalization.

On May 14, 2015, *Bill 2 – 2015 BC Transportation Financing Authority Transit Assets and Liabilities Act* (the "Act") was granted Royal Assent. The Bill called for all of BC Transit's tangible capital assets under lease in the Greater Vancouver Regional District to be transferred to BC Transportation Financing Authority ("BCTFA"). Effective May 21, 2015, BC Transit transferred all related assets and liabilities to BCTFA. Upon the transfer, BC Transit recognized a reduction in annual surplus of \$65.9 million. The transfer was an extraordinary item within the financial statements and zero proceeds were received. The transaction is non-recurring and had no impact to the ongoing operations or financial assets of BC Transit.



## Financial Resource Summary Table

### Management Discussion and Analysis

#### Financial Report

Figures in thousands

As at March 31, 2016

	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14* Actual	2014/15 Actual	2015/16			
						Actual	Budget	Variance Year over Year (Un)Favourable	Variance to Budget
<b>Revenue</b>									
Operations	65,127	67,847	67,944	69,192	69,182	70,494	68,912	1,312	1,582
Government transfers									
Provincial	83,971	88,065	89,013	95,415	96,211	103,862	103,862	7,651	-
Local government**	66,793	75,483	76,312	84,984	88,315	81,433	98,408	(6,882)	(16,975)
Deferred capital contributions	30,151	27,183	28,805	38,746	23,449	30,587	27,591	7,138	2,996
Investment and other income	3,404	2,947	4,152	5,219	4,030	3,294	4,654	(736)	(1,360)
<b>Total Revenues</b>	<b>249,446</b>	<b>261,525</b>	<b>266,226</b>	<b>293,556</b>	<b>281,187</b>	<b>289,670</b>	<b>303,427</b>	<b>8,483</b>	<b>(13,757)</b>
<b>Expenses</b>									
Operations									
Operations (excl. fuel)	113,307	114,236	116,269	124,105	124,105	129,048	131,693	(4,943)	2,645
Fuel	23,795	28,416	28,392	30,021	27,969	22,353	31,200	5,616	8,847
Total operations	137,102	142,652	144,661	154,126	152,074	151,401	162,893	673	11,492
Maintenance									
Fleet	31,230	32,122	33,053	35,824	37,332	38,566	41,122	(1,234)	2,556
Facilities	6,895	7,253	8,206	8,521	9,776	9,476	10,112	300	636
Total maintenance	38,125	39,375	41,259	44,345	47,108	48,042	51,234	(934)	3,192
Administration	21,457	22,009	21,735	23,455	24,579	25,981	26,457	(1,402)	476
Total operating expenses	196,684	204,036	207,655	221,926	223,761	225,424	240,584	(1,663)	15,160
Debt Service									
Interest	9,153	10,902	11,045	10,794	10,478	9,478	11,380	1,000	1,902
Amortization	46,644	47,218	47,739	60,597	46,372	54,835	51,463	(8,463)	(3,372)
	55,797	58,120	58,784	71,391	56,850	64,313	62,843	(7,463)	(1,470)
<b>Total Expenses</b>	<b>252,481</b>	<b>262,156</b>	<b>266,439</b>	<b>293,317</b>	<b>280,611</b>	<b>289,737</b>	<b>303,427</b>	<b>(9,126)</b>	<b>13,690</b>
<b>Net Income (Loss) from Operations</b>	<b>(3,035)</b>	<b>(631)</b>	<b>(213)</b>	<b>239</b>	<b>576</b>	<b>(67)</b>	<b>-</b>	<b>(643)</b>	<b>(67)</b>
<b>Non-Operating Items:</b>									
Vancouver assets									
Amortization expense	(32,654)	(32,654)	(14,769)	(15,010)	(15,187)	(2,494)	(14,924)	12,693	12,430
Deferred capital contributions	31,242	31,242	14,340	14,581	14,757	2,494	14,924	(12,263)	(12,430)
Disposal and impairment of capital assets									
Impairment of capital assets	-	-	-	-	(4,600)	-	-	4,600	-
Loss on disposal of capital assets	-	-	(370)	-	(716)	(177)	-	539	(177)
Deferred capital contributions	-	-	-	-	2,881	-	-	(2,881)	-
Provincial government transfers	-	-	-	-	1,985	-	-	(1,985)	-
Other capital recoveries	242	11	-	16	450	405	-	(45)	405
Other income	-	-	-	-	39	62	-	23	62
Gain (loss) on investments and foreign exchange	375	620	578	699	285	167	-	(118)	167
<b>Total Non-Operating Items</b>	<b>(795)</b>	<b>(781)</b>	<b>(221)</b>	<b>286</b>	<b>(106)</b>	<b>457</b>	<b>-</b>	<b>563</b>	<b>457</b>
<b>Annual surplus (deficit)</b>	<b>(3,830)</b>	<b>(1,412)</b>	<b>(434)</b>	<b>525</b>	<b>470</b>	<b>390</b>	<b>-</b>	<b>(81)</b>	<b>390</b>
Non-routine loss on transfer of Vancouver assets	-	-	-	-	-	(65,875)	-	(65,875)	(65,875)
<b>Annual surplus (deficit) after non-routine loss</b>	<b>(3,830)</b>	<b>(1,412)</b>	<b>(434)</b>	<b>525</b>	<b>470</b>	<b>(65,485)</b>	<b>-</b>	<b>(65,956)</b>	<b>(65,485)</b>

\*Fiscal 2013/14 has been restated due to a correction of an error. For more information please see note 3 to the consolidated financial statements

\*\* Includes Provincial Health Authority and fuel tax funding

**Auditor's Report**



OFFICE OF THE  
**Auditor General**  
of British Columbia

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[www.bcauditor.com](http://www.bcauditor.com)

June 2, 2016

**VIA E-MAIL**

Manuel Achadinha  
President and Chief Executive Officer  
British Columbia Transit  
520 Gorge Road East  
Victoria, B.C. V8W 2P3

Dear Mr. Achadinha:

**Re: Audit of Financial Statements For British Columbia Transit For the Year Ended  
March 31, 2016**

Please find enclosed a copy of the audited financial statements of British Columbia Transit for the year ended March 31, 2016, together with our auditor's report.

As required by the *Auditor General Act*, a copy of the audit opinion will also be forwarded to the Minister responsible.

Please note that no changes are to be made to the attached final version of the financial statements without the consent of the Auditor General.

Yours truly,

Russ Jones, FCPA, FCA  
Deputy Auditor General

CL/sd  
Enclosures

Copy: Kelly Cairns, Chair, Audit, Finance and Risk Management Committee  
Alan Thomas, Executive Director of Finance and Chief Financial Officer

**Audited Financial Statements**

Consolidated Financial Statements of

**BRITISH COLUMBIA TRANSIT**

Year ended March 31, 2016

# MANAGEMENT REPORT

Year ended March 31, 2016

The consolidated financial statements of British Columbia Transit ("BC Transit") are the responsibility of management and have been prepared in accordance with Canadian public sector accounting standards as required by Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia except in regard to the accounting for government transfers which is based on the Restricted Contributions Regulation 198/2011.

These consolidated financial statements include some amounts based on management's best estimates and careful judgment. A precise determination of assets and liabilities is dependent upon future events and, consequently, the preparation of periodic consolidated financial statements necessarily involves the use of management's judgment in establishing the estimates and approximations used. The consolidated financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized in the notes to the consolidated financial statements and incorporate, within reasonable limits of materiality, all information available as at May 26, 2016.

BC Transit's system of internal controls is designed to provide reasonable assurance that assets are safeguarded, transactions are properly recorded and executed in accordance with management's authorization, financial information is reliable and ethics codes are observed. Inherent to the concept of reasonable assurance is the recognition that there are limits in all internal control systems and that system costs should not exceed the expected benefits. The system includes the selection, training and development of qualified personnel, organizational division of responsibilities, appropriate delegation of authority and formal written company policies and procedures including the conflict of interest policy of all BC Transit officers and employees.

The consolidated financial statements have been examined by the Auditor General of British Columbia, BC Transit's independent external auditors. Their responsibility is to express their opinion whether the consolidated financial statements are prepared, in all material respects, in accordance with the accounting requirements of Canadian public sector accounting standards. The Board of Directors meets regularly with management and the external auditors to satisfy itself that BC Transit's system of internal control is adequate and to ensure that responsibilities for financial reporting are being met.

Management is responsible for all of the information in this Annual Report. Financial information presented elsewhere in this Annual Report is consistent with the consolidated financial statements.

On behalf of BC Transit:



Manuel Achadinha  
President and Chief Executive Officer  
Date: May 26, 2016



Alan Thomas, CPA, CMA  
Executive Director, Finance and Chief Financial Officer  
Date: May 26, 2016



## **INDEPENDENT AUDITOR'S REPORT**

*To the Board of Governors of British Columbia Transit, and  
To the Minister of Transportation and Infrastructure, Province of British Columbia*

I have audited the accompanying consolidated financial statements of British Columbia Transit (“the entity”), which comprise the consolidated statement of financial position as at March 31, 2016, and the consolidated statements of operations, changes in net debt, cash flows, and remeasurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Consolidated Financial Statements***

Management is responsible for the preparation of these consolidated financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

### ***Basis for Qualified Opinion***

As described in Note 2(a) to the consolidated financial statements, the entity's accounting treatment for contributions received from governments and for externally restricted contributions received from non-government sources is to initially record them as deferred revenue (a liability)

and then recognize revenue in the statement of operations either on the same basis as the related expenditures occur or, in the case of funds for the purchase or construction of capital assets, to recognize revenue on the same basis as the related assets are amortized. The entity was required to adopt this accounting policy as prescribed by Province of British Columbia Treasury Board Regulation 198/2011.

Under Canadian Public Sector Accounting Standards, the entity's method of accounting for contributions is only appropriate in circumstances where the funding meets the definition of a liability. Otherwise, the appropriate accounting treatment is to record contributions as revenue when they are received or receivable. In our opinion certain contributions of the entity do not meet the definition of a liability, and as such the entity's method of accounting for those contributions represents a departure from Canadian Public Sector Accounting Standards.

This departure has existed since the inception of the standard, which applies to periods beginning on or after April 1, 2012. When the cumulative effects of this departure to date are adjusted through opening accumulated surplus, the entity's records indicate that the effects of this departure on the current year consolidated financial statements is an overstatement of the liability for deferred revenue and contributions of \$18 million and for deferred capital contributions of \$203 million, an understatement of opening accumulated surplus of \$816 million, and a current year overstatement of revenue of \$595 million. Accordingly, the current year deficit after non-routine loss is understated by \$595 million and net debt is overstated by \$221 million.

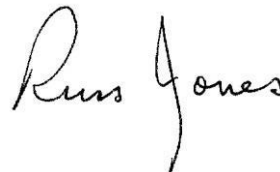
### ***Qualified Opinion***

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of British Columbia Transit as at March 31, 2016, and the results of its operations, changes in its net debt, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### ***Other Matters***

Without modifying my opinion, I advise that I issued an unmodified audit opinion dated May 28, 2015 on the consolidated financial statements of British Columbia Transit as at March 31, 2015, in which I reported on compliance with Section 23.1 of the *Budget Transparency and Accountability Act*. As such, the comparative financial information was not audited for fair presentation in accordance with Canadian Public Sector Accounting Standards.

Victoria, British Columbia  
May 26, 2016



Russ Jones, FCPA, FCA  
Deputy Auditor General





# BRITISH COLUMBIA TRANSIT

Consolidated Statement of Financial Position  
(In thousands of dollars)

March 31, 2016, with comparative figures for March 31, 2015

	March 31, 2016	March 31, 2015
		(Restated – note 3)
<b>FINANCIAL ASSETS</b>		
Cash and cash equivalents (note 4)	\$ 47,481	\$ 38,056
Assets held for sale	-	1,000
Accounts receivable:		
Provincial and federal capital grants	1,289	2,735
Local government	15,081	13,622
Trade and other	5,324	5,627
Debt sinking funds (note 7)	90,993	101,289
	160,168	162,329
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	28,582	40,722
Provincial funding payable	2,177	1,503
Deferred revenue and contributions (note 5)	35,096	14,555
Deferred capital contributions (note 6)	202,858	802,089
Debt (note 7)	186,346	211,903
Employee future benefits (note 8)	18,254	16,646
	473,313	1,087,418
<b>NET DEBT</b>	\$ (313,145)	\$ (925,089)
<b>NON FINANCIAL ASSETS</b>		
Tangible capital assets (note 9)	314,157	319,661
Tangible capital assets under lease (note 10)	-	676,584
Inventories	8,739	9,353
Prepaid expenses	3,302	1,509
Prepaid lease payments	5,223	3,641
	331,421	1,010,748
<b>ACCUMULATED SURPLUS</b>		
Accumulated operating surplus	7,852	73,337
Accumulated remeasurement gains	10,424	12,322
	\$ 18,276	\$ 85,659

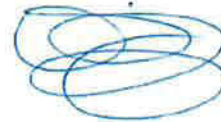
Commitments and contingencies (notes 12 and 13)

The accompanying notes are an integral part of these consolidated financial statements

Approved on behalf of the Board:



Kevin Mahoney, Chair  
May 26, 2016



Kelly Cairns, Director  
May 26, 2016

# BRITISH COLUMBIA TRANSIT

Consolidated Statement of Operations  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for March 31, 2015

	Budget 2016 (Note 2(j))	March 31, 2016	March 31, 2015 (Restated – note 3)
<b>Revenue:</b>			
Operations	\$ 68,912	\$ 70,494	\$ 69,182
Government transfers:			
Provincial (note 14)	103,862	103,862	96,211
Local government (note 14)	98,408	81,433	88,315
Deferred capital contributions (note 6)	27,591	30,587	23,449
Investment and other income	4,654	3,294	4,030
	<u>303,427</u>	<u>289,670</u>	<u>281,187</u>
<b>Expenses: (note 15)</b>			
Operations	222,335	212,018	205,866
Maintenance	53,714	50,878	49,332
Administration	27,378	26,841	25,413
	<u>303,427</u>	<u>289,737</u>	<u>280,611</u>
Net surplus (deficit) from operations	-	(67)	576
<b>Other:</b>			
Vancouver Assets:			
Deferred capital contributions (note 6)	14,924	2,494	14,757
Amortization expense (note 10)	(14,924)	(2,494)	(15,187)
Disposal and impairment of capital assets			
Impairment of capital assets (note 9)	-	-	(4,600)
Loss on disposal of capital assets (note 9)	-	(177)	(716)
Deferred capital contributions	-	-	2,881
Provincial government transfers (note 14)	-	-	1,985
Other capital recoveries	-	405	450
Other income	-	62	39
Gain on investments	-	127	275
Foreign exchange gain	-	40	10
	-	457	(106)
<b>Annual surplus</b>	<u>-</u>	<u>390</u>	<u>470</u>
Non-routine loss on transfer of Vancouver assets (note 10)	-	(65,875)	-
<b>Annual surplus (deficit) after non-routine loss</b>	<u>-</u>	<u>(65,485)</u>	<u>470</u>
Accumulated operating surplus, beginning of year	73,337	73,337	72,867
<b>Accumulated operating surplus, end of year</b>	<u>\$ 73,337</u>	<u>\$ 7,852</u>	<u>\$ 73,337</u>

The accompanying notes are an integral part of these consolidated financial statements

# BRITISH COLUMBIA TRANSIT

Consolidated Statement of Change in Net Debt  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for March 31, 2015

	Budget 2016	March, 31 2016	March 31, 2015
	(Note 2(j))		(Restated – note 3)
Surplus (deficit) for the year	\$ -	\$ (65,485)	\$ 470
Acquisition of tangible capital assets	(73,430)	(50,708)	(83,212)
Amortization of tangible capital assets	66,387	57,329	61,559
Loss on sale of tangible capital assets	-	177	6,076
Transfer of deferred capital contributions	-	609,245	-
Loss on transfer of Vancouver assets	-	65,875	-
Proceeds on sale of tangible capital assets and assets under lease	-	170	240
	(7,043)	616,603	(14,867)
Acquisition of inventories of parts	-	(22,795)	(27,537)
Consumption of inventories of parts	-	23,409	27,170
Acquisition of prepaid expenses	-	(8,914)	(6,189)
Consumption of prepaid expenses	-	7,121	6,020
Acquisition of prepaid leases	-	(1,934)	(118)
Consumption of prepaid leases	-	352	301
	-	(2,761)	(353)
Realized (gain) reclassified to operations	-	(127)	(275)
Unrealized gain (loss) on portfolio investment	-	(1,771)	7,236
	-	(1,898)	6,961
(Increase) decrease in net debt	(7,043)	611,944	(8,259)
Net debt, beginning of year	(925,089)	(925,089)	(916,830)
Net debt, end of year	\$ (932,132)	\$ (313,145)	\$ (925,089)

The accompanying notes are an integral part of these consolidated financial statements

# BRITISH COLUMBIA TRANSIT

Consolidated Statement of Remeasurement Gains and Losses  
(In thousands of dollars)

Years ended March 31, 2016, with comparative figures for March 31, 2015

	March 31, 2016	March 31, 2015
Accumulated remeasurement gains, beginning of year	\$ 12,322	\$ 5,361
Unrealized gain (loss) on investments	(1,771)	7,236
Realized (gain) on investments, reclassified to Consolidated Statement of Operations (gain on investments)	(127)	(275)
Accumulated remeasurement gains, end of year	\$ 10,424	\$ 12,322

The accompanying notes are an integral part of these consolidated financial statements

# BRITISH COLUMBIA TRANSIT

Consolidated Statement of Cash Flows  
(In thousands of dollars)

Years ended March 31, 2016, with comparative figures for March 31, 2015

	March 31, 2016	March 31, 2015
Cash provided by (used for):		
Operating transactions		
Annual surplus (deficit)	\$ (65,485)	\$ 470
Non-cash charges to operations (note 16)	90,611	23,693
Changes in non-cash operating working capital (note 16)	9,289	18,519
Cash provided by (applied to) operating transactions	34,415	42,682
Capital transactions		
Proceeds on sale of tangible capital assets	170	240
Cash used to acquire tangible capital assets	(48,170)	(69,360)
Cash provided by (applied to) capital transactions	(48,000)	(69,120)
Investing transactions		
Increase in debt sinking funds and investments net of unrealized gain (loss)	8,401	(201)
Cash provided by (applied to) investing transactions	8,401	(201)
Financing transactions		
Prepaid lease payments	(1,934)	(118)
Debt repaid	(25,595)	(19,275)
Deferred capital contributions received	42,138	43,382
Cash provided by (applied to) financing transactions	14,609	23,989
Increase / (decrease) in cash and cash equivalents	9,425	(2,650)
Cash and cash equivalents, beginning of year	38,056	40,706
Cash and cash equivalents, end of year	\$ 47,481	\$ 38,056
Supplemental cash flow information:		
Cash paid for interest	\$ 9,776	\$ 10,562
Cash received from interest	\$ 205	\$ 470

The accompanying notes are an integral part of these consolidated financial statements

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 1. Nature of Operations:

British Columbia Transit ("BC Transit") is a Crown corporation, established under the *British Columbia Transit Act*, as amended in 1998, to operate the urban transit systems in the Province of British Columbia (the "Province") outside of the Metro Vancouver Regional service area. BC Transit is included in the government reporting entity of the Province of British Columbia and reports to the Legislative Assembly through the Ministry of Transportation and Infrastructure. BC Transit is exempt from income taxes under the *Income Tax Act*.

BC Transit, on behalf of the Victoria Regional Transit Commission, is responsible for the administration of all funds raised by certain tax levies. These funds held in trust are excluded from the consolidated financial statements and are summarized in note 11.

## 2. Summary of Significant Accounting Policies:

### (a) Basis of accounting:

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards as required by Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia and supplemented by Regulation 198/2011 issued by the Province of British Columbia Treasury Board.

Regulation 198/2011 requires that restricted contributions be recognized as revenue in the period the restriction the contribution is subject to is met, and that restricted contributions for the purpose of acquiring or developing a depreciable tangible capital asset, be recognized in revenue at the same rate the amortization of the related tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.

Canadian public sector accounting standards require government transfers, which do not contain a stipulation that creates a liability, to be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met. The Regulation allows for the deferral of revenue recognition to future years, recognized for non-capital government transfers in the period the restriction the transfer is subject to is met and for capital transfers in income systematically over the useful life of the asset, rather than in the year the transfer was made. This results in differences in deferred contributions, deferred capital contributions and accumulated operating surplus on the consolidated statement of financial position, and the government transfers revenue and annual surplus on the statement of operations.

### (b) Basis of consolidation:

#### (i) Consolidated entities:

The consolidated financial statements reflect the assets, liabilities, revenues, and expenses of organizations which are controlled by BC Transit. Controlled organizations are consolidated with inter-organizational transactions, balances, and activities eliminated on consolidation.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 2. Summary of Significant Accounting Policies (continued):

### (b) Basis of consolidation (continued):

#### (i) Consolidated entities:

The following organizations are controlled by BC Transit and are fully consolidated in these financial statements:

TBC Vehicle Management Inc.

TBC Operations Inc.

TBC Properties Inc.

0915866 B.C. Ltd.

0922667 B.C. Ltd.

0925406 B.C. Ltd.

0928624 B.C. Ltd.

### (c) Deferred contributions and revenue recognition:

Government transfers received relate to contributions from federal, provincial and local governments to fund capital projects, operating costs, sinking fund and interest payments.

Under Restricted Contributions Regulation 198/2011, government transfers are reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

- (i) Contributions for the purpose of acquiring or developing a depreciable tangible capital asset for use in providing services are recorded and referred to as deferred capital contributions and recognized in revenue at the same rate that amortization of the tangible capital asset is recorded. The reduction of the deferred capital contributions and the recognition of the revenue are accounted for in the fiscal period during which the tangible capital asset is used to provide services.
- (ii) Contributions restricted for specific purposes other than for those to be held in perpetuity or the acquisition or development of a depreciable tangible capital asset are recorded as deferred contributions and recognized in revenue in the year in which the stipulation or restriction on the contribution has been met.

See note 19 for the impact of this regulation on these consolidated financial statements.

Transit user charges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and when services have been provided to the users.

### (d) Investment income:

Investment income is reported as revenue in the period earned. When required by the funding party or related Act, investment income earned on deferred contributions is added to the investment and forms part of the deferred contributions balance.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 2. Summary of Significant Accounting Policies (continued):

### (e) Financial instruments:

BC Transit has elected to measure specific financial instruments at fair value, to correspond with how they are evaluated and managed. These financial instruments are identified in this note by financial asset and financial liability classification and are not reclassified for the duration of the period they are held. Forward contracts to purchase fuel for BC Transit's normal use are not recognized as financial assets in these financial statements and do not need to be fair valued. All other financial assets and financial liabilities are measured at cost or amortized cost. The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Market based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.
- Level 3 - Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available, and are most suitable and appropriate based on the type of financial instrument being valued, in order to establish what the transaction price would have been on the measurement date in an arm's length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations. Interest and dividends attributable to financial instruments are reported in the statement of operations.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. A write down of an investment to reflect a loss in value is not reversed for a subsequent increase in value.

For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost.

### (i) Cash and cash equivalents:

Cash and cash equivalents include cash in bank and in transit, certificates of deposit and short-term investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have a term to maturity of 90 days or less at acquisition, are held for the purpose of meeting short term cash commitments rather than for investing, are reported at fair value and measured using a Level 1 valuation.



# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 2. Summary of Significant Accounting Policies (continued):

### (e) Financial instruments (continued):

#### (ii) Accounts receivable:

Accounts receivable are recorded at cost less any amount for valuation allowance. Valuation allowances are made to reflect accounts receivable at the lower of cost and the net recoverable value, when collectability and risk of loss exists. Changes in valuation allowance are recognized in the statement of operations.

#### (iii) Debt sinking funds:

Investments in sinking fund balances consist of pooled investment portfolios and Canadian, Provincial government and Crown Corporation bonds managed by the British Columbia Investment Management Corporation ("bcIMC"), a corporation established under the Public Sector Pension Plans Act. Sinking fund investments are recorded at fair value and measured using a Level 1 valuation. Discounts and premiums arising on the purchase of these investments are amortized over the term of the investments.

#### (iv) Debt and other financial liabilities:

All debt and other financial liabilities are recorded using cost or amortized cost.

### (f) Employee future benefits:

(i) BC Transit and its employees contribute to the Public Service Pension Plan in accordance with the Public Service Pension Plans Act. Multi-employer, jointly-trusted pension plans follow defined contribution pension plan accounting. Contributions are expensed as they become payable.

(ii) Outside of the Public Service Pension Plan, BC Transit maintains various benefit arrangements available to retired employees including non-pension post-retirement benefits (retiree hospital, drugs, vision, medical, MSP), post-employment benefits (vacation, overtime) and continuation of long term disability benefits. The future obligation under these benefit plans are accrued as the employees render the services necessary to earn the benefit. Management, using an estimate of salary escalation and expected retirement ages, calculates the cost of the defined retirement benefit. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Transit, and the cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime of active employees covered under the plan. The accrued employee benefit obligations and the net periodic benefit cost were estimated by an actuarial valuation completed effective for March 31, 2015, extrapolated to March 31, 2016.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 2. Summary of Significant Accounting Policies (continued):

### (g) Liability for contaminated sites:

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

1. An environmental standard exists;
2. Contamination exceeds the environmental standard;
3. British Columbia Transit:
  - a. is directly responsible; or
  - b. accepts responsibility; and
4. A reasonable estimate of the amount can be made.

### (h) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

### (i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to the acquisition, design, construction, development, improvement or betterment of the asset. The costs, less the residual value, of the tangible capital assets are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Land	Indefinite
Exchanges, shelters, and other transit infrastructure	3 – 40
Buildings	5 – 40
Vehicles – including major components	2 – 20
Other Equipment	4 – 20

### (ii) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt with a corresponding entry to deferred capital contributions. Tangible capital assets are amortized over their estimated useful lives.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 2. Summary of Significant Accounting Policies (continued):

(h) Non-financial assets (continued):

(iii) Interest capitalization:

Interest is capitalized whenever debt is issued to finance the construction of tangible capital assets. Interest is capitalized from the date of advance of funds until the assets are available for service.

(iv) Leased tangible capital assets (Vancouver Assets):

Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

Asset	Useful Life - Years
SkyTrain – transit infrastructure	20 – 100
SkyTrain buildings	20
West Coast Express – transit infrastructure	30

(v) Inventories:

Inventories held for consumption are recorded at the lower of historical cost or replacement cost.

(vi) Impairment of tangible capital assets:

BC Transit monitors the recoverability of tangible capital assets. Whenever events or changes in circumstances indicate that the tangible capital asset no longer contributes to the ability to provide transit services or that the value of the future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is written down to residual value.

(vii) Prepaid expenses and leases:

Prepaid expenses and leases include prepaid insurance, parts credits and prepaid property leases. These are charged to expense over the periods expected to benefit from it.

(viii) Intangibles:

Intangible assets are not recognized in BC Transit financial statements.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 2. Summary of Significant Accounting Policies (continued):

(i) Measurement uncertainty:

The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the consolidated financial statements and the reported amounts of the revenues and expenses during the period.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Significant measurement uncertainty includes assumptions used in the determination of amortization periods, employee future benefits and estimating provisions for certain accrued liabilities. Actual results could differ from these estimates.

(j) Budget data:

The budget data presented in these consolidated financial statements was included in the 2015/16 – 2017/18 Service Plans approved by the Board of Directors on January 21, 2015.

(k) Change in accounting policy:

BC Transit has adopted PS3430 on restructuring transactions for the year ended March 31, 2016. This new standard establishes how to account for and report restructuring transactions by both the transferors and recipients of assets and/or liabilities, together with related programs or operating responsibilities.

This section provided clarification for the transfer of Vancouver assets described in Note 10, resulting in a reduction in annual surplus of \$65,875, representing the carrying value of the land transferred. The section was adopted prospectively.

(l) New accounting pronouncements:

Standards and interpretations issued that are relevant to the operations of BC Transit, but not yet effective include:

(i) Related party disclosures (PS 2200):

This new Section defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements. This standard applies to fiscal years beginning on or after April 1, 2017, earlier adoption is permitted.

The adoption of this standard is not expected to have a material impact to BC Transit's consolidated financial statements.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 2. Summary of Significant Accounting Policies (continued):

(i) New accounting pronouncements (continued):

(ii) Inter-entity transactions (PS 3420):

This new Section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. This Section applies to fiscal years beginning on or after April 1, 2017, earlier adoption is permitted.

The adoption of this standard is not expected to have a material impact to BC Transit's consolidated financial statements.

## 3. Correction of Prior Period Error:

During the year, management ascertained that its liability for deferred capital contributions related to the Vancouver assets was misstated in prior periods. As a result, the accumulated operating surplus and deferred capital contributions liability for April 1, 2014 and March 31, 2015 have been restated. The impact of the correction of prior period errors is presented below:

(i) Consolidated statement of financial position:

	As previously reported	Cumulative Correction	March 31, 2015 Restated
Deferred capital contributions	\$ 819,660	\$ (17,571)	\$ 802,089

	As previously reported	Cumulative Correction	April 1, 2014 Restated
Deferred capital contributions	\$ 805,787	\$ (17,571)	\$ 788,216

(ii) Accumulated operating surplus:

	March 31, 2015	April 1, 2014
Accumulated operating surplus, as previously reported	\$ 55,766	\$ 55,296
Restatement at April 1, 2014	17,571	17,571
Accumulated operating surplus, as restated	\$ 73,337	\$ 72,867

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 4. Cash and cash equivalents:

Major components of cash and cash equivalents are as follows:

	2016	2015
Cash	\$ 34,166	\$ 10,186
Cash equivalents	13,315	27,870
	\$ 47,481	\$ 38,056

## 5. Deferred revenue and contributions:

Deferred revenue is restricted for a specific purpose and recognized in revenue in the year in which the stipulation or restriction on the contribution has been met.

Debt service contributions to fund sinking fund and interest payments are recovered from local government partners over the estimated service life of the related assets. These contributions may differ from the annual amortization of the related assets. Such differences are deferred to be recognized as a recovery in future periods.

During the year BC Transit Regulation, B.C. Reg. 30/91 was amended, establishing the legislated authority for BC Transit to carry an operating reserve. Accordingly, BC Transit established a deferred revenue account to record the contributions that have been received but not yet earned. These contributions are reflected as deferred service funding.

The deferred revenue and contributions, reported on the consolidated statement of financial position, are made up of the following:

	2016	2015
Deferred service funding contributions	\$ 15,790	\$ -
Deferred contributions	13,217	8,682
Deferred revenue	6,089	5,873
Total deferred revenue and contributions	\$ 35,096	\$ 14,555

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 5. Deferred revenue and contributions (continued):

Continuity of deferred service funding, contributions and revenue:

	2016	2015
Deferred service funding contributions:		
Balance, beginning of year	\$ -	\$ -
Service funding contributions received	63,497	-
Service funding contributions applied	(47,707)	-
Balance, end of year	15,790	-
Deferred contributions:		
Balance, beginning of year	\$ 8,682	\$ 5,089
Contributions received	38,261	40,014
Contributions used	(33,726)	(36,421)
Balance, end of year	13,217	8,682
Deferred revenue:		
Balance, beginning of year	5,873	4,139
Amounts received	1,155	1,734
Amounts recognized as revenue or transferred	(939)	-
Balance, end of year	6,089	5,873
Balance, end of year	\$ 35,096	\$ 14,555

## 6. Deferred capital contributions:

The deferred capital contributions, reported on the consolidated statement of financial position, are made up of the following:

	2016	2015
Deferred capital contributions	\$ 202,858	(Restated – note 3) \$ 191,379
Deferred capital contributions -Vancouver Assets	-	610,710
Total deferred capital contributions	\$ 202,858	\$ 802,089

Deferred capital contributions include Federal and Provincial grants subject to amortization on the same basis as the related asset.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 6. Deferred capital contributions (continued):

	2016	2015
		(Restated – note 3)
Capital assets:		
Balance, beginning of year	\$ 191,379	\$ 177,227
Contributions and other additions	42,139	43,382
Impairment and disposals of capital assets	(73)	(2,881)
Internal transfer	-	(2,900)
Amortization	(30,587)	(23,449)
Balance, end of year	202,858	191,379
Capital assets under lease (Vancouver Assets):		
Balance, beginning of year	610,710	610,989
Contributions and other additions	1,029	11,578
Internal transfer	-	2,900
Amortization	(2,494)	(14,757)
Transfer to BCTFA (note 10)	(609,245)	-
Balance, end of year	-	610,710
Total deferred capital contributions	\$ 202,858	\$ 802,089

## 7. Debt:

BC Transit's debt, including principal and interest, is either held or guaranteed by the Province. BC Transit has not experienced any losses to date under this indemnity. Under the *British Columbia Transit Act*, BC Transit is subject to a borrowing ceiling limit of \$500 million in total. The Minister of Finance, as BC Transit's fiscal agent, arranges financing at BC Transit's request.

The gross amount of debt and the amount of sinking fund assets available to retire the debt are as follows:

	2016	2015
Debt has a weighted average rate of 4.96%, maturing at various dates to 2040, amortized from 5 to 30 years	\$ 186,346	\$ 211,903

Investments held in sinking funds, including interest earned, are to be used to repay the related debt at maturity. Gain on investments includes \$127 (2015 - \$279) of realized gains on disposition of investments in sinking funds.



# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 7. Debt (continued):

Sinking fund investments are managed by the British Columbia Investment Management Corporation and have cost and market values as follows:

	2016		2015	
	Cost	Market value	Cost	Market value
Provincial bonds	\$ 76,108	\$ 86,418	\$ 69,979	\$ 82,168
Money market funds	2,591	2,591	17,197	17,197
Corporate bonds	1,856	1,984	1,800	1,924
Total	\$ 80,555	\$ 90,993	\$ 88,976	\$ 101,289

The total debt maturities for the next five years are as follows:

2017	6,378
2018	-
2019	11,200
2020	1,828
2021	19,070
Thereafter	147,981

In October 1992, BC Transit entered into an unsecured revolving credit facility with a Canadian Financial Institution totaling \$10 million. The revolving credit may be terminated in whole or in part and shall be due on demand. Interest on the revolving credit is based on the prime lending rate which is a variable per annum reference rate of interest for loans made by the Bank of Canada in Canadian dollars. Interest accrues on a day to day basis. As of March 31, 2016 BC Transit has not drawn on the facility.

In November 2002, BC Transit entered into a loan agreement pursuant to section 54(1) of the *Financial Administration Act* with the Minister of Finance and Corporate Relations to lend a maximum principal amount not to exceed \$90 million in Canadian currency. Term and conditions of the loan state the Minister will use reasonable commercial efforts to comply with the borrowing requirements of BC Transit, however, the terms and conditions of the loan are within the sole discretion of the Minister. The maximum term on the loan is one year and can be another term as approved by the Minister and is due upon maturity. Interest on the loan is based on money market rates. As of March 31, 2016 BC Transit has not drawn on the facility.

Debt sinking fund installments in each of the next five years are as follows:

2017	8,005
2018	6,780
2019	6,083
2020	4,631
2021	4,279
Thereafter	28,954

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 8. Employee future benefit obligations:

BC Transit provides sick leave and other various benefits to its employees. These amounts and other employee related liabilities will require funding in future periods and are set out below.

The employee future benefits liability reported on the statement of financial position is as follows:

	2016	2015
Accrued benefit obligation:		
Balance, beginning of year	\$ 16,646	\$ 14,074
Current benefit cost and event-driven expense	1,307	1,703
Interest	450	649
Actuarial loss	174	422
Benefits paid	(323)	(202)
Balance, end of year	18,254	16,646
Unamortized actuarial loss	116	1,336
Liability for benefits	\$ 18,370	\$ 17,982

Information about BC Transit's benefit plans is as follows:

	2016	2015
Non-pension post retirement benefits	\$ 15,452	\$ 15,265
Post employment benefits	1,095	953
Continuation of long term disability benefits	1,823	1,764
Total liability for benefits	\$ 18,370	\$ 17,982

Included in expenses is \$174 (2015 – \$422) for amortization of the actuarial loss.

The unamortized actuarial loss on future payments is amortized over the expected period of the liability which is 9 years (2015 – 8 years) for post employment benefits and 10 years (2015 – 10 years) for post retirement benefits.

The actuarial assumptions adopted in measuring BC Transit's accrued benefit obligations are as follows:

	2016	2015
Discount rate	2.7% - 3.0%	2.2% - 2.7%
Expected future inflationary increases	2.6% - 5.15%	2.6% - 5.15%
Weighted average health care trend - end of year	6.94% in 2016 grading to 4.29% in and after 2029	6.94% in 2015 grading to 4.29% in and after 2029
Dental and MSP trend – end of year	4.5%	4.5%

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 8. Employee future benefit obligations (continued):

### Public Service Pension Plan

BC Transit and its employees contribute to the Public Service Pension Plan, a jointly trustee pension plan. The Public Service Pension Plan Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration benefits. The plan has approximately 115,000 active and retired members.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2014, indicated a funding surplus of \$193,698 million for basic pension benefits. The next valuation will be March 31, 2017.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year. This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, and therefore there is no consistent and reliable basis for allocating the obligation, assets and costs to individual employers participating in the plan.

The total amount paid into this pension plan by BC Transit for the year ended March 31, 2016 for employer contributions was \$4,835 (2015 – \$4,715).

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 9. Tangible capital assets:

Cost	Balance, March 31, 2015	Additions	Disposals	Balance, March 31, 2016
Land	\$ 2,608	\$ -	\$ -	\$ 2,608
Exchanges, shelters and other transit infrastructure	31,054	27,964	-	59,018
Buildings	49,723	529	-	50,252
Vehicles	413,200	62,618	(24,216)	451,602
Other equipment	48,673	8,275	-	56,948
Capital projects in progress	74,317	49,507	(99,385)	24,439
<b>Total</b>	<b>\$ 619,575</b>	<b>\$ 148,893</b>	<b>\$ (123,601)</b>	<b>\$ 644,867</b>

Accumulated amortization	Balance, March 31, 2015	Disposals	Amortization	Balance, March 31, 2016
Exchanges, shelters and other transit infrastructure	\$ 7,777	\$ -	\$ 3,612	\$ 11,389
Buildings	22,883	-	1,779	24,662
Vehicles	238,629	(24,039)	45,413	260,003
Other equipment	30,625	-	4,031	34,656
Capital projects in progress	-	-	-	-
<b>Total</b>	<b>\$ 299,914</b>	<b>\$ (24,039)</b>	<b>\$ 54,835</b>	<b>\$ 330,710</b>

Net book value	Balance March 31, 2015	Balance, March 31, 2016
Land	\$ 2,608	\$ 2,608
Exchanges, shelters, and other transit infrastructure	23,277	47,629
Buildings	26,840	25,590
Vehicles	174,571	191,599
Other equipment	18,048	22,292
Capital projects in progress	74,317	24,439
<b>Total</b>	<b>\$ 319,661</b>	<b>\$ 314,157</b>

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 9. Tangible capital assets (continued):

Cost	Balance, March 31, 2014	Additions	Disposals	Balance March 31, 2015
Land	\$ 2,608	\$ -	\$ -	\$ 2,608
Exchanges, shelters and other transit infrastructure	28,194	2,860	-	31,054
Buildings	49,722	1	-	49,723
Vehicles	389,253	49,606	(25,659)	413,200
Hydrogen chassis	11,780	-	(11,780)	-
Other equipment	42,208	6,465	-	48,673
Capital projects in progress	61,613	71,635	(58,931)	74,317
<b>Total</b>	<b>\$ 585,378</b>	<b>\$ 130,567</b>	<b>\$ (96,370)</b>	<b>\$ 619,575</b>
Accumulated amortization	Balance, March 31, 2014	Disposals	Amortization	Balance, March 31, 2015
Exchanges, shelters and other transit infrastructure	\$ 6,128	\$ -	\$ 1,649	\$ 7,777
Buildings	21,091	-	1,792	22,883
Vehicles	225,588	(24,943)	37,984	238,629
Hydrogen chassis	5,003	(6,180)	1,177	-
Other equipment	26,855	-	3,770	30,625
Capital projects in progress	-	-	-	-
<b>Total</b>	<b>\$ 284,665</b>	<b>\$ (31,123)</b>	<b>\$ 46,372</b>	<b>\$ 299,914</b>
Net book value	Balance March 31, 2014			Balance March 31, 2015
Land	\$ 2,608			\$ 2,608
Exchanges, shelters, and other transit infrastructure	22,066			23,277
Buildings	28,631			26,840
Vehicles	163,665			174,571
Hydrogen chassis	6,777			-
Other equipment	15,353			18,048
Capital projects in progress	61,613			74,317
<b>Total</b>	<b>\$ 300,713</b>			<b>\$ 319,661</b>

Assets under construction having a value of \$24,439 (2015 - \$74,317) have not been amortized. Amortization of these assets will commence when the asset is available for service.

During the year, assets with a net book value of \$177 (2015 - \$5,316) were written off.

Interest capitalized for capital projects in 2016 was \$3,328 (2015 - \$1,372).

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 10. Tangible capital assets under lease:

Capital assets under lease consisted of land, land improvements, stations, guideways and other assets related to the SkyTrain system and West Coast Express. These assets were made available to the South Coast British Columbia Transportation Authority ("SCBCTA") for their use pursuant to an Order in Council and operating lease.

The operating lease arrangements with SCBCTA for the Expo and Millennium Line guideways and system improvements included a nominal lease fee amount. The leases were transferred to the British Columbia Transportation Financing Authority ("BCTFA") on May 21, 2015.

On May 14, 2015, Bill 2 – 2015 BC Transportation Financing Authority Transit Assets and Liabilities Act (the "Bill") was granted Royal Assent. The Bill called for all the assets and liabilities of Rapid Transit Project 2000 Ltd. ("RTP 2000") and the assets and liabilities connected to the regional transportation system of Greater Vancouver Regional District, owned by BC Transit, to be transferred to the BCTFA.

Effective May 21, 2015, BC Transit transferred, for nil proceeds, tangible capital assets with a net book value of \$675,120 and deferred capital contributions of \$609,245 to BCTFA. Upon transfer, BC Transit recognized a reduction in annual surplus of \$65,875, representing the carrying value of land transferred.

Subsequently on June 1, 2015 the public sector accounting board released a new standard PS 3430 - Restructuring Transactions which applies to restructuring transactions occurring in fiscal years beginning on or after April 1, 2018 and allowing for earlier adoption. This standard directs entities to recognize restructuring transactions through the statement of operations. BC Transit elected to early adopt PS 3430 – Restructuring Transactions. The following table reflects the financial impact to BC Transit and BCTFA and the consolidated financial impact to the Province of BC.

Entity	Tangible capital assets	Accumulated amortization	Net book value	Deferred capital contributions	Net gain (loss)
BC Transit	\$ (1,374,789)	\$ 699,669	\$ (675,120)	\$ 609,245	\$ (65,875)
BCTFA	1,374,789	(699,669)	675,120	(609,245)	65,875
Summary Financial Statement, Province of BC	\$ -	\$ -	\$ -	\$ -	\$ -

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 10. Tangible capital assets under lease (continued):

Cost	Balance, March 31, 2015	Additions	Transfer	Balance, March 31, 2016
SkyTrain	\$ 1,213,910	\$ -	\$(1,213,910)	\$ -
West Coast Express	128,848	-	(128,848)	-
Capital projects in progress	31,001	1,030	(32,031)	-
<b>Total</b>	<b>\$ 1,373,759</b>	<b>\$ 1,030</b>	<b>\$(1,374,789)</b>	<b>\$ -</b>

Accumulated amortization	Balance, March 31, 2015	Transfer	Amortization expense	Balance, March 31, 2016
SkyTrain	\$ 613,787	\$ (615,565)	\$ 1,778	\$ -
West Coast Express	83,388	(84,104)	716	-
Capital projects in progress	-	-	-	-
<b>Total</b>	<b>\$ 697,175</b>	<b>\$ (699,669)</b>	<b>\$ 2,494</b>	<b>\$ -</b>

Net book value	Balance, March 31, 2015	Balance, March 31, 2016
SkyTrain	\$ 600,123	\$ -
West Coast Express	45,460	-
Capital projects in progress	31,001	-
<b>Total</b>	<b>\$ 676,584</b>	<b>\$ -</b>

Cost	Balance, March 31, 2014	Additions	Disposals	Balance, March 31, 2015
SkyTrain	\$ 1,207,841	\$ 6,069	\$ -	\$ 1,213,910
West Coast Express	128,848	-	-	128,848
Capital projects in progress	25,493	11,577	(6,069)	31,001
<b>Total</b>	<b>\$ 1,362,182</b>	<b>\$ 17,646</b>	<b>\$ (6,069)</b>	<b>\$ 1,373,759</b>

Accumulated amortization	Balance, March 31, 2014	Disposals	Amortization expense	Balance, March 31, 2015
SkyTrain	\$ 602,895	\$ -	\$ 10,892	\$ 613,787
West Coast Express	79,093	-	4,295	83,388
Capital projects in progress	-	-	-	-
<b>Total</b>	<b>\$ 681,988</b>	<b>\$ -</b>	<b>\$ 15,187</b>	<b>\$ 697,175</b>

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 10. Tangible capital assets under lease (continued):

Net book value	Balance, March 31, 2014	Balance, March 31, 2015
SkyTrain	\$ 604,946	\$ 600,123
West Coast Express	49,755	45,460
Capital projects in progress	25,493	31,001
Total	\$ 680,194	\$ 676,584

## 11. Victoria Regional Transit Commission:

BC Transit holds funds in trust on behalf of the Victoria Regional Transit Commission. These funds are not included in the consolidated statement of financial position. The cash held in trust and transactions during the year are as follows:

	2016	2015
Cash held in trust, beginning of year	\$ 11,788	\$ 10,394
Revenue:		
Fuel tax	11,951	11,871
Property tax	30,048	29,939
Investment and other income	187	261
Government transfers	(44,173)	(40,677)
Cash held in trust, end of year	\$ 9,801	\$ 11,788

## 12. Commitments:

BC Transit has outstanding commitments as summarized below:

	2017	2018	2019	2020	2021
Operating Leases	\$ 1,396	\$ 1,374	\$ 1,535	\$ 1,608	\$ 1,648
Facilities	1,759	324	324	324	324
Vehicle Purchases	13,452				
Information Technology	621	250			
Other	828				
	\$ 18,056	\$ 1,948	\$ 1,859	\$ 1,932	\$ 1,972

## 13. Contingent liabilities:

The nature of BC Transit's activities is such that there is usually litigation pending or in process at any time. With respect to unsettled claims at March 31, 2016 management has determined that BC Transit has valid defenses and appropriate insurance coverage in place. In the event any claims are successful, management believes that such claims are not expected to have a material effect on the financial position of BC Transit.



# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

## 14. Government transfers:

The transfers reported on the statement of operations are:

	2016	2015
Government transfers:		
Provincial grants:		
Operating	\$ 103,862	\$ 96,211
Impairment on capital assets	-	1,985
	<u>103,862</u>	<u>98,196</u>
Deferred capital contributions	26,768	20,349
Deferred capital contributions - Vancouver	2,494	14,618
Transfer of deferred capital contributions – Vancouver	590,841	-
	<u>620,103</u>	<u>34,967</u>
Federal grants:		
Deferred capital contributions	3,819	3,100
Deferred capital contributions – Vancouver	-	139
Transfer of deferred capital contributions – Vancouver	18,404	-
	<u>22,223</u>	<u>3,239</u>
Local government contributions:		
Transfers under cost share agreements	81,433	88,315
	<u>81,433</u>	<u>88,315</u>
<b>Total government transfers</b>	<b>\$ 827,621</b>	<b>\$ 224,717</b>

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
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Year ended March 31, 2016, with comparative figures for 2015

## 15. Classification of expense by object:

	Budget	2016	2015
Contracted salaries, wages and benefits	\$ 82,553	\$ 82,117	\$ 78,430
Salaries, wages and benefits	69,968	67,715	66,933
Amortization of capital assets	51,463	54,835	46,372
Fuel and lubricants	31,514	22,738	28,278
Fleet maintenance	28,868	27,150	26,116
Interest	11,380	9,478	10,478
Insurance	5,205	5,090	4,491
Facility maintenance	3,560	3,423	3,455
Information systems	3,324	3,430	2,577
Leases and taxes	2,749	2,435	2,495
Major projects and initiatives	2,646	2,050	1,059
Local government expenses	2,149	2,135	2,062
Marketing and communications	2,097	1,881	2,055
Taxi programs	1,806	1,905	1,769
Corporate expenses	2,139	1,710	2,041
Professional fees	941	965	1,290
Travel and meetings	1,065	680	710
<b>Total operating expenses</b>	<b>\$ 303,427</b>	<b>\$ 289,737</b>	<b>\$ 280,611</b>

## 16. Additional information for the Statement of cash flows:

	2016	2015
Non-cash charges to operations:		
Amortization of debt discount	\$ 38	\$ 38
Amortization of tangible capital assets	57,329	61,559
Amortization of prepaid lease	352	302
Loss on the sale of tangible capital assets	98	-
Loss on the transfer of Vancouver assets	65,875	-
Amortization of deferred capital contributions	(33,081)	(38,206)
	<b>\$ 90,611</b>	<b>\$ 23,693</b>
Changes in non-cash operating working capital:		
Accounts receivable	\$ 290	\$ 3,390
Accounts payable and accrued liabilities	(12,140)	7,758
Provincial revenue and funding payable	674	2,074
Deferred revenue and contributions	19,036	3,260
Employee future benefits	1,608	2,572
Inventories of parts	614	(366)
Inventories held for sale	1,000	-
Prepaid expenses	(1,793)	(169)
	<b>\$ 9,289</b>	<b>\$ 18,519</b>

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 17. Financial instruments:

### (a) Fair value:

The carrying value of cash and cash equivalents, assets held for sale, accounts receivable and accounts payable and accrued liabilities, approximate their fair value due to the relatively short periods to maturity of the instruments. Debt sinking funds are reflected on the statement of financial position at fair value. The fair value of long-term debt at March 31, 2016 is \$186,346 (2015 - \$211,903).

In evaluating the fair value information, considerable judgment is required to interpret the market data used to develop the estimates. The use of different market assumptions and/or different valuation techniques may have a material effect on the estimated fair value amounts for financial instruments. Accordingly, the estimates of fair value presented herein may not be indicative of the amounts that could be realized in a current market exchange.

### (b) Risks associated with financial assets and liabilities:

BC Transit is exposed to financial risks from its financial assets and liabilities. The financial risks include market risk relating to commodity prices, interest rates and foreign exchange risks as well as credit risk and liquidity risk.

#### *Market risk:*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of commodity price risk, interest rate risk, foreign exchange risk and credit risk as discussed below.

#### *Commodity price risk:*

BC Transit is exposed to commodity price risk. Commodity price risk and volatility has a significant impact on BC Transit's fuel costs. Management continually monitors the exposure to commodity price volatility and assesses possible risk mitigation strategies including continuing to buy at rack prices, entering into physical fixed price agreements to fix all or a portion of fuel prices with a supplier, and/or the potential to enter into financial commodity derivative contracts. Management does not have the authority under the *British Columbia Transit Act* to enter into financial commodity derivative contracts directly. The ability for management to execute physical hedge agreements with suppliers is governed under formal policies and is subject to limits established by the Board of Directors. No such hedge agreements were entered into during the year.

#### *Interest rate risk:*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate from changes in market interest rates. BC Transit is exposed to interest rate risk to the extent of changes in the prime interest rate. BC Transit may from time to time enter into interest rate swap contracts to manage exposure to interest rates and cash flow risk. No such derivative contracts were entered into during the year.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 17. Financial instruments (continued):

(b) Risks associated with financial assets and liabilities (continued):

### *Foreign exchange risk:*

BC Transit is exposed to currency risk on purchases and loans denominated in the U.S dollar. BC Transit periodically makes commitments to acquire certain capital assets, primarily transit vehicles, from suppliers requiring payment in either US dollars or pounds sterling. These risks are monitored and can be mitigated by management by entering into foreign currency option agreements. There were no such arrangements outstanding as at March 31, 2016.

### *Sensitivity analysis:*

The following table is a sensitivity analysis indicating the impact on net surplus (deficit) of a change in each type of market risk discussed above. The sensitivity analysis is based on reasonable possible movement within the forecast period, being one year. These assumptions may not be representative of actual movements in these risks and should not be relied upon. Given the volatility in the financial and commodity markets, the actual percentage changes may differ significantly from the outcomes noted below. Each risk is contemplated independent of other risks.

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Estimated impact of a 1% change on annual surplus:

Interest rate risk	\$	240
Foreign exchange risk		508
Commodity risk (fuel)		224

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### *Liquidity risk:*

Liquidity risk is the risk that BC Transit will encounter difficulty in meeting obligations associated with financial liabilities as they come due. BC Transit manages liquidity risk through its cash, debt, sinking fund and funding management initiatives. Accounts payable and accrued liabilities are due in the next fiscal year. Maturity of long term debt is disclosed in note 7. Other commitments with future minimum payments are disclosed in note 12.

### *Credit risk:*

Credit risk is the potential for financial loss to BC Transit if the counterparty in a transaction fails to meet its obligations. Financial instruments that potentially give rise to concentrations of credit risk include cash and cash equivalents and debt sinking funds where they are invested in Canadian Money Market and Bond Funds. It is management's opinion that BC Transit is not exposed to any significant credit risk due to the credit worthiness of the investments.

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## 17. Financial instruments (continued):

### (c) Capital disclosures:

BC Transit defines capital as accumulated surplus plus deferred capital contributions. BC Transit receives the majority of these capital funds from Federal, Provincial or from municipal government partners.

BC Transit's objective when managing capital is to meet its current Service Plan initiatives with the current funding available. BC Transit manages its capital structure in conjunction with the Province and makes adjustments to its Service Plan and related budgets based on available government funding. The focus is to ensure that service levels are preserved within the funding restrictions by the Province and municipal partners.

BC Transit is not subject to debt covenants or other restrictions with respect to operating funding. Funding received for designated purposes must be used for the purpose outlined by the funding party. BC Transit has complied with the external restrictions on any external funding provided.

## 18. Related party transactions:

As a Crown Corporation of the Province, BC Transit and the Province are considered related parties. All transactions between BC Transit and the Province are considered to possess commercial substance and are consequently recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties. Related party transactions and balances have been disclosed elsewhere in the financial statements (note 10).

## 19. Impact of accounting for Government Transfers in accordance with Section 23.1 of the *Budget Transparency and Accountability Act*:

As noted in the significant accounting policies, note 2(a), Section 23.1 of the *Budget Transparency and Accountability Act* and Restricted Contributions Regulation 198/2001, require BC Transit to recognize non-capital government transfers into revenue in the period the restriction the transfer is subject to is met, and also require BC Transit to recognize government transfers for the acquisition of capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the consolidated financial statements of BC Transit is as follows:

As at March 31, 2016 – increase in annual surplus by \$14,399 (2015 – (\$18,923)). Decrease in annual surplus (deficit) after loss on the non-routine transfer of Vancouver assets by \$594,846.

March 31, 2016 – increase in accumulated surplus by \$221,042 (2015 – \$815,888), a decrease in deferred capital contributions by \$202,858 (2015 - \$802,089), and a decrease in deferred revenue and contributions by \$18,184 (2015 - \$13,799).

# BRITISH COLUMBIA TRANSIT

Notes to Consolidated Financial Statements  
(In thousands of dollars)

Year ended March 31, 2016, with comparative figures for 2015

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## **20. Investment in Transportation Property and Casualty Company Inc:**

In January 2010, the Board of Directors approved the withdrawal from the Transportation Property and Casualty Company Inc. Program ("TPCCP"). As a replacement to TPCCP, BC Transit procured a comprehensive stand-alone insurance coverage program effective April 1, 2010 which is renewed annually. Claims which have been registered and served prior to the withdrawal from the TPCCP program, continue to be settled in an orderly manner and BC Transit will continue to monitor these claims. \$1,816 (2015 - \$1,804) remains in cash equivalents to offset other potential future claims. See Note 13 for further details regarding unsettled claims.

## **21. Economic Dependency:**

BC Transit is dependent on receiving government transfers from the Province of BC and Local Government Partners for its continued existence and ability to carry out its normal activities.

## **22. Comparative figures:**

Certain of the comparative figures have been reclassified to conform with current year's consolidated financial statement presentation.

## **Capital Plan and Major Projects**

BC Transit has no capital projects valued at over \$50 million.

## Appendix A: Subsidiaries and Operating Segments

The *BC Transit 2015/16 – 2017/18 Service Plan* did not include any information of BC Transit's active or inactive subsidiaries.

### Active Subsidiaries

Subsidiary	Incorporated	Date became dormant	Activity
0928624 BC Ltd.	23-Dec-11	N/A	Rental property
0925406 BC Ltd.	17-Nov-11	N/A	Rental property
0922667 BC Ltd.	13-Oct-11	N/A	Rental property
0915866 BC Ltd.	19-Jul-11	N/A	Rental property

### Inactive Subsidiaries

Subsidiary	Incorporated	Date became dormant	Activity
TBC Properties Inc.	16-Nov-10	Incorporation	N/A
TBC Operations Inc.	16-Nov-10	Incorporation	N/A
TBC Vehicle Management Inc.	16-Nov-10	Incorporation	N/A

### Operating Segments

BC Transit has no operating segments.



## **Appendix B: Additional Information**

### **Corporate Governance**

The following hyperlinks provide information on BC Transit's organizational overview, including a summary of BC Transit's business, the public purpose served by BC Transit, and the services provided.

BC Transit's enabling statute, the *British Columbia Transit Act*, can be found on the [BC Laws Web site](#).

BC Transit's mandate, as provided in Section 3.1 of the enabling statute, can be found on the [BC Laws Web site](#).

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BC Transit's vision, mission, and values can be found at [http://bctransit.com/\\*/about](http://bctransit.com/*/about).

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BC Transit's business areas are guided by the following major priorities which can be found at [http://bctransit.com/\\*/corporate-reports/strategic-plan-2030/proposal/priorities](http://bctransit.com/*/corporate-reports/strategic-plan-2030/proposal/priorities).

BC Transit's business areas include a wide range of management services that benefit all of the transit systems in the province. Information about this shared services model can be found at [http://bctransit.com/\\*/corporate-reports/bc-transit-advantage](http://bctransit.com/*/corporate-reports/bc-transit-advantage).

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BC Transit's principal partners, clients, and stakeholders in the Capital Regional District can be found at [http://bctransit.com/\\*/about/funding-and-governance/victoria](http://bctransit.com/*/about/funding-and-governance/victoria).

BC Transit's principal partners, clients, and stakeholders in other parts of the province (outside Metro Vancouver) can be found at [http://bctransit.com/\\*/about/funding-and-governance/regional](http://bctransit.com/*/about/funding-and-governance/regional).

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A description of how BC Transit's different types of transit services are delivered can be found at [http://bctransit.com/\\*/corporate-reports/strategic-plan-2030/today](http://bctransit.com/*/corporate-reports/strategic-plan-2030/today).

The scope of services BC Transit provides to the public can be found at [http://bctransit.com/\\*/about/facts/corporate](http://bctransit.com/*/about/facts/corporate).

BC Transit's corporate reports, including provincial Service Plans and Annual Reports, can be found at [http://bctransit.com/\\*/corporate-reports](http://bctransit.com/*/corporate-reports).

### **Supplementary Financial Information**

Supplementary financial information to that provided in the Financial Report section above can be found at <http://bctransit.com/victoria/corporate-reports/annual>.

## Organizational Overview

The following hyperlinks provide information on BC Transit's system of governance.

The role and membership list of BC Transit's Board of Directors can be found at [http://bctransit.com/\\*/about/funding-and-governance/board-of-directors](http://bctransit.com/*/about/funding-and-governance/board-of-directors).

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The names and job titles of BC Transit's Senior Leadership Team can be found at [http://bctransit.com/\\*/about/executive](http://bctransit.com/*/about/executive).

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BC Transit's governance principles and information about BC Transit's funding model can be found at [http://bctransit.com/\\*/about/funding-and-governance](http://bctransit.com/*/about/funding-and-governance).

## Contact Information

The location of BC Transit's head office can be found at [http://bctransit.com/\\*/about/contact](http://bctransit.com/*/about/contact).

A list of BC Transit's transit systems can be found at [http://bctransit.com/\\*/choose-transit-system](http://bctransit.com/*/choose-transit-system).

## Performance Measure Definitions

- **Conventional passenger trips per service hour** is measured by dividing conventional passenger trips by conventional service hours. The ratio indicates the level of effectiveness of, and the demand for, transit services as provided. Conventional transit serves the general population in more urban settings and offers scheduled bus service that operates on fixed routes.
- **Custom passenger trips per service hour** is measured by dividing custom passenger trips by custom service hours. The ratio indicates the level of effectiveness of, and the demand for, custom transit services as provided. Custom transit employs vans, minibuses and taxis for dial-a-ride, and door-to-door handyDART service for passengers with disabilities who cannot use conventional transit. Contracted taxi supplement and taxi saver (discounted coupon) programs complement these services.
- **Conventional operating cost recovery** is measured by dividing annual conventional passenger and advertising revenue by conventional operating costs. The ratio indicates the proportion of costs recovered from passenger and advertising revenue within conventional transit. Conventional transit serves the general population in more urban settings and offers scheduled bus service that operates on fixed routes.
- **Custom operating cost recovery** is measured by dividing annual custom passenger and advertising revenue by custom operating cost. The ratio indicates the proportion of costs recovered from passenger and advertising revenue within custom transit. Custom transit employs vans, minibuses and taxis for dial-a-ride, and door-to-door handyDART service for passengers with disabilities who cannot use conventional transit. Contracted taxi supplement and taxi saver (discounted coupon) programs complement these services.
- **Conventional operating cost per passenger trip** reflects annual conventional operating cost divided by conventional passengers carried. This ratio indicates the efficiency of transit

expenditures directed toward passengers carried. Conventional transit serves the general population in more urban settings and offers scheduled bus service that operates on fixed routes.

- **Custom operating cost per passenger trip** reflects annual custom operating cost divided by custom passengers carried. This ratio indicates the efficiency of transit expenditures directed toward passengers carried. Custom transit employs vans, minibuses and taxis for dial-a-ride, and door-to-door handyDART service for passengers with disabilities who cannot use conventional transit. Contracted taxi supplement and taxi saver (discounted coupon) programs complement these services.
- **Major urban centres with Transit Future Plans completed** measures the completion of planning to align local land use plans, including efforts to increase density and build more pedestrian and cycling paths, with investments in transit services and infrastructure.
- **Communities with a service optimization review completed in past five years** measures BC Transit's ability to provide transit systems with timely reviews and recommendations to increase transit system efficiency and effectiveness. These may include discussion documents, service reviews, evaluations and others.
- **Customer satisfaction** measures the average rating of customer tracking survey respondents when asked to rate their overall transit experience from one ("very poor") to five ("excellent").
- **Online communication strategy impact** measures the average rating of customer tracking survey respondents when asked to rate the quality of the online information, ranging from one ("very poor") to five ("excellent").
- **Brand recognition** is based on the per cent of customer tracking survey respondents who recognize BC Transit's role in the delivery of transit service in their local transit system.
- **Conventional service hours per capita** measures the number of conventional service hours delivered divided by the population that lives within 400 m of fixed route bus service. Conventional transit serves the general population in more urban settings and offers scheduled bus service that operates on fixed routes.
- **Custom service hours per capita** measures the number of custom service hours delivered divided by the population that lives within 1 km of fixed route bus service. Custom transit employs vans, minibuses and taxis for dial-a-ride, and door-to-door handyDART service for passengers with disabilities who cannot use conventional transit. Contracted taxi supplement and taxi saver (discounted coupon) programs complement these services.
- **Passenger injury claims per million passenger trips** measures passenger safety. The way in which this measure is calculated reflects passenger injury claims through ICBC and is consistent with industry standard.
- **Workplace injuries per hundred employees** measures the Total Recordable Injury Rate (TRIR). TRIR is a measure of the rate of recordable workplace injuries, normalized per 100 workers per year.
- **Planned service delivered in conventional transit systems** measures the percentage of trips that delivered as scheduled in BC Transit's conventional transit systems.
- **Greenhouse Gas Emissions (GHG) per service hour** measures BC Transit's Greenhouse Gas Emissions (GHG). Carbon intensity is calculated using the Provincial Government's SMARTTool methodology and is measured by calculating the total emissions of BC Transit's fleet, facilities, and paper usage in carbon dioxide equivalent tonnes.
- **Employee engagement** measures an employee's involvement with, commitment to, and satisfaction with work. Engagement is assessed through a survey that models what aspects of the workplace influence employee engagement characteristics.

- **Partnership satisfaction** measures the average rating of local government transit partner respondents when asked to rate their customer service received from BC Transit from one ("very poor") to five ("excellent").

## Appendix C – BC Transit's Mandate and Actions Summary

In the 2015/16 Mandate Letter from the minister responsible, BC Transit received direction on strategic priorities for the 2015/16 fiscal year. These priorities and BC Transit's resulting actions are summarized below:

Mandate Letter Direction	BC Transit's Action
<p>1. Align actions and activities, in collaboration with local government partners and subject to Ministry fiscal funding allocations and local government affordability, that assist the Ministry to achieve the goals and objectives of the <i>Provincial Transit Plan</i>.</p>	<ul style="list-style-type: none"> <li>• Commenced implementation of Enterprise Resource Planning project to stabilize financial and asset management information systems.</li> <li>• Achieved new labour contract agreements with CUPE and UNIFOR which met corporate and Provincial objectives.</li> <li>• Maintained customer perceived value and partner relationships as indicated by meeting Customer and Partner Satisfaction targets.</li> <li>• Strengthened relationships with workforce as indicated by meeting Workforce Engagement target.</li> <li>• Improved employee performance management by improving the performance management system and implementing it for maintenance and operations staff in the Victoria Regional Transit System.</li> </ul>
<p>2. Continue undertaking business evaluations to maximize efficiencies and expand ridership opportunities.</p>	<ul style="list-style-type: none"> <li>• Supported the Province's Crown Review of BC Transit's operations, planning and forecasting, and financial performance.</li> <li>• Extended operating contracts without retendering as an operating cost mitigation measure.</li> <li>• Developed standardized lease fee strategy to mitigate costs associated with fleet replacement.</li> <li>• Conducted service optimization reviews in all regional transit systems which made recommendations for more efficient service delivery.</li> <li>• Conducted right-sizing analysis and condition assessments to improve efficiency of fleet replacement.</li> <li>• Continued to utilize its fuel management strategy to realize operational cost savings.</li> </ul>

Mandate Letter Direction	BC Transit's Action
<p>3. Enhance performance measures and targets that align with, and aid in the achievement of, the goals and strategies document in BC Transit's 2015/16 Service Plan.</p>	<ul style="list-style-type: none"> <li>• Began implementation of Service Experience Evaluation program to improve performance management of contracted operating companies.</li> </ul>
<p>4. Develop and share with the Ministry, by August 2015, a draft three-year annual operating budget and a draft a ten-year capital budget, and finalize these budgets by November 30, 2015; work with the Ministry to ensure that financial targets are achieved, meet the reporting requirements identified in the Ministry's budget letter to BC Transit and the Ministry–BC Transit contribution agreements, accurately report quarterly forecasts and achieve balanced budgets for 2015/16.</p>	<ul style="list-style-type: none"> <li>• Met financial targets identified by the Province.</li> <li>• Implemented full utilization of three-year provincial investment in transit operating funding to offset inflationary increases in transit system costs.</li> </ul>