



Annual Report | 2010/11



His Honour

The Honourable Steven L. Point
Lieutenant-Governor of the
Province of British Columbia

May it please Your Honour,

I respectfully submit the Annual
Report of BC Transit for the fiscal
year ended March 31, 2011.

The Honourable Blair Lekstrom
Minister of Transportation and
Infrastructure, and Minister
responsible for BC Transit



Table of Contents

01 Message from the Chair

02 Accountability Statement

03 Organization Overview

Strategic Outlook

Scope

Services

Funding Model

Governance and Board Activity

09 The Year's Accomplishments

13 Performance Report

Performance Goals and Strategies

Performance Measure Targets

Progress Against Shareholder's
Letter of Expectations

27 Performance Summary

Non-GAAP Financial Measures

Forward Looking Statements

Corporate Performance

31 Management Discussion and Analysis

Financial Overview

Revenues

Government Funding

Operations Costs

Maintenance

Debt Service

Balance Sheet

Critical Accounting Estimates

Significant Accounting Changes

Opportunities and Risk Factors

Outlook

43 Financial Report

63 Appendices

A1 Performance Summary Victoria Regional

A2 Performance Summary Regional Transit Systems

A3 Comparison to Industry Benchmarks

A4 Glossary

A5 Contact Information

A6 Map of BC Transit Systems

Message from the Chair to the Minister Responsible

A Message from the Chair

In 2010/11, BC Transit moved forward on achieving its objectives in supporting the vision of a more sustainable future. Ridership throughout the province increased 5.0 per cent, to 51.2 million, as more British Columbians chose BC Transit as their preferred mode of transportation.

Management's continued focus on efficiencies and service improvements allowed this increase in ridership to be accommodated with only a 3.3 per cent increase in service hours. Correspondingly, passenger and advertising revenue increased by 7.3 per cent from the prior year.

Throughout the year, volatile fuel prices, uncertain economic conditions and growing service demands placed increased pressure on operating costs. However, with the implementation of a number of cost management measures, expenditures were 4.4 per cent below budget. As a result, BC Transit was able to maintain its operating cost per passenger at the previous year's level.

Overall, BC Transit's performance compares very favourably to its peers across Canada. Based on the Canadian Urban Transit Association's most recent report, BC Transit's operating cost per service hour is 7.8 to 10.8 per cent lower and its operating cost per passenger is 15.6 to 18.2 per cent lower than comparable systems in Canada. Furthermore, BC Transit systems carried 5.3 – 9.1 per cent more passengers per hour than the Canadian average.

While it is important to celebrate the achievements from the past year, BC Transit will continue to move forward and prepare for the challenges and the opportunities that lie ahead.

The ongoing volatility in fuel prices and uncertain economic conditions will continue to challenge BC Transit's ability to grow service, ridership and to keep the cost of transit affordable.

Meeting the mode share levels targeted in the Provincial Transit Plan will require investment in new transportation technologies, transit priority measures to bypass congestion and facilities to accommodate a growing fleet. Further cost pressures are anticipated as capital investment accelerates in response to the replacement of aged assets and continued expansion.

There will also be opportunities. BC Transit will look to build on the success of the U-Pass and ProPass programs as well as pursue new partnerships and programs to grow ridership and revenue.

Transit has become more of a priority for local and provincial governments as demonstrated by the level of financial support. As the demand for more services grow so will the need for ongoing financial support from local and provincial governments. Therefore, it is critical that value is achieved with every dollar invested.

The demand for more sustainable transportation choices throughout British Columbia is increasing and transit is viewed as a major element in satisfying the demand. For the upcoming year, BC Transit will continue to focus on opportunities to improve the value it delivers to its customers and funding partners.



Kevin Mahoney
Chair

Accountability Statement

BC Transit's 2010/11 Annual Report was prepared under the direction of the BC Transit Board of Directors (the "Board") in accordance with the *Budget Transparency and Accountability Act* and the B.C. 2010-11 Crown Corporation Annual Report Guidelines. The information presented is prepared in accordance with the B.C. Reporting Principles and represents a comprehensive picture of BC Transit's actual performance for the 12 months ended March 31, 2011 in relation to its 2010/11 – 2012/13 Service Plan.

The Board is accountable for the contents of the report, including the selection of performance measures and how results have been reported. The measures presented are consistent with BC Transit's goals and objectives, and focus on aspects critical to the organization's performance.

This report contains estimates and interpretive information that represent the best judgment of management. The Board is responsible for ensuring internal controls are in place to ensure performance information is measured accurately and in a timely fashion.

All significant decisions, events and identified risks, as of March 31, 2011 have been considered in preparing the report. Any changes in mandate, direction, goals, strategies, measures or targets made since the 2010/11 – 2012/13 Service Plan was released and any significant limitations in the reliability of data are identified in the report.



Kevin Mahoney
Chair



03 Organization Overview

Strategic Outlook

Scope

Services

Funding Model

Governance and Board Activity

Organization Overview

BC Transit is the provincial Crown agency charged with coordinating transportation systems throughout British Columbia outside of Metro Vancouver.

The company's mandate includes planning, funding, marketing, fleet management and contracting for the operations of transit services. According to the *British Columbia Transit Act* (Section 3.1), BC Transit is to:

"... plan, acquire, construct or cause to be constructed public passenger transportation systems and rail systems that support regional growth strategies, official community plans, and the economic development of transit service areas, [and] to provide for the maintenance and operation of those systems."

Funding transit service is a partnership of local governments and the Province through BC Transit. BC Transit's headquarters is located in Victoria, British Columbia.

Strategic Outlook

BC Transit's services link communities, businesses and lifestyles across the province with cost-effective, sustainable transit. Its services contribute to government objectives in four key strategic areas:

1. To support the achievement of climate change initiative goals.
2. To support rural and First Nations communities by linking communities, businesses and services.
3. To increase the mobility of the aging population and provide improved transit to support aging in place.
4. To contribute to the economic, social and environmental sustainability of the province's communities through efficient and effective transit.

The BC Transit strategic plan — *Shaping our Future* — establishes the vision, mission, values and strategic objectives needed to accomplish these government



objectives and take the province's sustainable transportation networks to the next level of quality, ridership and effectiveness.

VISION

To be a leader of integrated transportation solutions connecting people and communities to a more sustainable future.

MISSION

Through the strength of our people and partners, we provide safe, effective, customer-focused transportation solutions that link communities, businesses, and lifestyles.

VALUES

As we move forward on achieving our objectives and vision of success, the following values will guide our decisions and development:

Safety – We will ensure and improve the safety and security of our employees, customers and assets.

Customer Service – We will work with our customers to meet and exceed their needs and expectations.

Sustainability – We will measure, improve, and be accountable for our environmental, financial and social results.

Integrity – As stewards of public resources, we will use our assets prudently and be honest, professional and respectful in our communications and conduct.

Innovation – We will develop new opportunities and ways of doing business, and will work to continuously improve the value and quality of our services.

Collaboration – We will cultivate strong partnerships, recognize communities' complex needs, and create services and opportunities that promote healthy communities and enable choice and connection with other types of travel.

PRIORITY OBJECTIVES

To achieve this vision and mission, BC Transit is working toward five long term objectives:

Develop Financial Sustainability – Secure the long term viability of transit by systematically renewing and revising our revenue sources, structures, and internal processes.

Support and Shape Livable Communities – Encourage transit supportive community planning and development that make it easy to get around by walking, cycling, and transit.

Change the Perception of Transit – Target transit messaging and advocacy to build public support and attract our next customers.

Deliver Operational Excellence – Deliver safe, reliable, easy to use services that continuously improve through active public engagement.

Strengthen our People and Partnerships – Create an adaptable, socially responsible organization that lives its values, develops its existing employees and partnerships, and attracts new people and opportunities.

Scope

The scope of BC Transit's program as of March 31, 2011 includes:

- 58 local government funding partners, including the Victoria Regional Transit Commission and regional hospital districts
- Operations provided by 18 private operating companies, 5 public operating organizations and 15 non-profit agencies
- 51.2 million passengers carried in 2010/11

- Over 1.5 million people served in B.C.
- 81 transit system agreements – conventional, custom and paratransit
- Fleet of 1,028 conventional and double-deck buses, minibuses and vans
- \$249 million in expenditures in 2010/11

Services

BC Transit's systems are as diverse as the province of British Columbia and include a range of service types:

Conventional transit serves the general population in urban settings and offers scheduled bus service that operates on fixed routes. All vehicles are accessible and range in size from minibuses to double-deck buses in order to best match ridership and community needs.

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 offer additional flexible service to complement custom transit and better adapt to customer needs.

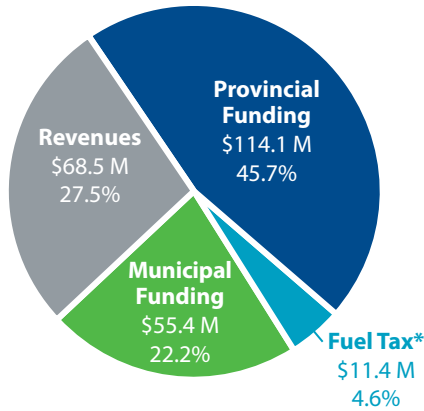
Paratransit serves small town, rural and Aboriginal communities as well as some suburban areas using minibuses, taxis and vans for flexible routing and schedules.

No shifts were made to the core business areas or program delivery over the previous year.



Funding Model

Funding for transit is shared between the local governments and the Province and the sharing formula is defined by regulation. These regulations set the funding formula for both conventional transit (i.e., local bus service) and custom transit (also known as handyDart service). The summary of system-wide funding for 2010/11 is shown in the following chart.



* Fuel tax applies to the Victoria Regional Transit System

BC Transit's funding and governance model is legislated under the *British Columbia Transit Act* which defines the roles and responsibilities for the respective parties involved in the delivery of transit services.

Under the legislation, local governments are responsible for setting transit routes, frequency of service, fares and establishing a transit levy through property taxes. The cost of providing transit is driven by the level of service. The level of service will dictate the size of the bus fleet and maintenance facility as well as the number of drivers and mechanics. BC Transit is responsible for providing the service set by the local government. As a result, the local government has considerable control and influence on the cost of transit.

In most BC Transit systems, service is provided through a contracted transit management operating company. The transit operating company contracted to operate the BC Transit service is selected through a public Request for Proposal process undertaken on a seven-year cycle. The exceptions to this process are systems operated by public organizations (Regional District of Nanaimo, City of Nelson, City of Powell River, the Sunshine Coast Regional District and the Victoria region).

In the Victoria region, the Victoria Regional Transit Commission (VRTC) is the local authority responsible for defining service priorities, fares, and local taxation for transit purposes. VRTC members are appointed according to the *British Columbia Transit Act*. Its meetings are open to the public. BC Transit operates the Victoria Regional Transit System.

Roles and Responsibilities

BC Transit	Local Government	Local Operating Company
Administer contracts	Provide local funding	Deliver specified transit service
Set performance standards	Approve fares and service levels	Provide trained staff
Audit systems	Set system service/ridership objectives	Manage labour relations
Select operating company	Promote ridership	
Provide professional services		
Planning, marketing, asset management and financial services		

Governance and Board Activity

BC Transit is governed by a seven member Board of Directors appointed by the Province according to the *British Columbia Transit Act* (Section 4.1). The Act requires four of the Board members to be municipally elected representatives. The Board of Directors, through the Chair, reports to the Minister of Transportation and Infrastructure (designated as the Minister responsible for BC Transit). The Board is governed according to the Province of B.C.'s Best Practices Guidelines Governance and Disclosure Guidelines for Governing Boards of B.C. Public Sector Organizations.

BOARD OF DIRECTORS, AS OF MARCH 2011

Mr. Kevin Mahoney (Chair), North Vancouver ¹

Mayor James Atebe, District of Mission

Councillor Susan Brice, District of Saanich ¹

Mr. Kelly Cairns, Kelowna ²

Mayor Christopher Causton, District of Oak Bay

Mr. Bob De Clark, Nanaimo

Mayor Mary Sjostrom, City of Quesnel

¹ Member of the Audit, Finance and Risk Management Committee.

² Chair of the Audit, Finance and Risk Management Committee.

The BC Transit Board of Directors' main responsibilities include: setting the strategic direction for BC Transit, approving the Provincial Three-year Service Plan and annual business plans, allocating the provincial grant to achieve shareholder expectations and approving operating and capital budgets and major capital projects.

To support the transit program during the year, the Board of Directors visited the Central Fraser Valley region to meet with local government partners and operating contractors, and to tour transit facilities.

The BC Transit Board has one standing committee, the Audit, Finance and Risk Management Committee. The purpose of this committee is to assist the Board of Directors in fulfilling its responsibilities around financial

reporting, accounting systems and internal controls and risk management.

The Audit, Finance and Risk Management Committee is comprised of not less than three Board members, elected annually by the Board of Directors. They will appoint one Committee member as Chair of the Committee, who cannot also be the Board Chair.

More information about BC Transit's corporate governance is available at: www.bctransit.com/corporate/general_info/governance.cfm.

BC TRANSIT SENIOR LEADERSHIP TEAM

Manuel Achadinha, President and CEO

Michael Kohl, Vice President,
Finance and CFO

Brian Anderson, Vice President,
Business Development and CIO

Mike Davis, Vice President,
Operations and COO

Debbie Nussbaum, Vice President,
Corporate and Human Resources

The Senior Leadership Team ensures BC Transit embodies its organizational values, delivers quality value-added services, and achieves the priority objectives of its Strategic Plan.

In 2010/11, the team had a significant presence in communities across the province. Activities included:

- Meetings with local government elected and appointed officials to address issues and discuss future planning initiatives;
- Facilitating workshops and one-on-one dialogue; and
- Presenting at the Union of BC Municipalities annual conference.



09 The Year's Accomplishments



The Year's Accomplishments

2010/11 Performance Summary

- Served a total of 51.2 million customers, an increase of 5.0 per cent over the previous year.
- Increased service throughout the province by 3.3 per cent while year-end expenditures were 4.4 per cent below budget.
- Maintained average operating cost per passenger at levels equivalent to the previous year despite facing rising fuel prices and other inflationary factors.
- Expanded service throughout the province to the point where BC Transit is now the 17th largest bus fleet in North America with a total of 1,028 vehicles.
- Celebrated long-term service to communities across British Columbia including 40-year anniversaries operating in Kamloops and Port Alberni and 30 years in Chilliwack, Dawson Creek, Fort St. John, Terrace Regional, Kamloops handyDART, Kelowna Regional handyDART and Prince George handyDART.
- Achieved some of the best operating results across systems benchmarked by the Canadian Urban Transit Association (CUTA):
 - BC Transit's Victoria (conventional) system had 45.7 per cent more passengers per capita, carried 9.1 per cent more passengers per hour, operated at 7.8 per cent lower cost per service hour and achieved an operating cost 15.6 per cent lower per passenger than similar sized systems across Canada.
 - BC Transit's Regional (conventional) systems had 3.5 per cent more passengers per capita, carried 5.3 per cent more passengers per hour, operated at 10.8 per cent lower cost per service hour and achieved an operating cost 18.2 per cent lower per passenger than similar sized systems across Canada.

In 2010/11, BC Transit provided service to more customers while keeping the cost per passenger at the same level as the previous year. Efforts were focused on maximizing efficiency of service delivery while growing ridership in line with the goals of the Provincial Transit Plan. Prior year successes were leveraged by new initiatives to increase communications with all parties involved in delivering transit services within BC Transit's service area.

Continue to build on efficiencies. BC Transit re-aligned its fleet to reduce the variety of models at single sites. This is expected to realize savings in training, maintenance and inventory costs in future years. As part of the fleet plan, a detailed assessment of timing related to replacement and refurbishment of vehicles resulted in



revised vehicle acquisition schedules in support of reduced long-term capital replacement costs. With the plan, management continues to examine new fuel purchasing strategies in an effort to realize operating savings.

Work towards achieving the social, economic and environmental goals envisioned in the Provincial Transit Plan. BC Transit's Transit Future planning program is focused on achieving the goals outlined in the Provincial Transit Plan. The objective of Transit Future plans is to align future transit services with long term land development patterns, encourage linking modes of "green" travel, promote transit-oriented development and outline means to increase transit ridership and mode share. Transit Future plans are in development within seven regions across the province and each of these is expected to be adopted in 2011/12.

In 2010/11, significant ridership goals and mode share shifts were accomplished in Kelowna, where significant capital investment enabled the RapidBus program to be initiated. This investment has already resulted in an overall system ridership increase of 9.5 per cent.

Planning for a rapid transit system in Victoria also progressed in 2010/11. This project has been identified as the preferred option to meet the goals of the local and provincial government. Public consultation has been the foundation of this project.

Improve dialogue and communication with partners and the public. BC Transit made concerted efforts to meet with elected and appointed officials of government funding partners. Throughout the year, BC Transit staff was in regular contact with all local government partners.

To gauge effectiveness of its actions and solicit unfiltered feedback, management contracted for a formal survey of local government officials and operating companies. Other activities undertaken during 2010/11 to foster a rich exchange of dialogue included presenting at the annual Union of B.C. Municipalities conference, hosting a three-day workshop, and initiating a working group comprised of representatives from local governments and operating companies to identify means to better meet the needs of stakeholders and grow transit ridership.

To facilitate the solicitation of feedback from communities regarding planning initiatives, BC Transit rolled out a key innovation, the Transit Future Bus. This renovated bus operating as a mobile open house, has enabled BC Transit staff to maximize face to face communication with the public and welcome over 8,000 visitors onboard across the province in its first year of service.





13 Performance Report

Performance Goals and Strategies

Performance Measure Targets

Progress Against Shareholder's
Letter of Expectations

Performance Report

This performance report highlights the results achieved by BC Transit for the fiscal year ending March 31, 2011. This section presents the corporate goals, objectives and targets set for the corporation in the 2010/11 – 2012/13 Service Plan along with a statement assessing performance against target.

The next section provides the summary corporate level performance and financial results with comparative figures for prior years and the service plan targets from the 2010/11 – 2012/13 Service Plan. Significant results, including variances from target, are discussed in the Management Discussion and Analysis section.

To provide further comparative results, Appendix A3 presents standard transit industry performance results for BC Transit compared to peer transit systems in the rest of Canada for the latest reporting period available.

Performance Goals and Strategies

This section assesses BC Transit's performance against the goals, objectives and strategies presented in the 2010/11 – 2012/13 Service Plan. Other than minor shifts in project timing specifically noted in strategy results below, there was only one notable change made to Service Plan goals and objectives over the past year and it is identified below. BC Transit developed a corporate strategic plan in 2009/10 and the strategic plan's objectives were incorporated into the 2010/11 – 2012/13 Service Plan.



GOAL 1

Develop Financial Sustainability

OBJECTIVE 1.1: Ensure an affordable public transportation system.

Strategy 1.1.1	Result
Rigorously manage controllable costs and apply appropriate purchasing strategies to manage commodity-related cost volatility and benchmarking performance against our peers in the Canadian transit industry.	<p>Ongoing. As a result of an invitation to quote, BC Transit received an annual average volume discount of 2.3c/litre off posted rack rates for volume purchases. This volume discount was 2.2c/litre from April 1, 2010 to August 24, 2010 after which the discount increased to 2.4c/litre for the remainder of the fiscal year.</p> <p>Additionally, BC Transit acquired surplus value-in-kind fuel from VANOC at an overall discount of 5.6 per cent or roughly 5.9 c/litre. This opportunity arose from BC Transit's strategic partnership with VANOC during the Olympic Games resulting in significant cost savings and effectively hedging approximately 18 per cent of BC Transit's annual budgeted fuel requirements.</p> <p>BC Transit continues to benchmark favourably against Canadian peer transit systems as evidenced by the comparison statistics presented in Appendix A3.</p>
Strategy 1.1.2	Result
Work with provincial and local governments to develop an appropriate stable, long-term funding strategy for public transit improvement in B.C.	Ongoing. Discussions with Provincial and municipal governments continued throughout the year regarding challenges to transit funding and governance and the assessment of alternative funding strategies.
Strategy 1.1.3	Result
Work with the Canadian Urban Transit Association, Federation of Canadian Municipalities, the Transportation Association of Canada and others to encourage the adoption of a national transit strategy with predictable long-term federal funding and support for the transit industry.	Not successful. This strategy was not pursued during 2010/11 due to changes in federal funding policy.
Strategy 1.1.4	Result
Assist local governments in successful applications to federal funding programs for transit related improvements.	<p>Successful. BC Transit worked with the Ministry of Transportation and Infrastructure to secure \$3.3 million in federal Build Canada funding for the Vernon Transit Facility and \$4.0 million for the Kamloops Transit Facility.</p> <p>Work continues in formalizing the agreement for \$10.9 million of Build Canada Funding for the Kelowna RapidBus project phase two and three and \$2.3 million for the Kelowna Transit Facility.</p>

Strategy 1.1.5	Result
<p>Assess and develop programs for the enhancement of revenue both from passengers and from commercial use of BC Transit assets.</p>	<p>Successful. Within the existing governance framework, BC Transit has increased its focus on revenue enhancement. Specific initiatives in the year included the implementation of electronic registering fareboxes, targeted marketing, fare management and the transit future program.</p> <p>Year over year, revenue has increased 7.3 per cent while ridership has increased by 5.0 per cent and service hours increased by 3.3 per cent. This reflects a higher rate of return (as measured by revenue and ridership) on investment (as measured by service hours).</p>
Strategy 1.1.6	Result
<p>Improve system monitoring and related communications to operating companies and local partners to mitigate cost volatility, maximize efficiencies, and increase our performance, safety and customer satisfaction.</p>	<p>Successful. The following initiatives were undertaken during the year:</p> <ul style="list-style-type: none"> • Developed and implemented monthly reporting of key performance measures for conventional operators to improve service reliability and improve customer satisfaction; • Implemented electronic fare box program to provide improved revenue security and ridership information; • Initiated local performance reporting to provide funding partners with information on system performance; • Expanded annual satisfaction surveys to include funding and operating agencies to assess how BC Transit is performing in meeting their needs; • Improved budgeting processes including the development of three year operating and capital budgets; and • Developed and implemented an operational service audit program to review all functional areas of a transit system and guide improvements.

GOAL 2

Support and Shape Livable Communities

OBJECTIVE 2.1: Plan for the effective growth in public transit.

Strategy 2.1.1	Result
Implement RapidBus in Kelowna by completing a regional master plan, with associated technical studies and utilizing new bus/high occupancy vehicle lanes in year one (2010/11) and continuing improvement in future years.	<p>Successful. RapidBus Phase 1 opened in September 2010 providing service along highway 97 between UBC Okanagan and downtown Kelowna. Future phases will extend the system through to West Kelowna and implement enhanced passenger information systems.</p> <p>Funding to complete the line was secured in August 2010 through a partnership between the federal government, the Province, the City of Kelowna and the District of West Kelowna. Project completion is expected by Spring 2014.</p>
Strategy 2.1.2	Result
Implement rapid transit in Victoria by completing a regional master plan and technology assessment on the preferred alignment in year one (2010/11) and commencing implementation in year two.	<p>Successful. Both the Transit Future Plan and the technology assessment on the Victoria Regional Rapid Transit Project are complete. They have been endorsed by the Victoria Regional Transit Commission and approved by the Board of Directors.</p>
Strategy 2.1.3	Result
Increase integration with other green travel choices to enhance transportation options and make it easier for pedestrians, cyclists and regional travelers to link to our services.	<p>Successful. New transit exchanges, such as the McTavish Exchange in Victoria, are being designed with strong cycling and pedestrian connections to the surrounding area and incorporate bicycle lockers for the safe and secure storage of bikes on site.</p> <p>New long range planning initiatives, such as the Transit Future Plan process, are designed to facilitate a stronger link between green travel modes and the transit network.</p>
Strategy 2.1.4	Result
Influence land use development patterns by improving processes to help communities develop pedestrian-focused neighborhoods that increase the effectiveness and efficiency of public transportation.	<p>Successful. One of the objectives of Transit Future Plans is to identify joint BC Transit and local government initiatives aimed to integrate future land use patterns with transit networks.</p>
Strategy 2.1.5	Result
Through the master planning process, identify and establish priority corridors for transit to make travel more attractive and reliable, and reduce congestion impacts.	<p>Successful. The identification of priority transit corridors is a key deliverable of Transit Future Plans. These plans are under development in seven regional centres: Victoria, Central Okanagan, Cowichan Valley, Campbell River, Abbotsford-Mission, Chilliwack and Kamloops.</p>

GOAL 3

Change the Perception of Transit

OBJECTIVE 3.1: Build increased support for public transportation initiatives.

Strategy 3.1.1	Result
<p>Work with businesses, major employers, health authorities and other public institutions to develop partnerships throughout the province to expand sources of support for transit program delivery through corporate social responsibility programs.</p>	<p>Successful. Worked with public and private organizations, schools and youth organizations to develop and co-host the BC Youth Summit for Sustainable Transportation.</p> <p>Marketing materials were created to promote Health Connections, our transit program in partnership with regional health authorities.</p>
Strategy 3.1.2	Result
<p>Work with businesses, major employers, health authorities and other public and private institutions, to encourage greater use of public transit:</p> <ul style="list-style-type: none"> • Implement U-PASS at all universities and colleges in larger communities. • Increase the number of persons on ProPASS programs by three per cent per year by targeting major employers in Victoria and larger communities. 	<p>Ongoing. Discussions are underway to expand the U-PASS program, available at eight universities and colleges served by BC Transit, to three more institutions.</p> <p>New ProPASS private and public sector partners were added in Victoria and Kamloops, including the Province of British Columbia.</p> <p>Revised ProPASS marketing campaigns were launched in Kamloops, Kelowna and Nanaimo.</p>

OBJECTIVE 3.2: Ensure that BC Transit's environmental leadership is recognized as a strength of BC Transit.

Strategy 3.2.1	Result
<p>Ensure that all new facilities are Leadership in Environmental Energy Design (LEED) compliant.</p>	<p>Successful. BC Transit continues to work with the province to determine LEED requirements for new maintenance facilities. Kamloops and Vernon facilities are being constructed to meet sustainable design principles.</p>
Strategy 3.2.2	Result
<p>Promote the lessons learned from the Hydrogen Fuel Cell Bus fleet demonstration project in Whistler.</p>	<p>Successful. Fuel cell buses have accumulated almost 1 million kilometres since their introduction during the Whistler 2010 Olympics. BC Transit continues to share knowledge and information through fleet and facility tours. BC Transit is an active member in the Clean Hydrogen in European Cities and the Hydrogen Bus Alliance, where information is exchanged to a broader international audience. BC Transit is also a member of the Canadian Hydrogen and Fuel Cell Alliance.</p>

Strategy 3.2.3	Result
Reduce the emissions of Green House Gas (GHG) and other pollutants from transit vehicles by including environmental assessments as part of all vehicle purchase decisions.	Successful. BC Transit developed a request for proposal process that includes evaluation criteria for environmental assessment of the vehicles and evaluation of the supplier's demonstration in strong corporate social responsibility. The organization actively pursued opportunities to test a fleet of compressed natural gas buses and battery powered conventional buses.

GOAL 4

Deliver Operational Excellence

OBJECTIVE 4.1: Ensure a safe public transit system.

Strategy 4.1.1	Result
Develop and implement a corporate safety management system in year one (2010/11) and reduce incident rates by 2.5 per cent in years two (2011/12) and three (2012/13).	Successful. The safety management system continued to assist management in promoting safety initiatives and reducing on board incidents and preventable accidents well ahead of forecasted percentages. The focus on safety program has been well received in Victoria and expansion of the program throughout the remainder of the systems is underway.
Strategy 4.1.2	Result
Develop and implement a strategic fleet inspection plan in year one (2010/11) with implementation of specific program recommendations in years two and three to increase fleet reliability.	Successful. A comprehensive alignment of the fleet was completed to remove fleet diversity at individual locations throughout the province. The targeted number of provincial fleet inspections was exceeded, including a full condition assessment of the New Flyer bus fleet.
Strategy 4.1.3	Result
Complete a security assessment master plan and develop an implementation plan in year one (2010/11) with implementation commencing in years two and three.	<p>Successful. BC Transit security staff participated in service reviews of two major properties. Security assessments of remaining major properties will continue in 2011 and subsequent inspections will occur through 2012.</p> <p>Comprehensive security risk assessment standards have been incorporated into the construction of new properties.</p>

OBJECTIVE 4.2: Ensure a reliable public transportation system.

Strategy 4.2.1	Result
<p>Develop a corporate transit operational support program to review transit schedule procedures in year one (2010/11) and implement program recommendations in years two and three.</p>	<p>Successful. A three year Transit Effectiveness Program (TEP) was developed that focuses on continuous improvement in the performance of systems, routes, and operations. The TEP is comprised of four components:</p> <ul style="list-style-type: none"> (1) Operations Reviews aimed at ensuring high quality operational programs and standards are in place; (2) Service Reviews aimed at providing a general review of a system every three years; (3) Efficiency Reviews to ensure appropriate system structure is in place and service hours are allocated effectively; and (4) Transit Improvement Plans to evaluate overall provincial service improvement. <p>The TEP will be presented to the BC Transit Board for approval in July 2011.</p>
Strategy 4.2.2	Result
<p>Develop corporate maintenance support programs and standards in year one (2010/11) and implement specific recommendations in years two and three targeted to reduce costs and increase reliability.</p>	<p>Successful. Five training modules were added to the conventional bus maintenance training program and associated training sessions were delivered during the annual maintenance training workshop.</p> <p>Implementation of system wide standards for preventive maintenance progressed with standard repair times for 30 per cent of repeatable tasks established with rollout planned for 2011/12.</p>

OBJECTIVE 4.3: Ensure an effective public transportation system.

Strategy 4.3.1	Result
<p>Target service expansions to identified markets and ensure rides per capita continue to increase.</p>	<p>Successful. Passengers per capita continued to increase from prior years. System-wide results increased from 31.5 to 32.9 rides per capita from 2009/10 to 2010/11.</p> <p>To ensure further expansion is achieved in an efficient manner, service expansions or system improvements are evaluated against multiple accounts, including system performance, local land use, policy decisions supporting transit, and the expected contribution towards meeting TEP objectives.</p> <p>This draft methodology is under review by stakeholders and will be brought to the BC Transit Board for approval in July 2011.</p>

Strategy 4.3.2	Result
<p>Develop 25 year Transit Future Plans with local regions and municipalities for Victoria and all larger municipalities by year two (2011/12) and remaining conventional transit regions by year three.</p>	<p>Successful. Transit Future Plans are underway in seven communities across the province with all seven of these plans expected to be adopted by end of 2011/12.</p> <p>Integrating the plans with local land use strategies and obtaining local government endorsement may dictate an expanded time frame for completion of the province wide program.</p>
Strategy 4.3.3	Result
<p>Increase ridership by improving transit information infrastructure through rebuilding the BC Transit web site and information services by year two.</p>	<p>Successful. Improvements to the website continued throughout 2010/11, including expanding the coverage of Google™ Transit to include the Victoria system and introducing interactive web maps, downloadable Rider's Guides and easy toggling between schedules and route maps.</p> <p>Infrastructure upgrades improved the robustness and speed of information delivery; however, planning activities revealed more investments are required to meet the growing information needs and expectations of stakeholders. Activities were initiated to plan, define and prioritize these necessary investments to take advantage of recent developments in the online exchange of information.</p>
Strategy 4.3.4	Result
<p>Invest in infrastructure needed to support expansion and to provide safe, reliable, effective and convenient service to customers:</p> <ul style="list-style-type: none"> • Build new garages in Kamloops and Vernon and an expanded rebuilt garage in Nanaimo by year three (2012/13); • Complete a master planning process initiated in 2009/10 for Victoria facilities by year one (2010/11) and commence construction in year two for completion by 2014; and • Complete a master plan for technical infrastructure initiated in 2009/10 and commence implementation in year two (2011/12). 	<p>Successful. Construction on the Vernon Transit Facility commenced in November 2010 and is expected to be completed by November 2011. Planning for the Kamloops Transit Facility is complete and construction is expected to commence in May 2011 with the final completion date projected for September 2012. Phase 1 construction on the Nanaimo facility is complete. Phase two is under review due to local budgetary constraints.</p> <p>The Victoria Transit Future Plan, endorsed in 2011, identifies facility requirements to meet the needs of the transit system for the next 25 years. As part of a land strategy for a new maintenance facility, BC Transit purchased property at 4210 and 4212 Glanford Avenue in 2010/11.</p> <p>An Information and Communications Technology Master Plan was approved in 2010/11 and work was initiated on the first phase of implementation. Activities in the remainder of the fiscal were focused on stabilizing core infrastructure and defining future investment requirements. A comprehensive group of stakeholders, comprised of local government representatives, operating partners and BC Transit personnel are working on prioritizing a portfolio of investments required to meet the needs of our stakeholders and achieve jointly agreed strategic outcomes.</p>

- Message from the Chair
- Organization Overview
- The Year's Accomplishments
- Performance Report
- Performance Summary
- Management Discussion and Analysis
- Financial Report
- Appendices

GOAL 5

Strengthen our People and Partnerships

OBJECTIVE 5.1: Successfully attract the best employees.

Strategy 5.1.1	Result
Increase human resources communications to attract new employees.	<p>Successful. Implemented E-Recruiting Strategy, and reviewed and updated new employee orientation practices.</p> <p>Transitioned to a human resource client service model to better support BC Transit's customers.</p>
Strategy 5.1.2	Result
Invest in staff development to encourage continuous learning and contribution to transit programs.	<p>Successful. Significant investment was made in leadership development training for BC Transit senior managers. Other staff development investments included targeted training in business writing and specialized software programs as well as supporting employees pursuing professional designations and graduate degrees.</p>

OBJECTIVE 5.2: Strengthen existing partnerships.

Strategy 5.2.1	Result
Improve communications with local governments including program information, monitoring, planning and land use support information.	<p>Successful. In an effort to better understand the issues that are critical to the success of BC Transit's funding partners, BC Transit contracted with CivicInfo BC to undertake annual surveys. The results of the first survey were communicated in April 2011.</p> <p>Other initiatives focused on improving and increasing communication and consultation with local governments included:</p> <ul style="list-style-type: none"> • Implementation of enhanced monthly key performance monitoring and reporting of local systems; and • Hosting of roundtable discussions at the annual BC Transit Workshop to increase local government participation and information sharing.

Strategy 5.2.2	Result
<p>Improve communications and support of operating companies to achieve continuous improvement in the safety, reliability, efficiency and effectiveness of local operations.</p>	<p>Successful. In an effort to better understand the issues that are critical to the success of BC Transit’s operating companies, BC Transit contracted with CivicInfo BC to undertake annual surveys. The results of the first survey were communicated in April 2011.</p> <p>Other initiatives focused on improving and increasing communication and consultation with operators included:</p> <ul style="list-style-type: none"> • Implementation of enhanced monthly key performance monitoring and reporting program for conventional operators; • Development of standardized safety and incident reporting and response procedures; • Completion of a new safety and training program manual to ensure consistent safe operating practices across all operators and improve operator and passenger security; and • Implementation of an operational service audit program to review all functional areas of a transit system and provide direction where improvements need to be made.

Performance Measure Targets

This section assesses BC Transit's performance against corporate performance projections presented in the 2010/11 – 2012/13 Service Plan. These performance measures are those universally adopted by the North American transit industry to track achievement of strategic goals.

Results provided in this section are corporate level and reflect the total of all BC Transit's locations and services. Appendices A1 and A2 provide more detailed results for the Victoria Region and Regional Transit Systems based on service type.

BC Transit benchmarks its performance against transit statistics collected and published by the Canadian Urban Transit Association. Victoria Regional Transit System performance is compared against transit systems of municipalities between 150,000 and 400,000 population. Transit performance in regional centers is compared against transit performance in municipalities with population of comparable size. Conventional transit systems and custom transit (those dealing with special needs travel) are reviewed separately.

BC Transit benchmarks favourably against its Canadian peers, generally carrying more passengers per hour and more passengers per capita at a lower cost per passenger. Appendix A3 provides benchmark details.

As specified in the Service Plan, BC Transit's performance measures are broken into two categories: service effectiveness and cost efficiency.

BC Transit Corporate Performance Measures: Service Effectiveness

Service effectiveness performance measures describe how well BC Transit's services attract customers and serve communities. The measurements used include number of revenue passengers and passengers carried per capita.

<i>Measures of Service Effectiveness</i>	Actual			Service Plan Target			Results
	2008/09	2009/10	2010/11	2010/11	2011/12	2012/13	
Revenue passengers (000s)	47,576	48,753	51,204	51,814	52,709	53,287	Did not meet target
Passengers per capita	31.1	31.5	32.9	33.3	33.6	33.6	Did not meet target

Measure definition, importance and data collection

Revenue passengers represent transit riders who have made a one-way trip using transit service. (Passengers who use a transfer and board more than one bus to complete a trip are only counted once). This is the primary measure of how many people use BC Transit's services. Passenger statistics are reviewed monthly and are based on statistically valid counting methodologies used throughout the transit industry.

Passengers per capita reflect annual passengers carried divided by service area population. This is a measure of market share and the effectiveness of services in transit markets. Increasing rides per capita reflects a transit system that is providing greater transportation benefit to the community. Population is based on the defined service area and uses Census Canada information updated by the latest BC Statistics data.

Performance Analysis

Although increased from previous years, BC Transit's 2010/11 revenue passengers and passengers carried per capita were below 2010/11 - 2012/13 Service Plan targets. This is primarily due to two factors: slower economic conditions, which can reduce both the demand for commuter services and the number of discretionary trips taken; and increased congestion within Victoria which can adversely impact travel times and ridership and the composition of expansion hours implemented in Victoria which has a low ridership yield (late night service and construction re-routing). Passengers per capita grew at a rate faster than revenue passengers, meaning that transit ridership increased at a greater rate than community populations.

Actions in Progress

BC Transit implemented transit scheduling and marketing initiatives in 2010/11 that are expected to bear longer term improvements to service effectiveness. This includes service changes in 22 regions to improve reliability and attractiveness to passengers, simplified passenger information materials, electronic passenger information in Victoria and a province-wide transit marketing campaign. The 2011/12 - 2013/14 Service Plan includes revised targets that better align with the current economic projection, including revised service hours.

Benchmarks

Final Canadian Urban Transit Association (CUTA) data for 2010/11 is not yet available. However, mid-year data indicates national transit ridership growth was 2.8 per cent; therefore, BC Transit's 5.0 per cent increase over 2009/10 ridership is viewed as positive against its peers. Based on 2009/10 data (the most current year available), BC Transit carries a higher rate of passengers per capita than its peers. Benchmark details are provided in Appendix A3.

BC Transit Corporate Performance Measures: Cost Efficiency

Cost efficiency performance measures describe how well BC Transit's services offset costs through collection of passenger revenues and contain cost increases in comparison to passenger increases. The measurements used include operating cost recovery and cost per passenger.

<i>Measures of Cost Efficiency</i>	Actual			Service Plan Target			Results
	2008/09	2009/10	2010/11	2010/11	2011/12	2012/13	
Operating cost recovery	35.3%	33.4%	33.6%	31.5%	29.7%	28.4%	Exceeded target
Operating cost per revenue passenger	\$3.55	\$3.73	\$3.78	\$3.89	\$4.12	\$4.32	Exceeded target

Measure definition, importance and data collection

Operating cost – is the sum of all costs associated with the operation, maintenance and administration of the transit system during a specified period excluding depreciation and interest paid on loans for capital outlays.

Operating revenues – include passenger and advertising revenue. It excludes provincial grants, property tax and fuel tax revenue.

Cost recovery – reflects annual operating revenue divided by annual operating cost. This ratio indicates the proportion of costs recovered from operating revenue. Fares are established by local government transit partners. A strong cost recovery is desirable, as it reduces the subsidy from the taxpayer. This factor, however, is a municipal policy decision. Operating costs and revenues are based on actual information, reviewed monthly and audited annually.

Operating cost per revenue passenger – reflects annual operating cost divided by annual passengers carried. This ratio indicates the efficiency of transit expenditures directed toward passengers carried. Consistent or decreasing cost per passenger indicates that ridership is growing faster than costs.

Performance Analysis

BC Transit's efforts at cost efficiency were well rewarded in 2010/11. Both operating cost recovery and operating cost per revenue passenger exceeded the targets outlined in the Service Plan. These positive results reflect the increase in ridership and BC Transit's efforts at maximizing efficiencies.

Actions in Progress

One of BC Transit's strategic plan objectives is to increase the financial sustainability of transit, including implementing new revenue sources and further improving cost control and monitoring. Workshops and dialogue with local government partners have emphasized the need to continue discussion with the Province to examine more sustainable governance and revenue models.

BC Transit continues to work towards maximizing efficiencies and have furthered efforts to reduce operating and capital replacement costs in a variety of areas.

Benchmarks

Based on 2009/10 CUTA data (the most current year available), BC Transit has a more favourable rate of operating cost recovery and a lower operating cost per passenger than its Canadian peers. Appendix A3 provides details.

Progress Against Shareholder's Letter of Expectations

The Minister of Transportation and Infrastructure, to whom BC Transit reports, outlines performance expectations in support of customer needs and government priorities through an annual Shareholder's Letter of Expectations. The terms of the agreement are reviewed and updated annually. The entire 2010 agreement can be viewed on the BC Transit website under BC Transit General Information at the following link: http://www.transitbc.com/corporate/general_info/annual_reports.cfm#service_plan

The key requirements identified for BC Transit for the fiscal year 2010/11 and actions taken are outlined in the following table.

Specific Direction to the Corporation	BC Transit Actions in 2010/11
Provide advice and support to the Shareholder in the development and implementation of transit funding strategies.	BC Transit is working with the Ministry of Transportation and Infrastructure and its local government funding partners to outline and develop solutions to the challenges of existing governance and revenue structures.
Provide advice and support to the Shareholder on transit services and technologies that support government's environmental and climate change objectives.	<p>BC Transit undertook the following initiatives in 2010/11 aimed at reducing its carbon footprint:</p> <ul style="list-style-type: none"> • Retired older, less energy efficient buses from service and replaced them with buses meeting the latest emissions regulations, significantly reducing particulate matter and other emissions; • Upgraded older conventional buses through an emissions reduction retrofit program; • Avoided more than 1,000 tonnes of greenhouse gas emissions in the Resort Municipality of Whistler by operating the world's largest fleet of hydrogen fuel cell buses; • Converted all Victoria Regional Transit Operations Supervisor vehicles to use hybrid technology, resulting in a 20 per cent reduction in non-revenue fleet emissions; • Tested and acquired the first hybrid double decker bus in North America, in the Victoria Regional Transit System; • Tested the smaller, more fuel-efficient new Vicinity bus in Prince George, Quesnel, the Cowichan Valley and the Sea to Sky regions; and • Worked with local government partners in setting greenhouse gas emissions targets, ensuring that Official Community Plans promote transit-supportive communities and in developing 25-year Transit Future plans.
Align actions and activities to be consistent with the intent of the Provincial Transit Plan; and ensure annual expenses do not exceed annual revenues.	<p>Transit Future plans are driven by the underlying objectives outlined in the Provincial Transit Plan. Seven regional Transit Future Plans were commenced in 2010/11 and all seven are expected to be adopted in 2011/12.</p> <p>Ongoing service expansions and enhancements reference their contribution towards achieving the goals of the Provincial Transit Plan.</p> <p>Annual expenses did not exceed annual revenues for 2010/11.</p>
Continue undertaking business evaluations to maximize efficiencies and expand ridership opportunities.	BC Transit ensures significant investment and operating decisions are evaluated using multiple accounts to maximize efficiencies. The success in maintaining operating cost ratios in 2010/11 despite a variety of inflationary factors clearly demonstrates the effectiveness of this model in use at BC Transit.

A man in a white shirt is sitting on a train, looking out the window and reading a newspaper. The train interior is visible with other passengers in the background.

27 Performance Summary

Non-GAAP Financial Measures

Forward Looking Statements

Corporate Performance

Performance Summary

Non-GAAP Financial Measures

Throughout this performance summary and management's discussion and analysis, BC Transit uses the terms "ridership", "rides per capita", "service hours", "revenue passengers", "net debt service costs" and "FTEs". These terms do not have any standardized meaning as prescribed by Canadian generally accepted accounting principles (GAAP) and, therefore, may not be comparable with the calculation of similar measures presented by others.

The terms used are considered to be industry-wide standard indicators and performance measures used throughout the North American transit industry and are used to measure the achievement of BC Transit's strategic goals. Data reliability is obtained as follows: ridership information is collected using an industry-standard reporting protocol and common definitions. (The same information is used by Statistics Canada for its Standard Industrial Classification reports). Estimates are derived using statistically valid sampling measures from sources of data which include comparisons between revenue, farebox passenger counts and automated passenger counts. Per capita estimates use population figures from the most recently published census, adjusted annually by B.C. Statistics and collated for the respective Transit Service Areas by BC Transit. Service hours delivered is calculated based on billings and operating statements in the Regional Transit Systems, which are verified by audits. Service hours delivered in Victoria are based on payroll records. Actual financial results are derived from BC Transit's audited financial statements which are prepared in accordance with Canadian generally accepted accounting principles.

See Appendix A4 for further definitions.

Forward Looking Statements

This performance summary and management's discussion and analysis contain certain "forward looking statements". These statements relate to future events or future performance and reflect management's expectations regarding growth, results of operations, performance, business prospects and opportunities and industry performance and trends. They reflect management's current internal projections, expectations or beliefs and are based on information currently available to management.

Some of the market conditions and factors that have been considered in formulating the assumptions upon which forward looking statements are based include ridership, the Canadian Dollar relative to U.S. Dollar, fuel costs, fleet maintenance costs, labour costs and availability, transit system request for proposal costs, insurance costs, taxation, facilities and environmental compliance and the provincial and local economies in which BC Transit operates. In some cases, forward looking statements can be identified by terminology such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other comparable terminology. A number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements.

In evaluating these statements, readers should specifically consider various factors including, but not limited to, the risks and uncertainties associated with funding risk, ridership risk, currency risk, commodity risk, asset risk, safety and security, environmental risk, regulatory risk, labour disruption risk and risk of default under material contracts.



Actual results may differ materially from any forward looking statement. Although management believes that the forward looking statements contained in this discussion and analysis are based upon reasonable assumptions, readers cannot be assured that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this management's discussion and analysis, and BC Transit assumes no obligation to update or revise them to reflect new events or circumstances.

Corporate Performance

The following table summarizes revenue, operating costs, service hours and passengers for all BC Transit programs (Regional Transit Systems Program and Victoria Regional Transit System combined) for the 2010/11 fiscal year, compared to corporate targets. Separate program level results for the Victoria Region and the Regional Systems program are provided in Appendices A1 and A2.

SUMMARY <i>Figures in thousands</i>	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Corporate Target	2011/12 Service Plan Target	2012/13 Service Plan Target	2013/14 Service Plan Target
Operating cost*	\$169,427	\$181,837	\$193,646	\$201,611	\$214,780	\$230,577	\$245,487
Passenger and advertising revenue	\$59,632	\$60,679	\$65,127	\$63,429	\$66,766	\$68,987	\$70,970
Service Hours (000s)	2,011	2,086	2,154	2,230	2,233	2,334	2,418
Revenue passengers (000s)	47,576	48,753	51,204	51,814	50,096	51,830	53,734

* Total operating cost is operations, maintenance and administration expenses on the audited financial statements



31 Management Discussion and Analysis

Financial Overview

Revenues

Government Funding

Operation Costs

Maintenance

Debt Service

Balance Sheet

Critical Accounting Estimates

Significant Accounting Changes

Opportunities and Risk Factors

Outlook

Management Discussion and Analysis

Dated May 26, 2011

The following is management's discussion and analysis of the financial condition and results of operations for BC Transit as of May 26, 2011. This should be read in conjunction with our audited financial statements and related notes for the years ended March 31, 2011 (fiscal 2011) and March 31, 2010 (fiscal 2010). These documents are available at: http://bctransit.com/corporate/general_info/annual_reports.cfm

Except where indicated, all financial information herein is expressed in thousands and Canadian dollars.

Financial Report	2006/07	2007/08	2008/09	2009/10	2010/11			
	Actual *	Actual	Actual	Actual	Actual	Target	\$ Variance (Un)Favourable	% Variance (Un)Favourable
Revenue								
Passenger & advertising revenue	50,917	55,925	59,632	60,679	65,127	63,429	1,698	3%
Investment and other income	2,364	3,380	2,859	4,205	3,404	3,305	99	3%
Provincial contributions	52,065	58,126	71,874	79,105	83,971	85,262	(1,291)	(2%)
Amortization of deferred capital contributions on capital assets	5,960	7,237	9,743	14,024	30,151	27,089	3,062	11%
Contributions from municipalities	39,734	47,606	53,847	60,840	66,793	81,779	(14,986)	(18%)
Total Revenues	151,040	172,274	197,955	218,853	249,446	260,864	(11,418)	(4%)
Expenditures								
Operations	89,325	98,031	114,437	124,025	134,409	136,877	2,468	2%
Maintenance	27,660	30,226	36,237	37,772	37,925	42,015	4,090	10%
Administration	13,291	16,600	18,752	20,040	21,312	22,719	1,407	6%
Debt Service	22,332	25,127	28,253	36,177	55,797	59,253	3,456	6%
Total Expenditures	152,608	169,984	197,679	218,014	249,443	260,864	11,421	4%
Net Income (Loss) From Transit Operations	(1,568)	2,290	276	839	3	0	3	0%
Non-Operating Items:								
Vancouver assets – amortization expense	(15,291)	(32,654)	(32,654)	(32,654)	(32,654)	(32,654)	0	0%
Vancouver assets – amortization of deferred capital contributions	15,291	31,242	31,242	31,242	31,242	31,242	0	0%
Gain (loss) on disposal of assets	26	(94)	(329)	0	242	0	(242)	0%
Gain (loss) on foreign exchange and derivatives	0	821	(1,073)	273	375	0	(375)	0%
Net Profit from Olympic and Paralympic Games	0	0	0	18	0	0	0	0%
Net Revenues (Expenditures) for the Year	(1,542)	1,605	(2,538)	(282)	(792)	(1,412)	620	(44%)
Capital expenditures								
Vehicle	15,753	35,893	63,933	122,823	12,394	35,800	23,406	65%
Non-Vehicle	1,033	2,399	5,041	28,094	26,846	53,643	26,797	50%
	16,786	38,292	68,974	150,917	39,240	89,443	50,203	56%
FTEs (as at year end)	646	706	760	825	846	876	30	3%
Service hours	1,716	1,827	2,011	2,086	2,154	2,230	(76)	(3%)
Passengers	42,534	44,684	47,576	48,753	51,204	51,814	(610)	(1%)

* Excludes impact of changes in accounting policies adopted during 2008/09

The above financial information, including forecast information, was prepared based on current Canadian Generally Accepted Accounting Principles.

Note that the net loss reported of \$792,000 includes incremental amortization expense of \$1,412,000 relating to the Vancouver assets which is in excess of the related grant amortization. This difference reverses through Net Assets.

Financial Overview

Total revenues were \$30.6M higher than the prior year due to increases in Provincial operating contributions, deferred capital grant amortization, municipal contributions and passenger revenue. Total revenues were lower than target by \$11.4M due to lower contributions from municipalities. This is the result of lower operating and capital costs and higher passenger revenue.

Total expenditures were \$31.4M higher than the prior year as a result of increases in the price of fuel, service expansions and inflation. Total expenditures were lower than target by \$11.4M due to fuel price savings, and lower maintenance and administration costs.

Revenues

Passenger and advertising revenues

Results for 2010/11 were favourable \$1.7 million or 2.7 per cent per cent from target.

Discounted tariffs, such as prepaid fare media, have supported the achievement of ridership targets; however, they have offset general fare increases to the extent that the average fare has been flat for the last five years.

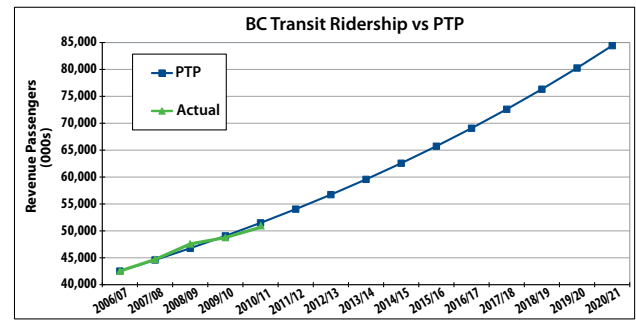
Revenue in the Victoria Regional Transit System was higher than target by \$0.3 million due to a fare increase offset by higher usage of prepaid fare media, specifically tickets and youth passes, and lower than targeted ridership. Ridership in Victoria reached record levels increasing over the prior year by 1.6 per cent despite increased congestion and the continued need for transit priority measures.

Revenue in the Regional Systems was higher than target by \$1.3 million due primarily to greater than anticipated ridership. Ridership in the Regional Systems increased from the prior year by 8.6 per cent.

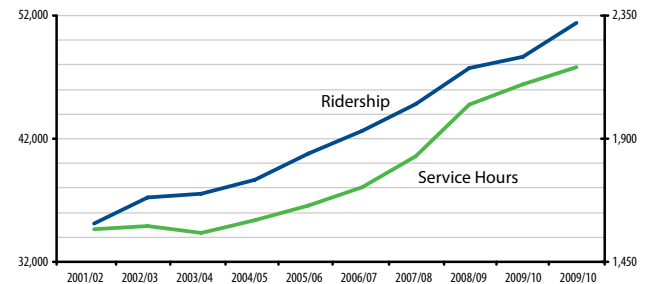
Advertising revenue was 13.6 per cent or \$106,000 above target.

The Provincial Transit Plan has set aggressive ridership targets whereby ridership is expected to double in 15 years. Targeted growth is 5 per cent per annum throughout the term of the Provincial Transit Plan. The baseline year is 2006/07. BC Transit met the targeted annual growth rate of 5 per cent in 2010/11 while accumulated ridership growth from the base year is 20.4 per cent, in line with the targets set by the Provincial Transit Plan. The trend to date against

Provincial Transit Plan is shown below:



Increases in ridership are a function of increased expansion (service hours) and investments in public transit (fleet, facilities, transit exchanges, park and rides, etc) as well as economic conditions such as fuel pricing, demographic and population changes. The relationship between ridership and service hour growth is illustrated below.



Ridership increased year over year by 5.0 per cent; double the growth from the prior year with a 3.3 per cent increase in service hours. Demand for expanded public transit services remains strong. Growth in ridership increases with continuous improvement of existing and expanded transit services. A number of communities experienced higher growth in ridership during 2010/11, including:

- Fort St. John – 26 per cent
- Whistler – 19 per cent
- Comox Valley – 17 per cent
- Prince George – 16 per cent
- Central Fraser Valley – 12 per cent
- Squamish – 10 per cent
- Kelowna – 9 per cent
- Kamloops – 8 per cent
- Nanaimo – 6 per cent

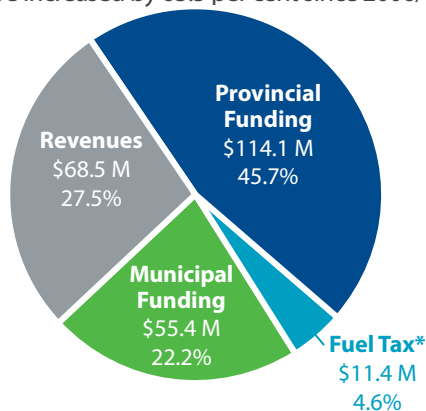
Ridership growth continues to be influenced by population growth, growing concern for the environment, increasing fuel prices and the slow economic recovery. Several initiatives were also implemented by BC Transit to increase ridership including investments in marketing campaigns, technology such as Google™ Transit and capital investments and operational improvements that were focused on customer service delivery. Regardless, there will continue to be significant challenges and opportunities in expanding the level of service and capital infrastructure required to meet the targets of the Provincial Transit Plan.

Government Funding

Contribution from the Province

The Provincial operating contribution has grown by 61.3 per cent since 2006/07. The Provincial operating contribution is targeted at \$90.9 million for 2011/12, representing an 8.2 per cent increase from 2010/11.

In 2010/11, BC Transit recovered 45.7 per cent of its total expenditures from the Province of British Columbia (2009/10 – 42.7 per cent). The Province is the largest funding contributor with the remaining 27.5 per cent recovered from revenues, 22.2 per cent recovered from local taxation and 4.6 per cent recovered from fuel tax. Total Provincial contributions, which include operating and amortization of deferred capital grants, have increased by 96.7 per cent since 2006/07 versus total expenditures which have increased by 63.5 per cent since 2006/07.



* Fuel tax applies to the Victoria Regional Transit System

These Provincial contributions are the highest level of funding commitment in Canada and are based on legislated cost share formulae for both operating and capital expenditures. The Province remains committed towards public transit, as demonstrated by the continued increase in contributions during an extended time of economic uncertainty and challenge. Provincial

contributions will continue to increase throughout the 2011/12 - 2013/14 Service Plan period.

Local Taxation

Funding from local taxation sources are 22.2 per cent of total revenues contributed. Local taxation revenues increased year over year by \$6.0 million or 9.8 per cent. This increase in contributions year over year from local governments is due to service expansion, general cost increases and the capital program. The local government share of transit expenditures is based on cost sharing formulae and is funded by the combination of passenger revenue and local taxation as the residual funding source. Local taxation revenue sources were less than budget by \$15.0 million or 18.3 per cent as a result of higher passenger revenues and lower operating and capital expenditures.

Functional Description

Figures in thousands	2009/10 Actual	2010/11 Actual	2010/11 Target	Variance \$	Variance %
Operations	124,025	134,409	136,877	2,468	1.8%
Maintenance	37,772	37,925	42,015	4,090	9.7%
Administration	20,040	21,312	22,719	1,407	6.2%
Total	181,837	193,646	201,611	7,965	4.0%
Operating Cost Per Hour	\$87.17	\$89.90	\$90.41	\$0.51	0.6%
Operating Cost Per Passenger	\$3.73	\$3.78	\$3.89	\$0.11	2.8%

Operating Costs

Total operating expenses were less than target by \$8.0 million or 4.0 per cent (year over year increased by \$11.8 million or 6.5 per cent).

Cost efficiency, as measured on a cost per hour basis was favourable to target by 0.6 per cent and increased year over year by 3.1 per cent. Industry cost pressures, as reflected by operating costs per hour, have trended at 4 – 6 per cent per annum; accordingly, the current year's results have met expectations and reflect management's continued focus to contain costs and cost efficiency. Operating cost per passenger was 2.8 per cent less than target (1.3 per cent increase year over year). This reflects ridership increasing at a rate consistent with the increase in cost of service.

The specific components of total operating costs are analyzed on the following page.

Operation Costs

Operations costs were \$2.5 million lower than target (1.8 per cent) and \$10.4 million (8.4 per cent) greater than 2009/10. The two primary cost drivers for operations expenses for BC Transit are service expansion and fuel, with fuel generating the most significant volatility in operations expenditures.

Service Expansion

Service expansion resulted in 68,000 more hours, a 3.3 per cent increase year over year. During fiscal 2010/11, new service expansions were implemented in Vernon, Kelowna, Whistler and Prince George. In addition, there were a number of communities where year over year increases in service hours occurred due to the annualization of prior year service expansion implementations.

2011/12 expansion will be focused on services that improve existing systems, increase ridership, and support communities moving towards a more sustainable future. BC Transit's funding partners, both provincial and local municipal partners, continue to support the expansion of the program in spite of difficult economic conditions. Regardless, both provincial and local municipal funding partners are constrained by global and local economic conditions making expansion funding more difficult to sustain.

Fuel

Fuel price was budgeted corporately at \$1.05/litre for the year ended March 31, 2011 resulting in a total budget of \$25.1 million. Actual results were \$23.8 million, \$1.3 million or 5.2 per cent lower than budget. This favourable variance is primarily attributable to lower market prices through the first three quarters of 2010/11 offset by a significant increase in the final quarter. The actual average price per litre was \$1.02 for the fiscal year.

	2009/10		2010/11		Variance From Target	
	Actual	Target	Actual	\$	%	
Fuel volume (000s litres)	22,915	23,941	23,328	(613)	(3%)	
Fuel price per litre	\$0.89	\$1.05	\$1.02	(\$0.03)	(3%)	
Total fuel cost	\$20,318	\$25,138	\$23,795	(\$1,343)	(5%)	

A summary of world oil prices as measured in West Texas Intermediate (USD/bbl) against rack pricing in Victoria for the last 18 months is presented in the table on the following page.

Up until January 2011, world oil prices averaged around US\$80/bbl and volatility ranged + / - \$5/bbl. Rack pricing during this term did not react significantly to the volatility.

Subsequent to the third quarter, world oil prices rose significantly ranging from \$85/bbl to \$112/bbl. Pricing volatility and upward pressure was driven from geopolitical pressures in the Middle East and Africa. In response, rack prices reacted quickly and in step with oil prices. Rack pricing escalation was much quicker than the last time prices escalated to record levels in 2008. Premiums to lock-in fixed price physical contracts increased from 6.0 to 8.5 c/litre building in a higher risk premium given the increased uncertainty in world markets. Oil futures contracts have simultaneously reacted by pricing in the risk premium.

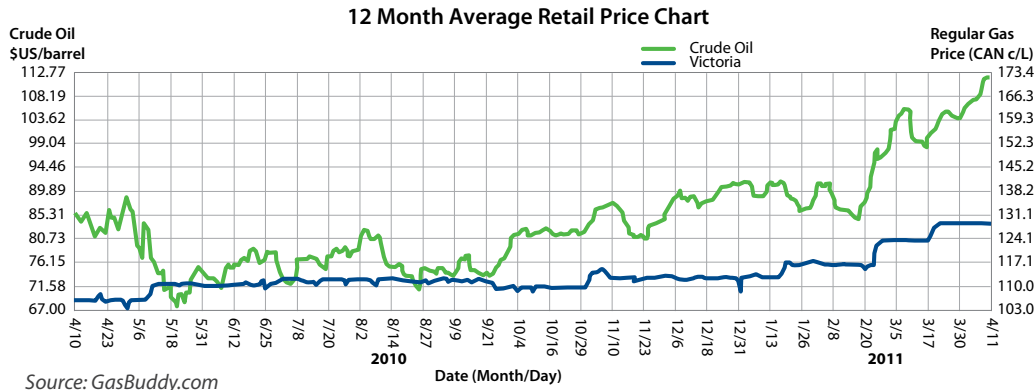
During the year, management undertook a number of actions to manage fuel volatility. BC Transit issued an Invitation to Quote (ITQ) to major fuel suppliers willing to enter into fixed price arrangements. The ITQ invited quotes broken down by major fuel supply regions. Previously, BC Transit awarded provincial supply to a single vendor. The evaluation was structured to allow for single or multiple vendors based on blended bio-diesel rack and indicative pricing in each of the five fuel supply regions.

As a result of the successful ITQ, BC Transit received an annual average volume discount of 2.3c/litre off posted rack rates for volume purchases. This volume discount was 2.2c/litre from April 1, 2010 to August 24, 2010 after which the discount increased to 2.4c/litre for the remainder of the fiscal year.

Additionally, BC Transit acquired surplus value-in-kind fuel from VANOC at an overall discount of 5.6 per cent or roughly 5.9 c/litre. This opportunity arose from BC Transit's strategic partnership with VANOC during the Olympic Games resulting in significant cost savings and effectively hedging approximately 18 per cent of BC Transit's annual budgeted fuel requirements.

Management monitors locking-in fixed pricing on fuel supply; however, due to the significant premium attached to fixing prices an agreement was not executed in the fiscal year. Management is exploring other strategies to manage the increasing cost pressure and volatility associated with fuel prices.

Looking forward, market uncertainty remains high. Crude oil prices are at their highest levels since 2008, prior to the economic crisis and subsequent global recession. Political unrest in oil producing countries have impacted supply but have more significantly impacted pricing which has



built in a substantial risk premium. Pricing, current and futures, has also been impacted by:

- Inventory supplies;
- Increasing demand from developing economies;
- Diminishing oil reserves replacement (supply);
- Investors and asset managers who have shifted a significant amount of funds into commodities and emerging markets over the last two years;
- Uncertainties over global economic recoveries, primarily in the US and Europe; and
- Geopolitical risks and uncertainties

It is anticipated that higher fuel costs will increase the cost of raw materials which could prolong an already uncertain economic recovery. As a result, oil futures pricing curves are on a decline for the next four years and then begin to increase thereafter.

Insurance

In 2009/10, management, with external insurance specialists, reviewed the Captive Insurance Program and the Board of Directors approved the withdrawal from the program. BC Transit held a 10 per cent interest in the Transportation Property and Casualty Company Inc. (the “Captive”). The Captive served as a shared insurance services entity jointly owned and managed with the South Coast British Columbia Transportation Authority. The investment in the Captive was disposed of in the year. The new insurance coverage includes increased insurance coverage through the Insurance Corporation of British Columbia (“ICBC”) and the purchase of stand-alone insurance policies. The new insurance program was put in place effective April 1, 2010.

Maintenance

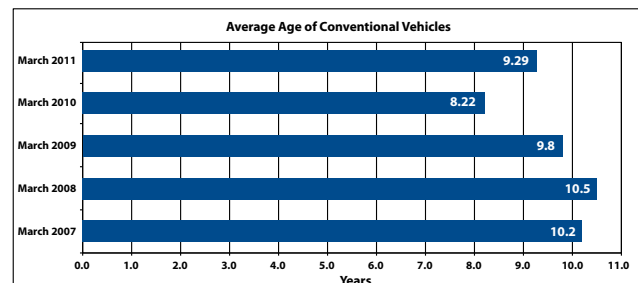
Fleet Maintenance

Total fleet maintenance was favourable to target by \$3.9 million or 11.2 per cent (an increase from 2009/10 of \$0.8 million or 2.7 per cent). The favourable variance from target is primarily attributable to savings within the Regional Systems where there has been increased fleet inspections, the major capital maintenance program, warranty recoveries as well as the impact of the preventive maintenance program.

Fleet maintenance expenditures are a function of expansion, fleet age and fleet diversity. Service hour expansion has resulted in higher overall maintenance costs; however, on a cost per hour basis, fleet maintenance has decreased year over year by \$0.07/hour.

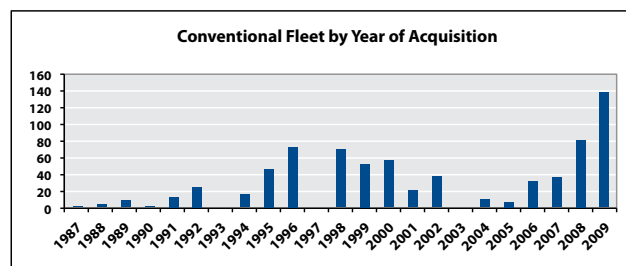
Maintenance costs for running repairs, major component overhauls and mid-life tune-ups are largely attributable to the age of the fleet, increasing costs of parts, labour and outside service providers, and the technological complexity of newer vehicles. This includes complexity due to increasingly stringent environmental standards. Maintenance costs are also impacted by the Canadian dollar, higher shipping costs, diminishing options in the supply chain network and base metal costs. Most parts originate from American or European suppliers.

BC Transit’s fleet replacement and expansion capital plan will in part mitigate some of these cost pressures in future years.



Maintenance costs for older fleets increase significantly as they near the end of their useful life, particularly those in which significant maintenance has been deferred. However, depending on the costs of major capital investment, lifecycle analysis can indicate it is still economic to maintain these vehicles rather than replace them outright and incur significant write-offs in addition to accelerated fleet replacement debt service charges. Additionally, the increasing complexity of the transit fleet continues to contribute to increased parts costs and resource demands. A significant amount of the conventional fleet requires upgrades and major retrofits; particularly those fleet assets that have reached their mid-life.

The chart below summarizes the number of conventional fleet by year they were acquired. Most conventional fleet has a 20 year estimated useful life. Conventional fleet with a 20 year useful life requires significant refurbishment and major capital maintenance; particularly at mid-life. Older assets require significant maintenance in order to meet their full economic life. These costs are offset by the acquisition of a significant amount of new fleet for both replacement and expansion in the year.



In 2009/10, BC Transit undertook a lifecycle cost analysis on new vehicles. The lifecycle cost analysis included acquisition cost, major capital maintenance, running repairs, fuel economy, parts obsolescence, environmental impact and supply chain costs. The industry standard for fleet life has reduced as many transit agencies now amortize and replace fleet based on a 12-14 year life. BC Transit's analysis recommended asset life on future fleet acquisitions be reduced to the industry standard. This will result in a significant reduction in major capital maintenance including mid-life refurbishments.

To better manage and maintain the fleet, management has developed a Long Range Maintenance Plan (LRMP). The LRMP includes analysis of the existing and planned future fleet, maintenance requirements, capacity and labour constraints and funding requirements. Future fleet maintenance will be conducted under the LRMP to ensure the most efficient and effective use of assets. It will also result in a maintenance program that is proactive rather than reactive in nature.

Another major improvement in vehicle asset management was the introduction of "asset componentization". Under componentization assets are capitalized and amortized on a "component" basis rather than a "single asset" basis. Under a component approach, an asset is broken down into its major components that have significantly different useful lives. As a result of the change, a significant portion of the expenditures incurred under BC Transit's long range maintenance plan which were previously expensed are now capitalized and amortized over their estimated useful lives.

The change to component-based capitalization and amortization more accurately reflects asset capitalization principles and the useful life of the long range maintenance plan expenditures. Management believes that the change in accounting policy will also provide increased comparability between both current and future industry practice. Further, moving component replacement to the capital program results in improved program oversight and mitigates the volatility and impact of significant maintenance costs being incurred in a given year – also resulting in improved funding predictability for all funding partners.

Other fleet management initiatives implemented during 2010/11 include:

- First full operating year of the demonstration fuel cell bus fleet in Whistler;
- Successful trial of a prototype low floor community bus (known as the Vicinity);
- Retirement of all high floor conventional buses and achieving a 100 per cent accessible conventional fleet;
- Full implementation of the major capital maintenance program (long range maintenance program);
- Improved warranty recoveries – exceeding \$0.85 million; and
- Completion of the province wide fleet realignment plan.

Facilities Maintenance

Facilities maintenance costs were lower than target by \$190,000 or 3.0 per cent (a decrease from 2009/10 of \$1.3 million or 6.3 per cent). This is primarily a result of lower than anticipated maintenance in the Regional Transit Systems and reduced property taxes. Many of BC Transit's facilities are near the end of their useful life and require increasing repair and modifications to meet the physical requirements of expanding service levels. In addition, a number of facilities are at or operating beyond capacity which is a driver for maintenance costs and future facilities expansion. Increased growth and

expansion of the fleet to meet Provincial Transit Plan targets will put additional pressure on existing facilities.

The capital plan includes a long-term phasing strategy for facilities. Capital planning initiatives are underway to deal with the capacity issues summarized in the following table.

Location	Land	Building	Construction Date	Estimated Remaining Capacity
Victoria Custom Facility	owned	owned	1987	(23%)
Kelowna	leased	owned	1999	(20%)
Victoria Garage	owned	owned	1952	(15%)
Campbell River	leased	leased	1990	(10%)
Kamloops	owned	owned	1982	(8%)
Vernon	leased	leased	1981	(8%)
Victoria Administration	owned	owned	1989	(5%)
Dawson Creek	leased	leased	2002	0%
Fort St. John	leased	leased	1979	0%
Central Fraser Valley	leased	leased	2000	5%
Langford	leased	owned	1998	5%
Trail	leased	leased	1981	15%
Whistler	leased	owned	2009	55%

Construction of a new facility in Whistler was completed in early 2010. Construction on a new facility in Vernon commenced in 2010, with completion anticipated in winter 2011. Significant design work for a facility in Kamloops was completed in 2010, with construction starting in May 2011. Completion of the Kamloops facility is estimated for the fall of 2012. Expansion planning has begun for facilities in Central Fraser Valley, Kelowna, and Victoria. These facilities are required in order to replace deteriorating assets and meet service expansion targets in each of these core growth areas.

Administration

Total administration expenses were \$1.4 million or 6.2 per cent favourable to target (\$1.3 million or 6.3 per cent over 2009/10). The increase from 2009/10 is associated primarily due to incremental costs for planning, execution and promotion of the service expansion through the Provincial Transit Plan. Other corporate initiatives to meet the goals of the Provincial Transit Plan have also increased administrative costs, including climate action initiatives, increased safety and security measures and increased expenditures on master planning, information technology and business development.

Administrative costs face on-going pressures, many of which include increased support and demands from provincial and municipal funding partners and customers. Other cost drivers are regulatory including compliance with increasing environmental standards. Regardless of these cost pressures, BC Transit's administrative costs benchmark well below national averages primarily due to the shared services business model which achieves significant economies of scale. BC Transit will continue to leverage the strength of the shared services model and achieve greater operational, capital and financial efficiencies as it continues to experience significant growth. BC Transit's systems continue to benchmark favorably to comparable benchmark systems due to the shared services model as demonstrated in Appendix A3.

Debt Service

Net debt service costs represent those capital program costs recoverable from local partners. The lower than targeted net debt service cost is primarily attributable to the later than planned capital spending and anticipated in-service dates relating to project timing on bus acquisitions, facilities, information technology and major capital maintenance expenditures.

Other Revenues and Expenditures

Investment and other income of \$3.4 million are higher than target by \$0.1 million. This balance consists of interest earned on bank deposits, short term deposits and debt sinking funds and other special purpose funding. The variance from target is due to the diesel retrofit program. BC Transit received funding of \$1.15 million for the project, which is 75 per cent complete by year end. Accordingly, \$0.3 million of the funding has been deferred and will be recognized when the related expenditure is incurred.

Foreign exchange and derivatives of \$0.4 million consist of gains from the revaluation of foreign currency balances.

Included in the Statement of Net Assets are mark to market losses on recording debt sinking funds at fair value. The recognition of debt sinking funds at fair value are recorded in Net Assets until they are realized at which time they are recognized in income.

Balance Sheet

BC Transit operates on a cost recovery basis. Consequently, transit operations do not generate changes in the corporate balance sheet other than working capital shifts caused by the timing and realization of expenditures as well as the impact of the capital expenditure program.

Debt Service

Description	2009/10	2010/11		Variance From Target
	Actual	Target	Actual	
Amortization of Capital Assets	28,269	48,299	46,644	1,655
Vancouver Assets – Amortization Expense	32,654	32,654	32,654	0
Long Term Debt Interest	7,908	10,954	9,153	1,801
Debt Service Cost	68,831	91,907	88,451	3,456
Less:				
Amortization of Deferred Capital Contributions	14,024	27,089	30,151	(3,062)
Vancouver assets – Amortization of Deferred Capital Contributions	31,242	31,242	31,242	0
Amortization of Net Assets	1,412	1,412	1,412	0
Sinking Fund Interest *	1,865	2,595	1,871	724
Net Debt Service Cost	20,288	29,569	23,775	5,794

* A component of Investment and Other Income

The capital program and its related financing is the major balance sheet driver. In this regard, BC Transit is increasing capital expenditures in line with Provincial Transit Plan requirements. Capital grants from federal and provincial funding partners are accounted for as deferred contributions and amortized on the same basis as the related asset. The local share of expenditures is financed by fiscal agency loans arranged through the Debt Management Branch of the Ministry of Finance. Debt service costs are recovered from the local partner.

Capital Expenditures

The BC Transit long term capital plan has grown substantially. Significant expenditures in 2010/11 included:

	\$ Thousands
Vehicle Projects	\$12,394
Facilities Projects	\$13,417
Rapid Transit Projects	\$5,969
Other (farebox, equipment, IT)	\$7,460
Total Capital Expenditures	\$39,240

The 3 year capital plan as presented in the 2011/12 – 2013/14 service plan is summarized below:

BC Transit Capital Plan (figures in 000's)	2011/12	2012/13	2013/14	Total
Province – Capital Grants	63,880	86,720	125,470	276,070
Municipalities – Fiscal Agency Loans	86,790	103,310	140,150	330,250
Other	11,680	16,930	45,100	73,710
Total Capital Projects	162,350	206,960	310,720	680,030

BC Transit's capital plan reflects the increased Provincial and local government investment associated with replacing deteriorating assets or expanding the asset base as required to meet the goals of the Provincial Transit Plan. While vehicle purchases have historically comprised the majority of capital spending, facility replacement or expansion projects are now 55 per cent of the forecast in 2011/12 and 35 per cent of spending over the next five years. Significant investment is now required in operations and maintenance facilities, exchanges, and park and rides to meet increasing demand for transit services. Rapid transit services are now at the forefront, with substantial spending allocated to rapid transit projects in Victoria and Kelowna. Information technology improvements will also be required to sustain core business functions and allow for future enhancements to the transit system.

Vehicle acquisition continues to be a core component of the capital plan, with bus replacements planned at the end of their useful lives, and procurement smoothed over the five year period. This strategy ensures the replacement schedule remains affordable, and allows BC Transit to provide suppliers with a predictable replacement schedule so that availability can be aligned accordingly. Furthermore, service expansion across the province necessitates the purchase of expansion vehicles to meet additional service hours.

Hydrogen Fuel Cell Program

BC Transit is leading the way in adopting new technologies that support sustainable practices and reduce greenhouse gas emissions. From introducing North America's first low-floor conventional and double-deck buses, to using hybrid technology within its fleet, BC Transit is delivering the world's largest demonstration fleet of hydrogen fuel cell powered buses operating in a single location.

The demonstration fleet supports the:

- Hydrogen Highway;
- Clean Transportation Technology Initiative;
- BC Climate Action Plan; and
- The Provincial Transit Plan.

The incremental cost of the program is funded by the Government of Canada and Province of British Columbia. BC Transit is the Crown Corporation charged with the delivery, operation and evaluation of the demonstration fleet.

During the 2010 Olympic and Paralympic Winter Games, the world's largest demonstration fleet of hydrogen fuel cell powered buses operating in a single location was showcased in Whistler. The zero emission buses were developed as part of the Government of British Columbia's plan to reduce greenhouse gas emissions by 33 percent by 2020. The project includes 20 hydrogen fuel cell buses and the infrastructure required for fuelling. The fueling infrastructure represents the largest hydrogen transportation fueling station in the world.

The total budget of the demonstration project is \$89.5 million, covering capital and operating costs to March 2014. The funding partners are:

- Government of Canada (\$45 million through the 2006 Public Transit Capital Trust Fund)
- Government of British Columbia (\$26.7 million)
- Resort Municipality of Whistler (\$16.8 million)
- Canadian Hydrogen Fuel Cell Association (\$1 million)

Lifecycle costs for the fuel cell buses will be evaluated over the next few years to determine how they compare to current internal combustion engine technology. The outcome of this demonstration program will determine if hydrogen fuel cell buses can be put into service in other communities.

Working Capital Changes

Cash and cash equivalents increased year over year by \$17.7 million due primarily to working capital timing of receipts and payments. Accounts receivable decreased year over year by \$2.6 million due to the collection of deferred fuel cell funding of \$1.1 million and a decrease in receivables from municipalities, trade and other by \$1.5 million. Accounts payable and accrued liabilities are down year over year by \$3.9 million due to the reduction in activity occurring at year end including capital projects and the Olympics. The March 31, 2010 balance included accruals on capital projects where payments were released subsequent to year end.

Critical Accounting Estimates

The preparation of BC Transit's financial statements requires management to adopt accounting policies that involve the use of significant estimates and assumptions. These estimates and assumptions are developed based on the best available information and are believed by management to be reasonable under the existing circumstances. New events or additional information may result in the revision of these estimates over time. A summary of the significant accounting policies used by BC Transit can be found in the notes to the financial statements.

Significant Accounting Changes

Future Changes

Effective April 1, 2012, BC Transit will be transitioning to Public Sector Accounting Standards ("PSAB") on a retrospective basis. BC Transit is reviewing the impact of this change on the financial statements.

Opportunities and Risk Factors

Long Term Funding

Both local and provincial funding partners confirm budgets annually. Consequently, only the current year's funding levels are committed. Subsequent years' funding will be impacted by prevailing economic conditions.

The current economic uncertainty can impact transit programs. Ridership may decline as overall travel usually decreases in a slower economy. Local governments are responsible for funding their share of total transit costs and are also credited with passenger revenues as a funding source by virtue of the funding model. Accordingly, local governments absorb the risk of revenue shortfalls when they may occur. Several communities' ridership growth and demands for increased service exceed the capacity of the transit system to respond and expand. The funding requirements for infrastructure replacement, operating cost inflation and service expansion will continue to put pressure on provincial and local governments to fund user demand for service.

Fuel Prices

The single largest financial risk is fuel pricing. Fuel price volatility remains high and is anticipated to escalate with the recovery of the global economy. BC Transit has implemented a commodity price risk management program to mitigate the risk of fuel price volatility. The program includes entering into fixed price supply

agreements on a portion of fuel consumption to contain the cost volatility and identifying other initiatives to realize cost savings to market such as large volume bulk purchases to mitigate risk.

Maintenance

The cost of fleet maintenance has increased over the past five years. Maintenance costs for running repairs, major component overhauls and mid-life tune-ups are largely attributable to the age of the fleet, increasing costs of parts and the technological complexity of newer vehicles. Maintenance costs may also fluctuate due to volatility in foreign exchange as most parts originate from American or European suppliers. To mitigate volatility associated with maintenance costs, BC Transit has implemented a preventive maintenance program that is proactive rather than reactive in nature. A change in accounting policy in 2009 also shifted major capital maintenance from the operating program to the capital program whereby expenditures are capitalized and amortized over their estimated useful lives. This treatment better reflects best practices and reduces funding volatility associated with these costs.

Labour Force Challenges

To implement the services anticipated over the next three years will require an estimated 70 additional staff at BC Transit to operate the Victoria Regional Transit System and provide the professional and administrative services supporting the provincial network.

Additional new jobs will be required by contract operators delivering transit service in the remainder of the province. Loss of or failure to attract and retain key personnel could have an adverse effect on the ability to deliver the Service Plan. BC Transit administers three collective agreements for the Victoria Regional Transit System. Unionized BC Transit employees are represented by Canadian Autoworkers (CAW); Canadian Office & Professionals Employee's (COPE); and the Canadian Union of Public Employees (CUPE). The CAW and COPE agreements expire March 31, 2012 and the CUPE agreement expire on December 31, 2012. Should BC Transit be unable to negotiate an acceptable contract after any of these collective agreements expire with any of the unions, a labour disruption or work stoppage could occur. Further, BC Transit relies on third party operators – some of whose workforces are also unionized. If those workers engage in strike or other similar work stoppages, operations of BC Transit systems could be disrupted.

Taxation

Changes in taxation legislation and regulatory requirements may have a financial impact. The Province of British Columbia announced the harmonization of Provincial sales tax with the federal goods and services tax regime, effective July 1, 2010. Harmonized sales tax (HST) standardizes and integrates the collection of formerly separate Provincial sales taxes and the federal goods and services tax. Other regulatory changes that could have a financial impact include environmental legislation and changes to procurement and accounting requirements.



Provincial Climate Action Initiatives

The key document guiding BC Transit development plans is the Provincial Transit Plan announced in January 2008. This document, which supports the provincial climate action initiatives, calls for ridership to double in British Columbian communities over the next 20 years. In response, BC Transit completed a long term strategic plan – Shaping Our Future – to identify the requirements of achieving Provincial objectives.

To achieve these objectives, BC Transit is investing in new services, new physical and technical infrastructure and is seeking to take a more significant role in influencing urban form. In addition, long term master plans (referred to as Transit Future Plans) are being developed for all transit systems serving populations of 25,000 or more throughout the province to chart the course for transit expansion aimed at achieving provincial goals.

BC Transit will continue to work with local partners in support of local plans to develop more compact, sustainable and efficient communities so as to reduce energy use and greenhouse gas emissions; and to advance Regional plans that support increased population and employment densities near transit hubs and along transit corridors.

In line with the carbon neutral government regulation, BC Transit reports greenhouse gas emissions on a calendar year basis. In 2010 BC Transit offset 1,422 tonnes of regulated emissions.

Economic Uncertainty

The current economic uncertainty is affecting transit programs in many ways. The volatility of commodity prices and currency rates, in particular with respect to oil and metals has a direct impact on the cost of providing transit services. Fuel and parts (the two items most immediately affected by price fluctuations) comprise 11 per cent of BC Transit's costs.

Economic downturns can reduce transit ridership as overall travel usually decreases in a slower economy. Alternatively, the economic downturn may result in a softening of contracted services rates if local labour markets cool off.

BC Transit will be working closely with its local partners to monitor transit system performance. Prudent financial management practices will be used to control costs and ensure performance is maintained in the top quartile of transit properties. Management has developed a long term commodity price risk management program to mitigate the risk of price fluctuations.

Growing Demand

Throughout the province, BC Transit services are experiencing unprecedented demand. Ridership increased by 5 per cent in 2010/11 (2.5 per cent during 2009/10) and 20 per cent since the Provincial Transit Plan's base year of 2006/07. The ridership growth indicates the success of improved transit service. Transit ridership has also been influenced by growing concern with respect to the environment and the costs of driving. However, in several communities ridership growth exceeds the capacity of the transit system to respond and expand. The continued rapid growth challenges the financial capacity of funding partners to supply additional service, expanded bus fleets and associated infrastructure.

Outlook

BC Transit's 2011/12 – 2013/14 Service Plan describes the transit program to be undertaken in the next three years in response to Shareholder's direction. The plan can be found on BC Transit's website at: http://bctransit.com/corporate/general_info/annual_reports.cfm

The coming years are expected to include several challenges for BC Transit and its service partners. The slow economic recovery has placed a significant amount of stress on funding partners and cost volatility, primarily relating to fuel and fleet related expenditures which could create cost and funding pressures. A significant amount of capital investment required to maintain and expand fleet and facilities will create further cost and funding pressures. Management is implementing plans to help mitigate these risks to the extent possible. The future will challenge BC Transit but will also provide significant opportunities.

REPORT OF MANAGEMENT

Year ended March 31, 2011

The consolidated financial statements of British Columbia Transit (“BC Transit”) are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles and include some amounts based on management’s best estimates and careful judgment. A precise determination of many assets and liabilities is dependent upon future events and, consequently, the preparation of periodic 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, 2011.

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 in all material respects, present fairly the financial position, results of operations and cash flows in accordance with Canadian generally accepted accounting principles. Their report follows. The Board of Directors meets regularly with management and the external auditors to satisfy itself that the company’s system of internal control is adequate, to ensure that responsibilities for financial reporting are being met, and to provide an opportunity for full and open access to the Board of Directors in respect to financial reporting matters. The Board of Directors, through its Audit, Finance and Risk Management Committee, has received the consolidated financial statements including the risks thereto with management and the Auditor General. The Board of Directors have approved the information contained in the consolidated financial statements based on the recommendation of the Audit, Finance and Risk Management Committee.

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



Manuel Achadinha
President and Chief Executive Officer



Michael Kohl, CA
Vice President, Finance and Chief Financial Officer

May 26, 2011



INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of British Columbia Transit (“the Entity”) and its subsidiaries, which comprise the consolidated balance sheet as at March 31, 2011, and the consolidated statements of operations, changes in net assets and cash flows 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 and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines, is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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 and fair presentation 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 financial statements.

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

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of British Columbia Transit and its subsidiaries as at March 31, 2011, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Victoria, British Columbia
May 26, 2011

John Doyle, MAcc, CA
Auditor General

BRITISH COLUMBIA TRANSIT

Consolidated Balance Sheet

(Expressed in thousands of dollars)

March 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Current assets:		
Cash and cash equivalents (note 3)	\$ 54,034	\$ 36,344
Accounts receivable:		
Provincial and Federal	-	1,078
Municipalities	9,654	10,671
Trade and other	10,569	11,038
Prepaid expenses	1,072	1,331
Inventory	120	267
	<u>75,449</u>	<u>60,729</u>
Debt sinking funds (note 5)	51,531	42,049
Prepaid lease payments (note 6)	877	919
Capital assets (note 7)	336,742	346,209
Vancouver assets - assets under lease (note 8)	713,391	746,045
Investment in Transportation Property and Casualty Company Inc. (note 4)	-	20
	<u>\$ 1,177,990</u>	<u>\$ 1,195,971</u>
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 31,384	\$ 35,297
Deferred revenue (note 9)	2,035	3,746
Current portion of long-term debt (note 10)	9,918	8,363
Current portion of obligations under capital leases	-	22
	<u>43,337</u>	<u>47,428</u>
Long-term debt (note 10)	196,485	170,782
Obligations under capital leases	-	115
Deferred contributions (note 11)	5,298	4,733
Deferred capital contributions (note 12)	860,046	900,095
	<u>1,105,166</u>	<u>1,123,153</u>
Net Assets		
Contributed surplus	63,224	64,636
Accumulated net assets	9,600	8,182
	<u>72,824</u>	<u>72,818</u>
Commitments and contingencies (note 18)		
	<u>\$ 1,177,990</u>	<u>\$ 1,195,971</u>

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:



Director



Director

BRITISH COLUMBIA TRANSIT

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Operations	\$ 65,127	\$ 60,679
Investment and other income	3,404	3,361
Olympic and Paralympic Games – transit operations (note 14)	-	1,019
Olympic and Paralympic Games – VANOC contributions (note 14)	-	5,261
	68,531	70,320
Expenses:		
Operations	134,409	124,025
Maintenance	37,925	37,772
Administration	21,312	20,040
Interest on long-term debt	9,153	7,908
Amortization of capital assets	46,644	28,269
Olympic and Paralympic Games (note 14)	-	6,262
	249,443	224,276
Recoveries:		
Contributions from the Province of British Columbia:		
Operating grants	83,633	79,105
Other	338	844
Contributions from municipalities (note 11)	66,793	60,840
Amortization of deferred capital contributions - capital assets	30,151	14,024
	180,915	154,813
Net revenue from transit operations	3	857
Other:		
Vancouver assets - amortization expense (note 8)	(32,654)	(32,654)
Vancouver assets - amortization of deferred capital contributions (note 12)	31,242	31,242
Gain on disposal of capital assets	242	-
Gain on foreign exchange and derivatives	375	273
	(795)	(1,139)
Net expenses for the year	\$ (792)	\$ (282)

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA TRANSIT

Consolidated Statement of Changes in Net Assets
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

	Accumulated net assets	Contributed surplus	Total 2011	Total 2010
Balance, beginning of year	\$ 8,182	64,636	72,818	72,812
Net expenses for the year	(792)	-	(792)	(282)
Unrealized gain from change in fair value of debt sinking funds	798	-	798	288
Amortization of contributed surplus – Vancouver assets (note 8)	1,412	(1,412)	-	-
Balance, end of year	\$ 9,600	63,224	72,824	72,818

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA TRANSIT

Consolidated Statement of Cash Flows
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operations:		
Net expenses for the year	\$ (792)	\$ (282)
Items not involving cash:		
Amortization of capital assets	46,644	28,269
Vancouver assets – amortization expense	32,654	32,654
Amortization of deferred capital contributions	(61,393)	(45,266)
Feasibility project expenses	1,482	-
Gain on disposal of capital assets	(242)	-
Net changes in non-cash operating working capital:		
Accounts receivable	2,564	(4,948)
Prepaid expenses	259	5
Inventory	147	(181)
Accounts payable and accrued liabilities	(3,913)	16,263
Deferred revenue	(1,711)	(7,572)
	15,699	18,942
Investing:		
Proceeds from disposal of investment in TPCC	20	-
Proceeds from sale of capital assets	865	-
Additions to capital assets and prepaid leases	(39,240)	(150,917)
	(38,355)	(150,917)
Financing:		
Increase in deferred contributions	565	2,859
Capital lease payments	(137)	(22)
Proceeds on issuance of long-term debt	35,596	58,158
Repayments on long-term debt	(8,338)	(10,181)
Proceeds on disposition of sinking funds	4,916	6,989
Sinking fund payments	(13,600)	(9,557)
Deferred capital contributions received	21,344	96,533
	40,346	144,779
Increase in cash and cash equivalents	17,690	12,804
Cash and cash equivalents, beginning of year	36,344	23,540
Cash and cash equivalents, end of year	\$ 54,034	\$ 36,344

Supplemental cash flow information (note 3)

See accompanying notes to consolidated financial statements.

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

1. Purpose:

British Columbia Transit (“BC Transit”) was 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, on behalf of the Victoria Regional Transit Commission, is responsible for the administration of all funds raised by certain tax levies. The financial position and changes in the funds during the year are set out in note 13.

2. Summary of significant accounting policies:

The accompanying consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations and include the accounts of BC Transit and its wholly owned subsidiaries. All inter-company balances and transactions have been eliminated on consolidation. Funds held in trust are excluded from the financial statements.

The significant accounting policies are disclosed below:

(a) Short-term investments:

Short-term investments are classified as held for trading and carried at fair value.

(b) Parts inventory:

Parts inventory is recorded at cost and included in capital assets as it has an estimated useful life greater than the normal operating cycle. A provision is made for assets that no longer have service potential or are removed from service.

(c) Debt sinking funds:

Debt sinking funds, consisting of pooled investment portfolios and Canada, Provincial government and Crown Corporation bonds, are classified as available for sale and recorded at fair value. Fair values are determined on the basis of quoted bid price.

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

2. Summary of significant accounting policies (continued):

(d) Capital assets:

- (i) All capital assets, including major replacements and improvements, are recorded at cost, including capitalized interest as described in note 2(f).
- (ii) Amortization is provided on the basis that results in a matching of these charges with BC Transit's statutory power to recover the cost of the related assets. Contributed assets are not subject to recovery and are amortized over their estimated useful lives. All assets are amortized on a straight line basis. Estimated useful lives for capital assets are as follows:

Category:	Estimated Useful Life:
Land	not applicable
Leasehold improvements	term of lease
Buildings	5 – 30 years
Revenue vehicles	
- Main asset	2 - 20 years
- Major components	2 – 11 years
- Hydrogen fuel cell fleet	5 – 10 years
Non-revenue vehicles	10 years
Hydrogen fueling station	5 years
Equipment and other capital assets	4 – 20 years

(e) Investment in Transportation Property and Casualty Company Inc.:

BC Transit's 10% interest in Transportation Property and Casualty Company Inc. is recorded on the cost basis of accounting.

(f) Capitalization of interest:

Interest incurred in connection with capital acquisitions and construction is capitalized.

(g) Revenue recognition:

BC Transit follows the deferral method of accounting for contributions. Contributions from third parties for defined purposes are recognized as revenue in the year in which the related expenses are incurred. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets. Unrestricted contributions and other revenue are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured, and performance criteria have been met.

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

2. Summary of significant accounting policies (continued):

(h) Leases or arrangements containing a lease:

Leases or other arrangements entered into for use of property, plant and equipment are classified as either capital or operating leases. Leases or other arrangements that transfer substantially all of the benefits and risks of ownership of property to BC Transit are classified as capital leases. Equipment acquired under capital leases is amortized over the lesser of the term of the lease and estimated useful life. Rental payments under operating leases are expensed as incurred.

(i) Deferred capital contributions:

Deferred capital contributions include the unamortized portions of capital asset contributions. Contributions for capital projects are provided by capital grants from the Province and from the federal government. These are recorded by BC Transit as deferred capital contributions and are recognized in the statement of operations on the same basis as the related assets are amortized. This matches the amortization of the deferred capital contributions with the expenditures incurred through amortization of the capital assets acquired with the funds.

(j) Employee future benefits:

BC Transit and its employees contribute to the Public Service Pension Plan (the "Plan"), a jointly trustee pension plan. The Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of the benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The Plan has about 57,000 active plan members and approximately 36,000 retired plan members. Required contributions to the Plan are expensed as incurred.

Every three years an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of Plan funding. The most recent valuation as at March 31, 2008, indicated a \$486,591 surplus for basic pension benefits. The actuary does not attribute portions of the surplus to individual employers. The next required valuation is March 31, 2011 with results available in 2012. BC Transit paid \$4,025 (2010 - \$3,827) for employer contributions to the Plan in fiscal 2011.

(k) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 financial statements and the reported amounts of revenue and expenditures during the reported periods. Significant areas requiring the use of management estimates include the determination of amortization periods and certain accrued liabilities. Actual results could differ from the estimates. Adjustments, if any, are reflected in operations in the period of settlement or when revisions to estimates are made.

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

2. Summary of significant accounting policies (continued):

(l) Income and capital taxes:

BC Transit is exempt from Canadian federal and British Columbia provincial income and capital taxes.

(m) Impairment of long-lived assets:

BC Transit monitors the recoverability of long-lived assets, including capital assets, whenever events or changes in circumstances indicate that the asset no longer has service potential. When a capital asset no longer contributes to BC Transit's ability to provide transit services, its carrying value is written down to residual value with the write-down recorded as an expense in the period.

(n) Financial instruments:

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity of another party. Financial assets include cost and rights to receive cash or another financial instrument from another party. Financial liabilities represent contractual obligations to deliver cash or other financial instruments to another party.

Cash and cash equivalents, including short-term investments and all derivative financial instruments are classified as held for trading and carried at fair value with unrealized gains or losses recorded in current year operations.

Accounts receivable, accounts payable and accrued liabilities and long-term debt are all initially recorded at fair value and then carried at amortized cost thereafter. Transaction costs and debt premiums or discounts are reflected in the carrying amount of long-term debt and amortized on an effective interest rate basis.

Investments in sinking funds are classified as available for sale and carried at fair value. The unrealized change in fair value is reflected as an adjustment to accumulated net assets to be recorded in income when realized.

(o) Future accounting standards:

Effective April 1, 2011, BC Transit will be transitioning to Public Sector Accounting Standards ("PSAB") on a retrospective basis. BC Transit is reviewing the impact of this change on the consolidated financial statements.

(p) Comparative figures:

Certain 2010 comparative figures have been reclassified to conform with the financial statement presentation for the current year.

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

3. Cash and cash equivalents:

BC Transit considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less as cash and cash equivalents.

(a) Major components of cash and cash equivalents are as follows:

	2011	2010
Cash	\$ 15,616	\$ 4,003
Short-term investments	38,418	32,341
	\$ 54,034	\$ 36,344

(b) Supplemental cash flow information:

	2011	2010
Cash paid during the year for:		
Interest on long-term debt	\$ 9,372	\$ 7,479
Cash received:		
Interest on investments	1,871	1,865

4. Investment in Transportation Property and Casualty Company Inc.:

During the year, the Board of Directors approved the withdrawal from Transportation Property and Casualty Company Inc. ("TPCC"), including the disposal of its shareholdings of \$20,000, the commencement of an orderly settlement of claims and obtaining a stand-alone insurance coverage. The program was placed effective April 1, 2010.

5. Debt sinking funds:

Investments held in the sinking funds, including interest earned, are to be used to repay the related debt at maturity.

Investment income in 2011 includes \$349 (2010 - \$200) of realized gains on disposition of investments in the sinking funds.

Sinking funds and related investments are managed by the British Columbia Investment Management Corporation ("BCIMC"). Investment management fees totaling \$20 (2010 - \$11) were paid directly from individual portfolios to BCIMC.

6. Prepaid lease payments:

BC Transit has long term operating leases over land, which do not qualify for capitalization and as such, prepayments of lease costs have been deferred and are amortized on a straight line basis over the term of the operating lease agreement. The amortization periods range from 5 to 40 years.

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

7. Capital assets:

March 31, 2011	Carrying value	Accumulated depreciation and amortization	Net book value
Land	\$ 2,608	\$ -	\$ 2,608
Leasehold improvements	11,680	2,716	8,964
Buildings	37,361	16,409	20,952
Revenue vehicles:			
Main asset	307,701	140,507	167,194
Major components	47,972	13,333	34,639
Hydrogen fuel cell	52,648	10,923	41,725
Non-revenue vehicles	539	135	404
Hydrogen fuel station	9,810	2,446	7,364
Equipment and other	25,447	17,860	7,587
Capital projects in progress	37,139	-	37,139
Capital inventory	8,166	-	8,166
	\$ 541,071	\$ 204,329	\$ 336,742

March 31, 2010	Carrying value	Accumulated depreciation and amortization	Net book value
Land	\$ 2,608	\$ -	\$ 2,608
Leasehold improvements	10,103	2,087	8,016
Buildings	36,707	14,942	21,765
Revenue vehicles:			
Main asset	310,624	130,819	179,805
Major components	44,508	6,628	37,880
Under capital lease	294	158	136
Hydrogen fuel cell	51,624	1,237	50,387
Non-revenue vehicles	337	121	216
Hydrogen fuel station	10,807	180	10,627
Equipment and other	23,030	14,876	8,154
Capital projects in progress	18,086	-	18,086
Capital inventory	8,529	-	8,529
	\$ 517,257	\$ 171,048	\$ 346,209

During the year, \$623 (2010 - \$148) of equipment was recognized as a write-down when the equipment was removed from service.

Interest capitalized for capital projects in 2011 was \$482 (2010 - \$1,903).

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

8. Vancouver assets - assets under lease:

These capital assets under lease consist of land, land improvements, stations, guideways and other assets related to the SkyTrain system and West Coast Express. These assets are made available to the South Coast British Columbia Transportation Authority ("SCBCTA") for their use pursuant to an Order in Council and operating lease and represent one of the Province's contributions toward public transportation in the Metro Vancouver service area.

The operating lease arrangements with SCBCTA are for one dollar per year under an initial 15-year term to 2014, with additional five-year renewal periods upon the agreement of BC Transit and the SCBCTA.

Amortization on the Vancouver assets under lease is offset in part, by amortization of capital grants and in part by the amortization of contributed surplus. As a result of this treatment, there is a \$1,412 expense in excess of related amortization of deferred capital contributions that is recognized in net income each year over the life of these assets. This difference reverses in Net Assets through the transfer of the related contributed surplus.

March 31, 2011	Carrying value	Accumulated amortization	Net book value
SkyTrain	\$ 1,204,098	\$ 553,348	\$ 650,750
West Coast Express	128,848	66,207	62,641
	<u>\$ 1,332,946</u>	<u>\$ 619,555</u>	<u>\$ 713,391</u>

March 31, 2010	Carrying value	Accumulated amortization	Net book value
SkyTrain	\$ 1,204,098	\$ 524,988	\$ 679,110
West Coast Express	128,848	61,913	66,935
	<u>\$ 1,332,946</u>	<u>\$ 586,901</u>	<u>\$ 746,045</u>

9. Deferred revenue:

	2011	2010
Unexpended contributions:		
Provincial funding	\$ 2,035	\$ 2,350
Public Transit Agreement	-	1,396
	<u>\$ 2,035</u>	<u>\$ 3,746</u>

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

9. Deferred revenue (continued):

BC Transit owns certain West Coast Express and SkyTrain infrastructure in Vancouver. The SkyTrain infrastructure included lands surplus to the operation of the Expo Line. In prior years BC Transit has disposed of certain surplus lands. The total proceeds of \$21 (2010 - \$0) are included in deferred revenue. The Ministry of Transportation and Infrastructure granted these and other accumulated funds to BC Transit to use for operating and capital expenditures. \$0 (2010 - \$1,000) was used to purchase capital assets in the year. The remaining unexpended amounts represent funds designated for capital and special projects.

Deferred revenue also includes \$66 (2010 - \$405) received from the Ministry of Environment and held for retro-fitting diesel motors.

BC Transit earned interest of \$3 (2010 - \$27) on deferred capital grants from the Public Transit Agreement. As required under the related contribution agreements, this interest has been deferred.

10. Long-term 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 limit of \$500,000 in total. The Minister of Finance, as BC Transit's fiscal agent, arranges financing at BC Transit's request.

Total fees paid for these fiscal agency services were \$41 (2010 - \$111).

During 2011, BC Transit issued bonds of \$35,596 with a weighted average interest rate of 3.54% and a weighted term to maturity of 11.5 years.

Long-term debt outstanding at March 31 is as follows:

	2011	2010
Sinking fund bonds, weighted average interest rate of 4.77% (2010 – 5.04%), maturing at various dates to 2040, amortized from 5 to 30 years	\$ 206,403	\$ 172,282
Sinking fund bonds under interest rate and currency conversion agreements, effective weighted average interest rate of 5.74 %, maturing at July 2010 amortized over 12 years	-	6,863
	206,403	179,145
Less current portion	9,918	8,363
	\$ 196,485	\$ 170,782

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

10. Long-term debt (continued):

Schedule of long-term debt maturities in each of the next five years are as follows:

2012	\$	9,918
2013		-
2014		9,604
2015		19,275
2016		25,595
Thereafter		142,306

Schedule of long-term debt sinking fund installments in each of the next five years are as follows:

2012	\$	15,766
2013		14,332
2014		13,966
2015		12,393
2016		9,746
Thereafter		38,502

11. Deferred contributions:

Debt service contributions to fund sinking fund and interest payments are recovered from municipal 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.

	2011	2010
Balance, beginning of year	\$ 4,733	\$ 1,874
Contributions from municipalities - Victoria	29,881	28,684
Contributions from municipalities - other municipalities	37,477	35,015
Contributions from municipalities expended	(66,793)	(60,840)
Balance, end of year	\$ 5,298	\$ 4,733

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

12. Deferred capital contributions:

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

	2011	2010
Capital assets:		
Balance, beginning of year	\$ 209,416	\$ 132,394
Contributions and other additions	21,344	91,046
Amortization	(30,151)	(14,024)
Balance, end of year	200,609	209,416
Capital assets under lease:		
Balance, beginning of year	690,679	721,921
Amortization	(31,242)	(31,242)
Balance, end of year	659,437	690,679
	\$ 860,046	\$ 900,095

13. Victoria Regional Transit Fund:

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

	2011	2010
Fund balance, beginning of year	\$ 1,664	\$ 2,075
Revenue:		
Fuel tax	11,423	11,142
Property tax	19,180	16,993
Interest earned	41	138
Contributions	(29,922)	(28,684)
Fund balance, end of year	\$ 2,386	\$ 1,664

14. Net profit from Olympic and Paralympic games:

BC Transit was contracted to provide public transit services along the Sea to Sky corridor during the 2010 Olympic and Paralympic Winter Games. The service provided was incremental to the core service provided in the area during the months of the Games. Operational results have been separately disclosed on the Statement of Operations.

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

15. Financial instruments:

(a) Fair value:

The carrying value of cash and cash equivalents, accounts receivable and accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. The estimated fair value of obligations under capital leases approximates their carrying value as they bear interest at rates approximating current market rates. Debt sinking funds are reflected on the balance sheet at fair value. The fair value of long-term debt at March 31, 2011 is \$226,259 (2010 - \$194,497).

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 and foreign exchange risk and is 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 a physical fixed price agreement 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. Management entered into a fixed price physical supply contract during the year which expired on March 31, 2010. No other fixed price agreements are in place as at March 31, 2011.

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

15. Financial instruments (continued):

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

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.

Foreign exchange risk:

BC Transit is exposed to currency risk on purchases and loans denominated in the U.S dollar and U.K. pound sterling. 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, 2011.

Sensitivity analysis:

The following table is a sensitivity analysis indicating the impact on net revenue (expenditures) 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.

	1% Change
Commodity Price Risk	\$ 264
Interest Rate Risk	858
Foreign Exchange Risk	425

Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. A substantial portion of BC Transit's accounts receivable are with government entities, either Federal, Provincial or from municipal government partners. The maximum credit risk exposure is the total carrying value of accounts receivable. BC Transit monitors the creditworthiness and concentration of credit. Cash and cash equivalents and debt sinking funds are held only at major financial institutions.

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

15. Financial instruments (continued):

(b) Risks associated with financial assets and liabilities:

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 10. Other commitments with future minimum payments are disclosed in note 18.

16. Capital disclosures:

BC Transit defines capital as net assets plus deferred capital contributions. BC Transit receives the majority of these operating and 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.

17. 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.

BRITISH COLUMBIA TRANSIT

Consolidated Notes to Financial Statements
(Expressed in thousands of dollars)

Year ended March 31, 2011, with comparative figures for 2010

18. Commitments and contingencies:

At March 31, 2011, BC Transit has outstanding letters of credit in the amount of \$231 (2010 – nil) expiring September 19, 2011 and March 6, 2012.

BC Transit has outstanding commitments as summarized below:

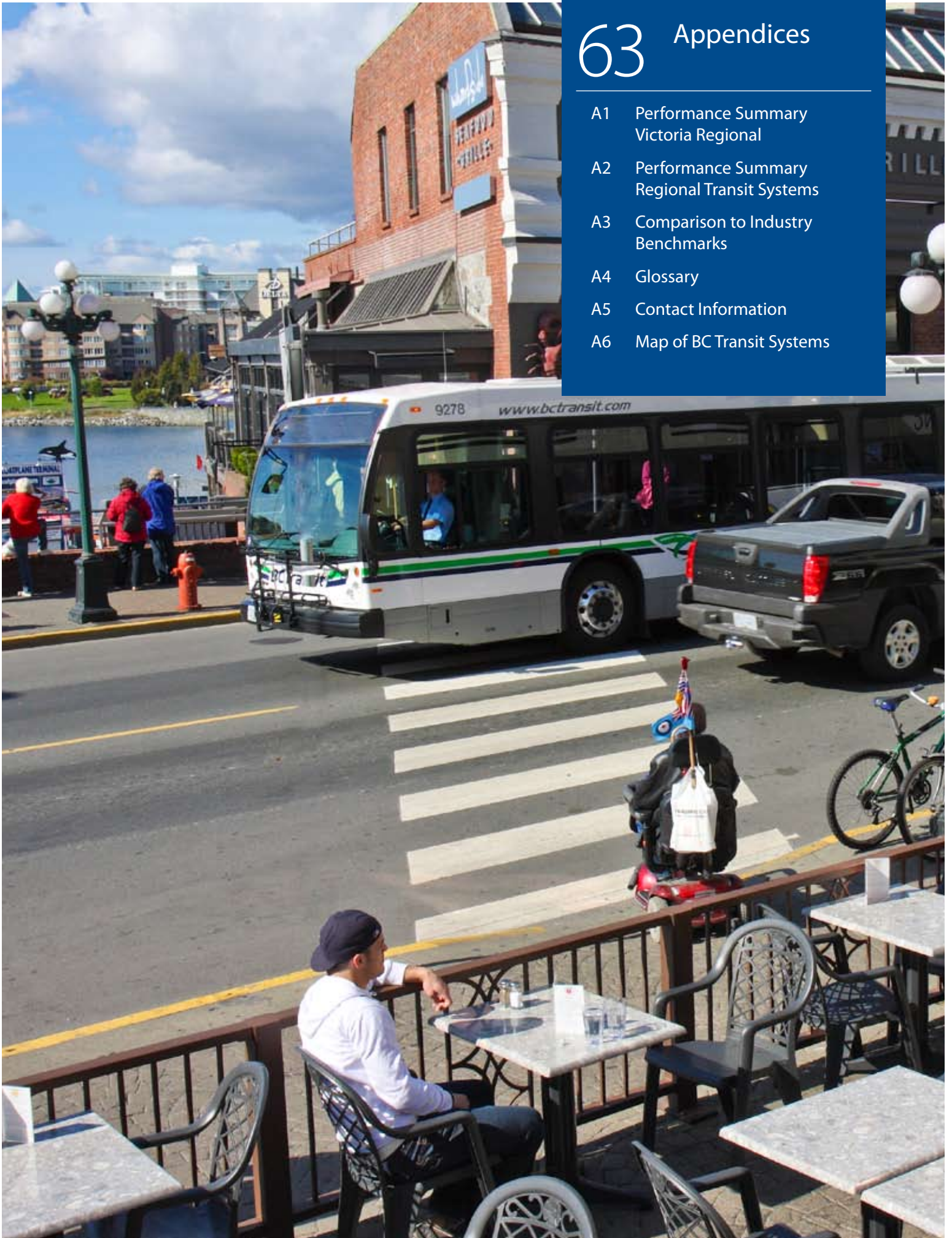
As at March 31	2012	2013	2014	2015	2016
Operating leases	\$ 2,445	\$ 1,021	\$ 217	\$ 215	\$ 2
Facilities	9,262	-	-	-	-
Vehicle purchases	1,100	-	-	-	-
Other commitments*	4,909	1,595	1,595	265	-
Total	\$ 17,716	\$ 2,616	\$ 1,812	\$ 480	\$ 2

*Other commitments include fuel, machinery and equipment

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, 2011 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.

63 Appendices

- A1 Performance Summary
Victoria Regional
- A2 Performance Summary
Regional Transit Systems
- A3 Comparison to Industry
Benchmarks
- A4 Glossary
- A5 Contact Information
- A6 Map of BC Transit Systems



Appendix A1 – Performance Summary Victoria Regional

VICTORIA REGIONAL TRANSIT SYSTEM PERFORMANCE SUMMARY

Overall, transit service in the Victoria Regional Transit System exceeded the prior year by 40,000 hours (4.6 per cent). In 2010/11, 25.3 million passengers chose public transit, 0.4 million passengers or 1.6 per cent more than the preceding year. The results for conventional and custom transit were as follows.

Victoria Conventional Transit <i>Service, Effectiveness & Efficiency</i>	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Corporate Target	2010/11	
					Variance to Budget	
Service hours (000s)	723	763	802	797	5	1%
Revenue passengers (000s)	23,716	24,456	24,849	25,955	(1,106)	(4%)
Revenue passengers per service hour	32.8	32.0	31.0	32.6	(1.6)	(5%)
Operating cost per service hour	\$93.77	\$94.52	\$93.60	\$97.34	\$3.74	4%
Operating cost per revenue passenger	\$2.86	\$2.95	\$3.02	\$2.99	(\$0.03)	(1%)

Victoria Custom Transit <i>Service, Effectiveness & Efficiency</i>	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Corporate Target	2010/11	
					Variance to Budget	
Service hours (000s)	114	115	116	115	1	1%
Revenue passengers (000s)	378	392	401	338	63	19%
Revenue passengers – van only (000s)	285	295	298	299	(1)	(0%)
Revenue passengers per service hour	2.5	2.6	2.6	2.6	(0.0)	(1%)
Operating cost per service hour	\$54.93	\$55.88	\$59.45	\$59.58	\$0.13	0%
Operating cost per revenue passenger – van	\$22.01	\$21.83	\$23.14	\$22.92	(\$0.22)	(1%)

Appendix A2 – Performance Summary

Regional Transit Systems

REGIONAL TRANSIT SYSTEMS PERFORMANCE SUMMARY

For the Regional Transit System, there was a 2.3 per cent increase in service delivered compared to the previous year, for a total of 1,236,000 service hours in the conventional, custom and paratransit programs combined. 26.0 million passengers chose public transit - an increase of 2.1 million passengers (9 per cent) over the previous year. The results for conventional and custom transit were as follows.

Regional Conventional Transit <i>Service, Effectiveness & Efficiency</i>	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Corporate Target	2010/11	
					Variance to Budget	
Service hours (000s)	854	879	899	923	(24)	(3%)
Revenue passengers (000s)	21,776	22,124	24,132	23,639	493	2%
Revenue passengers per service hour	25.5	25.2	26.8	25.6	1.2	5%
Operating cost per service hour	\$87.36	\$90.04	\$92.39	\$94.14	\$1.75	2%
Operating cost per revenue passenger	\$3.42	\$3.58	\$3.44	\$3.68	\$0.23	6%

Regional Custom/Para Transit <i>Service, Effectiveness & Efficiency – Van</i>	2008/09 Actual	2009/10 Actual	2010/11 Actual	2010/11 Corporate Target	2010/11	
					Variance to Budget	
Service hours (000s)	321	329	337	338	(1)	(0%)
Revenue passengers (000s)	1,706	1,781	1,823	1,883	(60)	(3%)
Revenue passengers – van only (000s)	1,540	1,611	1,647	1,675	(28)	(2%)
Revenue passengers per service hour	4.8	4.9	4.9	5.0	(0.1)	(1%)
Operating cost per service hour	\$59.37	\$62.96	\$64.53	\$67.22	\$2.69	4%
Operating cost per revenue passenger – van	\$12.36	\$12.86	\$13.20	\$13.56	\$0.36	3%

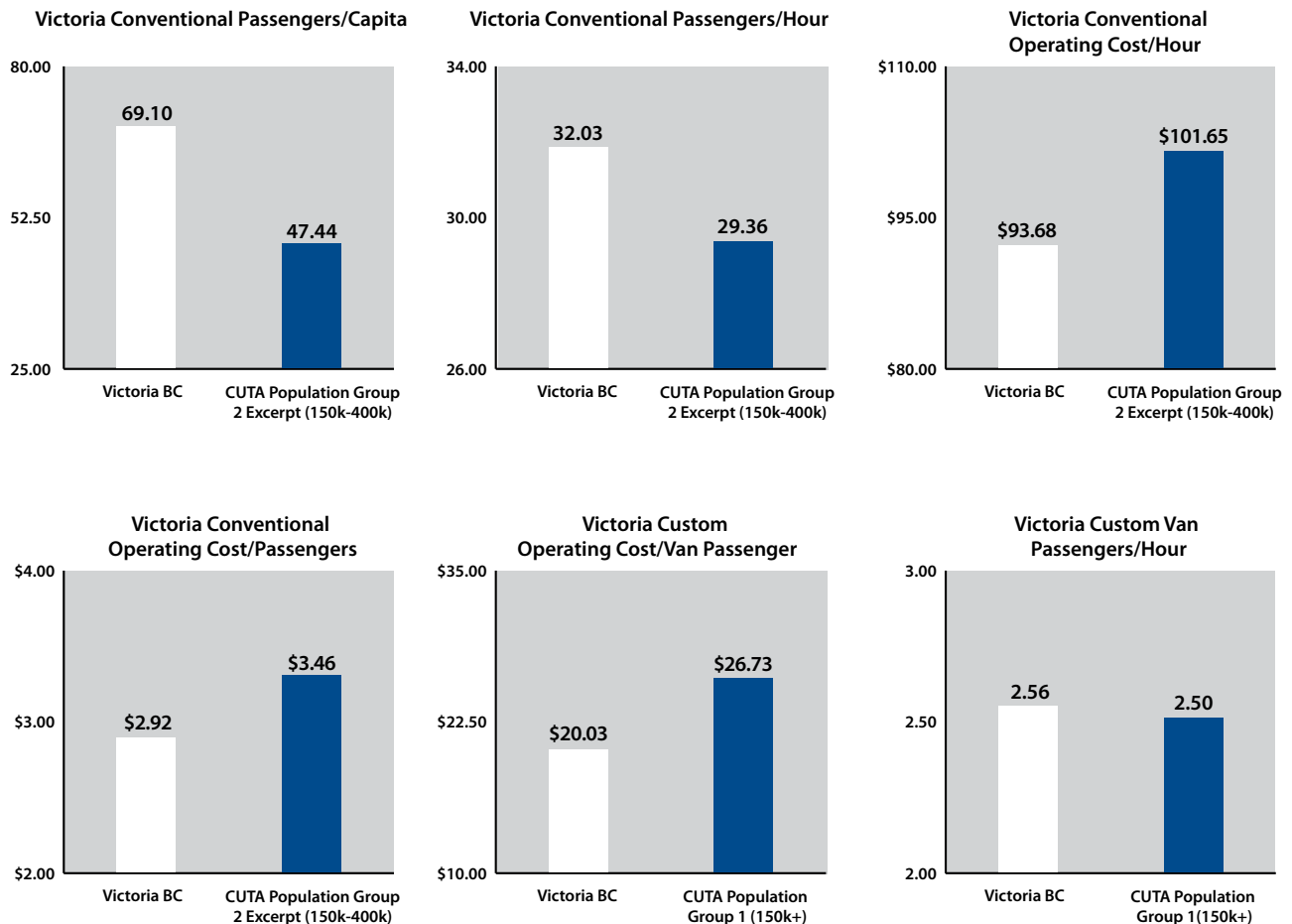
Appendix A3 – Comparison to Industry Benchmarks

A review of the performance of the Victoria Regional Transit System and Regional Transit Systems elsewhere in the province provided the following summary of comparative results based on figures supplied by the Canadian Urban Transit Association (CUTA).

Performance of BC Transit’s systems in 2009/10 is also benchmarked against comparable Canadian transit systems using the most recently available data from CUTA for 2009 or 2009/10. The performance ratios selected are the most common measures used by the North American transit industry to gauge and compare service effectiveness and efficiency.

VICTORIA REGIONAL TRANSIT SYSTEM BENCHMARKS

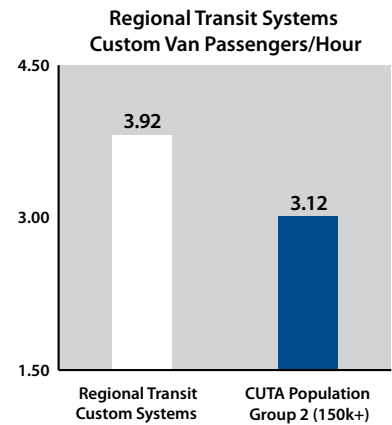
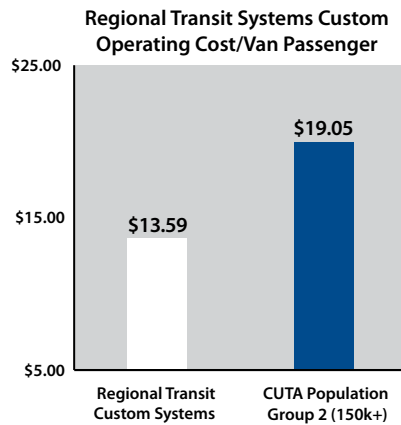
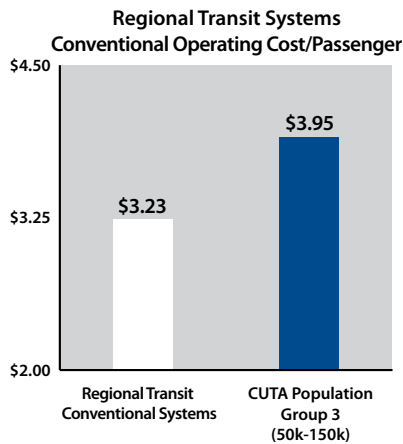
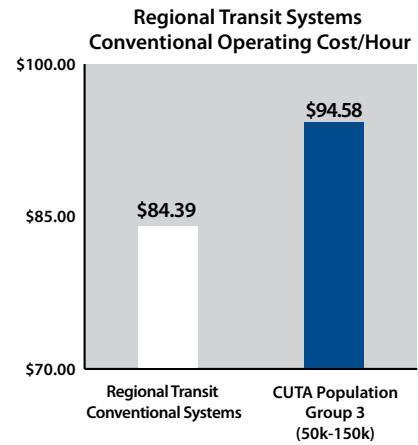
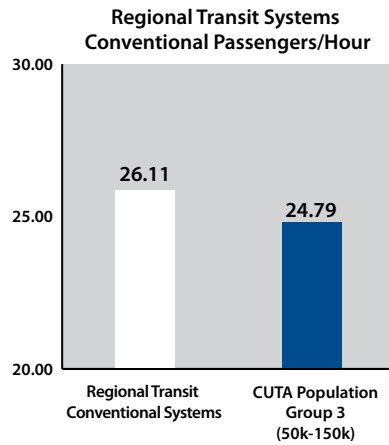
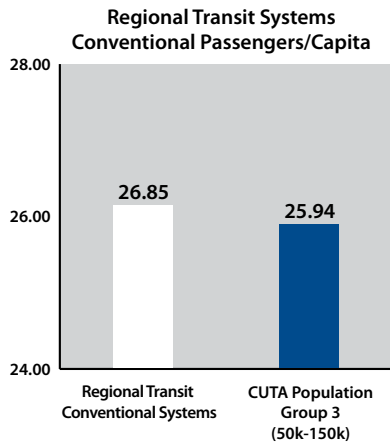
The Victoria Regional Transit System conventional service is compared with similar systems in the CUTA Urban Transit Population Group 2 (service area population 150,000-400,000). The Victoria custom service is compared with similar systems in the CUTA Specialized Transit Population Group 1 (service area population greater than 150,000).



REGIONAL TRANSIT SYSTEMS BENCHMARKS

In the case of the Regional Transit Systems, Tier 1 conventional transit systems are compared with the CUTA Urban Transit Population Group 3 (service area population 50,000–150,000).

The Regional Transit Systems custom program averages the seven largest systems to compare with the CUTA Specialized Transit Population Group 2 (service area population 50,000-150,000).



Appendix A4 – Glossary

Accessible buses – Accessible buses are able to accommodate riders who have wheelchairs and some types of scooters. Accessible bus stops are marked with the international wheelchair symbol.

Biodiesel – Biodiesel is a combination of a clean burning non-toxic biodegradable alternative fuel combined, at any percentage, with diesel to be used in diesel engines. The biofuel component is produced from renewable sources such as vegetable oil and animal fats. Minimum renewable fuel content in fuels was regulated in British Columbia through the Renewable and Low Carbon Fuel Requirements Regulation (December 2009)

The renewable fuel requirement for diesel is being phased in with a three per cent target for 2010, four per cent for 2011 and five per cent by 2012.

Canadian Urban Transit Association – CUTA is the association for providers of urban transit services and the voice of the public transit industry in Canada.

Capital Costs – The sum of money paid for facilities and equipment (including taxes and interest charges) with a service life exceeding one year.

Community Bus – Using minibuses on fixed routes used to efficiently serve lower density/suburban markets and feed the mainline bus networks.

Componentization – Componentization is where an asset is broken down into its major components that have significantly different useful lives.

Conventional transit – Serves the general population in urban settings using mid-sized, large or double-deck buses. The buses are accessible and low-floor and run on fixed routes and fixed schedules.

Custom transit – Employs vans and minibuses and taxis for dial-a-ride and door-to-door handyDART service for passengers with disabilities who cannot use conventional transit.

Cost-sharing agreement – An agreement between BC Transit and the municipality for the provision of transit service or the development of a transit study.

Double-deck bus – BC Transit's low floor double-deck buses are 12 metres (40 feet) long, 2.5 metres (eight feet) wide, and 4.3 metres (14 feet) tall. Compared to a single deck, 12-metre bus, the double-deck bus provides a 120 per cent increase in seated carrying capacity.

Effectiveness – A measure of the ability of the transit system to carry out the required services.

Feasibility study – A study performed by BC Transit to determine if there is sufficient demand for a transit system and a business case to warrant local funding.

handyDART – Custom door-to-door service for those passengers who cannot use conventional transit due to a disability. Riders must be registered with the handyDART office before they can use the service. Also known as custom transit, handyDART stands for handy Dial-a-Ride-Transit.

Hybrid vehicle – A vehicle that uses two or more distinct power or fuel sources. The term most commonly refers to a hybrid electric vehicle which combines an internal combustion engine and an electric motor powered by batteries.

Hydrogen fuel cell – An electrochemical energy conversion device that uses hydrogen gas to produce electricity, water and heat. It operates much like a battery but does not require recharging. If sufficient hydrogen fuel is available it can generate electricity almost indefinitely.

Low floor bus – Designed for easy boarding so the entire floor is close to the pavement with no entry steps. For passengers who use walkers, crutches or who have difficulty stepping up, all low floor buses have a kneeling feature that lowers the entry level even further and provides a ramp for wheelchair and scooter access.

Mode – A form of travel, e.g., transit, pedestrian, bicycle, automobile, or mixed mode such as bicycle and transit.

Municipality – For the purpose of agreements under the *British Columbia Transit Act*, municipalities are defined as cities, townships, villages, or regional districts, or a combination of these, involved in the operation, funding or feasibility assessment of a transit system.

Operating cost – The sum of all costs associated with the operation, maintenance and administration of the transit system during a specified period excluding depreciation and interest paid on loans for capital outlays.

Operating cost recovery – Reflects annual operating revenue divided by total operating cost. This ratio indicates the proportion of costs recovered from operating revenue. Fares are established by the local partners. A strong cost recovery is desirable, as it reduces the subsidy from the taxpayer. This factor, however, is a municipal policy decision.

Operating cost per service hour – Reflects annual operating cost divided by annual total service hours. The ratio also reflects efficiency. Increasing cost per hour indicates operating costs are increasing faster than service hours.

Operating cost per revenue passenger – Reflects annual operating cost divided by annual passengers carried. This ratio indicates the efficiency of transit expenditures directed toward passengers carried. Consistent or decreasing cost per passenger indicates that ridership is growing faster than costs.

Operating company – The company selected to operate the transit system under the terms of the Transit Service Agreement and the Annual Operating Agreement.

Paratransit – Serves small town and rural B.C. as well as some suburban areas using minibuses, taxis and vans for a flexible routing and schedules.

Passengers per service hour – Reflect annual passengers divided by annual total service hours. This ratio is a primary measure of the effectiveness of the service provided. The ratio improves with higher ridership, lower average trip lengths, or higher average speeds.

Per capita – Estimates use population figures from the most recently published census, adjusted annually by B.C. Statistics and collated for the respective Transit Service Area by BC Transit.

Performance measures – Are statistical ratios combining system outputs, and transit service area statistics to benchmark performance within the industry and operational trends over time.

Peak period (or Hours) – That period of time during a typical weekday in which the maximum amount of travel occurs. Usually a morning and evening peak are observed as a result of work and school related trips. The opposite of peak period is base or off peak period.

Rapid transit – Rapid transit is a transit system designed to improve travel time, reliability, passenger comfort and convenience along an exclusive transit only right-of-way. It provides high-frequency service (every 5-10 minutes) all day, every day.

Revenue passengers – Represent transit riders who have made one fare payment to use the transit service. (Passengers who use a transfer and board more than one bus to complete a trip are only counted once).

Rides per capita – Reflect annual passengers carried divided by regional population. This is a measure of market share and effectiveness in services that transit markets.

Service hours – Represent the total number of hours that the transit fleet is in regular passenger service.

SMARTTool – The web-based tool developed, owned and hosted by Shared Services BC, the Ministry of Labour, Citizens' Services and Open Government and used for estimating and reporting on greenhouse gas emissions.

Statistics – Include operational outputs and transit service area statistics. These factors, when used in a ratio indicate commonly compared industry standard performance measures.

Taxi saver program – "Taxi Saver" is the name of a discounted coupon program which provides registered handyDART clients with taxi coupons at half price, in participating communities.

Tier 1 – A conventional transit system whose service area population is over 50,000.

Total revenue – Includes passenger and advertising revenue. It excludes property tax and fuel tax revenue.

U-PASS – Universal bus pass at participating post-secondary institutions where all students at the institution pay a discounted fee for a bus pass through their Student Union.

Appendix A5 – Contact Information

BC TRANSIT SENIOR LEADERSHIP TEAM & CONTACT INFORMATION

Manuel Achadinha, President and CEO

Michael Kohl, Vice President,
Chief Financial Officer

Brian Anderson, Vice President,
Business Development and CIO

Mike Davis, Vice President,
Chief Operating Officer

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BC Transit's Annual Reports are available
on BC Transit's website at www.bctransit.com.

Appendix A6 – Map of BC Transit Systems

