



Financial and Performance Report

AS AT JUNE 30, 2023



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Caution Regarding Forward-Looking Statements

From time to time, TransLink makes written and/or oral forward-looking statements, including in this document and in other communications. In addition, representatives of TransLink may make forward-looking statements orally to analysts, investors, the media and others.

Forward-looking statements, by their nature, require TransLink to make assumptions and are subject to inherent risk and uncertainties. In light of uncertainty related to financial, economic and regulatory environments, such risks and uncertainties, many of which are beyond TransLink's control and the effects of which can be difficult to predict, may cause actual results to differ materially from the expectations expressed in the forward-looking statements.

1. Executive Summary

Building Transportation Excellence

Together with its partners, stakeholders, and operating companies, TransLink plans, finances and operates Metro Vancouver's transportation network. TransLink is dedicated to designing and delivering a transportation system that connects its customers, residents, businesses, and goods movers in a way that protects the environment and helps meet the unique needs of our region.

Since the beginning of year, ridership has been showing strong recovery trends and continues to exceed budgeted levels. Actual journeys were 4.4 million (4.1 per cent) higher than budget for the first six months of 2023. In certain regions, such as South of the Fraser, ridership has surpassed the pre-pandemic levels. We are actively monitoring crowding and pass-ups and reallocating service, where needed, to meet the evolving needs of the region. Rebuilding ridership, while advancing our key priorities within a tight fiscal envelope, remains central to our focus. During the second quarter, we launched a new express bus route, serving the City of Vancouver between the River District and Marine Drive Station. We also released the second part of the 2023 Bus Speed & Reliability Report, providing an overview of delay mitigation measures and evaluating their effectiveness to guide future investment decisions.

With a cluster of incidents in the community and on transit system earlier in the quarter, TransLink enhanced its focus on security on the system and customer safety campaigns. At TransLink, customer and employee safety remains our top priority. TransLink has numerous ongoing protective measures in place, including dedicated Transit Police and transit security officers who patrol our system, silent alarms on every SkyTrain and live radio systems allowing bus operators to request assistance from anywhere. In addition, we continue to make ongoing efforts to increase public safety. Transit Police is currently expanding the support it provides to the network, with 12 Community Safety Officers that have been hired and are currently in training, and another 12 Community Safety Officers due to be hired by early 2024. This new safety resource on the transit system will take on a range of low-risk police work, freeing up Officers to spend more time on the system, conducting proactive policing and investigations.

For the first six months of 2023, TransLink recorded a surplus of \$469.2 million based on the Public Sector Accounting Board (PSAB) Standards basis. This surplus is largely due to Provincial relief funding of \$478.9 million recognized in full upon signing the agreement in March 2023, in accordance with PSAB accounting standards. This funding, designed to help offset revenue losses caused by the pandemic, is intended to support maintaining service levels and planned operations through to the end of 2025. This funding is in addition to the previously received Senior Government relief funding that has allowed TransLink to maintain service at near pre-pandemic levels and maintain affordable fare rate increases through 2020-2024.

Excluding Senior Government relief funding, TransLink is forecasting a surplus of \$39.7 million for 2023, \$34.5 million higher than the \$5.2 million surplus anticipated in the budget. This is mainly as a result of higher transit revenue and investment income and lower overall expenses, partly offset by lower taxation revenue.

2. Update on Key Priorities Achieved in Q2 2023

TransLink's paramount focus is to ensure safety and quality of service while making key investments to build business resiliency, prepare for the rail expansion underway and set the ground for the implementation of Transport 2050: 10-Year Priorities.

Our four key corporate priorities ensure continued focus on the customer, our workforce and ensuring our infrastructure is maintained in a state of good repair, all within the current financial environment. In tandem, we continue to advance true and meaningful reconciliation with Metro Vancouver's Indigenous Peoples.

The following table is an update for the second quarter of 2023.

Priority One: Rebuild Customer Ridership <i>TransLink will rebuild ridership by focusing on restoring public trust and confidence in transit as the economy recovers.</i>
<ul style="list-style-type: none">• Transit Police advanced its Community Safety Officer (CSO) Program implementation, with the first class of CSOs being hired. Work on the CSO training curriculum continued and the first class commenced training at the end of June.
<ul style="list-style-type: none">• Transit Police progressed draft policy amendments regarding police response to explosives, unattended packages, crowd management and demonstrations, and disasters. Transit Police Explosive Detection Teams, including explosive-detection dogs undertook training in the United States with local law enforcement experts.
<ul style="list-style-type: none">• Executed a transit safety awareness and advertising campaign across the transit system, including promotion of the 87 77 77 text number.
<ul style="list-style-type: none">• Transit Police developed a new policy related to hate and bias investigations, with an updated policy on victim assistance issued to Transit Police staff.
<ul style="list-style-type: none">• Launched a new express bus route, serving the City of Vancouver between the River District and Marine Drive Station. This route is expected to serve 400-500 customers per day.
<ul style="list-style-type: none">• Launched TransLink's "What's the T" podcast, an innovative platform designed to engage valued customers, covering popular transit topics in Metro Vancouver.
<ul style="list-style-type: none">• Released the second part of the 2023 Bus Speed & Reliability Report, providing an overview of delay mitigation measures and evaluating their effectiveness to guide future investment decisions.
<ul style="list-style-type: none">• Secured commitments from 15 employers, representing 3,307 employees as a part of the Transit Friendly Employer (TFE) program.
<ul style="list-style-type: none">• Signed Mobility-as-a-Service (MAAS) pilot phase 2 contracts with implementation planning in progress targeting a pilot launch in late 2023.
<ul style="list-style-type: none">• Transit Police Indigenous Liaison Officer assisted with the training of police officers in understanding First Nations People and Truth and Reconciliation.
<ul style="list-style-type: none">• Honoured the missing and murdered Indigenous women, girls, and two-spirit peoples (MMIWG2S+) during the Red Dress Day event at Stadium-Chinatown SkyTrain Station.
<ul style="list-style-type: none">• Transit Police completed a Standard Operating Procedure (SOP) on Interactions with Gender Diverse Persons.
<ul style="list-style-type: none">• Transit Police Crime Suppression Team successfully arrested individuals and seized guns, ammunition, counterfeit money and vehicles related to a multi-jurisdiction drug trafficking ring using the transit network.
<ul style="list-style-type: none">• Extended the ongoing WIFI deployment to include New Westminster SkyTrain station, New Westminster Bus Exchange, and Langley Centre Bus Exchange, which adds to the deployment of over 225 buses and trains, including the entire RapidBus fleet.

Priority Two: Foster a Safe, Skilled and Resilient Workforce

TransLink will help build resilience among the workforce by focusing on business continuity, transparency and adaptability.

- TransLink was once again named one of Canada's Greenest Employers for 2023, marking the sixth time TransLink has achieved this distinction.
- Attracted 4,000 applicants through the SkyTrain Attendant (STA) hiring fair, with 400 selected for interviews and a resulting pool of 92 suitable candidates for current 2023 and planned 2024 STA openings.
- Received grant approval from the BC Human Rights Commissioner for our Special Programs Application to support recruitment and hiring of women-identifying applicants.
- Recognized by the Immigrant Services Society of British Columbia (ISS of BC) for contributions to making a difference in skilled newcomers and immigrants' lives.
- Conducted a survey among I Belong Multicultural Employee Resource Group (ERG) members to identify group priorities, which include enhancing cultural awareness.
- The Equity, Diversity and Inclusion (EDI) team Collaborated with Talent Acquisition team to enhance our interview process through question sharing, website process disclosure, job description review, and targeted outreach to groups like BC Centre for Women in Trades (BCWITT).
- Conducted three additional employee information sessions for the deployment of Gender Inclusive Washrooms. Completed the installation of Gender Inclusive Washroom signs on 18 washrooms.
- Procured a new health and safety software provider for bus operations, with project teams now meeting to establish plan and timelines for change management to maximize buy-in and adoption, future state processes to ensure efficiency and build connections and long-term sustainment of the software.
- Introduced an interim Recover at Work Supervisor Training course, through collaboration with the Safety and Training departments, with a target completion date of July 31, 2023.
- Celebrated 350 days without a lost time injury in BCRTC Facilities Maintenance department, while honoring those who have lost their lives in workplace accidents in a commemorative Day of Mourning and reaffirming our commitment to Zero Harm.

Priority Three: Deliver a Reliable Transportation System in a State of Good Repair

TransLink will proactively manage and maintain all assets in a state of good repair to ensure safety and reliability, optimize lifecycle costs and enhance the customer experience.

- Collaborated with the Province to ensure the seamless integration of TransLink-led initiatives associated with Broadway Subway Project (BSP) and Surrey-Langley SkyTrain (SLS) delivery. This includes the new Operations and Control Center (OCC2), Fibre Optic Cable projects, and procurement of Mark V SkyTrain vehicles.
- Finalized the Surrey-Langley SkyTrain (SLS) project agreement improvements, including the addition of handrails on the elevated guideway and allocating more space in stations to accommodate remote reporting staff.
- Vehicle procurements remain on schedule with planned deliveries throughout the summer and to the end of 2023, including Community Shuttles, HandyDART vehicles, 60-foot hybrid conventional buses, and 40-foot battery-electric conventional buses.
- Purchased 15 new battery-electric buses along with approval to add another 57 battery-electric buses to the fleet.

- Refurbished two West Coast Express locomotives and restored five-train daily service, which had previously been reduced due to the impact of the COVID-19 pandemic.
- Completed flood risk assessments for Sapperton and Scott Road propulsion power stations.
- Completed roll-out of the Digital Evidence Management Solution (DEMS), with over 85 per cent of targeted Transit Police staff having completed their DEMS training.
- Completed the development of the regional manual for oversize-overweight vehicles, which is now ready for referral to municipalities.
- Finalized the Port Coquitlam Centre (PTC) evaluations for fleet and infrastructure.
- Implemented single-tracking to Surrey to allow for Gateway switch replacements, TransLink's longest and most complicated single-tracking effort.
- Finalized the Bike Program Capital Investment Roadmap.

Priority Four: Achieve Financial Sustainability

TransLink will actively manage the financial health and work towards the achievement of long-term financial sustainability.

- Continued progress on a 2024 Investment Plan, with focus during the quarter on analysis and benchmarking of TransLink's cost per service hour in comparison to other agencies.
- Launched Infor ERP Solutions FSM, which marks a significant milestone by enabling on-demand data analysis, improving reporting quality, and enhancing visibility into business performance.
- Partnered with Warner Brothers for limited edition DC Super Hero-themed Compass Card bundles, a new commercial revenue stream.
- Published 2022 Green Bond Impact Report using improved format and identified further improvement areas for 2023 report based on feedback from financial institutions.
- Submitted a development proposal to the City of Vancouver for a 35-storey mixed-use development located at Broadway and Arbutus.
- Conducted initial consultation with the Province on proposed zero-emission public transit requirements.

3. 2023 Second Quarter Financial Summary

CONSOLIDATED REVENUES AND EXPENSES Six months ended June 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		FORECAST TO BUDGET			
	2023	2023	Budget Variance		Annual	Annual	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET ¹	Fav/(Unfav)	%
Revenue								
Taxation	476,758	487,132	(10,374)	(2.1%)	974,822	988,405	(13,583)	(1.4%)
Transit	315,306	306,274	9,033	2.9%	652,648	629,998	22,650	3.6%
Government transfers	574,067	140,279	433,788	> 200.0%	794,653	354,718	439,935	124.0%
Amortization of deferred concessionaire credit	11,541	11,541	-	-	23,273	23,273	-	-
Development cost charges	11,798	11,798	-	-	24,308	23,597	711	3.0%
Investment Income	87,166	79,266	7,900	10.0%	177,354	155,673	21,681	13.9%
Miscellaneous revenue	8,899	7,279	1,620	22.3%	16,968	15,349	1,619	10.5%
Sub Total Continuing Operations	1,485,535	1,043,568	441,967	42.4%	2,664,026	2,191,013	473,013	21.6%
Gain (Loss) on disposal on tangible capital assets	193	(202)	395	195.5%	23	(358)	381	106.4%
Total Revenue	1,485,728	1,043,366	442,362	42.4%	2,664,049	2,190,655	473,394	21.6%
Expenditures								
Bus Operations	461,435	465,130	3,695	0.8%	940,486	934,378	(6,108)	(0.7%)
Rail Operations	198,035	203,111	5,076	2.5%	404,283	408,186	3,903	1.0%
Transit Police	25,998	26,682	684	2.6%	52,112	52,821	709	1.3%
Corporate Operations	62,079	67,585	5,506	8.1%	143,245	140,036	(3,209)	(2.3%)
Roads & Bridges	48,603	70,021	21,418	30.6%	144,419	157,182	12,763	8.1%
Amortization of Capital Assets*	123,607	121,893	(1,714)	(1.4%)	252,012	268,637	16,625	6.2%
Interest*	90,241	93,279	3,038	3.3%	181,276	188,393	7,117	3.8%
Sub Total Continuing Operations	1,009,998	1,047,701	37,703	3.6%	2,117,833	2,149,633	31,800	1.5%
Corporate One-Time	6,504	18,707	12,203	65.2%	27,601	35,859	8,258	23.0%
Total Expenses	1,016,502	1,066,408	49,906	4.7%	2,145,434	2,185,492	40,058	1.8%
Surplus/(Deficit) for the period (PSAB)	469,226	(23,042)	492,268	> 200.0%	518,615	5,163	513,452	> 200.0%

* Amortization and Interest are shown separately to facilitate analysis

The PSAB surplus recorded in the first six months of 2023 was \$469.2 million, which is \$492.3 million favourable to budget due to Provincial relief funding of \$478.9 million recognized in March 2023. This funding, designed to help offset revenue losses caused by the pandemic, is intended to support maintaining service levels and planned operations through to the end of 2025. The funding was recognized in full upon signing the agreement in March 2023, in accordance with PSAB accounting standards.

Excluding Provincial relief funding, the PSAB surplus was \$13.4 million favourable to budget for the first six months, mainly due to higher transit revenue and investment income, lower capital infrastructure contributions due to timing of municipalities' work and lower maintenance expenses, partly offset by lower government transfers and lower fuel taxation revenue.

Total revenue from continuing operations, excluding government transfers, was favourable to budget by \$8.2 million (0.9 per cent) mainly due to higher than expected transit ridership and revenue as well as investment income. This was partly offset by the unfavourable variance in taxation revenue, mainly due to a significant refund of previous fuel tax overpayment.

Total expenses were favourable to budget by \$49.9 million (4.7 per cent) mainly due to lower capital infrastructure contributions due to timing of municipalities' work completion, lower maintenance expenses, lower interest expenses and lower rental and lease expenses. The savings were partly offset by higher amortization due to timing difference as a result of ERP system conversion.

The surplus for 2023 is forecast to be \$513.5 million favourable to budget. Excluding unbudgeted Provincial relief funding, a PSAB surplus of \$39.7 million is forecasted, which is \$34.5 million favourable to budget. This is mainly as a result of higher transit revenue and investment income and lower overall expenses, partly offset by lower taxation revenue.

4. Key Performance Indicators

Financial Indicators

TransLink measures and monitors its financial indicators throughout the year.

FINANCIAL POLICIES AND INDICATORS				
(\$ thousands)	June 30	December 31	Change	
	2023	2022	Fav/(Unfav)	%
Unrestricted cash and investments	506,307	857,847	(351,540)	(41.0%)
Capital assets	5,834,892	5,765,456	69,436	1.2%
Net direct debt	(2,511,546)	(2,586,545)	74,999	2.9%
Indirect P3 debt	(1,389,604)	(1,408,867)	19,263	1.4%
Total net direct debt and indirect P3 debt	(3,901,150)	(3,995,412)	94,262	2.4%
Gross interest cost as a % of operating revenue ^{1,2}	11.2%	11.5%	0.3%	2.6%

¹ Includes operating expenditures (excluding municipal capital infrastructure contributions), interest expense and debt principal repayments.

² Operating revenue is total revenue less government transfers for capital projects, investment income and amortization of deferred concessionaire credit.

Unrestricted cash and investment balances decreased by \$351.5 million (41.0 per cent) in the first six months of 2023, due to regular net outflows from operations.

Capital assets increased by \$69.4 million (1.2 per cent) in the first half of 2023 due to \$193.0 million in additions, offset by amortization of \$123.6 million. Additions included SkyTrain system and infrastructure upgrades, vehicle fleet procurement, property acquisition, and technology upgrade projects.

Net direct debt decreased by \$75.0 million (2.9 per cent) due to scheduled debt payments, sinking fund contributions and reinvestment of sinking fund interest income during the first six months of 2023.

Indirect Public-Private Partnership (P3) debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by \$19.3 million (1.4 per cent) due to the amortization of the Canada Line deferred concessionaire credit and payments made on Golden Ears Bridge contractor liability.

Gross interest cost as a percentage of operating revenues was 11.2 per cent and well within TransLink's 20 per cent policy. This indicator was 0.3 percentage points lower than in 2022 due to lower debt and higher operating revenues.

Operating Indicators

Operational trends include key performance metrics of service delivered to Metro Vancouver residents and transit ridership. TransLink continues to monitor and measure its performance in order to strengthen its operations and provide customers with a positive experience.

OPERATING INDICATORS							
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance	
	2023	2022	Fav/(Unfav)	%	2023	Fav/(Unfav)	%
	ACTUAL	ACTUAL			BUDGET		
Scheduled Transit Service							
Overall Performance Rating (out of 10)	8.0	8.0	-	-	8.2	(0.2)	(2.4%)
Service Hours ¹	3,503,714	3,481,027	22,687	0.7%	3,612,000	(108,287)	(3.0%)
Operating Cost Recovery ²	44.7%	36.9%	7.8%	21.1%	42.5%	2.2%	5.2%
Operating Cost per Capacity Km ^{3, 4, 5}	\$0.113	\$0.106	(\$0.007)	(6.6%)	\$0.112	(0.002)	(1.8%)
Complaints per million Boarded Passengers ⁶	67.0	70.2	3.2	4.6%	89.3	22.3	25.0%
Access Transit Service							
Number of Trips	573,896	462,549	111,347	24.1%	727,757	(153,861)	(21.1%)
Operating Cost per Trip	\$54.67	\$56.46	\$1.79	3.2%	\$45.96	(\$8.71)	(19.0%)
Number of Trips Denied	480	126	(354)	> (200.0%)	714	234	32.8%
Complaints per 100,000 Boarded Passengers	247.9	226.7	(21.2)	(9.4%)	202.9	(45.0)	(22.2%)
Ridership (thousands)⁵							
Boarded Passengers	188,990	149,066	39,924	26.8%	182,603	6,387	3.5%
Journeys	112,564	88,132	24,432	27.7%	108,126	4,438	4.1%
Average Fare per Journey ⁶	\$2.66	\$2.72	(\$0.06)	(2.2%)	\$2.66	-	-

¹ Canada Line does not provide actual service delivery statistics, using estimated service hours for reporting purposes and as a result prior year service hours have been restated.

² Includes operating costs of Bus, Rail, Transit Police and Corporate Ongoing. Excludes Corporate One-time, HandyDART, Amortization and Interest Expense.

³ Includes operating costs of Bus, Rail, and Transit Police. Excludes HandyDART, Amortization and Interest Expense.

⁴ Canada Line's capacity kilometres are estimated from schedule data for reporting purposes.

⁵ The preliminary YTD 2022 ridership figures were restated at the end of 2022 to reflect final ridership figures.

⁶ Calculated using Total Fare and Program Revenue.

Scheduled Transit Service

Scheduled transit service includes the following modes: Conventional Bus, Community Shuttle, SeaBus, SkyTrain and West Coast Express (WCE).

The overall system performance rating at the end of the first six months of 2023 was an average of 8.0 out of 10, which was the same rating as in the same period in prior year, but 0.2 point lower than budget. This is attributed to higher than budgeted volumes of occupancy, affecting the overall performance rating.

Service hours were 22,687 (0.7 per cent) higher than 2022 mainly due to service adjustments for various bus routes as a result of Omicron variant in the first six months of 2022. Compared to budget, service hours were 108,287 (3.0 per cent) lower mainly due to service cancellations as a result of significant snow events as well as other service adjustments related to traffic congestion and road conditions, including detours and incidents.

Operating cost recovery represents the percentage of transit revenues compared to the total operating costs of Bus, Rail, Transit Police and Corporate (excluding one-time costs). In the first six months of 2023, the cost recovery of 44.7 per cent was higher than the same period in prior year by 7.8 per cent, with increased ridership having a proportionately greater impact on operating revenues than on operating costs, as service levels have been kept steady. Compared to budget, it was 5.2 per cent higher due to higher ridership and transit revenues alongside lower operating expenditures primarily attributable to temporary vacancy savings.

Operating cost per capacity kilometre for the first six months of 2023 increased by 6.6 per cent compared to 2022 mainly due to higher staff costs. Compared to budget, operating cost per capacity kilometre was 1.8 per cent unfavourable mainly due to the lower than expected capacity kilometres because of bus service cancellation.

Complaints per million boarded passengers were 4.6 per cent favourable compared to the same period in the prior year and 25.0 per cent favourable compared to budget. The favourable variance is attributed to improvements in customer service as TransLink continues to deploy the Customer Experience Action Plan.

Access Transit Service

Access Transit provides door-to-door shared-ride service for passengers with physical or cognitive disabilities who are unable to use conventional public transit without assistance.

Total Access Transit trips provided in the first six months of 2023 were 111.3 thousand (24.1 per cent) higher compared to the same period in 2022, driven by higher demand, but were 21.1 per cent lower than budget, due to lower demand. TransLink remains committed to ensuring services are fully available for passengers unable to use conventional public transit without assistance. As such, budgeted 2023 service levels are aligned with the 2022 Investment Plan, which instated a 3.0 per cent HandyDART service increase in 2023. This service increase helps ensure that customers can continue to complete trips on this essential service as demand grows.

Operating cost per trip decreased by \$1.79 (3.2 per cent) for the first six months compared to the same period in 2022. As costs are largely fixed and relatively consistent with 2022, this change was mainly due to an increase in trip demand compared to 2022. Operating cost per trip was unfavourable to budget by \$8.71 (19.0 per cent) mainly due to lower-than-expected demand, while fixed costs tracked close to budget.

The number of trips denied increased compared to the same period in 2022 due to increase in demand. Denied trips remain lower than budget as service demand continues to be below the service capacity. For the first six months of 2023, the number of denials represents less than 1.0 per cent of the total trips delivered.

In the first six months of 2023, total complaints per one hundred thousand boarded passengers increased by 9.4 per cent over the same period in 2022. Operator behaviour for both HandyDART and Taxi were the top two complaints categories, followed by Scheduling and Clerk Behaviour. To improve the customer experience and reduce customer complaints, Transdev, formerly First Transit, deployed a driver behaviour program in November 2021 that targets Operators who had more complaints about their behaviour than average. The program continued in 2023. Transdev also deployed a clerk behavior program in October 2022 to aim to reduce complaints related to scheduling and clerk behaviour, such as booking agents, schedulers and dispatchers. From a scheduling standpoint, Transdev continues to work on recruitment of drivers to meet scheduling demand.

To reduce taxi-related complaints, Transdev continues to support customer service training for taxi companies. Additionally, Transdev is continuing its reviews and evaluating the terms of the contract with taxi providers to enhance client satisfaction and add more rigorous reporting and monitoring requirements including standards tied to financial levers that will give greater oversight and accountability for taxi services.

Ridership

Boardings represent each time a passenger enters a fare paid zone using Compass fare media or other proof of payment, including transfers. For the first half of 2023, year-to-date total system boardings were 189.0 million, 26.8 per cent higher compared to the same period in 2022 and 3.5 per cent higher compared to the budget.

A journey represents a complete transit trip using Compass fare media or other proof of payment, regardless of the number of transfers. Year-to-date total system journeys were 112.6 million, 27.7 per cent higher compared to the same period in 2022 and 4.1 per cent higher than budget. Boardings and journeys throughout the second quarter of 2023 remained at around 85 per cent of 2019 levels.

The average fare per journey was \$2.66 for the first two quarters of 2023, a decrease of approximately 2.2 per cent from 2022, and equal to budget. The average fare for the first two quarters of 2023 is lower than 2022 due to the impact of the Omicron shutdown in January and February of 2022, which resulted in lower than anticipated ridership from U-Pass users, while the U-Pass program revenue in 2023 remained at budgeted levels.

5. Consolidated Revenues

The following is a summary of consolidated revenues for the first half of 2023 compared to the budget.

CONSOLIDATED REVENUES Six months ended June 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual		FORECAST TO BUDGET	
	2023	2023	Budget Variance		2023	2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Taxation								
Fuel	184,837	195,490	(10,652)	(5.4%)	384,944	400,438	(15,494)	(3.9%)
Property & Replacement	239,580	238,914	666	0.3%	481,339	477,828	3,510	0.7%
Parking Sales	40,880	41,154	(274)	(0.7%)	85,526	87,073	(1,547)	(1.8%)
Hydro Levy	11,461	11,574	(113)	(1.0%)	23,014	23,065	(51)	(0.2%)
Transit	315,306	306,274	9,033	2.9%	652,648	629,998	22,650	3.6%
Government transfers	574,067	140,279	433,788	> 200.0%	794,653	354,718	439,935	124.0%
Amortization of deferred concessionaire c	11,541	11,541	-	-	23,273	23,273	-	-
Development cost charges	11,798	11,798	-	-	24,308	23,597	711	3.0%
Investment Income	87,166	79,266	7,900	10.0%	177,354	155,673	21,681	13.9%
Miscellaneous revenue	8,899	7,279	1,620	22.3%	16,968	15,349	1,619	10.5%
Revenue Before Gain/(Loss) on Disposals	1,485,535	1,043,568	441,967	42.4%	2,664,026	2,191,013	473,013	21.6%
Gain (Loss) on disposal on tangible capital	193	(202)	395	195.5%	23	(358)	381	106.4%
Total Revenue	1,485,728	1,043,366	442,362	42.4%	2,664,049	2,190,655	473,394	21.6%

Total revenue for the first six months of 2023 was \$442.4 million (42.4 per cent) favourable to budget, mainly due to the \$478.9 million Provincial relief funding revenue recognized upon signing the agreement in March 2023, partially offset by a \$45.1 million unfavourable variance in other government funding due to project delays deferring revenue recognition. Excluding government transfers, revenue was \$8.6 million (0.9 per cent) favourable to budget, due to favourable transit revenue and investment income, partially offset by unfavourable fuel tax revenue, mainly due to a significant refund of previous fuel tax overpayment.

Total revenues are forecast to be favourable to budget by \$473.4 million (21.6 per cent) mainly due to the recognition of the entire amount of \$478.9 million Provincial relief funding in early 2023, favourable transit revenue of \$22.6 million (3.6 per cent) due to higher ridership than anticipated, favourable investment income of \$21.7 million (13.9 per cent) due to higher interest rates, partially offset by the unfavourable taxation revenue of \$13.6 million (1.4 per cent), primarily due to lower than anticipated fuel taxation revenue.

Taxation

TAXATION REVENUES Six months ended June 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual		FORECAST TO BUDGET	
	2023	2023	Budget Variance		2023	2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Fuel	184,837	195,490	(10,652)	(5.4%)	384,944	400,438	(15,494)	(3.9%)
Property & Replacement	239,580	238,914	666	0.3%	481,339	477,828	3,510	0.7%
Parking Sales	40,880	41,154	(274)	(0.7%)	85,526	87,073	(1,547)	(1.8%)
Hydro Levy	11,461	11,574	(113)	(1.0%)	23,014	23,065	(51)	(0.2%)
Total Taxation	476,758	487,132	(10,374)	(2.1%)	974,822	988,405	(13,583)	(1.4%)

Taxation revenues are comprised of taxes collected on fuel, property and replacement taxes, parking sales tax and the hydro levy. Total taxation revenues for the first six months of 2023 were \$10.4 million (2.1 per cent) unfavourable to budget. Fuel taxation revenue for the first six months of 2023 was \$10.7 million (5.4 per cent) unfavourable to budget, contributing most to the unfavourable variance, mainly due to a significant refund of previous fuel tax overpayment.

Taxation revenues are forecast to be \$13.6 million lower than budget mainly driven by lower fuel tax revenue and parking sales tax revenue, which are forecast to be \$15.5 million (3.9 per cent) and \$1.5 million (1.8 per cent) below budget, respectively. This is partially offset by property tax which is forecast to be \$3.5 million (0.7 per cent) above budget for 2023, mainly due to a higher non-market change percentage than that assumed in the budget.

Transit

TRANSIT REVENUES Six months ended June 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual		FORECAST TO BUDGET	
	2023	2023	Budget Variance		2023	2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Fares	233,532	222,323	11,209	5.0%	480,567	461,453	19,115	4.1%
Programs	65,968	64,797	1,172	1.8%	134,156	132,544	1,612	1.2%
Total Fare and Program Revenue	299,500	287,119	12,381	4.3%	614,723	593,997	20,726	3.5%
Other	15,806	19,154	(3,348)	(17.5%)	37,924	36,001	1,924	5.3%
Total Transit	315,306	306,274	9,033	2.9%	652,648	629,998	22,650	3.6%

Transit revenues include revenue related to fares and programs. Fares consist of single-use cash fares, Stored Value, DayPass and Monthly Pass products. Program revenues include the Government of BC Bus Pass and U-Pass BC revenues. Other transit revenues include advertising, rental, parking lot fees, fare infraction and carbon credit sales.

Total transit revenue was 9.0 million (2.9 per cent) favourable to budget for the first six months of 2023 mainly driven by fare revenue which was \$11.2 million (5.0 per cent) favourable to budget due to higher than expected transit ridership. Government of BC Bus Pass and U-Pass program revenues also performed favourably to budget by \$1.2 million (1.8 per cent). This was partly offset by other transit revenues which were unfavourable to budget by \$3.3 million (17.5 per cent) due to delays in the receipt of carbon credit revenue.

Total transit revenue is forecast to be \$22.7 million (3.6 per cent) favourable to budget mainly due to higher than expected ridership, increasing fare revenue by \$19.1 million (4.1 per cent) relative to budget by year-end. In addition, program revenues are forecast to continue strong performance for the remainder of the year. Other transit revenue is expected to be favourable to budget by year-end with higher than budgeted carbon credit revenue expected in the second half of 2023.

Government Transfers

GOVERNMENT TRANSFERS Six months ended June 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual		FORECAST TO BUDGET	
	2023	2023	Budget Variance		2023	2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Senior Government Relief Funding	478,926	-	478,926	-	478,926	-	478,926	-
Senior Government funding	61,543	106,681	(45,138)	(42.3%)	248,460	287,451	(38,991)	(13.6%)
Golden Ears Bridge tolling replacement revenue	33,598	33,598	-	-	67,267	67,267	-	-
Total Government Transfers	574,067	140,279	433,788	> 200.0%	794,653	354,718	439,935	124.0%

Government transfers include funds received from the Greater Vancouver Regional Fund (GVRF), Investing in Canada Infrastructure Program (ICIP), the Public Transit Infrastructure Fund (PTIF), Canada Line funding, Build Canada Fund and other miscellaneous programs.

In the first six months of 2023, government transfers were \$433.8 million favourable to budget due to the recognition of unbudgeted \$478.9 million of Provincial relief funding in March 2023 as required by Public Sector Accounting Standards. This was partly offset by other Senior Government funding which was \$45.1 million unfavourable to budget primarily due to the timing of vehicle deliveries and construction delays. These delays have shifted the revenue recognition of Senior Government funding associated with those projects.

Total Government transfers are forecast to be \$439.9 million favourable to budget primarily driven by Provincial relief funding. This is partly offset by Senior Government funding for capital projects which is forecast to be \$39.0 million (13.6 per cent) unfavourable to budget primarily due to the timing of vehicle deliveries and construction delays. These delays are caused by vehicle procurement delays, global supply shortages, and other issues experienced at the early stages of project implementation. These factors have shifted the revenue recognition of government transfers.

Investment Income

Investment income was \$7.9 million (10.0 per cent) favourable to budget mainly due to higher interest income as a result of higher than budgeted market interest rates caused by Bank of Canada's tight monetary policy. The full year forecast is expected to be \$21.7 million (13.9 per cent) favourable to budget mainly due to higher interest rates and investment balances.

Miscellaneous Revenue

Miscellaneous revenue was \$1.6 million (22.3 per cent) favourable to budget for the first six months of 2023 mainly due to favourable materials and wage recoveries at CMBC and BCRTC. The full year forecast is expected to be \$1.6 million (10.5 per cent) favourable to budget, with the remainder of the year expected to track largely to budget.

6. Consolidated Expenses by Segment

CONSOLIDATED EXPENSES BY SEGMENT Six months ended June 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual 2023 Q2 FORECAST	FORECAST TO BUDGET		
	2023	2023	Budget Variance			Annual 2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%		BUDGET ¹	Fav/(Unfav)	%
Bus Operations	461,435	465,130	3,695	0.8%	940,486	934,378	(6,108)	(0.7%)
Rail Operations	198,035	203,111	5,076	2.5%	404,283	408,186	3,903	1.0%
Transit Police	25,998	26,682	684	2.6%	52,112	52,821	709	1.3%
Corporate Operations	62,079	67,585	5,506	8.1%	143,245	140,036	(3,209)	(2.3%)
Roads & Bridges	48,603	70,021	21,418	30.6%	144,419	157,182	12,763	8.1%
Amortization of Capital Assets*	123,607	121,893	(1,714)	(1.4%)	252,012	268,637	16,625	6.2%
Interest*	90,241	93,279	3,038	3.3%	181,276	188,393	7,117	3.8%
Sub Total Continuing Operations	1,009,998	1,047,701	37,703	3.6%	2,117,833	2,149,633	31,800	1.5%
Corporate One-Time	6,504	18,707	12,203	65.2%	27,601	35,859	8,258	23.0%
Total Expenses by Segment	1,016,502	1,066,408	49,906	4.7%	2,145,434	2,185,492	40,058	1.8%

* Amortization and Interest are shown separately to facilitate analysis

¹ 2023 Budget has been restated to reflect budget transfers during the year.

Bus Operations

The Bus operating company, Coast Mountain Bus Company (CMBC), oversees the operations of conventional bus service, as well as Community Shuttle, SeaBus and Access Transit.

In the second quarter of 2023, CMBC introduced a new express bus route that connects the River District and Marine Drive Station within the City of Vancouver. It is estimated that this route will cater to 400-500 daily riders. Additionally, CMBC successfully concluded the proposal for enhancing interoperability at 22nd Street and finalized evaluations for fleet and infrastructure at the Port Coquitlam Centre (PTC). CMBC vehicle procurement timeline remains on track, with scheduled deliveries spanning the entirety of the summer and extending until the end of 2023. New vehicles will include Community Shuttles, HandyDART vehicles, 60-foot hybrid conventional buses, and 40-foot battery-electric conventional buses.

BUS OPERATIONS BY CATEGORY Six months ended June 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual 2023 Q2 FORECAST	FORECAST TO BUDGET		
	2023	2023	Budget Variance			Annual 2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%		BUDGET	Fav/(Unfav)	%
Administration	11,039	12,802	1,763	13.8%	22,160	25,327	3,167	12.5%
Contracted Services	44,975	45,447	472	1.0%	90,727	91,217	490	0.5%
Fuel and Power	35,312	35,324	12	0.0%	68,535	69,649	1,114	1.6%
Insurance	8,298	8,538	240	2.8%	17,100	17,314	214	1.2%
Maintenance, Materials and Utilities	44,425	44,195	(230)	(0.5%)	92,915	90,307	(2,608)	(2.9%)
Professional and Legal	1,900	2,208	308	13.9%	4,117	4,625	508	11.0%
Rentals, Leases and Property Tax	11,654	12,536	882	7.0%	25,512	25,640	128	0.5%
Salaries, Wages and Benefits	303,832	304,080	248	0.1%	619,420	610,299	(9,121)	(1.5%)
Total Expenses by Category	461,435	465,130	3,695	0.8%	940,486	934,378	(6,108)	(0.7%)

For the six months ended June 30, 2023, the Bus Operations expenses were \$3.7 million (0.8 per cent) favourable to budget mainly due to savings from lower than budgeted allocated costs (primarily due to lower software and license costs), service hours and vacancies, as well as lower Access Transit demand.

Bus Operations expenses are forecast to be \$6.1 million (0.7 per cent) unfavourable for the year mainly due to higher negotiated contractual rates in the Collective Bargaining Agreements. This is partly offset by lower service demand in Access Transit, along with vacancies and allocated costs and other savings in administration expenses.

Service Delivery

BUS OPERATIONS							
Six months ended June 30	YTD 2023	YTD 2022	Change		YTD 2023	Budget Variance	
	ACTUAL	ACTUAL	Fav/(Unfav)	%	BUDGET	Fav/(Unfav)	%
SERVICE HOURS							
CMBC Operations	2,634,557	2,612,227	22,330	0.9%	2,716,595	(82,038)	(3.0%)
Conventional Bus	2,342,978	2,334,064	8,914	0.4%	2,426,282	(83,304)	(3.4%)
Community Shuttle	284,769	271,247	13,522	5.0%	283,381	1,388	0.5%
SeaBus	6,810	6,916	(106)	(1.5%)	6,932	(122)	(1.8%)
Contracted Transit Services	122,266	118,909	3,357	2.8%	120,847	1,419	1.2%
West Vancouver	58,935	59,933	(998)	(1.7%)	59,026	(91)	(0.2%)
Contract Community Shuttle	63,331	58,976	4,355	7.4%	61,821	1,510	2.4%
Conventional Transit Service Hours	2,756,823	2,731,136	25,687	0.9%	2,837,442	(80,619)	(2.8%)
SERVICE KILOMETRES							
CMBC Operations	50,669,874	49,945,978	723,896	1.4%	51,655,850	(985,976)	(1.9%)
Conventional Bus ¹	45,138,142	44,705,154	432,988	1.0%	46,210,640	(1,072,498)	(2.3%)
Community Shuttle	5,439,681	5,148,513	291,168	5.7%	5,352,653	87,028	1.6%
SeaBus	92,051	92,311	(260)	(0.3%)	92,557	(506)	(0.5%)
Contracted Transit Services	2,488,315	2,443,977	44,338	1.8%	2,489,045	(730)	(0.0%)
West Vancouver	1,131,274	1,129,878	1,396	0.1%	1,109,442	21,832	2.0%
Contract Community Shuttle	1,357,041	1,314,099	42,942	3.3%	1,379,603	(22,562)	(1.6%)
Conventional Transit Service Kilometres	53,158,189	52,389,955	768,234	1.5%	54,144,895	(986,706)	(1.8%)
CAPACITY KILOMETRES							
CMBC Operations	2,780,748,218	2,711,479,290	69,268,928	2.6%	2,880,809,667	(100,061,449)	(3.5%)
Conventional Bus	2,614,756,212	2,552,375,174	62,381,038	2.4%	2,716,711,550	(101,955,338)	(3.8%)
Community Shuttle	130,552,344	123,564,312	6,988,032	5.7%	128,463,672	2,088,672	1.6%
SeaBus	35,439,662	35,539,804	(100,142)	(0.3%)	35,634,445	(194,783)	(0.5%)
Contracted Transit Services	89,132,685	88,032,271	1,100,414	1.3%	88,582,572	550,113	0.6%
West Vancouver	56,563,695	56,493,885	69,810	0.1%	55,472,100	1,091,595	2.0%
Contract Community Shuttle ²	32,568,990	31,538,386	1,030,604	3.3%	33,110,472	(541,482)	(1.6%)
Conventional Transit Capacity Kilometres	2,869,880,903	2,799,511,561	70,369,342	2.5%	2,969,392,239	(99,511,336)	(3.4%)

¹ The YTD 2022 service kilometres for conventional bus has been restated to reflect the latest information available.

² The YTD 2022 capacity kilometres for contract community shuttles has been restated to reflect the latest information available.

For the first six months of 2023, actual service hours delivered were 80,619 (2.8 per cent) lower than budget, service kilometres were 986,706 (1.8 per cent) lower and capacity kilometres were 99,511,336 (3.4 per cent) lower. The lower service hours and kilometres were mainly due to service cancellations related to winter weather and other service adjustments related to traffic congestion and road conditions.

ACCESS TRANSIT							
Six months ended June 30	YTD 2023	YTD 2022	Change		YTD 2023	Budget Variance	
	ACTUAL	ACTUAL	Fav/(Unfav)	%	BUDGET	Fav/(Unfav)	%
Service Kilometres	4,474,581	4,239,216	235,365	5.6%	5,863,788	(1,389,207)	(23.7%)
Access Transit Trips							
Trips - HandyDART	442,567	403,157	39,410	9.8%	651,532	(208,965)	(32.1%)
Trips - Taxi Supplement	131,329	59,392	71,937	121.1%	76,225	55,104	72.3%
Total Access Transit Trips	573,896	462,549	111,347	24.1%	727,757	(153,861)	(21.1%)

Total Access Transit trips provided in the first six months of 2023 were 111.3 thousand (24.1 per cent) higher compared to the same period in 2022, driven by higher demand, but were 21.1 per cent lower than budget. TransLink remains committed to ensuring services are fully available for passengers unable to use conventional public transit without assistance. As such, budgeted 2023 service levels is aligned with the 2022 Investment Plan. The Investment plan instated a 3.0 per cent HandyDART service increase in 2023, originally planned for 2021 but deferred due to the pandemic. This service increase over pre-COVID levels will help to ensure that customers can continue to complete trips on this essential service as demand grows.

Rail Operations

The Rail operating company, British Columbia Rapid Transit Company Ltd. (BCRTC), on behalf of TransLink, maintains and operates two of the three SkyTrain lines in Metro Vancouver — the Expo and Millennium Lines, as well as the West Coast Express (WCE) commuter rail service. In addition, BCRTC manages TransLink’s agreement with InTransit BC for the operation and maintenance of the Canada Line.

In the second quarter of 2023, BCRTC refurbished two West Coast Express locomotives and restored five-train daily service, which had previously been reduced due to the impact of the COVID-19 pandemic. In addition, BCRTC finalized the Surrey-Langley SkyTrain (SLS) project agreement improvements, including the addition of handrails on the elevated guideway and allocating more space in stations to accommodate remote reporting staff.

RAIL OPERATIONS BY CATEGORY Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2023	YTD 2023	Budget Variance		Annual 2023	Annual 2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET ¹	Fav/(Unfav)	%
Administration	4,311	5,712	1,401	24.5%	9,764	11,416	1,652	14.5%
Contracted Services	69,712	69,919	207	0.3%	142,441	142,027	(414)	(0.3%)
Fuel and Power	8,345	8,745	400	4.6%	17,034	17,415	381	2.2%
Insurance	3,716	3,650	(66)	(1.8%)	7,559	7,587	28	0.4%
Maintenance, Materials and Utilities	33,350	33,639	289	0.9%	66,174	65,695	(479)	(0.7%)
Professional and Legal	1,747	2,805	1,058	37.7%	5,546	5,660	114	2.0%
Rentals, Leases and Property Tax	831	942	111	11.8%	1,807	1,915	108	5.6%
Salaries, Wages and Benefits	76,023	77,699	1,676	2.2%	153,958	156,471	2,513	1.6%
Total Expenses by Category	198,035	203,111	5,076	2.5%	404,283	408,186	3,903	1.0%

¹ 2023 Budget has been restated to reflect budget transfers during the year.

For the six months ended June 30, 2023, Rail operating expenses were \$5.1 million (2.5 per cent) favourable to budget mainly due to savings from temporary vacancies, and timing of professional services and training expenses, partly offset by higher overtime for vacancy and absenteeism coverage.

Rail operating expenses are forecast to be \$3.9 million (1.0 per cent) favourable to budget mainly due to savings from temporary vacancies and lower employee future benefits estimate, partly offset by higher labour increases and overtime costs, Canada Line contract inflation, and maintenance costs related to additional cars in service for West Coast Express.

Service Delivery

RAIL OPERATIONS							
Six months ended June 30	YTD 2023	YTD 2022	Change		YTD 2023	Budget Variance	
	ACTUAL	ACTUAL	Fav/(Unfav)	%	BUDGET	Fav/(Unfav)	%
SERVICE HOURS							
SkyTrain: Expo & Millennium Lines	634,073	642,966	(8,893)	(1.4%)	655,138	(21,065)	(3.2%)
SkyTrain: Canada Line ¹	99,740	98,900	840	0.8%	107,194	(7,454)	(7.0%)
West Coast Express	13,078	8,024	5,054	63.0%	12,227	851	7.0%
Rail Operations Service Hours	746,891	749,890	(2,999)	(0.4%)	774,559	(27,668)	(3.6%)
SERVICE KILOMETRES							
SkyTrain: Expo & Millennium Lines	25,553,094	25,911,476	(358,382)	(1.4%)	26,402,046	(848,952)	(3.2%)
SkyTrain: Canada Line ¹	3,203,227	3,177,196	26,031	0.8%	3,443,601	(240,374)	(7.0%)
West Coast Express	493,114	303,090	190,024	62.7%	460,724	32,390	7.0%
Rail Operations Service Kilometres	29,249,434	29,391,762	(142,328)	(0.5%)	30,306,371	(1,056,937)	(3.5%)
CAPACITY KILOMETRES							
SkyTrain: Expo & Millennium Lines	2,297,293,404	2,260,319,961	36,973,443	1.6%	2,335,454,772	(38,161,368)	(1.6%)
SkyTrain: Canada Line ¹	449,548,190	445,894,967	3,653,223	0.8%	483,282,894	(33,734,704)	(7.0%)
West Coast Express	72,783,567	44,736,025	28,047,542	62.7%	68,002,744	4,780,823	7.0%
Rail Operations Capacity Kilometres	2,819,625,161	2,750,950,953	68,674,208	2.5%	2,886,740,410	(67,115,249)	(2.3%)

¹ Canada Line does not provide actual service delivery statistics, using estimated service hours, service kilometres and capacity kilometres for reporting purposes. As a result prior year metrics have been restated.

All three service delivery measures were below budget for the Expo and Millennium Lines for the first six months of 2023. Service kilometres were below budget by 848,952 (3.2 per cent), and service hours by 21,065 (3.2 per cent). The primary contributing factor was the increased use of Mark II and Mark III trains instead of Mark I trains. Capacity kilometres were 1.6 per cent lower than budget, due to lower use of Mark I trains. The four-car Mark II and Mark III trains generate fewer vehicle kilometres but offer more capacity than six-car Mark I trains.

Canada Line's actual service indicators were below budget during the first half of 2023 due to service level changes.

West Coast Express measures exceeded budget due to service level increases. By the end of the quarter, WCE ran five trains with a total of 35 cars in each direction, compared to budget of five trains and 27 cars. Therefore, service kilometres, service hours, and capacity kilometres were all above budget by 7.0 per cent.

Police Operations

Mandated by the Solicitor General as a Designated Policing Unit, Transit Police preserves and protects peace throughout the transit system. Working in collaboration with local police services, officers aim to prevent crime and offences against the law, aid in the administration of justice and enforce the laws of British Columbia.

During the second quarter of 2023, Transit Police Neighbourhood Police Officers and Waterfront Community Policing Centre volunteers engaged with transit riders, and the public in an increasing number of community events and outreach initiatives. The Blue Eagle Program, for youth ages 12 to 15, continued to operate in both Vancouver and Surrey. As well, Transit Police engaged with a community partner to help develop new procedures related to interactions with gender diverse persons. Transit Police also advanced its Community Safety Officer (CSO) Program implementation, with the first class of CSOs being hired. Work on the CSO training curriculum continued and the first class commenced its training at the end of June.

In readiness for the new BC Provincial Policing Standards on the Promotion of Unbiased Policing (effective July 2023 and July 2024), Transit Police engaged in considerable policy work during the second quarter, with updates made to a number of existing policies (such as victim assistance and arrests), along with creation of a new policy on hate-bias investigations. A number of serious crimes on the transit system in April 2023 resulted in increased policing resources

being allocated to patrol and high visibility, reassurance policing on the transit system. Preparation commenced for a transit safety ad campaign, including promotion of the 87 77 77 text number on the bus system.

POLICE OPERATIONS BY CATEGORY Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2023	YTD 2023	Budget Variance		Annual 2023	Annual 2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET ¹	Fav/(Unfav)	%
Administration	1,942	2,081	139	6.7%	4,145	4,206	61	1.5%
Insurance	60	70	10	14.3%	102	140	38	27.1%
Maintenance, Materials and Utilities	953	856	(97)	(11.3%)	1,678	1,696	18	1.1%
Professional and Legal	291	225	(66)	(29.3%)	381	433	52	12.0%
Rentals, Leases and Property Tax	1,391	1,413	22	1.6%	2,770	2,829	59	2.1%
Salaries, Wages and Benefits	21,361	22,037	676	3.1%	43,036	43,517	481	1.1%
Total Expenses by Category	25,998	26,682	684	2.6%	52,112	52,821	709	1.3%

¹ 2023 Budget has been restated to reflect budget transfers during the year.

For the six months ended June 30, 2023, Transit Police operating expenses were \$0.7 million (2.6 per cent) favourable to budget mainly due to lower salaries, wages and benefits as a result of the timing of new hires.

Transit Police operating expenses are forecast to be \$0.7 million (1.3 per cent) favourable to budget mainly due to lower salaries, wages and benefits along with lower administration expenses due to lower-than-expected expenses allocated from corporate operations.

Corporate Operations

TransLink's corporate operations support the operating subsidiaries with a focus on planning, project delivery and shared services.

In the second quarter of 2023, several key initiatives were launched as part of Customer Experience Action Plan. These included the "What's the T" podcast, to connect with customers and engage them in meaningful discussion and the activation of TransLink's WIFI at New Westminster SkyTrain station, New Westminster Bus Exchange, and Langley Centre Bus Exchange, extending the ongoing WIFI deployment to over 225 buses and trains, including the entire RapidBus fleet.

CORPORATE OPERATIONS BY CATEGORY Six months ended June 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2023	YTD 2023	Budget Variance		Annual 2023	Annual 2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET ¹	Fav/(Unfav)	%
Administration	10,928	11,388	460	4.0%	25,558	25,338	(220)	(0.9%)
Contracted Services	8,296	8,593	297	3.5%	17,175	17,186	11	0.1%
Insurance	254	300	46	15.3%	1,131	644	(487)	(75.6%)
Maintenance, Materials and Utilities	1,340	1,455	115	7.9%	2,701	2,883	182	6.3%
Professional and Legal	5,218	7,398	2,180	29.5%	18,529	18,221	(308)	(1.7%)
Rentals, Leases and Property Tax	5,572	7,887	2,315	29.4%	15,468	15,704	236	1.5%
Salaries, Wages and Benefits	30,471	30,564	93	0.3%	62,683	60,060	(2,623)	(4.4%)
Total Expenses by Category	62,079	67,585	5,506	8.1%	143,245	140,036	(3,209)	(2.3%)

¹ 2023 Budget has been restated to reflect budget transfers during the year.

For the first six months of 2023, corporate expenses were \$5.5 million (8.1 per cent) favourable to budget. The favourable variance was mainly due to lower rentals, leases and property tax due to the timing of these expenses, and lower professional and legal fees due to the timing of Transit Oriented Development expenses.

Corporate operations are forecast to be \$3.2 million (2.3 per cent) unfavourable to budget mainly due to higher staff costs as a result of lower capitalizable headcount due to project delays, higher insurance costs due to higher than budgeted insurance premium at renewal, higher professional fees as a result of unbudgeted expenses for customer washrooms, Waterfront Station repairs, UBC program Succession Planning Services, and higher administration cost due to higher credit card fees as a results of increased transit ridership.

Roads and Bridges

ROADS & BRIDGES OPERATIONS BY CATEGORY Six months ended June 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual	FORECAST TO BUDGET		
	2023	2023	Budget Variance		2023	Annual	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	BUDGET	Fav/(Unfav)	%
Administration	29	14	(15)	(107.1%)	31	30	(1)	(3.3%)
Capital Infrastructure contributions	23,900	32,795	8,895	27.1%	66,863	84,577	17,714	20.9%
Contracted Services	3,047	3,098	51	1.6%	6,189	6,220	31	0.5%
Insurance	600	671	71	10.6%	1,353	1,342	(11)	(0.8%)
Maintenance, Materials and Utilities	19,511	31,647	12,136	38.3%	66,857	61,515	(5,342)	(8.7%)
Professional and Legal	812	506	(306)	(60.5%)	1,140	1,057	(83)	(7.9%)
Rentals, Leases and Property Tax	87	244	157	64.3%	402	406	4	1.0%
Salaries, Wages and Benefits	617	1,046	429	41.0%	1,584	2,035	451	22.2%
Total Expenses by Category	48,603	70,021	21,418	30.6%	144,419	157,182	12,763	8.1%

¹ 2023 Budget has been restated to reflect budget transfers during the year.

Total expenditures for Roads and Bridges in the first half of 2023 were \$21.4 million (30.6 per cent) lower than budget mainly due to the timing of municipalities' work, which resulted in lower than anticipated capital infrastructure contributions to municipalities, as well as the timing of Major Road Network (MRN) Operations and Maintenance projects.

Total expenditures for Roads and Bridges are forecast to be \$12.8 million (8.1 per cent) lower than budget primarily due to the timing of municipalities' work, resulting in lower than anticipated capital infrastructure contributions, partly offset by higher than budgeted maintenance expenses.

Amortization

Amortization was \$1.7 million (1.4 per cent) higher than budget primarily due to timing difference as a result of ERP system conversion, which will reverse by the end of the year. The unfavourable variance was offset by lower-than-expected capitalizations in various projects such as Fire Life Safety System, HandyDART vehicle purchases, Onboard Technology Assets Program (OTAP) Radio Replacement, and SkyTrain Storage – Coquitlam Vehicle Storage Facility Expansion.

Amortization is forecast to be \$16.6 million (6.2 per cent) below budget primarily due to lower-than-expected capitalizations for projects such as the SkyTrain Customer and Operations Telecommunication Upgrade, SkyTrain Advanced Radio System, Rotary Grinder Replacement, and SkyTrain Physical Security System. Additionally, delays in vehicles deliveries for Conventional Bus, Community Shuttle, and HandyDART vehicle procurement projects have also delayed capitalizations.

Interest

Interest expense for the first six months of 2023 was \$3.0 million (3.3 per cent) favourable to budget. The full year forecast is expected to be \$7.1 million (3.8 per cent) favourable to budget. These variances are mainly due to timing of the issuance of long-term debt and reduced short-term debt, partially offset by lower than budgeted interest capitalization during construction associated with lower than anticipated capital spending.

Corporate – One-time Costs

CORPORATE ONE-TIME SUMMARY BY PROJECT Six months ended June 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual	FORECAST TO BUDGET		
	2023	2023	Budget Variance		2023	Annual	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q2 FORECAST	2023 BUDGET ¹	Fav/(Unfav)	%
Feasibility Studies	1,611	4,406	2,795	63.4%	6,746	8,458	1,712	20.2%
Rapid Bus Program (Previously B-Line Program)	807	1,897	1,090	57.5%	2,588	3,505	917	26.2%
Bus Rapid Transit Program	103	589	486	82.5%	803	1,829	1,026	56.1%
Non-Capitalized items included in Capital Projects	1,994	5,099	3,105	60.9%	5,795	8,566	2,771	32.3%
Mobility Pricing	636	754	118	15.6%	1,652	1,736	84	4.8%
Bus Speed and Reliability	670	555	(115)	(20.7%)	1,226	1,089	(137)	(12.6%)
Rail Expansion Operational / Broadway Subway Project								
Operational Readiness	221	2,064	1,843	89.3%	3,396	4,886	1,490	30.5%
Other	462	3,343	2,881	86.2%	5,395	5,790	395	6.8%
Total Corporate One-Time	6,504	18,707	12,203	65.2%	27,601	35,859	8,258	23.0%

¹ 2023 Budget has been restated to reflect budget transfers during the year.

Corporate One-time costs were \$12.2 million (65.2 per cent) favourable to budget, mainly due to lower spend on feasibility studies due to delays and cancellation of several projects, lower information technology costs, lower spend on RapidBus and Bus Rapid Transit Program, lower contractor cost and training cost for ERP, delay in Trip Diary project, and vacancy savings in Rail Expansion / Broadway Subway Operational Readiness.

Corporate One-time costs are forecast to be \$8.3 million (23.0 per cent) favourable to budget, mainly due to the delayed activation and cancellation of several feasibility studies, lower information technology costs, lower spend on Bus Rapid Transit Program and Rapid Bus due to delay in North Shore BRT Concept Planning, BRT action plan, and associated contracting for future expansion (R8), vacancy savings in Rail Expansion / Broadway Subway Operational Readiness and lower ERP non-capital costs.

7. Investment in Capital Assets

TransLink's investment in capital assets continues to grow with the focus of supporting enterprise priorities. The capital program is robust and managed with strong governance and oversight. As of June 30, 2023, TransLink's total approved capital program budget was \$8.5 billion, which includes:

- \$5.3 billion in active capital projects
- \$0.2 billion in Approved-In-Principle (AIP) capital projects
- \$2.2 billion in substantially complete capital projects; and
- \$0.7 billion in capital infrastructure contributions to municipalities

SUMMARY OF CAPITAL PROGRAM						
As of June 30, 2023 (\$ thousands)	Number of Projects	Total Current Budget	Final Forecast Cost	Forecast Variance to Current Budget		Senior Government Funding (Committed)
				Fav/(Unfav)	%	
Capital Projects						
Active	161	5,319,383	5,301,034	18,349	0.3%	2,250,933
AIP	32	233,371	233,371	-	-	48,360
Substantially Complete	122	2,240,989	2,139,884	101,105	4.5%	1,025,841
Subtotal	315	7,793,743	7,674,289	119,454	1.5%	3,325,134
Capital Infrastructure Contributions						
Active	41	656,608	652,192	4,416	0.7%	-
Substantially Complete	1	10,062	9,576	486	4.8%	-
Subtotal	42	666,670	661,768	4,902	0.7%	-
Total Capital Program	357	8,460,413	8,336,057	124,356	1.5%	3,325,134

The capital program is supported in part by \$3.3 billion in committed funding available to TransLink from the Canada Community Building Fund (formerly the Federal Gas Tax Fund), Public Transit Infrastructure Fund (PTIF), and Investing in Canada Infrastructure Program (ICIP). External funding programs apply to eligible projects within the capital program. For the Canada Community Building Fund, TransLink receives approval and funding in advance of project initiation. These funds are held in restricted cash and treated as deferred government transfers until costs are incurred in the approved projects, at which time funds are released to general operating funds and government transfers revenue is recognized. For PTIF and ICIP, TransLink incurs the costs of the projects which are recovered through invoicing the province for the portion that is funded per the respective agreements. Revenue for these programs is amortized based on the terms of the respective agreements.

Active and Substantially Complete Capital Projects

As of June 30, 2023, there were 283 active and substantially complete projects with a final forecast cost of \$7.4 billion. The total costs incurred for these projects during the first two quarters of the year were \$184.1 million.

SUMMARY OF ACTIVE PROJECTS								
As of June 30, 2023 (\$ thousands)	Number of Projects	Current Budget	2023 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Forecast Variance to Current Budget		Senior Government Funding (Committed)
						Fav/(Unfav)	%	
Active								
Equipment	18	146,961	8,617	60,901	144,220	2,741	1.90%	15,246
Facilities	63	703,655	42,536	156,180	699,357	4,298	0.60%	205,045
Infrastructure	13	2,741,688	67,694	506,569	2,741,549	139	0.00%	876,953
Major Construction	28	237,854	14,718	113,795	231,303	6,551	2.80%	-
Technology	28	878,332	12,774	83,407	875,089	3,243	0.40%	823,416
Vehicle	11	610,893	17,532	67,884	609,516	1,377	0.20%	330,273
Subtotal (Active Capital Projects)	161	5,319,383	163,871	988,736	5,301,034	18,349	0.30%	2,250,933
Substantially Complete	122	2,240,989	20,255	2,077,651	2,139,884	101,105	4.50%	1,025,841
Total Active Capital Projects	283	7,560,372	184,126	3,066,387	7,440,918	119,454	1.60%	3,276,774

Active Capital Projects

As of June 30, 2023, there were 162 active projects with expenditures of \$169.0 million for the year and \$1.0 billion in cumulative spending to date. A comparison of active project budgets against forecast final costs shows a favorable variance of \$18.3 million (0.3 per cent).

Facilities spending of \$17.5 million for the year includes \$6.6 million spent on the Canada Line Capstan Station and \$4.6 million on the Marpole Transit Centre project.

Infrastructure spending of \$42.5 million for the year includes \$6.2 million spent on the Edmonds Operations and Maintenance Centre (OMC) Capacity Upgrade and \$4.4 million on Burrard Station Upgrades.

Major Construction spending of \$67.7 million for the year includes \$16.8 million on the SkyTrain Operation Control Centre and \$15.9 million spent on a new Operations and Maintenance Centre.

Technology spending of \$14.7 million for the year \$3.6 million spent on the Daily Operations Management System (DOMS) Product Replacement Program and \$1.9 million for ERP Technology & Enablement

Substantially Complete Capital Projects

As of June 30, 2023, there were 122 projects with a total budget of \$2.2 billion deemed substantially complete with \$20.3 million spent year to date. These projects are in the final stages of project activity. The total expected favorable variance for these projects at completion is \$101.1 million (4.5 per cent).

Notable projects that were substantially completed during the quarter include:

- Finance and Supply Chain Enterprise Resource Planning (ERP) Implementation with a budget of \$34.9 million;
- 2021 Community Shuttle Replacement with a budget of \$14.5 million;
- 2021 Rectifier Replacement with a budget of \$10.0 million;
- Replace Rotary Grinder #2 with a budget of \$9.2 million;
- BCRTC Payroll, Scheduling and Timekeeping with a budget of \$7.6 million; and
- 2021 HandyDART Vehicle Replacement with a budget of \$6.5 million.

Approved in Principle (AIP) Capital Projects

As of June 30, 2023, there were 32 AIP projects remaining to be initiated with a total budget of \$233.4 million. Of these 32 projects, 15 projects with a budget of \$121.0 million were carried forward from prior years and 17 projects with a budget of \$112.4 million are new in 2023.

SUMMARY OF AIP PROJECTS			Senior Government
As of June 30, 2023 (\$ thousands)	Number of Projects	Current Budget	Funding (Committed)
Capital Projects			
Equipment	2	5,316	-
Infrastructure	17	105,424	15,719
Technology	6	21,512	-
Vehicle	4	20,217	2,510
Facilities	3	80,902	30,131
Total AIP Projects	32	233,371	48,360

Significant projects remaining in AIP include:

- BTC Facility Improvements for Phase 2 Expansion (Facilities) with a budget of \$44.6 million;
- PTC Facility Improvements (Facilities) with a budget of \$34.2 million; and
- SkyTrain Advanced Radio (STARS) System - Phase 3 with a budget of \$22.0 million.

Closed Capital Projects

During the quarter ended June 30, 2023, the Operational Maintenance Centre 1&2 Perimeter Security Upgrade project with a final cost of \$0.5 million and an approved budget of \$0.8 million was completed and closed.

Cancelled Capital Projects

During the quarter ended June 30, 2023, there were no project cancellations.

Capital Infrastructure Contributions

These expenditures consist of contributions to municipalities for the rehabilitation and upgrade of the Major Road Network (MRN) as well as pedestrian and bike pathways. TransLink does not own these underlying assets; therefore, the costs are expensed in the year they are incurred.

As of June 30, 2023, there were 42 active programs with a budget of \$666.7 million. The majority of the \$29.3 million in contributions in the year relate to the Pavement Rehabilitation Program and the Major Road Network and Bike Upgrades.

SUMMARY OF INFRASTRUCTURE CONTRIBUTION PROGRAMS						Forecast Variance to Current Budget	
As of June 30, 2023 (\$ thousands)	Number of Projects	Current Budget	2023 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Fav/ (Unfav)	%
MRN Structurers Funding Program	6	93,963	762	7,036	93,963	-	-
Major Road Network and Bike Upgrades (MRNB)	12	274,264	10,835	161,939	270,701	3,563	1.3%
Pavement Rehabilitation Program	6	139,711	13,043	124,762	138,983	728	0.5%
Bicycle Infrastructure Capital Cost Share (BICCS)	6	98,748	3,135	18,763	98,748	-	-
Bus, Speed, Reliability, and Infrastructure (BSRI)	5	24,507	252	3,517	24,099	408	1.7%
Walking Infrastructure to Transit (WITT)	7	35,477	1,237	10,516	35,274	203	0.6%
Grand Total	42	666,670	29,264	326,533	661,768	4,902	0.7%

8. Changes in Financial Position

Consolidated Statement of Financial Position			
(\$ thousands)	June 30 2023	December 31 2022	Change
Cash and cash equivalents	186,236	622,558	(436,322)
Accounts receivable	826,897	136,909	689,988
Restricted cash and cash equivalents and investments	3,978,813	3,733,194	245,619
Investments	320,071	235,289	84,782
Debt reserve deposits	23,939	23,762	177
Financial Assets	5,335,956	4,751,712	584,244
Accounts payable and accrued liabilities	377,057	400,206	(23,149)
Debt	3,115,230	3,141,748	(26,518)
Deferred government transfers	3,804,719	3,540,507	264,212
Golden Ears Bridge contractor liability	991,790	999,512	(7,722)
Deferred concessionaire credit	397,814	409,355	(11,541)
Employee future benefits	144,606	141,202	3,404
Deferred development cost charges	16,193	15,132	1,061
Deferred revenue and deposits	81,008	73,646	7,362
Deferred lease inducements	12,827	12,855	(28)
Liabilities	8,941,244	8,734,163	207,081
Net Debt	(3,605,288)	(3,982,451)	377,163
Tangible capital assets	5,834,892	5,765,456	69,436
Supplies inventory	109,290	97,310	11,980
Property under development	19,803	19,599	204
Prepaid capital	29,752	29,752	-
Prepaid expenses	40,445	30,002	10,443
Non-Financial Assets	6,034,182	5,942,119	92,063
Accumulated Surplus	2,428,894	1,959,668	469,226

Financial Assets

See the “Liquidity and Capital Resources” section for the discussion on:

- Cash and cash equivalents and investments
- Restricted cash and cash equivalents and investments

The increase in accounts receivable of \$690.0 million was mainly due to \$478.9 million relief funding committed to by the Province in March 2023, and the accrual of property tax revenues to be received in August.

Liabilities

See "Liquidity and Capital Resources" section for the discussion on Debt.

Deferred government transfers liability increased by an additional \$264.2 million (7.5 per cent) primarily due to \$325.8 million in funding received from the Canada Community Building Fund (formerly known as the Federal Gas Tax Fund), partially offset by revenues recognized as the funding stipulations are met for the various funding programs.

The increase in employee future benefits, which represents post-retirement and post-employment benefits, was due to the estimated current service cost and related interest. The post-retirement portion of this liability will draw down upon retirement of the employees.

Deferred development cost charges relate to amounts received for which qualifying costs have not yet been incurred.

The increase in deferred revenues and deposits of \$7.4 million (10.0 per cent) was mainly due to unearned transit fare revenue and Compass Card deposits received.

Non-Financial Assets

Capital assets increased by \$69.4 million (1.2 per cent) in the first half of 2023 due to \$193.0 million in additions, offset by amortization of \$123.6 million. Additions included SkyTrain system and infrastructure upgrades, vehicle fleet procurement, property acquisition, and technology upgrade projects.

Property under development represents TransLink's share of the real estate development costs. The Broadway and Arbutus Project Limited Partnership (the "Partnership") was established on April 25, 2022. The Partnership's purpose is to deliver a mixed-use residential building at the corner of West Broadway and Arbutus. TransLink holds 50 per cent ownership of the Partnership through a wholly-owned subsidiary, TOD Investments Ltd. Transactions and balances of this Partnership are proportionately consolidated into TransLink's consolidated financial statements based on its 50 per cent interest share.

As the future operator of the future Surrey Langley SkyTrain ("SLS") and lessee of assets related to the SLS, prepaid capital relates to TransLink's share of the SLS development costs.

9. Liquidity and Capital Resources

Cash Flows and Liquidity

The following table shows unrestricted cash and investments with maturities of less than 12 months.

UNRESTRICTED CASH AND INVESTMENTS			
(\$ thousands)	June 30 2023	December 31 2022	Change
Cash and cash equivalents	186,236	622,558	(436,322)
Investments	320,071	235,289	84,782
Total Unrestricted cash and investments	506,307	857,847	(351,540)

TransLink's unrestricted cash and investment balances reflect accumulated funding resources available to support operations. The balance decreased by \$351.5 million in the first six months of 2023, due to regular net outflows from operations.

The \$506.3 million in unrestricted cash and investments is well within policy requirements of 15 per cent of operating expenditures plus debt service costs. These balances are expected to increase in the third quarter from the receipt of annual property tax remittances from municipalities in August.

Liquidity is further supported by a \$500.0 million Commercial Paper program. There was no outstanding balance on this program as of June 30, 2023 (December 31, 2022: nil).

Restricted Funds

Restricted cash and investments are used for the repayment of bonds, payment of Transportation Property & Casualty Company Inc. (TPCC) insurance claims, land purchases and capital purchases. The following table shows TransLink's restricted funds.

RESTRICTED CASH AND INVESTMENTS			
(\$ thousands)	June 30 2023	December 31 2022	Change
Government transfers	3,064,896	2,821,868	243,028
TPCC's investments	28,470	30,353	(1,883)
Green Bond Proceeds	-	38	(38)
Land Reserve	305,702	349,494	(43,792)
Self administered sinking funds	579,745	531,441	48,304
Total Restricted cash and investments	3,978,813	3,733,194	245,619

For the first six months of 2023, restricted cash and investments increased by \$245.6 million. This is due primarily to the receipt of the annual Canada Community Building Fund contribution from GVRF, contributions to the self-administered sinking fund and reinvested investment income within the sinking fund. These increases are partly offset by releases from GEB Restricted Funds, unspent federal contributions and the Land Reserve to fund qualifying capital spending.

Net Debt

TransLink's robust borrowing program provides the ability to go directly to capital markets with a solid reputation as a good investment, meaning greater cost certainty for debt management. It provides assurance to credit rating agencies and investors while providing flexibility to TransLink to use both short-term and long-term financing.

TransLink's debt management policy includes self-imposed debt coverage and debt service coverage limits. TransLink continues to remain within these limits.

Under the *South Coast British Columbia Transportation Authority (SCBCTA) Act*, TransLink's outstanding gross direct debt obligations cannot exceed TransLink's borrowing limit, which is currently \$6.8 billion. Based on Section 31(1) under the "Borrowing by authority" of the SCBCTA Act, the debt limit can be increased on the basis of an amount proposed in an Investment Plan, "if the investment plan was approved by the Mayors' Council on regional transportation under section 204.1." This approval was received on May 26, 2022. The debt obligations are defined under the SCBCTA Act as the sum of current borrowings of TransLink secured by debentures, bonds, other forms of indentures, capital leases, short-term notes, lines of credit and bank overdrafts, excluding any prepaid financing costs.

As at June 30, 2023, TransLink's outstanding gross direct debt obligation was \$3.74 billion, being the debt of \$3.12 billion plus Municipal Finance Authority of BC (MFABC) administered sinking funds of \$0.65 billion, and net of capital lease reductions since inception, unamortized issuance costs and unamortized premium/discounts of \$0.03 billion (December 31, 2022: \$3.74 billion).

FINANCING			
(\$ thousands)	June 30 2023	December 31 2022	Change
Debt	3,115,230	3,141,748	(26,518)
Less: Self-administered sinking funds	(579,745)	(531,441)	(48,304)
Less: Debt reserve deposits	(23,939)	(23,762)	(177)
Net Direct Debt	2,511,546	2,586,545	(74,999)
Golden Ears Bridge contractor liability	991,790	999,512	(7,722)
Deferred concessionaire credit	397,814	409,355	(11,541)
Indirect P3 Debt	1,389,604	1,408,867	(19,263)
Subtotal Net Direct Debt and Indirect P3 Debt	3,901,150	3,995,412	(94,262)

Net direct debt decreased by \$75.0 million mainly due to scheduled debt payments, sinking fund contributions and reinvestment of sinking fund interest income.

Indirect P3 debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by \$19.3 million, due to the amortization of the Canada Line deferred concessionaire credit and payments made on Golden Ears Bridge contractor liability.

The Golden Ears Bridge contractor liability financed the construction of the Golden Ears Bridge and is payable over the term ending June 2041.

Deferred concessionaire credit represents the funding provided by the Canada Line Concessionaire. This balance is amortized to income on a straight-line basis over the operating term of the concessionaire agreement, which will expire in July 2040.

Credit Rating

Maintaining a high-quality credit rating is essential to ensure that TransLink can continue to access capital markets in the most cost-effective basis.

The following table summarizes TransLink’s current credit ratings and outlooks. As of June 30, 2023, Moody’s continues to affirm TransLink’s rating of Aa2 (Stable) reflective of TransLink’s strong institutional framework and its status as a taxing authority as well as its positive management of the uncertainties arising from the COVID-19 pandemic. As of June 30, 2023, Dominion Bond Rating Service (DBRS) affirmed TransLink’s rating of AA (Stable).

CREDIT RATING								
Agency	As at June 30, 2023				As of December 31, 2022			
	Commercial Paper	Senior Debt	General Obligation	Outlook	Commercial Paper	Senior Debt	General Obligation	Outlook
DBRS Limited	R-1 mid	AA	AA	Stable	R-1 mid	AA	AA	Stable
Moody's Investor's Service	Not Rated	Aa2	Aa2	Stable	Not Rated	Aa2	Aa2	Stable

Appendix I – Consolidated Financial Statements

The following statements are presented in accordance with generally accepted Canadian accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Consolidated Financial Position

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position
(Expressed in thousands of dollars)

June 30, 2023, with comparative information for December 31, 2022

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 186,236	\$ 622,558
Accounts receivable	826,897	136,909
Restricted cash and cash equivalents and investments	3,978,813	3,733,194
Investments	320,071	235,289
Debt reserve deposits	23,939	23,762
	5,335,956	4,751,712
Liabilities		
Accounts payable and accrued liabilities	377,057	400,206
Debt	3,115,230	3,141,748
Deferred government transfers	3,804,719	3,540,507
Golden Ears Bridge contractor liability	991,790	999,512
Deferred concessionaire credit	397,814	409,355
Employee future benefits	144,606	141,202
Deferred development cost charges	16,193	15,132
Deferred revenue and deposits	81,008	73,646
Deferred lease inducements	12,827	12,855
	8,941,244	8,734,163
Net debt	(3,605,288)	(3,982,451)
Non-financial assets		
Tangible capital assets	5,834,892	5,765,456
Supplies inventory	109,290	97,310
Property under development	19,803	19,599
Prepaid capital	29,752	29,752
Prepaid expenses	40,445	30,002
	6,034,182	5,942,119
Accumulated surplus	\$ 2,428,894	\$ 1,959,668

Consolidated Statement of Operations

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Six months ended June 30, 2023, with comparative information for June 30, 2022

	2023 Budget	2023 Actual	2022 Actual
Revenues:			
Taxation	\$ 487,132	\$ 476,758	\$ 478,008
Transit	306,274	315,306	253,950
Government transfers	140,279	574,067	291,141
Amortization of deferred concessionaire credit	11,541	11,541	11,541
Investment income	79,266	87,166	30,607
Development cost charges	11,798	11,798	15,763
Miscellaneous revenue	7,279	8,899	8,632
Gain (loss) on disposal of tangible capital assets	(202)	193	1,039
	1,043,366	1,485,728	1,090,681
Expenses:			
Bus operations	550,637	550,313	507,189
Corporate operations	101,708	81,897	118,067
Rail operations	270,146	260,553	238,613
Roads and bridges	116,953	97,450	88,450
Transit Police	26,964	26,289	24,137
	1,066,408	1,016,502	976,456
Surplus (deficit) for the period	(23,042)	469,226	114,225
Accumulated surplus, beginning of period	1,933,296	1,959,668	1,830,062
Accumulated surplus, end of period	\$ 1,910,254	\$ 2,428,894	\$ 1,944,287

Consolidated Statement of Changes in Net Debt

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

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

Six months ended June 30, 2023, with comparative information for June 30, 2022

	2023 Actual	2022 Actual
Surplus for the period	\$ 469,226	\$ 114,225
Acquisition of tangible capital assets	(193,043)	(164,887)
Amortization of tangible capital assets	123,607	117,326
Write-down of tangible capital assets	-	44,875
Net proceeds from disposal of tangible capital assets	193	1,727
Land transferred to Partnership	-	17,488
Gain on disposal of tangible capital assets	(193)	(1,039)
	(69,436)	15,490
Change in supplies inventory	(11,980)	(2,151)
Change in property under development	(204)	-
Change in prepaid expenses	(10,443)	(6,171)
	(22,627)	(8,322)
Decrease in net debt	377,163	121,393
Net debt, beginning of period	(3,982,451)	(3,995,297)
Net debt, end of period	\$ (3,605,288)	\$ (3,873,904)

Consolidated Statement of Cash Flows

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows

(Expressed in thousands of dollars)

Six months ended June 30, 2023, with comparative information for June 30, 2022

	2023	Restated 2022
Cash provided by (used for):		
Operating transactions:		
Surplus for the period	\$ 469,226	\$ 114,225
Non-cash changes to operations	46,670	78,502
Changes in non-cash operating working capital	(723,937)	(65,618)
Cash provided by (used for) operating transactions	(208,041)	127,109
Capital transactions:		
Purchase of tangible capital assets	(193,043)	(164,887)
Net proceeds from disposal of tangible capital assets	193	1,727
Cash used for capital transactions	(192,850)	(163,160)
Investing transactions:		
Increase in restricted cash and cash equivalents and investments	(245,619)	(2,475,261)
Decrease (increase) in investments	(84,782)	15,306
Decrease (increase) in debt reserve deposits	(177)	2,918
Cash used for investing transactions	(330,578)	(2,457,037)
Financing transactions:		
Repayments of debt	(13,167)	(15,566)
Repayments of Golden Ears Bridge contractor liability	(41,300)	(39,036)
Government transfers received in lieu of foregone toll revenue	-	2,000,000
Government transfers received for tangible capital additions	349,614	380,753
Cash provided by financing transactions	295,147	2,326,151
Decrease in cash and cash equivalents	(436,322)	(166,937)
Cash and cash equivalents, beginning of period	622,558	575,623
Cash and cash equivalents, end of period	\$ 186,236	\$ 408,686
Supplementary information:		
Interest paid	\$ 100,895	\$ 94,147

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows (continued)

(Expressed in thousands of dollars)

Six months ended June 30, 2023, with comparative information for June 30, 2022

	2023	Restated 2022
Non-cash changes to operations:		
Amortization of tangible capital assets	\$ 123,607	\$ 117,326
Amortization of bond premium	(1,642)	(1,611)
Amortization of deferred concessionaire credit	(11,541)	(11,541)
Amortization of deferred government transfers	(85,402)	(88,913)
Amortization of deferred lease inducements, net of additions	(28)	(514)
Interest accretion on contractor liability	33,578	32,559
Write-down of tangible capital assets	-	44,875
Gain on disposal of tangible capital assets	(193)	(1,039)
Sinking fund interest held by MFA	(11,709)	(12,640)
	\$ 46,670	\$ 78,502
Changes in non-cash operating working capital:		
Increase in accounts receivable	\$ (689,988)	\$ (172,596)
Decrease in loan receivable	-	131,060
Increase in supplies inventory	(11,980)	(2,151)
Increase in property under development	(204)	-
Increase in prepaid expenses	(10,443)	(6,171)
Decrease in accounts payable and accrued liabilities	(23,149)	(24,403)
Increase in deferred development cost charges	1,061	-
Increase in deferred revenue and deposits	7,362	6,338
Increase in employee future benefits	3,404	2,305
	\$ (723,937)	\$ (65,618)

Segment Report

South Coast British Columbia Transportation Authority

Segment Report
 Period ended June 30, 2023
 (in thousands of dollars)

	2023					Total	2022
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police		
Revenues:							
Taxation	\$ -	\$ 476,758	\$ -	\$ -	\$ -	\$ 476,758	\$ 478,008
Transit	-	315,306	-	-	-	315,306	253,950
Government transfers	-	574,067	-	-	-	574,067	291,141
Amortization of deferred concessionaire credit	-	-	11,541	-	-	11,541	11,541
Investment income	-	87,149	17	-	-	87,166	30,607
Development cost charges	-	11,798	-	-	-	11,798	15,763
Miscellaneous revenue	6,127	1,668	553	3	548	8,899	8,632
Gain on disposal of tangible capital assets	-	193	-	-	-	193	1,039
	6,127	1,466,939	12,111	3	548	1,485,728	1,090,681
Expenses:							
Administration	11,039	11,045	4,311	29	1,940	28,364	25,952
Capital infrastructure contributions	-	-	-	23,900	-	23,900	16,926
Contracted services	44,975	8,296	69,712	3,047	2	126,032	115,386
Fuel and power	35,312	-	8,345	-	-	43,657	44,395
Insurance	8,298	257	3,716	600	60	12,931	12,664
Maintenance, materials and utilities	44,425	1,760	33,350	19,511	953	99,999	87,594
Professional and legal	1,900	9,333	1,747	812	291	14,083	12,031
Rentals, leases and property tax	11,654	5,584	831	87	1,391	19,547	17,737
Salaries, wages and benefits	303,832	32,308	76,023	617	21,361	434,141	391,691
Write-down of tangible capital assets	-	-	-	-	-	-	44,875
Expenses before amortization and interest	461,435	68,583	198,035	48,603	25,998	802,654	769,251
Amortization of tangible capital assets	60,924	9,126	42,859	10,498	200	123,607	117,326
Interest	27,954	4,188	19,659	38,349	91	90,241	89,879
Amortization and interest	88,878	13,314	62,518	48,847	291	213,848	207,205
Total Expenses	550,313	81,897	260,553	97,450	26,289	1,016,502	976,456
Surplus (deficit), for the period	\$ (544,186)	\$ 1,385,042	\$ (248,442)	\$ (97,447)	\$ (25,741)	\$ 469,226	\$ 114,225

Appendix II – Operating Indicators

OPERATING INDICATORS								
Six months ended June 30	YTD	YTD	Change		YTD	Budget Variance		
	2023	2022	Fav/(Unfav)	%	2023	Fav/(Unfav)	%	
	ACTUAL	ACTUAL			BUDGET			
Safety: Customer Injuries (per 1 million Boarded Passengers, unless otherwise stated)¹								
Bus & SeaBus ^{2,3}	3.7	4.0	0.3	7.5%	4.0	0.3	7.5%	
SkyTrain: Expo & Millennium Lines	1.1	1.0	(0.1)	(10.0%)	1.0	(0.1)	(10.0%)	
West Coast Express	-	-	-	-	-	-	-	
HandyDART (per 100,000 Boarded Passengers)	1.6	0.8	(0.8)	(100.0%)	0.4	(1.2)	> (200.0%)	
Safety: Employee Lost Time Frequency								
Bus & SeaBus (per 200,000 Hours Worked)	8.9	8.1	(0.8)	(9.9%)	8.2	(0.7)	(8.5%)	
SkyTrain: Expo & Millennium Lines (per 200,000 Hours Worked)	4.7	5.1	0.4	7.8%	4.0	(0.7)	(17.5%)	
West Coast Express (per 200,000 Hours Worked)	-	-	-	-	-	-	-	
HandyDART (per 200,000 Hours Worked)	16.1	18.9	2.8	14.8%	13.0	(3.1)	(23.8%)	
Safety: Bus & SeaBus Operator Assaults (per 1 million Service Hours)								
	13.3	12.3	(1.0)	(8.1%)	11.5	(1.8)	(15.7%)	
Ridership: Boarded Passengers (Thousands)³								
Bus & SeaBus	120,063	95,603	24,460	25.6%	116,139	3,924	3.4%	
SkyTrain: Expo & Millennium Lines	48,416	37,607	10,809	28.7%	46,412	2,004	4.3%	
SkyTrain: Canada Line	19,252	14,955	4,297	28.7%	18,793	459	2.4%	
West Coast Express	626	394	232	58.9%	691	(65)	(9.4%)	
HandyDART	634	508	126	24.8%	568	66	11.6%	
Ridership: Journeys (Thousands)³								
Overall System	112,564	88,132	24,432	27.7%	108,126	4,438	4.1%	
Vehicle Service Delivery: Percentage of Service Hours Delivered								
Bus & SeaBus	99.3%	98.9%	0.4%	0.4%	98.0%	1.3%	1.3%	
SkyTrain: Canada Line ⁴	100.0%	100.0%	-	-	100.0%	-	-	
HandyDART	99.5%	99.7%	(0.2%)	(0.2%)	99.8%	(0.3%)	(0.3%)	
Vehicle Service Delivery: Percentage of Train Trips Delivered								
SkyTrain: Expo & Millennium Lines	99.6%	99.3%	0.3%	0.3%	99.0%	0.6%	0.6%	
West Coast Express	100.0%	99.0%	1.0%	1.0%	99.9%	0.1%	0.1%	
Vehicle Punctuality: On-Time Performance								
Bus (3 minutes late < On-Time < 1 minute early) ⁵	80.7%	83.4%	(2.7%)	(3.2%)	82.0%	(1.3%)	(1.6%)	
SkyTrain: Expo & Millennium Lines (headway + 3 minutes)	95.6%	95.8%	(0.2%)	(0.2%)	96.0%	(0.4%)	(0.4%)	
West Coast Express (headway + 5 minutes)	95.7%	93.5%	2.2%	2.4%	97.8%	(2.1%)	(2.1%)	
HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time)	91.5%	93.0%	(1.5%)	(1.6%)	90.0%	1.5%	1.7%	
Vehicle Reliability: Mean Distance Between Failure								
Bus ⁶	29,335	27,467	1,868	6.8%	28,372	963	3.4%	
Vehicle Reliability: Mean Distance Between Service Removals								
SkyTrain: Expo & Millennium Lines	161,728	196,299	(34,571)	(17.6%)	209,873	(48,145)	(22.9%)	
HandyDART Vehicle Productivity								
Trips per Service Hour (excludes Taxis)	1.6	1.9	(0.3)	(15.8%)	2.0	(0.4)	(20.0%)	
Trip Denials	480	126	(354)	> (200.0%)	714	234	32.8%	
Environmental								
Bus & SeaBus (Spills per 1 million km) ⁷	2.4	2.6	0.2	7.7%	2.5	0.1	4.0%	
Bus & SeaBus (Revenue Vehicle Energy Consumption in Gigajoules)	1,015,733	979,399	(36,334)	(3.7%)	1,032,598	16,865	1.6%	
Customer Service: Customer Satisfaction (overall score of 10)								
Overall System ⁸	8.0	8.0	-	-	8.2	(0.2)	(2.4%)	
Bus & SeaBus	8.0	8.1	(0.1)	(1.2%)	8.2	(0.2)	(2.4%)	
SkyTrain: Expo & Millennium Lines	8.4	8.3	0.1	1.2%	8.3	0.1	1.2%	
SkyTrain: Canada Line	8.5	8.6	(0.1)	(1.2%)	8.7	(0.2)	(2.3%)	
West Coast Express	8.7	8.9	(0.2)	(2.2%)	8.6	0.1	1.2%	
Customer Service: Customer Complaints³								
Overall System (per 1 million Boarded Passengers) ^{8,9}	67.0	70.2	3.2	4.6%	66.8	(0.2)	(0.3%)	
Bus & SeaBus (per 1 million Boarded Passengers) ⁹	73.5	78.9	5.4	6.8%	96.9	23.4	24.1%	
SkyTrain: Expo & Millennium Lines (per 1 million Boarded Passengers)	14.0	15.4	1.4	9.1%	15.2	1.2	7.9%	
SkyTrain: Canada Line (per 1 million Boarded Passengers)	5.7	4.7	(1.0)	(21.3%)	5.3	(0.4)	(7.5%)	
West Coast Express (per 1 million Boarded Passengers)	126.3	170.2	43.9	25.8%	138.9	12.6	9.1%	
HandyDART (complaints per 100,000 Boarded Passengers)	247.9	226.7	(21.2)	(9.4%)	202.9	(45.0)	(22.2%)	
Financial: Operating Costs								
Overall System (operating cost per capacity km) ^{8, 10, 11}	\$0.113	\$0.106	(0.007)	(6.6%)	\$0.112	(0.001)	(0.9%)	
Bus & SeaBus (operating cost per capacity km)	\$0.148	\$0.139	(0.009)	(6.5%)	\$0.144	(0.004)	(2.8%)	
SkyTrain: Expo & Millennium Lines (operating cost per capacity km)	\$0.052	\$0.046	(0.006)	(13.0%)	\$0.053	0.001	1.9%	
SkyTrain: Canada Line (operating cost per capacity km) ¹¹	\$0.150	\$0.144	(0.006)	(4.2%)	\$0.139	(0.011)	(7.9%)	
West Coast Express (operating cost per capacity km)	\$0.137	\$0.196	0.059	30.1%	\$0.159	0.022	13.8%	
HandyDART (operating cost per trip)	\$54.67	\$56.46	\$1.79	3.2%	\$45.96	(8.71)	(19.0%)	
Financial: Operating Cost Recovery								
TransLink (conventional system) ¹²	44.7%	36.9%	7.8%	21.1%	42.5%	2.2%	5.2%	

Footnotes for Appendix II begin on the following page.

¹The customer injury definition for CMBC and HandyDART represents the number of accepted injury claims arising from onboard incidents inside of the vehicle, while boarding, or as a result of a collision. The customer injury definition for Expo and Millennium Line and West Coast Express represents the number of injuries where the customer is transported to a hospital for treatment and the incident is reported to transit staff.

² The Customer Injuries rate for 2022 has been restated to reflect the latest information available.

³ The YTD 2022 ridership figures were restated at the end of 2022 to reflect final ridership figures.

⁴ Canada Line does not provide actual service delivery statistics, and estimates are used for reporting purposes.

⁵The vehicle punctuality: on-time performance for YTD 2022 has been restated to reflect the latest information available.

⁶The YTD 2022 service kilometres of conventional bus have been restated to reflect the latest information available for January 2022.

⁷ The YTD 2022 Bus spills data has been restated to reflect the latest information available for June 2022.

⁸ Excludes HandyDART.

⁹The number of customer complaints for Bus & SeaBus as of YTD 2022 has been restated to reflect the latest information available.

¹⁰ Includes operating costs of Bus, Rail, and Transit Police. Excludes amortization and interest expense.

¹¹ Canada Line's capacity kilometres are estimated from schedule data for reporting purposes.

¹² Includes operating costs of Bus, Rail, Transit Police and Corporate On-going. Excludes Corporate One-time, HandyDART, amortization and interest expense.



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