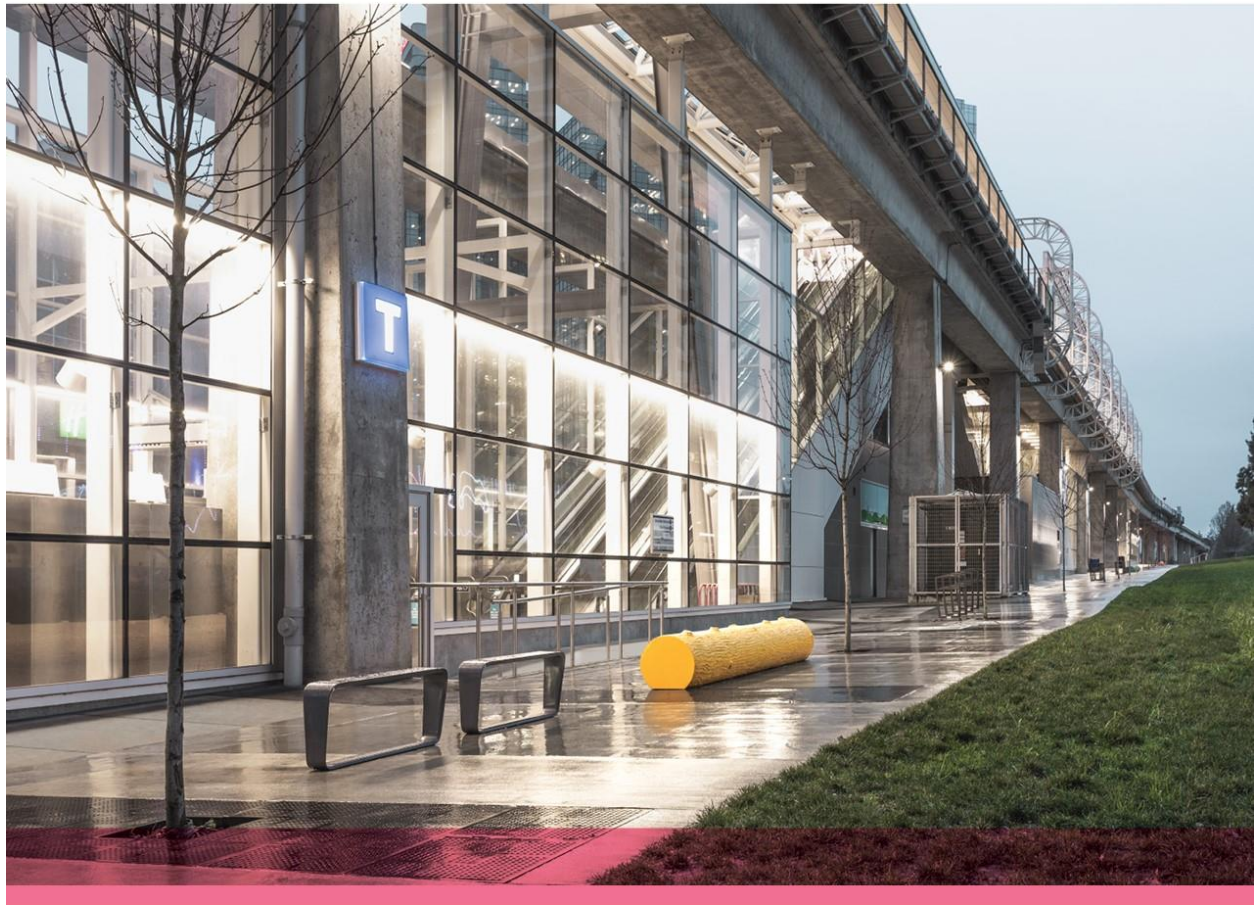




Financial and Performance Report

AS AT SEPTEMBER 30, 2023



translink.ca



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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.

The third quarter of 2023 saw ridership continue the strong growth trajectory observed in the first half of the year, exceeding budgeted levels. Actual journeys were 8.3 million (five per cent) higher than budget for the first nine months of 2023. In certain regions, such as South of the Fraser, ridership has surpassed pre-pandemic levels. We are actively monitoring crowding and pass-ups, and reallocating service where needed, to meet the evolving needs of the region. Growing ridership, while advancing our key priorities within a tight fiscal envelope, remains central to our focus. During the third quarter of 2023, we launched the 2023 Accessibility Action Plan, providing actions that identify, remove and prevent barriers to individuals across transit, moving us towards fulfilling the vision of Access for Everyone, as identified in Transport 2050. We also celebrated the 75-year anniversary of trolley buses in Metro Vancouver by providing free rides on original vehicles, and releasing a commemorative Compass mini-trolley keychain product.

We continued to progress other customer experience initiatives across the system, including the completion of free WiFi installation across all 212 RapidBuses, on all five RapidBus routes. Installation will continue on 40-foot conventional buses and double decker buses. We also installed six additional Amazon delivery lockers across various Metro Vancouver transit stations as a part of the Customer Experience Action Plan, providing customers a convenient way to collect packages at transit hubs. The third quarter of 2023 saw the continuation of the Walking School Bus Program, which began in 2021. The program encourages Metro Vancouver elementary students to walk to and from school to reduce congestion near schools while promoting the health and wellness of children.

For the first nine months of 2023, TransLink recorded a surplus of \$454.6 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 \$21.3 million for 2023, \$16.1 million higher than the \$5.2 million surplus anticipated in the budget. This is mainly as a result of lower overall expenses, higher transit revenue and investment income, partly offset by lower revenues recognized from Senior Government capital contributions, lower taxation and development cost charge revenues.

TransLink remains committed to providing safe, efficient and reliable transportation options, while developing and deploying the strategies necessary to maintain current service levels and keep the transit system infrastructure in a state of good repair.

2. Update on Key Priorities Achieved in Q3 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 Access for Everyone (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 third 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">• Launched the 2023 Accessibility Plan, providing actions that identify, remove and prevent barriers to individuals across transit, moving us towards fulfilling the vision of Access for Everyone, as identified in Transport 2050.
<ul style="list-style-type: none">• Launched the 2023 Walking School Bus Program, encouraging Metro Vancouver elementary students to walk to and from school to reduce congestion near schools, while promoting the health and wellness of children.
<ul style="list-style-type: none">• Installed six additional Amazon delivery lockers across various Metro Vancouver transit stations as part of the Customer Experience Action Plan. Amazon lockers allow customers to pick up their Amazon packages at a transit hub instead of delivering them to their homes or post offices.
<ul style="list-style-type: none">• Provided SkyTrain-specific episodes on TransLink's "What's the T" podcast featuring topics like elevating devices and maintenance windows that prevent SkyTrain from operating 24 hours daily. These podcasts are intended to highlight available SkyTrain services and the value they bring to the region and people who use it.
<ul style="list-style-type: none">• Initiated a study on Advanced Headway Management with the International Bus Benchmarking Group (IBBG) to help us understand how other agencies use innovation to manage headways and improve customer experience.
<ul style="list-style-type: none">• Secured commitments from 22 employers, representing 6,705 employees, as a part of the Transit Friendly Employer (TFE) program.
<ul style="list-style-type: none">• Organized an event at Stadium SkyTrain Station to recognize the National Day of Awareness for Missing and Murdered Indigenous Women, Girls and Two-Spirit People (MMIWG2S+) and unveiled a new art display in commemoration.
<ul style="list-style-type: none">• Unveiled new Indigenous art murals in partnership with Katzie, Kwantlen and Semiahmoo First Nations at King George SkyTrain Station ahead of National Truth and Reconciliation Day.
<ul style="list-style-type: none">• Completed excavation under Cambie Street as a part of the Broadway Subway Project, which represents a significant milestone.
<ul style="list-style-type: none">• Marked the 75-year anniversary of trolley buses in Metro Vancouver with free rides on original trolley buses and the release of a commemorative Compass mini-trolley keychain product.
<ul style="list-style-type: none">• Started the 2023 Trip Diary survey across Metro Vancouver and the Fraser Valley, which occurs approximately every five years, helping TransLink better understand how people move within the region.
<ul style="list-style-type: none">• Successfully delivered the Customer Transit Alerts Subscriptions Dashboard to Digital Marketing, providing detailed reports on the uptake and usage of the Transit Alerts service by our customers. This enables Marketing to better prioritize new Transit Alert features and promote the service.

- Completed Free WiFi installation on all 212 RapidBuses, across all five RapidBus routes, with the next stage of installation on 40-foot conventional buses and double decker buses.
- Completion of initial training and commenced field training for first class of ten Community Safety Officers.

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

- Launched the Occupational Health and Wellness 'Wellness Wednesday' newsletter to provide staff with tips and resources to benefit all aspects of wellbeing.
- Recruited an Equity, Diversity and Inclusion (EDI) Manager to lead BCRTC's EDI initiatives and programs.
- Recruited a Maintenance Training Manager to lead training strategy for the BCRTC Maintenance department, which is critical to the expansion of the train fleet and system over the next decade.
- BCRTC and CMBC renewed and ratified CUPE 7000, Unifor and MoveUP contracts.
- Established the Customer Success team within Business Technology Services (BTS) Operations, dedicated to supporting continuous improvements and reporting capabilities within the Operations team.
- Finalized a Letter of Understanding (LOU) between BCRTC and CUPE representatives, committing to advancing reconciliation with Indigenous peoples by increasing representation and retention, and reducing barriers within the collective agreement.
- Delivered introductory EDI educational workshops to all supervisory roles across CMBC, with an EDI training module being developed for training new operators.

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

- Successfully completed the Gateway Station track switch replacement project eight days ahead of schedule. The replacement involved the most complex alternative service and single-tracking patterns in SkyTrain history to minimize customer impacts.
- Released a Request for Proposal (RFP) to select a consulting firm to support the development of the Enterprise Digital Strategy.
- Continued the Zero Emission Fleet Transition Plan alongside external advisors, with transition and financial roadmaps being the current focus of the project team.
- Completed the renovation of the Transit Communications (T-COMM) space, with staff able to move into their new workstations once the occupancy permit is received.
- Substantially completed Westham Island Bridge rehabilitation work.
- Updated the Transit Police Fare Enforcement and Ticketing Process Policy, with Community Safety Officers now also trained to use the Fare Enforcement App and able to issue fare infraction notices.

Priority Four: Achieve Financial Sustainability

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

- Partnered with local small businesses to bring several on-the-go meal options to vending machines across the SkyTrain network.
- Continued work on the next Investment Plan, identifying proposed investments for the 10-year priorities (Access for Everyone)
- Progressed the Broadway Arbutus development project through city public engagement sessions which has also been reviewed by the city urban design panel.
- Received input from one-on-one investor meetings regarding TransLink's current bond issuances, reporting practices, and emerging priorities, with revision of Green Bond Framework planned for 2024.
- Completed Zero-Emission Fleet Transition Planning energy analysis of all bus routes, to identify the zero-emissions bus technologies (battery-electric, hydrogen fuel cell) that can be adopted for each route and vehicle type.
- Completed public engagement and received Inspector of Municipalities approval for new development cost charges rates
- Completed the review of all existing operations and maintenance facilities to identify opportunities and constraints for supporting zero-emissions buses. Developed five scenarios for a zero-emissions fleet with supporting facility transitions.

3. 2023 Third Quarter Financial Summary

CONSOLIDATED REVENUES AND EXPENSES Nine months ended September 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		FORECAST TO BUDGET			
	2023	2023	Budget Variance		Annual	Annual	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET ¹	Fav/(Unfav)	%
Revenue								
Taxation	721,370	737,911	(16,541)	(2.2%)	970,250	988,405	(18,156)	(1.8%)
Transit	499,344	469,493	29,850	6.4%	667,359	629,998	37,361	5.9%
Government transfers	617,604	239,529	378,075	157.8%	752,704	354,718	397,986	112.2%
Amortization of deferred concessionaire credit	17,407	17,407	-	-	23,273	23,273	-	-
Development cost charges	1,349	17,698	(16,349)	(92.4%)	12,951	23,597	(10,646)	(45.1%)
Investment Income	135,643	117,606	18,037	15.3%	181,030	155,673	25,357	16.3%
Miscellaneous revenue	14,904	11,164	3,740	33.5%	18,379	15,349	3,030	19.7%
Sub Total Continuing Operations	2,007,621	1,610,808	396,813	24.6%	2,625,946	2,191,013	434,933	19.9%
Gain (Loss) on disposal on tangible capital assets	276	(248)	524	> 200.0%	95	(358)	453	126.5%
Total Revenue	2,007,897	1,610,560	397,337	24.7%	2,626,041	2,190,655	435,386	19.9%
Expenditures								
Bus Operations	702,140	702,582	442	0.1%	943,875	934,378	(9,497)	(1.0%)
Rail Operations	299,394	305,917	6,523	2.1%	404,199	408,186	3,987	1.0%
Transit Police	39,155	39,879	724	1.8%	52,201	52,821	620	1.2%
Corporate Operations	98,448	102,420	3,972	3.9%	136,835	140,036	3,201	2.3%
Roads & Bridges	86,138	111,843	25,705	23.0%	135,815	157,182	21,367	13.6%
Amortization of Capital Assets ²	180,354	188,296	7,942	4.2%	247,902	268,637	20,735	7.7%
Interest ²	135,583	140,864	5,281	3.7%	182,001	188,393	6,392	3.4%
Sub Total Continuing Operations	1,541,212	1,591,801	50,589	3.2%	2,102,828	2,149,633	46,805	2.2%
Corporate One-Time	12,069	26,824	14,755	55.0%	23,016	35,859	12,843	35.8%
Total Expenses	1,553,281	1,618,625	65,344	4.0%	2,125,844	2,185,492	59,648	2.7%
Surplus/(Deficit) for the period (PSAB)	454,616	(8,065)	462,681	> 200.0%	500,197	5,163	495,034	> 200.0%

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

² Amortization and Interest are shown separately to facilitate analysis.

The PSAB surplus recorded in the first nine months of 2023 was \$454.6 million, which is \$462.7 million favourable to budget mainly due to Provincial relief funding of \$478.9 million recognized in March 2023. This relief 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 deficit was \$16.2 million unfavourable to budget for the first nine months, mainly due to lower government transfers (revenue recognized from Senior Government capital contributions), lower fuel taxation revenue, and lower development cost charges revenue. These were largely offset by higher transit revenue, investment income, and lower expenses.

Total revenue from continuing operations, excluding government transfers, was favourable to budget by \$18.7 million (1.4 per cent) mainly due to higher than expected transit ridership and revenue, as well as investment income. These were partly offset by the unfavourable variance in taxation revenue, mainly due to a refund of previous fuel tax overpayment and lower development cost charges revenue because of project delays resulting in slower revenue recognition.

Total expenses were favourable to budget by \$65.3 million (4.0 per cent) mainly due to lower capital infrastructure contributions due to timing of municipalities' work, lower Corporate One-Time expenses mainly due to delays and cancellation of projects, lower amortization due to timing of capitalization of several projects, lower interest expenses, lower labour expenses as a result of temporary vacancies, lower rental and lease expenses, and timing of professional fees.

The surplus for 2023 is forecasted to be \$495.0 million favourable to budget. Excluding unbudgeted Provincial relief funding, a PSAB surplus of \$21.3 million is forecast, which is \$16.1 million favourable to budget. This is mainly as a result of lower overall expenses, higher transit revenue and investment income, partly offset by lower revenues recognized from senior government capital contributions, taxation and development cost charges.

4. Key Performance Indicators

Financial Indicators

TransLink measures and monitors its financial indicators throughout the year.

FINANCIAL POLICIES AND INDICATORS				
(\$ thousands)	September 30	December 31	Change	
	2023	2022	Fav/(Unfav)	%
Unrestricted cash and investments	696,561	857,847	(161,286)	(18.8%)
Capital assets	5,926,560	5,765,456	161,104	2.8%
Net direct debt	(2,479,936)	(2,586,545)	106,609	4.1%
Indirect P3 debt	(1,379,629)	(1,408,867)	29,238	2.1%
Total net direct debt and indirect P3 debt	(3,859,565)	(3,995,412)	135,847	3.4%
Gross interest cost as a % of operating revenue ^{1,2}	11.0%	11.5%	0.5%	4.3%

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 \$161.3 million (18.8 per cent) in the first nine months of 2023 due to regular net outflows from operations, partly offset by annual property tax revenues from the municipalities.

Capital assets increased by \$161.1 million (2.8 per cent) in the first nine months of 2023 due to \$341.5 million in additions, offset by amortization of \$180.4 million. Additions included SkyTrain system and infrastructure upgrades, Operations and Maintenance Centre (OMC) 4 Storage & Maintenance Facility construction in progress, vehicle fleet procurement, and land acquisition for the HandyDART parking facility.

Net direct debt decreased by \$106.6 million (4.1 per cent) due to scheduled debt payments, sinking fund contributions and reinvestment of sinking fund interest income during the first nine 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 \$29.2 million (2.1 per cent) due to the amortization of the Canada Line deferred concessionaire credit and repayment of Golden Ears Bridge contractor liability.

Gross interest cost as a percentage of operating revenues was 11.0 per cent and well within TransLink's 20.0 per cent policy limit. This indicator is 0.5 percentage points lower than 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								
Nine months ended September 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	8.1	(0.1)	(1.2%)	8.2	(0.2)	(2.4%)	
Service Hours ¹	5,301,303	5,241,062	60,241	1.1%	5,428,948	(127,645)	(2.4%)	
Operating Cost Recovery ²	46.4%	39.6%	6.8%	17.2%	43.2%	3.2%	7.4%	
Operating Cost per Capacity Km ^{3,4}	\$0.114	\$0.106	(\$0.008)	(7.5%)	\$0.113	(0.001)	(0.9%)	
Complaints per million Boarded Passengers ^{5,6}	69.4	74.3	4.9	6.6%	89.3	19.9	22.3%	
Access Transit Service								
Number of Trips	871,949	716,811	155,138	21.6%	1,087,749	(215,800)	(19.8%)	
Operating Cost per Trip	\$54.73	\$56.27	\$1.54	2.7%	\$46.20	(\$8.53)	(18.5%)	
Number of Trips Denied	801	423	(378)	(89.4%)	1,073	272	25.3%	
Complaints per 100,000 Boarded Passengers	238.5	242.6	4.1	1.7%	203.6	(34.9)	(17.1%)	
Ridership (thousands)⁵								
Boarded Passengers	291,495	237,904	53,591	22.5%	282,306	9,189	3.3%	
Journeys	173,562	140,828	32,734	23.2%	165,233	8,329	5.0%	
Average Fare per Journey ⁶	\$2.68	\$2.70	(\$0.02)	(0.7%)	\$2.68	-	-	

¹ Canada Line does not provide actual service delivery statistics, using estimated service hours for reporting purposes; 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 nine months of 2023 was an average of 8.0 out of 10.0, which was lower than the same period in the prior year and lower than budget. This is attributed to higher than budgeted volumes of occupancy, affecting the overall performance rating.

Service hours were 60,241 (1.1 per cent) higher than in first nine months of 2022 mainly due to service adjustments for various bus routes. TransLink is adjusting bus services levels around the region to respond to changing customer demand to ensure service is provided where it is needed the most based on seasonal patterns and recent trends. Service hours were 127,645 (2.4 per cent) lower than budget mainly as a result of service cancellations due to winter weather during the first quarter of the year and other service adjustments related to traffic congestion and road conditions.

Operating cost recovery represents the percentage of transit revenues compared to total operating costs of Bus, Rail, Transit Police and Corporate (excluding one-time costs). In the first nine months of 2023, the cost recovery of 46.4 per cent was 6.8 percentage points higher than the same period of last year due to increased ridership having a proportionately greater impact on operating revenues than on operating costs. Compared to budget, it was 3.2 percentage points higher due to higher revenue attributed to an increase in ridership and lower operating expenditures primarily attributable to temporary vacancy savings.

Operating cost per capacity kilometre increased by 7.5 per cent compared to the same period in the prior year mainly due to higher maintenance and labour costs. Compared to the budget, operating cost per capacity kilometre was 0.9 per cent unfavourable mainly due to the lower than expected capacity kilometres because of bus service cancellation.

Complaints per million boarded passengers were 6.6 per cent lower compared to the same period last year and 22.3 per cent favourable compared to budget. The favourable variance is attributed to improvements in customer service as TransLink continues to strive for customer satisfaction.

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 nine months of 2023 were 155,138 (21.6 per cent) higher compared to the same period in 2022 but remained lower than pre-pandemic levels in 2019. 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 approved on May 26, 2022. The Investment plan reinstates a 3 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.

Operating cost per trip decreased by \$1.54 (2.7 per cent) from \$56.27 in 2022 to \$54.73 in 2023. 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 higher to budget by \$8.53 (18.5 per cent) mainly due to lower than expected demand, while fixed costs tracked close to budget.

The number of trips denied increased compared to last year but remains low as service demand continues to be below the service capacity. For the first nine months of 2023, the number of denials was lower than budget and represents less than 1.0 per cent of the total trips delivered.

In the first nine months of 2023, total complaints per one hundred thousand boarded passengers decreased by 1.7 per cent over the same period in 2022. Although the YTD 2023 result is higher than budget, there was a decrease in the number of Operator Behaviour Complaints between July and September 2023. This decrease can be attributed to the deployment of a driver behaviour program, which specifically targets operators who had more complaints about their behaviour than average. The program is ongoing throughout 2023.

Some contributors to the complaints relate to scheduling and clerk behaviour, such as booking agents, schedulers, and dispatchers. In an effort to reduce this category of complaints, Transdev, formerly First Transit, deployed a clerk behavior program, which started in October 2022. 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. Transdev is continuing its reviews and evaluating the terms of the contract with taxi providers to enhance client satisfaction through rigorous reporting and monitoring requirements.

Ridership

Boardings represent each time a passenger enters a fare paid zone using Compass fare media or other proof of payment, including transfers. Year-to-date total system boardings were 291.5 million, 22.5 per cent higher compared to the same period in 2022 and 3.3 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 173.6 million, 23.2 per cent higher compared to the same period in 2022 and 5.0 per cent higher than budget. At their peak in the third quarter, both boardings and journeys reached approximately 90 per cent of 2019 levels.

The average fare per journey was \$2.68 for the first three quarters of 2023, slightly lower in comparison to 2022 and in line with budget. The average fare per journey was higher in 2022 due to lower journeys caused by the impact of Omicron COVID wave. Average fare per journey in 2023 includes the impact of the July 1, 2023 fare increase.

5. Consolidated Revenues

The following is a summary of consolidated revenues for the third quarter of 2023 compared to the budget.

CONSOLIDATED REVENUES Nine months ended September 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual		FORECAST TO BUDGET	
	2023	YTD	Budget Variance		2023	Annual	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET ¹	Fav/(Unfav)	%
Taxation								
Fuel	282,078	297,956	(15,878)	(5.3%)	380,417	400,438	(20,021)	(5.0%)
Property & Replacement	359,037	358,371	666	0.2%	481,339	477,828	3,510	0.7%
Parking Sales	62,970	64,197	(1,226)	(1.9%)	85,436	87,073	(1,637)	(1.9%)
Hydro Levy	17,284	17,387	(102)	(0.6%)	23,058	23,065	(7)	-
Transit	499,344	469,493	29,850	6.4%	667,359	629,998	37,361	5.9%
Government transfers	617,604	239,529	378,075	157.8%	752,704	354,718	397,986	112.2%
Amortization of deferred concessionaire	17,407	17,407	-	-	23,273	23,273	-	-
Development cost charges	1,349	17,698	(16,349)	(92.4%)	12,951	23,597	(10,646)	(45.1%)
Investment Income	135,643	117,606	18,037	15.3%	181,030	155,673	25,357	16.3%
Miscellaneous revenue	14,904	11,164	3,740	33.5%	18,379	15,349	3,030	19.7%
Revenue Before Gain/(Loss) on Disposals	2,007,621	1,610,808	396,813	24.6%	2,625,946	2,191,013	434,933	19.9%
Gain (Loss) on disposal on tangible capit	276	(248)	524	> 200.0%	95	(358)	453	126.5%
Total Revenue	2,007,897	1,610,560	397,337	24.7%	2,626,041	2,190,655	435,386	19.9%

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

Total revenue for the first nine months of 2023 was \$397.3 million (24.7 per cent) favourable to budget, mainly due to \$478.9 million of Provincial relief funding revenue recognized upon signing the agreement in March 2023. This is partially offset by a \$100.9 million unfavourable variance in revenue recognized from Senior Government capital funding, due to project delays deferring revenue recognition. Excluding government transfers, revenue was \$19.3 million (1.4 per cent) favourable to budget, due to higher transit revenue and investment income, partially offset by lower fuel tax revenue, mainly due to a refund of previous fuel tax overpayment and lower development cost charges revenue because of project delays resulting in deferring revenue recognition.

Total revenues are forecast to be favourable to budget by \$435.4 million (19.9 per cent) mainly due to higher government transfers of \$398.0 driven primarily by recognition of the Provincial relief funding in early 2023, favourable transit revenue of \$37.4 million (5.9 per cent) due to higher ridership than anticipated, and favourable investment income of \$25.4 million (16.3 per cent) as a result of higher interest rates. These are partially offset by unfavourable taxation revenue of \$18.2 million (1.8 per cent) caused by lower than anticipated fuel taxation revenue, and lower development cost charges of \$10.6 million (45.1 percent) caused by capital project delays.

Taxation

TAXATION REVENUES Nine months ended September 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual		FORECAST TO BUDGET	
	2023	YTD	Budget Variance		2023	Annual	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Fuel	282,078	297,956	(15,878)	(5.3%)	380,417	400,438	(20,021)	(5.0%)
Property & Replacement	359,037	358,371	666	0.2%	481,339	477,828	3,510	0.7%
Parking Sales	62,970	64,197	(1,226)	(1.9%)	85,436	87,073	(1,637)	(1.9%)
Hydro Levy	17,284	17,387	(102)	(0.6%)	23,058	23,065	(7)	-
Total Taxation	721,370	737,911	(16,541)	(2.2%)	970,250	988,405	(18,156)	(1.8%)

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 nine months of 2023 were \$16.5 million (2.2 per cent) unfavourable to budget. Fuel taxation revenue for the first nine months of 2023 was \$15.9 million (5.3 per cent) unfavourable to budget, contributing most to the unfavourable variance, mainly due to a refund of previous fuel tax overpayment in the first quarter of the year and lower than anticipated fuel tax revenue in the third quarter of the year.

Taxation revenues are forecast to be \$18.2 million (1.8 per cent) unfavourable to the budget mainly driven by lower fuel tax revenue and parking sales tax revenue, which are forecast to be \$20.0 million (5.0 per cent) and \$1.6 million (1.9 per cent) unfavourable to the 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 Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2023	2023			2023	2023		
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Fares	368,117	347,927	20,190	5.8%	490,936	461,453	29,483	6.4%
Programs	97,245	94,842	2,403	2.5%	135,379	132,544	2,835	2.1%
Total Fare and Program Revenue	465,362	442,769	22,593	5.1%	626,315	593,997	32,318	5.4%
Other	33,982	26,725	7,257	27.2%	41,044	36,001	5,043	14.0%
Total Transit	499,344	469,493	29,850	6.4%	667,359	629,998	37,361	5.9%

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

Total transit revenue was 29.9 million (6.4 per cent) favourable to budget for the first nine months of 2023 mainly driven by fare revenue which was \$20.2 million (5.8 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 \$2.4 million (2.5 per cent). Additionally, other revenue was favourable to budget by \$7.3 million (27.2 per cent), mainly due to higher carbon credit revenue.

Total transit revenue is forecast to be \$37.4 million (5.9 per cent) favourable to budget mainly due to higher than expected ridership, increasing fare revenue by \$29.5 million (6.4 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 for the full year by \$5.0 million (14.0 per cent), with the remainder of the year expected to be slightly below budget due to timing of revenue recognition.

Government Transfers

GOVERNMENT TRANSFERS Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2023	2023			2023	2023		
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Senior Government Relief Funding	478,926	-	478,926	-	478,926	-	478,926	-
Senior Government funding	88,185	189,036	(100,851)	(53.4%)	206,511	287,451	(80,940)	(28.2%)
Golden Ears Bridge tolling replacement revenue	50,493	50,493	-	-	67,267	67,267	-	-
Total Government Transfers	617,604	239,529	378,075	157.8%	752,704	354,718	397,986	112.2%

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 nine months of 2023, total government transfers were \$378.1 million favourable to budget due to the recognition of unbudgeted \$478.9 million Provincial relief funding in March 2023, as required by Public Sector Accounting Standards. This was partly offset lower than budgeted recognition of revenue from Senior Government capital funding which was \$100.9 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 \$398.0 million favourable to budget primarily driven by Provincial relief funding. This is partly offset by revenue from Senior Government capital funding which is forecast to be \$80.9 million (28.2 per cent) unfavourable to budget mainly due to the timing of vehicle and equipment deliveries and construction delays. These delays were caused by vehicle procurement delays, global supply shortages and other

issues experienced at the early stages of projects implementation. These factors have shifted the revenue recognition of government transfers.

Investment Income

Investment income for the first nine months of 2023 was \$18.0 million (15.3 per cent) favourable to budget mainly due to higher interest income as a result of higher than budgeted interest rates. The full-year forecast is expected to be \$25.4 million (16.3 per cent) favourable to budget mainly due to higher interest rates.

Miscellaneous Revenue

Miscellaneous revenue was \$3.7 million (33.5 per cent) favourable to budget for the first nine months of 2023 mainly due to favourable materials and wage recoveries at CMBC and BCRTC. The full year forecast is expected to be \$3.0 million (19.7 per cent) favourable to budget, as the remainder of the year is expected to be slightly below the budget due to timing of revenue realization.

6. Consolidated Expenses by Segment

CONSOLIDATED EXPENSES BY SEGMENT Nine months ended September 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual		FORECAST TO BUDGET	
	2023	2023	Budget Variance		2023	Annual	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET ¹	Fav/(Unfav)	%
Bus Operations	702,140	702,582	442	0.1%	943,875	934,378	(9,497)	(1.0%)
Rail Operations	299,394	305,917	6,523	2.1%	404,199	408,186	3,987	1.0%
Transit Police	39,155	39,879	724	1.8%	52,201	52,821	620	1.2%
Corporate Operations	98,448	102,420	3,972	3.9%	136,835	140,036	3,201	2.3%
Roads & Bridges	86,138	111,843	25,705	23.0%	135,815	157,182	21,367	13.6%
Amortization of Capital Assets ²	180,354	188,296	7,942	4.2%	247,902	268,637	20,735	7.7%
Interest ²	135,583	140,864	5,281	3.7%	182,001	188,393	6,392	3.4%
Sub Total Continuing Operations	1,541,212	1,591,801	50,589	3.2%	2,102,828	2,149,633	46,805	2.2%
Corporate One-Time	12,069	26,824	14,755	55.0%	23,016	35,859	12,843	35.8%
Total Expenses by Segment	1,553,281	1,618,625	65,344	4.0%	2,125,844	2,185,492	59,648	2.7%

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

² Amortization and Interest are shown separately to facilitate analysis.

Bus Operations

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

In the third quarter of 2023, CMBC continued to monitor six routes per month under the Corridor Deployment Program. To-date this year, CMBC has monitored 48 routes across the system. The Transit Supervisors continue to make service adjustments in real-time to maximize customer experience. They also capture safety-related issues surrounding bus stop/shelter concerns. CMBC also initiated a study on Advanced Headway Management with IBBG. This study will help to understand how other agencies use innovation to manage headways and improve customer experience.

BUS OPERATIONS BY CATEGORY Nine months ended September 30 (\$ thousands)	YTD		ACTUAL TO BUDGET		Annual		FORECAST TO BUDGET	
	2023	2023	Budget Variance		2023	Annual	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET	Fav/(Unfav)	%
Administration	17,657	19,006	1,349	7.1%	23,023	25,327	2,304	9.1%
Contracted Services	68,017	68,356	339	0.5%	91,393	91,217	(176)	(0.2%)
Fuel and Power	53,758	52,362	(1,396)	(2.7%)	73,386	69,649	(3,737)	(5.4%)
Insurance	12,616	12,947	331	2.6%	16,994	17,314	320	1.8%
Maintenance, Materials and Utilities	68,532	66,184	(2,348)	(3.5%)	93,265	90,307	(2,958)	(3.3%)
Professional and Legal	2,722	3,276	554	16.9%	4,237	4,625	388	8.4%
Rentals, Leases and Property Tax	17,382	19,086	1,704	8.9%	24,816	25,640	824	3.2%
Salaries, Wages and Benefits	461,456	461,365	(91)	(0.0%)	616,761	610,299	(6,462)	(1.1%)
Total Expenses by Category	702,140	702,582	442	0.1%	943,875	934,378	(9,497)	(1.0%)

For the nine months ended September 30, 2023, Bus Operations expenses were substantially on budget, as inflationary cost pressure and labour increases were absorbed through vacancy savings, lower than budgeted occupancy costs and other savings.

Bus Operations expenses are forecast to be \$9.5 million (1.0 per cent) unfavourable to budget for the year, mainly due to higher negotiated contractual rates in the Collective Bargaining agreements, higher inflation and higher fuel costs. These are partially offset by lower Access Transit costs due to lower service demand, and administration costs due to lower hardware and software expenses.

Service Delivery

BUS OPERATIONS				
Nine months ended September 30	YTD	YTD	Budget Variance	
	2023	2023	Fav/(Unfav)	%
	ACTUAL	BUDGET		
SERVICE HOURS				
CMBC Operations	3,984,825	4,092,414	(107,589)	(2.6%)
Conventional Bus	3,543,792	3,654,618	(110,826)	(3.0%)
Community Shuttle	430,754	427,359	3,395	0.8%
SeaBus	10,279	10,437	(158)	(1.5%)
Contracted Transit Services	184,837	182,141	2,696	1.5%
West Vancouver	88,766	88,854	(88)	(0.1%)
Contract Community Shuttle	96,071	93,287	2,784	3.0%
Conventional Transit Service Hours	4,169,662	4,274,555	(104,893)	(2.5%)
SERVICE KILOMETRES				
CMBC Operations	76,429,148	77,864,798	(1,435,650)	(1.8%)
Conventional Bus ¹	68,096,305	69,684,225	(1,587,920)	(2.3%)
Community Shuttle	8,193,891	8,041,217	152,674	1.9%
SeaBus	138,952	139,356	(404)	(0.3%)
Contracted Transit Services	3,754,936	3,754,421	515	0.0%
West Vancouver	1,705,987	1,668,098	37,889	2.3%
Contract Community Shuttle	2,048,949	2,086,323	(37,374)	(1.8%)
Conventional Transit Service Kilometres	80,184,084	81,619,219	(1,435,135)	(1.8%)
CAPACITY KILOMETRES				
CMBC Operations	4,199,073,560	4,343,922,061	(144,848,501)	(3.3%)
Conventional Bus	3,948,923,656	4,097,280,793	(148,357,137)	(3.6%)
Community Shuttle	196,653,384	192,989,208	3,664,176	1.9%
SeaBus	53,496,520	53,652,060	(155,540)	(0.3%)
Contracted Transit Services	134,474,132	133,476,652	997,480	0.7%
West Vancouver	85,299,355	83,404,900	1,894,455	2.3%
Contract Community Shuttle	49,174,777	50,071,752	(896,975)	(1.8%)
Conventional Transit Capacity Kilometres	4,333,547,692	4,477,398,713	(143,851,021)	(3.2%)

For the first nine months of 2023, actual service hours delivered were 104,893 (2.5 per cent) lower than budget, service kilometres were 1,435,135 (1.8 per cent) lower and capacity kilometres were 143,851,021 (3.2 per cent) lower. The lower service hours and kilometres resulted mainly from services cancellations due to winter weather during the first quarter of the year and other service adjustments related to traffic congestion and road conditions, mostly in the second quarter of the year.

ACCESS TRANSIT				
Nine months ended September 30	YTD	YTD	Budget Variance	
	2023	2023		
	ACTUAL	BUDGET	Fav/(Unfav)	%
Service Kilometres	6,710,350	8,763,606	(2,053,256)	(23.4%)
Access Transit Trips				
Trips - HandyDART	665,875	973,734	(307,859)	(31.6%)
Trips - Taxi Supplement	206,074	114,015	92,059	80.7%
Total Access Transit Trips	871,949	1,087,749	(215,800)	(19.8%)

Total Access Transit trips provided in the first nine months of 2023 were 215,800 (19.8 per cent) lower than budget due to lower than anticipated 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 approved on May 26, 2022. The Investment plan reinstates a 3 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 third quarter of 2023, BCRTC continued to support the Customer Experience Action Plan by supporting major events and festivals in Vancouver such as the Celebration of Lights, Pride Parade, BMO Marathon, with extra staff and more service to ensure people using our system for these events felt safe and experienced a frequent and reliable system, and supported TransLink and Amazon's delivery locker program. Key infrastructure work was also progressed in the third quarter with the Gateway Station track turnout replacement project successfully completed and expansion of the Vehicle Cleaning Inspection Facility began. Customer experience improvements continued in SkyTrain stations with work on the escalator replacement project at Burrard station in the third quarter.

RAIL OPERATIONS BY CATEGORY	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2023	2023			2023	2023		
Nine months ended September 30					Q3 FORECAST	BUDGET ¹		
(\$ thousands)	ACTUAL	BUDGET	Fav/(Unfav)	%			Fav/(Unfav)	%
Administration	7,334	8,447	1,113	13.2%	9,932	11,416	1,484	13.0%
Contracted Services	105,530	105,836	306	0.3%	142,454	142,027	(427)	(0.3%)
Fuel and Power	12,602	12,963	361	2.8%	17,112	17,415	303	1.7%
Insurance	5,768	5,618	(150)	(2.7%)	7,663	7,587	(76)	(1.0%)
Maintenance, Materials and Utilities	51,291	50,070	(1,221)	(2.4%)	67,073	65,695	(1,378)	(2.1%)
Professional and Legal	2,724	4,387	1,663	37.9%	5,091	5,660	569	10.1%
Rentals, Leases and Property Tax	1,324	1,413	89	6.3%	1,824	1,915	91	4.8%
Salaries, Wages and Benefits	112,821	117,183	4,362	3.7%	153,050	156,471	3,421	2.2%
Total Expenses by Category	299,394	305,917	6,523	2.1%	404,199	408,186	3,987	1.0%

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

For the nine months ended September 30, 2023, Rail operating expenses were \$6.5 million (2.1 per cent) favourable to budget mainly due to savings from temporary vacancies and employee future benefits, and timing of professional services, partly offset by higher overtime for vacancy and absenteeism coverage and higher maintenance activities.

Rail operating expenses are forecast to be \$4.0 million (1.0 per cent) favourable to budget mainly due to savings from temporary vacancies, lower employee future benefits cost estimate, and professional services, partly offset by higher labour increases and overtime costs, maintenance activities and Canada Line contract inflation.

Service Delivery

RAIL OPERATIONS				
Nine months ended September 30	YTD	YTD	Budget Variance	
	2023	2023	Fav/(Unfav)	%
	ACTUAL	BUDGET		
SERVICE HOURS				
SkyTrain: Expo & Millennium Lines	960,012	985,879	(25,867)	(2.6%)
SkyTrain: Canada Line ¹	150,795	150,287	508	0.3%
West Coast Express	20,834	18,227	2,607	14.3%
Rail Operations Service Hours	1,131,641	1,154,393	(22,752)	(2.0%)
SERVICE KILOMETRES				
SkyTrain: Expo & Millennium Lines	38,688,449	39,730,881	(1,042,432)	(2.6%)
SkyTrain: Canada Line ¹	4,841,736	4,827,951	13,785	0.3%
West Coast Express	785,117	686,785	98,332	14.3%
Rail Operations Service Kilometres	44,315,302	45,245,617	(930,315)	(2.1%)
CAPACITY KILOMETRES				
SkyTrain: Expo & Millennium Lines	3,474,439,290	3,515,871,731	(41,432,441)	(1.2%)
SkyTrain: Canada Line ¹	679,500,196	677,565,627	1,934,569	0.3%
West Coast Express	115,883,299	101,369,318	14,513,981	14.3%
Rail Operations Capacity Kilometres	4,269,822,785	4,294,806,676	(24,983,891)	(0.6%)

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.

For the first nine months of 2023, Expo and Millennium Lines' service indicators were below budget. Service hours, service kilometres, and capacity kilometres were below budget by 25,867 (2.6 per cent), 1,042,432 (2.6 per cent), and 41,432,441 (1.2 per cent) respectively. Lower service indicators were driven by lower-than-budgeted special events, higher cancellations, service reductions due to winter weather and to accommodate planned maintenance. Capacity kilometres had less budget variance because of the increased use of four-car Mark II and Mark III trains instead of six-car Mark I trains. The four car Mark II and Mark III trains generate fewer vehicle kilometres but offer more capacity than 6-car Mark I trains.

Canada Line's year-to-date service indicators were aligned with the budget.

West Coast Express measures exceeded budget due to service level increases to meet increasing demand. By the end of third 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 14.3 per cent above budget.

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.

In the third quarter of 2023, Transit Police advanced its Community Safety Officer ("CSO") Program implementation, with the first class of 10 CSOs completing their Block I training and the start of Block II field training (total training of 19 weeks). The graduation of this class will be in November 2023. Recruiting for the second class of 14 CSOs commenced with a November start date.

In support of Transit Police preparedness for response to critical incidents and ensuring transit resiliency and public safety, the police service updated its policies and procedures on Crowd Management, Explosives, Unattended Packages, and Suspicious Substances.

In September 2023, Transit Police released it's 2023 Semi-annual Strategic Plan Update on the progress made to implement the Plan's three Pillars of Cross-regional Policing, Engaged Community Partners and Modern Police Culture.

POLICE OPERATIONS BY CATEGORY Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2023	YTD 2023	Budget Variance		Annual 2023	Annual 2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET ¹	Fav/(Unfav)	%
Administration	3,118	3,259	141	4.3%	4,159	4,206	47	1.1%
Contracted Services	2	-	(2)	(100.0%)	2	-	(2)	-
Insurance	90	104	14	13.5%	113	140	27	19.3%
Maintenance, Materials and Utilities	1,351	1,265	(86)	(6.8%)	1,904	1,696	(208)	(12.3%)
Professional and Legal	324	334	10	3.0%	388	433	45	10.4%
Rentals, Leases and Property Tax	2,105	2,124	19	0.9%	2,794	2,829	35	1.2%
Salaries, Wages and Benefits	32,165	32,793	628	1.9%	42,841	43,517	676	1.6%
Total Expenses by Category	39,155	39,879	724	1.8%	52,201	52,821	620	1.2%

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

For the nine months ended September 30, 2023, Transit Police operating expenses were \$0.7 million (1.8 per cent) favourable to budget mainly due to timing of hiring and vacancies, partly offset by collective agreement wage settlements, benefit betterments and additional vehicle maintenance and material costs to maintain a state of good repair.

Transit Police operating expenses are forecast to be \$0.6 million (1.2 per cent) favourable to budget mainly due to timing of hiring, partly offset by higher than planned wage increases, increased vehicle maintenance and lease costs and increased uniform costs.

Corporate Operations

TransLink corporate operations support the operating subsidiaries with a focus on planning, project delivery and achieving Enterprise priorities.

During the third quarter, the Customer Transit Alert Subscriptions Dashboard has been successfully delivered to Digital Marketing, providing detailed reports on the uptake and usage of the Transit Alerts service by the customers.

CORPORATE OPERATIONS BY CATEGORY Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2023	YTD 2023	Budget Variance		Annual 2023	Annual 2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET ¹	Fav/(Unfav)	%
Administration	19,370	17,836	(1,534)	(8.6%)	27,331	25,338	(1,993)	(7.9%)
Contracted Services	12,577	12,890	313	2.4%	16,880	17,186	306	1.8%
Insurance	396	478	82	17.2%	899	644	(255)	(39.6%)
Maintenance, Materials and Utilities	2,292	2,166	(126)	(5.8%)	3,111	2,883	(228)	(7.9%)
Professional and Legal	8,742	11,882	3,140	26.4%	15,538	18,221	2,683	14.7%
Rentals, Leases and Property Tax	7,736	11,788	4,052	34.4%	13,727	15,704	1,977	12.6%
Salaries, Wages and Benefits	47,335	45,380	(1,955)	(4.3%)	59,349	60,060	711	1.2%
Total Expenses by Category	98,448	102,420	3,972	3.9%	136,835	140,036	3,201	2.3%

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

For the nine months ended September 30, 2023, expenses were \$4.0 million (3.9 per cent) favourable to budget. The favourable variance was mainly due to lower professional fees in Transit Oriented Development and lower rental expenses, including timing, partly offset by lower than budgeted capitalization of labour costs due to timing of projects.

Corporate operations are forecast to be \$3.2 million (2.3 per cent) favourable to budget mainly due to lower professional fees in Transit Oriented Development and lower rental expenses, partly offset by higher administration costs due to higher fare media costs and fees associated with usage of credit cards for fare payment due to increased ridership, additional spending on customer experience events and higher marketing fees.

Roads and Bridges

In the third quarter of 2023, TransLink's Roads and Bridge Operations are continuing construction work on the two large bridge rehabilitation projects. Both the Knight Street Bridge Deck Rehabilitation Project and the Westham Island Bridge Rehabilitation Project will be substantially completed by Winter of 2023. In the third quarter of 2023, pavement rehabilitation on Golden Ears Way has also been completed. On the Pattullo Bridge, work continues to ensure the bridge is safe and operational until the Province completes the replacement bridge.

ROADS & BRIDGES OPERATIONS BY CATEGORY Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD 2023	YTD 2023	Budget Variance		Annual 2023	Annual 2023	Forecast Variance	
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET ¹	Fav/(Unfav)	%
Administration	36	22	(14)	(63.6%)	41	30	(11)	(36.7%)
Capital Infrastructure contributions	35,699	54,737	19,038	34.8%	58,745	84,577	25,832	30.5%
Contracted Services	4,876	4,659	(217)	(4.7%)	6,186	6,220	34	0.5%
Insurance	1,053	1,006	(47)	(4.7%)	1,385	1,342	(43)	(3.2%)
Maintenance, Materials and Utilities	40,757	48,770	8,013	16.4%	64,912	61,515	(3,397)	(5.5%)
Professional and Legal	2,538	781	(1,757)	> (200.0%)	2,863	1,057	(1,806)	(170.9%)
Rentals, Leases and Property Tax	93	325	232	71.4%	198	406	208	51.2%
Salaries, Wages and Benefits	1,086	1,543	457	29.6%	1,485	2,035	550	27.0%
Total Expenses by Category	86,138	111,843	25,705	23.0%	135,815	157,182	21,367	13.6%

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

Total expenditures for Roads and Bridges in the first nine months of 2023 were \$25.7 million (23.0 per cent) lower than budget mainly due to the timing of municipalities' work, resulting in lower than anticipated capital infrastructure contributions to municipalities, and timing of Major Road Network (MRN) Operations and Maintenance projects.

Total expenditures for Roads and Bridges are forecast to be \$21.4 million (13.6 per cent) lower than budget mainly due to the timing of municipalities' work, resulting in lower than anticipated capital infrastructure contributions.

Amortization

Amortization was \$7.9 million (4.2 per cent) favourable to budget for the 9 months ended September 30, 2023 and is forecast to be \$20.7 million (7.7 per cent) favourable to budget for the year primarily due to delays in assets coming into service for projects such as the Transit Management & Communications (TMAC) Radio Replacement program, 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 these assets coming into service.

Interest

Interest expense for the first nine months of 2023 was \$5.3 million (3.7 per cent) favourable to budget. The forecast for the year is expected to be \$6.4 million (3.4 per cent) favourable to budget. These variances are mainly due to the delayed issuance of long-term debt compared to the budget due to volatile capital market conditions, and no short-term debt utilization during the year, partly offset by lower than planned capital spending due to timing resulting in lower than budgeted interest capitalization during construction.

Corporate – One-Time Costs

CORPORATE ONE-TIME SUMMARY BY PROJECT Nine months ended September 30 (\$ thousands)	ACTUAL TO BUDGET				FORECAST TO BUDGET			
	YTD	YTD	Budget Variance		Annual	Annual	Forecast Variance	
	2023	2023			2023	2023		
	ACTUAL	BUDGET	Fav/(Unfav)	%	Q3 FORECAST	BUDGET*	Fav/(Unfav)	%
Non-Capitalized items included in Capital Projects	3,369	6,951	3,582	51.5%	6,370	8,566	2,196	25.6%
Feasibility Studies	3,302	6,405	3,103	48.4%	5,390	8,458	3,068	36.3%
Rapid Bus Program (Previously B-Line Program)	1,218	2,774	1,556	56.1%	2,501	3,505	1,004	28.6%
Bus Rapid Transit Program	445	949	504	53.1%	816	1,829	1,013	55.4%
Mobility Pricing	802	1,115	313	28.1%	1,582	1,736	154	8.9%
Bus Speed and Reliability	1,079	852	(227)	(26.6%)	1,340	1,089	(251)	(23.0%)
Rail Expansion / Broadway Subway Project Operational Readiness	620	3,667	3,047	83.1%	2,243	4,886	2,643	54.1%
Other	1,234	4,111	2,877	70.0%	2,774	5,790	3,016	52.1%
Total Corporate One-Time	12,069	26,824	14,755	55.0%	23,016	35,859	12,843	35.8%

Corporate One-Time costs were \$14.8 million (55.0 per cent) favourable to budget, mainly due to lower spend on feasibility studies due to delays and cancellation of several projects, lower non-capitalizable costs associated with capital projects (particularly, lower contractor, training and information technology costs), vacancy savings in Rail Expansion / Broadway Subway Operational Readiness, and lower spend on the RapidBus and Bus Rapid Transit programs.

Corporate One-Time costs are forecast to be \$12.8 million (35.8 per cent) favourable to budget mainly due to lower anticipated spending on feasibility studies, lower information technology costs, vacancy savings in Rail Expansion / Broadway Subway Operational Readiness, and lower spend on the Bus Rapid Transit Program and Rapid Bus due to delays for North Shore BRT Concept Planning, BRT action plan, and associated contracting for future expansion (R8).

7. Investment in Capital Assets

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

- \$5.4 billion in active capital projects;
- \$0.1 billion in Approved-In-Principle (AIP) capital projects;
- \$2.3 billion in substantially complete capital projects; and
- \$0.7 billion in capital infrastructure contributions to municipalities

SUMMARY OF CAPITAL PROGRAM						
As of September 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	158	5,444,180	5,415,312	28,868	0.5%	2,293,367
AIP	24	118,522	113,762	4,760	4.0%	18,229
Substantially Complete	130	2,264,522	2,163,051	101,471	4.5%	1,027,444
Subtotal	312	7,827,224	7,692,125	135,099	1.7%	3,339,040
Capital Infrastructure Contributions						
Active	41	656,608	634,808	21,800	3.3%	-
Substantially Complete	1	10,062	9,576	486	4.8%	-
Subtotal	42	666,670	644,384	22,286	3.3%	-
Total Capital Program	354	8,493,894	8,336,509	157,385	1.9%	3,339,040

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 a 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 September 30, 2023, there were 288 active and substantially complete projects with a final forecast cost of \$7.6 billion. The total costs incurred for these projects during the first three quarters of the year were \$345.6 million.

SUMMARY OF ACTIVE PROJECTS								
As of September 30, 2023 (\$ thousands)	Number of Projects	Current Budget	2023 YTD Spending	Cumulative Spending to Date	Final Forecast Cost	Forecast Variance to Current Budget Fav/(Unfav) %		Senior Government Funding
Active								
Equipment	19	143,745	7,355	60,732	138,612	5,133	3.6%	15,118
Infrastructure	58	679,787	77,011	174,843	672,393	7,394	1.1%	207,242
Major Construction	13	2,752,482	138,316	577,191	2,753,389	-907	0.0%	874,874
Technology	28	247,155	29,332	127,529	237,705	9,450	3.8%	-
Vehicle	30	893,793	14,524	84,129	886,213	7,580	0.8%	835,211
Facilities	10	727,218	29,844	77,310	727,001	217	0.0%	360,922
Subtotal (Active Capital Projects)	158	5,444,180	296,382	1,101,734	5,415,313	28,867	0.5%	2,293,367
Substantially Complete	130	2,264,522	49,241	2,113,415	2,163,051	101,471	4.5%	1,027,444
Total Active Capital Projects	288	7,708,702	345,623	3,215,149	7,578,364	130,338	1.7%	3,320,811

Active Capital Projects

As of September 30, 2023, there were 158 active projects with expenditures of \$296.4 million for the year and \$1.1 billion in cumulative spending to date. A comparison of active project budgets against forecast final costs shows a favorable variance of \$28.9 million (0.5 per cent).

Infrastructure spending of \$77.0 million for the year includes \$13.2 on the Investments in Transit Priority on Priority Rapid Bus Corridors and \$12.0 million on the Edmonds Operations and Maintenance Centre (OMC) Capacity Upgrade.

Major Construction spending of \$138.3 million for the year includes \$35.2 million spent on the SkyTrain Operation Control Centre and \$33.9 million on a new Operations and Maintenance Center.

Technology spending of \$29.3 million for the year includes \$8.3 million on the BCRTC Enterprise Asset Management Implementation and \$4.8 million on the Daily Operations Management System (DOMS) Product Replacement Program.

Facilities spending of \$29.8 million for the year includes \$15.8 million on the Canada Line Capstan Station and \$7.9 million on the Marpole Transit Centre project.

Substantially Complete Capital Projects

As of September 30, 2023, there were 130 projects with a total budget of \$2.3 billion deemed substantially complete with \$49.2 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 \$101.5 million (4.5 per cent).

Notable projects that were substantially completed during the quarter include:

- Waterfront Power Systems Upgrade with a budget of \$7.3 million;
- SeaBus Maintenance and Storage Facilities Upgrades with a budget of \$6.0 million;
- 2021 Trolley Overhead On-Street Infrastructure State of Good Repair with a budget of \$4.6 million; and
- SeaBus Facility and Seawall State of Good Repair with a budget of \$4.2 million.

Approved in Principle (AIP) Capital Projects

As of September 30, 2023, there were 24 AIP projects remaining to be initiated with a total budget of \$118.5 million. Of these 24 projects, 12 projects with a budget of \$40.1 million were carried forward from prior years and 12 projects with a budget of \$78.4 million are new in 2023.

SUMMARY OF AIP PROJECTS			
As of September 30, 2023 (\$ thousands)	Number of Projects	Current Budget	Government Funding (Committed)
Capital Projects			
Equipment	2	5,316	-
Infrastructure	15	96,645	15,719
Technology	5	10,969	-
Vehicle	2	5,593	2,510
Total AIP Projects	24	118,523	18,229

Significant projects remaining in AIP include:

- SkyTrain Advanced Radio System - Phase 3 with a budget of \$22.0 million;
- Expo Line Traction Power Equipment Upgrade - Phase 2 with a budget of \$18.5 million; and
- Port Coquitlam Transit Centre Infrastructure to Support Battery Electric Buses - Phase 2 with a budget of \$15.0 million.

Closed Capital Projects

During the quarter ended September 30, 2023, three projects with a final cost of \$4.1 million and an approved budget of \$4.5 million were completed and closed. Significant closed projects include the 22nd Street Exchange - Lighting & Passenger Safety and West Coast Express fleet procurement projects.

Cancelled Capital Projects

During the quarter ended September 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 September 30, 2023, there were 42 active programs with a budget of \$666.7 million. The majority of the \$34.8 million in contributions in the year related to the Pavement Rehabilitation Program and the Major Road Network and Bike Upgrades (MRNB) funded under the Major Road Network Program.

SUMMARY OF INFRASTRUCTURE CONTRIBUTION PROGRAMS							Forecast Variance to Current Budget	
As of September 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	88,904	5,059	5.4%	
Major Road Network and Bike Upgrades (MRNB)	12	274,264	13,343	164,447	270,107	4,157	1.5%	
Pavement Rehabilitation Program	6	139,711	13,043	124,762	137,988	1,723	1.2%	
Bicycle Infrastructure Capital Cost Share (BICCS)	6	98,748	5,659	21,287	89,236	9,512	9.6%	
Bus, Speed, Reliability, and Infrastructure (BSRI)	5	24,507	397	3,661	23,663	844	3.4%	
Walking Infrastructure to Transit (WITT)	7	35,477	1,576	10,855	34,485	992	2.8%	
Grand Total	42	666,670	34,780	332,048	644,383	22,287	3.3%	

8. Changes in Financial Position

Consolidated Statement of Financial Position			
(\$ thousands)	September 30 2023	December 31 2022	Change
Cash and cash equivalents	243,844	622,558	(378,714)
Accounts receivable	573,450	136,909	436,541
Restricted cash and cash equivalents and investments	4,050,410	3,733,194	317,216
Investments	452,717	235,289	217,428
Debt reserve deposits	24,029	23,762	267
Financial Assets	5,344,450	4,751,712	592,738
Accounts payable and accrued liabilities	425,220	400,206	25,014
Debt	3,108,507	3,141,748	(33,241)
Deferred government transfers	3,778,786	3,540,507	238,279
Golden Ears Bridge contractor liability	987,681	999,512	(11,831)
Deferred concessionaire credit	391,948	409,355	(17,407)
Employee future benefits	143,453	141,202	2,251
Deferred development cost charges	16,264	15,132	1,132
Deferred revenue and deposits	198,125	73,646	124,479
Deferred lease inducements	12,860	12,855	5
Liabilities	9,062,844	8,734,163	328,681
Net Debt	(3,718,394)	(3,982,451)	264,057
Tangible capital assets	5,926,560	5,765,456	161,104
Supplies inventory	116,355	97,310	19,045
Property under development	19,980	19,599	381
Prepaid capital	29,752	29,752	-
Prepaid expenses	40,031	30,002	10,029
Non-Financial Assets	6,132,678	5,942,119	190,559
Accumulated Surplus	2,414,284	1,959,668	454,616

Financial Assets

See "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 \$436.5 million was mainly due to \$478.9 million in Senior Government relief funding, partially offset by a decrease in development cost charges receivable.

Liabilities

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

Deferred government transfers liability increased by \$238.3 million (6.7 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 \$124.5 million (169.0 per cent) was mainly due to property tax revenues received in August 2023 and unearned transit fare revenue and Compass Card deposits received.

Non-Financial Assets

Capital assets increased by \$161.1 million (2.8 per cent) in the first nine months of 2023 due to \$341.5 million in additions, partly offset by amortization of \$180.4 million. Additions included SkyTrain system and infrastructure upgrades, OMC4 Storage & Maintenance Facility, vehicle fleet procurement and land acquisition for HandyDART parking facility.

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)	September 30 2023	December 31 2022	Change
Cash and cash equivalents	243,844	622,558	(378,714)
Investments	452,717	235,289	217,428
Total Unrestricted cash and investments	696,561	857,847	(161,286)

TransLink's unrestricted cash and investment balances reflect accumulated funding resources available for supporting operations. The balance decreased by \$161.3 million in the first nine months of 2023, due to regular net outflows from operations, partly offset by the annual property tax revenues from the municipalities.

The \$696.6 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 decrease in the fourth quarter mainly due to operating expenditures exceeding revenue and net capital spend.

Liquidity is further supported by a \$500.0 million Commercial Paper program. There was no outstanding balance on this program as of September 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)	September 30 2023	December 31 2022	Change
Government transfers	3,097,848	2,823,730	274,118
TPCC's investments	31,249	28,491	2,758
Green Bond Proceeds	-	38	(38)
Land Reserve	316,771	349,494	(32,723)
Self administered sinking funds	604,542	531,441	73,101
Total Restricted cash and investments	4,050,410	3,733,194	317,216

For the first nine months of 2023, restricted cash and investments increased by \$317.2 million. This is primarily due to the receipt of the annual Canada Community Building Fund contribution from GVRF, ongoing contributions to the self-administered sinking fund and reinvested investment income within the sinking fund. These increases are partly offset by releases from Golden Ears Bridge (GEB) Upfront Settlement Restricted Funds and Senior Government capital contributions for qualifying projects, and the Revolving Land Account 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 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 September 30, 2023, TransLink's outstanding gross debt obligation was \$3.74 billion (December 31, 2022: \$3.74 billion), being debt of \$3.11 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 \$23.0 million.

FINANCING			
(\$ thousands)	September 30 2023	December 31 2022	Change
Debt	3,108,507	3,141,748	(33,241)
Less: Self-administered sinking funds	(604,542)	(531,441)	(73,101)
Less: Debt reserve deposits	(24,029)	(23,762)	(267)
Net Direct Debt	2,479,936	2,586,545	(106,609)
Golden Ears Bridge contractor liability	987,681	999,512	(11,831)
Deferred concessionaire credit	391,948	409,355	(17,407)
Indirect P3 Debt	1,379,629	1,408,867	(29,238)
Subtotal Net Direct Debt and Indirect P3 Debt	3,859,565	3,995,412	(135,847)

Net direct debt decreased by \$106.6 million mainly due to scheduled debt payments, sinking fund contributions and reinvestment of sinking fund interest income during the first nine months of 2023.

Indirect P3 debt, which includes the liability owed to the Golden Ears Bridge contractor and the Canada Line deferred concessionaire credit, declined by \$29.2 million due to the amortization of the Canada Line deferred concessionaire credit and repayment of 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 access capital markets in the most cost-effective basis.

The following table summarizes TransLink’s current credit ratings and outlooks. As of September 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 September 30, 2023, Dominion Bond Rating Service (DBRS) affirmed TransLink’s rating of AA (Stable).

CREDIT RATING								
Agency	As at September 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 Statement of Financial Position

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Financial Position

(Expressed in thousands of dollars)

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

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 243,844	\$ 622,558
Accounts receivable	573,450	136,909
Restricted cash and cash equivalents and investments	4,050,410	3,733,194
Investments	452,717	235,289
Debt reserve deposits	24,029	23,762
	5,344,450	4,751,712
Liabilities		
Accounts payable and accrued liabilities	425,220	400,206
Debt	3,108,507	3,141,748
Deferred government transfers	3,778,786	3,540,507
Golden Ears Bridge contractor liability	987,681	999,512
Deferred concessionaire credit	391,948	409,355
Employee future benefits	143,453	141,202
Deferred development cost charges	16,264	15,132
Deferred revenue and deposits	198,125	73,646
Deferred lease inducements	12,860	12,855
	9,062,844	8,734,163
Net debt	(3,718,394)	(3,982,451)
Non-financial assets		
Tangible capital assets	5,926,560	5,765,456
Supplies inventory	116,355	97,310
Property under development	19,980	19,599
Prepaid capital	29,752	29,752
Prepaid expenses	40,031	30,002
	6,132,678	5,942,119
Accumulated surplus	\$ 2,414,284	\$ 1,959,668

Consolidated Statement of Operations

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Nine months ended September 30, 2023, with comparative information for September 30, 2022

	2023 Budget	2023 Actual	2022 Actual
Revenues:			
Taxation	\$ 737,911	\$ 721,370	\$ 734,949
Transit	469,493	499,344	402,189
Government transfers	239,529	617,604	356,619
Amortization of deferred concessionaire credit	17,407	17,407	17,407
Investment income	117,606	135,643	66,453
Development cost charges	17,698	1,349	19,161
Miscellaneous revenue	11,164	14,904	12,741
Gain (loss) on disposal of tangible capital assets	(248)	276	1,417
	1,610,560	2,007,897	1,610,936
Expenses:			
Bus operations	830,803	828,975	767,452
Corporate operations	158,127	130,935	156,260
Rail operations	407,291	394,066	359,725
Roads and bridges	182,103	159,786	149,447
Transit Police	40,303	39,519	36,485
	1,618,627	1,553,281	1,469,369
Surplus (deficit) for the period	(8,067)	454,616	141,567
Accumulated surplus, beginning of period	1,933,296	1,959,668	1,830,062
Accumulated surplus, end of period	\$ 1,925,229	\$ 2,414,284	\$ 1,971,629

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)

Nine months ended September 30, 2023, with comparative information for September 30, 2022

	2023 Actual	Restated 2022 Actual
Surplus for the period	\$ 454,616	\$ 141,567
Acquisition of tangible capital assets	(341,458)	(267,002)
Amortization of tangible capital assets	180,354	179,087
Write-down of tangible capital assets	-	44,875
Net proceeds from disposal of tangible capital assets	276	2,320
Land transfer to a partnership	-	17,762
Gain on disposal of tangible capital assets	(276)	(1,417)
	(161,104)	(24,375)
Change in supplies inventory	(19,045)	(4,404)
Change in property under development	(381)	(19,499)
Change in prepaid expenses	(10,029)	(7,237)
	(29,455)	(31,140)
Decrease in net debt	264,057	86,052
Net debt, beginning of period	(3,982,451)	(3,995,297)
Net debt, end of period	\$ (3,718,394)	\$ (3,909,245)

Consolidated Statement of Cash Flows

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows

(Expressed in thousands of dollars)

Nine months ended September 30, 2023, with comparative information for September 30, 2022

	2023	Restated 2022
Cash provided by (used for):		
Operating transactions:		
Surplus for the period	\$ 454,616	\$ 141,567
Non-cash changes to operations	68,986	83,706
Changes in non-cash operating working capital	(313,120)	333,704
Cash provided by operating transactions	210,482	558,977
Capital transactions:		
Purchase of tangible capital assets	(341,458)	(267,002)
Net proceeds from disposal of tangible capital assets	276	2,320
Cash used for capital transactions	(341,182)	(264,682)
Investing transactions:		
Increase in restricted cash and investments	(317,216)	(2,478,147)
Increase in investments	(217,428)	(37,705)
Decrease (increase) in debt reserve deposits	(267)	2,830
Cash used for investing transactions	(534,911)	(2,513,022)
Financing transactions:		
Repayments of debt	(13,167)	(15,569)
Repayments of Golden Ears Bridge contractor liability	(62,325)	(59,363)
Government transfers received in advance for operational funding	-	2,000,000
Government transfers received for tangible capital additions	362,389	390,867
Cash provided by financing transactions	286,897	2,315,935
Increase (decrease) in cash and cash equivalents	(378,714)	97,208
Cash and cash equivalents, beginning of period	622,558	575,623
Cash and cash equivalents, end of period	\$ 243,844	\$ 672,831
Supplementary information:		
Interest paid	\$ 125,923	\$ 119,356
Property under development acquired through a non-cash land transfer to a partnership	-	17,762

SOUTH COAST BRITISH COLUMBIA TRANSPORTATION AUTHORITY

Consolidated Statement of Cash Flows (continued)

(Expressed in thousands of dollars)

Nine months ended September 30, 2023, with comparative information for September 30, 2022

	2023	Restated 2022
Non-cash changes to operations:		
Amortization of tangible capital assets	\$ 180,354	\$ 179,087
Amortization of bond premium	(2,292)	(2,262)
Amortization of deferred concessionaire credit	(17,407)	(17,407)
Amortization of deferred government transfers	(124,110)	(149,517)
Amortization of deferred lease inducements net of additions	5	(666)
Interest accretion on contractor liability	50,494	49,416
Write-down of tangible capital assets	-	44,875
Gain on disposal of tangible capital assets	(276)	(1,417)
Sinking fund interest held by MFA	(17,782)	(18,403)
	<u>\$ 68,986</u>	<u>\$ 83,706</u>
Changes in non-cash operating working capital:		
Decrease (increase) in accounts receivable	\$ (436,541)	\$ 66,189
Decrease in loan receivable	-	131,060
Increase in supplies inventory	(19,045)	(4,404)
Increase in property under development	(381)	(1,737)
Increase in prepaid expenses	(10,029)	(7,237)
Increase in accounts payable and accrued liabilities	25,014	29,839
Increase in deferred development cost charges	1,132	-
Increase in deferred revenue and deposits	124,479	116,544
Increase in employee future benefits	2,251	3,450
	<u>\$ (313,120)</u>	<u>\$ 333,704</u>

Segment Report

South Coast British Columbia Transportation Authority

Segment Report

Period ended September 30, 2023

(in thousands of dollars)

	2023					Total	2022
	Bus operations	Corporate operations	Rail operations	Roads and bridges	Transit Police		
Revenues:							
Taxation	\$ -	\$ 721,370	\$ -	\$ -	\$ -	\$ 721,370	\$ 734,949
Transit	-	499,344	-	-	-	499,344	402,189
Government transfers	-	617,604	-	-	-	617,604	356,619
Amortization of deferred concessionaire credit	-	-	17,407	-	-	17,407	17,407
Investment income	-	135,608	35	-	-	135,643	66,453
Development cost charges	-	1,349	-	-	-	1,349	19,161
Miscellaneous revenue	9,071	3,192	620	1,213	808	14,904	12,741
Gain on disposal of tangible capital assets	-	276	-	-	-	276	1,417
	9,071	1,978,743	18,062	1,213	808	2,007,897	1,610,936
Expenses:							
Administration	17,657	19,518	7,334	36	3,118	47,663	39,047
Capital infrastructure contributions	-	-	-	35,699	-	35,699	40,239
Contracted services	68,017	12,577	105,530	4,876	2	191,002	175,413
Fuel and power	53,758	-	12,602	-	-	66,360	67,267
Insurance	12,616	396	5,768	1,053	90	19,923	18,425
Maintenance, materials and utilities	68,532	2,475	51,291	40,757	1,351	164,406	129,903
Professional and legal	2,722	17,316	2,724	2,538	324	25,624	18,865
Rentals, leases and property tax	17,382	7,736	1,324	93	2,105	28,640	26,459
Salaries, wages and benefits	461,456	50,499	112,821	1,086	32,165	658,027	594,215
Write-down of tangible capital assets	-	-	-	-	-	-	44,875
Expenses before amortization and interest	702,140	110,517	299,394	86,138	39,155	1,237,344	1,154,708
Amortization of tangible capital assets	86,171	13,873	64,323	15,742	245	180,354	179,087
Interest	40,664	6,545	30,349	57,906	119	135,583	135,574
Amortization and interest	126,835	20,418	94,672	73,648	364	315,937	314,661
Total Expenses	828,975	130,935	394,066	159,786	39,519	1,553,281	1,469,369
Surplus (deficit), for the period	\$ (819,904)	\$ 1,847,808	\$ (376,004)	\$ (158,573)	\$ (38,711)	\$ 454,616	\$ 141,567

Appendix II – Operating Indicators

OPERATING INDICATORS							
Nine months ended September 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}	3.9	3.9	-	-	3.9	-	-
SkyTrain: Expo & Millennium Lines	1.0	1.0	-	-	0.9	(0.1)	(11.1%)
West Coast Express	-	-	-	-	-	-	-
HandyDART (per 100,000 Boarded Passengers)	1.3	1.3	-	-	0.4	(0.9)	> (200.0%)
Safety: Employee Lost Time Frequency							
Bus & SeaBus (per 200,000 Hours Worked)	8.4	8.5	0.1	1.2%	8.2	(0.2)	(2.4%)
SkyTrain: Expo & Millennium Lines (per 200,000 Hours Worked)	4.5	4.7	0.2	4.3%	4.0	(0.5)	(12.5%)
West Coast Express (per 200,000 Hours Worked)	-	-	-	-	-	-	-
HandyDART (per 200,000 Hours Worked)	17.3	18.2	0.9	4.9%	13.0	(4.3)	(33.1%)
Safety: Bus & SeaBus Operator Assaults (per 1 million Service Hours)							
	12.8	11.7	(1.1)	(9.4%)	11.8	(1.0)	(8.5%)
Ridership: Boarded Passengers (Thousands)³							
Bus & SeaBus	184,500	151,695	32,805	21.6%	177,220	7,280	4.1%
SkyTrain: Expo & Millennium Lines	74,870	60,363	14,507	24.0%	70,984	3,886	5.5%
SkyTrain: Canada Line	30,194	24,425	5,769	23.6%	32,225	(2,031)	(6.3%)
West Coast Express	964	633	331	52.3%	1,028	(64)	(6.2%)
HandyDART	966	788	178	22.6%	849	117	13.8%
Ridership: Journeys (Thousands)³							
Overall System	173,562	140,828	32,734	23.2%	165,233	8,329	5.0%
Vehicle Service Delivery: Percentage of Service Hours Delivered							
Bus & SeaBus	99.3%	98.8%	0.5%	0.5%	98.0%	1.3%	1.3%
SkyTrain: Canada Line ⁴	100.0%	100.0%	-	-	93.0%	7.0%	7.5%
HandyDART	99.5%	99.6%	(0.1%)	(0.1%)	99.8%	(0.3%)	(0.3%)
Vehicle Service Delivery: Percentage of Train Trips Delivered							
SkyTrain: Expo & Millennium Lines	99.5%	99.4%	0.1%	0.1%	99.0%	0.5%	0.5%
West Coast Express	99.8%	99.2%	0.6%	0.6%	99.9%	(0.1%)	(0.1%)
Vehicle Punctuality: On-Time Performance							
Bus (3 minutes late < On-Time < 1 minute early) ⁵	80.1%	82.6%	(2.5%)	(3.0%)	82.0%	(1.9%)	(2.3%)
SkyTrain: Expo & Millennium Lines (headway + 3 minutes)	95.5%	96.0%	(0.5%)	(0.5%)	96.0%	(0.5%)	(0.5%)
West Coast Express (headway + 5 minutes)	95.7%	94.8%	0.9%	0.9%	97.8%	(2.1%)	(2.1%)
HandyDART (earlier than and within 15 minutes of Scheduled Pick-Up Time)	91.1%	92.2%	(1.1%)	(1.2%)	90.0%	1.1%	1.2%
Vehicle Reliability: Mean Distance Between Failure							
Bus ⁶	30,013	27,595	2,418	8.8%	28,357	1,656	5.8%
Vehicle Reliability: Mean Distance Between Service Removals							
SkyTrain: Expo & Millennium Lines	145,445	181,579	(36,134)	(19.9%)	209,883	(64,438)	(30.7%)
HandyDART Vehicle Productivity							
Trips per Service Hour (excludes Taxis)	1.7	1.8	(0.1)	(5.6%)	2.0	(0.3)	(15.0%)
Trip Denials	801	423	(378)	(89.4%)	1,073	272	25.3%
Environmental							
Bus & SeaBus (Spills per 1 million km)	2.3	2.5	0.2	8.0%	2.5	0.2	8.0%
Bus & SeaBus (Revenue Vehicle Energy Consumption in Gigajoules)	1,537,884	1,488,354	(49,530)	(3.3%)	1,546,069	8,185	0.5%
Customer Service: Customer Satisfaction (overall score of 10)							
Overall System ⁷	8.0	8.1	(0.1)	(1.2%)	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	8.2	8.3	(0.1)	(1.2%)	8.3	(0.1)	(1.2%)
SkyTrain: Canada Line	8.6	8.7	(0.1)	(1.1%)	8.7	(0.1)	(1.1%)
West Coast Express	8.8	8.8	-	-	8.6	0.2	2.3%
Customer Service: Customer Complaints³							
Overall System (per 1 million Boarded Passengers) ^{7,8}	69.4	74.3	4.9	6.6%	89.3	19.9	22.3%
Bus & SeaBus (per 1 million Boarded Passengers) ⁸	76.2	83.3	7.1	8.5%	95.3	19.1	20.0%
SkyTrain: Expo & Millennium Lines (per 1 million Boarded Passengers)	14.1	15.9	1.8	11.3%	15.1	1.0	6.6%
SkyTrain: Canada Line (per 1 million Boarded Passengers)	6.2	5.3	(0.9)	(17.0%)	4.8	(1.4)	(29.2%)
West Coast Express (per 1 million Boarded Passengers)	114.2	154.8	40.6	26.2%	138.1	23.9	17.3%
HandyDART (complaints per 100,000 Boarded Passengers)	238.5	242.6	4.1	1.7%	203.6	(34.9)	(17.1%)
Financial: Operating Costs							
Overall System (operating cost per capacity km) ^{7,9,10}	\$0.114	\$0.106	(0.008)	(7.5%)	\$0.113	(0.001)	(0.9%)
Bus & SeaBus (operating cost per capacity km)	\$0.149	\$0.139	(0.010)	(7.2%)	\$0.144	(0.005)	(3.5%)
SkyTrain: Expo & Millennium Lines (operating cost per capacity km)	\$0.052	\$0.045	(0.007)	(15.6%)	\$0.053	0.001	1.9%
SkyTrain: Canada Line (operating cost per capacity km) ¹⁰	\$0.150	\$0.144	(0.006)	(4.2%)	\$0.150	-	-
West Coast Express (operating cost per capacity km)	\$0.132	\$0.191	0.059	30.8%	\$0.163	0.031	19.0%
HandyDART (operating cost per trip)	\$54.73	\$56.27	\$1.54	2.7%	\$46.20	(8.53)	(18.5%)
Financial: Operating Cost Recovery							
TransLink (conventional system) ¹¹	46.4%	39.6%	6.8%	17.2%	43.2%	3.2%	7.4%

Footnotes for Appendix II begin on the following page.

¹ The 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.

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

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

⁷ Excludes HandyDART.

⁸ The number of customer complaints for Bus & SeaBus as of YTD 2022 has been restated to reflect the latest information available.

⁹ Includes operating costs of Bus, Rail, and Transit Police. Excludes amortization and interest expense.

¹⁰ Canada Line's capacity kilometres are estimated from schedule data for reporting purposes.

¹¹ 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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