

BC Transit

2024/25
Annual Service Plan Report

August 2025



For more information on BC Transit, please contact us at:

520 Gorge Rd East

PO Box 9861

Victoria, BC V8W 9T5

250-385-2551

Or visit our website at: bctransit.com

Published by BC Transit

Board Chair's Accountability Statement



The BC Transit 2024/25 Annual Service Plan Report compares the organization's actual results to the expected results identified in the 2024/25 – 2026/27 Service Plan published in 2024. The Board is accountable for those results as reported.

Signed on behalf of the Board by:

A handwritten signature in blue ink that reads "Sherri Bell".

Sherri Bell, Board Chair
August 12, 2025

Table of Contents

| | |
|---|----|
| Board Chair's Accountability Statement | 3 |
| Letter from the Board Chair & CEO | 5 |
| Purpose of the Annual Service Plan Report | 6 |
| Strategic Direction..... | 6 |
| Purpose of the Organization | 6 |
| Operating Environment..... | 7 |
| Economic Statement | 7 |
| Report on Performance: Goals, Objectives, and Results | 9 |
| Financial Report..... | 15 |
| Appendix A: Progress on Mandate Letter Priorities | 30 |
| Appendix B: Subsidiaries and Operating Segments | 32 |
| Appendix C: Auditor's Report and Audited Financial Statements | 33 |

Letter from the Board Chair & CEO

In 2024/25, BC Transit remained focused on delivering its [2023 Mandate Letter](#) commitments and making significant progress in expanding access to public transit and increasing ridership across the province. Key to this was continued investment in technology to improve the customer experience. [Umo](#), BC Transit's electronic fare collection system, was successfully launched in 11 additional transit systems, completing the mobile app and reloadable card component of the project, offering riders more flexible and convenient payment options. In the Kelowna Regional Transit System, the introduction of a new [OnDemand](#) service provides customers with more direct trips, shorter wait times, and faster commutes.

Increased provincial and local government funding supported the first service expansions since 2019. Throughout the province, service expansions were launched in 25 transit systems to ensure transit services meet increasing demand. To meet growing demand and support service expansion, BC Transit advanced several critical infrastructure projects. The completion of the new Victoria handyDART Operations and Maintenance Facility and the new Montrose Exchange in Abbotsford marked major milestones in enhancing transit capacity and accessibility.

As part of our commitment to environmental sustainability, BC Transit continued its transition to a low-carbon fleet, including the procurement of 125 battery electric buses. We also released an [Environmental Sustainability Plan](#), which outlines our approach to reducing the environmental impact of our operations.

Safety remains a top priority. Training programs in injury reduction, situational awareness and body mechanics resulted in decreased injury rates for employees, and a cybersecurity incident response plan was tested through tabletop exercises. Insights from our Voice of the Rider surveys also continued to inform our understanding of customer safety perceptions and guide ongoing improvements to transit service.

Our commitment to inclusion, diversity, equity, and accessibility (IDEA) remains a cornerstone of our organizational culture. This year, all employees were invited to participate in Indigenous cultural awareness training, and we continued to provide ongoing development opportunities. BC Transit was once again named one of B.C.'s top employers, making this the fifth consecutive year.

In 2024/25, BC Transit achieved eight of the 12 performance targets outlined in the 2024/25–2026/27 Service Plan. Notable successes include increases in ridership, reductions in greenhouse gas emissions, and strong satisfaction levels among both partners and custom transit (handyDART) users. BC Transit remains committed to sound financial stewardship and to delivering safe, efficient, and reliable transit services that meet the evolving needs of communities across British Columbia.



Sherri Bell
Board Chair
August 12, 2025



Erinn Pinkerton
President and Chief Executive Officer
August 12, 2025

Purpose of the Annual Service Plan Report

This annual service plan report has been developed to meet the requirements of the Budget Transparency and Accountability Act (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, a Minister Responsible for a government organization is required to make public a report on the actual results of that organization's performance related to the forecasted targets stated in the service plan for the reported year.

Strategic Direction

The strategic direction set by Government in 2020 and expanded upon in the Board Chair's [2023 Mandate Letter](#) from the Minister Responsible shaped the goals, objectives, performance measures and financial plan outlined in the BC Transit [2024/25 – 2026/27 Service Plan](#) and the actual results reported on in this annual report.

Purpose of the Organization

BC Transit is the provincial Crown agency charged with coordinating the delivery of public transportation across British Columbia, except for those areas serviced by TransLink (Metro Vancouver). More than 1.9 million British Columbians in over 130 communities across the province have access to BC Transit local and regional transit services.

BC Transit's shared services model helps to ensure the most efficient and effective delivery of transit services across all transit systems. In most regional transit systems, service is provided through a partnership between BC Transit, a local government, and a contracted transit management company. Under this partnership model, BC Transit provides a variety of shared services for all transit systems, including asset management and construction, procurement, marketing, planning, scheduling, safety, and training expertise. BC Transit directly operates the conventional service in the Victoria Regional Transit System.

The funding of transit service is provided through customer fares, advertising revenues, and a regional motor fuel tax (in the Victoria system), with the remainder funded through a partnership between local governments and the provincial government through BC Transit.

BC Transit's subsidiaries are listed in [Appendix B](#).

Operating Environment

In 2024/25, BC Transit remained focused on growing ridership across the province. To support this goal, the organization made significant investments in technologies that enhance the experience for customers.

As emerging technologies, artificial intelligence, and shifting customer expectations reshape public transit, BC Transit released a new [Strategic Plan](#) to guide the organization through the coming years. Developed in collaboration with employees, local government partners, operating partners, and the Province, the plan sets the direction for BC Transit's strategic objectives over the next several years and reinforces its role in creating more livable, connected communities.

BC Transit also made progress on its [Low Carbon Fleet Program](#), continuing to prioritize the procurement of low-carbon vehicles, including battery electric buses, along with the necessary infrastructure and technology to support their deployment.

BC Transit continued to face challenges due to labour shortages, which affected service delivery across several regions. In addition, job action in the Cowichan Valley during the final quarter of the year further impacted operations in that area.

Financial sustainability remained a key priority for BC Transit with a continued emphasis on focusing on efficiencies. International trade restrictions and policies also impacted BC Transit throughout the last quarter of 2024/25, leading to the review and shifting of suppliers.

Economic Statement

After several years of strong growth, economic activity in British Columbia moderated in 2024 amid high interest rates, persistent price pressures, and ongoing global economic uncertainty. B.C.'s real GDP increased by 1.2 per cent in 2024 and ranked 8th (tied with Ontario) among the provinces following growth of 2.4 per cent in 2023. Last year, economic growth was driven by B.C.'s service-producing industries such as real estate, rental and leasing; health care and social assistance services; transportation and warehousing; public administration; and educational services. Output for goods-producing industries declined in 2024 due to lower construction and manufacturing activity, which was partly offset by growth in the mining, quarrying and oil and gas extraction; utilities; and agriculture, forestry, fishing and hunting sectors.

B.C.'s labour market continued to expand in 2024. Employment in B.C. increased by 66,100 jobs (+2.3 per cent), supported by high immigration, and wages and salaries rose by 6.3 per cent. B.C.'s unemployment rate averaged 5.6 per cent in 2024, up from 5.2 per cent in 2023 as strong population and labour force growth outpaced job gains. Elevated interest rates, rising construction costs, and ongoing labour shortages weighed on the construction sector last year. Housing starts totaled 45,828 units in 2024, down 9.2 per cent from the record high in 2023, but remained above the ten-year historical average. B.C. home sales increased by 2.1 per cent and the average home sale price increased by 1.0 per cent compared to 2023. Price

pressures in B.C. continued to broadly moderate last year, but shelter price growth remained elevated. Overall, B.C.'s inflation rate averaged 2.6 per cent in 2024, down from 3.9 per cent in 2023. Despite strong population growth, nominal retail sales increased by just 0.6 per cent in 2024, following a 0.1 per cent decline in 2023. On the trade front, weak global demand and lower commodity prices (primarily natural gas and coal prices) last year contributed to a 2.7 per cent decline in B.C.'s merchandise exports relative to 2023 despite increased exports to non-U.S. destinations including China, South Korea, and Australia.

Report on Performance: Goals, Objectives, and Results

The following goals, objectives and performance measures have been restated from the 2024/25 – 2026/27 service plan. For forward-looking planning information, including current and future performance targets, please see the latest service plan.

Goal 1: Maximize Resources and Grow Ridership.

Objective 1.1: Complete key infrastructure projects.

Transit infrastructure plays a crucial role in supporting ridership growth. Expanded and new transit facilities and exchanges ensure that the transit system has the capacity to grow ridership.

Key results

- The Victoria handyDART Operations and Maintenance Facility was completed.
- The Abbotsford Montrose transit exchange was completed.
- Construction of the Nelson transit exchange began.

Summary of progress made in 2024/25

In 2024/25, BC Transit continued to invest in infrastructure to support expanded service capacity and future growth. Upgrades were made to the Victoria Transit Centre and progress was made on detailed designs for key projects, including a new transit exchange in Nanaimo and for upgrades to the Kelowna Operations and Maintenance Facility. Additionally, planning and design work advanced for retrofitting transit operations and maintenance centres with charging infrastructure across the province, supporting the future deployment of battery electric buses.

Objective 1.2: Expand services and optimize the effectiveness and reliability of public transit.

Optimizing transit service enhances efficiency, reliability, and accessibility, attracting more people to use transit and contributing to increased ridership.

Key results

- The Electronic Fare Collection System, Umo, was launched in 11 additional transit systems, completing the mobile app and reloadable card component of the project.
- OnDemand transit was launched in the Kelowna Regional Transit System.
- The rollout of NextRide, BC Transit's real-time bus tracking technology, was completed.

- A total of 40 service expansions were launched in 25 conventional, paratransit and custom transit systems, including the introduction of the new West Coast Transit System in Tofino and Ucluelet.
- The Victoria Regional Transit System reached its target of employing 53 mechanics, which will improve service reliability.

Summary of progress made in 2024/25

Delivering reliable, customer-focused service remains a top priority for BC Transit. Throughout 2024/25, consistent efforts were made to strengthen workforce capacity and ensure dependable transit operations across the province. Technology enhancements such as Umo and NextRide improved the overall customer experience by making transit more convenient and accessible. Service expansions in multiple communities helped drive ridership growth, while the introduction of the OnDemand service in Kelowna offered riders more direct trips, shorter wait times, and faster commutes.

Performance measures and related discussion

| Performance Measure | 2023/24 Actual | 2024/25 Target | 2024/25 Actual |
|---|----------------|----------------|----------------|
| 1a Total ridership (passenger trips, millions), including taxi ^{1,2,3} | 54.1 | 56.9 | 57.5 |
| 1b Conventional passenger trips per service hour ^{1,4,5} | 27.6 | 26.5 | 27.2 |
| 1c Planned delivered service in conventional transit systems ^{1,6} | 95.01% | 99.50% | 99.17% |
| 1d Conventional operating cost per service hour ^{7,8,9} | \$155.36 | \$154.35 | \$159.58 |

¹Data source: BC Transit internal tracking data and report from BC Transit operating partners.

²Total ridership includes conventional, custom and paratransit ridership

³PM 1a targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 59.2 and 60.8, respectively.

⁴Passenger trips per service hour measures the effectiveness of, and the demand for, transit services as provided and is determined by dividing passenger trips by service hours.

⁵PM 1b targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 27.1 and 27.8, respectively.

⁶PM 1c targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 99.50% and 99.50%, respectively.

⁷Data source: BC Transit financial system and audited financial statements.

⁸Operating cost per service hour is determined by dividing the total direct operating expenses by the service hours.

⁹PM 1d targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as \$160.60 and \$166.98, respectively.

Ridership performance surpassed the target by 0.6 million rides (one percent), and conventional passenger trips per service hour surpassed the target by 2.6 percent. Expansion of services, the introduction of Umo in additional transit systems, and the continuation of the Free Transit for Children 12 and Under program led to strong ridership performance.

Planned service delivered in conventional transit systems was below target in 2024/25 due to several factors. Job action in the Cowichan Valley suspended service delivery in the fourth quarter. Additionally, a shortage of operators in Kamloops and extended bus maintenance work in several communities impacted service delivery throughout the year.

Operating cost per service hour for conventional transit was over (unfavourable to) target for 2024/25, as this measure was affected by general wage increases, operating contract cost increases, and maintenance costs increases due to an aging fleet. BC Transit continues to focus on finding sound cost efficiencies and initiatives to increase ridership.

Goal 2: Increase Customer Satisfaction and Encourage Strong Transit Use.

Objective 2.1: Maintain high levels of passenger and employee safety.

Safety is paramount for transit passengers as it builds trust in public transit and encourages ridership by providing a secure and reliable experience. Employee safety promotes a positive work environment and contributes to customer satisfaction by ensuring reliable services.

Key results

- Training for new transit operators has been enhanced to increase the overall time spent driving during training and focus more on hazard avoidance techniques.
- An injury reduction campaign was undertaken for transit operators.

Summary of progress made in 2024/25

In 2024/25, BC Transit reinforced its commitment to workplace safety through a range of targeted initiatives. These included training programs focused on situational awareness, ergonomics, and conflict prevention between operators and passengers. A dedicated campaign was launched to raise awareness about first aid reporting requirements, complemented by regular monthly safety communications.

Objective 2.2: Improve employee, partner, and community engagement.

Employee engagement drives a motivated workforce, ensuring excellent service and customer satisfaction; partner engagement provides insights into communities served, aiding in the delivery of quality services; and community engagement, through building trust and positive relationships, offers insights into community desires to support effective service delivery.

Key results

- Voice of the Rider surveys were conducted to engage with customers across the province. Over 4,000 responses were received from four surveys.
- BC Transit worked closely with Yuułu?it̓ Government to include Nuuchahnulth language on bus stops signs for the West Coast Transit system.
- BC Transit focused on partner satisfaction by cultivating strong relationships with local governments, including engagement on local transit needs and priorities.
- Indigenous Cultural Awareness training was made available to all employees.

Summary of progress made in 2024/25

BC Transit continued to implement its five-year [People and Culture Plan](#). This plan focuses on three specific goals including growing employee engagement and communication, elevating People and Culture technology and supporting employee growth and development. In 2024/25, the leadership development program was refreshed, and group mentoring sessions were offered. BC Transit continued to advance IDEA through providing resources on inclusive language and hosting IDEA related events. To support reconciliation efforts, Indigenous Cultural Awareness training has been made available to all employees. This included webinars and community calls with Indigenous mentors to discuss webinar topics, aiming to improve cultural safety for Indigenous employees. There were 6 webinars and 11 community calls with Indigenous mentors in 2024/25.

BC Transit continued to work with local government partners to identify service improvements, provide support related to housing legislation and transit-oriented development areas, and engage on fare structures. BC Transit continued to work with TransLink and BC Ferries to improve the integration of services.

Performance measures and related discussion

| Performance Measure | 2023/24 Actual | 2024/25 Target | 2024/25 Actual |
|---|----------------|----------------|----------------|
| 2a BC Transit Employees Total Recordable Injury Rate ^{1,2} | 6.7 | 5.5 | 5.4 |
| 2b Preventable Incidents ^{3,4} | 16.1 | 6.7 | 10.7 |
| 2c Employee Engagement ^{5,6} | 76 | 74 | 74 |
| 2d Customer Satisfaction ^{7,8,9} | 3.40 | 3.52 | 3.46 |
| 2e Customer Satisfaction – Custom Transit ^{8,10,11} | 4.04 | 4.10 | 4.14 |
| 2f Partner Satisfaction ^{12,13} | 4.30 | 4.25 | 4.42 |

¹Data source: BC Transit internal tracking data; BC Transit employees only

²PM 2a targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 5.3 and 5.2, respectively.

³Data Source: BC Transit internal tracking data; Number of preventable incidents per million vehicle-kilometres driven.

⁴PM 2b targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 6.7 and 6.7, respectively.

⁵Data source: Employee survey

⁶PM 2c targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 74 and 75, respectively.

⁷Customer Satisfaction is determined by the average rating of customer tracking survey respondents when asked to rate their overall transit experience from one ("very poor") to five ("excellent"). It currently does not distinguish between conventional and custom.

⁸Data source: Annual customer survey, conducted by a third-party research firm.

⁹PM 2d targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 3.52 and 3.55, respectively.

¹⁰Customer satisfaction – Custom Transit is determined by the average rating of respondents when asked to rate their overall custom transit experience from one ("very dissatisfied") to five ("very satisfied").

¹¹PM 2e targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 4.15 and 4.15, respectively.

¹²Data source: Annual partner survey, conducted by a third-party research firm.

¹³PM 2f targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 4.26 and 4.26, respectively.

The total recordable injury rate was below (favourable to) the target. Training in ergonomics and situational awareness has supported a decrease in employee injuries.

Preventable incidents were above (unfavourable to) the target, which was impacted by an increased number of bus collisions with stationary objects. There has been an increase in new transit operators, and they are more likely to experience preventable incidents. Training programs have been enhanced to focus more on hazard avoidance techniques, and analysis of locations across the province that have a high number of incidents are ongoing to reduce the number of preventable incidents. To improve the accuracy of this measure, the data source for vehicle-kilometers driven was changed in 2024/25 to include all vehicle-kilometers driven. Previously, only vehicle-kilometres driven during revenue time was used for this measure, and all vehicle-kilometres driven more accurately reflects the distance driven by transit operators.

Employee engagement score met the target. Meeting the target for employee engagement shows that BC Transit's People and Culture vision and plan is having its intended impact. The highest scoring areas were the intention of employees to be working at BC Transit in a year's time and recommending BC Transit as a great place to work.

The score for customer satisfaction did not meet the 2024/25 target but exceeded the 2023/24 score. Ratings remain most positive in terms of courteous drivers, clean and well-maintained buses, fare prices and convenience and ease of use of payment options. The top areas for improvement identified by customers are bus stop amenities, frequency of scheduled service and buses having good connections with reasonable waiting times. BC Transit continues to administer a [Bus Shelter Program](#) that provides new bus shelters in communities across the province, and continues to make service optimization improvements to improve frequency of service and connections.

The score for customer satisfaction - custom transit exceeded the target. The top areas of custom transit (handyDART) customers' satisfaction are driver courtesy and helpfulness, value for fare paid and vehicle safety. The methodology for calculating the custom transit customer satisfaction score has been updated to align with the conventional score calculation. It is no longer a score out of 100, converted to a score out of 5, but an average rating of responses.

Partner satisfaction score exceeded the target. BC Transit continued to engage with local government partners on their transit service needs, identifying and implementing service enhancements for conventional and custom transit. BC Transit continued to provide information and support related to new housing legislation and transit-oriented areas and engaged with local government partners on fare structures and revenue development.

Goal 3: Reduce Greenhouse Gas and Localized Emissions.

Objective 3.1: Transition to a low carbon fleet to meet provincial GHG targets by 2040.

While public transit is already a sustainable transportation option, the shift to a low-carbon fleet will further decrease greenhouse gas emissions associated with public transit.

Key results

- BC Transit secured contracts for 125 heavy duty battery electric buses.
- The use of renewable natural gas and hydrogenation-derived renewable diesel (HDRD) has resulted in a 12 per cent reduction in GHG intensity per service hour.
- The Victoria handyDART Operations and Maintenance Facility was built to Leadership in Energy and Environmental Design (LEED) Gold standard.

Summary of progress made in 2024/25

BC Transit completed an [Environmental Sustainability Plan](#) which focuses on promoting resilience and reliability in all aspects of transportation while reducing the impact of vehicles on the environment. Additionally, BC Transit continued to plan for low-carbon fleet options for all bus types in future years.

Performance measure(s) and related discussion

| Performance Measure | 2023/24 Actual | 2024/25 Target | 2024/25 Actual |
|---|----------------|----------------|----------------|
| 3a Total GHG Emissions ^{1,2,3,4} | 42,639 | 48,500 | 43,182 |
| 3b Carbon (GHG) intensity per service hour ^{1,2,3,5} | 17.50 | 17.90 | 15.40 |

¹Data source: BC Transit fuel, energy and paper consumption data as defined in scope by provincial regulation.

²Data Source: BC Government Clean Government Reporting Tool data and BC Transit internal tracking data.

³Unit of measure for GHG emissions is tonnes of carbon dioxide equivalent and carbon (GHG) intensity is kg of GHG per service hour

⁴PM 3a targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 46,000 and 44,800, respectively.

⁵PM 3b targets for 2025/26 and 2026/27 were stated in the 2024/25 service plan as 17.30 and 15.96, respectively.

Total greenhouse gas emissions and carbon (GHG) intensity per service hour were favourable to the targets for 2024/25, despite the expansion of service. BC Transit continued to use renewable natural gas (RNG) for the compressed natural gas (CNG) fleet and HDRD for the diesel fleet, resulting in lower GHG emissions.

Financial Report

For the auditor's report and audited financial statements, see [Appendix C](#). These documents can also be found on the BC Transit website.

Discussion of Results

BC Transit delivered 7.4 percent more service hours in 2024/25 compared to 2023/24. Fare revenue and passenger trips increased by 7.0 per cent and 6.3 per cent respectively over 2023/24.

Throughout 2024/25, BC Transit experienced challenges related to labour shortages, bus parts cost inflation, an aging fleet and labour action in the Cowichan Valley Transit System. Still, with the continued increases in ridership, revenue and service delivered, BC Transit remains in a strong position to support economic recovery and growth through efficient delivery of affordable transit services in 2025/26.

Total revenues recognized for the year ending March 31, 2025, were \$473.0 million, an increase of \$41.1 million from 2023/24 and \$3.9 million below budget. The increase in revenue from the prior year can be largely attributed to additional contributions from Provincial and local governments in line with higher operating expenditures. This is offset by a decline in carbon credit income due to a reduction in credits earned from Part 3 agreements under the Greenhouse Gas Reduction Act as compared to 2023/24. The variance from budgeted revenues was primarily attributable to lower than anticipated deferred capital contributions, which resulted from delays in planned capital expenditures, particularly battery electric buses. In addition, realized losses were recognized following the sale of carbon credits during the 2024/25 fiscal year.

Total expenses (excluding amortization and interest) for the year ending March 31, 2025, were \$398.0 million, an increase of \$39.7 million over 2023/24. Operations expenses (excluding fuel, amortization and interest) increased by \$21.4 million due to general wage increases under the Shared Recovery Mandate, contracted service cost increases in regional systems and the increase in service hours. Fuel expense increased by \$2.2 million year-over-year, which was primarily due to a higher volume of fuel used in the delivery of higher service levels. Maintenance expenses (excluding amortization and interest) increased by \$12.6 million due to general wage increases, inflation on parts and materials and an increase in the volume of repairs due to higher service hours delivered compared to the prior year. Administration costs (excluding amortization and interest) increased by \$3.4 million which is primarily attributed to labour increases resulting from additional employees, general wage increases, and rising costs associated with employee benefits.

Total expenses (excluding amortization and interest) for the year ending March 31, 2025, were \$12.9 million above budget. Operations expense (excluding amortization and interest) was \$3.8 million above budget due to fuel and contracted service cost increases in regional systems. Maintenance expense (excluding amortization and interest) was \$100.5 million, \$5.4 million above budget. This variance is attributable to inflationary increases for parts and

materials and additional fleet maintenance work to deliver more service hours. Administration costs (excluding amortization and interest) were \$3.8 million above budget due to additional labour, marketing, information technology and legal expenses.

Amortization and interest expense for the year ending March 31, 2025, totalled \$79.3 million, an increase of \$4.9 million from the prior year and \$12.6 million below budget. Amortization expense was below budget primarily due to delays to the battery electric bus implementation, in addition to schedule delays for light duty vehicles.

Operating expenses (excluding amortization and interest) were \$12.9 million over budget, leading to a \$4.2 million loss from operations as expenses exceeded available contributions.

Financial Summary

| (\$000s) | 2023/24 Actual | 2024/25 Actual | 2024/25 Budget | 2024/25 Variance |
|---|-------------------|-------------------|-------------------|---------------------|
| Revenues | | | | |
| Operations | 79,121 | 84,715 | 83,499 | 1,216 |
| Government Transfers | | | | |
| Provincial | 136,841 | 163,851 | 162,593 | 1,258 |
| Local Government | 130,676 | 163,133 | 164,131 | (998) |
| Deferred capital contributions | 47,226 | 50,826 | 58,531 | (7,705) |
| Carbon credit (loss) income | 34,560 | (544) | 5,377 | (5,921) |
| Investment and other income | 3,521 | 11,064 | 2,863 | 8,201 |
| Total Revenue | 431,945 | 473,045 | 476,994 | (3,949) |
| Expenses | | | | |
| Operations | | | | |
| Operations (excl. fuel) | 191,253 | 212,667 | 212,052 | (615) |
| Fuel | 33,025 | 35,273 | 32,103 | (3,170) |
| Amortization and interest | 68,421 | 72,310 | 84,537 | 12,227 |
| Total operations | 292,699 | 320,250 | 328,692 | 8,442 |
| Maintenance | | | | |
| Fleet | 72,358 | 83,033 | 77,208 | (5,825) |
| Facilities | 15,627 | 17,513 | 17,945 | 432 |
| Amortization and interest | 3,867 | 4,651 | 4,972 | 321 |
| Total maintenance | 91,852 | 105,197 | 100,125 | (5,072) |
| Administration | | | | |
| Administration | 46,095 | 49,539 | 45,787 | (3,752) |
| Amortization and interest | 2,026 | 2,292 | 2,390 | 98 |
| Total administration | 48,121 | 51,831 | 48,177 | (3,654) |
| Total Expenses | 432,672 | 477,278 | 476,994 | (284) |
| Annual Operating Surplus (Deficit) | (727) | (4,233) | - | (4,233) |
| Non-Operating Items | | | | |
| Disposals, gain on investment & other | (875) | (658) | - | (658) |
| Contributions for land purchase | 45,435 | 838 | - | 838 |
| Total Non-Operating Items | 44,560 | 180 | - | 180 |
| Surplus (deficit) | 43,833 | (4,053) | - | (4,053) |
| Total Liabilities | 734,140 | 821,503 | 953,090 | (131,587) |
| Capital Expenditures | 157,990 | 147,103 | 515,305 | (368,202) |
| Accumulated Surplus | 63,314 | 61,440 | 177,742 | (116,302) |

¹ The above financial information has been prepared in accordance with Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Variance and Trend Analysis

Passenger Trips and Service Hours

| Summary <i>Figures in thousands</i> | 2020/21 Actual | 2021/22 Actual | 2022/23 Actual | 2023/24 Actual | 2024/25 Actual |
|---|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| Total Passenger trips | 26,958 | 38,232 | 49,176 | 54,128 | 57,531 |
| % increase | | 41.8% | 28.6% | 10.1% | 6.3% |
| Service Hours | 2,339 | 2,386 | 2,382 | 2,383 | 2,560 |
| % increase | | 2.0% | (0.2%) | 0.0% | 7.4% |

Ridership in 2024/25 has grown by 3.4 million, which is 6 per cent over 2023/24. Passenger trips are impacted by factors including service frequency and reliability, fare changes, investments in public transit facilities (transit exchanges, park & rides, and technology) and general economic conditions such as employment, demographics, economic development, fuel prices and population changes.

Conventional passenger trips totaled 55.5 million, an increase of 3.2 million (6 per cent) over the previous year and 465,000 (1 per cent) above budget. Total custom/paratransit system passenger trips increased by 199,000 over previous year and were above budget by 157,000 (8 per cent).

The total service hours provided in 2024/25 were 59,000 hours (2 per cent) below budget primarily due to vehicle constraints in Victoria throughout the year and labour disruptions in the Cowichan Valley region in February and March of 2025. Total service hours were higher year-over-year by 177,000 hours due to expansion of services and fewer service hours reduced due to labour disruptions compared to fiscal 2023/24. Though total service hours were below budget, the optimization of services contributed to ridership growth.

Total Revenue

Total revenues for the fiscal year ended March 31, 2025, were \$473.0 million. This represents an increase of \$41.1 million compared to 2023/24, but a shortfall of \$3.9 million relative to budget. The variance from budgeted revenues was primarily attributable to lower than anticipated deferred capital contributions, which resulted from delays in planned capital expenditures. In addition, realized losses were recognized following the sale of carbon credits during the 2024/25 fiscal year. These impacts were partially mitigated by the strategic use of provincial and insurance reserves, as well as higher than budgeted revenues from operations.

Operations Revenue

Operations revenue (passenger fares and advertising, including Provincial contributions for BC Bus Pass and free transit for children 12 and under), for the year ending March 31, 2025, was \$84.7 million, an increase of \$5.6 million (7 per cent) over 2023/24 and \$1.2 million (1 per cent) above budget. The increases can be attributed to higher than budgeted ridership growth.

Provincial Contributions

Provincial operating transfers to BC Transit are based on contractual cost share formulas for both operating and capital expenditures. Provincial contributions are also impacted by use and/or deferral of reserve funds. The provincial operating transfers for the year ending March 31, 2025, were \$163.9 million, \$1.3 million above budget. This variance is due to the recognition of \$2.3 million in carbon credit reserves in support of low carbon program costs, the provision of \$0.5 million for Shared Recovery Mandate funding and the use of \$0.5 million provincial funding payable. These funding increases are partially offset by the \$2.0 million deferral of service funding resulting from an overcontribution related to the recognition of the Insurance Reserve. Provincial contributions were \$27.0 million higher than in 2023/24, which was a result of the prior year deferral of \$12.9 million in operating contributions in light of carbon credit income as well as \$12.0 million in budgeted increases and the current year \$2.3 million increase due to the use of carbon credit reserve.

Local Government Contributions

Local government transfers were \$163.1 million, 1.0 million below budget. Local government transfers were below budget due to increased revenues from operations, lower than budgeted service hours, delays in capital projects and the net impact of the \$2.7 million deferral of operating funding resulting from an overcontribution related to the recognition of the Insurance Reserve. This was partially offset by the recognition of \$3.1 million in carbon credit reserves in support of low carbon program costs. Local government contributions were \$32.5 million higher than in 2023/24, which is the result of the deferral of \$17.2 million in service contributions from carbon credit revenues last year and the local share of increased operating costs in 2024/25.

Deferred Capital Contributions

The recognition of deferred capital contributions was \$50.8 million for the year ending March 31, 2025, an increase of \$3.6 million over fiscal 2023/24 and \$7.7 million below budget. The increase from prior year is primarily related to recognition of funding for vehicles and IT assets. The decrease as compared to the budget relates to delays in capital spending.

Carbon Credit Loss

Carbon credit loss for the year ending March 31, 2025, was \$0.5 million, a decrease of \$35.1 million from fiscal 2023/24 and \$5.9 million below budget. This decrease is largely due to the

high market value of credits earned under Part 3 agreements for battery electric bus (BEB) vehicle purchase orders in 2023/24 and the recognition of realized losses when these credits were sold in 2024/25. The losses as compared to budgeted income are offset by recognition of carbon credit reserve in both provincial and local government transfers.

Investment and Other Income

Investment and other income for the year ending March 31, 2025, was \$11.1 million, an increase of \$7.5 million over fiscal 2023/24 and \$8.2 million above budget. These increases are primarily due to the unbudgeted recognition of \$4.7 million of Insurance Reserve and increased short-term investment income of \$2.7 million. Also included in this balance is interest earned on sinking funds, rental income on strategic properties held for long-term transit development being leased in the short-term, and other miscellaneous income.

Total Expenses

Total expenses are defined as the sum of all costs associated with the operation, maintenance, and administration of transit service, including amortization and interest on debt for capital expenditures. Total expenses for the year ending March 31, 2025, were \$477.3 million, an increase of \$44.6 million over 2023/24 and \$0.3 million above budget.

The increase over fiscal 2023/24 can be attributed to contracted service cost increases in the regional systems, labour increases resulting from additional employees required to support the capital plan, general wage increases, and rising costs associated with employee benefits. In addition, maintenance expenses have increased due to the demands of an aging fleet, as well as inflationary cost increases for materials and supplies. Fuel expenses also increased over the prior year due to increased service hours. Amortization increased due to growth in capital spending in support of fleet renewal and expansion.

Offsetting these cost pressures were decreases year-over-year due to the introduction of a budget management plan. This resulted in a savings of \$0.3 million in consulting expenses, \$0.2 million in travel and meeting expenses and \$0.2 million in major operating project expenses. An additional \$0.2 million in insurance savings were realized through favourable negotiations.

Operations Expense

| Figures in thousands | 2023/24 Actual | 2024/25 Actual | 2024/25 Budget | Variance Year Over Year | | Variance to Budget | |
|---|---------------------------|---------------------------|---------------------------|------------------------------------|--------|-------------------------------|-------|
| | (\$) | (\$) | (\$) | (\$) | (%) | (\$) | (%) |
| Operation (excl. fuel, amortization and interest) | 191,253 | 212,667 | 212,052 | (21,414) | (11.2) | (615) | (0.3) |

Operations expenses (excluding fuel, amortization and interest) consist of the costs required to operate and manage transit systems including operator wages and benefits and third party contracted operations. Operations expenses for the year ending March 31, 2025, were \$212.7 million, \$21.4 million over 2023/24 and \$0.6 million above budget. Expenses were above budget primarily due to regional transit contract expenses, offset by lower expenses and delayed implementation of the electronic fare collection system in some regional systems.

Fuel Expense

| Figures in thousands | 2023/24 Actual | 2024/25 Actual | 2024/25 Budget | Variance Year Over Year | | Variance to Budget | |
|-----------------------------|-----------------------|-----------------------|-----------------------|--------------------------------|-------|---------------------------|-------|
| | (\$) | (\$) | (\$) | (\$) | (%) | (\$) | (%) |
| Fuel | 33,025 | 35,273 | 32,103 | (2,248) | (6.8) | (3,170) | (9.9) |

Fuel expense for the year ending March 31, 2025, was \$35.3 million, an increase of \$2.2 million against fiscal 2023/24 and \$3.2 million above budget. The increase from fiscal 2023/24 is attributed to increased service hours, partially offset by overall lower market rates for diesel fuel. For 2024/25, the average diesel fuel price was \$1.57 per litre, compared to a budget of \$1.42 per litre. This compares to \$1.59 per litre in 2023/24.

BC Transit receives a volume discount from posted rack rates due to its fuel procurement process.

BC Transit continues to explore other strategies to manage the cost pressure and volatility associated with fuel prices including strategic procurement partnerships, fixed price purchasing and hedging, and is continuing to transition its fleet to alternative fueling technologies such as renewable diesel, CNG, RNG and electric buses.

Maintenance Expense

| Figures in thousands | 2023/24 Actual | 2024/25 Actual | 2024/25 Budget | Variance Year Over Year | | Variance to Budget | |
|--|-----------------------|-----------------------|-----------------------|--------------------------------|---------------|---------------------------|--------------|
| | (\$) | (\$) | (\$) | (\$) | (%) | (\$) | (%) |
| Fleet (excl. amortization and interest) | 72,358 | 83,033 | 77,208 | (10,675) | (14.8) | (5,825) | (7.5) |
| Facilities (excl. amortization and interest) | 15,627 | 17,513 | 17,945 | (1,886) | (12.1) | 432 | 2.4 |
| Total Maintenance Expense | 87,985 | 100,546 | 95,153 | (12,561) | (14.3) | (5,393) | (5.7) |

Fleet Maintenance

Fleet maintenance expenses (excluding amortization and interest) for the year ending March 31, 2025, were \$83.0 million, an increase of \$10.7 million above 2023/24 and \$5.8 million above

budget. The increase from the prior year is attributable to inflationary cost increases for labour, parts and materials as well as an increased volume of work to repair an aging fleet. Fleet maintenance expense is above budget due to labour cost increases, regional contract negotiations, and parts and materials inflation, offset by consulting expense savings and warranty recoveries.

Fleet maintenance expenditures are a function of fleet size, inflationary costs, fleet age and fleet diversity. These costs are largely a function of the age of the fleet (increasing costs of parts, labour, and outside service providers) and the technological complexity of newer vehicles including increasingly stringent environmental standards. Maintenance costs are also impacted by exchange rates, higher shipping costs, diminishing options in the supply chain network and base commodity costs. Many parts originate from outside of Canada and the global supply chain disruptions and raw material shortages have been causing increasing pressures and challenges on BC Transit's operations and ability to maintain the fleet. BC Transit has been mitigating this risk where possible by leveraging preferred vendor arrangements and purchasing after-market parts when required. As of March 31, 2025, BC Transit had 1,135 buses in service (not including contingency vehicles). The fleet was comprised of 53 high-capacity buses, 549 heavy duty buses, 189 medium duty buses and 344 light duty buses.

| Bus Type | Useful life | Total | Victoria Region | Other Regions |
|-----------------|--------------------|--------------|------------------------|----------------------|
| High Capacity | 15-20 years | 53 | 53 | 0 |
| Heavy Duty | 13-20 years | 549 | 196 | 353 |
| Medium Duty | 10 years | 189 | 39 | 150 |
| Light Duty | 5 years | 344 | 56 | 288 |
| Total | | 1,135 | 344 | 791 |

Heavy duty buses purchased in 2009 or later are amortized over a 13-year period. These useful lives are consistent with industry standards.

The fleet replacement plan indicates that 50 per cent of the fleet will require replacement over the next five years. Maintenance costs for older fleets increase significantly as they approach the end of their useful lives. However, life cycle analysis can indicate it is still economical to maintain these vehicles rather than replace them outright. Changing technology, environmental performance and passenger comfort requirements have also created a more diverse transit fleet, contributing to higher parts costs and resource demands.

To best manage and maintain the fleet, BC Transit has developed a Long-Range Maintenance Plan (LRMP). The LRMP includes analysis of the existing and planned future fleet, maintenance requirements, capacity needs and funding requirements. Future fleet maintenance will be conducted under the LRMP to ensure the most efficient and effective use of assets. Asset

componentization is still being used to manage vehicle assets. This approach, which involves capitalizing and amortizing individual components, provides a more accurate representation of the useful life of the expenditures associated with LRMP assets.

Facilities Maintenance

Facilities maintenance expenses (excluding amortization and interest) for the year ending March 31, 2025, were \$17.5 million, an increase of \$1.9 million over fiscal 2023/24 and \$0.4 million below budget. The increase from 2023/24 can be attributed to higher lease expenses, property taxes and third-party services.

In 2024/25, BC Transit's operations and maintenance facilities required ongoing repairs and modifications investments to maintain facility performance, meet life expectancy and to meet the physical requirements of current and expanding service levels. A number of facilities continued to operate at or beyond their designed maximum capacity. However, strategic planning initiatives continued with several local partners to respond to facility capacity issues and transit service needs identified in Transit Future Plans. Planning studies commenced to identify bus parking, maintenance, and storage requirements, provide options for maximizing the capacity and efficiency of existing operating facilities, and identify improvements to transit priority measures, park and rides, and transit exchanges.

Administration Expense

| <i>Figures in thousands</i> | 2023/24 Actual | 2024/25 Actual | 2024/25 Budget | Variance Year Over Year | | Variance to Budget | |
|--|---------------------------|---------------------------|---------------------------|------------------------------------|-------|-------------------------------|-------|
| | (\$) | (\$) | (\$) | (\$) | (%) | (\$) | (%) |
| Administration (excl. amortization and interest) | 46,095 | 49,539 | 45,787 | (3,444) | (7.5) | (3,752) | (8.2) |

Total administrative expenses (excluding amortization and interest) for the year ending March 31, 2025, were \$49.5 million, an increase of \$3.4 million over fiscal 2023/24 and \$3.8 million above budget. The increase from the prior year is primarily attributed to labour increases resulting from additional employees required to support the capital plan and other initiatives, general wage increases, and rising costs associated with employee benefits. The increase from budget is primarily due to those additional employees in support of the capital plan, increased employee benefits rates, marketing, information technology costs and legal fees. Administrative costs include supporting shared services for all transit systems. BC Transit provides a wide range of management services that benefit all transit systems throughout the province. The shared services model:

- Pools expertise and capacity in areas such as safety, training, planning, technology, financial management and reporting

- Provides an opportunity to lower costs through bulk purchases of supplies and assets, such as fuel, inventory and buses
- Provides efficiencies in contract management for third party contract management companies
- Manages the distribution of provincial and local government funding

In 2024/25, BC Transit continued to leverage the strength of the shared services model and achieve greater operational, capital and financial efficiencies to meet the significant demand for both public transit and shared services expertise.

Debt Service

| <i>Figures in thousands</i> | 2023/24 Actual | 2024/25 Actual | 2024/25 Budget | Variance Year Over Year | | Variance to Budget | |
|-----------------------------|---------------------------|---------------------------|---------------------------|------------------------------------|--------------|-------------------------------|-------------|
| | (\$) | (\$) | (\$) | (\$) | (%) | (\$) | (%) |
| Interest | 6,929 | 7,838 | 6,987 | (909) | (13.1) | (851) | (12.2) |
| Amortization | 67,385 | 71,415 | 84,912 | (4,030) | (6.0) | 13,497 | 15.9 |
| Total Debt Service | 74,314 | 79,253 | 91,899 | (4,939) | (6.6) | 12,646 | 13.8 |

Amortization and interest expense for the year ending March 31, 2025, was \$79.3 million, an increase of \$4.9 million above 2023/24 and \$12.6 million below budget. Amortization expense was \$13.5 million below budget due to delays in the in-service dates of some capital projects, including fleet purchases. Interest expense was \$0.9 million above budget due to increases in short-term debt and short-term borrowing costs.

Non-Operating Items

Net losses related to the disposal of assets, capital recoveries, and other expenses amounted to \$0.2 million. The total loss on asset disposals was \$2.2 million, which was partially mitigated by capital recoveries of \$1.7 million. The net loss on disposals of \$0.5 million was primarily attributable to the early retirement of the first generation of NextRide assets (\$0.2 million), the cancellation of battery electric bus related infrastructure installation in Chilliwack (\$0.1 million), and the termination of the High Capacity BEB procurement initiative (\$0.1 million). Contributions received for land acquisitions totaled \$0.8 million and related mainly to costs associated with previously acquired properties still under development.

Risks and Uncertainties

BC Transit is exposed to risks and budgeting uncertainties relating to commodity prices (primarily fuel), supply chain risk, interest rate risk, foreign exchange risk, credit risk and liquidity risk.

Commodity price risk and volatility have a significant impact on BC Transit's fuel costs and carbon credit gains and losses. BC Transit continually monitors the exposure to commodity price volatility and implements various risk mitigation strategies, such as continuing to buy at rack prices and utilizing alternative fueling technologies. Additionally, BC Transit assesses potential risk mitigation strategies for future application, which include entering into physical fixed price agreements with suppliers to stabilize fuel expenses. Management monitors the exposure to carbon credit market volatility. Risk mitigation strategies include engaging market specialists to broker and sell credits, working to secure new credit agreements, and managing the timing of credit sales to maximize value.

As a result of global economic factors and recent decisions on international trade restrictions and policies, BC Transit is exposed to supply chain risks. Management mitigates these risks through close oversight of critical and spare parts inventory levels, capital planning and asset management, and strategic procurement activities. Continued exposure to the supply chain risk has the potential to delay capital project timelines, low carbon fleet implementation and increase operating and maintenance costs.

BC Transit is exposed to interest rate risk to the extent that there are increases in interest rates at the time funding is required. Management monitors this exposure and charges an interest rate on leased assets to mitigate this risk.

Foreign exchange risk exists on purchases of various capital assets and parts from suppliers requiring payment in either US dollars, Euros, or pounds sterling. Management monitors this risk and mitigates in part by negotiating contracts with payments in Canadian dollars wherever possible.

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

Liquidity risk is the risk that BC Transit will encounter difficulty in meeting obligations associated with financial liabilities as they come due. BC Transit manages liquidity risk through its cash, debt, sinking fund and a rigorous budgeting process that aligns with available funding.

Capital Expenditures

The capital portfolio and its related financing is a major driver of the Consolidated Statement of Financial Position. Capital expenditures during 2024/25 focused primarily on the acquisition of new buses, construction of exchanges and new operations facilities such as the Victoria handyDART operations and maintenance facility.

The Province provides deferred capital contributions based on cost-sharing percentages identified in the capital funding agreements and the local governments' share is primarily recovered by way of lease fees over the useful life of the related asset. Additional funding agreements exist for projects subject to federal funding. The Minister of Finance, as BC Transit's fiscal agent, arranges financing for capital purchases at BC Transit's request.

The following illustrates the categories of capital project expenditures in fiscal 2024/25 (in thousands of dollars):

| 2024/25 Capital Expenditures by Project Categories | Total |
|---|-----------------|
| Vehicles | \$66.1M |
| Land | \$1.2M |
| Buildings | \$49.2M |
| Other (IT, equipment, technology) | \$13.0M |
| Exchanges, shelters and other transit infrastructure | \$17.6M |
| Total Capital Expenditures in 2024/25 | \$147.1M |

Capital expenditures were \$368.2 million below planned expenditures of \$515.3 million. Vehicle projects spent \$104.3 million less than planned, primarily due to delays in BEB delivery timelines. Land projects were \$93.6 million lower than planned, primarily due to the re-scheduling of planned land acquisitions. Building projects spent \$122.1 million less than planned, primarily due to delays in the implementation of infrastructure at transit operations centres to support the first phase of BEB deployments. Equipment and technology projects were \$25.3 million less than planned as a result of updated forecasts. Transit exchange projects expenditures were \$22.9 million less than planned, primarily due to time required to progress scope and design requirements in Comox and Victoria.

| Major Capital Projects (over \$50 million in total) | Targeted Year of Completion | Project Cost to Mar 31, 2025 | Estimated Cost to Complete | Anticipated Total Cost |
|--|-----------------------------------|------------------------------------|----------------------------------|---------------------------|
| <i>Figures in millions</i> | | (\$) | (\$) | (\$) |
| Victoria handyDART Operating and Maintenance Facility | 2025 | 72.1 | 11.4 | 83.5 |
| <p>Objective: The construction of a new handyDART operating and maintenance facility in the Town of View Royal.</p> <p>Costs: Costs for this project will be shared between the local government, the province and the federal government</p> <p>Benefits:</p> <ul style="list-style-type: none"> The new facility will support existing and future levels of service, provide operational efficiencies and allow for the future accommodation of low carbon bus fleets <p>Risks:</p> <ul style="list-style-type: none"> Short-term operational and performance issues as staff adapt to new facilities Additional deadhead costs relative to existing site | | | | |

| Significant IT Projects (over \$20 million in total) | Targeted Year of Completion | Project Cost to Mar 31, 2025 | Estimated Cost to Complete | Anticipated Total Cost |
|--|-----------------------------------|------------------------------------|----------------------------------|---------------------------|
| <i>Figures in millions</i> | | (\$) | (\$) | (\$) |
| Electronic Fare Collection System | 2026/27 | 16.9 | 6.6 | 23.5 |
| <p>Objective: BC Transit has initiated a capital project to implement an Electronic Fare Collection System. This transformational project improves the customer experience by introducing new forms of payments including mobile app and contactless credit cards.</p> <p>Costs: Costs for this project will be shared between the local governments, the province and the federal government</p> <p>Benefits:</p> <ul style="list-style-type: none"> The new fare payment system will mitigate the risk of equipment failure, obsolescence and increasing maintenance costs Customers will be able to pay using a variety of means and the accuracy of data sources on payment options/preferences will be available to enable better business decisions Accurate fare revenue and ridership data Paper/swipe card fare media will decrease/be phased out over time <p>Risks:</p> <ul style="list-style-type: none"> Payment information must be treated with the highest degree of privacy protection and adhere to payment industry standards Increased down time for each bus to install system There is a learning curve for BC Transit to learn new technology and business processes | | | | |

Liquidity and Capital Resources

Cash Flows and Liquidity

The net change in cash and cash equivalents in the year was an increase of \$8.1 million. Net cash outflow for tangible capital assets is defined as the difference between cash used to acquire tangible capital assets and the deferred capital contributions received. This was \$39.2 million in 2024/25 as compared to \$79.4 million in 2023/24.

Throughout 2024/25, BC Transit utilized its cash position and short-term debt to fund working capital requirements. The current cash position is primarily funded through local government transit funds and capital reserve.

Debt

Total debt outstanding as of March 31, 2025, was \$189.5 million as compared to \$168.2 million on March 31, 2024. The \$21.3 million increase is due to the acquisition of \$57.9 million long-term debt plus the bond premiums of \$3.5 million, partially offset by the \$40.0 million repayment of short-term debt which was drawn on the \$90 million loan facility through the Ministry of Finance. Under the *British Columbia Transit Act*, BC Transit is subject to a borrowing ceiling limit of \$500 million. The Minister of Finance, as BC Transit's fiscal agent, arranges financing at BC Transit's request. Short-term debt held at year end, has a weighted average interest rate of 3.64 per cent maturing within three months. Long-term debt has a weighted average interest rate of 3.19 per cent, maturing at various dates to 2040 and amortized from seven and a half to 30 years.

Debt Sinking Funds

Investments in sinking funds, including interest earned, will be used to repay the related debt at maturity. Sinking fund balances on March 31, 2025, were \$67.8 million, as compared to \$60.0 million on March 31, 2024. The increase in debt sinking funds relates to installments of \$3.4 million paid into the fund, interest earnings of \$2.2 million and mark-to-market gains of \$2.2 million. The overall portfolio of debt sinking funds now has an accumulated gain position of \$0.5 million, as compared to an accumulated loss position of \$1.7 million on March 31, 2024.

The British Columbia Investment Management Corporation provides BC Transit with investment management services, which consist of mandatory sinking funds administered by the Ministry of Finance Debt Management Branch. These installments are invested in financial assets, which have a duration similar to the underlying debt. Due to the long-term nature of the sinking fund investments, they are exposed to unrealized fair value movements caused by market conditions. As the sinking fund investments are held to maturity, it is anticipated that any unrealized gain or loss over the term of the debt will be substantially reversed by the maturity date.

Working Capital Changes

The net increase in working capital for the year ending March 31, 2025, was \$4.5 million. The increase is primarily due to a \$15.3 million increase in accounts payable due to the timing of year-end invoices and a \$18.5 million decrease in carbon credit assets due to the sale of 64,259 credits in January 2025. These working capital increases are partially offset by a \$9.7 million increase in accounts receivable related to the timing of provincial and federal capital grants and a \$10.5 million increase in accrued acquisition of tangible capital assets due to increase in capital spending.

Accumulated Surplus

Accumulated surplus as of March 31, 2025, was \$61.4 million, a decrease of \$1.9 million from March 31, 2024. The decrease in the accumulated surplus primarily relates to operating losses of \$4.2 million partially offset by \$0.2 million in other capital recoveries and the net mark-to-market gains on debt sinking funds of \$2.2 million.

Appendix A: Progress on Mandate Letter Priorities

The following is a summary of progress made on priorities as stated in the 2023 Mandate Letter from the Minister Responsible for BC Transit.

| 2023 Mandate Letter Priority | Status as of March 31, 2025 |
|--|--|
| <p>Rebuild confidence in public transit and support economic recovery from the COVID-19 pandemic by working with local government partners to build back ridership while ensuring the targeted essential service levels under the Safe Restart Agreement are maintained across all transit systems.</p> | <ul style="list-style-type: none"> BC Transit has continued to deliver safe and reliable transit services that have supported ridership recovery to pre-pandemic levels. BC Transit, in partnership with local governments, completed over 100 service changes in 2024/25 to support optimized transit services. BC Transit, in partnership with local governments, completed 40 service expansions in 25 transit systems in 2024/25. |
| <p>Engage with the Ministry, local governments, TransLink, and other key stakeholders to implement free transit for children up to and including age 12 across British Columbia</p> | <ul style="list-style-type: none"> Fare-free transit for children 12 and under was implemented in September 2021. BC Transit has developed a website and a school outreach program to educate students about public transit. Five campaigns took place in 2024/25 to support and promote free transit for children 12 and under, including campaigns to support summer holidays, back to school, Halloween, December holidays and Earth Day. |
| <p>Guided by the South Island Transportation Strategy, encourage transit-related travel choices by improving transit service and investing in key infrastructure improvements including the UVic Transit Exchange Upgrade and the Victoria handyDART operations and maintenance facility. Continue to work with the Ministry to ensure that the crown lands located at Douglas Street/Uptown in Saanich support the transit-oriented development of a multi-modal transit hub.</p> | <ul style="list-style-type: none"> The UVic transit exchange was completed in fall 2022. Work is ongoing with the Ministry of Transportation and Transit (MoTT) to progress transit infrastructure at Uptown. The new Victoria Regional handyDART facility in View Royal was completed in March 2025. |

| | |
|---|---|
| <p>Improve the integrative experience of customers connecting between BC Transit, BC Ferries and TransLink with a focus on opportunities for seamless transfer between services and expanded regional connections and provide a report identifying opportunities by March 2022.</p> | <ul style="list-style-type: none">• Integration report was completed in March 2022.• Technical working groups were assembled and identified short-term and foundational action items.• Combined communications and improved trip planning information for transit onboard major BC Ferries vessels and terminals have been implemented.• All three agencies continue to collaborate on issues and initiatives as they arise. |
| <p>Make critical investments to support BC Transit's Low Carbon Fleet Program by awarding a contract in 2021/22 for BC Transit's first ten electric buses and charging infrastructure to be ready in 2022/23.</p> | <ul style="list-style-type: none">• A demonstration BEB arrived in 2022/23 and was used for training and performance testing.• Installation of charging equipment at Victoria Transit Centre completed in 2023/24.• BC Transit procured 125 heavy-duty BEBs in 2024/25. |

Appendix B: Subsidiaries and Operating Segments

Active Subsidiaries

Incorporated in 2011, BC Transit has four wholly owned subsidiaries that held properties intended for future transit development. In the interim period, they operate as rental properties with net revenues attributed back to the Province. The subsidiaries are:

- 0928624 BC Ltd.
- 0925406 BC Ltd.
- 0922667 BC Ltd.
- 0915866 BC Ltd.

Operating Segments

BC Transit has no operating segments.

Appendix C: Auditor's Report and Audited Financial Statements

Consolidated Financial Statements of

BRITISH COLUMBIA TRANSIT

Year ended March 31, 2025

MANAGEMENT REPORT

Year ended March 31, 2025

The consolidated financial statements of British Columbia Transit ("BC Transit") are the responsibility of management and have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia ("the Province"). A summary of the significant accounting policies is described in Note 2 to the consolidated financial statements.

These consolidated financial statements include some amounts based on management's best estimates and careful judgment. A precise determination of assets and liabilities is dependent upon future events and, consequently, the preparation of periodic consolidated financial statements necessarily involves the use of management's judgment in establishing the estimates and approximations used. The consolidated financial statements have, in management's opinion, been properly prepared within the framework of the accounting policies summarized in the notes to the consolidated financial statements and incorporate, within reasonable limits of materiality, all information available as at May 23, 2025.

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

The consolidated financial statements have been examined by KPMG LLP, BC Transit's independent external auditors, and they express their opinion on the consolidated financial statements. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination, and their opinion on the consolidated financial statements. The Board of Directors meets regularly with management and the external auditors to satisfy itself that BC Transit's system of internal control is adequate and to ensure that responsibilities for financial reporting are being met.

On behalf of BC Transit:



Erinn Pinkerton
President and Chief Executive Officer
May 23, 2025



Melissa Zimmerman
A/Vice President, Finance and Chief
Financial Officer
May 23, 2025



KPMG LLP

PO Box 10426 777 Dunsmuir Street
Vancouver BC V7Y 1K3
Canada
Telephone 604 691 3000
Fax 604 691 3031

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of British Columbia Transit (the "Entity"), which comprise:

- the consolidated statement of financial position as at March 31, 2025
- the consolidated statement of operations for the year then ended
- the consolidated statement of changes in net debt for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of remeasurement gains and losses for the year then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements as at and for the year ended March 31, 2025, of the Entity are prepared, in all material respects, in accordance with the financial reporting provisions of Section 23.1 of the Budget Transparency and Accountability Act of the Province of British Columbia.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Financial Reporting Framework

We draw attention to note 2(a) to the financial statements which describes the applicable financial reporting framework and the significant differences between the financial reporting framework and Canadian public sector accounting standards.

Our opinion is not modified in respect of this matter.



Other Matter – Comparative Information

The financial statements for the year ended March 31, 2024 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 24, 2024.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with the financial reporting provisions of Section 23.1 of the Budget and Transparency and Accountability Act of the Province of British Columbia and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Vancouver, Canada
May 23, 2025

BRITISH COLUMBIA TRANSIT

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

March 31, 2025, with comparative figures for March 31, 2024

| | 2025 | 2024 |
|---|-----------|-----------|
| FINANCIAL ASSETS | \$ | \$ |
| Cash and cash equivalents (Note 3) | 59,728 | 51,664 |
| Accounts receivable (Note 4) | 90,438 | 80,725 |
| Carbon credits | 6,536 | 24,982 |
| Debt sinking funds (Note 8) | 67,796 | 60,004 |
| | 224,498 | 217,375 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 5) | 70,256 | 54,945 |
| Due to Province | 308 | 1,146 |
| Deferred revenue and contributions (Note 6) | 117,111 | 119,889 |
| Deferred capital contributions (Note 7) | 424,949 | 369,411 |
| Debt (Note 8) | 189,451 | 168,159 |
| Employee future benefits (Note 9) | 19,428 | 20,590 |
| | 821,503 | 734,140 |
| NET DEBT | (597,005) | (516,765) |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 10) | 624,267 | 550,794 |
| Inventories | 26,968 | 23,240 |
| Prepaid expenses and deposits | 5,258 | 3,745 |
| Prepaid lease payments | 1,952 | 2,300 |
| | 658,445 | 580,079 |
| ACCUMULATED SURPLUS | | |
| Accumulated operating surplus | 60,917 | 64,970 |
| Accumulated remeasurement gains (losses) | 523 | (1,656) |
| | 61,440 | 63,314 |

Commitments, contingent liabilities, and contractual rights (Notes 11, 12 and 13).

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board of Directors:



Sherri Bell, Chair
May 23, 2025



Blair Redlin, Director
May 23, 2025

BRITISH COLUMBIA TRANSIT

Consolidated Statement of Operations
(Expressed in thousands of dollars)

Year ended March 31, 2025, with comparative figures for March 31, 2024

| | Budget 2025 (Note 17) | Actual 2025 | Actual 2024 |
|--|-----------------------------|----------------|----------------|
| REVENUE | \$ | \$ | \$ |
| Operations | 83,499 | 84,715 | 79,121 |
| Government transfers: | | | |
| Provincial (Note 14) | 162,593 | 163,851 | 136,841 |
| Local government (Note 14) | 164,131 | 163,133 | 130,676 |
| Amortization of deferred capital contributions | 58,531 | 50,826 | 47,226 |
| Carbon credit (loss) income (Note 15) | 5,377 | (544) | 34,560 |
| Investment and other income | 2,863 | 11,064 | 3,521 |
| | 476,994 | 473,045 | 431,945 |
| EXPENSES (Note 16) | | | |
| Operations | 328,692 | 320,250 | 292,699 |
| Maintenance | 100,125 | 105,197 | 91,852 |
| Administration | 48,177 | 51,831 | 48,121 |
| | 476,994 | 477,278 | 432,672 |
| ANNUAL DEFICIT from operations | - | (4,233) | (727) |
| OTHER | | | |
| Loss on disposal of tangible capital assets, net of recoveries | - | (526) | (886) |
| Contributions for land purchase (Note 14) | - | 838 | 45,435 |
| Other (expenses) recovery | - | (132) | 11 |
| | | 180 | 44,560 |
| ANNUAL (DEFICIT) SURPLUS | - | (4,053) | 43,833 |
| Accumulated operating surplus, beginning of year | - | 64,970 | 21,137 |
| Accumulated operating surplus, end of year | - | 60,917 | 64,970 |

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

BRITISH COLUMBIA TRANSIT

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

Year ended March 31, 2025, with comparative figures for March 31, 2024

| | Budget 2025 (Note 17) | Actual 2025 | Actual 2024 |
|--|-----------------------------|----------------|----------------|
| | \$ | \$ | \$ |
| Annual (Deficit) surplus for the year | - | (4,053) | 43,833 |
| Acquisition of tangible capital assets | (515,305) | (147,103) | (157,990) |
| Amortization of tangible capital assets | 84,912 | 71,415 | 67,385 |
| Transfers of tangible capital assets | - | - | (44) |
| Loss on disposal of tangible capital assets | - | 2,215 | 2,167 |
| | (430,393) | (77,526) | (44,649) |
| Acquisition of inventories | - | (43,430) | (37,681) |
| Consumption of inventories | - | 39,702 | 36,754 |
| Acquisition of prepaid expenses and deposits | - | (19,172) | (10,794) |
| Consumption of prepaid expenses and deposits | - | 17,659 | 11,833 |
| Consumption of prepaid leases | - | 348 | 348 |
| | - | (4,893) | 460 |
| Net remeasurement gains (losses) | - | 2,179 | (896) |
| Increase in net debt | (430,393) | (80,240) | (45,085) |
| Net debt, beginning of year | (516,765) | (516,765) | (471,680) |
| Net debt, end of year | (947,158) | (597,005) | (516,765) |

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

BRITISH COLUMBIA TRANSIT

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

Year ended March 31, 2025, with comparative figures for March 31, 2024

| | 2025 | 2024 |
|---|-----------|-----------|
| Cash provided by (used for): | \$ | \$ |
| Operating transactions | | |
| Annual (deficit) surplus | (4,053) | 43,833 |
| Non-cash charges to operations (Note 18) | 20,563 | 20,254 |
| Changes in non-cash operating working capital (Note 18) | 14,940 | (37,717) |
| Cash received from operating transactions | 31,450 | 26,370 |
| Capital transactions | | |
| Proceeds on disposal of tangible capital assets | 12 | 393 |
| Acquisition of tangible capital assets | (147,103) | (157,990) |
| Transfers of tangible capital assets | - | (44) |
| Cash used for capital transactions | (147,091) | (157,641) |
| Investing transactions | | |
| Purchase of debt sinking funds and investments | (5,613) | (5,425) |
| Redemption of debt sinking funds and investments | - | 380 |
| Cash used for investing transactions | (5,613) | (5,045) |
| Financing transactions | | |
| Short-term debt proceeds | 190,009 | 100,564 |
| Short-term debt repaid | (230,024) | (40,564) |
| Long-term debt proceeds | 57,900 | - |
| Long-term debt premium | 3,542 | - |
| Long-term debt repaid | - | (500) |
| Capital contributions received | 107,891 | 78,544 |
| Cash received from financing transactions | 129,318 | 138,044 |
| Increase in cash and cash equivalents | 8,064 | 1,728 |
| Cash and cash equivalents, beginning of year | 51,664 | 49,936 |
| Cash and cash equivalents, end of year | 59,728 | 51,664 |
| Supplemental cash flow information | | |
| Cash paid for interest | 9,118 | 6,872 |
| Cash received from interest | 3,263 | 2,170 |

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

BRITISH COLUMBIA TRANSIT

Consolidated Statement of Remeasurement Gains and Losses
(Expressed in thousands of dollars)

Year ended March 31, 2025, with comparative figures for March 31, 2024

| | 2025 | 2024 |
|--|----------|---------|
| | \$ | \$ |
| Accumulated remeasurement losses, beginning of year | (1,656) | (760) |
| Unrealized loss generated during the year from: | | |
| Equity investments quoted in active market | 2,179 | (896) |
| Mark-to-market adjustment to carbon credits | (10,455) | - |
| Remeasurement gain realized and reclassified to the consolidated statement of operations from: | | |
| Loss on sale of carbon credits | 10,455 | - |
| Net remeasurement gains (losses) for the year | 2,179 | (896) |
| Accumulated remeasurement gains (losses), end of year | 523 | (1,656) |

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

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

1. Nature of Operations

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

BC Transit, on behalf of the Victoria Regional Transit Commission (VRTC), is responsible for the administration of all funds raised by certain tax levies. These funds are recorded as a liability and summarized in Note 6.

2. Summary of Significant Accounting Policies

(a) Basis of Accounting

These consolidated financial statements have been prepared in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province and supplemented by Regulation 198/2011, issued by the Province of British Columbia Treasury Board.

The Budget Transparency and Accountability Act requires that the consolidated financial statements be prepared in accordance with the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada, or if the Treasury Board makes a regulation, the set of standards and guidelines that comprise generally accepted accounting principles for senior governments in Canada as modified by the alternate standard or guideline or part thereof adopted in the regulation.

Regulation 198/2011 requires that restricted contributions received or receivable are to be reported as revenue depending on the nature of the restrictions on the use of the funds by the contributors as follows:

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

For British Columbia taxpayer supported organizations, these contributions include government transfers and externally restricted contributions.

The accounting policy requirements under Regulation 198/2011 are significantly different from the requirements of Canadian public sector accounting standards which require that:

- Government transfers, which do not contain a stipulation that creates a liability, be recognized as revenue by the recipient when approved by the transferor and the eligibility criteria have been met in accordance with public sector accounting standard PS3410; and
- Externally restricted contributions be recognized of revenue in the period in which the resources are used for the purpose or purposes specified in accordance with public sector accounting standard PS 3100.

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

2. *Summary of Significant Accounting Policies (continued)*

As a result, revenue recognized in the Consolidated Statement of Operations and Accumulated Surplus and certain related deferred capital contributions would be recorded differently under Canadian public sector accounting standards. The impact of accounting for restricted contributions in accordance with Regulation 198/2011 is disclosed in Note 21.

(b) *Basis of Consolidation*

Consolidated Entities

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

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

0915866 B.C. Ltd.

0925406 B.C. Ltd.

0922667 B.C. Ltd.

0928624 B.C. Ltd.

(c) *Deferred Contributions and Revenue Recognition*

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

Restricted contributions are reported as revenue based on the nature of the restrictions on the use of the funds by the contributors as follows:

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

Transit user charges are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, collection is reasonably assured and when services have been provided to the users. Transit passes purchased in advance of services being performed are deferred and recognized when the service is delivered.

(d) *Investment Income*

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

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

2. Summary of Significant Accounting Policies (continued)

(e) Financial Instruments

Financial instruments are classified into two categories: fair value or cost.

BC Transit has elected to measure specific financial instruments at fair value, to correspond with how they are evaluated and managed. These financial instruments are identified in this note by financial asset and financial liability classification and are not reclassified for the duration of the period they are held. All other financial assets and financial liabilities are measured at cost or amortized cost. The following classification system is used to describe the basis of the inputs used to measure the fair values of financial instruments in the fair value measurement category:

Level 1 Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Market-based inputs other than quoted prices that are observable for the asset or liability either directly or indirectly.

Level 3 Inputs for the asset or liability that are not based on observable market data; assumptions are based on the best internal and external information available and are most suitable and appropriate based on the type of financial instrument being valued, in order to establish what the transaction price would have been on the measurement date in an arm's-length transaction.

Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is reclassified from the Consolidated Statement of Remeasurement Gains and Losses and recognized in the Consolidated Statement of Operations. Interest and dividends attributable to financial instruments are reported in the Consolidated Statement of Operations.

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

(i) Carbon credits

Carbon credits are financial assets recorded at fair value, less any selling costs. Provincial carbon credits are earned under the terms of the *Low Carbon Fuels Act* and validated by the Ministry of Energy and Climate Solutions. These financial assets are held for sale and are measured using a Level 2 valuation. Any changes in fair value are recognized in the Consolidated Statement of Remeasurement Gains and Losses. Upon settlement, the cumulative gain or loss is recognized in the Consolidated Statement of Operations as carbon credit income or expense.

(ii) Foreign Currency

Foreign currency is a financial asset recorded at fair value. Foreign currency transactions are translated into Canadian dollars at the exchange rate prevailing at the date of the transactions. Any gain or loss resulting from a change in rates between the transaction date and the settlement date or Consolidated Statement of Financial Position date is recognized in the Consolidated Statement of Remeasurement Gains and Losses. Realized gains and losses are recognized in the Consolidated Statement of Operations in Other (expenses) recovery.

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

2. Summary of Significant Accounting Policies (continued)

(e) Financial Instruments (continued)

(iii) Debt sinking funds

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

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

(i) Cash and cash equivalents

Cash and cash equivalents include cash in bank and in transit, certificates of deposit and short-term investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These short-term investments generally have no term and are held for the purpose of meeting short-term cash commitments, rather than for investing. They are reported at fair value and are measured using a Level 1 valuation.

(ii) Accounts receivable

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

(iii) Debt and other financial liabilities

All debt and other financial liabilities are recorded using cost or amortized cost. Discounts and premiums arising on the issuance of debt are amortized over the term of the debt.

(f) Employee Future Benefits

- (i) BC Transit and its employees contribute to the Public Service Pension Plan in accordance with the *Public Service Pension Plans Act*. Multi-employer, jointly-trusted pension plans follow defined contribution pension plan accounting. Contributions are expensed as they become payable.
- (ii) Outside of the Public Service Pension Plan, BC Transit maintains various benefit arrangements available to retired employees including non-pension post-retirement benefits (retiree hospital, drugs, vision, medical), post-employment benefits (vacation, overtime) and continuation of long-term disability benefits. The future obligations under these benefit plans are accrued as the employees render the services necessary to earn the benefit. Management, using an estimate of salary escalation and expected retirement ages, calculates the cost of the defined retirement benefit. The recorded liability represents these estimated future costs discounted to a present value using market interest rates applicable to BC Transit, and the cumulative unrecognized actuarial gains and losses are amortized over the expected average remaining service lifetime of active employees covered under the plan. The accrued employee benefit obligations and the net periodic benefit cost were estimated by an actuarial valuation and were effective March 31, 2025.

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

2. Summary of Significant Accounting Policies (continued)

(g) Asset Retirement Obligation

BC Transit maintains tangible capital assets to deliver transit services. Liabilities are recognized for statutory, contractual, or legal obligations associated with the retirement of tangible capital assets when those obligations result from the acquisition, construction, development, or normal operation of the assets.

A liability is recognized when, as at the financial reporting date:

- (i) there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- (ii) the past transaction or event giving rise to the liability has occurred;
- (iii) it is expected that future economic benefits will be given up; and
- (iv) a reasonable estimate of the amount can be made.

The liability is measured at the best estimate of the future cash flows required to settle the liability, discounted using a present value calculation, and adjusted yearly for accretion expense. The estimated amount of the asset retirement obligation is capitalized as part of the carrying value of the related tangible capital asset and amortized over the life of the asset following the amortization accounting policies outlined in note 2 (i). As at March 31, 2025, BC Transit has not identified any asset retirement obligations that meet the criteria for recognition.

(h) Liability for Contaminated Sites

Contaminated sites are a result of contamination being introduced into air, soil, water or sediment of a chemical, organic or radioactive material or live organism that exceeds an environmental standard. The liability is recorded net of any expected recoveries. The liability is recognized as management's estimate of the cost of remediation and post-remediation including operations, maintenance and monitoring that are an integral part of the remediation strategy for a contaminated site. A liability for remediation of contaminated sites is recognized when all of the following criteria are met:

- (i) an environmental standard exists;
- (ii) contamination exceeds the environmental standard;
- (iii) BC Transit is directly responsible or accepts responsibility;
- (iv) It is expected that future economic benefits will be given up; and
- (v) a reasonable estimate of the amount can be made.

As at March 31, 2025, BC Transit has not identified any contaminated sites that meet the criteria for recognition.

(i) Non-Financial Assets

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

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

2. Summary of Significant Accounting Policies (continued)

(j) Non-Financial Assets (continued)

(i) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to the acquisition, design, construction, development, improvement or betterment of the asset.

The costs, less the residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

| Asset | Useful Life - Years |
|---|---------------------|
| Land | Indefinite |
| Exchanges, shelters, and other transit infrastructure | 3 – 40 |
| Buildings | 3 – 40 |
| Vehicles – including major components | 2 – 20 |
| Other equipment | 2 – 25 |

(ii) Contributions of tangible capital assets

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

(iii) Interest capitalization

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

(iv) Inventories

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

(v) Impairment of tangible capital assets

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

(vi) Prepaid expenses and leases

Prepaid expenses and leases include prepaid insurance, parts credits, prepaid software, and prepaid property leases. These are expensed over the period they are expected to benefit.

(vii) Intangibles

Intangible assets are not recognized in BC Transit's financial statements.

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

2. Summary of Significant Accounting Policies (continued)

(k) Use of Estimates

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

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

3. Cash and Cash Equivalents

Major components of cash and cash equivalents comprise the following:

| | 2025 | 2024 |
|---------------------------------|--------|--------|
| | \$ | \$ |
| Cash | 59,126 | 51,087 |
| Cash equivalents | 602 | 577 |
| Total cash and cash equivalents | 59,728 | 51,664 |

4. Accounts Receivable

Accounts receivable comprise the following:

| | 2025 | 2024 |
|---------------------------|--------|--------|
| Provincial: | \$ | \$ |
| Operating | 4,117 | 7,188 |
| Capital grants | 29,333 | 18,734 |
| | 33,450 | 25,922 |
| Federal: | | |
| Capital grants | 25,512 | 19,325 |
| | 25,512 | 19,325 |
| Local governments | 18,509 | 23,008 |
| Trade and other | 12,967 | 12,470 |
| Total accounts receivable | 90,438 | 80,725 |

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

5. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities comprise the following:

| | 2025 | 2024 |
|--|--------|--------|
| | \$ | \$ |
| Trade payables | 32,673 | 14,511 |
| Payable to operating companies | 12,048 | 19,229 |
| Payroll liabilities | 12,464 | 11,865 |
| Holdbacks payable | 7,261 | 4,142 |
| Interest payable on long-term debt | 3,519 | 3,973 |
| Other | 2,291 | 1,225 |
| Total accounts payable and accrued liabilities | 70,256 | 54,945 |

6. Deferred Revenue and Contributions

Deferred provincial and local government service funding consists of operating contributions and restricted contributions that have been received but not yet earned.

Deferred local government contributions for assets relate to the operating costs and capital costs of assets required to provide transit service benefiting all local government partners. Differences between contributions received and costs incurred are deferred and used to fund transit services in future periods.

Deferred Victoria Regional Transit funds are held on behalf of the VRTC. These funds are restricted for the use of funding transit in the Capital Regional District. Inflows to the VRTC fund include property taxes, gas tax, interest and other grants received periodically. Outflows are in the form of municipal billings and occur on a monthly basis.

Deferred sales represent transit fees received in advance of services being performed and are recognized as revenue over the period the service is performed.

The deferred revenue and contributions reported on the consolidated statement of financial position comprise the following:

| | 2025 | 2024 |
|--|---------|---------|
| | \$ | \$ |
| Deferred provincial and local government service funding contributions | 36,854 | 40,816 |
| Deferred local government contributions for assets | 67,079 | 61,544 |
| Deferred Victoria Regional Transit Fund | 10,757 | 16,168 |
| Deferred sales | 2,421 | 1,361 |
| Total deferred revenue and contributions | 117,111 | 119,889 |

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

6. Deferred Revenue and Contributions (continued)

Continuity of deferred service funding, contributions and revenue:

| | 2025 | 2024 |
|---|-----------|-----------|
| Deferred provincial and local government service funding contributions: | \$ | \$ |
| Balance, beginning of year | 40,816 | 14,229 |
| Service funding contributions received | 135,032 | 134,314 |
| Service funding recognized as revenue | (138,994) | (107,727) |
| Balance, end of year | 36,854 | 40,816 |
| Deferred local government contributions for assets: | | |
| Balance, beginning of year | 61,544 | 52,298 |
| Contributions received | 29,674 | 32,195 |
| Contributions recognized as revenue | (24,139) | (22,949) |
| Balance, end of year | 67,079 | 61,544 |
| Deferred Victoria Regional Transit Fund: | | |
| Balance, beginning of year | 16,168 | 32,266 |
| Revenue fuel tax received | 17,641 | 17,862 |
| Revenue property tax received | 63,750 | 44,189 |
| Investment and other income received | 705 | 1,664 |
| Government transfers recognized as revenue | (87,507) | (79,813) |
| Balance, end of year | 10,757 | 16,168 |
| Deferred sales: | | |
| Balance, beginning of year | 1,361 | 1,060 |
| Amounts received | 7,972 | 10,805 |
| Amounts recognized as revenue | (6,912) | (10,504) |
| Balance, end of year | 2,421 | 1,361 |
| Balance, end of year | 117,111 | 119,889 |

7. Deferred Capital Contributions

Deferred capital contributions include federal, provincial, and municipal grants for the purpose of acquiring tangible capital assets or contribution of tangible capital assets subject to amortization on the same basis as the related asset.

| | 2025 | 2024 |
|---|----------|----------|
| | \$ | \$ |
| Balance, beginning of year | 369,411 | 338,981 |
| Contributions and other additions | 107,891 | 78,544 |
| Impairment and disposal of capital assets | (1,527) | (888) |
| Amortization | (50,826) | (47,226) |
| Balance, end of year | 424,949 | 369,411 |

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

8. Debt

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

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

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

| | 2025 | 2024 |
|---|---------|---------|
| | \$ | \$ |
| Short-term debt has a weighted average rate of 3.64%, maturing in June 2025, with a three-month term. | 19,985 | - |
| Short-term debt has a weighted average rate of 5.08%, maturing at various dates to 2024, with six-month terms. | - | 60,000 |
| Long-term debt has a weighted average rate of 3.19%, maturing at various dates to 2040, amortized from 7.5 to 30 years. | 169,466 | - |
| Long-term debt has a weighted average rate of 4.56%, maturing at various dates to 2040, amortized from 15 to 30 years | - | 108,159 |
| Total debt | 189,451 | 168,159 |

The total long-term debt principal and interest payments for the next five years and thereafter are as follows:

| | |
|------------|--------|
| | \$ |
| 2026 | 14,745 |
| 2027 | 45,650 |
| 2028 | 8,347 |
| 2029 | 15,470 |
| 2030 | 26,946 |
| Thereafter | 93,149 |

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

8. Debt (continued)

Investments held in sinking funds, including interest earned, are to be used to repay the related long-term debt at maturity. Gain on investments includes \$nil (2024 - \$nil) of realized gains on disposition of investments in sinking funds. Sinking fund investments are managed by the BCI and have cost and market values as follows:

| | 2025 | | 2024 | |
|---------------------|--------|--------------|--------|--------------|
| | Cost | Market Value | Cost | Market Value |
| | \$ | \$ | \$ | \$ |
| Provincial bonds | 4,091 | 4,092 | 61,100 | 59,444 |
| Money market funds | 63,182 | 63,704 | 560 | 560 |
| Total sinking funds | 67,273 | 67,796 | 61,660 | 60,004 |

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

| | |
|------------|--------|
| | \$ |
| 2026 | 6,424 |
| 2027 | 6,177 |
| 2028 | 4,528 |
| 2029 | 4,461 |
| 2030 | 4,160 |
| Thereafter | 19,698 |

In April 2017, BC Transit entered into an unsecured revolving credit facility with a Canadian financial institution totaling \$10 million. Interest on the credit facility is based on the prime lending rate which is a variable per annum reference rate of interest for loans made by the Bank of Canada in Canadian dollars. Interest accrues on a day-to-day basis. As of March 31, 2025, the facility was not in use.

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

9. Employee Future Benefits

(a) Employee Future Benefit

BC Transit provides sick leave and other benefits to its employees. Funding is provided when the benefits are paid and accordingly, there are no plan assets. These employee-related liabilities will require funding in future periods and are set out below.

Continuity of employee future benefits liability:

| | 2025 | 2024 |
|---|---------|----------|
| Accrued benefit liability: | \$ | \$ |
| Balance, beginning of year | 20,590 | 21,922 |
| Current benefit cost and event-driven expense | 666 | 1,121 |
| Interest | 248 | 287 |
| Census data revision adjustment | - | (1,027) |
| Amortization of actuarial gain | (1,829) | (1,520) |
| Benefits paid | (247) | (193) |
| Balance, end of year | 19,428 | 20,590 |
| Unamortized actuarial gain | (9,754) | (11,705) |
| Employee future benefit obligation | 9,674 | 8,885 |

The employee future benefits liability reported on the statement of financial position comprises:

| | 2025 | 2024 |
|---|--------|--------|
| | \$ | \$ |
| Non-pension post-retirement benefits | 4,574 | 4,279 |
| Post-employment benefits | 1,384 | 1,319 |
| Continuation of long-term disability benefits | 3,716 | 3,287 |
| Total employee future benefit obligation | 9,674 | 8,885 |
| Unamortized actuarial gain | 9,754 | 11,705 |
| Total employee future benefit liability | 19,428 | 20,590 |

The unamortized actuarial gain on future payments is amortized over the expected period of the liability which is 9 years (2024 – 12 years) for post-employment benefits and 8 years (2024 – 12 years) for post-retirement benefits.

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

| | 2025 | 2024 |
|--|--|--|
| Discount rate | 3.8% - 4.3% | 4.1% - 4.4% |
| Expected future inflationary increases | 2.5% | 2.5% |
| Weighted average health care trend – end of year | 6.2% in 2025 grading to 3.5% in and after 2037 | 6.2% in 2024 grading to 3.5% in and after 2037 |
| Dental and MSP trend – end of year | 3.5% | 3.5% |

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

9. Employee Future Benefits (continued)

(b) Public Service Pension Plan

BC Transit and its employees contribute to the Public Service Pension Plan, a jointly-trusteed pension plan. The Public Service Pension Plan Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the plan, including investment of the assets and administration benefits. The plan has approximately 157,686 active and retired members.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and the adequacy of the funding. The latest actuarial valuation as at March 31, 2023, indicated a funding surplus of \$4,491 million for basic pension benefits. The next valuation will be as at March 31, 2026 with results available January 2027.

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

The total amount paid into this pension plan by BC Transit for the year ended March 31, 2025, for employer contributions was \$10,863 (2024 - \$10,123).

10. Tangible Capital Assets

| Cost | 2024 | Additions | Disposals | Transfers | 2025 |
|---|------------------|----------------|-----------------|-----------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Land | 78,710 | - | - | 659 | 79,369 |
| Exchanges, shelters, and other transit infrastructure | 76,347 | - | - | 11,095 | 87,442 |
| Buildings | 143,964 | - | (891) | 90,888 | 233,961 |
| Vehicles | 615,325 | - | (35,103) | 47,117 | 627,339 |
| Other equipment | 100,247 | - | (7,607) | 10,758 | 103,398 |
| Capital projects in progress | 103,119 | 147,103 | (462) | (160,517) | 89,243 |
| Total | 1,117,712 | 147,103 | (44,063) | - | 1,220,752 |

| Accumulated amortization | 2024 | Disposals | Amortization | Transfers | 2025 |
|---|----------------|-----------------|---------------|-----------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Exchanges, shelters, and other transit infrastructure | 51,634 | - | 5,453 | - | 57,087 |
| Buildings | 51,090 | (379) | 5,663 | - | 56,374 |
| Vehicles | 390,030 | (33,948) | 52,254 | - | 408,336 |
| Other equipment | 74,164 | (7,521) | 8,045 | - | 74,688 |
| Total | 566,918 | (41,848) | 71,415 | - | 596,485 |

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

10. Tangible Capital Assets (continued)

| Net book value | 2025 | | 2024 | |
|---|----------------|--|----------------|--|
| | \$ | | \$ | |
| Land | 79,369 | | 78,710 | |
| Exchanges, shelters, and other transit infrastructure | 30,355 | | 24,713 | |
| Buildings | 177,587 | | 92,874 | |
| Vehicles | 219,003 | | 225,295 | |
| Other equipment | 28,710 | | 26,083 | |
| Capital projects in progress | 89,243 | | 103,119 | |
| Total | 624,267 | | 550,794 | |

| Cost | 2023 | Additions | Disposals | Transfers | 2024 |
|---|----------------|----------------|-----------------|-----------|------------------|
| | \$ | \$ | \$ | \$ | \$ |
| Land | 33,187 | 45,523 | - | - | 78,710 |
| Exchanges, shelters, and other transit infrastructure | 74,985 | - | - | 1,362 | 76,347 |
| Buildings | 141,815 | (233) | (120) | 2,502 | 143,964 |
| Vehicles | 586,634 | - | (30,847) | 59,538 | 615,325 |
| Other equipment | 90,990 | (106) | (1,335) | 10,698 | 100,247 |
| Capital projects in progress | 66,197 | 112,806 | (1,784) | (74,100) | 103,119 |
| Total | 993,808 | 157,990 | (34,086) | - | 1,117,712 |

| Accumulated amortization | 2023 | Disposals | Amortization | Transfers | 2024 |
|---|----------------|-----------------|---------------|-------------|----------------|
| | \$ | \$ | \$ | \$ | \$ |
| Exchanges, shelters, and other transit infrastructure | 46,459 | - | 5,175 | - | 51,634 |
| Buildings | 45,647 | (95) | 5,567 | (29) | 51,090 |
| Vehicles | 370,348 | (30,560) | 50,242 | - | 390,030 |
| Other equipment | 69,042 | (1,264) | 6,401 | (15) | 74,164 |
| Total | 531,496 | (31,919) | 67,385 | (44) | 566,918 |

| Net book value | 2024 | 2023 |
|---|----------------|----------------|
| | \$ | \$ |
| Land | 78,710 | 33,187 |
| Exchanges, shelters, and other transit infrastructure | 24,713 | 28,526 |
| Buildings | 92,874 | 96,168 |
| Vehicles | 225,295 | 216,286 |
| Other equipment | 26,083 | 21,948 |
| Capital projects in progress | 103,119 | 66,197 |
| Total | 550,794 | 462,312 |

Capital projects in progress having a value of \$89,243 (2024 - \$103,119) have not been amortized. Amortization of these assets will commence when the asset is available for service.

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

11. Commitments

BC Transit has entered various contracts as part of the normal course of operations and capital programs. These consist of outstanding commitments from contracts for leased properties (operating leases), contracts with vendors and operating partners for transit operations (operating contracts), vehicle purchases, and contracts for construction projects including facilities and equipment, exchanges and on-street infrastructure, and technology (capital contracts). Amounts are as summarized below:

| | 2026 | 2027 | 2028 | 2029 | 2030 |
|---------------------|---------|--------|-------|-------|-------|
| | \$ | \$ | \$ | \$ | \$ |
| Operating leases | 2,223 | 2,104 | 1,596 | 585 | 746 |
| Operating contracts | 21,887 | 9,659 | 2,009 | 1,667 | - |
| Vehicle purchases | 113,634 | 45,537 | - | - | - |
| Capital contracts | 99,568 | 2,913 | 925 | 901 | 902 |
| Total commitments | 237,312 | 60,213 | 4,530 | 3,153 | 1,648 |

12. Contingent Liabilities

In conducting its usual business activities, BC Transit is involved in various legal proceedings and litigation, the outcome of which is uncertain. With respect to unsettled claims at March 31, 2025, management has determined that BC Transit has defenses and appropriate insurance coverage in place. In the event any claims against BC Transit are successful, management expects that such claims will not have a material effect on the financial position of BC Transit.

BC Transit provides secured letters of credit and construction bonds where required for development permits or other activities. The letters of credit and bonds are held by a beneficiary who can request a draw on BC Transit's bank account for the specified amount in the event of non-compliance. As of March 31, 2025, there were five letters of credit and 10 construction bonds outstanding for a total amount of \$15,246 (2024 - \$5,558), none of which have been drawn upon.

13. Contractual Rights

BC Transit has three contractual rights contribution agreements with the Province which are summarized below:

- (i) Funding to acquire tangible capital assets as part of Canada and British Columbia's Investing in Canada Infrastructure Program. Approved projects under the contribution agreement allow federal funding of up to \$229,527 and provincial funding of up to \$226,675 for future fiscal years to fund eligible expenditures incurred to October 31, 2033, as defined within the agreement.
- (ii) Funding to acquire tangible capital assets as part of Canada's Zero Emission Transit Fund Program. Approved projects under the contribution agreement allow federal funding of up to \$80,555 and provincial funding of up to \$64,444 for future fiscal years to fund eligible expenditures incurred to December 31, 2027, as defined within the agreement.
- (iii) Receipt of carbon credits for meeting milestones in the progression of low-carbon fleet projects including the purchase of light and heavy-duty buses and their charging infrastructure. The phased agreements grant up to 21,854 carbon credits through to December 31, 2025.

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

14. Government Transfers

The transfers reported on the statement of operations are:

| | 2025 | 2024 |
|--|----------------|----------------|
| Government transfers: | \$ | \$ |
| Provincial contributions: | | |
| Operating transfers | 163,851 | 136,841 |
| Amortization of deferred capital contributions | 30,369 | 28,347 |
| Write-off of tangible capital assets | 828 | 789 |
| Contributions for land purchase | 616 | 45,319 |
| | 195,664 | 211,296 |
| Federal contributions: | | |
| Amortization of deferred capital contributions | 17,356 | 17,108 |
| Write-off of tangible capital assets | 676 | 99 |
| | 18,032 | 17,207 |
| Local government contributions: | | |
| Transfers under cost share agreements | 163,133 | 130,676 |
| Amortization of deferred capital contributions | 2,704 | 1,349 |
| Write-off of tangible capital assets | 173 | - |
| Contributions for land purchase | 222 | 116 |
| | 166,232 | 132,141 |
| Other: | | |
| Amortization of deferred capital contributions | 397 | 422 |
| Write-off of tangible capital assets | - | 1 |
| | 397 | 423 |
| Total government transfers | 380,325 | 361,067 |

In addition to the ongoing government funding programs, BC Transit signed a contribution agreement with the Province under the federal Safe Restart Agreement and the BC Restart Plan. In 2021, this agreement provided for \$88,300 in a one-time contribution funded 50/50 by the federal and provincial governments to provide financial relief to Local Government Partners and help ensure that affordable transit services continue through the COVID-19 recovery period. Under this agreement, local governments limited average annual public fare increases to 2.3 per cent and worked with BC Transit to maintain essential transit service levels to March 31, 2024.

In 2022, BC Transit signed an extension to this agreement which provided an additional \$28,080 in funding and extended the terms to March 31, 2025.

Included in operations revenue is \$13,478 (2024 - \$12,361) from the provincial government to pay for fares under the BC Bus Pass and the Free Transit for Children 12 and Under programs.

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

15. Carbon Credit (Loss) Income

| | 2025 | 2024 |
|-----------------------------------|----------|--------|
| | \$ | \$ |
| Carbon credits validated | 9,911 | 34,560 |
| Loss on sale of carbon credits | (10,455) | - |
| Total carbon credit (loss) income | (544) | 34,560 |

16. Classification of Expense by Object

| | Budget | 2025 | 2024 |
|---|---------|---------|---------|
| | \$ | \$ | \$ |
| Contracted management fees, wages, and benefits | 138,074 | 143,246 | 123,133 |
| Salaries, wages, and benefits | 132,906 | 135,719 | 125,425 |
| Amortization of capital assets | 84,912 | 71,415 | 67,385 |
| Fuel and lubricants | 32,497 | 35,910 | 33,637 |
| Fleet maintenance | 30,113 | 34,410 | 28,866 |
| Information systems | 11,383 | 10,617 | 10,331 |
| Facility maintenance | 9,053 | 9,167 | 8,233 |
| Interest | 6,987 | 7,838 | 6,929 |
| Insurance | 7,755 | 6,585 | 6,716 |
| Leases and taxes | 6,545 | 6,207 | 5,573 |
| Corporate expenses | 3,524 | 4,984 | 4,585 |
| Marketing and communications | 2,905 | 2,937 | 3,035 |
| Local government expenses | 2,573 | 2,577 | 2,523 |
| Contracted and professional fees | 2,803 | 2,231 | 2,475 |
| Taxi programs | 2,394 | 2,039 | 2,083 |
| Travel and meetings | 1,680 | 1,251 | 1,432 |
| Major projects and initiatives | 890 | 145 | 311 |
| Total operating expenses | 476,994 | 477,278 | 432,672 |

17. Budget Data

The budget data presented in these consolidated financial statements was included in the 2024/25-2026/27 Service Plan, approved by the Board of Directors on February 19, 2024, and by the Government of British Columbia on February 22, 2024.

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

18. Additional Information for the Statement of Cash Flows

| | 2025 | 2024 |
|--|----------|----------|
| Non-cash changes to operations: | \$ | \$ |
| Amortization of tangible capital assets | 71,415 | 67,385 |
| Amortization of prepaid lease | 348 | 348 |
| Amortization of debt premium | (135) | - |
| Loss on disposal of tangible capital assets, net of recoveries | 526 | 886 |
| Use of deferred contributions to fund tangible capital asset disposals | 150 | |
| Amortization of deferred capital contributions | (50,826) | (47,226) |
| Long-term disability benefits expense | (915) | (1,139) |
| | 20,563 | 20,254 |
| Changes in non-cash operating working capital: | | |
| Accounts receivable | (9,713) | (30,509) |
| Accounts payable and accrued liabilities | 15,311 | (2,189) |
| Carbon credits | 18,446 | (24,982) |
| Due to Province | (838) | 8 |
| Deferred revenue and contributions | 2,778 | 20,036 |
| Employee future benefits | (247) | (193) |
| Inventories | (3,728) | (927) |
| Prepaid expenses and deposits | (1,513) | 1,039 |
| | (14,940) | (37,717) |

19. Financial Instruments

(a) Fair Value

The carrying value of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their fair value due to the relatively short periods to maturity of the instruments. Carbon credits, debt and debt sinking funds are reflected on the statement of financial position at fair value.

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

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

19. Financial Instruments (continued)

(b) Risks Associated with Financial Assets and Liabilities

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

Market Risk

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

Commodity Price Risk

BC Transit is exposed to commodity price risk. Commodity price risk and volatility has a significant impact on BC Transit's fuel costs and carbon credit gains and losses. Management continually monitors the exposure to fuel commodity price volatility and assesses possible risk mitigation strategies including continuing to buy at rack prices, use of alternative fueling technologies, entering into physical fixed-price agreements to fix all or a portion of fuel prices with a supplier, and/or the potential to enter into financial commodity derivative contracts. Management does not have the authority under the *Financial Administration Act of British Columbia* to directly enter into financial commodity derivative contracts. The ability for management to execute physical hedge agreements with suppliers is governed under formal policies and is subject to limits established by the Board of Directors. No such hedge agreements were entered into during the year. Management monitors the exposure to carbon credit market volatility. Risk mitigation strategies include engaging market specialists to broker and sell credits, working to secure new credit agreements, and managing the timing of credit sales to maximize value.

Interest Rate Risk

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

Foreign Exchange Risk

BC Transit is exposed to currency risk on purchases of various capital assets and parts from suppliers requiring payment in either US dollars or pounds sterling. These risks are monitored and can be mitigated by management by entering into foreign currency option agreements. There were no such arrangements entered into during the year.

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

19. Financial Instruments (continued)

(b) Risks Associated with Financial Assets and Liabilities (continued)

Sensitivity Analysis

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

| | |
|--|-----|
| Estimated impact of a 1% change on annual deficit: | \$ |
| Interest rate risk | 393 |
| Foreign exchange risk | 516 |
| Commodity risk (fuel) | 321 |
| Carbon credit market risk | 65 |

Liquidity Risk

Liquidity risk is the risk that BC Transit will encounter difficulty in meeting obligations associated with financial liabilities as they come due. BC Transit manages liquidity risk through its cash, debt, sinking fund and funding management initiatives. Accounts payable and accrued liabilities are due in the next fiscal year. Maturity of long-term debt is disclosed in Note 8. Other commitments with future minimum payments are disclosed in Note 11.

Credit Risk

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

(c) Capital Disclosures

BC Transit defines capital as accumulated surplus plus deferred capital contributions. BC Transit receives the majority of these capital funds from federal, provincial and municipal government partners.

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

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

BRITISH COLUMBIA TRANSIT

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

Year Ended March 31, 2025, with comparative figures for March 31, 2024

20. Related-Party Transactions

There are certain parties that are considered related due to their ability to exercise control over the financial and operating policies of BC Transit. All transactions between BC Transit and its related parties are considered to possess commercial substance and are consequently recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

As a Crown corporation of the Province, BC Transit and the Province are considered related parties. Provincial transactions and balances have been disclosed elsewhere in the financial statements (Note 14), other than carbon credit income which was received from the province in the year.

The BC Transit Board of Directors and Senior Leadership Team are also considered related parties. Transactions consist of remuneration and expense reimbursement.

21. Impact of Accounting For Government Transfers in Accordance With Section 23.1 of the *Budget Transparency and Accountability Act*

As noted in the significant accounting policies, Note 2(a), section 23.1 of the *Budget Transparency and Accountability Act* and Restricted Contributions Regulation 198/2011, require BC Transit to recognize non-capital government transfers as revenue in the period the restriction is met, and also require BC Transit to recognize government transfers for the acquisition of capital assets as revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized as revenue.

The impact of correcting this difference on the consolidated financial statements of BC Transit is as follows:

- i. As at March 31, 2025, a decrease in deferred capital contributions of \$424,949 (2024 - \$369,411), and an increase in accumulated surplus by the same amounts;
- ii. For the year ended March 31, 2025, an overall increase in the annual surplus of \$55,538 (2024 - \$30,430).

22. Investment in Transportation Property and Casualty Company Inc.

In January 2010, the Board of Directors approved the withdrawal from the Transportation Property and Casualty Company Inc. Program (TPCCP). As a replacement to TPCCP, BC Transit procured a comprehensive stand-alone insurance coverage program effective April 1, 2010, which is renewed annually. Claims which have been registered and served prior to the withdrawal from the TPCCP program, continue to be settled in an orderly manner and BC Transit will continue to monitor these claims. \$nil (2024 - \$1,828) remains in deferred revenue to offset other potential future claims. See Note 12 for further details regarding unsettled claims.

23. Economic Dependency

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

24. Comparative information:

Certain comparative information has been reclassified to conform with the financial statement presentation adopted for the current year.