TransLink 2010 Annual Report

Contents

Indicates an interactive element

Vision:
A better place to live built on transportation excellence.

Mission:
Together we connect the region and enhance its livability by providing a sustainable transportation network, embraced by our communities and our people.

Bus Services
More than 220 bus routes with a fleet of over 1,525 vehicles

Ferry Services
SeaBus, three passenger-only ferries linking Downtown Vancouver and North Vancouver

Cycling
Contributions to new bike paths and locker facilities

HandyDART
A custom transit service for people with disabilities; there are 338 vehicles in the fleet

Automated Light Rail Services
Expo, Millennium and Canada SkyTrain Lines

Commuter Rail Services
West Coast Express

Roads
Operation and maintenance of the 2,400 km major road network

Bridges
Owns the Pattullo, Knight Street, Golden Ears and Westham Island Bridges

Transit Police
One integrated transit system

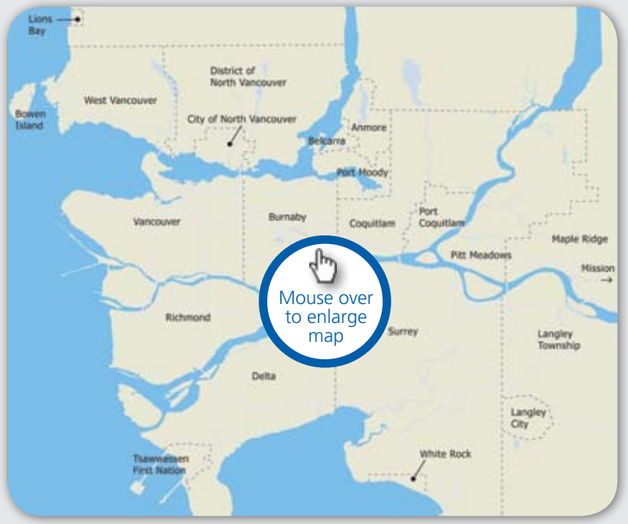
AirCare
Vehicle emission testing and inspection

Launches "Transport 2040" web page

About TransLink

The South Coast British Columbia Transportation Authority (TransLink) is Metro Vancouver's regional transportation authority, dedicated to developing and operating an efficient and sustainable transportation network throughout the 23 communities it serves (21 municiplities, Tsawwassen First Nation and UBC electoral district). Through subsidiary operating companies including Coast Mountain Bus Company Ltd., BC Rapid Transit Company (SkyTrain) and West Coast Express Limited, and its contractors, TransLink is delivering these services on an integrated system of roads, regional transit and an expanding network of bike and pedestrian pathways.

TransLink's vision is to create a better place to live built on transportation excellence. Guided by the region's long-term transportation plan, TransLink is working to connect the region and enhance its livability by providing a sustainable transportation network, embraced by our communities and our people.



TransLink Service Area:
2,977 square kilometres of British Columbia's southwestern mainland

South Coast British Columbia Transportation Authority

2010 Accomplishments & Key Milestones

We continued renewing the fleet, bringing in:

- The last six of 48 new SkyTrain cars, expanding capacity on the Expo/Millennium Lines by about 23%
- 44 new buses to replace retiring ones • Six new West Coast Express railcars

We moved the world during the 2010 Winter Olympics:

- TravelSmart reduced vehicle traffic in downtown Vancouver by more than 30%
- Recorded more than 26 million boardings on all transit modes • Canada Line daily boardings topped 200,000

View our Customer Service Charter

Our customers rated TransLink's system higher than ever before.

Read about SkyTrain's history

SkyTrain celebrated its 25th anniversary.

View our Sustainability Report

First transportation authority in Western Canada to release a sustainability report.

Canada Line reached the mark of 100,000 boardings per day in May, approximately three years ahead of expectations.

Delivered more than 6.4 million service hours in 2010 - 25% more than in 2006.

Go to "Social Media" page

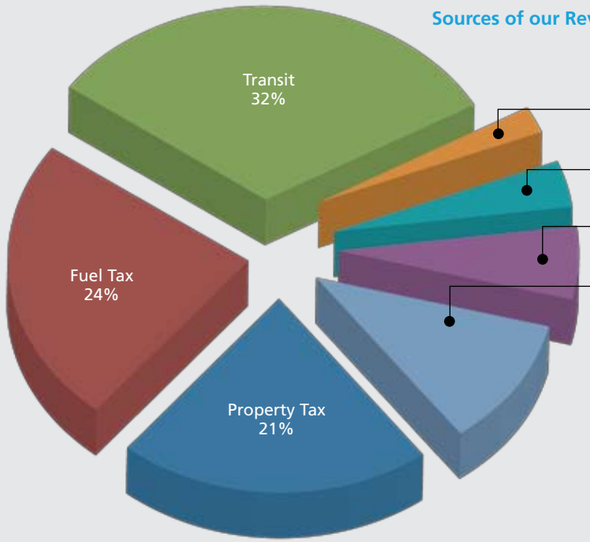
Continued to lead the industry by engaging customers through social media, doubling our reach on Twitter and Facebook alone.

Visit West Coast Express' website

West Coast Express celebrated its 15th year of service and marked its 30 millionth rider.

South Coast British Columbia Transportation Authority

Operating and Financial Highlights

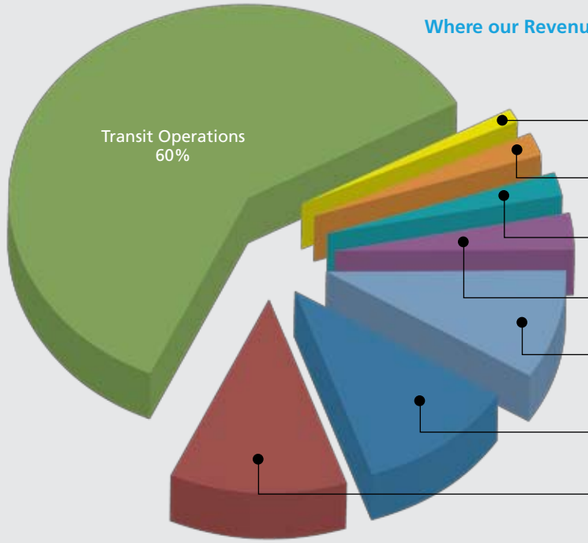


Sources of our Revenues

2010 REVENUES (000's)
Total $1,366,561

- Golden Ears Bridge Tolls : 2%
- Parking Sales Tax : 4%
- Other (includes AirCare) : 6%
- Capital Contributions & Interest : 11%

- *77 per cent of TransLink's Revenue comes from three sources; Transit, Fuel Tax and Property Tax*



Where our Revenue Goes

2010 EXPENSES (000's)
Total $1,358,321

- AirCare : 1%
- Other : 2%
- Security : 2%
- Administration : 3%
- Maintenance and funding for MRN and capital infrastructure contributions : 9%
- Amortization of capital assets : 11%
- Interest : 12%

- *Transit Operations expenses account for 60 per cent of the total expenditures*
- *Only 3 per cent of expenses go towards administration*

TRANSLINK'S GROWTH in thousands (except employees)

	2000	2010	CHANGE
Total Revenue	$ 524,535	$ 1,366,561	**161**%
Operating Revenue	$ 486,570	$ 1,176,600	**142**%
Surplus Before Debt Service and other items	$55,458	$243,588	**339**%
Cumulative Surplus	$41,985	$327,882	**681**%
Assets	$ 892,546	$ 5,507,244	**517**%
Long-Term Debt (1)	$ 599,344	$ 2,173,943	**263**%
Revenue Passengers (2)	129,123	211,346	**64**%
Employees (3)	4,715	6,790	**44**%

(1) Includes current portion of long-term debt; excludes GEB contractor debt and deferred concessionaires credit
(2) Includes scheduled transit service (excludes Access Transit)
(3) Includes TransLink, Transit Police, CMBC, BCRTC, West Coast Express and AirCare

TransLink has a diverse set of revenue sources, including some that are not currently utilized:

TAXATION REVENUE

Property Taxes
TransLink assesses property tax on the net taxable value of land and improvements within the 21 municipalities and rural areas within Metro Vancouver

Fuel Taxes
Purchasers of gasoline and diesel fuel sold within Metro Vancouver include a 15 cent per litre tax which goes to TransLink

Parking Tax
TransLink charges a tax on the purchase price of a parking space

Power Levy
A levy to every residential dwelling in Metro Vancouver. The power levy is added to the dwelling's power bill and collected by BC Hydro on behalf of TransLink

USER REVENUE

Transit Fares
TransLink collects revenue directly from the Metro Vancouver residents using the system

Bridge Tolls
TransLink may asses toll charges to recover the costs associated with a designated project or major crossing

UNUTILIZED REVENUE SOURCES

Vehicle Levy
TransLink has the authority to assess motor vehicle charges on owners of vehicles used principally in the Metro Vancouver service region

Area Benefitting Tax
A contribution from property owners directly benefitting from transit improvements

TransLink's commitment to sustainability will ensure that we are financially viable, that we invest to help meet the region's growth needs while using our resources wisely and that we contribute to lowering our impact on our natural environment.

View our Sustainability Report

Chair's Message Nancy Olewiler

I am honoured to have chaired TransLink's Board of Directors since January 2011, after sitting as a board member since 2008, and am proud to be part of an organization focused on creating and maintaining a transportation system that contributes to the overall health of our families and our communities. We are very fortunate to live in a region where residents understand the importance of protecting the environment and building for the future, and TransLink understands the role it plays in supporting our region's growth and development.

The TransLink board is committed to sustainability and furthering a long-term strategy while maintaining the organization's financial viability. We have a unique responsibility with respect to sustainability and the region: the decisions TransLink makes with respect to sustainability can – and do – impact Metro Vancouver residents in multiple ways. Sustainable transportation choices can foster economic growth; improve our access to jobs, services and housing; lower GHG emissions; and improve Metro Vancouver's overall livability.

TransLink's sustainability report sets a baseline and framework for measuring our impact and improving our performance not only within the region, but also as an organization. Specifically, guiding principles will ensure that we are financially viable, that we invest to help meet the region's growth needs while using our resources wisely and that we contribute to lowering our impact on our natural environment. These principles, endorsed by the Board of Directors, are integral to ensuring that our communities continue to be livable while our population grows and changes.

As we move forward, we will diligently measure our performance across a complete suite of sustainability indicators: governance, environment, community and stakeholders, regional economy, funding and employees. We are proud to be a model that other transportation agencies across North America and around the world have mirrored themselves after, and we will be on a path of continuous improvement.

To meet our sustainability goals with respect to funding, we are supporting the Mayors' Council and the province as they discuss sustainable funding options for TransLink under the terms of the Memorandum of Understanding signed by the parties last fall. I am hopeful that these discussions will move us forward in realizing our vision, as set out in our Transport 2040 Plan, of creating a transportation network that will serve our communities for generations to come.

We remain grateful for the financial support we currently receive from the Government of Canada and the Province of British Columbia through various programs, as well as the ongoing support of Metro Vancouver's local governments. Achieving sustainable funding will enable TransLink to fulfill a broader sustainability mandate in the longer term: in support of Metro Vancouver's Regional Growth Strategy, the province's Transit Plan and the Canadian government's efforts to reduce greenhouse gas emissions.

There is much more progress to be made, and as we move forward with long-term visioning and planning, we are committed to factoring sustainability into everything we do in order to fulfill our social and environmental mandates in a financially responsible manner that ensures affordability for our customers and residents throughout Metro Vancouver.

Nancy Olewiler | Board Chair

A Message from our CEO Ian Jarvis

Our enterprise-wide commitment to efficiency and effectiveness is paying off; in 2010, we achieved 11 out of 12 of our service, operating, financial and safety key performance indicators.

Accolades for TransLink Olympic efforts

View our Vision, Mission and Values

The past year has been a tremendous one for our organization: in February and March 2010, we demonstrated how well our team could work together and operate the system to meet unprecedented demands during the Olympic and Paralympic Games. More importantly, the Games showed us how our transportation system could deliver 30 years from now – by doubling the number of trips taken by transit, walking and cycling – in line with our long term vision and goals for the region.

This past year, our funding stabilization plan, approved in 2009, went into service; it will guide our finances and operations for the foreseeable future. Without service or system expansion planned, we made crucial changes to operate and deliver service more efficiently and effectively. As a result, our entire team – from front line employees and operations staff to planners and engineers – is committed to delivering the safest and best service possible to our customers within our current funding framework.

We are committed to delivering the best service possible to our customers within our current funding framework.

We seamlessly aligned our family of companies across the enterprise to deliver excellent customer service and received international accolades for our accomplishment. The success of our team effort inspired us to introduce a single vision and mission and set of values, which is guiding our permanent alignment and heightening our focus on providing sustainable transportation options to our customers and the region.

With our ridership at an all-time high, we have an opportunity to optimize the service we provide to give current customers the most efficient and targeted service possible while also trying to accommodate customers that are new to TransLink.

Our mandate extends well beyond transit; in 2010 we worked closely with municipal partners

CEO's Message continued

Engaging our customers through social media tools:

translink.ca
950,000 monthly page views

- 13.8 million Next Bus requests in 2010
- 22,000 Buzzer Blog monthly page views
- Over 20,000 followers on Foursquare
- 9,460 Twitter followers and growing
- 1,818 Facebook members 'like us'
- 452 LinkedIn followers
- 200,000+ video views on YouTube

Click logos to launch sites

Learn about our Major Road Network

Learn about our Cycling routes

Visit travelsmart.ca

Mouse over for the goals list

and the provincial government to ensure that the 2,397 lane kilometres of our major road network and our 1,675 lane kilometres of our cycling network are safe, well-maintained and where needed, improved to ensure a state of good repair.

While focused on our commitment to transportation across a variety of modes, our team moved innovative transportation demand management and customer service tools forward to give more information – and choice – to our customers in planning their travel throughout the region. We re-launched TravelSmart, which was instrumental during the Olympics, to provide Metro Vancouverites with the tools and information they need to make sustainable transportation choices that fit their lifestyles. These tools are vehicles for us to better engage with our customers and help shape how they view the organization and utilize Metro Vancouver's transportation system. Combined with our operational efficiency program, we are confident that we will continue to drive towards our Transport 2040 goals, guided by our vision, mission and values.

Financially, we gained the flexibility this past year to go to the market to issue debt. After borrowing within the framework of the Municipal Finance Authority since 1999, TransLink went directly to Canadian debt capital markets last year to finance projects and operations in a timely, efficient manner. In October, the organization successfully launched its first bond issue and received positive feedback from the investment community, generating $300 million. While we've always taken our financial responsibilities seriously, it's now imperative that we deliver on our commitments as we're accountable to the investment community in addition to our stakeholders.

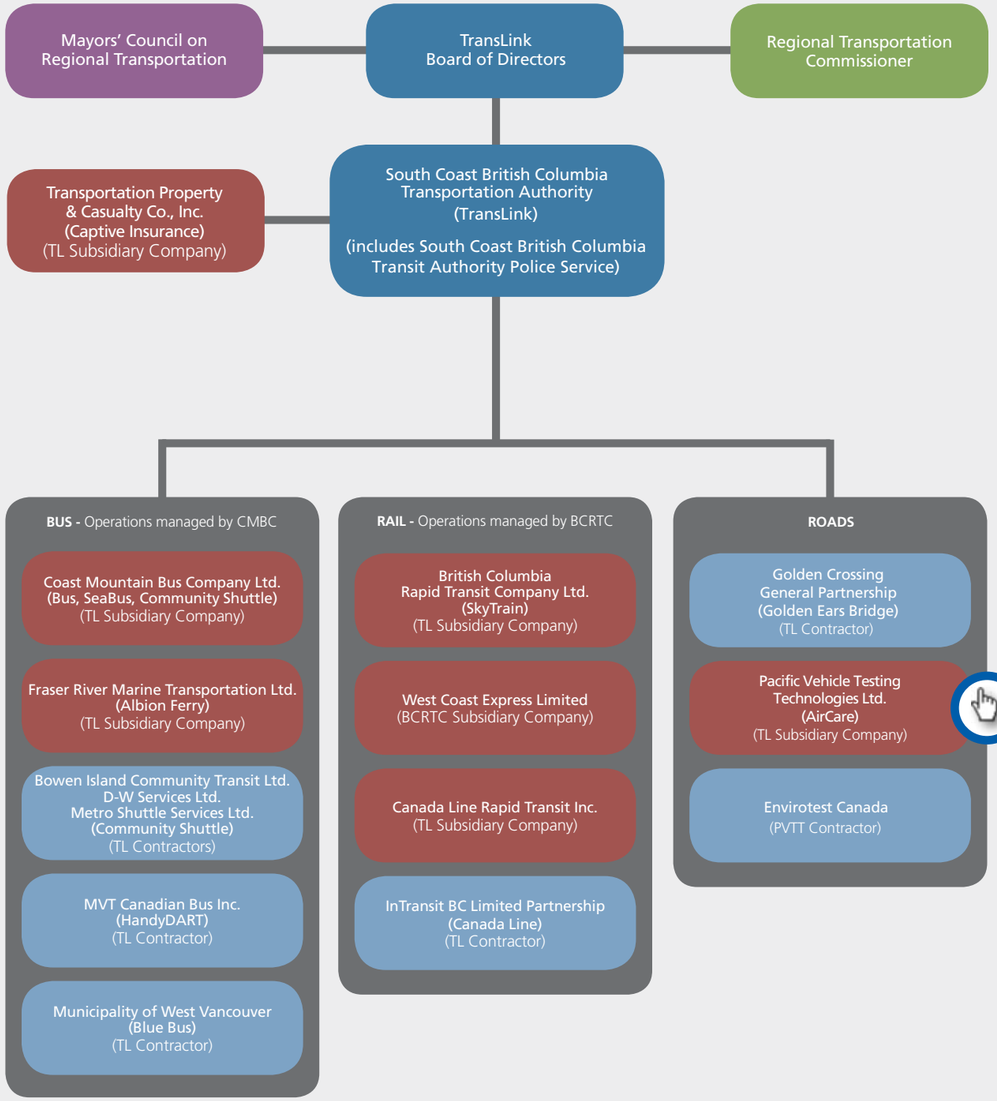
Our enterprise-wide commitment to efficiency and effectiveness is paying off: in 2010, we delivered and achieved all our service, operating, financial and key performance indicators for conventional service except for average fare. None of the achievements over the past year would be possible without the diligent dedication of our employees, who are fervently committed to making a lasting impact on our region; their contribution is inspiring.

Ian Jarvis | CEO

Continue to improve accessibility to our system:
- Access Transit service hours have grown 3.4% since 2006
- HandyDART received a 90% or higher customer service rating
- The number of accessible bus stops increased from 54% to 57%

South Coast British Columbia Transportation Authority

Corporate Structure



Visit aircare.ca

Governance

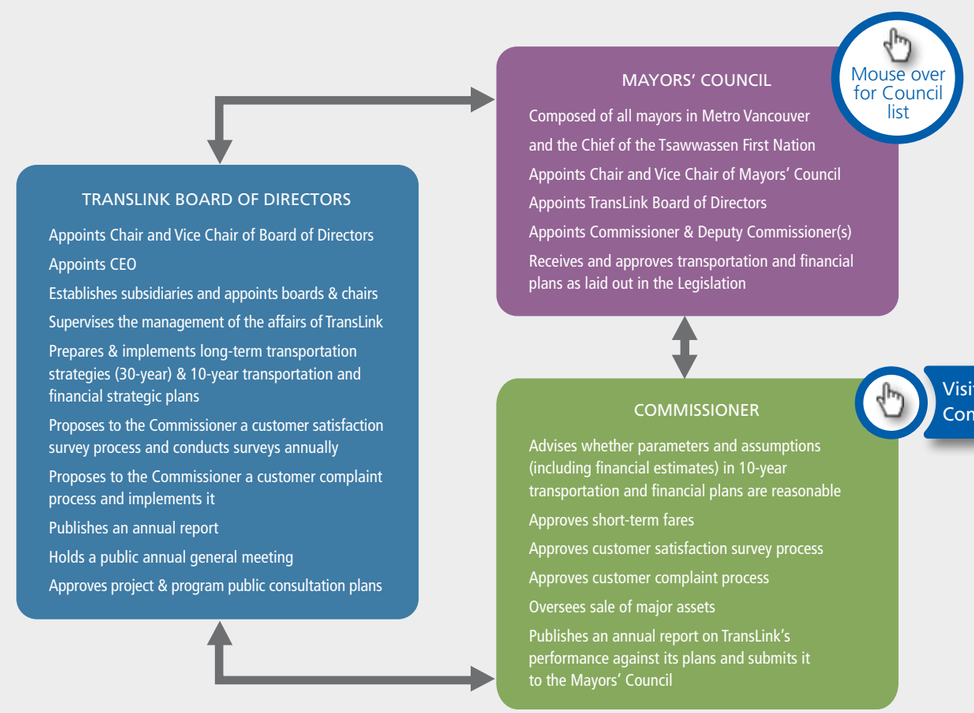
The entities involved in TransLink's governance framework include the Mayors' Council on Regional Transportation (The Mayors' Council), the Board of Directors, the Regional Transportation Commissioner and a Screening Panel.

The Mayors' Council is currently composed of the mayors from the 21 municipalities within the Metro Vancouver region and the Chief of the Tsawwassen First Nation. Municipalities within the South Coast area of British Columbia have the option of joining TransLink's transportation service region and as this occurs, the membership of the Mayors' Council will be expanded to include the mayors of the additional municipalities.

The board is composed of nine independent directors and is responsible for overseeing the management of TransLink's affairs. They are appointed by the Mayors' Council from a list of qualified candidates identified through the Screening Panel's recruitment process.

The Mayors' Council also appoints the Commissioner. The Commissioner reviews TransLink's 3-year base plan and 7-year outlook and any supplemental transportation and financial plans. The Commissioner then provides an opinion to the Mayors' Council on whether the parameters and assumptions contained in the plans are reasonable. In addition, the Commissioner reports annually to the Mayors' Council on TransLink's performance relative to its service, capital and operational plans.

Learn about our 10-Year Plan



Mouse over for Council list

Visit the Commisioner's website

In 2010, we provided over 6 million hours of transit service for 211 million revenue passengers.

5 Year Summary

YEAR ENDED DECEMBER 31, 2010
(all numbers in thousands except per unit calculations)

	2006	2007	2008	2009	2010
OPERATING PERFORMANCE					
Operating revenue	863,564	896,393	920,021	961,310	1,176,600
Operating expense	(635,089)	(683,512)	(773,737)	(851,606)	(933,012)
Operating surplus (deficit)	228,475	212,881	146,284	109,704	243,588
Net interest expense	(36,455)	(29,083)	(38,999)	(90,697)	(139,406)
Amortization of capital assets net of deferred concessionaire credit	(66,711)	(75,104)	(88,447)	(111,291)	(129,953)
Other non-operating items [7]	200,433	283,717	148,712	45,686	34,011
Excess (deficiency) of revenue over expenses	325,742	392,411	167,550	(46,598)	8,240
FINANCIAL INDICATORS					
Cumulative Funded Surplus [1]	286,737	371,459	379,620	312,279	327,882
Capital Assets	1,999,424	3,086,651	3,977,411	4,609,380	4,528,955
Net Long-term Debt (bonds, debentures) [2]	939,603	1,355,147	1,421,204	1,481,715	1,685,231
Deferred concessionaire credits and GEB contractor liability [3]	272,757	803,268	1,344,888	1,673,860	1,685,486
Total Net Long-term Debt (Net Long-term debt + deferred concessionaire credits and GEB contractor liability)	1,212,360	2,158,415	2,766,092	3,155,575	3,370,717
Total Net Long-term Debt per Revenue Passeneger	$7.34	$12.54	$15.47	$16.79	$15.95
Total Net Long-term Debt as a % of Operating Revenues [4]	140.4%	240.8%	300.7%	328.3%	286.5%
Transit fare recovery ratio (%)	49.7%	48.7%	47.5%	44.3%	46.5%
Gross Interest Cost as % of Operating revenues	6.7%	6.4%	6.9%	11.7%	13.6%
OPERATING INDICATORS					
Population of service region	2,222	2,250	2,271	2,319	2,375
Scheduled Transit Service					
Service Hours	5,117	5,390	5,644	5,985	6,382
Service Kilometres	118,374	122,294	127,667	137,827	151,425
Boarded Passengers	282,768	294,007	302,407	313,291	347,237
Revenue Passengers	165,073	172,070	178,796	187,912	211,346
Growth in Revenue Passengers	3.4%	4.2%	3.9%	5.1%	12.5%
Operating Cost per Revenue Passenger	$3.41	$3.51	$3.85	$4.04	$3.98
Operating Cost per Total Vehicle Kilometre	$4.75	$4.94	$5.39	$5.51	$5.56
Boarding per Service Hour	55.3	54.5	53.6	52.3	54.4
Access Transit Service [5]					
Revenue Passengers	1,260	1,308	1,365	1,218	1,333
Service Hours	519	549	592	515	594
Operating Cost per Revenue Passenger	$21.56	$23.11	$26.50	$33.17	$34.03
Operating Cost per Service Hour	$52.30	$55.10	$61.09	$78.38	$76.39
Northeast Sector Fraser Crossings					
Golden Ears Bridge Crossings [6]	-	-	-	3,461	8,699
Albion Ferry [6]	1,519	1,511	1,473	344	-

[1] The cumulative funded surplus as calculated under the SCBCTA Act is the amount of resources available to fund future operations.
[2] Years 2006 & 2007 restated to include current portion of long-term debt. Balance includes debt reserve deposit and sinking funds.
[3] Deferred Concessionaire credit for Canada Line & Golden Ears Bridge contractor liability.
[4] Operating revenues exclude AirCare revenue, capital contributions, interest & deferred concessionaire credits.
[5] A work stoppage resulted in only emergency service being provided from October 25, 2009 to January 11, 2010.
[6] The Golden Ears Bridge opened June 16, 2009 and the Albion Ferry ceased operations on July 31, 2009.
[7] Net AirCare, capital contributions received and expensed and other items.

South Coast British Columbia Transportation Authority

Executive Summary

The year 2010 began with the successful delivery of the Olympic transportation plan. Building on that success TransLink aligned the organization around a single vision and mission that focuses on the customer, the efficient and effective delivery of services and programs, and building a sustainable transportation network. The following are highlights of the strategic achievements for the year.

Deliver 2010 services, programs and Olympic transportation efficiently and effectively.

TransLink built on operational expertise from past large events and worked with regional stakeholders and the travelling public to deliver an outstanding Olympic Games transportation experience. Transit operations peaked to record-high levels and an average of 1.6 million weekday boardings (30% higher than normal) was achieved. The TravelSmart traffic demand management program was successful in achieving a 36% reduction to downtown travel, compared to the 30% target. The Olympic Games success demonstrated that an efficient and effective integrated transportation system, combined with strong partnerships and sufficient funding, is key to the achievement of the region's Transport 2040 goals.

View Transport 2040

The 2010 Plan called for increased rail service (reflecting the impact of previously approved expansion vehicles) and maintaining assets in good repair. Forty-eight new SkyTrain vehicles were all in service by early 2010. Six West Coast Express rail cars were received in 2010, allowing for five more cars in service (two are additional spares). Forty-four diesel buses were replaced in early 2010 and the existing transportation infrastructure was maintained in good repair.

Build an effective, accountable and customer-focused team.

Restructuring has taken place across the enterprise to align the organization under a single vision and mission and improve efficiency and effectiveness. Initiatives in 2010 included streamlining the capital planning, approval and reporting process, and prioritization of Information Technology projects to deliver productivity improvements throughout the organization. Cost containment initiatives continued to be implemented and key operating metrics have improved over 2009. The service optimization initiative, which targets a reallocation of 4.5% of lowest performing service to higher performing routes, has commenced implementation. Decisions are being guided by principles that have been developed to ensure that network integrity and regional equity is maintained.

Service Optimization Initiative

Work continued in 2010 to build on the Customer Service Charter adopted in 2009. An enterprise-wide day-long workshop was held in fall 2010 to help determine the attributes of a customer-focused organization.

Customer Service Charter

Maintain customer support.

TransLink's overall performance rating by customers reached its highest level in 2010, reflecting the success of the Olympic period. During the year new customer information services were implemented on a variety of electronic platforms, including a trip-planning tool, a Twitter pilot program and an interface that directs real-time traffic alerts to the TravelSmart website. A new TravelSmart program has been developed that builds on all of the learning from the past ten years and the experience gained during the Olympics.

Visit travelsmart.ca

The program is intended to use positive brand association as the tool for engaging customers throughout the region in smart, healthier travel choices.

Executive Summary continued

Secure stakeholder support for TransLink's mandate of supporting a sustainable region through transportation excellence.

The 2010 Supplemental Plan increased revenues by $130 million annually, through a 10% fare increase, and increasing fuel and parking taxes to their legislative maximum. While this was the largest one-time revenue increase in TransLink's history it is not sufficient to put the region on track to achieve Transport 2040 goals. Significant activity was underway throughout 2010 to build understanding and support including:

- Completion of the Joint (Province and Region) Technical Committee review of relative funding levels and the presentation of the review results at four sub-regional meetings;
- Public consultation on the 2011 Base Plan and two Supplemental Plans;

Learn about our Plans

- The initiation of the Major Road Network program review to determine how the MRN can be improved to better support regional objectives;
- Continuation of the UBC and Surrey Rapid Transit studies, to be complete in late 2011 and
- Completion of Phase I of the North Shore Area Transit Plan.

Learn about our rapid transit studies

Develop new sustainable funding sources.

On September 23, 2010 the Mayors Council and the Province signed a Memorandum of Understanding agreeing to work together in a cooperative and collaborative way to address issues such as long-term sustainable funding, integrating land use and transportation planning and influencing travel behavior. A sustainable funding strategy is under development as part of the process to update Transport 2040, required by August 1, 2013. TransLink has commenced immediate research and technical work to assist the Mayors and Province to identify a near-term funding solution for the Evergreen Line and United Boulevard Extension priority projects.

On May 13, 2010 TransLink launched a $500 million Commercial Paper Program backstopped by a line credit from a syndicate of Canadian chartered banks. On October 26, TransLink successfully launched a $300 million 10-year bond issuance at an effective yield of 3.88%.

With the real estate market showing signs of improvement, key surplus properties have been prepared for marketing. A corporate real estate strategy on strategic acquisitions, disposals and value capture will be finalized in 2011.

Management Discussion & Analysis

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

OVERVIEW OF BUSINESS

GOVERNING LEGISLATION

Introduction

The South Coast British Columbia Transportation Authority (formerly the Greater Vancouver Transportation Authority) is a regional authority governed by the South Coast British Columbia Transportation Authority Act (SCBCTA Act). The South Coast British Columbia Transportation Authority is commonly known as "TransLink."

Under the SCBCTA Act, TransLink is responsible for providing a regional transportation system that moves goods and people in support of the region's growth strategy, provincial and regional environmental objectives, and the economic development of the region. The regional transportation system is designed to transport passengers and goods within Metro Vancouver, including by bus, rail transportation systems, ferries, cycling path networks, custom transit services, designated road projects and the major road network, operated by TransLink or its subsidiaries or contractors. In addition to management and operation of the regional transportation system, TransLink is responsible for developing transportation demand management strategies and programs along with the motor vehicle emissions testing program known as AirCare.

TransLink was established in 1998 under the BC Greater Vancouver Transportation Authority Act. Primary responsibility for public transit in Metro Vancouver was transferred from British Columbia Transit, a provincial crown corporation, to TransLink in 1999. The majority of the assets and liabilities relating to the provision of public transit services in Metro Vancouver was transferred to TransLink, although the ownership of the infrastructure and property interests of the Expo and Millennium SkyTrain lines and West Coast Express were retained by British Columbia Transit (these systems have an estimated net book value of $1.5 billion). TransLink is responsible for the operation and maintenance of these systems. *The Greater Vancouver Transportation Authority Act was significantly amended and re-named the South Coast British Columbia Transportation Authority Act* in November 2007.

Transportation and Financial Planning Requirements

Under the SCBCTA Act, TransLink is explicitly permitted to raise revenues by means of taxes (including property taxes, fuel taxes and parking taxes), levies, toll charges, user fees (including transit fares) and motor vehicle charges, in accordance with the provisions of the SCBCTA Act.

Under the SCBCTA Act, TransLink must prepare a long-term transportation strategy (covering at least 30 years) every five years. This long-term strategy guides the annual development of a 3-year base and supplemental transportation and financial plans. TransLink is required to consult with various stakeholders, governments and the public in the transportation service region as these plans are created.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

Each year, TransLink must prepare a 3-year base transportation and financial plan that describes the transportation services to be provided, major capital projects planned and key transportation demand management initiatives for the 3-year period, using only "established funding resources (as defined in the SCBCTA Act)," funding resources accumulated from previous years, and borrowing within established borrowing limits. Each base plan must be accompanied by an outlook (covering seven fiscal years to follow the base plan) that identifies the transportation services contemplated and levels of those services to be provided along with the major capital projects contemplated for which expenditures will be required in that period. TransLink may also, at any time, choose to prepare one or more 3-year supplemental transportation and financial plans that set out (i) the additions, enhancements, or other changes that TransLink proposes be made to the transportation services and major capital projects contemplated in the base plan, (ii) any additional initiatives TransLink proposes to undertake in addition to those contemplated in the base plan, and (iii) the increased expenditures, funding sources, anticipated revenues, and increases to borrowing limits needed to implement such plans. Each supplemental plan must also be accompanied by a 7-year outlook. TransLink must ensure that, for each base or supplemental plan, the contemplated expenditures do not exceed anticipated revenues, borrowings and accumulated funding resources. Once a supplemental plan is approved it becomes the new base plan.

TransLink's 3-year strategic plan supports the 3-year base plan and 7-year outlook. TransLink must ensure that all service, capital and operational plans and policies of TransLink and its subsidiaries are consistent with the long-term transportation strategy.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

ACCOUNTING POLICIES

Significant and future accounting changes are disclosed in note 2 of the notes to the Consolidated Financial Statements.

Future Accounting Changes

The Accounting Standards Board (AcSB) and Public Sector Accounting Board (PSAB) have recently finalized their new standards. Previously, all Government and Private Not-for-Profit entities were directed to follow the Canadian Institute of Chartered Accountants Handbook's Not-for-Profit Standards. Under the new frameworks, Government Not-for-Profits are now directed to follow PSAB. Private Not-for-Profits will be directed to follow the new Accounting Standards for Not-for-Profit Organizations, which will be based on the Accounting Standards for Private Enterprises (ASPE), supplemented with not-for-profit provisions. TransLink is currently reviewing the revised standards to determine the most appropriate framework and the potential impacts thereon.

One of TransLink's wholly owned subsidiaries, Transportation Property and Casualty Company Inc. (TPCC) is a provincially regulated captive insurance company which will be required to follow International Financial Reporting Standards (IFRS) for its 2011 fiscal year. For consolidation purposes, TPCC will be reported under the accounting standards of the parent entity.

TRANSLINK CORPORATE

TransLink corporate is the organization's head office, responsible for organizational leadership and oversight, and the development of TransLink's strategic transportation and financial plans. Other functions centralized at the TransLink corporate office include capital project approvals, legal services, corporate information systems strategy, corporate finance, transportation systems planning, internal audit, marketing, public affairs, government relations, real estate services and transportation demand management.

The insurance needs of the organization are administered through TransLink's captive insurance company, Transportation Property and Casualty Company Ltd., which was co-owned with BC Transit (90% per cent TransLink, 10% BC Transit) until September 30, 2010. The Transportation Property and Casualty Company Ltd. is now a wholly owned subsidiary of TransLink.

TRANSIT OPERATIONS

TransLink is responsible for the public transit system in Vancouver, providing service to 23 municipalities and communities situated on 2,977 square kilometres of British Columbia's southwestern mainland.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

Bus Division

Fixed route bus services are delivered through TransLink's wholly-owned subsidiary, Coast Mountain Bus Company Ltd. and various contractors. As of December 31, 2010 the Bus Division fleet included 1,525 buses, 338 custom transit vehicles and three passenger ferries.

Coast Mountain Bus Company Ltd. (CMBC) operates 95.5 per cent of the bus service. The CMBC fleet includes 1,052 conventional buses, 260 electric trolley buses, 133 Community Shuttle minibuses and three SeaBus passenger ferries.

TransLink contracts with independent operators for delivery of West Vancouver Blue Bus services, HandyDART services and certain Community Shuttle services, and supplies the vehicles used by these operators.

Community Shuttle services in Langley, New Westminster, Tsawwassen and Bowen Island are operated by independent contractors using a fleet of 34 minibuses. The District of West Vancouver operates a community shuttle service in West Vancouver and Lions Bay with a fleet of five vehicles.

The **West Vancouver Blue Bus** transit service is operated by the District of West Vancouver, using a fleet of 46 buses.

In addition to fixed route bus service TransLink provides a demand driven, shared-ride custom transit service (**HandyDART**) for people with physical or cognitive disabilities who cannot use conventional services.

One independent contractor (MVT Canadian Bus Inc.) operates this service.

There are 338 vehicles in the HandyDART fleet. A supplementary Taxi Saver Program enables eligible users to make trips by taxi with substantial savings.

Rail Division

Automated light rail and commuter train services are provided by wholly-owned subsidiaries, British Columbia Rapid Transit Company Ltd. and West Coast Express Ltd., and a concessionaire (Canada Line). As of December 31, 2010, the TransLink rail fleet consisted of 278 rapid transit vehicles and 44 commuter rail passenger cars.

British Columbia Rapid Transit Company Ltd. (BCRTC) operates the Expo and Millennium automated light rail train (ALRT) SkyTrain lines. The lines connect downtown Vancouver with the cities of Burnaby, New Westminster and Surrey. At the end of 2010, 258 vehicles were in service.

InTransit BC Ltd. (TransLink contractor) operates the Canada Line ALRT SkyTrain line under a 35-year concession agreement. The Canada Line opened in August 2009, connecting downtown Vancouver with Richmond and the Vancouver International Airport, and operating with 20 vehicles. BCRTC oversees the management of the concession agreement on behalf of TransLink.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

West Coast Express Ltd. (WCE) operates five commuter trains with 44 passenger railcars each weekday morning from the City of Mission in the Fraser Valley to Downtown Vancouver, with return trips each afternoon. It also contracts out the TrainBus coach bus service, which supplements the commuter train service. WCE is a wholly-owned subsidiary of BCRTC.

SECURITY

The Province established the South Coast British Columbia Transportation Authority Police Service (Transit Police) in 2005 as the first dedicated transit police service in Canada. The Transit Police maintain order, safety and security on transit facilities and adjacent areas, and are authorized to enforce laws.

The Transit Police is a supplementary policing agency and coordinates its activities with the various jurisdictional policing agencies that retain primary responsibility for policing in the respective jurisdiction.

ROADS AND BRIDGES

In partnership with the municipalities, TransLink has responsibility for the Major Road Network (MRN), a network of major roads throughout Metro Vancouver. Ownership of and operational responsibility for the MRN remains with the respective municipalities. TransLink provides funding for the operations, maintenance and rehabilitation of the MRN, and shares in the cost of eligible capital improvements.

The Golden Ears Bridge, a new six-lane toll bridge across the Fraser River, opened in June 2009. The operations, maintenance and rehabilitation of the bridge and its 14-kilometre associated road network are contracted to the Golden Crossing General Partnership until June 2041. This bridge replaced the car ferry service known as the Albion Ferries, which operated between Maple Ridge and Langley. The ferries are currently being marketed for sale.

TransLink owns and operates the Knight Street Bridge, Pattullo Bridge and Westham Island Bridge. It also owns the Albion Ferry docks.

AIRCARE

Under the SCBCTA Act, TransLink must develop and administer programs for certifying motor vehicle compliance with regulations under the *Motor Vehicle Act* with respect to exhaust emission standards. TransLink's wholly-owned subsidiary, Pacific Vehicle Testing Technologies Ltd., manages the AirCare program, which is a mandatory vehicle emissions testing program in the Metro Vancouver region. The inspection contractor for the AirCare program is Envirotest Canada, which operates 10 inspection centres. Testing fees are set such that, over the lifetime of the contract, all program costs related to AirCare are recovered through user fees. The current AirCare contract is scheduled to expire on December 31, 2011.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

A review of the AirCare program, funded by TransLink, to determine whether the AirCare program would continue to deliver air quality and health benefits that justify its costs for the period 2012 to 2020 was completed in 2010 under the direction of the Ministry of Healthy Living and Sport, which recommended the program continue until 2020. The boards of Metro Vancouver and Fraser Valley Regional District endorsed this recommendation. While the provincial government has not yet provided a written confirmation on the continuation of the program, TransLink has been directed to proceed on the assumption that the program will be continuing.

CONSOLIDATED STATEMENT OF OPERATIONS ANALYSIS

This analysis reviews 2010 results compared to 2009 and is organized by fund category.

TransLink and its subsidiaries operate under three distinct funding categories. The "General Fund" captures the operating revenues and expenditures of TransLink and its subsidiaries (excluding AirCare). The "AirCare Fund" is a restricted fund that records revenue and expenditures of the AirCare vehicle emissions testing program. Under legislation, AirCare fees are designed to recover program costs over the life of the program. The "Capital Fund" records capital contributions received, capital infrastructure contributions paid by TransLink (mainly for road related projects), amortization of capital assets and interest.

GENERAL FUND

The General Fund captures the operations of TransLink and its subsidiaries (excluding AirCare). The following table summarizes the general fund net operating results for 2010 and 2009.

General Fund

	2010	2009	Change
Revenues	$ 1,199,678	$ 970,363	$ 229,315
Expenses	933,012	851,606	81,406
	$ 266,666	$ 118,757	$ 147,909
Other	(3,321)	(3,011)	(310)
Excess of Revenues over Expenses	$ 263,345	$ 115,746	$ 147,599

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars except per unit amounts)

Revenues

Provincial legislation provides TransLink with access to revenue sources that are used to fund the provision and support of transportation services. In 2010, revenues increased $229.3 million over 2009. Transit revenues had a net increase of $71.1 million. Taxation revenues had an increase of $114.1 million, mostly due to increases in parking sales tax and fuel tax revenues. The balance of the increase is attributed to the Golden Ears Bridge experiencing an increase of $18.3 million from last year and Canada Line operations and concessionaire credit resulting in an increase of $25.8 million from 2009.

The following table provides more detail on the components.

	2010	2009	Change	% Change
Transit Revenues				
Transit Fares	$ 413,050	$ 356,605	$ 56,445	15.8%
Advertising & Other	24,855	10,163	14,692	144.6%
	$ 437,905	$ 366,768	$ 71,137	19.4%
Taxation Revenues				
Motor Fuel Tax	$ 323,212	$ 259,821	$ 63,391	24.4%
Property Tax	271,760	264,092	7,668	2.9%
Replacement Tax	17,837	17,995	(158)	(0.9%)
Hydro Levy	18,618	18,245	373	2.0%
Parking Sales Tax	58,419	15,600	42,819	274.5%
	$ 689,846	$ 575,753	$ 114,093	19.8%
Golden Ears Bridge Revenue				
Tolling	$ 29,580	$ 11,293	$ 18,287	161.9%
Canada Line Contributions				
Operating Contributions	$ 19,269	$ 7,496	$ 11,773	157.1%
Amortization Of Deferred Concessionaire Credit	23,078	9,053	14,025	154.9%
	$ 42,347	$ 16,549	$ 25,798	155.9%
	$ 1,199,678	$ 970,363	$ 229,315	23.6%

Transit Revenue

The Transit Fares revenue increase of $56.4 million (15.8 per cent) over 2009 primarily due to the fare increase in April 2010 and increased ridership. The majority of this Transit Fares revenue increase consists of Farebox, Prepaid Fares and Prepaid Contract revenues.

Total FareBox revenues (cash fares) were significantly higher than in 2009, ($19.3 million and 21.8 per cent) mostly due to increased ridership during the Olympic Games. Further, SeaBus, SkyTrain and West Coast Express boardings all increased over last year (leaving Bus boarding's as the only exception). Apart from the Olympic Games impact on ridership, a full year of the Canada Line operations also added to the net increase in passengers carried and additional revenues in 2010 over 2009.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

Prepaid Fares were $27.3 million (13.1 per cent) higher than 2009. Prepaid fares consist of FareSaver tickets, DayPasses, Monthly FareCards, as well as passes for Employer Pass and Community Pass Programs.

- FareSaver revenues benefited from both an increase in unit sales (attributable to a shift from the higher priced Monthly FareCard) and the fare increase which resulted in an increase of $10.1 million or 18.3 per cent over 2009. Other contributing factors included a run on FareSaver tickets in advance of the price increase (tickets have no expiry date) and the popularity of FareSaver tickets in use on Canada Line for airport travel.
- DayPass revenues were $1.6 million (84.5 per cent) higher than last year. Although the price for DayPasses was not subject to the fare increase, increased unit sales were attributed to the increase of riders during the Olympics and increased popularity of DayPasses for travel to and from the airport.
- Monthly FareCard revenues were $10.9 million (8.4 per cent) higher than 2009. Unit sales were flat to 2009 hence the increase was attributable to the fare increase in April 2010.
- The Employer Pass program revenue was $4.7 million (22.5 per cent) higher compared to last year. This increase was primarily due to the April 2010 fare increase, and a 12.0 per cent growth in enrollment over 2009. Average purchase price per pass increased by $6.80 or 7.4 per cent due to the fare increase that took place in April 2010.
- The Community Pass program revenue was $0.1 million (43.1 per cent) higher compared to last year due to growth in number of residents in 2010 over 2009.

Prepaid contract revenue was $9.4 million (15.9 per cent) higher than 2009. Prepaid contracts consist of the U-Pass and the Government Bus Pass programs. In June 2010, the province announced a new provincial U-Pass BC program, and partnered with TransLink for the Metro Vancouver program, effective September 2010. As part of this new program, the Province of BC provides contributions to TransLink, which totalled $6.9 million in 2010. This contribution combined with higher enrollment at UBC and SFU made up most of the increase in U-Pass revenues in 2010 over 2009 of $7.8 million (34.4 per cent). Government Bus Pass Program revenue was $1.6 million (4.5 per cent) over 2009.

Fare recovery is a strategic priority moving ahead, which is why TransLink's Revenue Management Committee will continue to implement initiatives to increase visibility and enforcement of fare checking, as well as preparing a social media communication strategy. The Revenue Management Team will continue to be proactive in exploring other opportunities to optimize revenues.

Advertising and Other Revenues consist of advertising, property rentals, retail revenue, parking and miscellaneous revenues. Advertising revenue was $13.9 million higher than 2009 due to advertising revenues during the Olympics. Property rentals were $0.5 million (84.5 per cent) over 2009, with another $0.3 million increase from West Coast Express and other miscellaneous revenues.

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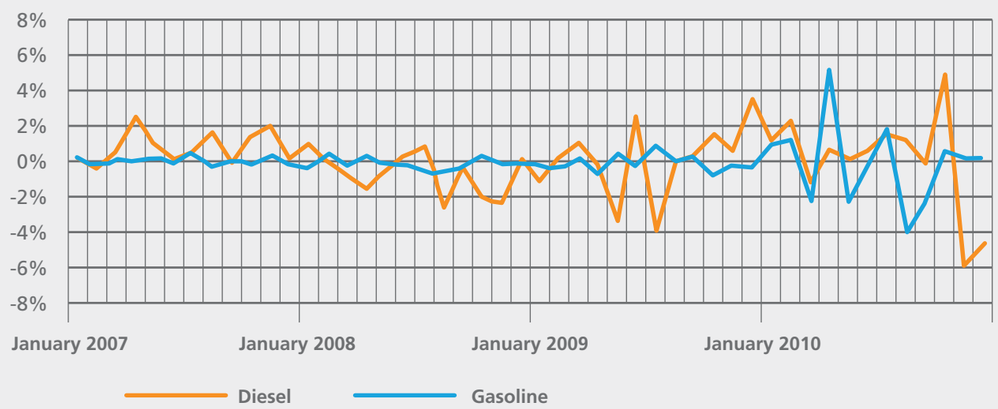
(tabular amounts in thousands of dollars)

Taxation Revenue

TransLink's Motor Fuel Tax revenues in 2010 experienced a net increase of $63.4 million (24.4 per cent) over 2009 revenues. The rise resulted from an increase in the tax of $0.03 per litre, from $0.12 to $0.15 per litre, effective January 1, 2010. The revenue increases resulting from the increase in the tax rate was partly offset by a $0.9 million decrease due to a slight decline in sales volume.

The following graph shows the sales trend for the past four years, using a 12-month moving average. The 12-month average provides a stable comparative for trend analysis, smoothing out the impact of seasonality and adjustments.

GASOLINE AND DIESEL FUEL % CHANGE IN SALES FROM PRIOR MONTH BASED ON MOVING 12 MONTH AVERAGE



Gasoline sales decreased slightly in the early months of 2010 compared to 2009 but experienced a dramatic spike upward in the months of April/May while receding during August/September. Diesel sales volume shows a moderate decrease in early 2010 but experienced a major spike in the months of September/October. Even though the price change increased revenues in 2010, diesel sales volume (net of refunds and adjustments) experienced a significant drop during November/December. A large part of the variation relates to either overpayment of tax or audit adjustments. These types of adjustments have always existed within the fuel sales tax process, but the magnitude displayed in reports for 2010 has increased.

The average retail price for gasoline and diesel in 2010 increased from 2009. This was a noticeable reversal from last year, as the annual average price in 2009 was considerably lower than in 2008. Gasoline prices averaged $1.15 per litre in 2010, compared to $1.01 in 2009. Diesel prices averaged $1.11 per litre in 2010, compared to $0.95 in 2009. Fuel prices showed a steady increase in the latter half of 2010 and remained significantly higher than prices in 2009.

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

Property tax revenues increased in 2010 by $7.7 million (2.9 per cent) over 2009. Under the SCBCTA Act, property tax revenues may increase by three per cent per year. The majority of property tax revenue is provided by Class 1 Residential, $153.4 million and Class 6 Business, $103.9 million.

Replacement tax revenues decreased in 2010 by $0.2 million (1.0 per cent) over 2009. Under the SCBCTA Act, TransLink has the legislated authority to tax up to a maximum of $18 million on property classes 1, 2, 4, 5 and 6 for the replacement tax. Replacement tax rates were set in 2010 to collect the permitted $18.0 million from all allowable property classes.

Hydro levy revenues for 2010 grew by $0.3 million (2.1 per cent) over 2009, reflecting general population growth. The hydro levy has remained at the same rate since the inception of TransLink.

Parking Sales Tax revenue increased $42.8 million (274.5 per cent) over 2009. This was mainly due to an increase in the parking sales tax rate from 7 per cent to 21 per cent, which took effect at the beginning of 2010. With the province's decision to implement the Harmonized Sales Tax, TransLink was given legislative authority midway through the year to directly administer the parking sales tax. The previous parking vendors were transitioned to TransLink's tax administration and additional parking vendors have since been identified, resulting in greater revenues.

Golden Ears Bridge Revenue

Tolling revenue amounted to $29.6 million in 2010, an increase of $18.3 million compared to 2009. 2010 marked the first full year of tolling on the Golden Ears Bridge, which opened on June 16, 2009. Toll rates increased on the first anniversary of toll operations from a prescribed, annual inflation adjustment from a range of $1.40 to $9.40 to a range of $1.40 to $9.55. TransLink experienced a fairly consistent month-to-month increase in traffic revenues to the end of summer, resulting in an overall increase in traffic of 15 per cent compared to 2009 annualized traffic volumes.

The challenge for TransLink in the coming years will be to exceed the traffic growth rate experienced in the first year of operations. Sustainable traffic growth on the bridge is essential in ensuring that toll revenues meet the financial obligations associated with financing, operating and maintaining the bridge. Marketing campaigns in 2011 will be used to study pricing sensitivities to inform alternative long-term pricing strategies for tolling on the bridge. The first campaign, in effect between April 15 and May 27, 2011, provides a 30 per cent discount on fares during off-peak periods.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

Canada Line Contributions

Canada Line operations began in August 2009. The majority of the increase in 2010 over 2009 is due to 2010 being the first full year for the Canada Line. Funding for the Canada Line includes operating contributions from the Province of British Columbia at $1.5 million each 28-day period for 395 periods. This equated to $19.3 million in 2010.

The amortization of deferred concessionaire credits represents the amortization of the funding provided by the Canada Line concessionaire towards the design and construction phases of the Canada Line. Since the funding was contributed directly by the concessionaire, the deferred concessionaire credit represents a non-cash contribution to TransLink.

Expenses

General fund expenses increased by $81.4 million compared to 2009. The following table provides the breakdown of the increase by category.

General Fund Expenses

	2010	2009	Change	%
Transportation Operations	$ 817,331	$ 732,664	$ 84,667	11.6%
Roads and Bridges	44,245	43,615	630	1.4%
Administration	36,468	39,795	(3,327)	(8.4%)
Transit Police	27,205	26,767	438	1.6%
Other Projects	7,763	8,765	(1,002)	(11.4%)
	$ 933,012	$ 851,606	$ 81,406	9.6%

The following sections provide more detail on the components.

Transportation Operations includes the operating costs of transit subsidiaries and contractors. Costs increased by $84.7 million over 2009, driven primarily by Canada Line's first full year in operation, labour costs, fuel costs, materials and the impact of Olympics.

Transportation Operations

	2010	2009	Change	%
Payroll Costs	$ 465,815	$ 450,819	$ 14,996	3.3%
Fuel	58,852	51,440	7,412	14.4%
Materials	50,459	57,484	(7,025)	(12.2%)
Contracted Cost & Outside Service	173,832	116,781	57,051	48.9%
Rentals, Property Tax & Insurance	44,611	41,368	3,243	7.8%
Indirect/Admin	17,001	20,211	(3,210)	(15.9%)
Recoveries	(5,993)	(5,439)	(554)	10.2%
	$ 804,577	$ 732,664	$ 71,913	9.8%
Olympics	12,754	-	12,754	n/a
	$ 817,331	$ 732,664	$ 84,667	11.6%

South Coast British Columbia Transportation Authority

Management Discussion & Analysis continued

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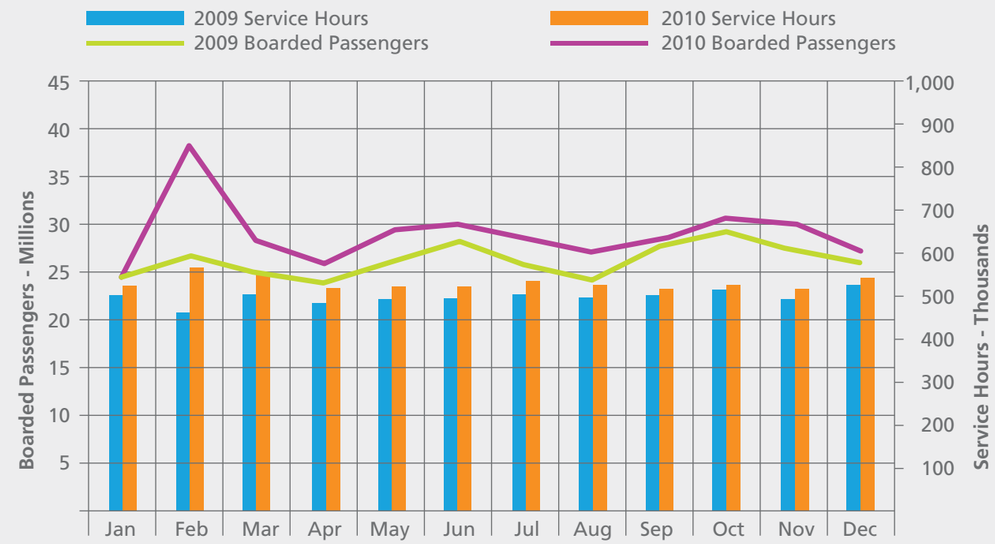
Overall service hours increased 7.3 per cent mainly due to the first full year of Canada Line operations, additional service during the Olympics and an increase in Access Transit's HandyDART service (which experienced a work stoppage from October 25, 2009 to January 11, 2010). Scheduled transit ridership grew significantly during the Olympics and continued to track above 2009 levels throughout the balance of 2010 as shown in the chart below.

SCHEDULED SERVICE



Payroll costs increased by $15.0 million or 3.3 per cent in 2010. There are four union contracts in the transportation operations, three with CMBC and one with BCRTC. The Canadian Union of Public Employees (CUPE) recently ratified an agreement with BCRTC that will expire on August 31, 2013. Two agreements with CMBC expired on March 31, 2011 (Canadian Office and Professional Employees (COPE) and Canadian Union of Auto Workers (CAW)). CMBC's agreement with CUPE will expire on December 31, 2011.

Diesel and hydro costs were higher in 2010 over 2009, and were partially offset by lower diesel usage (1,276,131 fewer litres consumed) due to new hybrid buses and anti-idling initiatives. The anti-idling initiative was instituted by CMBC's environmental services group: it not only reduced greenhouse gases (GHGs) but also resulted in fuel savings of just over $1 million in 2010. The average rate for diesel increased from $0.83 per litre in 2009 to $1.00 in 2010, while hydro rates increased 6.1 per cent. CMBC has fixed price contracts for up to 75% of its fuel purchases during the year.

Materials costs decreased $7.0 million in 2010 due to the newer bus fleet and SkyTrain vehicles.

Contracted costs include payments to Canada Line operator (InTransit BC), Access Transit operator (MVT) and other contractors. Payments to InTransit BC increased by $51.5 million in 2010 to $82.5 million, as 2010 represented the first full year of operations for Canada Line. Access Transit operations in 2010 were $39.9 million, an increase of $3.2 million over 2009 due to increased labour costs, the impact of HST on contract costs, investments in technology to improve customer service, program efficiency and effectiveness, and reduced costs in 2009 due to a work stoppage for more than two months. Because TransLink is not eligible for a full HST rebate, it incurs a 1.75 per cent net cost on most of its expenditures.

Road and Bridges costs increased by $0.6 million in 2010. The operation, maintenance and rehabilitation costs for the Major Road Network (MRN) increased $1.7 million or 5.5 per cent, mainly due to an increase in the per lane kilometre funding rate of 4 per cent over 2009. Golden Ears Bridge (GEB) costs increased $5.1 million as 2010 was the first full year of GEB operations. Offsetting these is the reduction in costs for Albion Ferry ($6.1 million) which ceased operation on July 31, 2009.

Administration covers the TransLink corporate office, including staff and support costs for the transportation planning, technology services, real estate, finance, human resources, capital management, customer and public engagement, and legal functions. Costs related to the governance structure are captured in this category as well.

Administration

	2010	2009	Change	%
Board, Mayors' Council, Commissioner	$ 1,450	$ 1,621	$ (171)	(10.5%)
Division & General				
- Payroll Costs	22,025	23,055	(1,030)	(4.5%)
- Professional Fee	3,438	5,036	(1,598)	(31.7%)
- Marketing & Communications	2,287	3,452	(1,165)	(33.7%)
- Rentals	4,184	3,903	281	7.2%
- General & Admin (net of recoveries)	2,050	2,211	(161)	(7.3%)
Real Estate Holding Costs	1,034	517	517	100.0%
	$ 36,468	$ 39,795	$ (3,327)	(8.4%)

In 2010, total administration costs decreased by $3.3 million. Payroll costs decreased by $1.0 million due to delays in filling staff vacancies throughout the organization. Cost containment measures on discretionary spending were carried out throughout the year, which contributed to the decreases. Some planning programs did not proceed in 2010 due to the shortage of internal resources and marketing activity was lower due to no supplemental 10-Year Plan.

Transit Police costs increased by $0.4 million over 2009. Payroll costs, net of Olympic recoveries, increased $1.3 million during 2010, offsetting this is a reduction of $1.2 million for office renovations in 2009. Other significant changes include the opening of the Bridgeport office and investments in communications and computer systems, offset by reduced consulting services from other jurisdictional police departments.

Other Projects include studies, planning activities, operational costs and other activities that cannot be capitalized or deferred. Other project costs were reduced by $1.0 million in 2010. Major studies and projects conducted in 2010 include the Surrey Rapid Transit Study and Broadway West Rapid Transit Study which had additional spending of $1.1 million over 2009, and the Process Organization Review of $0.5 million aimed at increasing efficiency and alignment. Overall there was a net increase in feasibility studies of $0.6 million. In 2009, $3.5 million was incurred for the development of TransLink's Transport 2040 vision and the 10-Year Plan.

AIRCARE FUND

The AirCare fund is used to record the revenues and expenses of the AirCare vehicle emissions testing program. Under legislation, AirCare fees are designed to recover program costs over the life of the current testing contract to December 31, 2011.

AirCare Fund

	2010	2009	Change
Revenue	19,549	17,497	2,052
Expenditures	18,838	18,212	626
Revenue minus Expenditures	711	(715)	1,426
Inspections	505	473	32

Revenues increased by $2.1 million, due to more $45 (bi-annual) inspections in the mix. Total inspection increased by 7 per cent in 2010 while $45 inspections increased 20 per cent and $28 inspections decreased 16 per cent.

Expenses have increased by $0.6 million reflecting a planned 2 per cent increase in contract expenses and 1 per cent increase of HST (1.75% HST – net cost to TransLink, July 1, 2010) from 2009. The operating cost per vehicle inspected decreased by 3 per cent.

CAPITAL FUND

This fund is primarily used to record balances related to capital assets and any long-term debt outstanding. Revenues added to the capital fund include capital contributions from senior governments and all interest income earned by TransLink. Expenses include contributions made by TransLink to other government entities for capital infrastructure, interest expenses and amortization of capital assets. Gains or losses on disposal of capital assets and any capital asset write-downs also impact this fund. Any capital fund deficits are covered by opening fund balances or interfund transfers. The following summarizes changes to this fund in the last two fiscal years:

Capital Fund

	2010	2009	Change
Revenues			
Capital Contributions	126,834	171,022	(44,188)
Interest Income	20,500	22,203	(1,703)
Revenues	147,334	193,225	(45,891)
Expenses			
Major Road Network Capital Funding	74,624	116,749	(42,125)
Interest on Debt	159,906	112,900	47,006
Amortization of Capital Assets	152,654	119,973	32,681
Expenses	387,184	349,622	37,562
	(239,850)	(156,397)	(83,453)
Other			
Loss on Disposal of Capital Assets	(4,654)	(1,120)	(3,534)
Write-down of Capital Assets	(11,312)	(4,113)	(7,199)
Other	(15,966)	(5,233)	(10,733)
Deficiency of Revenue over Expenses	(255,816)	(161,630)	(94,186)
Fund Balance, beginning of year	1,583,494	1,341,554	241,940
Transfer from General Fund	10,989	403,570	(392,581)
Fund Balance, end of year	1,338,667	1,583,494	(244,827)

Capital contributions are funds received primarily from senior governments. Note 11 in the consolidated financial statements outlines the different sources of senior government funding programs from which TransLink has benefited.

Gas tax agreement funding of $122.6 million in 2010, compared to $124.3 in 2009 represents year six's allocation of this

10-year funding program. These funds have been directed towards the capital cost of retrofitting the SkyTrain Mark 1 Vehicles, the replacement of the second SeaBus, Community Shuttle and Conventional Bus replacements.

In 2010, a one-time payment of $4.3 million was received from the Provincial Government's Transit Plan as part of their agreed contribution towards the upgrades to Broadway Station.

The $44.2 million decrease in capital contributions over 2009 was attributed to $37.4 million of senior government contributions for the Canada Line project received in 2009. As the Canada Line was completed in 2009, no further senior government contributions were received in 2010. Also received in 2009 was $9.3 million from two federal funding programs that both expired at the end of March 2009.

Interest income in 2010 was $1.7 million lower compared to 2009, mainly due to the $2.8 million delinquent interest payment that was received in 2009 under the restructuring arrangement of Canada Line's Asset-Backed Commercial Paper Replacement Notes. TransLink received repayment of the Asset-Backed Commercial Paper Replacement Notes during 2009. All other interest earning balances were on average slightly higher than in 2009 and the rates of return were also slightly above those achieved in 2009.

Capital infrastructure contributions are expensed and consist primarily of contributions made to other government entities for capital infrastructure.

The $42.1 million reduction over 2009 is primarily attributed to the $101 million in Handover Facilities that were transferred to the municipalities and the province upon substantial completion of the Golden Ears Bridge (GEB) project in 2009. This $101 million decrease together with the $0.6 million decrease in Bicycle Infrastructure Capital Cost Sharing program and the Transit-Related Road Infrastructure Projects program, over 2009, was offset by:

- the $22.2 million contribution to the Evergreen Line project that has been expensed in 2010. The Evergreen Line amounts were expensed as the project funding agreement was not concluded and no specific assets or revenue is granted to TransLink at this time;
- the $4.5 million in additional contributions towards major road projects including the Fraser Highway Widening and Coast Meridian Overpass;
- the $24.6 million in additional contributions towards the minor road program whereby costs are shared by the municipalities with TransLink;
- final payments totalling $8.2 million for two Urban Transportation Showcase (UTS) projects through a one-time federal funding program (UTS – Central Valley Greenway of $6.8 million and UTS – Main Street Transit & Pedestrian Priority of $1.4 million).

Interest on debt increased by $47.0 million compared to 2009 primarily due to the following:

- $29.3 million additional interest expense on the GEB Contractor liability which reflects 12 months in 2010 as opposed to seven months in 2009. Interest on this liability started accruing on substantial completion of the GEB project at the beginning of June 2009;

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

- there was an $18.3 million decrease in interest capitalized during construction, primarily due to the completion of the Canada Line and GEB projects during 2009. Interest capitalized to these projects were limited to TransLink's contributions to these projects;
- during the course of 2010, more reliance was made on short-term borrowings in the form of a line of credit from the Municipal Finance Authority of British Columbia up to the beginning of June 2010. This line of credit was fully repaid (and cancelled) and refinanced with TransLink's new commercial paper program launched in May 2010. Short-term interest costs increased by $3.5 million over 2009; and
- the above was offset by a $4.7 million decrease in the interest expense on long-term debt despite a $277.8 million increase on long-term debt. Maturities and refinancing of existing long-term debt at lower rates contributed to this reduction in interest expense. The increase in long-term debt occurred late in the year with TransLink's inaugural $300 million bond issue in October 2010.

Amortization of capital assets increased by $32.7 million over 2009 reflecting the significant capital assets put into service part-way during 2009, in particular the Canada Line, GEB, SkyTrain vehicles and conventional buses.

Loss on disposal of capital assets reflects that a large number of buses, custom vehicles and community shuttles were retired in 2010. In 2010, 181 buses were disposed compared to 56 in 2009.

Write-down of capital assets reflects the write-down of the carrying value of land of $5.6 million to fair market value and a cancelled project of $5.7 million. Accounting principles require land write-downs to be evaluated on a per site basis and do not permit increases in value to be recorded.

LIQUIDITY AND CAPITAL RESOURCES

The sources of funds for operations and debt service payments are primarily from taxation and transit revenues. Capital expenditures are primarily financed by capital contributions from senior levels of government and long-term debt. Short-term debt helps to provide temporary financing for both operating and capital expenditures.

The following summarizes the change in cash balance during the year:

South Coast British Columbia Transportation Authority

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

	2010	2009	Change
Operations	18,537	175,783	(157,246)
Investing	(130,704)	(345,595)	214,891
Financing	135,431	209,773	(74,342)
(Decrease) Increase in cash	23,264	39,961	(16,697)
Cash, beginning of year	86,664	46,703	39,961
Cash, end of year	109,928	86,664	23,264

The $23.3 million increase in the cash balance over 2009 is the net result of the operating, investing and financing activities which are discussed below.

Operating activities: The total cash provided by operations of $18.5 million for the 2010 year was $157.2 million lower than the prior year summarized as follows:

	2010	2009	Change
General Fund	263,345	115,746	147,599
Capital Fund	(255,816)	(161,630)	(94,186)
AirCare - Net	711	(714)	1,425
Fund Contributions	8,240	(46,598)	54,838
Items not involving cash			
Amortization of Capital Assets	153,031	120,344	32,687
Others	31,327	25,482	5,845
Changes in non-cash Working Capital	(174,061)	76,555	(250,616)
Cash Provided by Operations	18,537	175,783	(157,246)

The general fund was bolstered by a 16 per cent increase in revenues under a funding stabilization plan that added $130 million in new revenues in 2010. This helped partially offset the overall year over year change of $94.2 million decrease in the capital fund and the $250.6 million decrease in the non-cash working capital. As outlined in the capital fund section, the main components of the decrease in capital fund are due to the increase in interest expense of $47.0 million and increase in amortization expense of $32.7 million. The significant decrease in non-cash working capital was due to the $122.6 million federal government's Strategic Priorities Fund (also known as the Gas Tax Agreement Funds) received after year end. Also, payables decreased by $46.1 million in 2010 primarily due to capital projects.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

Investing activities: Cash used for investments during 2010 decreased by $214.9 million compared to 2009 as summarized in table below:

	2010	2009	Change
Purchase of Capital Assets (net of proceeds of disposition)	(88,572)	(447,240)	358,668
Financial Instrument Assets	(42,112)	101,645	(143,757)
Others	(20)	-	(20)
Cash Used for Investments	(130,704)	(345,595)	214,891

The decrease in capital spending reflects the shift to a non-expansionary phase of the organization's strategic plan. See the next section entitled Investment in Capital Assets for more information.

Financing activities: Financing activities during 2010 resulted in $74.3 million less cash flow than the prior year as follows:

	2010	2009	Change
Short-term Loan	(61,000)	151,000	(212,000)
Bonds Issued	318,320	165,600	152,720
Bonds Issue Costs and Other Issue Costs	(4,656)	(2,045)	(2,611)
Bonds Matured	(21,362)	(17,442)	(3,920)
Increase in Debt Sinking Funds	(92,965)	(87,340)	(5,625)
Dividend Paid to non-controlling Interest	(2,906)	-	(2,906)
Cash Provided by Financing Activities	135,431	209,773	(74,342)

During 2010, TransLink transitioned from the Municipal Finance Authority of British Columbia's (MFA) short-term facility to the new $500 million commercial paper (CP) program in 2010. The MFA short-term facility was also cancelled in August 2010. Utilization of the CP program peaked in July 2010 prior to the receipt of the majority of the property taxes on August 3, 2010. The CP program utilization was also reduced with the proceeds of the inaugural bond issue being received in November 2010.

Bonds issued during the year included the Authority's inaugural $300 million 10-year bond issue, which accounted for the majority of the bonds issued in 2010. The refinancing of one of the MFA bonds accounted for the remainder of the bonds issued.

The debt sinking funds are used to repay the related MFA debt at maturity and consist of a contribution component and an interest earned component. In 2010, contributions to the sinking funds totalled $75.2 million compared to $70.4 million in 2009 and interest earned on these funds totalled $17.8 million, up from $16.9 million in the previous year.

As outlined in the supplementary information section of the Consolidated Statement of Cash Flows, in 2010 $18.9 million of the sinking funds were utilized to fund the MFA bond repayments at maturity, compared to $74.3 million in 2009.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

As an organization that prides itself as being highly responsible to its stakeholders, investors are no exception. As such, the following policies have been instituted to ensure the needs of this important group are met:

- maintaining strong investment grade credit ratings
- not undertaking service expansion prior to securing fully matching operating revenues
- continuing to provide 10-Year Plans (3-year financial plan and 7-year outlook); and
- instituting and maintaining sound debt management policies.

The following table summarizes TransLink's current credit ratings and outlooks:

Agency	Commercial Paper	Senior Debt	General Obligation	Outlook
DBRS Limited	R-1 mid	AA	AA	Stable
Moody's Investors Service	Not rated	Aa2	Aa2	Stable

INVESTMENT IN CAPITAL ASSETS

For the year ended December 31, 2010, capital assets decreased by a net amount of $80.4 million which represent $89.6 million net additions to capital assets less $153.0 million amortization and offset by $11.3 million write-down of land value and $5.7 million of assets disposals.

The additions of $89.6 million to capital assets during the year were primarily made up of the following items:

Additions to land of $4.3 million primarily related to:

- $1.8 million in community amenity fee costs for a future transit site
- $2.0 million site preparation costs related to a future transit site and surplus properties

Additions to bridges of $18.1 million primarily related to:

- $2.3 million addition for Pattullo Bridge repaving and rehabilitation
- $15.3 million addition for the Golden Ears Bridge related to additional scope

Additions to fleet of $39.1 million primarily related to:

Bus related additions of $3.0 million primarily related to:

- $2.5 million for re-powering of 15 low floor forty-foot Compressed Natural Gas buses

Rail related additions of $36 million primarily related to:

- $13.6 million for the last six of 48 SkyTrain vehicles
- $22.5 million for six additional 150 passenger West Coast Express bi-level rail cars (the 7th vehicle was received but not serviceable in 2010)

Additions to equipment of $40.5 million primarily related to:

- $5.9 million in additions of equipment related to the hull rectifier station and the Vancouver Transit Centre garage upgrade
- $8.1 million for additions related to the bus communication system, supply and installation of bus security cameras on 228 electric trolley buses and transit signal priority equipment
- $1.1 million for equipment related to the integrated alarm notification system on the Expo Line
- $16.7 million for ticket vending machines and ticket validation units installed at West Coast Express and Canada Line stations

Net decrease to work in progress of $14.8 million related to the additions and completed projects.

At December 31, 2010, TransLink had capital assets with a total net book value of $4.5 billion. In addition, TransLink also operates, maintains and upgrades capital assets owned by the Province of BC and BC Transit, including the SkyTrain Expo Line, Millennium Line and West Coast Express infrastructures with a total net book value of approximately $1.5 billion.

RISK MANAGEMENT AND RISK FACTORS

TransLink has an Enterprise Risk Management program that has a process to ensure the success of its strategic goals through a systematic process of identifying, assuring, reporting and managing significant risks.

The Board retains the ultimate responsibility for risk management and for determining the appropriate level of risk that the Board is willing to accept in the conduct of TransLink's business activities. The Board will review the effectiveness of the risk management systems. The Board has delegated to the Audit Committee the responsibilities to oversee TransLink's Risk Management plan and policy.

The Chief Executive Officer ("CEO") and Executive Management Team are responsible for overseeing the implementation and ongoing execution of risk management processes within their areas of responsibility, and for accurately reporting to the Board TransLink's consolidated enterprise wide risks and the status of risk management at TransLink on at least an annual basis.

Managers are responsible for identifying, evaluating, managing, and internally reporting on risk within the organization in accordance with this policy and the requirements of the CEO and Executive Management Team.

Employees are responsible for complying with requests from management in connection with the application of this policy. Through appropriate preventative and detective action, reasonable care should be taken to prevent or mitigate adverse impacts on TransLink. Additionally, employees are to communicate with the risk management function and/or department heads any additions, deletions and changes in facilities, regulations or operations that may add significant risk and/or significantly affect existing risk assessments.

The Risk Management Function is responsible for coordinating the TransLink's Enterprise Risk Management program, assisting divisions and operating subsidiaries in updating their risk identification, evaluation and treatment plans, and preparing semi-annual reports to the Executive, the Audit Committee and annual reports to the Board.

Also, TransLink's Internal Audit function will consider identified areas of significant risk when developing internal audit plans and will conduct periodic reviews of the TransLink's risk management processes. Internal Audit will ensure that the results of its reviews are provided to the TransLink's management and the Audit Committee as appropriate.

FINANCIAL RISK

TransLink's main financial risks are credit, liquidity and market risks discussed below:

Credit Risk

Credit risk is the risk of loss resulting from bad debts on accounts receivables and non-performing investments.

a) Accounts Receivable

The large majority of TransLink's accounts receivable is from other government entities such as the Province of BC (fuel taxes collected on behalf of TransLink), municipalities (property taxes), and BC Hydro (Hydro Levy). A smaller proportion is due from short-term receivables from contractual customers, such as TransLink's FareDealer vendor network, that arise in the normal course of business. Other receivables that are relatively new to the organization and require more administration are receivables for the Golden Ears Bridge tolls and Parking Sales Tax. The administration of Parking Sales Tax was taken over from the Province of BC effective July 1, 2010. As the majority of the balances is due from government entities, collectability risk is not significant.

b) Investments

Credit risk within the Treasury function arises from the investments of the cash resources held by TransLink to meet internal liquidity requirements and for general business purposes. The Investment Policy of TransLink identifies authorized investment types, limits asset concentrations, stipulates credit evaluation standards and delegates approval authorities. As these investments are limited to approved, reputable counterparties that are monitored on an ongoing basis, the risk of non-performing investments is low.

Liquidity Risk

Liquidity risk is the risk that TransLink may be unable to meet its financial obligations in a timely manner and at reasonable prices.

Liquidity risk is low, as TransLink maintains an optimal mix of short-term debt through committed credit facilities of $500 million and its commercial paper program and long-term debt, which is directly accessed through the Canadian public capital markets.

Market Price Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. For TransLink, the following are the main types of market risk: interest rate risk, foreign exchange risk, commodity risk and inflation risk.

a) Interest Risk

Interest rate risk related to TransLink's fixed-interest long-term debt will be subject to the market interest rates at the date of refinancing. TransLink mitigates this source of interest rate risk by spreading maturities of borrowings over periods currently up to and including 2036 so that only a portion of outstanding debt will mature in any given fiscal year.

b) Foreign Exchange Risk

TransLink receives all its revenues in Canadian dollars and also incurs operating expenses and capital expenditures mostly in Canadian dollars. Accordingly, TransLink does not have a significant exposure to losses arising from fluctuations in exchange rates.

c) Commodity Risk

Commodity risk is considered moderate as TransLink uses natural gas, electricity, gasoline and diesel to run its fleet of transit vehicles. The majority of its bus fleet is powered with diesel fuel. TransLink systematically locks in up to 75% of the next 12 months' estimated diesel usage with its supplier to mitigate risks.

d) Inflation Risk

Inflation risk is considered moderate as TransLink is subject to a certain amount of inflation risk, i.e. the risk that inflation will rise faster than expected. For example, the payments mentioned in note 9 (Canada Line) and note 10 (Golden Ears Bridge (GEB)) of the financial statements are inflation adjusted. In the case of GEB there is some mitigation of this risk as TransLink's tolling bylaw and governing legislation allows TransLink to increase tolls but there would be reduced demand if tolls were increased too dramatically. In addition, the governing legislation allows a maximum annual increase on property tax revenues of 3 per cent and short term transit fares of 2 per cent.

Operational Risk

TransLink's core business is to provide a regional transportation system and is exposed to various risks that are mitigated through operational and financial controls under the Enterprise Risk Management group. All activities provided by TransLink are covered under TransLink's Master Insurance Program. This program is led by its Captive Insurance entity and excess insurers are added to ensure adequate coverage is in place.

Environmental Risk

TransLink's Environmental Management System (EMS), which conforms to the ISO 14001 standard, provides a structured framework to guide informed decision making and effective management of environmental risk. Coast Mountain Bus Company Ltd. (CMBC), TransLink's largest operating subsidiary, also follows an EMS that conforms to the ISO 14001 standard. The EMS is designed to ensure hazards and risks are identified and assessed, and controls are implemented to mitigate significant risks. Having the Authority's EMS conform to ISO 14001 indicates that both TransLink and CMBC have a robust EMS that regularly identifies and mitigates environmental risk, while continually improving environmental performance.

Labour Relations Risk

The substantial majority of employees within the TransLink group of companies are represented by the Canadian Auto Workers Union, Canadian Union of Public Employees Union or the Canadian Office and Professional Employees Union. TransLink faces financial risks related to the impact of collective bargaining. In addition, in the event of a labour dispute, there is some degree of operational and reputational risk related to the provision of transit services to customers.

Project Risk

TransLink's capital projects can vary significantly from year to year depending on whether TransLink is maintaining its existing asset base or undertaking significant capital infrastructure expansion plans for rapid transit lines or bridges. Capital project risk can involve cost estimates, design considerations, scope definition, schedule risk, construction and project management, and environmental risk. To mitigate these risks for large projects, such as rail lines and bridges, TransLink utilizes an appropriate mix of private and public resources to design, build, finance, operate and maintain the capital infrastructure to minimize and/or transfer risks to the private sector. TransLink supplements internal resources and expertise with specialized engineering, design, planning, and construction/implementation skills as needed to provide the due diligence and oversight required by each project.

TransLink's capital approval process uses a two stage process involving a business case and then a detailed project work plan. The business cases are reviewed by management in the context of the available funding and business priorities and the capital program is approved by the TransLink Board in the 3-Year Plan and annual budget process. Specific project approvals are provided by the Capital Oversight Committee which consists of the COO, CFO and VP of Engineering and Implementation. Projects with high risk and costs are referred to the Board for approval.

Projects are monitored and reported on at least quarterly (larger projects report monthly) to the TransLink Executive and Board highlighting changes in budget, scope and risk. Each project has a senior executive sponsor and appropriate representation on the project team. Procurement risk is reduced through appropriate market review and due diligence, tendering of projects, use of warranties, etc.

SUSTAINABILITY AT TRANSLINK

For many industries, sustainability equates to environmental concerns and the reduction of waste, energy use and emissions. At TransLink, sustainability is the core service offering, and includes consideration of social and economic performance both corporately and regionally. In addition to providing sustainable transportation choices, TransLink aspires to operate in an increasingly sustainable manner and to measure and report its performance.

The corporate sustainability framework consists of a Sustainability Policy and supporting policies in the areas of emissions and environment, the Access Transit Strategy and the Customer Service Charter. The policy framework is expressed in the enterprise-wide vision, mission and values statements and links directly to TransLink's long-range vision Transport 2040.

Regional plans in the areas of growth strategy and air quality management and provincial transit plans provide the potential for a broader community sustainability framework; TransLink staff work closely with municipal, regional and provincial partners and stakeholders to establish strategies to promote integration of plans to achieve common sustainability objectives.

In December 2010 TransLink published its first sustainability report, Setting a Baseline. This online document reported on more than 80 indicators and met two international standards - Global Reporting Initiative and International Association of Public Transit (UITP) Sustainable Development Charter. TransLink is a full charter member of UITP and is required to report every two years on a selection of performance metrics specific to transportation. Global Reporting Initiative applies to a broad range of industries and allows TransLink to compare itself to sustainability leaders worldwide.

Setting a Baseline prioritizes TransLink's sustainability issues in alignment with Transport 2040 goals: helping the region reduce the impact of transportation on climate change; improving safety, security and accessibility of the transit system; achieving stable funding; ensuring effective stakeholder engagement and establishing internal sustainability management systems.

In the coming year, TransLink will work to continue to make sustainability a key factor in strategies, business plans, decisions and operations. Corporate sustainability performance for 2010 and 2011 will be reported in 2012.

GOVERNANCE FRAMEWORK

The South Coast British Columbia Transportation Authority Act (SCBCTA Act) establishes a governance structure for TransLink that includes the following entities: the Board of Directors, the Mayors' Council on Regional Transportation and the Regional Transportation Commissioner. In addition, a Screening Panel, established annually, is responsible for nominating candidates for appointment to the Board and setting director compensation.

Mayors' Council on Regional Transportation

The Mayors' Council on Regional Transportation is composed of the mayors of the 21 municipalities and the Chief of the Tsawwassen First Nation within the transportation service region. The Mayors' Council appoints new board members and the Commissioner. The Mayors' Council may appoint up to two deputy commissioners, in accordance with the SCBCTA Act. The Mayors' Council may approve or reject any 3-year supplemental transportation and financial plans submitted by TransLink.

Regional Transportation Commissioner

The Regional Transportation Commissioner is appointed by the Mayors' Council. The Commissioner advises TransLink and the Mayors' Council of the reasonableness and appropriateness of the projections and parameters, including the expenditure and revenue estimates, set out in the 3-year base transportation and financial plans submitted by TransLink each year. The Commissioner generally approves new/increased short-term fares and TransLink's plans for annual customer surveys and customer complaint processes. The Commissioner also oversees any proposed dispositions of major assets.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

Screening Panel

The Screening Panel is established annually and composed of one eligible individual appointed by each of the following entities: the Minister of Transportation and Infrastructure, Mayors' Council, Institute of Chartered Accountants of British Columbia, Vancouver Board of Trade and Greater Vancouver Gateway Society. The Screening Panel recommends candidates to the Mayors' Council for appointment to the board and sets the level of director compensation.

Board of Directors

The Board is the legal governing body of TransLink and has responsibility for stewardship of the affairs of TransLink by overseeing the conduct of business, supervising management (which is responsible for the day-to-day conduct of the business), and endeavoring to ensure that all major issues affecting the business and affairs of TransLink are given proper consideration. The Board appoints the Chief Executive Officer (CEO) and delegates' responsibility to the CEO for the day-to-day leadership and management of the organization.

In performing its functions, the Board is responsible for fostering the long-term success of TransLink and considers the interests of passengers, stakeholders, the Mayors' Council, local government, the provincial government and the public. The Board has responsibility and the mandate to make decisions within the limits established by the SCBCTA Act.

As of January 1, 2011, the Board is composed of the following directors:

Chair Nancy Olewiler

Members James Bruce, Cindy Chan Piper, W. John Dawson, Barry Forbes, R.W. (Bob) Garnett, Sarah Goodman, Howard Nemtin, Don Rose

Nomination of Directors

The Board is composed of nine directors appointed by the Mayors' Council. Each director is appointed for a three-year term and may be re-appointed to serve for a maximum of six years.

The recruitment of directors is undertaken with the objective of ensuring the Board is composed of members who have the skills and experience to effectively monitor the performance of TransLink, add value, and provides support to management in establishing strategy, reviewing risks and opportunities, and reporting to the public. Pursuant to the SCBCTA Act, the Board must establish a Board skills and experience profile, which is recorded in the articles, and reflects the personal characteristics and specific competencies viewed as required for the Board.

South Coast British Columbia Transportation Authority

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

Compensation

The Screening Panel sets the compensation for the directors. Pursuant to the SCBCTA Act, the panel conducts an annual review of director compensation to ensure directors are appropriately compensated for their contributions. In making its recommendations to the Board, the panel takes into account the types of compensation and the amounts paid by other comparable companies. The Board is required to incorporate the panel's determination of compensation into the articles and set guidelines for the payment of director compensation and reimbursement of expenses.

Board Meetings

The Board typically holds six regular business meetings per year. In addition, it holds a strategic planning session at least annually and may hold additional special meetings as required. The Board and management recognize that there is a regular need for the Board to meet without management in attendance. Every regular Board and Board committee meeting is followed by an in camera meeting of directors, without management present.

TransLink values public input and participation and the Board believes that there are significant benefits for both the public and the Board through opportunities to receive direct public input. The Board publishes a summary of the items that it anticipates it will be deciding upon at a regularly scheduled board meeting on the TransLink website five days before each of its meetings, and allocates time at the start of every meeting to receive input from the public.

A summary of any decisions made by the Board is posted on TransLink's website after the conclusion of a board meeting. Decisions on matters that are deemed confidential by the Board Chair are not published.

Code of Conduct

The Board Governance Manual sets out the Directors and Officers Code of Conduct and Conflict of Interest Guidelines, and provides general guidance on the standards of conduct expected of directors and officers. The purpose of the Code of Conduct is to promote honest and ethical conduct, focus the directors and officers of TransLink on areas of ethical risk, provide guidance to directors and officers to help them recognize and deal with conflicts of interest and ethical issues, provide mechanisms to report unethical conduct and help preserve the culture of honesty and accountability at TransLink and its subsidiaries. Directors are required annually to attest to their compliance with the Code of Conduct in writing.

TransLink has engaged a conduct review advisor who reports through the Board Chair's office. The conduct review advisor is a neutral and independent resource to provide a clear interpretation of the standards of business conduct and guidelines for conflict of interest.

Board Committees

Pursuant to the SCBCTA Act, TransLink may establish such committees as are appropriate to assist the board in carrying out its work. Each Board committee analyzes, in depth, policies and strategies developed by management within the committees' responsibilities as established in the Committee Charter.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

Audit Committee (at March 31, 2011)

Chair R. W. (Bob) Garnett

Members Barry Forbes, W. John Dawson

The Audit Committee assists the Board in fulfilling its obligations and oversight responsibilities relating to financial planning, the audit process, financial reporting, the system of corporate controls and risk management and, when required, to make recommendations to the full Board for approval. In addition, this committee reviews any conflicts or complaints made by directors and officers under the Code of Conduct.

Governance Committee (at March 31, 2011)

Chair Sarah Goodman

Members W. John Dawson, Don Rose

The Governance Committee assists the Board in fulfilling its obligations relating to the effective governance of TransLink including corporate governance principles, size, composition and charters of the committees; annual Board effectiveness evaluations and peer reviews and providing information to the Screening Panel to identify director candidates.

Human Resources and Compensation Committee (at March 31, 2011)

Chair Howard Nemtin

Members Barry Forbes, Don Rose

The Human Resources and Compensation Committee has the mandate to assist the Board with respect to all matters relating to human resources, including CEO evaluation and compensation, management development, succession planning, executive compensation and significant human resource polices.

Major Capital Projects Committee (at March 31, 2011)

Chair James Bruce

Members Cindy Chan Piper, Howard Nemtin

The Major Capital Projects Committee assists the Board in carrying out its oversight responsibilities with respect to the planning, development and construction of TransLink's major capital projects. Projects with a capital value in excess of $50 million or that involve an alternative to the traditional design/build procurement model are delegated to the committee for oversight.

South Coast British Columbia Transportation Authority

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

LOOKING AHEAD

Utilizing a Balanced Scorecard approach, TransLink has established five strategic goals to guide its actions through 2011-2013. The goals are:

Customer	Address customer objectives such as customer satisfaction, market share goals, as well as product and service attributes.
Financial	Address the financial objectives of the organization and track financial success.
Stakeholder	Address the stakeholder relationships that underlie the ability to deliver on our Vision and Mission.
Internal Effectiveness	Address internal operational goals and outline key processes necessary to deliver the customer objectives.
People	Address the intangible drivers of future success such as human capital and organizational capital including skills, training, organizational culture, and leadership.

To achieve these goals TransLink has established four strategic objectives as outlined below to guide the investment of resources and funds.

Business Transition

Business Transition includes those initiatives required to enhance the aspects of the organizational culture that are necessary for TransLink to succeed as an organization that is committed to being customer focused, accountable, aligned and efficient, demonstrating continuous improvement, and embodying a team approach. It also includes the initiatives required to support and enable the organization to achieve work together efficiently and effectively.

Electronic Fare Cards & Faregates

Implementation of electronic fare cards and faregates will transform the organization to achieve the following outcomes:

- Provide information for decision making to optimize services provided;
- Reduce operating and administrative costs, where appropriate;
- Improve business processes;
- Enable a fare strategy and structure that optimizes revenue and increases ridership; and
- Provide information required to respond to customer needs.

Management Discussion & Analysis continued

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

Sustainable Funding

TransLink is challenged with securing sustainable funding to operate and grow an expanded transportation system. In addition to a greater emphasis on the need to manage current revenues and costs, TransLink must develop non-taxation funding sources to augment the funding that is received from taxation based sources, as well as look at ways to influence travel behaviour. TransLink will continue to provide unbiased fact-based information and expert analysis to identify funding mechanisms that support the objective of sustaining the livability of the region. In the short term, the following outcomes will be prioritized:

- Optimize fare revenue;
- Develop and implement a real estate strategy to generate additional revenue; and
- Develop ancillary revenue through commercial opportunities.

A number of significant projects throughout the region are in the planning stages awaiting resolution for funding.

Public Awareness

In order to achieve the support necessary to obtain the sustainable funding required to provide the transportation infrastructure for the region, there must be an increase of the understanding of our contribution. Since all taxpayers in the region fund the transportation network, it must be seen as a service provided for the public good. Therefore, the actions necessary to achieve the following outcomes are:

- Increase marketing and communications to road users;
- Increase awareness of the full suite of TransLink's services and its contribution to the sustainability of the region; and
- Demonstrate the value of mobility to non-fare paying customers.

Consolidated Financial Statements

Management's Responsibility for Consolidated Financial Statements

Scope of Responsibility

Management prepares the accompanying financial statements and related information and is responsible for their integrity and objectivity. The statements are prepared in accordance with Canadian generally accepted accounting principles. These financial statements include amounts that are based on management's estimates and judgments. We believe that these statements present fairly the South Coast British Columbia Transportation Authority's financial position and results of operations and that the other information contained in the annual report is consistent with the financial statements.

Internal Controls

We maintain and rely on a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized and recorded. The system includes written policies and procedures, an organizational structure that segregates duties and a comprehensive program of periodic audits by the internal auditors who independently review and evaluate these controls. We continually monitor these internal accounting controls, modifying and improving them as business conditions and operations change. We recognize the inherent limitations in all control systems and believe our systems provide an appropriate balance between costs and benefits desired while providing reasonable assurance that those errors or irregularities that would be material to the financial statements are prevented or detected in the normal course of business.

Board of Directors and Audit Committee

The Audit Committee, composed of members of the board of directors, oversees management's discharge of its financial reporting responsibilities. The committee recommends for approval to the board of directors, the appointment of the external auditors and fee arrangements. The committee meets regularly with management, our internal auditors and representatives of our external auditors to discuss auditing, financial reporting and internal control matters. The Audit Committee receives regular reports on the internal audit results and evaluation of internal control systems, and it reviews and approves major accounting policies, including alternatives and potential key management estimates or judgements. Both internal and external auditors have access to the Audit Committee without management's presence. The Audit Committee has reviewed these financial statements prior to recommending approval to the board of directors. The board of directors has reviewed and approved the financial statements.

On behalf of the South Coast British Columbia Transportation Authority:

IAN JARVIS | Chief Executive Officer

CATHY McLAY | Chief Financial Officer

South Coast British Columbia Transportation Authority

Auditors' Report

To the Members of the Board of the South Coast British Columbia Transportation Authority

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the South Coast British Columbia Transportation Authority (the "Authority"), which comprise the consolidated statement of financial position as at December 31, 2010, and the consolidated statements of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, March 31, 2011 – Vancouver, Canada

Consolidated Statement of Financial Position

DECEMBER 31, 2010, WITH COMPARATIVE FIGURES FOR 2009
(in thousands of dollars)

	General Fund	Restricted Funds: AirCare	Restricted Funds: Capital Fund	Total 2010	Total 2009
ASSETS					
Current assets:					
Cash	$ 108,669	$ -	$ 1,259	$ 109,928	$ 86,664
Short-term investments (note 3)	59,605	-	55,002	114,607	70,441
Accounts receivable	74,525	462	122,564	197,551	66,617
Supplies inventory	36,335	-	-	36,335	33,196
Prepaid expenses	8,659	13	-	8,672	8,431
	287,793	475	178,825	467,093	265,349
Interfund	685,657	(1,016)	(684,641)	-	-
Long-term investments (note 3)	20,509	-	-	20,509	22,789
Debt reserve deposits (note 4)	-	-	40,857	40,857	40,631
Debt sinking funds (note 5)	-	-	447,855	447,855	373,806
Capital assets (note 6)	-	371	4,528,584	4,528,955	4,609,380
Deferred financing charge	-	-	1,975	1,975	-
	$ 993,959	$ (170)	$ 4,513,455	$ 5,507,244	$ 5,311,955
LIABILITIES AND FUND BALANCES (DEFICIT)					
Current liabilities:					
Accounts payable and accrued liabilities	$ 203,404	$ 254	$ -	$ 203,658	$ 249,787
Short term loan (note 7 (a))	90,000	-	-	90,000	151,000
	293,404	254	-	293,658	400,787
Employee future benefits (note 8 (b))	51,491	-	-	51,491	45,109
Deferred concessionaire credits (note 9 (a))	684,641	-	-	684,641	707,719
Golden Ears Bridge contractor liability (note 10 (a))	-	-	1,000,845	1,000,845	966,141
Long-term debt (note 7 (b))	-	-	2,173,943	2,173,943	1,896,152
Non-controlling interest in Transportation Property and Casualty Company Inc. (note 14)	-	-	-	-	1,621
	1,029,536	254	3,174,788	4,204,578	4,017,529
Fund balances (deficit):					
Invested in capital assets (note 15(a))	-	371	1,159,842	1,160,213	1,453,805
Externally restricted (note 15(b))	-	-	178,825	178,825	130,425
Unrestricted deficit	(35,577)	(795)	-	(36,372)	(289,804)
	(35,577)	(424)	1,338,667	1,302,666	1,294,426
Commitments and contingencies (note 16)					
	$ 993,959	$ (170)	$ 4,513,455	$ 5,507,244	$ 5,311,955

See accompanying notes to consolidated financial statements.

Approved on behalf of the board:

NANCY OLEWILER | Chair

BOB GARNETT | Director

Consolidated Statement of Operations and Changes in Fund Balances

YEAR ENDED DECEMBER 31, 2010, WITH COMPARATIVE FIGURES FOR 2009
(in thousands of dollars)

	General Fund 2010	Restricted Funds: AirCare 2010	Restricted Funds: Capital Fund 2010	Restricted Funds: Subtotal 2010	Total 2010	Total 2009
Revenue:						
Taxation	$ 689,846	$ -	$ -	$ -	$ 689,846	$ 575,753
Transit	437,905	-	-	-	437,905	366,768
Golden Ears Bridge tollings	29,580	-	-	-	29,580	11,293
AirCare	-	19,549	-	19,549	19,549	17,497
Capital contributions (note 11)	-	-	126,834	126,834	126,834	171,022
Operating contributions (note 9 (c))	19,269	-	-	-	19,269	7,496
Amortization of deferred concessionaire credit (note 9 (a))	23,078	-	-	-	23,078	9,053
Interest income	-	-	20,500	20,500	20,500	22,203
	1,199,678	19,549	147,334	166,883	1,366,561	1,181,085
Expenses:						
Transportation operations	817,331	-	-	-	817,331	732,664
Maintenance on roads and bridges	44,245	-	-	-	44,245	43,615
Capital infrastructure contributions (note 12)	-	-	74,624	74,624	74,624	116,749
AirCare - contracted services	-	16,810	-	16,810	16,810	16,328
Administration	36,468	1,651	-	1,651	38,119	41,307
Transit Police	27,205	-	-	-	27,205	26,767
Other projects	7,763	-	-	-	7,763	8,765
Interest	-	-	159,906	159,906	159,906	112,900
Amortization of capital assets	-	377	152,654	153,031	153,031	120,344
	933,012	18,838	387,184	406,022	1,339,034	1,219,439
Excess (deficiency) of revenue over expenses before other items	266,666	711	(239,850)	(239,139)	27,527	(38,354)
Other items:						
Loss on disposal of capital assets	-	-	(4,654)	(4,654)	(4,654)	(1,120)
Write-down of capital assets	-	-	(11,312)	(11,312)	(11,312)	(4,113)
Non-controlling interest in (income) loss of Transportation Property and Casualty Company Inc. (note 14)	(1,305)	-	-	-	(1,305)	100
Reorganization expense	(2,016)	-	-	-	(2,016)	(3,111)
	(3,321)	-	(15,966)	(15,966)	(19,287)	(8,244)
Excess (deficiency) of revenue over expenses	263,345	711	(255,816)	(255,105)	8,240	(46,598)
Fund balance (deficit), beginning of year	(287,933)	(1,135)	1,583,494	1,582,359	1,294,426	1,341,024
Net transfer between funds	(10,989)	-	10,989	10,989	-	-
Fund balance (deficit), end of year	$ (35,577)	$ (424)	$ 1,338,667	$ 1,338,243	$1,302,666	$1,294,426

See accompanying notes to consolidated financial statements.

Consolidated Statement of Cash Flows

YEAR ENDED DECEMBER 31, 2010, WITH COMPARATIVE FIGURES FOR 2009
(in thousands of dollars)

	2010	2009
Cash provided by (used for):		
Operations:		
Excess (deficiency) of revenue over expenses	$ 8,240	$ (46,598)
Items not involving cash (note 17)	184,358	145,826
Changes in non-cash working capital (note 17)	(174,061)	76,555
	18,537	175,783
Investing:		
Decrease (increase) in short-term investments	(44,166)	57,224
Decrease in long-term investments	2,280	44,366
Decrease (increase) in debt reserve deposits	(226)	55
Net proceeds from disposal of capital assets	1,001	143
Proceeds to acquire non-controlling interest (note 14)	(20)	-
Purchase of capital assets	(89,573)	(447,383)
	(130,704)	(345,595)
Financing:		
Short-term loan proceeds (net)	(61,000)	151,000
Issue costs on short-term financing	(2,634)	-
Long-term debt proceeds	318,320	165,600
Issue costs on long-term financing	(2,022)	(2,045)
Repayments on long-term debt	(21,362)	(17,442)
Contributions to debt sinking funds		
- annual contributions	(75,202)	(70,425)
- interest earned	(17,763)	(16,915)
Dividend paid to non-controlling interest (note 14)	(2,906)	-
	135,431	209,773
Increase in cash	23,264	39,961
Cash, beginning of year	86,664	46,703
Cash, end of year	$ 109,928	$ 86,664
Supplementary information:		
Interest paid	$ 124,254	$ 104,335
Repayment of long-term debt through debt sinking funds	18,916	74,321
Canada Line concessionaire non-cash contribution	-	177,080
Golden Ears Bridge contractor non-cash contribution	-	133,270

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

1. OPERATIONS:

The South Coast British Columbia Transportation Authority, formerly the Greater Vancouver Transportation Authority, (the "Authority" or "TransLink") was established in June 1998 as a regional public transportation authority under the Greater Vancouver Transportation Authority Act (the "Act") to provide for the planning, funding, management and operation of an integrated regional transportation system for the greater Vancouver region, effective April 1, 1999.

To achieve this, all transportation operations, assets and liabilities in the greater Vancouver region, formerly owned and operated by British Columbia Transit ("BC Transit"), except those specified in Section 38 (8)(a) of the Act (most notably the SkyTrain Expo Line guideway and West Coast Express infrastructures), together with the shares of British Columbia Rapid Transit Company Ltd. ("BCRTC") and West Coast Express Limited ("WCE"), were transferred from the Province of British Columbia (the "Province") to the Authority. Also assumed by the Authority during 1999 was a 90% interest in Transportation Property and Casualty Company Inc. ("TPCC"), operations of the Albion Ferry, and administration of the AirCare program. The Authority also acquired a 100% interest in Canada Line Rapid Transit Inc. ("CLCO") in 2003.

The Act was renamed in November 2007 by the British Columbia provincial legislature to the South Coast British Columbia Transportation Authority Act and the name of the Authority was also changed at that time. The mandate of the Authority was reconfirmed with possible enlargement in the service region and additional funding sources.

The operations of the Albion Ferry ceased on July 31, 2009 after the opening of the Golden Ears Bridge on June 16, 2009. Effective September 30, 2010, TransLink acquired the remaining 10% interest of TPCC from BC Transit, making TPCC a wholly owned subsidiary.

2. SIGNIFICANT ACCOUNTING POLICIES:

(a) Basis of presentation:

The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles for not-for-profit organizations.

The consolidated financial statements follow the restricted fund method for accounting for contributions and reflect a combination of the Authority's General and Restricted Funds.

General Fund:

This fund includes the operations of the Authority and its subsidiaries, excluding AirCare, which is a restricted fund.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

(a) Basis of presentation (continued):

Restricted Funds:

Restricted Funds include the AirCare and Capital Funds.

(i) *AirCare Fund:*

This fund is used to record the operations of the AirCare Program, which is a self-funded program (note 15(a)).

(ii) *Capital Fund:*

This fund is used to record the acquisition costs of capital assets and any related long-term debt outstanding. This fund also includes the capital contributions received and capital infrastructure contributions paid as described in note 2(f).

The consolidated financial statements include the accounts of the Authority and its active wholly owned subsidiaries as follows:

(i) Coast Mountain Bus Company Ltd. ("CMBC") - bus, seabus and community shuttle services;

(ii) BCRTC - SkyTrain service;

(iii) WCE - commuter rail system services;

(iv) Pacific Vehicle Testing Technologies Ltd. ("PVTT") - administration of AirCare program and;

(v) TPCC – a captive insurance company which provides insurance liability coverage.

Effective September 30, 2010, the remaining 10% interest was acquired by the Authority making TPCC a wholly owned subsidiary.

All intercompany balances and transactions have been eliminated upon consolidation.

(b) Financial instruments:

All financial assets and liabilities are classified into one of the following five categories: held for trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are included on the statement of financial position and initially measured at fair market value.

Subsequent measurement and recognition of changes in fair value of financial instruments depend on their initial classification. Held for trading financial investments are measured at fair value and all gains and losses are included in operations in the period in which they arise. Available-for-sale financial instruments are measured at fair value with revaluation gains and losses included in fund balance. Loans and receivables, held-to-maturity financial investment and other financial liabilities are measured at amortized cost using the effective interest rate method.

South Coast British Columbia Transportation Authority

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

(b) Financial instruments (continued):

Derivative instruments are required to be recorded as either assets or liabilities measured at their fair values unless exempted from derivative treatment as normal purchase and sale. Certain derivatives embedded in other contracts must also be measured at fair value. All changes in the fair value of derivatives are recognized as earnings unless specific hedge criteria are met, which require that an entity must formally document, designate and assess the effectiveness of a transaction that received hedge accounting. There were no hedging transactions during the current year (2009 - nil).

The categories of the Authority's financial assets and liabilities are as follows:

Financial Assets

(i) Held for trading:

Cash:

Cash is classified as held for trading.

Short-term investments:

Short-term investments are money market mutual fund or fixed income investments with a term to maturity of twelve months or less from the date of purchase and are designated as held for trading. All the gains and losses are included in operations in the period in which they arise.

(ii) Held-to-maturity:

Debt reserve deposits and debt sinking fund:

The Authority classifies debt reserve deposits (note 4) and debt sinking funds (note 5) as held-to-maturity which are recorded at their amortized cost as these assets are due when the related debt matures.

Long-term investments:

Long-term investments include bonds classified as held-to-maturity financial assets and recorded at amortized cost, with any premium or discount on the purchase being amortized over the term to maturity of each investment using an effective yield method. Declines in value of investments are recognized only when the decline is considered to be other than temporary.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

(b) Financial instruments (continued):

Financial Assets (continued)

(iii) Loans and receivables:

Accounts receivable:

Accounts receivable and accrued interest receivable are recorded at amortized cost less any impairment losses provided for.

Financial Liabilities

(iv) Other financial liabilities:

Short-term loan:

Commercial paper is recorded at face value less any discount. The discount is amortized using the effective interest method over the term and is presented as a component of interest expense.

Long-term debt:

The Authority records long-term debt at its amortized cost. Debt transaction costs, financing costs and bond premium and/or discount are attributed to the debt incurred and amortized using the effective interest rate method over the term of the underlying debt.

Accounts payable and accrued liabilities:

Accounts payable and accrued liabilities are recorded at amortized cost.

(c) Supplies inventory:

Supplies inventory is valued at the lower of average cost and net realizable value. Cost includes purchase price, import duties, other net taxes, and transport, handling and other costs directly attributable to acquisition. Net realizable value is the estimated current replacement cost.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

(d) Capital assets:

Capital assets have been recorded as follows:

(i) Capital assets are recorded at cost, including capitalized interest expense as described in note 2(e). Cost also includes the purchase price and other acquisition costs such as installation costs, design and engineering fees, legal fees, survey costs, site preparation costs, freight charges, transportation, insurance costs and duties.

(ii) Capital assets, contributed by the Province and BC Transit to the Authority upon inception, were recorded at fair value at the date of contribution.

(iii) Major spare parts and standby equipment qualify as capital assets when they are expected to be used for a period exceeding one year.

(iv) Amortization is provided on the cost less estimated salvage value on a straight-line basis over a period not exceeding the estimated useful lives as follows:

Asset	Years
Land improvements	30
Buildings	20 – 30
Bridges, guideways, tunnels and other supporting structures	25 – 100
Vehicles and SeaBus	5 – 40
Equipment	3 – 40
Capital spares	20

(e) Capitalization of interest:

Interest incurred in connection with construction projects and major capital acquisitions is capitalized from the commencement of the capital outlays until the assets are placed into service.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

(f) Capital infrastructure contributions (including Major Road Network ("MRN"), Handover Facilities and Evergreen Line project costs):

Capital infrastructure contributions represent expenditures incurred by the Authority for assets that the Authority does not own or control.

(i) MRN:

Part 2 of the Act provides that the Authority must establish a major road network, comprising an integrated system of highways throughout the transportation service region, and the Authority must contribute funds to the municipality for the purpose of constructing and maintaining any part of the MRN within that municipality.

The related assets created become the property of the appropriate municipalities who assume all the rights and obligations. As such, the funding provided by the Authority to the municipalities is expensed in the consolidated statement of operations as incurred.

(ii) Handover Facilities:

In conjunction with the Golden Ears Bridge ("GEB") project, the Authority planned, designed, arranged financing and constructed the GEB's network of highways and related support facilities ("Handover Facilities") under separate agreements with various municipalities and the Province. Upon substantial completion of the bridge, construction costs related to the Handover Facilities were transferred to the Municipalities and the Province. The associated costs of the Handover Facilities were expensed and included as part of the Capital Infrastructure Contributions.

(iii) Evergreen Line project costs:

The Authority has agreed to contribute funds to the Evergreen Line and has expensed $22.2 million during 2010 related to this project. Once a funding agreement is in place, the Authority expects to receive and record an asset equal to any future contributions to the Evergreen Line.

South Coast British Columbia Transportation Authority

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

(g) Pension plans and employee future benefits:

The Authority, its subsidiaries and employees make contributions to either the Public Service Pension Plan or other defined contribution pension plans. These contributions are expensed as incurred.

Post-retirement and post-employment benefits are also available to the majority of the Authority's employees. The cost of post-retirement benefits is actuarially determined, prorated on service and management's best estimate of retirement ages and expected health care costs. The cost of post-employment benefits to disabled employees is actuarially determined based on future projected benefits of currently disabled employees. The obligations under these post-retirement and post-employment benefit plans are accrued as the employees have rendered services necessary to earn the future benefits. The measurement date of the accrued benefit obligation coincides with the Authority's fiscal year. The most recent actuarial valuation of the plans for funding purposes was December 31, 2010. The plans are unfunded and require no contributions from employees. Employer contributions are made based upon expected annual benefit payments.

Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The net accumulated actuarial gains (losses) over 10% of the accrued benefit obligation is calculated using the comparative figures and is amortized over the average remaining service period of active employees in the consolidated statement of operations. The average remaining service period of the active employees covered by the post-retirement plan is 9 years (2009 - 9 years) and post-employment plan is 5 years (2009 - 5 years).

(h) Deferred concessionaire credits:

Deferred concessionaire credits represent the funding provided by the Canada Line Concessionaire towards the design and construction phases of the Canada Line in exchange for the right to operate the line over the 30 year operating term. This amount is amortized to income on a straight-line basis over the operating term of the concessionaire agreement which commenced in August 2009 and will expire in July 2040.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

(i) Revenue recognition:

The Authority follows the restricted fund method of accounting for contributions. Contributions from third parties for defined purposes are recognized as revenue in the year they are received or receivable in the applicable restricted fund. Specifically, contributions restricted for capital purposes are recognized as revenue in the year they are received or receivable in the capital fund.

User fees received for AirCare are restricted for the recovery of program costs and therefore they are recognized in revenue in the restricted AirCare fund.

Unrestricted contributions are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(j) Income taxes:

The Authority is classified as a not-for-profit organization and is exempt from Canadian Federal and British Columbia Provincial income taxes. The Authority's subsidiaries are filing on the basis that they are exempt from Canadian Federal and British Columbia Provincial income taxes.

(k) Foreign currency translation:

Transactions of the Authority and its subsidiaries originating in foreign currencies are translated at the rates in effect at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the statement of financial position dates. Foreign exchange gains and losses are included in income.

(l) Use of estimates:

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Significant areas requiring the use of estimates include determination of useful lives of capital assets, percentage of completion of construction-in-progress, allowance for doubtful accounts receivable, obsolete inventory, determination of employee future benefits, estimated self insurance liabilities, provisions for legal contingencies and fair values of financial instruments. Actual results could differ from those estimates.

South Coast British Columbia Transportation Authority

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)**:**

(m) Future accounting changes:

Changes in accounting framework:

The Accounting Standards Board ("AcSB") and Public Sector Accounting Board ("PSAB") have recently finalized their new standards. Previously, all Government and Private Not-for-Profit entities were directed to follow the Canadian Institute of Chartered Accountants Handbook's Not-for-Profit Standards. Under the new frameworks, Government Not-for-Profits are now directed to follow PSAB. Private Not-for-Profits will be directed to follow the new Accounting Standards for Not-for-Profit Organizations, which will be based on the Accounting Standards for Private Enterprises (ASPE), supplemented with not-for-profit provisions. The Authority is currently reviewing the revised standards to determine the most appropriate framework and the potential impacts thereon.

3. SHORT-TERM AND LONG-TERM INVESTMENTS:

	2010	2009
Short-term investments:		
Term deposits	$ 55,000	$ -
Money market mutual funds	59,607	70,441
Short-term investments	114,607	70,441
Long term investments:		
Long term bonds	20,509	22,789
Total investments	$ 135,116	$ 93,230

Short-term investments consisted of term deposits and money market mutual funds held at various financial institutions. The term deposits mature within one year from the issuance date and the money market mutual funds can be redeemed on one business day notice. Due to the short-term nature of the investments, their fair values were approximately the same as the book value.

Long-term investments consisted of long-term bonds which were designated as held-to-maturity and recorded at amortized cost. The fair value of the bonds and notes totaled $20,724,000 (2009 - $23,317,000). The bonds had an average initial term of 46 months and an average remaining term to maturity of 13 months. All bonds and term notes held by the Authority as at December 31, 2010 and 2009 were rated A+ or higher.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

4. DEBT RESERVE DEPOSITS:

The Authority is required to advance to the Municipal Finance Authority of British Columbia ("MFA") debt reserve deposits into a debt reserve fund equal to 1% (2% prior to 2007) of the face value of each MFA debenture borrowing upon issuance of the debenture. These are interest bearing restricted funds administered by the MFA and are only refundable once the respective debt issue has been fully repaid.

If at any time the MFA does not receive sufficient funds to meet interest and principal payments or sinking fund contributions due on the Authority's debt obligations, the interest and principal payments or sinking fund contributions will be deducted from this debt reserve fund. As the debt reserve deposits are not expected to be refunded until the debt fully matures, the balance of $40,857,000 (2009 - $40,631,000) has been presented as a long-term asset.

In addition to the debt reserve deposit, the Authority is required by the MFA to issue a non-interest bearing demand note for an amount equal to one-half the average annual installment of principal and interest relative to any debt borrowed less the debt reserve deposit. The demand notes payable to the MFA are callable only if, in the event of a default by the Authority or Metro Vancouver (the interposed significant lender over the Authority's long term debt), there are insufficient funds in the Authority's debt reserve deposits held at the MFA to meet required interest and principal payments or sinking fund contributions. As the Authority is in full compliance with its debt payments and no such call has been made by the MFA against these demand notes, their face values have not been recorded on the consolidated statement of financial position. At year end, these demand notes totaled $56,537,000 (2009 - $56,010,000).

5. DEBT SINKING FUNDS:

The debt sinking funds are administered by the MFA and are restricted for the ultimate settlement of the Authority's sinking fund liability. Annual contributions are made to the sinking fund based on amortization schedules for each issuance. In addition to the annual contributions, interest earned on the debt sinking fund is estimated based on the MFA's interest rate projections.

South Coast British Columbia Transportation Authority

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

6. CAPITAL ASSETS:

	Cost	Accumulated amortization	2010 Net	2009 Net
Land	$ 199,372	$ -	$ 199,372	$ 205,413
Land improvements	41,443	12,204	29,239	31,113
Buildings	160,676	67,214	93,462	100,988
Bridges, guideways, tunnels and other supporting structures	2,944,861	60,603	2,884,258	2,902,694
Vehicles and SeaBus	1,340,787	423,707	917,080	959,076
Equipment	462,178	228,662	233,516	219,156
Capital spares	9,464	1,766	7,698	6,078
Capital projects in progress	164,330	-	164,330	184,862
	$ 5,323,111	$ 794,156	$ 4,528,955	$ 4,609,380

Interest capitalized during the year ended December 31, 2010 amounted to $3,430,000 (2009 - $22,391,000).

7. SHORT TERM LOAN AND LONG-TERM DEBT:

(a) Short term loan:

	2010	2009
MFA line of credit	$ -	$ 150,000
Commercial paper	90,000	-
Promissory note payable to BC Transit	-	1,000
	$ 90,000	$ 151,000

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

7. SHORT TERM LOAN AND LONG-TERM DEBT (continued):

(a) Short term loan (continued):

(i) MFA line of credit:

At December 31, 2009, the Authority had drawn $150,000,000 under a $250,000,000 line of credit with the MFA, secured by a demand promissory note and a registered security interest over property tax receipts. This line of credit was subject to floating interest rates of approximately prime less 1.25% per annum. In 2010, the loan was fully repaid and the facility was cancelled.

(ii) Commercial paper:

In March 2010, the Authority entered into an unsecured revolving credit facility with a syndicate of Canadian financial institutions totaling $500 million which will expire on March 23, 2014. The credit facility agreement provides for loans at varying rates of interest based on certain benchmark interest rates, specifically the Canadian prime rate and the Canadian bankers' acceptance rate and on the Authority's credit ratings at the time of drawdown. The credit facility is to be used primarily as a liquidity backstop of commercial paper and as a result was not drawn upon in 2010.

In May 2010, the Authority launched an unsecured commercial paper program, which is backstopped by the abovementioned syndicated credit facility, enabling the Authority to issue commercial paper up to a maximum aggregate of $500 million, to be used for general corporate purposes, including capital expenditures and investments. Commercial paper debt is due within one year and thus classified as short-term debt. As at December 31, 2010, $90,000,000 was outstanding under this commercial paper program at an average interest rate of 1.07% and for repayment in January 2011.

(iii) Promissory note payable to BC Transit:

In 2009, BC Transit, a shareholder of TPCC, advanced $1,000,000 to TPCC in exchange for a promissory note. The advance was made by BC Transit to increase their relative insurance pool in accordance with the shareholder agreement requirements. The note was settled in 2010.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

7. SHORT TERM LOAN AND LONG-TERM DEBT (continued):

(b) Long-term debt:

	2010	2009
Unsecured sinking fund bonds, weighted average coupon rate of 4.82% (effective rate 4.93%), maturing at various dates from 2011 to 2036, 10 to 30-year term	$ 1,838,936	$ 1,669,975
Secured sinking fund bond, coupon rate of 4.90% (effective rate 5.00%), maturing in 2019, 20-year term; this bond was reclassified as unsecured sinking fund bond when the security was discharged in 2010	-	148,926
Unsecured serial debenture, coupon rate of 5.10% interest payable semi-annually (effective rate 5.19%), maturing in 2025, principal repayment annually, 20-year term	37,001	38,993
Unsecured sinking fund bonds, effective weighted average coupon rate of 5.74% (effective rate 5.76%), matured in 2010.	-	38,258
Unsecured bullet maturity bond, interest rate 3.80% (effective rate 3.88%) 10-year term, principal due in 2020	298,006	-
	$ 2,173,943	$ 1,896,152

Approximate payments over the next five years and thereafter are presented as follows. The sinking fund payments exclude any interest that will be earned in the fund as described in note 5. Serial debt and bond payments exclude financing fees and bond discounts, respectively.

	Sinking Fund	Serial Debt	Bond	Total
2011	$ 76,806	$ 2,067	$ -	$ 78,873
2012	76,806	2,120	-	78,926
2013	74,421	2,174	-	76,595
2014	71,733	2,230	-	73,963
2015	67,653	2,287	-	69,940
Thereafter	501,007	26,331	300,000	827,338
Total	$ 868,426	$ 37,209	$ 300,000	$ 1,205,635

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

8. PENSION PLANS AND EMPLOYEE FUTURE BENEFITS:

(a) Pension plans:

The Authority, CMBC and PVTT and their employees contribute to the Public Service Pension Plan (the "Plan"), which is a multi-employer defined benefit plan, together with other British Columbia public service employers, in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the Plan, including the payment of pension benefits and other post-retirement benefits, on behalf of the employers and the employees to whom the Act applies. Details of the Plan are provided in the Public Accounts of British Columbia. The long-term funding of the Plan is based on the level contribution method. Using this method, employer contribution rates are set out so that, in combination with member contributions, they will fully pay for benefits earned by the typical new entrants to the Plan and will maintain the Plan's unfunded accrual liability (UAL) for funding purposes, if any, as a constant percentage of employer payroll. The actuary does not attribute portions of the UAL to individual employers. Contributions to the Plan are expensed in the year when payments are made. The total expense recorded in the financial statements in respect of pension contributions amounts to $32,835,000 (2009 - $31,018,000).

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest full actuarial valuation, which was carried out as at March 31, 2008, resulted in a surplus of $487,000,000.

The employees of WCE and BCRTC are members of defined contribution plans administered by Great West Life Group Retirement Services. The total expense recorded in the financial statements, in respect of pension contributions under these plans, amounted to $4,352,000 (2009 - $3,964,000).

(b) Post-retirement benefit plans and post-employment plans:

(i) Apart from the post-retirement benefits provided by the Plan, the Authority and CMBC continue to provide life insurance benefits to all retired employees. BCRTC also sponsors a post-retirement plan which provides continuing healthcare benefits to retired employees. The total expense recorded in the financial statements, in respect of obligations under these plans, amounts to $3,671,000 (2009 - $2,952,000).

(ii) The Authority and its subsidiaries also provide Provincial health care, extended health, dental care and life insurance benefits to employees on long-term disability from the date they become disabled (post-employment benefits). The total expense recorded in the financial statements for the year, in respect of obligations under these plans, amounts to $5,100,000 (2009 - $2,494,000).

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

8. PENSION PLANS AND EMPLOYEE FUTURE BENEFITS (continued):

(b) Post-retirement benefit plans and post-employment plans (continued):

(iii) Summary of the Authority's post-retirement and post-employment plans is as follows:

	Post-retirement benefits	Post-employment benefits	Total 2010	Total 2009
Accrued benefit obligation	$ 39,954	$ 14,259	$ 54,213	$ 39,190
Unamortized net actuarial (loss) gain	(6,707)	3,985	(2,722)	5,919
Accrued benefit liability	$ 33,247	$ 18,244	$ 51,491	$ 45,109

The accrued benefit liability is not funded.

(iv) The significant assumptions used are as follows:

	2010	2009
Accrued benefit obligation as of December 31:		
Discount rate	4.8% - 5.8%	5.5% - 7.0%
Benefit costs for years ended December 31:		
Discount rate	5.5% - 7.0%	6.8% - 7.3%
Assumed health care cost trend rates at December 31:		
Increase in health care cost trend rate	3.0% - 10.0%	3.0% - 10.0%
Employee future benefit costs recognized in the year:		
Post-retirement and post-employment benefits	$ 8,770	$ 5,446

Other information regarding the Authority's post-retirement and post-employment plan is as follows:

	2010	2009
Employer contributions	$ 2,388	$ 2,154

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

9. CANADA LINE:

(a) Deferred concessionaire credit:

	2010	2009
Opening balance	$ 707,719	$ 539,693
Add: concessionaire contributions	-	177,080
Less: amortization	(23,078)	(9,054)
Closing balance	$ 684,641	$ 707,719

(b) Operating commitments:

The Canada Line project is a rail based rapid transit line that links central Richmond, the Vancouver International Airport and downtown Vancouver. TransLink assumed the responsibility from CLCO to oversee the contract with the concessionaire (InTransit BC) over the operating period from August 2009 to July 2040.

Base operational and maintenance payments to the Canada Line Concessionaire (with 2003 being the base year), subject to adjustments for operational metrics and inflation adjustments, are as follows:

	Each 28 Day Period
August 2009 to July 2034	$ 6,409
August 2034	5,236
September 2034 to July 2040	4,064

The total estimated base operating and maintenance payments, excluding taxes, to the Concessionaire for each of the next five years adjusted for certain operational metrics and inflation, are as follows:

2011	$ 94,000
2012	102,000
2013	104,000
2014	106,000
2015	108,000

Over and above the base payments, there is a provision in the contract to pay for special events to flex the base amounts for the additional volume of passengers and train runs.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

9. CANADA LINE (continued):

(c) Operating contributions:

The Province of British Columbia has committed to provide funding of $1,478,000 for each 28 day period for a cumulative total of 395 periods related to the Canada Line operating expenses, which is approximately $19.3 million per annum. The funding received in 2010 was $19,269,000 (2009 - $7,496,000 after the service commenced in August 2009).

10. GOLDEN EARS BRIDGE:

(a) Golden Ears Bridge ("GEB") Contractor Liability:

	2010	2009
Opening balance	$ 966,141	$ 805,195
Add:		
GEB contractor capital contributions	-	133,270
Interest accretion on contractor liability	63,898	30,879
Less:		
Payments made	(29,194)	(3,203)
Ending balance	$ 1,000,845	$ 966,141

In 2006, the Authority entered in a fixed-price contract with the Golden Crossing General Partnership (the "GCGP") to design, construct, finance, operate, maintain and rehabilitate the GEB. The contract was executed in March 2006 and terminates in June 2041.

The GCGP was responsible for financing the construction cost of $888,000,000 for GEB. In addition, the GCGP advanced $50,000,000 to the Authority to finance additional project costs incurred directly by the Authority, which is included in the GEB contractor liability on the consolidated statement of financial position.

Capital and interest payments to the GCGP commenced on substantial completion of the project. The nominal (based on 2005 dollars) monthly blended capital and interest payments, which escalate based on a CPI index, are as follows:

	Monthly
January 2010 to June 2010	$ 1,500
July 2010 to June 2011	3,000
July 2011 to June 2014	4,000
July 2014 to June 2041	4,792

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

10. GOLDEN EARS BRIDGE (continued)**:**

(a) Golden Ears Bridge ("GEB") Contractor Liability (continued):

The obligation to the GCGP bears interest at an effective rate of 6.70% per annum. The effective interest rate is the implicit interest rate, which establishes the net present value of the payment stream of the cost of the bridge, which includes the forecasted CPI index with an estimated annual inflation rate of 2%.

	Capital and interest
2011	$ 46,452
2012	54,115
2013	55,204
2014	61,918
2015	68,817

(b) Operating agreement with GCGP:

The Authority will also pay the GCGP a monthly Operating, Maintenance, Rehabilitation (OMR) fee of $316,198 (based on 2005 dollars), which will also escalate based on a CPI index.

Including an estimated 2% inflation rate per annum, OMR payments to GCGP in the next five years are expected to be as follows:

	OMR
2011	$ 4,194
2012	4,278
2013	4,364
2014	4,451
2015	4,541

South Coast British Columbia Transportation Authority

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

10. GOLDEN EARS BRIDGE (continued)**:**

(c) Agreement with V-Flow Tolling Inc. ("V-Flow"):

In 2007, the Authority entered in a contract with V-Flow to design, furnish, install, test, operate and maintain a toll system for the GEB on behalf of the Authority. Tolling operations commenced July 2009. The contract expires in 2014, with the Authority having the option to extend the term of the contract for up to an additional three years.

Payments to V-Flow consist of fixed and variable components and are adjusted monthly based on a CPI index. The fixed component of the payments is as follows:

	12 Months Period
July 2010 to June 2011	$ 2,328
July 2011 to June 2012	2,660
July 2012 to June 2013	2,598
July 2013 to June 2014	2,664

(d) Municipal and Provincial Handover Facilities:

The Authority planned, designed, financed and constructed the GEB, together with a new network of highways which included the improvement, upgrading, relocation and widening of existing provincial and municipal roads and highways, access facilities, utility infrastructure and related support facilities, ramps and traffic signals to improve access along and across the Fraser River, jointly referred to as the "Handover Facilities". Separate agreements with the Township of Langley, the District of Maple Ridge, the District of Pitt Meadows, the City of Surrey, the Greater Vancouver Regional District, the Greater Vancouver Sewerage and Drainage District, the Greater Vancouver Water District (the "Municipalities") and the Province exist to acquire certain lands needed for the project and outline the transfer of the Handover Facilities at the substantial completion of the GEB project. The Municipalities and the Province assumed ownership and the risks associated with the Handover Facilities and will operate, maintain and rehabilitate the Handover Facilities.

During fiscal 2009, the Authority expensed the Handover Facilities that were transferred to the Municipalities and the Province. The Authority has committed to provide additional improvements on land owned by the City of Surrey of approximately $3 million, which is expected to be completed and transferred during fiscal 2011.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

11. CAPITAL CONTRIBUTIONS:

Capital contributions recognized during the year:

	2010	2009
Transfer from the Government:		
Government of Canada:		
Gas Tax Agreement Funds	$ 122,564	$ 124,296
Transit-Secure Funds	-	7,658
Urban Transportation Showcase Program	-	1,657
	122,564	133,611
Provincial Government of British Columbia:		
Provincial Transit Plan	4,270	-
Canada Line project:		
Government of Canada	-	23,336
Provincial Government of British Columbia	-	13,050
City of Vancouver	-	1,000
	-	37,386
Others	-	25
	$ 126,834	$ 171,022

During 2009, the Authority received $15,945,000 of capital contributions from the Vancouver Airport Authority (VAA). This amount was netted against the related project costs of the Canada Line as VAA ultimately retained ownership of the related capital outlay.

South Coast British Columbia Transportation Authority

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

12. CAPITAL INFRASTRUCTURE CONTRIBUTIONS:

	2010	2009
Major road network capital	$ 52,467	$ 15,751
GEB Handover Facilities	-	100,998
Evergreen Line project costs (a)	22,157	-
	$ 74,624	$ 116,749

(a) The Authority has signed with the Province of BC a Memorandum of Understanding (MOU), which confirms that the Authority supports the initiative and agrees to work together toward the timely and efficient delivery of the Evergreen Line, a new rapid transit line that will connect Coquitlam to Vancouver via Port Moody and Burnaby. As a result, the Authority agreed to provide initial funding of up to $21.7 million. Subject to the signing of a Project Funding Agreement, the MOU outlines that the Authority will retain rights to certain property development revenues and Evergreen Line assets equal to the Authority's contributions to the project. The Authority has contributed to the Evergreen Line $21.5 million plus financing cost of $0.7 million, which has been expensed as part of the Capital Fund. The amounts were expensed as the Project Funding Agreement has not been concluded and no specific assets or revenues have been granted to the Authority at this time.

13. GAS TAX AGREEMENT:

Gas Tax Agreement funding is provided by the Government of Canada. The use of the funding is established by a funding agreement between the Authority and the Union of British Columbia Municipalities. Funding may be used towards designated public transit projects in accordance with the agreement. Receipts and disbursements for the year are as follows:

Gas Tax Agreement Funds	2010	2009
Opening balance, unspent funds	$ 128,117	$ 59,468
Add: Amount received during the year	-	124,296
Amount accrued at year end	-	-
Interest earned	635	581
Less: Amount spent on designated public transit projects	(72,520)	(55,923)
Amount spent on administration	(73)	(305)
Closing balance, unspent funds	$ 56,159	$ 128,117

The $56.2 million of unspent funds includes amounts received during the year and does not include the $122.6 million receivable recorded as at December 31, 2010.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

14. NON-CONTROLLING INTEREST IN TPCC:

On September 30, 2010, the Authority acquired the remaining 10% interest of TPCC that was previously owned by BC Transit, making TPCC a wholly owned subsidiary of the Authority.

The following summarizes the transactions associated with the withdrawal of BC Transit:

	2010	2009
Balance, beginning of year	$ 1,621	$ 1,721
Non-controlling interest income (loss) prior to September 30, 2010	1,305	(100)
Dividend paid	(2,906)	-
Payment to acquire the remaining 10% interest	(20)	-
Balance, end of year	$ -	$ 1,621

15. FUND BALANCES - RESTRICTED FUNDS:

(a) Invested in capital assets:

Capital Fund:

	2010	2009
Balance, beginning of year	$ 1,453,069	$ 1,210,236
Net additions to capital assets (includes non-cash items)	89,561	757,710
Amortization of capital assets	(152,654)	(119,973)
Amortization of capital asset charged to capital projects in progress	-	(44)
Amortization of deferred concessionaire credit	23,078	9,053
Amortization of debt issue cost	(659)	-
Writedown of capital assets	(11,312)	(4,113)
Loss on disposal of capital assets	(4,654)	(1,120)
Net proceeds from disposal of capital assets	(1,001)	(143)
Amount funded by long-term debt, net	(277,791)	(73,475)
Amount funded by deferred concessionaire credits	-	(177,080)
Net amount funded by Golden Ears Bridge contractor liability including the interest accretion	(34,704)	(160,946)
Increase (decrease) in debt reserve deposits	226	(55)
Increase in debt sinking funds	74,049	13,019
Increase in debt issue cost	2,634	-
	(293,227)	242,833
Balance, end of year	$ 1,159,842	$ 1,453,069

South Coast British Columbia Transportation Authority

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

15. FUND BALANCES - RESTRICTED FUNDS (continued)**:**

(a) Invested in capital assets (continued):

AirCare:

	2010	2009
Balance, beginning of year	$ 736	$ 1,083
Purchase of capital assets	12	24
Amortization of capital assets	(377)	(371)
	(365)	(347)
Balance, end of year	$ 371	$ 736

AirCare:

AirCare is a self-funded program under Section 50 of the Motor Vehicle Act. Any deficits incurred will be covered through future operations, such that any deficits are eliminated by the end of the program.

(b) Externally restricted:

Capital Fund:

	2010	2009
Balance, beginning of year	$ 130,425	$ 131,318
Contributions received	4,270	171,022
Contributions receivable	122,564	-
Expenditures of restricted funds	(78,434)	(171,915)
	48,400	(893)
Balance, end of year	$ 178,825	$ 130,425

This balance includes approximately $178.723 million of restricted funds, which are associated with the Gas Tax agreement as disclosed in note 13.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

16. COMMITMENTS AND CONTINGENCIES:

(a) Operating lease payments – WCE:

The Authority has an operating lease agreement with Pitney Bowes of Canada Ltd. for WCE vehicles which expires March 2016. In connection with operating the Commuter Rail System, WCE also has entered into operating commitments for train operations, rolling stock maintenance, land leases, ticket vending and parking management and miscellaneous services.

The following summarizes the WCE operating commitments:

	WCE vehicles	Other leases	Total
2011	$ 10,136	$ 12,096	$ 22,232
2012	11,175	9,361	20,536
2013	12,320	7,197	19,517
2014	13,248	5,696	18,944
2015 and thereafter	18,429	4,800	23,229

(b) PVTT:

Vehicle emission testing contract:

PVTT currently has a 5-year contract with Envirotest Canada Ltd. to provide vehicle emission testing services, expiring December 2011. The minimum annual fee for 2011 is $17,312,000.

Future operations:

Under the Motor Vehicle Act, the AirCare program will expire in December 2011. The Authority, Metro Vancouver and the Fraser Valley Regional District Board have indicated they are supportive of the continuation of the AirCare program, in an amended form, to 2020. Any change and/or continuation of the AirCare program is currently awaiting final decision from the Provincial Government.

(c) Diesel fuel purchase:

The Authority has entered into multiple fixed price future agreements with the objective of achieving budget stability on up to 75% of expected monthly diesel purchase volumes for 2011. The approximate total payment relating to the fixed price future agreements for the contracted purchase volumes is $22,990,000.

Notes to Consolidated Financial Statements

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

16. COMMITMENTS AND CONTINGENCIES (continued):

(d) Natural gas supply contract:

The Authority entered into a series of natural gas agreements from November 1, 2010 to October 31, 2015. The series of block purchases and fixed prices for large usage commercial sites run to March 31, 2015 and a small commercial fixed price protection agreement with no minimums or volume requirements for smaller sites run to October 31, 2015. The approximate payments relating to the minimum block purchase volumes for the term of the contracts are as follows:

2011	$ 787
2012	903
2013	898
2014	898
2015	317

(e) Major Road Network ("MRN") Capital Funding:

The Authority has signed several funding agreements with municipalities on major MRN projects. At December 31, 2010, the net amount of MRN capital funding committed is $69,810,000 (2009 - $79,000,000). This amount will be paid to the municipalities upon completion of their projects.

(f) Other operating leases:

The Authority is committed to annual lease payments in respect of office premises and computer equipment in the following amounts:

2011	$ 12,282
2012	10,989
2013	11,347
2014	12,047
2015	11,729

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

16. COMMITMENTS AND CONTINGENCIES (continued):

(g) Lawsuits and claims:

As at December 31, 2010, a number of lawsuits and claims, arising in the ordinary course of business, have been initiated against the Authority. Management is of the opinion that, except as noted below, the outcome of any lawsuits and claims against the Authority are not likely to be material, and therefore sufficient provisions have been made in the financial statements for any liability related to such lawsuits and claims.

Four lawsuits were commenced against TransLink and/or its subsidiary, CLCO, in relation to the Canada Line project.

(i) A lawsuit was resolved in favour of the plaintiff, a Cambie Street merchant, by the BC Supreme Court and the settlement award of $600,000 was paid and recognized during 2009. This decision was overturned by the BC Court of Appeal in February 2011. The Authority is in the process of seeking recovery and will recognize any recoveries when received.

(ii) A class action lawsuit has been filed by Cambie area merchants, but no specific amount has been claimed at this time. The lawsuit was certified by the British Columbia Supreme Court as a class action in 2010, but the certification decision is under appeal. The Authority does not believe that a reasonable estimate of any potential loss can be estimated at this time and therefore no provisions have been made in the financial statements.

(iii) A lawsuit has been filed by a number of Cambie area merchants, but no specific amount has been claimed at this time. The Authority does not believe that a reasonable estimate of any potential loss can be estimated at this time and therefore no provisions have been made in the financial statements.

(iv) A lawsuit has been filed by a Cambie area merchant, but no specific amount has been claimed at this time. The Authority does not believe that a reasonable estimate of any potential loss can be estimated at this time and therefore no provisions have been made in the financial statements.

Management will continue to monitor and assess these potential claims. Once a reasonable estimate of the potential liability, if any, is determined, a provision will be recognized.

(h) Other capital commitments:

At December 31, 2010, $89,060,000 has been contractually committed for other capital projects in progress (2009 - $107,113,000).

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

17. STATEMENT OF CASH FLOWS:

	2010	2009
Items not involving cash:		
Amortization of capital assets	$ 153,031	$ 120,344
Amortization of capital assets charged to capital projects in progress	-	44
Amortization of bond discount	1,771	1,682
Amortization of debt issue cost	659	-
Amortization of deferred concessionaire credits	(23,078)	(9,053)
Net change in contractor liability	34,704	27,676
Writedown of capital asset	11,312	4,113
Loss on disposal of capital assets	4,654	1,120
NCI income (loss) of TPCC	1,305	(100)
	$ 184,358	$ 145,826
Changes in non-cash working capital:		
Increase in accounts receivable	$ (130,934)	$ (13,753)
Increase in supplies inventory	(3,139)	(619)
Increase in prepaid expenses	(241)	(2,992)
Increase (decrease) in accounts payable and accrued liabilities	(46,129)	90,627
Employee future benefit payable	6,382	3,292
	$ (174,061)	$ 76,555

18. FINANCIAL INSTRUMENTS:

(a) Credit, interest and foreign exchange risk:

The Authority utilizes various financial instruments. Unless otherwise noted, it is management's opinion that the Authority is not exposed to any significant credit or interest rate risk as a result of these financial instruments. Interest rates have been fixed for all long-term debt. The Authority's operations are all based in Canada and exposure to foreign exchange fluctuations is not significant.

(b) Fair values:

The fair value of debt reserve deposits, debt sinking funds, Golden Ears Bridge contractor liability and long-term debt at December 31, 2010 is $40,836,000, $447,855,000, $1,208,365,000 and $2,319,445,000 (2009 - $40,430,000, $371,956,000, $1,102,540,000 and $1,986,351,000), respectively. For all other classes of financial instruments presented in these financial statements, management considers that the carrying amounts approximate the fair values due to the immediate or short-term maturity of these financial instruments.

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

19. CAPITAL MANAGEMENT:

The Authority's principal business of providing public transit and joint responsibility for the Major Road Network requires ongoing access to capital in order to fund operations, satisfy outstanding long-term debt obligations and fulfill future capital asset acquisitions.

In order to ensure capital market access is maintained, the Authority targets maintaining strong investment grade credit ratings.

The capital structure of the Authority is presented in the following table:

	2010		2009	
	Amount	%	Amount	%
Public Private Partnership debt[1]	$ 1,685,486	37.3	$ 1,673,860	37.8
Net debt[2]	1,528,212	33.8	1,452,821	32.9
Equity[3]	1,302,666	28.9	1,296,047	29.3
Total capital	$ 4,516,364	100.0	$ 4,422,728	100.0

[1] Includes deferred concessionaire credits and GEB contractor liability

[2] Includes long-term debt and short-term debt, net of cash, short-term investments, long-term investments, debt reserve deposits, debt sinking funds and deferred financing charge

[3] Includes fund balances and non-controlling interest

The Authority's objectives when managing capital are to enable its businesses to operate at the highest efficiency and to provide liquidity to meet operational and capital commitments. The need for sufficient liquid resources is considered in the preparation of a balanced annual budget, balanced 3-year base and 7-year outlook plan and supplemental plans and in the monitoring of cash flows and actual results.

Capital is generally available through a variety of short term and long term sources.

Under the SCBCTA Act, the Authority is restricted from incurring debt obligations that exceed the Authority's debt obligation "cap" of $2,800,000,000. The debt obligations are defined as the sum of current borrowings of the Authority secured by debentures, bonds, other forms of indentures, capital leases, short-term notes, lines of credits and bank overdrafts, excluding any prepaid financing costs. Any future increases in this "cap" needs to be approved by the Mayors' Council (after consultation with Metro Vancouver) through a supplementary financial plan. As at December 31, 2010, the Authority's outstanding debt obligation was $2,274,329,000 (2009 - $2,057,287,000).

YEAR ENDED DECEMBER 31, 2010
(tabular amounts in thousands of dollars)

19. CAPITAL MANAGEMENT (continued):

The outstanding debt obligation is calculated as follows:

	2010	2009
Long-term debt (net of issuance cost)	$ 2,173,943	$ 1,896,152
Unamortized issuance costs	10,386	10,135
Short term loan	90,000	151,000
Total	$ 2,274,329	$ 2,057,287

20. COMPARATIVE FIGURES:

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

TransLink Board

Nancy Olewiler | Board Chair

Appointed: January 1, 2008 (reappointed January 1, 2011)
Term Expires: December 31, 2013

Ms. Olewiler is a professor and Director of School of Public Policy at Simon Fraser University. Her degrees, all in economics, are a Bachelor of Arts degree with honours from Barnard College, Columbia University, a Masters of Arts degree from Simon Fraser University, and a Doctorate degree from the University of British Columbia.

R. W. (Bob) Garnett | Board Vice Chair

Appointed: January 1, 2008 (reappointed January 1, 2009)
Term Expires: December 31, 2011

Mr. Garnett is a Chartered Accountant, Corporate Director and business owner. He currently serves on the boards of two public companies. Mr. Garnett holds a Bachelor of Arts (Commerce) degree from Simon Fraser University and has completed the Director Education Program, Institute of Corporate Directors.

James Bruce

Appointed: January 1, 2008 (reappointed January 1, 2010)
Term Expires: December 31, 2012

Mr. Bruce is a partner of Capital West Partners, an independent investment banking firm. He holds both a Bachelor of Science degree (Mechanical Engineering) and a Masters of Business Administration degree from the University of Manitoba. He is also a Certified Management Accountant, chartered business valuator and professional engineer (retired).

TransLink Board continued

Cindy Chan Piper

Appointed: January 1, 2008 (reappointed January 1, 2009)
Term Expires: December 31, 2011

Ms. Chan Piper is the principal of Piper Designs Inc., a consulting firm that provides planning and design services to public and private sector clients. She holds Bachelor of Arts and Bachelor of Architecture degrees from the University of British Columbia.

W. John Dawson

Appointed: January 1, 2010
Term Expires: December 31, 2012

Mr. Dawson is a professional accountant and was a partner with an international accounting firm for 29 years until his retirement from public practice. He served as President of the BC Institute of Chartered Accountants from 1998 to 1999. Mr. Dawson has a Bachelor of Commerce (Accounting) degree from the University of British Columbia.

Barry Forbes

Appointed: January 1, 2011
Term Expires: December 31, 2013

Mr. Forbes is the President and Chief Executive Officer of Westminster Savings Credit Union, which has its corporate office in New Westminster, B.C. He has also served as a member/chair on numerous provincial and federal industry committees. He is a graduate of Simon Fraser University (Commerce and Economics).

TransLink Board continued

Sarah Goodman

Appointed: January 1, 2008 (reappointed January 1, 2010)
Term Expires: December 31, 2012

Ms. Goodman is the Vice President of Business Development and Services for Tides Canada. She earned a Masters of Business Administration from the University of Warwick, Coventry, UK, and a Bachelor of Journalism degree from Carleton University, Ottawa.

Howard Nemtin

Appointed: January 1, 2009
Term Expires: December 31, 2011

Mr. Nemtin is the President and owner of Nemtin Consultants Ltd. a real estate development and consulting company. He is also a commercial mediator. Mr. Nemtin holds a Bachelor of Science degree from York University and a Masters of Business Administration from the University of Western Ontario.

Don Rose

Appointed: January 1, 2011
Term Expires: December 31, 2013

Mr. Rose is a senior corporate lawyer with the Vancouver office of Borden Ladner Gervais LLP. He has practiced since 1973 and holds an LL.B. and a Bachelor of Commerce degree from the University of British Columbia.

TransLink Executive

Ian Jarvis | CEO, TransLink

Ian has been part of the TransLink enterprise since its inception in 1999. He received his Bachelor of Commerce from the University of British Columbia and is a member of the Institute of Chartered Accountants of British Columbia. Prior to public service he served seven years in public practice.

The CEO has overall responsibility to the Board for the general management of, and control over, the businesses, activities and other affairs of TransLink. The CEO does this by leading and managing TransLink through the development and implementation of strategies and policies, the management of its human resources, and efficient and effective operations.

Doug Kelsey | COO, TransLink

Doug joined the TransLink enterprise in 1999 when he was appointed President and CEO of West Coast Express. As Chief Operating Officer of TransLink his responsibilities include the business operations of: CMBC, BCRTC, Transit Police Services, Air Care, Roads, Business Technology Services, and Engineering and Implementation.

Doug is a graduate of the CEO program at the Kellogg School of Management in Chicago.

Cathy McLay | CFO and Vice President, Finance and Corporate Services, TransLink

Prior to her appointment in July 2010, Cathy was the Interim Chief Financial Officer and Vice President, Finance and Corporate Services. Previous to that, Cathy was TransLink's Director of Finance. She has an extensive background as a financial executive. She is a Certified Management Accountant and holds a Business Administration Diploma in Finance and Accounting.

The Chief Financial Officer is responsible for the financial leadership and guidance of the TransLink enterprise. The Finance and Corporate Services division is responsible for financial planning, accounting, taxation, treasury, revenue operations, procurement, enterprise risk management, real estate and legal counsel.

TransLink Executive continued

Sandra Hentzen | Vice President, Human Resources, TransLink

Before coming to TransLink in December 2009, Sandra was responsible for the strategic corporate direction of all human resources activities at Coast Mountain Bus Company. Sandra earned a Diploma in Human Resources from the British Columbia Institute of Technology.

The Human Resources division provides a variety of services to the TransLink enterprise including employee relations and communication, employee development, compensation, succession planning and performance management. The Human Resources division is responsible for ensuring that there is alignment across the TransLink family on enterprise-wide employee programs.

Robert Paddon | Vice President, Customer and Public Engagement, TransLink

Bob came to TransLink in 2001 from Metro Vancouver, bringing expertise in local government, communications, media relations and business administration. He has a Masters of Business Administration and a Master of Arts degree in Communications and Technology.

The Customer and Public Engagement division helps ensure there is public and political goodwill and funding support for TransLink's programs, plans and projects. The division is responsible for public consultation, marketing, market research, issues management, media relations, communications and administration of the transportation demand management program.

Michael J. Shiffer | Vice President, Planning and Policy, TransLink

Prior to joining the TransLink enterprise in May 2009, Mike had held the position of Vice-President for Planning and Development at the Chicago Transit Authority. Mike received a Doctorate degree in Regional Planning and Masters of Urban Planning (MUP) from the University of Illinois.

The Planning and Policy division is responsible for future planning of the region's transportation system. The division leads the development of TransLink's transportation plans including monitoring activity, behavior and trends in the transport system; forecasting future demand and needs; and developing long term transportation strategy and policy.

2010 Recognition & Accomplishments

2010 brought a number of awards and honours for our employees and organization

Mike Madill, VP Enterprise Initiatives, received the Award of Achievement from the Transportation Association of Canada for taking the lead in the Olympic Transportation Plan.

Amelia Shaw, Manager, Public Consultation And Government Programs, received the Core Values Award from the International Association for Public Participation for "It's Your Move," a board game developed in 2009 for Public Consultation on the 2010 10-Year Plan.

Jhenifer Pabillano, Online Communications Advisor, named to the "Top 40 Under 40" list for 2010 by the influential trade paper Mass Transit.

William Hui, Transportation Civil Engineer, first recipient of the Young Professional Award from the Institute of Transportation Engineers (Greater Vancouver Section).

Steve Buckton, bus operator, saved the life of a woman whose car skidded on its side into a ditch on Highway 99 one morning in November 2010. He stopped his bus, cut the woman free from her seat belt and pulled her out as the car filled with water. Steve is being nominated for a 2011 Employee Excellence Award, to be presented at the Canadian Urban Transit Association convention in Toronto in November 2011.

View the media release

At the 2010 CUTA Convention, **Danny Haddow** and **Jim Baxter**, Coast Mountain Bus Company operators, received Employee Recognition Awards from the Canadian Urban Transit Association (CUTA) for acts of heroism on the job.

Angus McIntyre, who retired in 2010 after 41 years behind the wheel of Vancouver city buses, became the first "front line" transit employee inducted into the CUTA Hall of Fame.

2010 Recognition & Accomplishments continued

Mike Vanstone, Rui Bordeira, Frank Jensen, Grant Furuya, Jan Binder, Alexander Phillip Smith, John Simmons, Edward Page, Garry Bil, Brian Davie and Richard Hart were recognized for 30 years of exemplary driving and professional service to the transit industry.

CMBC was named one of B.C.'s Top Employers for the fifth year in a row.

TransLink received the 2011 Outstanding Corporate Award by the Canadian Diabetes Association.

The Buzzer blog was named Best Blog at the 2010 American Public Transportation Association AdWheel Awards.

The Justice Institute of BC Foundation recognized **Transit Police**, along with a number of other public safety agencies, with their 2010 Heroes and Rescue Award for ensuring the security of all at the 2010 Winter Olympic and Paralympic Games.

Transit Police Constables **Doug Sales** and **Neal Paddon** received a Deputy Chief's Commendation from the Vancouver Police Department (VPD) for their involvement in a joint project with the VPD Sexual Offences Squad (SOS) that resulted in the arrest of a suspected stalker, linked to nine files that the VPD were able to clear.

Transit Police was recognized, along with our RCMP partners in the Station Targeted Area Response (STAR) Team initiative, at the 2010 Richmond 911 Awards. The Richmond Chamber of Commerce 911 Awards honour the men and women of the public safety professions who go above and beyond to ensure community safety. Working with the Richmond RCMP, the STAR team developed a policing model designed to establish close community relationships for crime prevention with the launch of the Canada Line in the City of Richmond.

The North American Occupational Health and Safety Week BC Steering Committee awarded **Transit Police**, along with the British Columbia Rapid Transit Company, their 2010 "Commitment for Life Award" in the "Transportation of People" category for our joint participation in 2010's Safety and Health Week in BC.

TransLink, its operating companies and employees proudly supported the following organizations in 2010:

Click names to launch sites

BC Children's Hospital

Blanket BC

Canadian Blood Services

Canadian Cancer Society

Canadian Diabetes Association

Canadian Red Cross

Chile Earthquake Relief Fund

Greater Vancouver Food Bank

Heart and Stroke Foundation

Surrey Food Bank

Teens Against Gangs

Toys for Tots

Variety - The Children's Charity

UBC Shinerama for Canadian Cystic Fibrosis Foundation

United Way

The 2010 South Coast British Columbia Transportation Authority Annual Report was prepared under the direction of the Board of Directors, which is accountable for the contents of the report, including the selection of performance measures and the reported results. Any conflict between the material published in this report and the South Coast British Columbia Transportation Authority Act will be resolved by reference to the Act. All significant decisions, events and identified risks as of December 31, 2010, have been considered in preparing the report.

On behalf of the Board of Directors,

Nancy Olewiler | Board Chair

South Coast British Columbia
Transportation Authority
1600 – 4720 Kingsway
Burnaby, BC Canada V5H 4N2

translink.ca 604.453.4500