Transportation Investment Corporation

2016/17
ANNUAL SERVICE PLAN REPORT

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Visit the TI Corp website at
www.ticorp.ca

Visit the TReO tolling website at
www.treo.ca

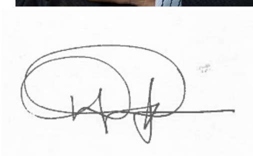
Board Chair's Accountability Statement

On behalf of the Board of Directors, I am presenting the Transportation Investment Corporation (TI Corp) *Annual Service Plan Report for 2016/17*.

The Transportation Investment Corporation *2016/17 Annual Service Plan Report* was prepared under my direction in accordance with the *Budget Transparency and Accountability Act* and the B.C. Reporting Principles.

The measures presented are consistent with TI Corp's mandate and corporate strategy, and focus on aspects critical to the organization's performance.

The TI Corp *2016/17 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2016/17-2018/19 Service Plan*. I am accountable for those results as reported.



Dan Doyle
Board Chair

Table of Contents

Chair/CEO Report Letter

Dan Doyle
Board Chair

Irene Kerr
CEO

In 2016/17, TI Corp's revenues were higher than forecast, while expenses came in under budget. Traffic on the Port Mann Bridge has continued to grow as drivers continue to choose the improved infrastructure.

TI Corp's solid financial performance, coupled with its conservative long-term approach to financial management, means that the organization remains on track to meet its financial obligations and repay the Port Mann/Highway 1 Improvement Project debt by 2050, all while allowing the region to take advantage of the benefits of new infrastructure, today.

Beginning in 2016/17, TI Corp worked closely with the Ministry of Transportation and Infrastructure on overseeing the George Massey Tunnel Replacement Project.

Behind all of TI Corp's successes is an engaged team that shares challenges in a workplace where every voice is valued. The team has incorporated the Taxpayer Accountability Principles into all elements of TI Corp's business to provide value for taxpayers and to meet the high standards expected of a Crown agency.

As a Crown corporation, TI Corp is bound by overall government expectations included in an annual Mandate Letter and the Taxpayer Accountability Principles, and is required to report out on its performance against those expectations.

For strategic planning purposes, the TI Corp executive team meets and collaborates regularly with senior Ministry of Transportation and Infrastructure officials, and TI Corp's Board Chair communicates regularly with the Minister of Transportation and Infrastructure.

Each year, all TI Corp Board members sign a code of conduct and the Mandate Letter, which outlines the Taxpayer Accountability Principles. In 2016/17, two new members were appointed to the corporation's Board of Directors, and these new members received an orientation from TI Corp's management and corporate secretary on all TI Corp business areas and corporate governance.

Purpose of the Organization

TI Corp is a provincial Crown corporation that invests in infrastructure and recovers costs through tolling. Created in 2008 under the *Transportation Investment Act*, TI Corp built the new Port Mann Bridge and 37 kilometres of Highway 1 improvements, and is responsible for funding the Project's construction, operations, maintenance and repayment through tolls. TI Corp's mandate also includes supporting the Ministry of Transportation and Infrastructure on the implementation of the George Massey Tunnel Replacement Project.

Tolls are collected through TReO, the automated and all-electronic tolling system that TI Corp developed and operates. Day-to-day TReO customer service is managed by TI Corp's tolling operator, TransCanada Flow Tolling. Inc.

Strategic Direction and Context

TI Corp's strategic priority actions, as outlined in the government's 2016/17 Mandate Letter, were as follows (please see Appendix C for more details):

- In accordance with the Concession Agreement, continue to operate and manage the tolling system and toll collections at the Port Mann Bridge;
- Ensure that the financial targets and reporting requirements, as identified in the Ministry budget letter to TI Corp, are met. Inform the Ministry in a timely manner of any pressures in meeting these financial targets and the related mitigation strategies;
- Manage and ensure the delivery of infrastructure improvements, in addition to the construction completed as part of the Design Build Agreement signed with Kiewit/Flatiron General Partnership, to ensure the project is completed within the $3.319 billion budget by spring 2017;
- TI Corp will support the Ministry on the implementation of the George Massey Tunnel Replacement Project.

Traffic on the Port Mann Bridge continued to rebound in 2016/17, mitigating key financial risks around traffic and revenue. Forecasts indicate long-term traffic growth as a result of the time savings on the improved highway and the anticipated population growth in the region.

Through the all-electronic TReO toll system, TI Corp provides easy, efficient, and effective service for its customers. Tolling allows TI Corp to repay its debt over the long term and fund the operating and maintenance costs of the Port Mann and Highway 1 Project. This allows the infrastructure to deliver benefits today.

The organization worked closely with the Ministry of Transportation and Infrastructure to ensure its financial targets and reporting requirements were met.

Finally, TI Corp worked closely with the Ministry of Transportation and Infrastructure in support of procurement planning of the George Massey Tunnel Replacement Project.

In alignment with government direction, TI Corp incorporates the Government of British Columbia's Taxpayer Accountability Principles. The organization's policies, processes and values align with the principles of cost-consciousness, accountability, appropriate compensation, service, respect and integrity.

Report on Performance

As a Crown corporation, TI Corp is continually working to align with government goals and objectives. TI Corp fulfilled the expectations outlined in the 2016/17 Mandate Letter (see Appendix C), including operating the TReO toll system, meeting financial targets, delivering infrastructure improvements and supporting the Ministry in implementation of the George Massey Tunnel Replacement Project.

TI Corp also aligns with the government's Taxpayer Accountability Principles. This includes a regularly updated Code of Conduct that is reviewed and signed off annually by all TI Corp employees

TI Corp continually evaluates its performance against the measures set out in the Taxpayer Accountability Principles. Establishing a feedback mechanism between TI Corp and the Ministry of Transportation and Infrastructure continues to be a focus, as demonstrated through the frequency of meetings and active collaboration on initiatives.

Goals, Strategies, Measures and Targets

TI Corp's goals reflect its mandate and its role as an organization that invests in new infrastructure and recovers the costs through tolling. Alongside these goals are measures and targets used by similar toll authorities around the world. These measures include safe and efficient corridor operation, financial efficiency and stability, and superior customer service – all supported by a driven, engaged workforce. TI Corp's goals speak to TI Corp's priorities as a service provider, as a developer of innovative tolling technologies and responsible tolling solutions, and as an organization that delivers infrastructure and transportation solutions that benefit the region.

For all of the performance measures outlined below, actual results for 2016/17 are compared against the *2016/17-2019/20 Service Plan* target for 2016/17, while targets for 2017/18 and 2018/19 reflect those contained in the *2017/18-2019/20 Service Plan*.

Goal 1: Deliver the Port Mann/Highway 1 Improvement Project on time and on budget

The Port Mann/Highway 1 corridor improvements are complete and have been delivered through a design-build agreement between TI Corp and contractor Kiewit/Flatiron General Partnership. Through the design-build structure, the contractor was required to meet specific dates for the delivery of certain elements of the Project.

Construction of the 10-lane Port Mann Bridge and the Highway 1 corridor improvements was finished in 2015/16, as per the design-build agreement.

To measure the goal of on-budget completion, TI Corp set completion targets by fiscal year and measures progress against these targets. Responsibilities for construction-related cost overruns have been allocated in agreements with all contractors.

Performance Measure 1: **Remain within the approved Capital Budget of $3,319**

Performance Measure ($ millions)	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Remain within the approved Capital Budget of $3,319	$3,199	$3,275	$3,300	$3,319	$3,316	N/A	N/A

Discussion
The data used to measure progress against budget is contained in TI Corp's annual financial statements, which are subject to an annual independent audit.

The majority of the work on the Golden Ears Connector, the last-remaining off-corridor element of the Project, was completed in 2016/17. Extended winter conditions forced final finishing work on the connector to be completed in spring 2017. The remaining $3 million capital budget was spent in the first quarter of 2017/18, completing the project within the approved $3,319 million. This performance measure has been retired in TI Corp's *2017/18-2019/20 Service Plan*.

Goal 1 has also been retired in the *2017/18-2019/20 Service Plan* as the project is complete.

Goal 2: Ensure the safe and reliable movement traffic and goods along the Port Mann/Highway 1 corridor

Goals of the Port Mann/Highway 1 Improvement Project include reduced congestion and travel times along the Highway 1 corridor, improved safety and accessibility, expanded transit service and an expanded transportation network to better accommodate high occupancy vehicles, cyclists and pedestrians. Drivers today are saving hours a week on the improved bridge and highway, facilitated by safer, more efficient infrastructure and intelligent transportation systems such as live travel time signage. TI Corp is accountable to ensure these service delivery goals are consistently achieved along the corridor.

TI Corp's strategies to achieve these goals along the new Port Mann/Highway 1 corridor include:

- Managing corridor reliability and travel time predictability
- Ensuring corridor efficiency and minimizing disruptions to traffic flow

Performance Measure 2.1: **Travel times savings**
Travel times on the Port Mann/Highway 1 corridor have been measured against drive times prior to improvements.

Pre-construction travel time benchmarks were set in the 2012/13 reporting period before Port Mann/Highway 1 improvements were opened to traffic. Forecasts and targets for these routes were analyzed after the opening of all new Highway 1 lanes to measure the Project's travel time savings.

Performance Measure	2012/13 Baseline Pre-Construction Round-Trip Actual[1]	2014/15 Actual	2015/16 Actual	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Route 1[2] 152 St to/from United Blvd.	23 minutes	9 minutes, 61% savings	9 minutes, 61% savings	11½ minutes, 50% savings	9 minutes, 61% savings	11½ minutes, 50% savings	N/A
Route 2[3] 200 St to/from Grandview Hwy.	1 hour 47 minutes	58 minutes, 46% savings	1 hour 5 minutes, 39% savings	53½ minutes, 50% savings	1 hour, 8 minutes, 36% savings	53½ minutes, 50% savings	N/A
Route 3[4] 176 St to/from Brunette Ave.	52 minutes	25 minutes, 52% savings	25 minutes, 52% savings	26 minutes, 50% savings	25 minutes, 52% savings	26 minutes, 50% savings	N/A

1 Round trip travel times are based on westbound AM and eastbound PM total travel times.
2 Route 1: 152 Street at 108 Avenue, Surrey to/from United Boulevard at Lougheed Highway, Coquitlam.
3 Route 2: 200 Street at 80 Avenue, Langley to/from Boundary Road at Grandview Highway, Vancouver.
4 Route 3: 176 Street at 96 Avenue, Surrey to/from Brunette Avenue at Lougheed Highway, Coquitlam.

Discussion
Travel times were measured in prevailing conditions by an independent traffic engineering firm. Routes were traveled several times to estimate the average travel time and establish a baseline. Current travel times are calculated using a combination of Google Maps and other sources.

Traffic volumes on the Port Mann Bridge continued to grow throughout 2016/17. This traffic growth was particularly pronounced May through August as traffic diverted to the Port Mann Bridge during rehabilitation work on the Pattullo Bridge. In addition, improved sections of Highway 1 drew even greater volumes of traffic than the bridge. Vehicles not necessarily destined for the Port Mann Bridge increasingly used Highway 1 over alternate municipal routes. These factors combined to result in more modest travel time savings for Route 2 from Langley to Grandview Highway.

Targets for time savings will remain at 50% through to 2017/18 and TI Corp will continue to place strong emphasis on corridor efficiency. Service patrols along Highway 1 watch for and respond to incidents, helping ensure traffic continues to flow smoothly, safely and reliably on the corridor.

This performance measure will be retired after 2017/18 and replaced with a measure of Port Mann/Highway 1 travel times compared to alternate Fraser River crossings. Key routes between origins and destinations will be compared to provide an accurate assessment of the Highway 1 corridor's average daily performance.

Performance Measure 2.2: Corridor incident prevention
A key objective of the Port Mann/Highway 1 corridor improvements is to increase safety and efficiency. Improved interchanges, new merging lanes, dedicated on- and off-ramps and an overall reduction in congestion all contribute to a safe and efficient corridor.

To compare collision data from the improved Highway 1 corridor to data from the original corridor, information was gathered from the British Columbia Ministry of Transportation and Infrastructure's Collision Information System. The data used to develop the baseline is from the five years prior to the commencement of Port Mann/Highway 1 construction: 2004/05 to 2008/09.

Performance Measure	2004/05-2008/09 Pre-construction Baseline	2014/15 Actual	2015/16 Target	2015/16 Actual[1]	2016/17 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Vehicle collisions on the PMH1 corridor	680 collisions[2]	392 collisions 42% reduction from baseline	<510 collisions 25% reduction from baseline	556 collisions 18% reduction from baseline	<510 collisions 25% reduction from baseline	Expected spring 2018	<510 collisions 25% reduction from baseline	<510 collisions 25% reduction from baseline

[1]The Collision Information System database is populated by collision information gathered by police incident reports on the provincial roadways and received from ICBC. There is a known reporting lag of approximately one year for this data. 2015/16 actual data is new information, released in spring 2017. 2016/17 actual data is expected in spring 2018.
[2] This number represents the average collisions per year for the years 2004/05 to 2008/09.

Discussion
Vehicle collisions on the Port Mann/Highway 1 corridor are significantly reduced from before improvements. Statistics from 2015/16, released in spring 2017, show a 18% reduction in collisions compared to before construction. Collisions in 2015/16 may have increased in comparison to the previous year as a result of an increase in traffic volumes. To help improve this number and further reduce collisions, TI Corp is developing initiatives to raise driver safety awareness on Highway 1.

Goal 3: Operate a self-sustaining and financially stable organization

The Port Mann/Highway 1 Improvement Project is a self-funded project using all-electronic, open-road tolling technology. The Concession Agreement between the Province and TI Corp requires the Corporation to repay the Port Mann/Highway 1 Improvement Project debt by 2050 as well as fund the operations, maintenance and current and future rehabilitation.

Updated traffic forecasts, based on actual and observed traffic since December 2012, indicate long-term traffic growth on the bridge and support TI Corp's financial sustainability and its ability to meet its financial obligations and deficit targets. TI Corp will ensure it remains financially stable by implementing operational efficiencies, controlling administrative costs and achieving approved deficit targets.

As a public Crown corporation and as part of the Government of British Columbia's Public Sector Employer's Council (PSEC), TI Corp operates under PSEC's best practices for transparent and full disclosure of public sector executive compensation.

TI Corp has established financial metrics that set out the requirements and objectives for the organization. A full financial report, included in the Summary of Financial Outlook section of this

Annual Service Plan Report, highlights annual revenue, operating cost and deficit targets laid out in the organization's long-term plan.

Strategies

TI Corp's strategies to operate a self-sustaining and financially stable organization include:

- Repaying the Port Mann/Highway 1 Improvement Project debt within the prescribed time period
- Implement operational efficiencies and control administrative expenses to keep costs low for TI Corp and tolls low for customers
- Meet annual deficit targets

TI Corp's annual revenue targets have been set to increase year over year corresponding with increasing traffic volumes on the Port Mann Bridge. At the same time, through the implementation of certain efficiencies, administrative and operational costs have been kept low to limit overhead growth. As part of prudent financial management, traffic forecasts are reviewed regularly.

Performance Measure 3: **Operational efficiency**

A key measure of operational efficiency for an open-road tolling system is the number of registered customers and the percentage of customers with registered accounts. Accounts registered with windshield decals and payment mechanisms on file are the most efficient and cost-effective. This is because they are more accurate and payment and invoicing is fully automated, substantially reducing administrative and overhead costs.

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/2017 Target	2016/17 Actual	2017/18 Target	2018/19 Target
Percentage of regular users with registered accounts	83%	84%	84%	80-85%	83%	80-85%	80-85%

Discussion

Approximately 23,000 accounts were registered with TReO in 2016/17, for a total of approximately 1.1 million accounts registered as of March 31, 2017. TReO invoices and overhead signs on the Port Mann/Highway 1 corridor help encourage drivers to visit treo.ca to register their vehicles in order to get the best toll rates.

Data for this performance measure is produced by the TReO toll system. TI Corp's goal of having 80-85% of regular users registered is consistent with leading industry standards.

Goal 4: Provide superior customer service

Delivering customer service with respect, integrity and accountability is a key priority for TI Corp. TReO Customer Service handles more than 35,500 inquiries each month, and provides service in six languages, reflecting the diverse population within which TReO operates. To ensure the toll operator maintains a satisfactory level of responsiveness and customer service, customer satisfaction is measured using regular monthly surveys.

Strategies
TI Corp's strategies to provide continued superior customer service include:
- Operate a toll system that is easy, electronic and efficient for customers
- Ensure customers are satisfied and receive superior customer service

Performance Measure 4: **Overall satisfaction with the toll system and customer service**

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/2017 Target	2016/2017 Actual	2017/18 Target	2018/19 Target
Overall satisfaction with the toll system and customer service	88%	81%	75%	80-85%	89%	80-85%	80-85%

Discussion
The collection method for this performance measure has been improved in 2016/17 to give TI Corp a more representative view and a clearer picture of the overall satisfaction with TReO customer service. TI Corp has started working with outside customer research agencies to survey satisfaction among TReO customers. TReO surveys now get feedback from more than 2000 registered and unregistered customers using both phone and email: double the number contacted in the past by email alone. TI Corp's measure of overall customer satisfaction increased significantly in 2016/17. This increase can be accounted for by the improved survey method.

Goal 5: Engage a workforce that drives operational success

TI Corp requires a highly qualified, diverse and flexible workforce in order to provide reliable, customer-oriented service for commuters and stakeholders that rely on TReO and the Port Mann/Highway 1 corridor.

Strategies
TI Corp's strategies to engage its workforce and drive operational success include:
- Supporting and investing in its employees
- Fostering a culture of fiscal responsibility, teamwork and innovation

Performance Measure 5: **Employee satisfaction with TI Corp as an employer of choice that invests in and supports its employees**

Performance Measure	2013/14 Actual	2014/15 Actual	2015/16 Actual	2016/2017 Target	2016/2017 Actual	2017/18 Target	2018/19 Target
Employee satisfaction with TI Corp as an employer of choice that invests in and supports its employees	72%	71%	76%	78%	81%	75-80%	75-80%

Discussion

TI Corp monitors success in leading an engaged workforce through its annual employee survey, which covers a broad range of attributes including performance management and employee engagement. The organization's annual employee engagement survey is conducted at the end of each fiscal year. Results for the past several years show a steady increase in employee satisfaction.

TI Corp takes pride in fostering a collaborative and supportive workplace culture. To reflect this culture, its diverse team, and the organization's evolving role in the region TI Corp updated its corporate values in 2016/17. These values describe the ways in which TI Corp employees work together as a team:

- Value every voice
- Share every challenge
- Limitless in our pursuits

TI Corp employees embrace the incorporation of the Taxpayer Accountability Principles such as accountability, service, respect and integrity into their daily responsibilities and performance plans. Specific initiatives to foster greater employee engagement include creating collaborative working groups, such as the Community Engagement Committee and the Internal Communications team, holding regular all-staff meetings, ensuring a clear corporate vision, and sharing business initiatives with the entire organization to ensure alignment with individual responsibilities.

Financial Report

Discussion of Results

Revenue in 2016/17 exceeded forecasts as more drivers chose the Port Mann Bridge. Compared to the previous year, traffic in 2016/17 was 12% higher and revenue was $14 million higher than target.

Of note for 2016/17 is the variance in the Highway Operations and in the Contracted Services budget items. These variances are both due to increased spending on winter operations. Winter 2016/17 was particularly stormy, requiring additional spending to keep the Port Mann Bridge and Highway 1 clear during snow conditions.

Depreciation, which is calculated based on traffic, also showed a variance. Traffic volumes were higher than expected in 2016/17, and as a result, the calculation for depreciation increased accordingly.

TI Corp benefitted from lower than expected interest rates, spending $16 million less than budget on borrowing costs. As part of its conservative borrowing strategy, TI Corp has transferred a portion of debt from short-term to long-term to help mitigate the risk of unexpected borrowing rate increases. This strategy has created a stable operating environment for TI Corp and has minimized the impact of interest rate volatility over time.

In 2016/17, TI Corp's deficit was $21 million better than budget. This supports TI Corp's ongoing financial viability and its ability to continue to stay on track to meet all financial obligations.

Effective July 1, 2016, TI Corp was delegated oversight of the George Massey Tunnel Replacement (GMTR) Project and authorized to incur expenditures on the Project. Spending on planning and pre-construction work, including procurement, geotechnical testing, and engineering and environmental assessments on this Project in 2016/17 was $22 million.

Financial Resource Summary Table

($ Millions)	2013/14 Actual	2014/15 Actual	2015/16 Actual[4] Restated	2016/17 Budget	2016/17 Actual	2016/17 Variance	2015/16-2016/17 Variance
Total revenue	94	122	136	137	151	14	15
Tolling Operations	16	16	19	15	14	1	5
Highway Operations[1]	20	12	10	12	19	(7)	(9)
Finance & Management Services[2]	7	6	5	7	6	1	(1)
Departmental Operating Expenses	43	34	34	34	39	(5)	(5)
Profit after departmental expenses	51	88	102	103	112	9	10
Depreciation[3]	34	46	50	50	54	(4)	(4)
Borrowing costs	105	131	132	155	139	16	(7)
Other operating expenses	139	177	182	205	193	12	(11)
Total operating expenses	182	211	216	239	232	7	(16)
Net loss	88	89	80	102	81	21	(1)
Accumulated deficit	223	312	392	500	475	25	(83)
Total debt ($M)	3,434	3,544	3,578	3,618	3,600	18	(22)
Capital Plan							
PMH1	202	76	25	10	16	(6)	(9)
Rehab	0	0	0	6	0	6	(6)

[1] Highway operations includes costs previously recorded as Technical Services.
[2] Finance and Management Service includes Allowance for Doubtful Accounts
[3] Depreciation for 2014/15 Actuals include $2 million of write down expenses.
[4] TI Corp's Net Loss for 2015/16 was previously reported as $82 million. This number has been restated to $80 million due to timing of contracted services for highway operations.

Departmental operating expenses by type are:

	2013/14 Actual	2014/15 Actual	2015/16[2] Actual Restated	2016/17 Budget	2016/17 Actual	2016/17 Variance	2014/15-2015/16 Variance
Contracted Services	29	22	24	23	29	(6)	(5)
Professional Services	2	2	2	2	3	(1)	(1)
Administration and Other	5	4	3	3	2	1	1
Salaries	3	3	3	4	4	0	(1)
Facilities[1]	2	2	1	1	1	0	0
Allowance for Doubtful Accounts	2	1	1	1	0	1	11
Total Departmental Operating Expenses	43	34	34	34	39	(5)	(5)

[1] Includes rent, utilities and janitorial services

[2] TI Corp's Total Departmental Operating Expenses for 2015/16 was previously reported as $36 million. This number has been restated to $34 million due to timing of contracted services for highway operations.

Note 1: The above financial information was prepared based on International Financial Reporting Standards.

Note 2: All figures have been rounded to millions of dollars ($M).

Note 3: Original budget figures included as reference only.

Transportation Investment Corporation

AUDITED FINANCIAL STATEMENTS

As at March 31, 2017

Suite 210–1500 Woolridge Street,
Coquitlam, BC, V3K 0B8

Transportation Investment Corporation

May 23, 2017

Statement of Management Responsibility

Year ended March 31,2017

The financial statements of Transportation Investment Corporation have been prepared by management in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and include certain estimates that reflect management's best judgments.

Management is responsible for the preparation of the financial statements and has established a system of internal control to provide reasonable assurance that assets are safeguarded, transactions are properly authorized, and financial records provide reliable information for the preparation of financial statements.

The Corporation's Board of Directors is responsible for the review and approval of the financial statements and meets with management and the external auditor to discuss the results of the audit examination and financial reporting matters. The external auditor has full access to the Board with and without the presence of management.

The Auditor General of British Columbia has performed an independent audit of the financial statements. The Auditor's report outlines the scope of his examination and expresses an opinion on the financial statements of the Transportation Investment Corporation.

Yours truly,

Irene Kerr	Mario Piscitelli
Chief Executive Officer	Executive Director of Finance, CFO

OFFICE OF THE Auditor General of British Columbia

INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying financial statements of Transportation Investment Corporation, (“the entity”) which comprise the statement of financial position as at March 31, 2017, and the statement of operations and other comprehensive loss, statement of cash flows and statement of changes in shareholder’s equity for the year then ended, and a 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 financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of Transportation Investment Corporation as at March 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Victoria, British Columbia
May 23, 2017

Russ Jones, FCPA, FCA
Deputy Auditor General

Transportation Investment Corporation
Statement of Financial Position
As at March 31
(in $000's)

	Notes	2017	2016 (Restated)
ASSETS			
Current Assets			
Cash		$ 9,788	$ 12,471
Trade and other receivables	6	38,523	36,021
Prepaids and deposits	7	662	279
		48,973	48,771
Long-Term Assets			
Property, plant and equipment, net	8	3,021,194	3,042,246
Intangible assets, net	9	128,405	122,692
Investment property, net	10	1,599	1,601
Restricted cash	11	1,500	1,500
		3,152,698	3,168,039
		3,201,671	$ 3,216,810
LIABILITIES			
Current Liabilities			
Payables and accrued liabilites	12	$ 63,824	$ 51,342
Deferred revenue		3,006	2,582
Current indebtedness	13	387,954	692,376
		454,784	746,300
Long-Term Liabilities			
Long-term indebtedness	14	3,211,751	2,885,229
Provision	16	9,500	-
		3,221,251	2,885,229
		3,676,035	3,631,529
SHAREHOLDER'S EQUITY			
Share capital and contributed surplus	17	150,000	150,000
Deficit		(475,192)	(392,132)
Accumulated other comprehensive loss		(149,172)	(172,587)
		(474,364)	(414,719)
		3,201,671	$ 3,216,810

Comparative Figures 3b

Approved on behalf of the Board of Directors on May 23rd, 2017

Dan Doyle, Chair

Don Fairbairn, Director

The accompanying notes form an integral part of these financial statements.

Transportation Investment Corporation

Statement of Operations and Other Comprehensive Loss

For the year ended March 31

(In $000's)

	Notes	2017	2016 (Restated)
REVENUES			
Tolling and related revenues	19	$ 150,728	$ 135,285
Other revenues		583	1,063
		151,311	136,348
DEPARTMENTAL OPERATING EXPENSES			
Tolling Operations		14,286	18,500
Highway Operations		19,059	9,923
Finance & Management Services		5,926	5,403
		39,271	33,826
INCOME AFTER DEPARTMENTAL OPERATING EXPENSES		112,040	102,522
OTHER OPERATING EXPENSES			
Borrowing costs	20	139,495	132,542
Depreciation and amortization	21	53,504	50,414
		192,999	182,956
NET INCOME (LOSS) FROM OPERATIONS		(80,959)	(80,434)
OTHER COMPREHENSIVE INCOME (LOSS)			
Items that will be reclassified subsequently to profit and loss when specific conditions are met	15	23,415	23,419
Items that will not be reclassified subsequently to profit and loss	15	(9,857)	-
Other comprehensive income (loss)		13,558	23,419
TOTAL COMPREHENSIVE INCOME (LOSS)		(67,401)	(57,015)

Comparative Figures 3b

The accompanying notes form an integral part of these financial statements.

Transportation Investment Corporation
Statement of Cash Flows
For the year ended March 31
(In $000's)

	Notes	2017	2016 (Restated)
OPERATING			
Net loss		$ (80,959)	$ (80,434)
Items not affecting cash:			
Depreciation and amortization	21	53,504	50,414
Borrowing costs	20	139,495	132,542
Changes in operating working capital:			
Decrease (Increase) in trade and other receivables		(2,502)	(4,920)
Decrease (Increase) in prepaids and deposits		(383)	55
Increase (Decrease) in payables and accrued liabilities		947	137
Increase (Decrease) in deferred revenue		424	1,005
Increase (Decrease) in provision	16	9,500	(4,618)
		120,026	94,181
FINANCING			
Net proceeds from (Net repayment of) short-term debt		(304,422)	(296,311)
Interest and fees paid on short-term debt		(4,196)	(7,174)
Proceeds from long-term debt		695,485	348,386
Repayment of long-term debt		(351,877)	-
Interest paid on long-term debt		(130,007)	(115,071)
		(95,017)	(70,170)
INVESTING			
Intangible assets additions	9	(7,334)	(2,872)
Property, plant and equipment additions	8	(30,829)	(21,931)
Rehabilitation additions	8	-	(441)
Interest capitalized during construction	20	107	204
Changes in investing working capital:			
Increase (Decrease) in payables and accrued liabilities		10,364	(2,085)
		(27,692)	(27,125)
Change in cash during the year		(2,683)	(3,114)
Cash, beginning of the year		13,971	17,085
Cash, end of the year		$ 11,288	$ 13,971
Cash consists of:			
Cash in bank		$ 9,788	$ 12,471
Restricted cash	11	1,500	1,500
Total cash		$ 11,288	$ 13,971

The accompanying notes form an integral part of these financial statements.

Transportation Investment Corporation
Statement of Changes in Shareholder's Equity
For the year ended March 31
(In $000's)

	Notes	2017	2016 (Restated)
SHARE CAPITAL AND CONTRIBUTED SURPLUS			
Beginning of the year	17	$ 150,000	$ 150,000
End of the year		$ 150,000	$ 150,000
DEFICIT			
Beginning of the year		$ (392,132)	$ (311,698)
Net loss		(80,959)	(80,434)
Related party equity adjustment	15	(2,101)	-
End of the year		$ (475,192)	$ (392,132)
ACCUMULATED OTHER COMPREHENSIVE LOSS (AOCL)			
Beginning of the year		$ (172,587)	$ (196,006)
Other comprehensive income for the year		13,558	23,419
Reclassification from AOCL due to related party transaction	15	9,857	-
End of the year		$ (149,172)	$ (172,587)
TOTAL SHAREHOLDER'S EQUITY		$ (474,364)	$ (414,719)

The accompanying notes form an integral part of these financial statements.

1. GENERAL BUSINESS DESCRIPTION

The Transportation Investment Corporation ("TI Corp" or "the Corporation") is a Crown Corporation wholly owned by the Province of British Columbia. The Corporation's registered office is Suite 210 – 1500 Woolridge Street, Coquitlam, British Columbia.

TI Corp was established on June 25, 2008 under the *Transportation Investment Act (SBC 2002)*. TI Corp's mandate is to invest in infrastructure and recover costs through tolling. The Corporation may also engage in or conduct business authorized by the Lieutenant Governor in Council.

TI Corp's first infrastructure project was the Port Mann/Highway 1 Improvement ("PMH1") Project. TI Corp undertook the Project's design, building and operations as well as tolling maintenance and rehabilitation. TI Corp operates under a Concession Agreement ("CA"), which outlines the terms and conditions of the Project. The CA was signed by authorized representatives of TI Corp, the BC Transportation Financing Authority ("BCTFA") and the BC Ministry of Transportation and Infrastructure ("Ministry") on March 10, 2010.

During Fiscal 2017, TI Corp was given authority for the George Massey Tunnel Replacement Project ("GMTRP"). This includes responsibility for the procurement and construction of the GMTRP, the decommissioning of the existing George Massey Tunnel and the operations of the new bridge.

The BC Ministry of Finance is the fiscal agent for the Transportation Investment Corporation.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared on a going concern basis and are in compliance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board, and include International Accounting Standards ("IAS"), interpretations issued by the IFRS Interpretations Committee and the former Standing Interpretations Committee.

3. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are as follows:

a) *Basis of Measurement*

The financial statements have been prepared using the historical cost basis, except for certain financial instruments, including derivatives, which are classified and measured at fair value.

b) Basis of Presentation and Comparative Figures

The functional and presentation currency of the Corporation is Canadian dollars.

The opening Deficit balance has been adjusted and comparatives have been restated relating to an adjustment of $2 million. This adjustment relates to Highway Operations expenses which should have been recognized in Fiscal 2017 rather than Fiscal 2016.

Certain other comparative figures as detailed below have been reclassified to conform to current year presentation and do not impact the opening deficit balance.

The comparatives on the Statement of Financial Position and Notes presented for Fiscal 2016 have been restated as follows:

- Short-term debt interest payable has been reclassified from Current Indebtedness to Payables and Accrued Liabilities
- Related party transactions associated with outstanding balances
- Highway Infrastructure has been reclassified to Assets under Construction
- Component of Highway Infrastructure has been reclassified to Bridge Infrastructure
- Lands owned by the Corporation have been reclassified to Investment Property

The comparatives on the Statement of Operations and Comprehensive Income presented for Fiscal 2016 have been restated as follows:

- Communication costs from Tolling Operations to Finance and Management Services
- Allowance for Doubtful Accounts expense to Finance and Management Services
- Technical Services to Highway Operations

c) *Revenue Measurement and Recognition*

Revenue is measured at the fair value of the consideration received or receivable.

The primary sources of revenue for the Corporation are tolling charges for use of the Port Mann Bridge and associated account processing and maintenance fees. The recognition of revenue in the Statement of Operations and Other Comprehensive Loss occurs when all of the following conditions have been satisfied:

i) The amount of revenue can be measured reliably;
ii) It is probable that the economic benefits associated with the transaction will flow to the Corporation;
iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and
iv) The costs incurred, or to be incurred, in respect of the transaction can be measured reliably.

Accordingly, tolling revenue is recognized, net of promotions and discounts, for each vehicle crossing over the Port Mann Bridge provided it satisfies the above recognition requirements. The timing of recognition is determined when reliable customer information is made available. Where customers have acquired monthly passes, revenue is recognized in the periods for which the benefit of the pass relates.

d) Cash

All cash is held with major financial institutions.

e) *Impairment of Receivables*

At the end of each reporting period, the Corporation uses objective evidence, such as an aging analysis, to determine the best estimate of any impairment associated with receivables. Impairment losses on receivables are recorded in the Statement of Operations and Other Comprehensive Loss and adjusted in subsequent periods if the amount of the impairment changes.

f) *Property, Plant and Equipment*

Property, plant and equipment are recorded in the Statement of Financial Position, at cost net of accumulated depreciation and net of any impairment loss, provided the purchase amount is greater than $10,000 individually or in aggregate within a group of similar items. All costs are initially recorded at fair value and subsequently measured at cost less accumulated depreciation and impairment losses.

Assets under construction consist primarily of highway infrastructure components under development including bridges, roadbeds, overpasses, underpasses, retaining walls and drainage systems. Their cost includes all costs which are directly attributable to the asset, inclusive of borrowing costs prior to the asset being available for use, net of any temporary investment income, and costs which are necessary to bring the asset into the location and condition for the operational use intended. The capitalization of costs ceases when the asset is recategorized as available for use.

For assets that are made available for use, depreciation charges commence when the asset is capable of operating in the manner intended by management using methods and rates determined to depreciate the cost of the property, plant and equipment over their estimated useful lives. The methods and rates are reviewed, and adjusted if necessary, on an annual basis, with the effects of any changes in estimates being accounted for on a prospective basis. The depreciation method and useful lives for each asset class are as follows:

Asset	Depreciation Method	Useful Lives (in years)
Highway Infrastructure	Units of Production*/Straight Line	10 to 77
Bridge Infrastructure	Units of Production*/Straight line	25 to 77
Tolling and Traffic Systems	Straight Line	8 to 40
Office and Leasehold Assets	Straight Line	3 to 10

** The units of production depreciation method is based on the number of vehicles that cross the bridge during the fiscal year, relative to the expected traffic over the life of the asset.*

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gains or losses arising from derecognition, calculated as the difference between the net disposal proceeds and the carrying value of the item, is included in the Statement of Operations and Other Comprehensive Loss in the year of derecognition.

g) *Intangible Assets*

Intangible assets are comprised of land rights and recorded at cost. Credits are received from BCTFA for the unused portion of land not required for use. Amortization on a straight-line basis of the net costs commence when the asset is made available for use, and ceases when the relevant CA expires.

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

h) Investment Property

Investment property, which includes land and buildings, is initially recorded at cost including any transaction costs, which approximates fair value, and is subsequently recorded at depreciated cost. Building depreciation is calculated on a straight-line basis over an expected future life of 50 years. Investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Operations and Other Comprehensive Loss in the period in which the property is derecognized.

i) *Impairment of Non-financial Assets*

Non-financial assets such as property, plant and equipment or intangible assets are evaluated for impairment indicators at the end of each reporting period and if an indicator exists, the asset is tested for impairment. The recoverable amount is the higher of the asset's fair value less cost to sell or its value in use.

j) *Borrowing Costs and Interest Capitalization*

Borrowing costs directly attributable to the acquisition or construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are fully ready for the intended use.

Short-term debt borrowing costs include transaction fees and interest expense.

Long-term debt borrowing costs include transaction fees, applicable premiums or discounts and interest expense. These costs are amortized over the life of the specific debt instrument, using the effective interest rate method.

k) *Pension Benefits*

Pension benefits for employees of the Corporation are provided through the BC Public Service Pension Plan. The participation in this jointly trusteed plan is accounted for using defined contribution accounting requirements. The costs of this plan are accounted for on an accrual basis.

l) Deferred Revenue

Deferred revenue is comprised of customers who, at the end of the fiscal year, have a tolling credit balance in their account to be applied to future crossings.

m) *Provisions*

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be necessary to settle the obligation, and when the amount can be readily estimated. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period. The recognized amount, takes into account the risk and uncertainties surrounding the obligation. Provisions are not recognized for future operating losses.

n) *Financial Instruments*

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or the issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. This does not include financial assets and financial liabilities at fair value through profit or loss. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

The Corporation classifies its financial instruments into one of the following categories: financial assets at amortized cost; financial liabilities at amortized cost; and fair value through profit and loss. The subsequent measurement of financial instruments depends on the classification of the instrument. Based on the classification of the financial instruments described below, the Corporation has measured its financial instruments subsequent to initial recognition as follows:

Financial Instrument	Classification	Subsequent Measurement	Recognition
Cash, restricted cash	Fair value through profit or loss	Fair value	Interest income and the effects of foreign currency translation are recognized in the current year's income and expenses.
Trade and other receivables	Loans and receivables	Amortized cost, using the effective interest rate method	Interest income and impairment write downs are recognized in the current year's income and expenses.
Derivatives, where hedge accounting is applied	Derivative instruments in a qualified hedging relationship	Fair value, remeasured at each reporting period	The effective portion of the derivative relationship is recognized in the current year's other comprehensive loss. The ineffective portion of a derivative is recognized in the current year's income and expenses.
Payables	Other financial liability	Amortized cost, using the effective interest rate method	Interest expense and the effects of foreign currency translation are recognized in the current year's income and expenses.
Short-term and Long-term indebtedness	Other financial liability	Amortized cost, using the effective interest rate method	Interest expense and the effects of foreign currency translation are recognized in the current year's income and expenses.

o) Hedge Accounting

The Corporation designates certain hedging instruments that include derivatives in respect of foreign currency risk as cash flow hedges. At inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking hedging transactions.

The Corporation applies cash flow hedge accounting to certain cross currency swaps. In a cash flow hedge relationship, the portion of gains or losses on the hedging item that is determined to be an effective hedge is recognized in other comprehensive loss, while the ineffective portion is recorded in the statement of operations. The amounts recognized in other comprehensive loss are reclassified to the statement of operations as a reclassification adjustment when the hedged item affects net loss.

Hedge accounting is discontinued when the Corporation revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive loss and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of operations. When a forecast transaction with an unrelated third party is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

p) Leases

Leases are classified as finance or operating depending on the terms and conditions of the contracts. Currently, all leases held by the Corporation are classified as operating leases. Accordingly, all leases are expensed on a straight line basis or as payments are incurred.

q) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at the end of the accounting period. Changes in the Canadian dollar equivalent of these monetary assets and liabilities due to changes in the exchange rate are recognized in the Statement of Operations and Other Comprehensive Loss.

r) Income Taxes

TI Corp is exempt from corporate income taxes.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements requires management to make estimates and judgments about the future. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, exhibit some variances to actual results.

The following categories set forth management's most critical estimates, assumptions and judgments, when considering both the current *and* prior year balances.

Valuation of Assets under Construction

The Corporation determines the cost of the asset based on the work completed to date.

Assets Available for Use

Assets are considered available for use when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management. The determination of assets available for use has a financial impact to the Corporation. This is because the capitalization of borrowing costs ceases and depreciation commences when the asset is determined to be available for use.

Depreciation

The Corporation is required to make significant estimates in the calculation of depreciation. The estimates include the useful life of the assets, the depreciation method, the expected traffic over the life of the CA and the componentization of the assets. The determination of these estimates can have a significant impact to the Corporation's Statement of Operations and Other Comprehensive Loss.

Accounts Receivable

The Corporation has recorded an allowance in regards to the collectability of certain revenue generated from tolling operations. The allowance methodology includes estimates related to recoveries under the "refuse to issue" program. The refuse to issue program refers to the enforced payment mechanism on outstanding tolls through the annual insurance renewal process and/or the license renewal process administered by the Insurance Corporation of British Columbia.

Provisions

Provisions are recognized when the Corporation has a legal or constructive obligation as a result of a past event, whereby it is probable that an outflow of resources will be required to settle the obligation and where a reliable estimate of the amount of the obligation can be made. The value of the provision is reviewed at the end of each reporting period and any adjustments are recognized accordingly.

Impairment

The Corporation evaluates all assets for impairment indicators at the end of each reporting period and if an indicator exists, the asset is tested for impairment. When assessing for impairment indicators, the Corporation considers many factors including market and economic conditions, utilizes judgment and any valuation estimations provided by contractors. As all impairment charges are recognized in the Statement of Operations and Other Comprehensive Loss, impairment charges may have a significant impact on the results of the Corporation.

5. RECENT ACCOUNTING PRONOUNCEMENTS

i. IFRS 9 – Financial Instruments: This standard replaces the current *IAS 39 – Financial Instruments Recognition and Measurement*. The standard introduces new requirements for classifying and measuring financial assets and liabilities. This section is effective for fiscal periods beginning on or after January 1, 2018. Early adoption is permitted. TI Corp does not expect a significant financial impact as a result of this change.

ii. IFRS 15 – Revenue from Contracts with Customers. This standard replaces *IAS 11 – Construction Contracts, IAS – 18 Revenue and IFRIC 13 – Customer Loyalty Programs*. This standard outlines a single comprehensive model for entities to account for revenue arising from contracts with customers. This section is effective for fiscal periods beginning on or after January 1, 2018. Early adoption is permitted. TI Corp does not expect a significant financial impact as a result of this change.

iii. IFRS 16 – Leases. This standard replaces the current *IAS 17 – Leases*. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. IFRS 16 includes an overall disclosure objective and requires a company to disclose (a) information about lease assets and expenses and cash flows related to leases; (b) a maturity analysis of lease liabilities; and (c) any additional company-specific information that is relevant to satisfying the disclosure objective. This section is effective for fiscal periods beginning on or after January 1, 2019. Early adoption is permitted. TI Corp will be evaluating the financial impact of this standard on its financial statements.

iv. IAS 7 – Statement of Cash Flows. This amendment enhances disclosure requirements required by the current *IAS 7 – Statement of Cash Flows*. The amendments required disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. This amendment is effective for fiscal periods beginning on or after January 1, 2017 and are to be applied prospectively. Early adoption is permitted. TI Corp will be evaluating the disclosure impact of this amendment on its financial statements.

v. IAS 40 – Investment Property. These amendments clarify the principles for transfers into, or out of investment property in IAS 40 when there has been a change in use. An entity shall transfer a property to, or from, investment property, and only when, there is a change in use of property supported by evidence that a change in use has occurred; and the list of circumstances of when a change in use has occurred is non-exhaustive. The amendments apply prospectively for annual periods beginning on or after January 1, 2018. Early adoption is permitted. Retrospective application is permitted, but only if it does not involve the use of hindsight. TI Corp does not expect a significant financial impact as a result of this amendment.

The Corporation did not early adopt any of the above accounting pronouncements where early adoption was permitted.

6. TRADE AND OTHER RECEIVABLES

Receivables ($000's)	**March 31, 2017**	**March 31, 2016**
Tolling related receivables	$ 40,996	$ 39,603
Allowance for doubtful accounts	(3,592)	(4,397)
Net tolling accounts receivable	37,404	35,206
Related party trade accounts receivable	-	117
Other receivables	1,119	698
	$ 38,523	$ 36,021

Allowance for Doubtful Accounts ($000's)	**March 31, 2017**	**March 31, 2016**
Beginning balance	$ 4,397	$ 3,829
Additions (Reductions)	(805)	568
	$ 3,592	$ 4,397

7. PREPAIDS AND DEPOSITS

Prepaids and Deposits ($000's)	**March 31, 2017**	**March 31, 2016**
Prepaids	$ 662	$ 249
Security deposits	-	30
	$ 662	$ 279

8. PROPERTY, PLANT AND EQUIPMENT

The costs and accumulated depreciation amounts for the Corporation's property, plant and equipment at March 31, 2017 are as follows ($000's):

Cost	**Highway Infrastructure**	**Bridge Infrastructure**	**Tolling and Traffic Systems**	**Office and Leasehold Assets**	**Assets Under Construction**	**Total**
Beginning balance	$ 1,941,028	$ 1,103,509	$ 109,472	$ 2,378	$ 16,472	$ 3,172,859
Additions	9,500	-	-	618	20,711	30,829
Total	1,950,528	1,103,509	109,472	2,996	37,183	3,203,688
Accumulated Depreciation						
Beginning balance	84,139	24,997	20,094	1,383	-	130,613
Additions	30,698	10,382	10,553	248	-	51,881
Total	114,837	35,379	30,647	1,631	-	182,494
Net book value	$ 1,835,691	$ 1,068,130	$ 78,825	$ 1,365	$ 37,183	$ 3,021,194

Assets classes are further broken down into asset components, and depreciation is applied accordingly. Assets under construction primarily includes the PMH1 off corridor project ($22.3m) and the GMTRP planning and site preparation costs ($14.7m).

Capitalized borrowing costs of $0.1 million (2016 – $0.2 million) (see Note 21) were included as additions to Assets Under Construction. The average effective capitalized interest rate relating to the borrowing cost, including hedge amortization, in Fiscal 2017 was 0.52% (2016 – 0.63%).

The costs and accumulated depreciation amounts for the Corporation's property, plant and equipment at March 31, 2016 (Restated) are as follows ($000's):

Cost	Highway Infrastructure	Bridge Infrastructure	Tolling and Traffic Systems	Office and Leasehold Assets	Assets Under Construction	Total
Beginning balance	$ 1,914,271	$ 1,064,762	$ 116,653	$ 2,378	$ 52,423	$ 3,150,487
Additions	441	-	-	-	21,931	22,372
Reclassifications	26,316	38,747	(7,181)	-	(57,882)	-
Total	1,941,028	1,103,509	109,472	2,378	16,472	3,172,859
Accumulated Depreciation						
Beginning balance	53,969	16,582	10,119	1,203	-	81,873
Additions	30,170	8,415	9,975	180	-	48,740
Total	84,139	24,997	20,094	1,383	-	130,613
Net book value	$ 1,856,889	$ 1,078,512	$ 89,378	$ 995	$ 16,472	$ 3,042,246

9. INTANGIBLE ASSETS

TI Corp has entered into a licensing agreement with the BCTFA to use and occupy certain lands in order to permit the Corporation to comply with its obligations under the CA for the Project. Amortization began December 1, 2012 on a straight-line basis for PHM1 and will cease in 2090.

GMTRP expenditures relating to the right to use land will be amortized from when the asset is made available for use over the remaining life of the Concession Agreement between the Province, BCTFA and TI Corp.

Land Rights (at cost) ($000's)	March 31, 2017	March 31, 2016 (Restated)
Beginning balance	$ 122,692	$ 121,493
Additions	7,334	2,872
Amortization (note 21)	(1,621)	(1,673)
	$ 128,405	$ 122,692

10. INVESTMENT PROPERTY

TI Corp owns properties that were originally purchased to facilitate construction activities on a temporary basis. Properties include both land and buildings. All investment properties are currently undergoing a consultation process with relevant parties. This consultation process is still in the early stages. Once greater certainty regarding the timing of a potential sale is achieved, the asset will be reclassified as Assets Held for Sale.

Investment Property (at cost) ($000's)	March 31, 2017	March 31, 2016 (Restated)
Beginning balance	1,601	1,602
Additions	-	-
Depreciation (note 21)	(2)	(1)
	1,599	1,601

11. RESTRICTED CASH

Restricted cash of $1.5 million is held as collateral for a standby letter of credit issued by the Canadian Imperial Bank of Commerce (CIBC) in favor of the Receiver General for Canada on behalf of Fisheries and Oceans Canada (the beneficiary), to ensure TI Corp’s compliance with their authorization for work or undertakings affecting fish habitat. TI Corp receives interest on this amount at a variable interest rate.

The standby letter of credit expired on June 29, 2016 and was renewed. It is renewed annually until the letter of credit is rescinded or reduced as instructed by the beneficiary. If required, the standby letter of credit will also be automatically reduced by the amount of each drawing paid by CIBC to the beneficiary.

12. PAYABLES AND ACCRUED LIABILITIES

Payables ($000's)	March 31, 2017	March 31, 2016 (Restated)
Related party payables and accruals	$ 14,907	$ 5,228
Short-term debt interest accrual	520	1,642
Long-term debt interest accrual	39,743	37,449
Other trade payables and accruals	8,654	7,023
	$ 63,824	$ 51,342

All accounts payables are in the normal course of operations and are measured at the exchange amount. Related party values are negotiated between the respective entities and approximate market values. Comparative figures have been reclassified to conform to the current year's presentation resulting from the related party disclosure in Note 18.

13. CURRENT INDEBTEDNESS

TI Corp funds its construction and operations with a blend of long-term and short-term debt. Current indebtedness is the principal value of the commercial paper debt assumed by TI Corp that typically matures within 365 days. TI Corp has been authorized by the BC Ministry of Finance to acquire up to $2.5 billion of short-term debt from the Province of British Columbia. The fair values of the commercial paper debt instruments approximate their stated values. At March 31, 2017, the Corporation had short-term debt totaling $388 million (2016 – $692 million) with annual interest rates ranging from 0.18% to 0.57% (2016 – 0.48% to 0.73%) and maturity dates ranging from Apr 5, 2017 to Oct 12, 2017 (2016 – Apr 4, 2016 to Jan 10, 2017).

14. LONG-TERM INDEBTEDNESS

Long-term debt consists of a series of bonds due to the Province of British Columbia. With the approval of the BC Ministry of Finance, sinking fund contribution payments have been suspended but will commence once sufficient cash flows from tolling have been generated to permit these contributions without the requirement to borrow additional funds. There is one debt maturity (BCCD-23) over the next five years. Long-term debt was issued during the current year to take advantage of the current low interest rates (2016 – one issuance). It is the intention of TI Corp management to hold all long-term debt instruments until maturity.

The interest to be paid on currently held long-term debt over the next five years totals $134.0 million per year. During the construction phase of a project, a portion of the interest costs are capitalized as a part of the capital asset costs. Fair values have been provided by the BC Ministry of Finance as TI Corp's fiscal agent. The fair values have been determined using active market comparisons using relative yield curves provided by third party vendors. The fair value of the long-term debt is greater than the amortized cost due to declining interest rates.

At March 31, 2017, the Corporation had the following bond series outstanding ($000's):

					March 31, 2017		March 31, 2016	
Debt Series	Maturity Date	Face Value	Coupon Rate	Effective Rate	Fair Value	Amortized Cost	Fair Value	Amortized Cost
BCCD-23	18-Dec-19	$ 500,000	4.10%	2.40%	$ 537,803	$ 522,264	$ 554,688	$ 530,003
BCCD-28	18-Dec-22	400,000	2.70%	2.92%	421,186	$ 395,451	429,736	394,735
BCCD-36	18-Jun-26	350,000	2.30%	2.54%	347,239	$ 343,213	-	-
BCCD-W	19-Nov-27	235,600	6.15%	4.70%	314,818	$ 263,952	327,658	265,952
BCCD-X	18-Jun-29	222,000	5.70%	4.70%	289,489	$ 242,532	300,227	243,744
BCCD-X	18-Jun-29	591,833	5.70%	4.17%	771,752	$ 677,934	800,378	683,212
BCCD-19	18-Jun-31	150,000	5.00%	5.06%	183,715	$ 149,094	190,003	149,052
BCCP-148	9-Jun-39	78,188	4.99%	5.06%	104,401	$ 77,476	103,749	77,459
BCCD-22	18-Jun-40	100,000	4.95%	4.76%	137,769	$ 102,706	133,143	102,768
BCCD-22	18-Jun-40	96,000	4.95%	5.34%	132,258	$ 91,056	127,817	90,952
BCCD-25	18-Jun-42	295,000	4.30%	3.28%	399,494	$ 346,073	363,859	347,352
		$ 3,018,621			$ 3,639,924	$ 3,211,751	$ 3,331,258	$ 2,885,229

15. CASH FLOW HEDGES

On August 24, 2016, the Corporation entered into a loan agreement with the Province of British Columbia for proceeds of US$267.5 million ($350.5 million). In conjunction with this transaction, the Province of British Columbia, on behalf of TI Corp, also entered into a cross-currency swap that was designated in an effective hedging relationship. On March 13, 2017, the Corporation repaid the debt in full and terminated the cross-currency swap. As a result, in connection with the cross-currency swap, the Corporation reclassified $9.9 million from accumulated other comprehensive loss, for the effective portion of the hedging relationship during its term. This was offset by an equity adjustment of $7.8 million due to the net impact from the difference in the fair value of the loan and consideration received, and the difference of the carrying value of the loan and the consideration paid. Overall, this resulted in a $2.1 million reclassification to deficit as the transaction was with a related party under common control.

During the fiscal year, the Corporation recognized $23.4 million in amortization of cash flow hedge reserves which was offset by a reclassification of $9.9 million from accumulated other comprehensive loss. This resulted in other comprehensive income of $13.5 million (2016 – $23.4 million).

16. PROVISION

At times, there may be legal or constructive obligations associated with project construction or operations. When a reliable estimate can be made and it is probable a settlement could be reached, these costs are recorded as a provision. The estimate of these obligations is as following:

Legal or Constructive Obligations Provision ($000's)	**March 31, 2017**	**March 31, 2016**
Beginning balance	$ -	$ -
Additions	9,500	-
	$ 9,500	$ -

Any pending litigation where payment is not probable or the amount cannot be measured reliably are discussed in Note 28.

17. SHARE CAPITAL AND CONTRIBUTED SURPLUS

	March 31, 2017	**March 31, 2016**
Share capital	$ 100	$ 100
Contributed surplus	149,999,900	149,999,900
	$ 150,000,000	$ 150,000,000

Authorized share capital as stated in the *Transportation Investment Act*, is one share with a par value of $100, issued to the Minister of Transportation and Infrastructure.

18. RELATED PARTY TRANSACTIONS

TI Corp is related through common ownership to all Province of British Columbia ministries, agencies, Crown Corporations and all public sector organizations that are included in the Provincial Government Reporting Entity ("GRE"). A portion of the Corporation's suppliers are from within the GRE. Transactions with related parties are in the normal course of operations and are made on terms equivalent to those that prevail in arm's length transactions. The following is a list of the significant related parties and the nature of transactions with TI Corp:

Name of Related Party	Relationship	Nature of Transactions
BC Ministry of Transportation and Infrastructure	Parent	Technical services
BC Ministry of Finance	Associate	Debt financing and hedging instruments
BC Transportation Financing Authority	Associate	Occupy and use land and buildings

The following shows total transacted amounts and the outstanding year end balances with each related party:

Related Party Transactions	**Amount Transacted During**		**Outstanding Balance At**	
($000's)	**Fiscal 2017**	**Fiscal 2016 (Restated)**	**March 31, 2017**	**March 31, 2016 (Restated)**
BC Ministry of Transportation and Infrastructure	$ 21,175	$ 5,513	$ 7,595	$ 2,633
BC Ministry of Finance	-	-	$ 40,263	39,091
BC Transportation Financing Authority	$ 10,875	3,872	$ 7,312	2,595
Total payable transactions	$ 32,050	$ 9,385	$ 55,170	$ 44,319
BC Ministry of Transportation and Infrastructure	119	207	-	115
BC Transportation Financing Authority	-	2	-	2
Total receivable transactions	$ 119	$ 209	$ -	$ 117
Net (outflow) debt transactions with BC Ministry of Finance	$ (88,624)	$ (123,557)	$ 3,600,225	$ 3,579,247

19. TOLLING AND RELATED REVENUES

Tolling and Related Revenues ($000's)	**March 31, 2017**	**March 31, 2016**
Tolling revenue	$ 134,119	$ 119,465
License plate processing fees	10,060	9,932
Tolling related fees	6,557	6,445
Discounts	(8)	(557)
	$ 150,728	$ 135,285

Tolling related fees include such fees as refuse-to-issue ("RTI"), non-sufficient funds ("NSF") and interest on overdue accounts.

20. BORROWING COSTS

	Capital Portion		Operating Portion	
Borrowing Costs ($000's)	**March 31, 2017**	**March 31, 2016**	**March 31, 2017**	**March 31, 2016**
Interest and fees	$ 107	$ 195	$ 133,342	$ 125,061
Premium/Discount amortization	-	(16)	(16,658)	(15,913)
Hedge amortization	-	25	23,415	23,394
Hedge ineffectiveness gain	-	-	(604)	-
	$ 107	$ 204	$ 139,495	$ 132,542

21. DEPRECIATION AND AMORTIZATION

Depreciation and Amortization ($000's)	**March 31, 2017**	**March 31, 2016**
Property, plant and equipment depreciation (note 8)	$ 51,881	$ 48,740
Intangible assets amortization (note 9)	$ 1,621	1,673
Investment property depreciation (note 10)	$ 2	1
	$ 53,504	$ 50,414

22. WAGES AND BENEFITS

The total wages and benefits included in the Statement of Operations and Other Comprehensive Loss for Fiscal 2017 is $4.1 million (2016 – $2.9 million). The increase is attributable to the insourcing of key functions and the introduction of a new Committee and additional Board members. Compensation to key management during the year is comprised of the following:

Key Management Personnel ($000's)	**March 31, 2017**	**March 31, 2016**
Executive and Board compensation	$ 693	$ 665
Executive short term benefits	18	13
Executive post-employment benefits	94	71
Executive termination benefits	1	1
	$ 806	$ 750

23. EMPLOYEE BENEFIT PLAN

In Fiscal 2010, both TI Corp and its employees commenced contributions to the Public Service Pension Plan (the "Plan"), a jointly trusteed pension plan. The Public Service Pension Board of Trustees, representing plan members and employers, have oversight responsibilities for the management of the Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer jointly trusteed pension plan that shares risk between various entities.

The Corporation does not account for its participation in the multi-employer plan as a defined benefit plan because the Corporation does not have access to information about the plan that would enable the Corporation to record its share of the obligations of the plan, plan assets and costs of the plan. In addition, the plan exposes the participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and costs to individual entities which participate in the plan. Accordingly, the participation in the plan is accounted for using defined contribution accounting requirements. The Corporation accrues expenses for contributions which are contractually due as at the reporting period date to the plan for past service based on the contribution funding schedule of the Plan. At March 31, 2017, the Corporation has approximately 38 employees contributing to the Plan which has approximately 119,000 active and retired plan members.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and the adequacy of plan funding. The latest actuarial valuation, as at March 31, 2014, indicated the funding surplus amount is $194 million for basic pension benefits. The next valuation will be as of March 31, 2017 with the report published in Fiscal 2018. The actuary does not attribute portions of any unfunded liability to individual employers. Total account contribution rates in effect for the year ended March 31, 2017, as a percent of salary, are as follows:

	Employee	**Employer**
Below year's maximum pensionable earnings for CPP	7.93%	9.43%
Above year's maximum pensionable earnings for CPP	9.43%	10.93%

In Fiscal 2017, the employees of the TI Corp contributed $260,651 (2016 – $189,616) and the Corporation paid $304,889 (2016 – $223,201) in employer contributions to the Plan.

24. CONCESSION AGREEMENT

TI Corp, Ministry and the BCTFA entered into a CA, dated March 10, 2010. The CA governs the duties, rights and responsibilities of each party with respect to the design, construction and tolling of the Port Mann Bridge and the surrounding highway infrastructure. The expiry date of the CA is March 14, 2090, and the tolling term expires on March 14, 2050.

TI Corp's duties as defined under the CA include:

- Manage and finance the construction of the Project.
- Undertake the ongoing operations, maintenance and rehabilitation of the Concession Highway.
- Develop and operate a tolling system during the tolling term.
- Collect and retain toll revenue.
- Maintain ownership of acquired capital assets.

Province's obligations as described in the CA include:

- Grant licenses and rights to TI Corp to permit the operation of a concession.
- Take possession of the capital assets at end of term.
- Permit the use of existing land and infrastructure.

BCTFA duties as defined under the CA include:

- Grant licenses for use and occupation of lands by TI Corp.

25. COMMITMENTS

Commitments (in millions)	Operating Leases	Operational Commitments	Capital Commitments
Fiscal 2018	$ 1	$ 34	$ 31
Fiscal 2019	1	23	7
Fiscal 2020	1	5	4
Fiscal 2021	1	0	1
Beyond	2	-	1
Total	$ 6	$ 62	$ 44

Included in capital commitments are some of the new contracts for the GMTRP. Operational commitments include contracts with our key partners, along with some miscellaneous contracts. Operating leases include rental of office space and equipment. The office lease term is 10 years and commenced in Fiscal 2013. Although TI Corp has no additional significant operating contracts in effect at March 31, 2017, the Corporation may have a requirement to engage contractors in the future for continued operational purposes.

26. CAPITAL MANAGEMENT

There have been no major changes to TI Corp's approach to capital management during the year ended March 31, 2017. TI Corp defines capital as cash, cash equivalents, derivative contracts, contributed surplus, share capital and short-term and long-term debt.

Pursuant to Section 24.23(2)(c) of the *Transportation Investment Act*, with the approval of the Minister of Finance, TI Corp may borrow the sums of money considered necessary to carry out its mandate.

TI Corp's objective in managing its capital is to monitor its cash, debt and the use of derivative financial instruments in order to minimize its cost of capital and its exposure to credit, market, currency, interest rate and liquidity risks, and to ensure that sufficient resources are available to fund the Project and ongoing operations. To achieve this objective, management reviews its capital management approach on a continuous and ongoing basis. Cash in excess of day-to-day operational requirements may be invested in interest bearing bank deposits.

TI Corp utilizes short-term debt to fund construction activities and ongoing operations. Pursuant to TI Corp's long-term debt strategy and hedging plan, its construction and operations are funded with a blend of long-term and short-term debt.

27. FINANCIAL INSTRUMENT RISKS

TI Corp is exposed to certain risks through its financial instruments.

Credit Risk

Credit risk is the risk to TI Corp that a counterparty to a financial instrument will cause a financial loss by failing to discharge an obligation. TI Corp has entered into a derivative product transactions agreement with the BC Ministry of Finance under which the Minister, as fiscal agent for the Corporation, may enter into derivative product transactions with third parties. Provincial Government policy is that derivative transactions are entered into only with counterparties, comprising Canadian Schedule A banks with a rating from Standard and Poor's and Moody's Investors Service Inc. of at least AA-/Aa3 or A+/A1. The Province also establishes limits on individual counterparty credit exposures and monitors these on a regular basis. At March 31, 2017 and 2016, TI Corp does not have significant counterparty credit risk on its derivatives as the fair value of the derivatives is $Nil.

In accordance with the Corporation's accounting policies, revenue is recognized when it is probable that economic benefits will flow to the organization. The main criteria include the ability to measure and apply the correct fees and to be able to successfully retrieve the customer's correct billing information. Credit risk arises with respect to the ability to bill customers and the rate of collection from these customers. An aging profile of customer accounts has been established and is monitored regularly with ongoing review of collection strategies. The current balances are as follows:

Tolling Related Receivables Aging Table (in millions)	March 31, 2017	March 31, 2016
Unbilled	$ 7	$ 7
Current	11	10
1-30 Days	3	3
31-60 Days	2	2
61-90 Days	2	2
Over 90 Days	16	16
	$ 41	$ 40

Trade and other receivables do not present a significant credit risk because:

- Application of additional fees when tolls are not paid according to applicable terms, and
- The enforced payment mechanism through the insurance renewal process and/or the license renewal process.

Additionally, given that cash is held at major banking institutions with strong credit worthiness, credit risk is further reduced.

Liquidity Risk

Liquidity risk is the risk that TI Corp will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. TI Corp has been provided approval to incur debt of up to $8.0 billion, with funding provided through the Minister of Finance as TI Corp's fiscal agent. The Corporation has implemented a debt management plan and monitors its spending and debt through budgets, forecasts and effective management of its contracts.

Cash flows are regularly reviewed and updated to account for any significant impact on liquidity arising from traffic volatility or interest rate changes. As part of its long range forecast, TI Corp is projecting negative cash flows in the early years and the funding for this is within the approved debt limits. Although negative cash flows are common in newly established organizations, positive cash flows are expected for TI Corp in the future and on this basis, the corporation considers the going concern assumption appropriate in the preparation of the financial statements.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk includes currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency exchange rates. TI Corp maintains one bank account in US dollar denomination and at March 31, 2017, the balance was $507,920 (2016 – $435,615). TI Corp does not maintain any foreign currency debt.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows will fluctuate because of changes in market interest rates. TI Corp is exposed to cash flow interest rate risk as a result of its requirement to assume short-term and long-term debt over the period of its infrastructure development and operations. As short-term debt must be renewed on a frequent basis, interest rate increases will lead to higher interest costs. For the 2017 fiscal year, a change of 1% to the short-term interest rate would result in an estimated short-term interest cost change of $3.9 million (2016 – $6.9 million). TI Corp's Debt Financing Plan instituted a hedging strategy to mitigate the risk of higher long-term interest rates. At March 31, 2017, all of the Corporation's long-term debt is fixed rate debt; accordingly, changes in interest rates do not impact interest payments but may impact the fair value of such long-term debt.

Other Price Risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices other than those arising from currency or interest rate risks. Due to the nature of TI Corp's financial instruments, the Corporation is not exposed to other price risk.

Fair Value Disclosure

Fair value is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. As fair values are dependent on a range of inputs used in making the measurements, a fair value hierarchy has been developed to disclose the basis of measurements used. TI Corp has used the following fair value hierarchy to classify financial instruments recorded at fair value on the Corporation's Statement of Financial Position:

Level 1 – quoted prices (unadjusted in active markets for identical assets and liabilities);
Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices), or indirectly (derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following outlines the fair value of certain financial instruments and their associated measurement level:

Financial Instrument ($000's)	Note	March 31, 2017	March 31, 2016 (Restated)	Measurement Level
Cash		$ 9,788	$ 12,471	1
Trade and other receivables	6	$ 38,523	$ 36,021	1
Payables and accrued liabilites	12	$ 63,824	$ 51,342	1
Current indebtedness	13	$ 387,954	$ 692,376	1
Long-term indebtedness	14	$ 3,639,924	$ 3,331,258	2

The valuation of all items above except long-term indebtedness approximated their fair values at year end because of the short-term maturities of these instruments. Long-term indebtedness is valued on the Statement of Financial Position at its amortized cost using the effective interest rate method. The BC Ministry of Finance provides the fair value at year end.

The carrying value for derivatives hedging instruments which are over the counter instruments is established by use of discounted cash flow valuation models. The valuation models use market observable data for future interest rates in the estimation of fair value. The discount rate is based upon a risk free rate with a credit valuation adjustment for entity level or counterparty credit risk depending on whether the derivative is in an asset or liability position respectively. As TI Corp does not have an entity level credit rating the credit valuation adjustment takes account of credit rates for similar entities using market observable data where possible.

28. CONTINGENCIES

Township of Langley

The Corporation developed a Park & Ride Station known as the 202 Street Park & Ride Project. To develop the Project, TI Corp entered into an agreement with the Township of Langley ("Township"), which specifies that for a 15-year term, the Township is responsible to collect Specified Charges from any developer who develops Benefiting Parcels that connect the storm drainage system to the retention pond, which was built as part of the Project. Further, the Township is required to remit the Specified Charges collected to the Corporation at the beginning of the next calendar year and each calendar year thereafter, the Specified Charges collected from the previous year in respect of the development of Benefiting Parcels. Because the conditions outlined above are required to be met to collect the Specified Charges, the total amount to be received is considered conditional and unknown and, therefore, meets the definition of a contingent asset. At March 31, 2017, the Corporation has received $Nil.

Litigation

In the ordinary course of business, TI Corp can become a defendant or party to pending or threatened legal actions and proceedings. It is not possible to determine the ultimate outcome of such matters; however, based on all currently available information, management believes that liabilities, if any, arising from any pending litigation will not have a material adverse effect on the financial position or results of operations of the Corporation.

For any pending litigation that a reliable estimate can be made and it is probable a settlement could be reached the Corporation has recorded a provision (Note 16).

George Massey Tunnel Replacement Project

The Corporation is currently in the request for proposal ("RFP") phase of the competitive selection process for the GMTRP. When the competitive selection process is completed and a concession agreement is executed and delivered, a stipend in the amount of $2 million will be available to each proponent participating in the RFP phase that is not selected as the Preferred Proponent, subject to satisfying the terms and conditions of the Proponent Agreement.

Major Capital Projects

Major Capital Project	Targeted Completion Date (Year)	Approved Anticipated Total Cost of Project ($ millions)	Project Cost to March 31, 2017
Port Mann/Highway 1 corridor improvement: new 10-lane Port Mann Bridge and 37 kilometres of highway improvements along the Highway 1 corridor from Langley to Vancouver.	**March 31, 2017**	**$3,319**	**$3,316**
George Massey Tunnel Replacement Project: new bridge and related Highway 99 improvements between Bridgeport Road in Richmond and Highway 91 in Delta.	**March 31, 2024[1]**	**$3,500**	**$22**

[1] The GMTR Project is planned to open in 2022. Total Project completion, including tunnel decommissioning, is targeted for 2024.

Port Mann/Highway 1 Improvement Project

The new Port Mann Bridge and Highway 1 improvements were completed in September 2015.

The Golden Ears Connector is the final off-corridor element of the Project. The majority of work on the connector was completed in 2016/17. Extended winter conditions meant that final finishing work could not be completed before the end of the 2016/17 reporting period. The remaining work on the Golden Ears Connector was completed in spring 2017 within the approved $3,319 million capital budget.

George Massey Tunnel Replacement Project

The George Massey Tunnel experiences significant congestion and delays. Without improvements, safety, economic growth and regional livability will be constrained. Current plans include replacing the tunnel with a bridge with dedicated transit/HOV lanes, a multi-use pathway for cyclists and pedestrians and related Highway 99 improvements (three replacement interchanges and highway widening). The Project is intended to reduce congestion, address safety and reliability concerns and improve transit service along the corridor.

For more information on the George Massey Tunnel Replacement Project, visit https://engage.gov.bc.ca/masseytunnel/.

Appendix A: Subsidiaries and Operating Segments

TI Corp has no subsidiary information to report.

Appendix B: Additional Information

Corporate Governance

TI Corp is governed by a board of directors that is responsible to the minister responsible for the implementation of government direction. The board's direction is implemented by management, who carries out the day-to-day operations of the corporation under the supervision of the Chief Executive Officer. Details of TI Corp's corporate governance, including Board of Directors, governance principles and key accountabilities are available online at www.ticorp.ca/who-we-are/governance/

Organizational Overview

Details of TI Corp's enabling statute, mandate, vision and values is available online at www.ticorp.ca/who-we-are/governance/

Contact Information

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Visit the TI Corp website at www.ticorp.ca

Visit the TReO tolling website at www.treo.ca

For information about the George Massey Tunnel Replacement Project visit https://engage.gov.bc.ca/masseytunnel

Appendix C – Crown Corporations Mandate and Actions Summary

In the 2016/17 Mandate Letter from the minister responsible, Transportation Investment Corporation received direction on strategic priorities for the 2016/17 fiscal year. These priorities and the Crown corporation's resulting actions are summarized below:

Mandate Letter Direction	Crown corporation's Action
1. In accordance with the Concession Agreement, continue to operate and manage the tolling system and toll collections at the Port Mann Bridge.	TI Corp developed TReO, the all-electronic toll system on the Port Mann Bridge and tolling commenced in December 2012. Revenue in 2016/17 was approximately $151 million and exceeded targets by approximately $14 million.
2. Ensure that the financial targets and reporting requirements, as identified in the Ministry budget letter to TI Corp, are met. Inform the Ministry in a timely manner of any pressures in meeting these financial targets and the related mitigation strategies.	TI Corp remains on track meet all its financial obligations and to repay all Port Mann/Highway 1 Improvement Project debt by 2050, the date prescribed in the Concession Agreement. Regular dialogue and meetings between TI Corp and the Ministry ensure communication regarding financial reporting is frequent and timely. TI Corp submits quarterly financial statements, capital expenditures and cash flow forecasts.
3. Manage and ensure the delivery of infrastructure improvements, in addition to the construction completed as part of the Design Build Agreement signed Kiewit/Flatiron General Partnership, to ensure the project is completed within the $3.319 billion budget by March 31, 2017.	Work on the last-remaining off-corridor element of the Project, the Golden Ears Connector, was completed within the approved $3.319 billion budget. TI Corp is committed to managing and meeting the financial targets outlined in its Service Plan.
4. TI Corp will support the Ministry on the implementation of the George Massey Tunnel Replacement Project.	TI Corp worked with the Ministry of Transportation and Infrastructure to support all aspects of the Project, including governance, financial oversight and procurement.