



Government  
of Canada

Gouvernement  
du Canada

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Prepared by the  
Receiver General for Canada

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# Public Accounts of Canada

# 2018

## Volume I

### Summary Report and Consolidated Financial Statements

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Canada<sup>ca</sup>

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### **Errata**

Subsequent to the tabling of the Public Accounts of Canada, corrections were made in Volume I, Section 1, Financial statements discussion and analysis, page 33. The revised information is highlighted.

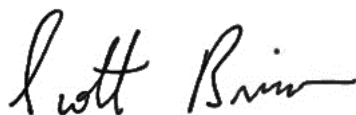
*To Her Excellency*

The Right Honourable Julie Payette  
C.C., C.M.M., C.O.M., C.D.,  
*Governor General and  
Commander-in-Chief of Canada*

May it please your Excellency:

I have the honour to present to Your Excellency the Public Accounts of Canada for the year ended March 31, 2018.

All of which is respectfully submitted.



Scott Brison, P.C., M.P.  
*President of the Treasury Board*

Ottawa, October 15, 2018

To The Honourable Scott Brison, P.C., M.P.  
*President of the Treasury Board*

Sir:

In accordance with the provisions of section 64(1) of the *Financial Administration Act*, I have the honour to transmit herewith the Public Accounts of Canada for the year ended March 31, 2018, to be laid by you before the House of Commons.

Respectfully submitted,



Carla Qualtrough, P.C., M.P.  
*Receiver General for Canada*

Ottawa, October 15, 2018

To The Honourable Carla Qualtrough, P.C., M.P.  
*Receiver General for Canada*

Madam:

I have the honour to submit the Public Accounts of Canada for the year ended March 31, 2018.

Under section 64(1) of the *Financial Administration Act*, the Public Accounts of Canada for each fiscal year shall be prepared by the Receiver General and shall be laid before the House of Commons by the President of the Treasury Board on or before the thirty-first day of December next following the end of that year, or if the House of Commons is not then sitting, within the first fifteen days next thereafter that the House of Commons is sitting.

This annual report is presented in three volumes:

Volume I – The consolidated financial statements of Canada on which the Auditor General has expressed an opinion; a discussion and analysis of the consolidated financial statements and a ten-year comparison of financial information; analyses of revenues and expenses, and of asset and liability accounts; and various other statements;

Volume II – Details of the financial operations of the Government, segregated by ministry; and

Volume III – Additional information and analyses

Respectfully submitted,



Marie Lemay  
*Deputy Receiver General for Canada*

Ottawa, October 15, 2018

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# Volume I

## *Public Accounts of Canada 2017–2018*

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# Introduction to the Public Accounts of Canada

## Nature of the Public Accounts of Canada

The Public Accounts of Canada is the report of the Government of Canada prepared annually by the Receiver General, as required by section 64 of the *Financial Administration Act*. It covers the fiscal year of the Government, which ends on March 31.

The information contained in the report originates from two sources of data:

- the summarized financial transactions presented in the accounts of Canada, maintained by the Receiver General
- the detailed records, maintained by departments and agencies

Each department and agency is responsible for reconciling its accounts to the control accounts of the Receiver General, and for maintaining detailed records of the transactions in their accounts.

The report covers the financial transactions of the Government during the year. In certain cases, parliamentary authority to undertake transactions was provided by legislation approved in earlier years.

## Format of the Public Accounts of Canada

The Public Accounts of Canada is produced in 3 volumes:

- **Volume I** presents the audited consolidated financial statements of the Government, as well as additional financial information and analyses
- **Volume II** presents the financial operations of the Government, segregated by ministry
- **Volume III** presents supplementary information and analyses

# Section 1

## *Public Accounts of Canada 2017–2018*

### **Financial statements discussion and analysis**

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#### **Note to reader**

An overview of the financial operations of the Government of Canada is provided in the *Annual Financial Report* prepared by the Department of Finance Canada. This Report also includes condensed consolidated financial statements.

Accompanying this Report are historical fiscal reference tables and related fiscal indicators for the federal government and the provinces.

The *Annual Financial Report* is available on the web at [www.fin.gc.ca/purl/af-eng.asp](http://www.fin.gc.ca/purl/af-eng.asp).



## **Financial statements discussion and analysis**

### **Introduction**

The Public Accounts of Canada is a major accountability report of the Government of Canada. This section, together with the other sections in this volume and in Volumes II and III of the Public Accounts of Canada, provides detailed supplementary information in respect of matters reported in the audited consolidated financial statements in Section 2 of this volume. Supplementary discussion and analysis of the Government's financial results can be found in the *Annual Financial Report of the Government of Canada—Fiscal Year 2017–2018*, available on the Department of Finance Canada's website.

The consolidated financial statements and financial statements discussion and analysis have been prepared under the joint direction of the Minister of Finance, the President of the Treasury Board and the Receiver General for Canada. Responsibility for the integrity and objectivity of the consolidated financial statements and financial statements discussion and analysis rests with the Government. A glossary of terms used in this financial statements discussion and analysis is provided at the end of this section.

### **2018 financial highlights**

- The Government posted a budgetary deficit of \$19.0 billion for the fiscal year ended March 31, 2018, unchanged from a budgetary deficit of \$19.0 billion in 2017.
- Revenues increased by \$20.1 billion, or 6.9%, from 2017. Program expenses increased by \$19.5 billion, or 6.7%, reflecting increases in all major categories of expenses. Public debt charges were up \$0.7 billion, or 3.1%.
- The accumulated deficit (the difference between total liabilities and total assets) stood at \$671.3 billion at March 31, 2018. The accumulated deficit-to-GDP (gross domestic product) ratio was 31.3%, down from 32.0% in the previous year.
- As reported by the International Monetary Fund (IMF), Canada's total government net debt-to-GDP ratio, which includes the net debt of the federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan, stood at 27.8% in 2017. This is the lowest level among Group of Seven (G7) countries, which the IMF expects will record an average net debt of 87.5% of GDP for the same year.

## **Discussion and analysis**

### **Economic developments<sup>1</sup>**

#### *2017 Review*

The global economy experienced a significant pick-up in the pace of its expansion in 2017, following two consecutive years of deceleration. The expansion was also highly synchronized across regions, with the share of countries in recession declining to close to a record low, and job creation steadily driving unemployment in the Organisation for Economic Co-operation and Development area toward a 40-year low.

This performance was helped by very accommodative monetary policy across most economies, with the policy interest rates of most major central banks remaining low and some central banks continuing to deploy extraordinary monetary policy measures to support economic growth, close output gaps and help revive inflation. Global trade and investment picked up in 2017, contributing to job creation, and fiscal policy remained supportive.

Against the stronger global growth backdrop, the Canadian economy was also remarkably strong in 2017, growing at a pace well above that of all other G7 countries, and at the strongest pace since 2011. Real GDP grew 3.0% after posting subdued growth rates in 2015 (1.0%) and 2016 (1.4%).

Canada's strong economic growth was driven by growth in consumer spending, strong regional housing markets as well as supportive monetary and fiscal policy. At the same time, stronger global economic conditions contributed to a modest rebound in business investment in Canada. Economic growth was fairly broad-based across sectors and regions. The economy added 427,300 jobs in 2017, leading the unemployment rate to fall to 5.8% in December 2017—matching its lowest recorded level in over four decades.

Canada's nominal GDP grew 5.4% in 2017, up from 2.0% in 2016. Higher nominal GDP growth in 2017 was due to both stronger real GDP growth and GDP inflation (the latter reflecting the waning impact of the negative oil price shock on Canada's terms of trade, i.e. the prices of Canadian exports relative to Canadian imports). Both real and nominal GDP growth in 2017 were in line with the Budget 2018 forecast.

Both short- and long-term interest rates in Canada increased in the second half of 2017 as a result of increases in the Bank of Canada's policy target rate. However, interest rates across the yield curve remained historically low in 2017.

In commodity markets, the price of crude oil (West Texas Intermediate) recovered to close to US\$60 per barrel by the end of 2017 after reaching its lowest level since 2002 in early 2016 (below US\$30 per barrel).

Consumer Price Index (CPI) inflation accelerated somewhat from 1.4% in 2016 to 1.6% in 2017, in line with the Budget 2018 forecast but still below the mid-point of the Bank of Canada's target band (2.0%).

*2018 Outlook*

Growth in the Canadian economy has gradually eased to a strong but more sustainable pace since mid-2017 and into the first quarter of 2018, which is likely to continue for the rest of the year. The Canadian economy is operating at, or very close to, its full capacity, with unemployment below its trend rate and the output gap effectively closed. However, going forward, there remain some important risks that could affect Canada's economic performance in 2018, specifically:

- Business investment and exports could both be negatively impacted by uncertainty regarding the outcome of the North American Free Trade Agreement (NAFTA) negotiations as well as looming global trade friction, precipitated by U.S. import tariffs.
- As some advanced economy central banks continue to normalize monetary policy, financial conditions could tighten faster than anticipated. Furthermore, as recent turmoil in some emerging markets suggests, tighter-than-expected financial conditions could create further turbulence in world financial markets, and potentially weigh on global economic growth.
- Domestically, high household debt remains a key vulnerability for Canadian consumption and housing activity in the case of a higher-than-expected negative shock to employment, income, house prices or interest rates.
- On the upside, there could be greater-than-expected positive spillovers from the recent economic growth in the U.S. which would result in higher growth in Canada.

These risks, if materialized, could change the anticipated path of economic activity in Canada, and therefore the level of nominal GDP, the broadest single measure of the tax base.

Further, for purposes of the financial statements discussion and analysis, it is important to note that the level of nominal GDP is only one of several factors that can affect the fiscal outcomes. In addition to the size of the overall tax base, fiscal results are affected by changes in the composition of nominal GDP, since different types of income and expenditures are taxed at different rates. Specifically, looking ahead:

- Escalating global trade tensions and uncertainty around NAFTA negotiations could undermine Canadian exports to the U.S. which in turn could erode profit margins for Canadian businesses and the corporate tax base.
- High household debt means that in the case of a negative shock to the economy, Canadian households will have less disposable income for consumption. Lower consumer spending results in lower receipts from sales taxes.
- Another important risk to the outlook is the path of interest rates. In general, if rates rise faster than expected this will have a negative impact on the cost of servicing the Government's debt obligations.

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<sup>1</sup> This section incorporates data available up to and including June 28, 2018. The annual results are on calendar year basis.

## Average private sector forecasts

(in percentage)

	2016	2017	2018	2019
<b>Real GDP growth</b>				
Budget 2017 .....	1.4	2.1	2.0	1.7
Budget 2018 .....	1.4	3.1	2.2	1.6
Actual .....	1.4	3.0	-	-
<b>Nominal GDP growth</b>				
Budget 2017 .....	1.9	4.3	4.0	3.5
Budget 2018 .....	2.0	5.3	4.1	3.5
Actual .....	2.0	5.4	-	-
<b>3-month Treasury bill rate</b>				
Budget 2017 .....	0.5	0.6	0.9	1.4
Budget 2018 .....	0.5	0.7	1.4	2.0
Actual .....	0.5	0.7	-	-
<b>10-year government bond rate</b>				
Budget 2017 .....	1.3	1.8	2.3	2.7
Budget 2018 .....	1.3	1.8	2.3	2.8
Actual .....	1.3	1.8	-	-
<b>Unemployment rate</b>				
Budget 2017 .....	7.0	6.9	6.7	6.7
Budget 2018 .....	7.0	6.4	6.0	6.0
Actual .....	7.0	6.3	-	-
<b>Consumer price index inflation</b>				
Budget 2017 .....	1.5	2.0	2.0	1.9
Budget 2018 .....	1.4	1.6	1.9	2.0
Actual .....	1.4	1.6	-	-

Figures have been restated to reflect the historical revisions in the Canadian System of National Accounts as of the first quarter of 2018 released on May 31, 2018.

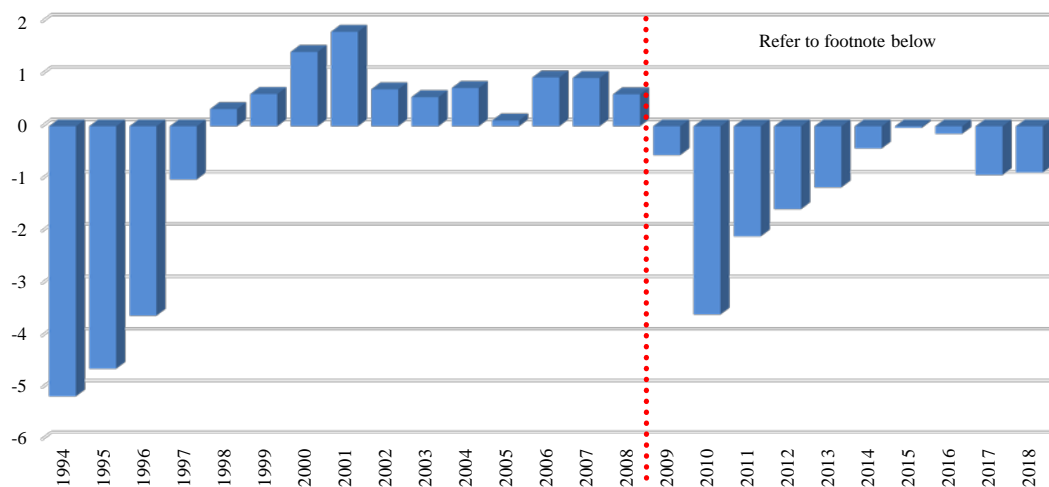
## The budgetary balance

The budgetary balance is the difference between the Government's revenues and expenses over a fiscal year. It is one of the key measures of the Government's annual financial performance. The Government posted a budgetary deficit of \$19.0 billion in 2018, unchanged from a deficit of \$19.0 billion in 2017.

The following graph shows the Government's budgetary balance since 1994. To enhance the comparability of results over time and across jurisdictions, the budgetary balance and its components are presented as a percentage of GDP. In 2018, the budgetary deficit was 0.9% of GDP, virtually unchanged from 2017.

## Annual surplus/deficit

(percentage of GDP)



The percentages of GDP from 2009 to 2017 have been restated to reflect the impact of the retroactive change in methodology for the determination of the discount rate for unfunded pension liabilities. The total retroactive adjustment and the amount specifically allocated to 2017 are audited. The allocation of the residual difference to specific historical prior periods is unaudited.

*Public Accounts of Canada 2017-2018*

Revenues were up \$20.1 billion, or 6.9%, from the prior year, primarily reflecting increases in income tax revenues, Goods and Services Tax (GST) revenues and other revenues, partially offset by a decrease in Employment Insurance (EI) premium revenues.

Expenses were up \$20.1 billion, or 6.4%, from the prior year. Program expenses increased by \$19.5 billion, or 6.7%, reflecting increases in major transfers to persons, major transfers to other levels of government, other transfer payments and other expenses. Public debt charges increased by \$0.7 billion, or 3.1%, from the prior year.

**2018 financial highlights**

(in millions of dollars)

	2018	2017
		Restated <sup>1</sup>
<b>Consolidated Statement of Operations</b>		
Revenues .....	313,606	293,495
Expenses		
Program expenses .....	310,678	291,220
Public debt charges .....	21,889	21,232
Total expenses .....	332,567	312,452
<b>Annual deficit</b> .....	<b>(18,961)</b>	<b>(18,957)</b>
<b>Percentage of GDP</b> .....	<b>(0.9)%</b>	<b>(0.9)%</b>
<b>Consolidated Statement of Financial Position</b>		
Liabilities		
Accounts payable and accrued liabilities .....	154,824	132,519
Interest-bearing debt .....	1,002,578	984,337
Total liabilities .....	1,157,402	1,116,856
Financial assets .....	398,639	382,758
<b>Net debt</b> .....	<b>(758,763)</b>	<b>(734,098)</b>
Non-financial assets .....	87,509	82,558
<b>Accumulated deficit</b> .....	<b>(671,254)</b>	<b>(651,540)</b>
<b>Percentage of GDP</b> .....	<b>31.3%</b>	<b>32.0%</b>

<sup>1</sup> Certain comparative figures have been restated. Information regarding the restatement can be found in the Accumulated deficit section of the Financial statements discussion and analysis.

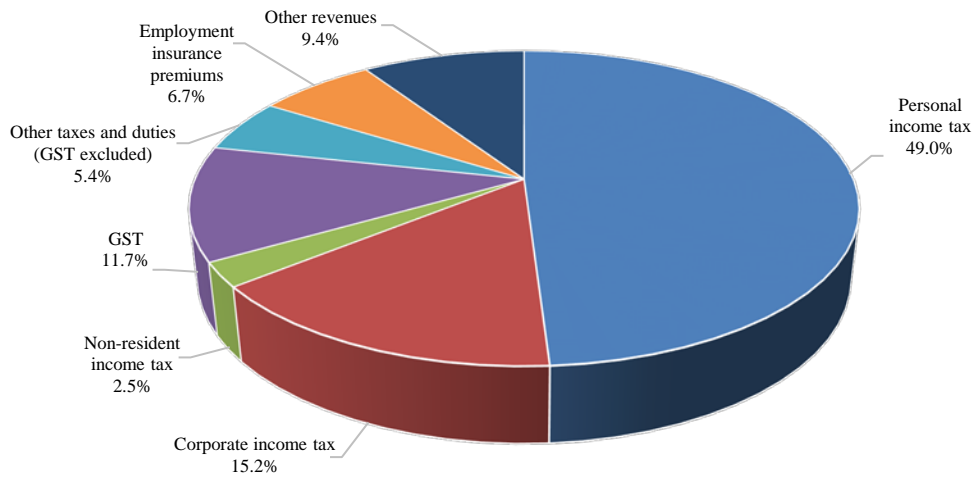
**Revenues**

Federal revenues can be broken down into four main categories: income tax revenues, other taxes and duties, EI premium revenues and other revenues. Within the income tax category, personal income tax revenues are the largest source of federal revenues, and accounted for 49.0% of total revenues in 2018 (unchanged from 2017). Corporate income tax revenues are the second largest source of revenues, and accounted for 15.2% of total revenues in 2018 (up from 14.4% in 2017). Non-resident income tax revenues are a comparatively smaller source of revenues, accounting for only 2.5% of total revenues in 2018 (up from 2.4% in 2017).

Other taxes and duties consist of revenues from the GST, energy taxes, customs import duties and other excise taxes and duties. The largest component of this category—GST revenues—accounted for 11.7% of all federal revenues in 2018 (unchanged from 2017). The share of the remaining components of other taxes and duties stood at 5.4% of total federal revenues (down from 5.8% in 2017).

The last two categories of federal revenues are EI premium revenues and other revenues. EI premium revenues accounted for 6.7% of total federal revenues in 2018 (down from 7.5% in 2017). Other revenues are made up of three broad components: net income from enterprise Crown corporations and other government business enterprises; other program revenues from returns on investments, proceeds from the sales of goods and services, and other miscellaneous revenues; and foreign exchange revenues. Other revenues accounted for 9.4% of total federal revenues in 2018 (up from 9.2% in 2017).

**Composition of revenues for 2018**

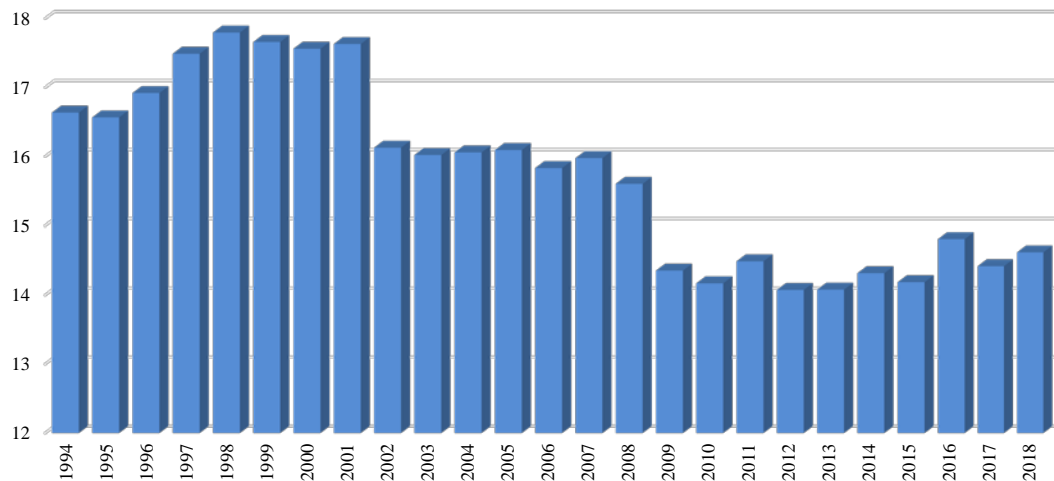


Numbers may not add to 100% due to rounding.

The revenue ratio—revenues as a percentage of GDP—compares the total of all federal revenues to the size of the economy. This ratio is influenced by changes in statutory tax rates and by economic developments. The ratio stood at 14.6% in 2018 (up from 14.4% in 2017). This increase primarily reflects growth in personal and corporate income tax revenues and gains from enterprise Crown corporations. Overall, the revenue ratio has declined since 2002, due primarily to tax reduction measures in personal and corporate income taxes and the GST.

**Revenue ratio**

(revenues as a percentage of GDP)



**Revenues compared to 2017**

Total revenues amounted to \$313.6 billion in 2018, up \$20.1 billion, or 6.9%, from 2017. The following table compares revenues for 2018 to 2017.

**Revenues**

(in millions of dollars)

	2018	2017	Change	
			\$	%
<b>Income tax revenues</b>				
Personal.....	153,619	143,680	9,939	6.9
Corporate.....	47,805	42,216	5,589	13.2
Non-resident.....	7,845	7,071	774	10.9
<b>Total .....</b>	<b>209,269</b>	<b>192,967</b>	<b>16,302</b>	<b>8.4</b>
<b>Other taxes and duties</b>				
Goods and services tax.....	36,751	34,368	2,383	6.9
Energy taxes.....	5,739	5,634	105	1.9
Customs import duties.....	5,416	5,478	(62)	(1.1)
Other excise taxes and duties.....	5,913	5,868	45	0.8
<b>Total .....</b>	<b>53,819</b>	<b>51,348</b>	<b>2,471</b>	<b>4.8</b>
<b>Employment insurance premiums .....</b>	<b>21,140</b>	<b>22,125</b>	<b>(985)</b>	<b>(4.5)</b>
<b>Other revenues .....</b>	<b>29,378</b>	<b>27,055</b>	<b>2,323</b>	<b>8.6</b>
<b>Total revenues .....</b>	<b>313,606</b>	<b>293,495</b>	<b>20,111</b>	<b>6.9</b>

Personal income tax revenues increased by \$9.9 billion in 2018, or 6.9%, reflecting economic growth and the unwinding of the impact of tax planning that suppressed revenues in 2017, whereby high-income individuals recognized additional income in the 2015 tax year and lower income in the 2016 tax year when the 33% tax bracket came into effect.

Corporate income tax revenues increased by \$5.6 billion, or 13.2%, reflecting strong corporate earnings and corresponding growth in corporate taxable income. Earnings were particularly strong in the financial, manufacturing and wholesale sectors.

Non-resident income tax revenues are paid by non-residents on Canadian-sourced income. These revenues increased by \$0.8 billion, or 10.9%, reflecting growth in corporate earnings and dividends.

Other taxes and duties increased by \$2.5 billion, or 4.8%. GST revenues grew by \$2.4 billion in 2018, or 6.9%, reflecting growth in retail sales. Energy taxes grew by \$0.1 billion, or 1.9%, due to slightly higher gasoline consumption in 2018. Customs import duties decreased by \$0.1 billion, or 1.1%. Other excise taxes and duties were up \$45 million, or 0.8%.

EI premium revenues decreased by \$1.0 billion, or 4.5%. This was due to a significant reduction in the premium rate in 2017 and 2018 relative to prior years, offset in part by growth in employment and wages.

Other revenues increased by \$2.3 billion, or 8.6%, in 2018, largely reflecting net income gains from enterprise Crown corporations, as well as positive one-time equity adjustments by several enterprise Crown corporations due to the implementation of new International Financial Reporting Standards.

## Expenses

Federal expenses can be broken down into three main categories: transfer payments, which account for roughly two-thirds of all federal spending, other expenses and public debt charges.

Within these three main categories, the largest major component of expenses in 2018 was other expenses, which represents the operating expenses of the Government's 128 departments, agencies, and consolidated Crown corporations and other entities and accounted for 29.8% of total expenses.

The second largest component of expenses was major transfers to persons, which made up 28.2% of total expenses. This category consists of elderly, EI and children's benefits.

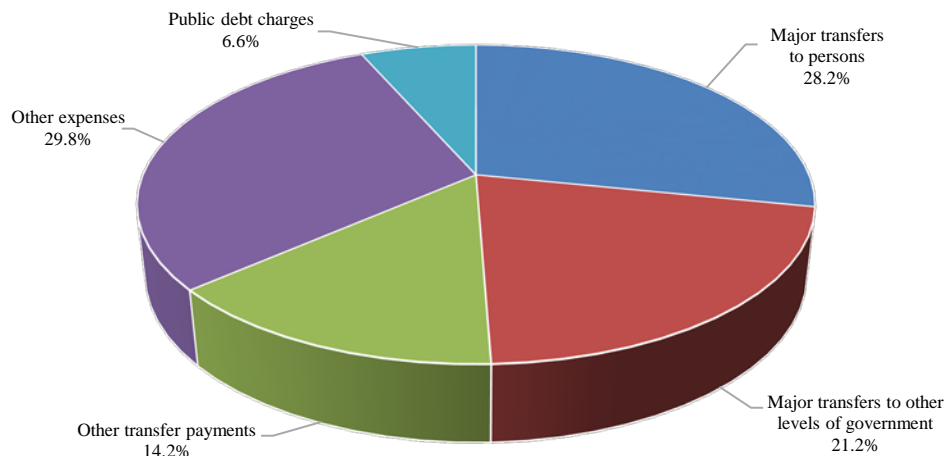
Major transfers to other levels of government—which include the Canada Health Transfer, the Canada Social Transfer, the new home care and mental health transfers announced in Budget 2017, fiscal arrangements (Equalization, transfers to the territories, a number of smaller transfer programs and the Quebec Abatement), and transfers to provinces on behalf of Canada's cities and communities—made up 21.2% of total expenses in 2018.

Other transfer payments, which include transfers to Aboriginal peoples, assistance to farmers, students and businesses, support for research and development, and international assistance, made up 14.2% of expenses.

Public debt charges made up the remaining 6.6% of total expenses in 2018.

There has been a large shift in the composition of total expenses since the mid 1990s. Public debt charges were the largest component for most of the 1990s, given the large and increasing stock of interest-bearing debt and high average effective interest rates on that stock of debt. Since reaching a high of nearly 30% of total expenses in 1997, the share of public debt charges in total expenses has fallen by more than two-thirds.

### Composition of expenses for 2018

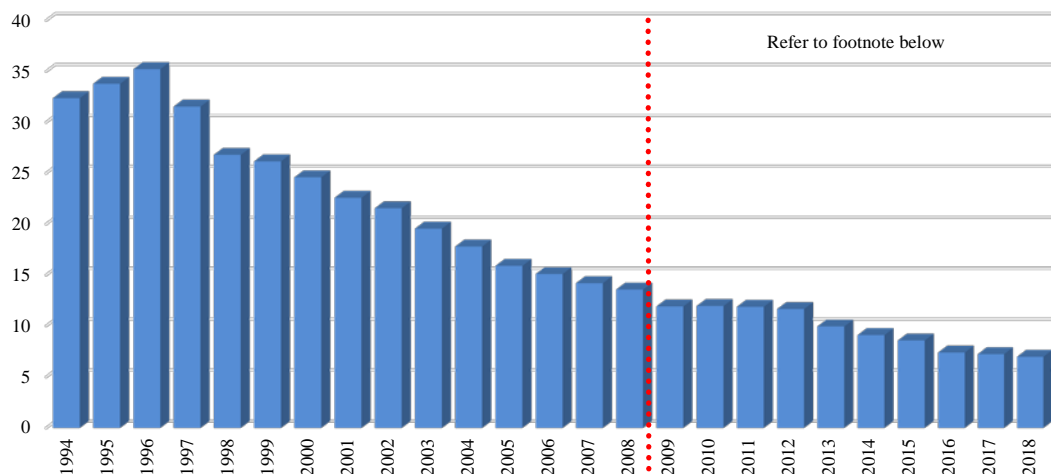


The interest ratio (public debt charges as a percentage of revenues) shows the proportion of every dollar of revenue that is needed to pay interest and is therefore not available to pay for program initiatives. The lower the ratio, the more flexibility the Government has to address the key priorities of Canadians. The interest ratio has been decreasing in recent years, falling from a peak of 37.6% in 1991 to 7.2% in 2017. The ratio continued to fall in 2018, reaching 7.0%. This means that, in 2018, the Government spent approximately 7 cents of every revenue dollar on interest on public debt.



**Interest ratio**

(public debt charges as a percentage of revenues)



The percentages of GDP from 2009 to 2017 have been restated to reflect the impact of the retroactive change in methodology for the determination of the discount rate for unfunded pension liabilities. The total retroactive adjustment and the amount specifically allocated to 2017 are audited. The allocation of the residual difference to specific historical prior periods is unaudited.

**Expenses compared to 2017**

Total expenses amounted to \$332.6 billion in 2018, up \$20.1 billion, or 6.4%, from 2017. The following table compares total expenses for 2018 to 2017.

**Expenses**

(in millions of dollars)

	2018	2017 Restated <sup>1</sup>	Change	
			\$	%
<b>Transfer payments</b>				
Major transfers to persons				
Elderly benefits <sup>2</sup> .....	50,644	48,162	2,482	5.2
Employment insurance.....	19,715	20,711	(996)	(4.8)
Children's benefits .....	23,432	22,065	1,367	6.2
<b>Total</b> .....	<b>93,791</b>	<b>90,938</b>	<b>2,853</b>	<b>3.1</b>
Major transfers to other levels of government				
Federal transfer support for health and other social programs .....	50,872	49,405	1,467	3.0
Fiscal arrangements and other transfers .....	19,647	19,247	400	2.1
<b>Total</b> .....	<b>70,519</b>	<b>68,652</b>	<b>1,867</b>	<b>2.7</b>
Other transfer payments .....	47,138	41,580	5,558	13.4
<b>Total transfer payments</b> .....	<b>211,448</b>	<b>201,170</b>	<b>10,278</b>	<b>5.1</b>
<b>Other expenses</b> .....	<b>99,230</b>	<b>90,050</b>	<b>9,180</b>	<b>10.2</b>
<b>Total program expenses</b> .....	<b>310,678</b>	<b>291,220</b>	<b>19,458</b>	<b>6.7</b>
<b>Public debt charges</b> .....	<b>21,889</b>	<b>21,232</b>	<b>657</b>	<b>3.1</b>
<b>Total expenses</b> .....	<b>332,567</b>	<b>312,452</b>	<b>20,115</b>	<b>6.4</b>

<sup>1</sup> Certain comparative figures have been restated. Information regarding the restatement can be found in the Accumulated deficit section of the Financial statements discussion and analysis.

<sup>2</sup> Elderly benefits consist of old age security benefits, guaranteed income supplement and spouse's allowance.

Major transfers to persons increased by \$2.9 billion in 2018, reflecting increases in elderly and children's benefits. Elderly benefits increased by \$2.5 billion, or 5.2%, reflecting growth in the elderly population and changes in consumer prices, to which benefits are fully indexed. Children's benefits increased by \$1.4 billion, or 6.2%, reflecting the new Canada Child Benefit, which replaced the Canada Child Tax Benefit and the Universal Child Care Benefit as of July 2016. EI benefits decreased by \$1.0 billion in 2018, reflecting stronger labour market conditions.

Major transfers to other levels of government increased by \$1.9 billion in 2018, primarily reflecting legislated growth in the Canada Health Transfer, the Canada Social Transfer, Equalization transfers and transfers to the territories.

Other transfer payments increased by \$5.6 billion, or 13.4%, in 2018, reflecting increases across a number of departments and agencies, including increased assistance for students, transfers under the new Early Learning and Child Care Program, increased transfers to First Nations and infrastructure transfers.

Other expenses of departments, agencies, and consolidated Crown corporations and other entities increased by \$9.2 billion, or 10.2%. This increase is largely attributable to increased provisions for claims and litigation; higher defence spending; and one-time costs resulting from amendments to veteran future benefits in 2018, including the creation of the new Pain and Suffering Compensation benefit and the new Additional Pain and Suffering Compensation benefit, as well as the consolidation of some financial benefits into one new Income Replacement benefit.

Public debt charges increased by \$0.7 billion, or 3.1%, reflecting a slightly higher average effective interest rate on the stock of interest-bearing debt in 2018.

## Comparison of actual results to budget projections

### Comparison to February 2018 budget plan

The \$19.0-billion deficit recorded in 2018 represents a \$0.9-billion improvement over the \$19.9-billion deficit projected in the February 2018 Budget.

Revenues were \$4.0 billion, or 1.3%, higher than expected, primarily reflecting higher-than-projected net income from enterprise Crown corporations (which reflected, in part, one-time equity adjustments due to the implementation of new International Financial Reporting Standards) and stronger-than-expected personal income tax revenues for tax year 2017.

Program expenses were \$3.3 billion higher than expected, reflecting higher-than-expected increases in provisions for claims and litigation, which were only partially offset by lower-than-expected major transfers to persons.

Public debt charges were \$0.2 billion lower than forecast, reflecting a lower-than-projected stock of interest-bearing debt.

### Comparison of 2018 outcomes to February 2018 budget

(in millions of dollars)

	Projection <sup>1</sup>	Actual	Difference
Revenues .....	309,607	313,606	3,999
Expenses			
Program expenses .....	307,427	310,678	3,251
Public debt charges .....	22,088	21,889	(199)
Total expenses .....	329,515	332,567	3,052
<b>Annual deficit .....</b>	<b>(19,908)</b>	<b>(18,961)</b>	<b>947</b>

<sup>1</sup> To enhance comparability with actual 2018 results, Budget 2018 projections have been adjusted to reflect the retroactive change in the Government's discount rate methodology for unfunded pension benefit obligations. This restatement has resulted in a \$2.8-billion increase in program expenses, a \$2.3-billion decrease in public debt charges and a \$0.5-billion increase in the projected 2018 annual deficit.

**Comparison to March 2017 budget plan**

The 2018 budgetary deficit of \$19.0 billion represents a \$7.0-billion improvement relative to the \$26.0-billion deficit projected for 2018 in the March 2017 Budget. This improvement is due to higher-than-forecast revenues, offset in part by higher-than-forecast expenses.

Revenues were \$8.9 billion, or 2.9%, higher than forecast in the March 2017 Budget, primarily reflecting stronger-than-expected growth in income tax revenues and other excise taxes and duties due mainly to stronger-than-expected economic performance, particularly in corporate profits.

Total expenses were \$1.8 billion higher than projected in the March 2017 Budget, with program expenses \$2.4 billion higher than forecast and public debt charges \$0.6 billion lower than forecast.

Major transfers to persons were \$2.3 billion lower than forecast. This was largely as a result of lower-than-expected EI benefits reflecting a significant reduction in unemployment, as well as lower-than-expected elderly benefits due to weaker-than-expected inflation and fewer recipients than forecast.

Major transfers to other levels of government were in line with projections.

Direct program expenses, which are comprised of other transfer payments and other expenses, were \$4.7 billion higher than projected in the March 2017 Budget. The variance from forecast was largely attributable to two significant accrual expenses: \$4.3 billion in one-time past service costs associated with amendments to veteran future benefits announced in Budget 2018; and increased provisions for claims and litigation. Partially offsetting these items were lower-than-expected infrastructure transfers reflecting the updated spending profile of a number of infrastructure programs aimed at ensuring that the timing of federal infrastructure funding matches expected project spending by municipal, provincial and territorial governments.

Public debt charges in 2018 were \$0.6 billion lower than forecast in the March 2017 Budget, largely reflecting a lower-than-projected stock of interest-bearing debt.

**Comparison of 2018 outcomes to March 2017 budget**

(in millions of dollars)

	Budget <sup>1</sup>	Actual	Difference
<b>Revenues</b>			
Income tax revenues.....	202,582	209,269	6,687
Other taxes and duties .....	51,729	53,819	2,090
Employment insurance premiums.....	21,248	21,140	(108)
Other revenues .....	29,144	29,378	234
<b>Total revenues .....</b>	<b>304,703</b>	<b>313,606</b>	<b>8,903</b>
<b>Expenses</b>			
<b>Program expenses</b>			
Major transfers to persons.....	96,051	93,791	(2,260)
Major transfers to other levels of government.....	70,547	70,519	(28)
Other transfer payments .....	45,136	47,138	2,002
Other expenses.....	96,500	99,230	2,730
<b>Total program expenses .....</b>	<b>308,234</b>	<b>310,678</b>	<b>2,444</b>
<b>Public debt charges .....</b>	<b>22,452</b>	<b>21,889</b>	<b>(563)</b>
<b>Total expenses .....</b>	<b>330,686</b>	<b>332,567</b>	<b>1,881</b>
<b>Annual deficit.....</b>	<b>(25,983)</b>	<b>(18,961)</b>	<b>7,022</b>

<sup>1</sup> To enhance comparability with actual 2018 results, Budget 2017 projections have been adjusted to reflect the retroactive change in the Government's discount rate methodology for unfunded pension benefit obligations. This restatement has resulted in a \$2.8-billion increase in program expenses, a \$2.3-billion decrease in public debt charges and a \$0.5-billion increase in the projected 2018 annual deficit.

## Accumulated deficit

The accumulated deficit is the difference between the Government's total liabilities and total assets. The annual change in the accumulated deficit is equal to the annual budgetary balance plus other comprehensive income or loss. Other comprehensive income or loss represents certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits reported by enterprise Crown corporations and other government business enterprises. Based on Canadian public sector accounting standards, other comprehensive income or loss is not included in the Government's annual budgetary balance, but is instead recorded directly to the Government's Consolidated Statement of Accumulated Deficit and Consolidated Statement of Change in Net Debt.

### Accumulated deficit

(in millions of dollars)

	2018	2017	Difference
		Restated <sup>1</sup>	
<b>Accumulated deficit at beginning of year</b> .....	<b>(651,540)</b>	<b>(634,440)</b>	<b>(17,100)</b>
Annual deficit .....	(18,961)	(18,957)	(4)
Other comprehensive (loss) income .....	(753)	1,857	(2,610)
<b>Accumulated deficit at end of year</b> .....	<b>(671,254)</b>	<b>(651,540)</b>	<b>(19,714)</b>

<sup>1</sup> Certain comparative figures have been restated.

The opening balance of the accumulated deficit in 2017 and 2018 has been restated to reflect a change in the discount rate methodology used in determining the present value of the Government's unfunded pension obligations. This change has been made following a review of all of the discount rates used by the Government in valuing its long-term assets and liabilities that was undertaken following observations made by the Auditor General in the 2016 and 2017 Public Accounts. The review was aimed at promoting consistency in the Government's present value techniques and considered industry practices, emerging developments in accounting standards and trends in the Canadian financial market. Under the Government's previous methodology, unfunded pension obligations were discounted using a 20-year weighted moving average of Government of Canada long-term bond rates projected over time. Under the new methodology, unfunded pension obligations are discounted using actual Government of Canada bond yields in effect at year-end. The new methodology represents a fundamental change in the Government's discounting approach, and is therefore considered a change in accounting policy, which has been applied on a retroactive basis. This restatement has resulted in an \$18.5-billion increase in the opening balance of the accumulated deficit in 2017, a \$1.2-billion increase in the deficit in 2017, and a \$19.6-billion increase in the opening balance of the accumulated deficit in 2018. Further details regarding this accounting policy change can be found in Note 2 to the consolidated financial statements of the Government of Canada.

### Ten-year impact of the change in discount rate methodology used to determine the Government's unfunded pension obligations

The table below provides an estimate of the impact in each of the past 10 years of the change in the accounting policy with respect to discount rates on the Government's budgetary balance and accumulated deficit. The total retroactive adjustment and the amount specifically allocated to 2017 is audited. The allocation of the residual difference to specific historical prior periods as well as impact on 2018 is unaudited.

#### Impact of change in accounting policy on the budgetary balance and accumulated deficit

(in millions of dollars)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Impact</b>										
Budgetary balance .....	(3,361)	(770)	(1,581)	(1,754)	(2,878)	(2,900)	(2,461)	(1,874)	(1,187)	(507)
Accumulated deficit .....	(4,236)	(5,006)	(6,587)	(8,341)	(11,219)	(14,119)	(16,580)	(18,454)	(19,641)	(20,148)
As a percentage of GDP .....	0.3	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0	0.9
<b>After change in accounting policy</b>										
Budgetary balance .....	(9,116)	(56,368)	(34,953)	(28,033)	(21,293)	(8,050)	(550)	(2,861)	(18,957)	(18,961)
Accumulated deficit .....	(467,946)	(524,103)	(556,914)	(591,917)	(620,610)	(626,000)	(628,910)	(634,440)	(651,540)	(671,254)
As a percentage of GDP .....	28.3	33.4	33.5	33.4	34.0	33.0	31.6	31.8	32.0	31.3

**Public Accounts of Canada 2017-2018**

The change in discount rate methodology used to determine the Government’s unfunded pension obligations reduces the budgetary balance, on average by \$1.7 billion annually and raises the accumulated deficit-to-GDP ratio by 0.3 percentage points of GDP in 2009, rising to 0.9 percentage points of GDP in 2018

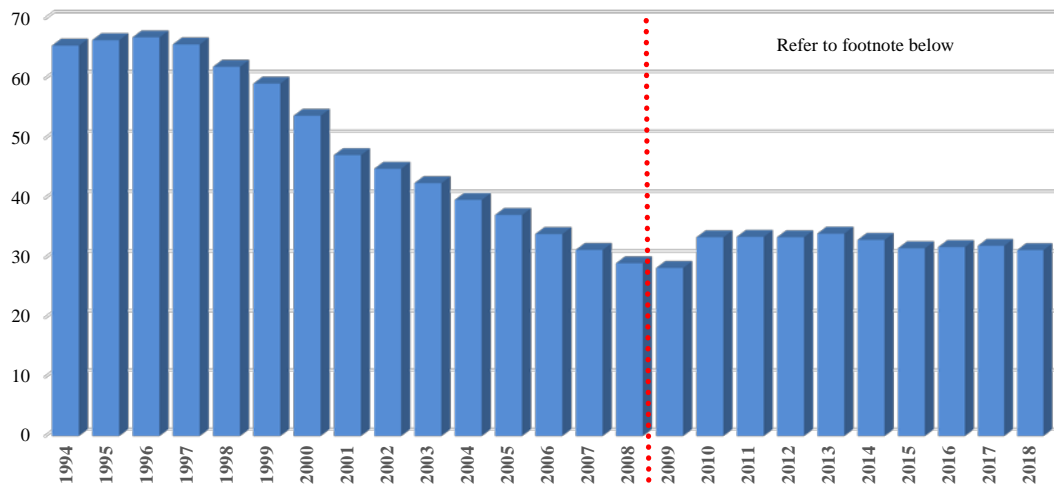
The change in the Government’s discounting approach has also impacted the valuation of other employee future benefits, environmental liabilities and asset retirement obligations, provisions for contingent liabilities, capital leases and loans receivable. The changes in discounting methodology for these other assets and liabilities are considered refinements of the previous methodologies used, and are therefore reflected as changes in estimates in 2018, with no restatements of the accumulated deficit.

The accumulated deficit increased by \$19.7 billion in 2018, reflecting the \$19.0-billion budgetary deficit, and a \$0.8-billion other comprehensive loss. The \$0.8-billion other comprehensive loss largely reflects \$0.7 billion in net unrealized losses on available-for-sale financial instruments.

The accumulated deficit was 31.3% of GDP at March 31, 2018, compared to a post-World War II peak of 66.8% at March 31, 1996.

**Accumulated deficit**

(as a percentage of GDP)



The percentages of GDP from 2009 to 2017 have been restated to reflect the impact of the retroactive change in methodology for the determination of the discount rate for unfunded pension liabilities. The total retroactive adjustment and the amount specifically allocated to 2017 are audited. The allocation of the residual difference to specific historical prior periods is unaudited.

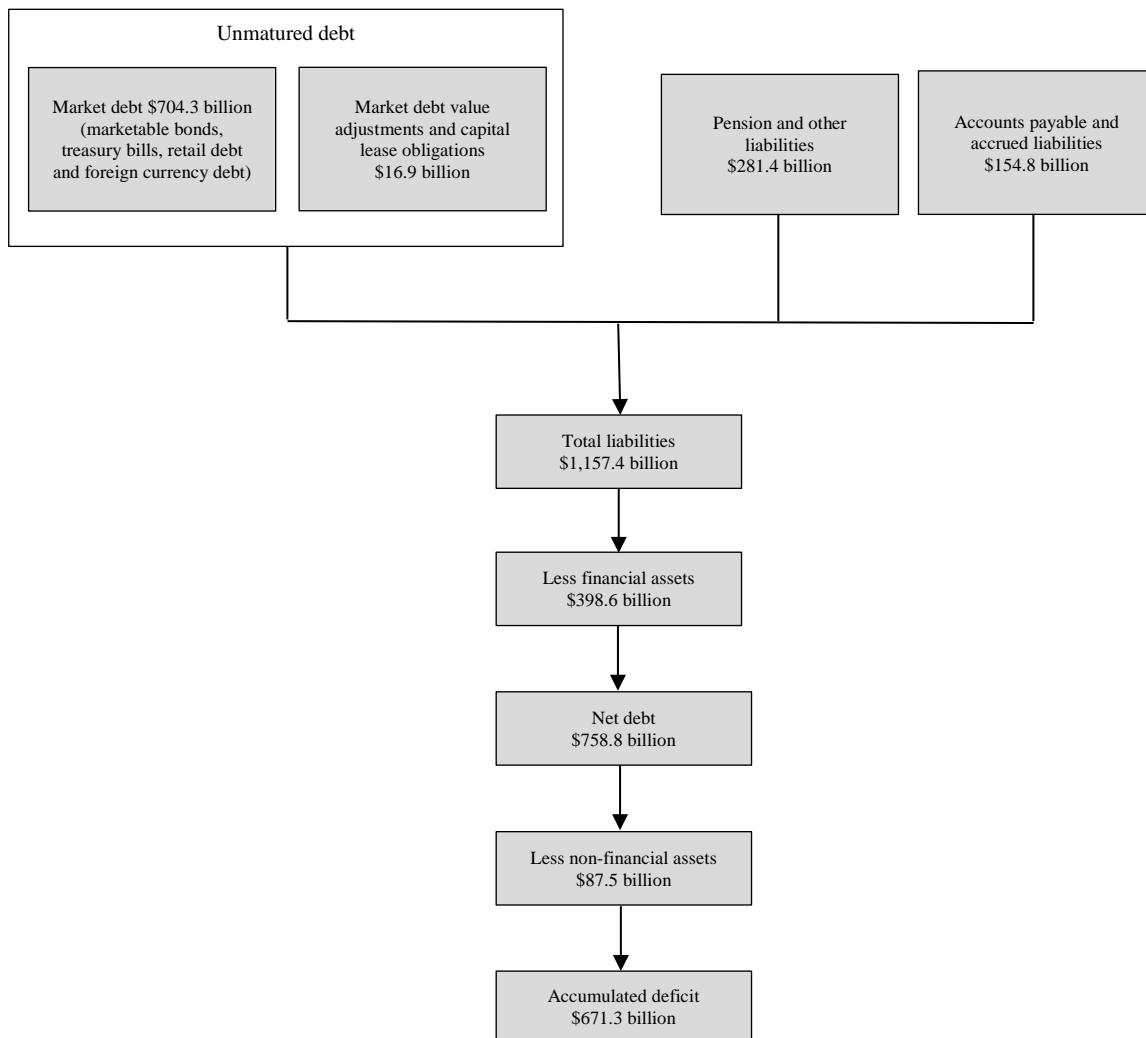
## Measures of Government debt

The consolidated financial statements of the Government of Canada are presented on an accrual basis of accounting. On this basis, there are several generally accepted definitions of government debt.

Total liabilities of the Government consist of unmatured debt, or debt issued on the credit markets, pension and other future benefit liabilities, other interest-bearing liabilities, and accounts payable and accrued liabilities.

Net debt represents the total liabilities of the Government less its financial assets. Financial assets include cash and cash equivalents, accounts receivable, foreign exchange accounts, loans, investments and advances, and public sector pension assets.

The accumulated deficit is equal to total liabilities less total assets—both financial and non-financial. Non-financial assets include tangible capital assets, such as land and buildings, inventories, and prepaid expenses and other. The accumulated deficit is the federal government's main measure of debt.



The Government’s total liabilities include interest-bearing debt and accounts payable and accrued liabilities. Total assets include both financial and non-financial assets, the latter consisting primarily of tangible capital assets. The following sections provide more details on each of these components.

**Statement of financial position**

(in millions of dollars)

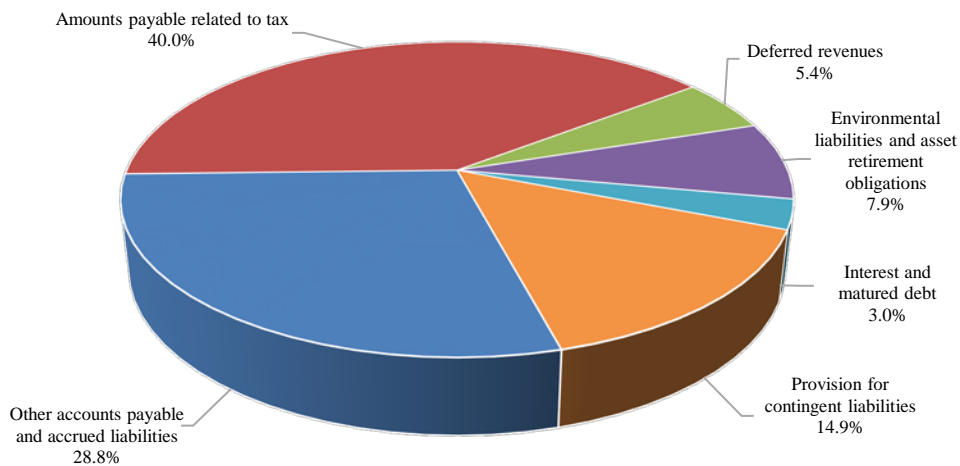
	2018	2017	Difference
		Restated <sup>1</sup>	
<b>Liabilities</b>			
Accounts payable and accrued liabilities .....	154,824	132,519	22,305
Interest-bearing debt .....			
Unmatured debt .....	721,201	713,633	7,568
Pensions and other future benefits.....	275,707	265,015	10,692
Other liabilities .....	5,670	5,689	(19)
Total .....	1,002,578	984,337	18,241
<b>Total liabilities .....</b>	<b>1,157,402</b>	<b>1,116,856</b>	<b>40,546</b>
<b>Financial assets</b>			
Cash and accounts receivable .....	173,206	158,055	15,151
Foreign exchange accounts.....	96,938	98,797	(1,859)
Loans, investments and advances .....	126,371	124,006	2,365
Public sector pension assets.....	2,124	1,900	224
<b>Total financial assets .....</b>	<b>398,639</b>	<b>382,758</b>	<b>15,881</b>
<i>Net debt .....</i>	<i>(758,763)</i>	<i>(734,098)</i>	<i>(24,665)</i>
<b>Non-financial assets .....</b>	<b>87,509</b>	<b>82,558</b>	<b>4,951</b>
<b>Accumulated deficit.....</b>	<b>(671,254)</b>	<b>(651,540)</b>	<b>(19,714)</b>

<sup>1</sup> Certain comparative figures have been restated.

**Accounts payable and accrued liabilities**

The following chart shows accounts payable and accrued liabilities by category for 2018.

**Accounts payable and accrued liabilities by category for 2018**



The Government's accounts payable and accrued liabilities consist of amounts payable related to tax based on assessments and estimates of refunds owing for tax assessments not completed by year-end; provisions for contingent liabilities, including guarantees provided by the Government and claims and pending and threatened litigation; environmental liabilities and asset retirement obligations, which include estimated costs related to the remediation of contaminated sites and the future restoration of certain tangible capital assets; deferred revenue; interest and matured debt, as well as accrued interest at year-end; and other accounts payable and accrued liabilities. Other accounts payable and accrued liabilities include items such as accrued salaries and benefits; amounts payable to provinces, territories and Aboriginal governments for taxes collected and administered on their behalf in accordance with tax collection agreements; and amounts owing at year-end pursuant to contractual arrangements or for work performed or goods received.

At March 31, 2018, accounts payable and accrued liabilities totalled \$154.8 billion, up \$22.3 billion from March 31, 2017. This increase reflects growth in amounts payable related to tax, provisions for contingent liabilities, other accounts payable and accrued liabilities, and interest and matured debt, partially offset by decreases in deferred revenue and environmental liabilities and asset retirement obligations.

Amounts payable related to tax increased by \$6.8 billion in 2018, from \$55.1 billion at March 31, 2017 to \$61.9 billion at March 31, 2018.

Provisions for contingent liabilities increased by \$6.5 billion, largely reflecting an increase in the Government's estimated losses related to various specific claims and pending and threatened litigation.

Other accounts payable and accrued liabilities increased by \$10.1 billion in 2018. Within this component, liabilities under provincial, territorial and Aboriginal tax agreements increased by \$5.0 billion due to timing differences in payments to provinces, territories and Aboriginal governments. Accounts payable increased by \$5.3 billion. Within this category, accounts payable of consolidated Crown corporations and other entities increased by \$1.5 billion, largely relating to growth in trade payables and progress work liabilities owed to foreign customers by the Canadian Commercial Corporation. Notes payable to international organizations and miscellaneous payroll deductions increased by \$0.2 billion and \$0.1 billion respectively. These increases were somewhat offset by a \$0.5-billion decrease in accrued salaries and benefits, reflecting in part the payment of retroactive salaries under new collective agreements.

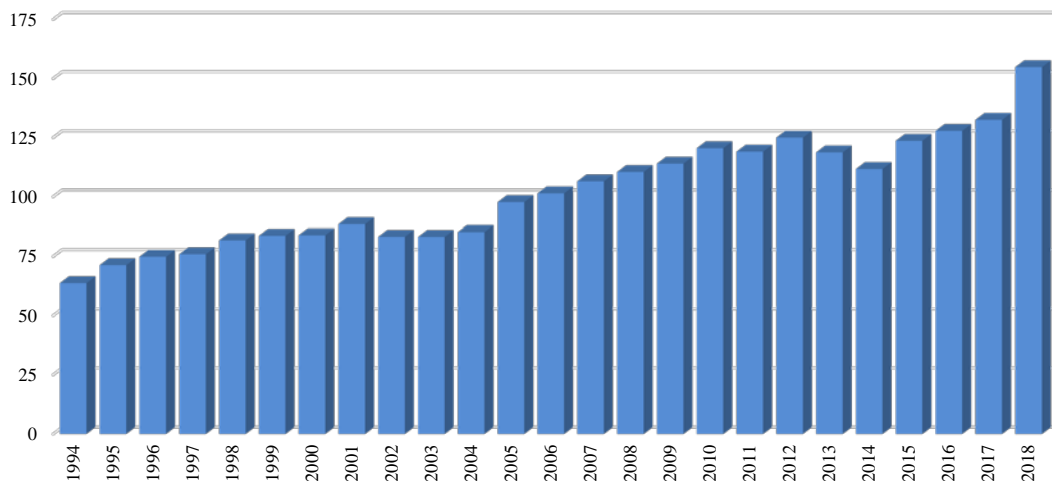
Liabilities for interest and matured debt increased by \$27 million from the prior year.

Deferred revenue decreased by \$0.9 billion in 2018, primarily reflecting the recognition of previously deferred revenue related to spectrum licence auctions.

Environmental liabilities and asset retirement obligations decreased by \$0.3 billion in 2018, reflecting remediation activities undertaken during the year, as well as revisions to previously estimated provisions.

### Accounts payable and accrued liabilities

(in billions of dollars)



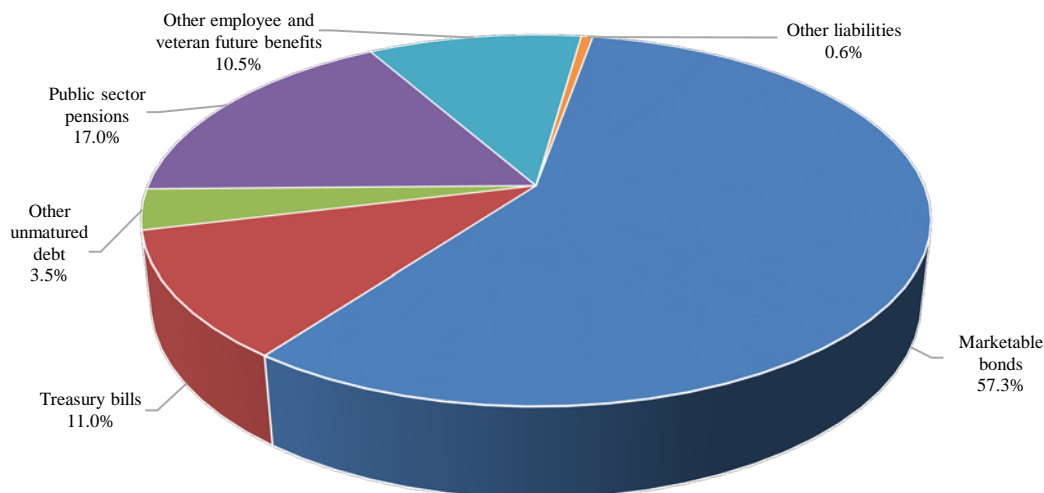


### Interest-bearing debt

Interest-bearing debt includes unmatured debt, or debt issued on the credit markets, pension and other future benefit liabilities, and other liabilities. Unmatured debt, which includes fixed-coupon marketable bonds, Real Return Bonds, treasury bills, retail debt (Canada Savings Bonds and Canada Premium Bonds), foreign-currency-denominated debt, and obligations related to capital leases, amounted to 71.9% of interest-bearing debt at March 31, 2018. Pension and other future benefit liabilities include obligations for: federal public sector pensions sponsored by the Government; disability and associated benefits available to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police, their survivors and dependants; health care and dental benefits available to retired employees and their dependants; accumulated sick leave entitlements; severance benefits; workers' compensation benefits; and other future benefits sponsored by some consolidated Crown corporations and other entities. Liabilities for public sector pensions made up 17.0% of interest-bearing debt and other employee and veteran future benefits accounted for an additional 10.5% of interest-bearing debt. The remaining 0.6% of interest-bearing debt represents other interest-bearing liabilities of the Government, which include deposit and trust accounts and other specified purpose accounts.

The share of total interest-bearing debt represented by unmatured debt had been declining since the mid-1990s, as the Government was able to retire some of this debt. This trend reversed in 2009 due to the increase in financial requirements stemming from the recession and stimulus measures introduced to mitigate its impacts, as well as an increase in borrowings under the consolidated borrowing framework introduced in 2008. Under the consolidated borrowing framework, the Government finances all of the borrowing needs of Canada Mortgage and Housing Corporation, the Business Development Bank of Canada and Farm Credit Canada through direct lending in order to reduce overall borrowing costs and improve the liquidity of the government securities market.

#### Interest-bearing debt by category for 2018



Numbers may not add to 100% due to rounding.

At March 31, 2018, interest-bearing debt totalled \$1,002.6 billion, up \$18.2 billion from March 31, 2017. Within interest-bearing debt, unmatured debt increased by \$7.6 billion, liabilities for pensions decreased by \$0.5 billion, liabilities for other employee and veteran future benefits increased by \$11.2 billion, and other liabilities decreased by \$19 million.

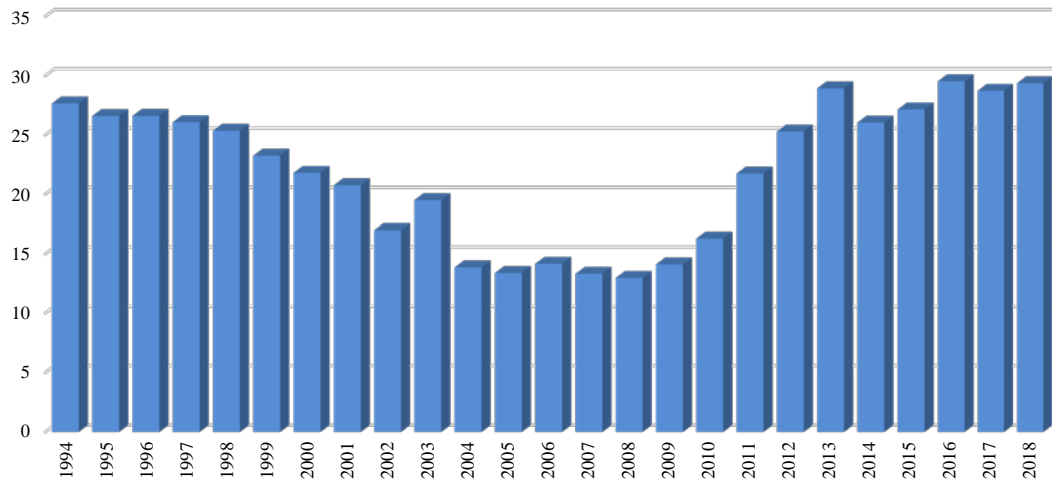
The \$7.6-billion increase in unmatured debt is largely attributable to a \$9.2-billion increase in market debt, reflecting increased borrowings to meet the financial needs of the Government. This increase was partially offset by a \$1.9-billion decrease in unamortized discounts and premiums on market debt.

The Bank of Canada and the Department of Finance Canada manage the Government's unmatured debt and associated risks. The fundamental objective of the debt management strategy is to provide stable, low-cost funding to meet the Government's financial obligations and liquidity needs. Details on the Government's debt management objectives and principles are tabled annually in Parliament through the Department of Finance Canada's *Debt Management Strategy*.

Foreign holdings of the Government's unmatured debt are estimated at \$211.8 billion, representing approximately 29.4% of the Government's total unmatured debt.

### Foreign holdings of Government of Canada unmatured debt

(as a percentage of unmatured debt)



The Government's liabilities for pensions and other future benefits stood at \$275.7 billion at March 31, 2018, up \$10.7 billion from the prior year. These liabilities represent the estimated present value of pensions and other future benefits earned to March 31, 2018, by current and former employees, as measured annually on an actuarial basis, net of the value of assets set aside for funding purposes. Liabilities for pensions and other future benefits do not include benefits payable under the Canada Pension Plan (CPP). The CPP is not consolidated in the Government's financial statements because changes to the CPP require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government. Further information regarding the CPP can be found in Section 6 of this volume.

The following table illustrates the change in the Government's liabilities for pensions and other future benefits, net of public sector pension assets, in 2018.

### Net pensions and other future benefit liabilities

(in millions of dollars)

	Pensions	Other future benefits	Total
<b>Net future benefit liabilities at beginning of year—as restated</b> .....	<b>169,547</b>	<b>93,568</b>	<b>263,115</b>
Add:			
Benefits earned during the year .....	7,175	5,968	13,143
Interest on accrued benefit obligations, net of the expected return on investments .....	4,021	3,116	7,137
Net actuarial losses recognized during the year .....	4,544	4,171	8,715
Plan amendments, curtailments, settlements and valuation allowance <sup>1</sup> .....	88	4,095	4,183
	<b>15,828</b>	<b>17,350</b>	<b>33,178</b>
Deduct:			
Benefits paid during the year .....	11,745	6,045	17,790
Transfers to the PSPIB and funds held in external trusts <sup>2</sup> .....	4,119	–	4,119
Transfers to other plans and administrative expenses .....	721	80	801
	<b>16,585</b>	<b>6,125</b>	<b>22,710</b>
<b>Net (decrease) increase</b> .....	<b>(757)</b>	<b>11,225</b>	<b>10,468</b>
<b>Net future benefit liabilities at end of year</b> .....	<b>168,790</b>	<b>104,793</b>	<b>273,583</b>
Presented on the Consolidated Statement of Financial Position as:			
Public sector pension liabilities .....			170,914
Other employee and veteran future benefit liabilities .....			104,793
Total pension and other future benefit liabilities .....			275,707
Public sector pension assets .....			2,124
<b>Net pensions and other future benefit liabilities</b> .....			<b>273,583</b>

<sup>1</sup> Amounts shown include actuarial gains and losses recognized immediately upon plan amendments, settlements and curtailments.

<sup>2</sup> With respect to the Government's funded pension plans, amounts equal to employer and employee contributions or Government and member contributions less benefits and other payments are transferred to the Public Sector Pension Investment Board (PSPIB) for investment. Funds related to pension and other future benefit plans of consolidated Crown corporations and other entities are held in legally separate external trusts.

The increase in net liabilities for pensions and other future benefits in 2018 reflects the addition of \$13.1 billion in future benefits earned by employees during the year as well as \$7.1 billion in net interest charges on the liabilities. Accounting standards require that liabilities due a long time into the future be recorded at their estimated present, or discounted value. The Government revised its methodology for selecting discount rates used in the measurement of unfunded pension and benefit obligations in 2018. The revised methodology is based on the actual zero-coupon yield curve for Government of Canada bonds at fiscal year-end. The discount rate used to value the Government's obligations for funded pension benefits, which relate to post-March 2000 service under its three main pension plans—the public service, Canadian Forces—Regular Force, and Royal Canadian Mounted Police pension plans—as well as benefits under the Canadian Forces—Reserve Force pension plan, has not been changed. For these obligations, the discount rate continues to be based on the streamed expected rates of return on invested funds. Interest is recorded on the liabilities for pensions and other future benefits each year, net of the expected return on investments associated with funded benefits, to reflect the passage of time as the liabilities are one year closer to settlement. Net interest charges are recorded as part of public debt charges while benefits expense is recorded as part of other expenses on the Consolidated Statement of Operations and Accumulated Deficit.

The Government’s liabilities for pensions and other future benefits increased by an additional \$8.7 billion in 2018 due to the amortization of actuarial gains and losses. Actuarial gains and losses represent year-over-year increases or decreases in the estimated value of the Government’s pension and other future benefit obligations and the value of related assets due to changes in actuarial assumptions or actual experience different from that previously estimated. Actuarial assumptions include future inflation, interest rates, return on investments, general wage increases, workforce composition, retirement rates and mortality rates. Under Canadian public sector accounting standards, which are set independently by the Public Sector Accounting Board, actuarial gains and losses are not recognized in the liabilities immediately but instead are amortized over the expected average remaining service life of plan contributors, which represents periods ranging from 4 to 23 years, according to the plan in question. As of March 31, 2018, the Government had net unamortized losses of \$57.4 billion. These losses will be reflected over time in the liabilities and recorded as part of other expenses.

The Government also recorded a \$4.2-billion increase in liabilities for pensions and other future benefits to reflect the net impact of plan amendments, curtailments, settlements and valuation allowance during the year. The largest of these amendments relates to amendments to veteran future benefits, including the new Pain and Suffering Compensation benefit that replaces the existing Disability Award; the new Additional Pain and Suffering Compensation benefit, to compensate veterans with a service related injury or illness causing severe and permanent impairment; and the consolidation of some benefits into a new Income Replacement benefit.

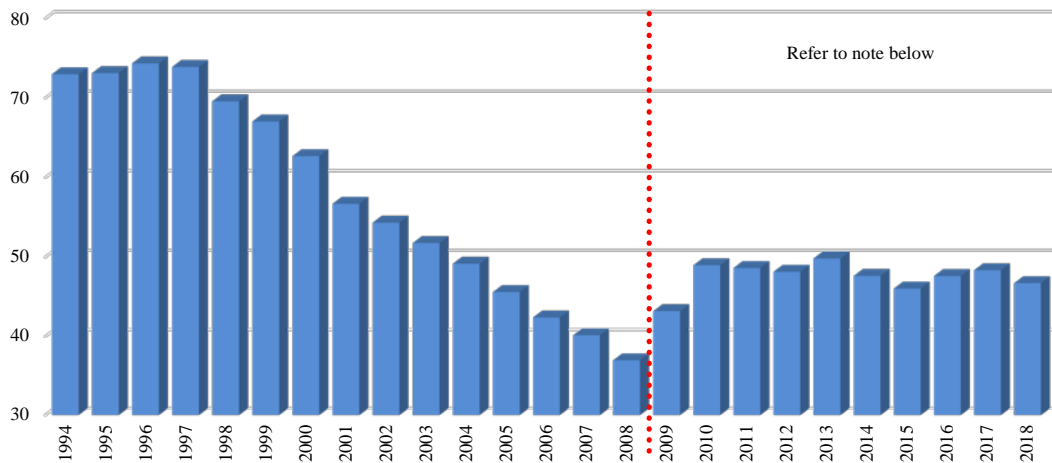
These increases were offset in part by reductions in the liabilities for benefits paid during the year (\$17.8 billion) and for net transfers to the Public Sector Pension Investment Board and funds held in external trusts for investment (\$4.1 billion).

Further details on the federal public sector pension plans and other employee and veteran future benefits are contained in Section 6 of this volume.

Interest-bearing debt stood at 46.7% of GDP in 2018, down from 48.4% in 2017. This ratio is down almost 28 percentage points from its high of 74.4% in 1996.

**Interest-bearing debt**

(as a percentage of GDP)

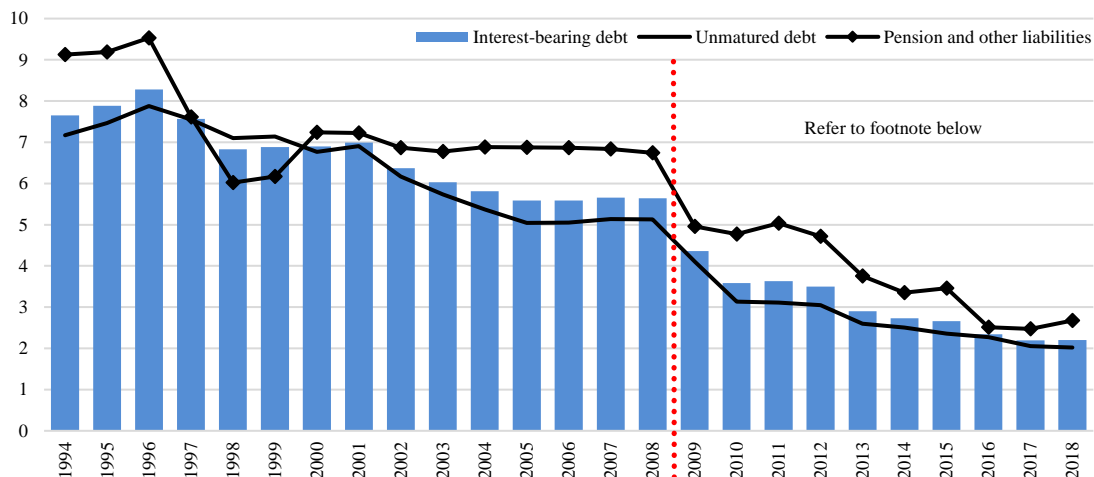


The percentages of GDP from 2009 to 2017 have been restated to reflect the impact of the retroactive change in methodology for the determination of the discount rate for unfunded pension liabilities. The total retroactive adjustment and the amount specifically allocated to 2017 are audited. The allocation of the residual difference to specific historical prior periods is unaudited.

The average effective interest rate on the Government’s interest-bearing debt in 2018 was 2.2%, virtually unchanged from 2017. The average effective interest rate on unmatured debt in 2018 was 2.0%, while the average effective interest rate on pension and other liabilities was 2.7%, reflecting the longer average duration of these obligations.

**Average effective interest rate on interest-bearing debt**

(in percentage)

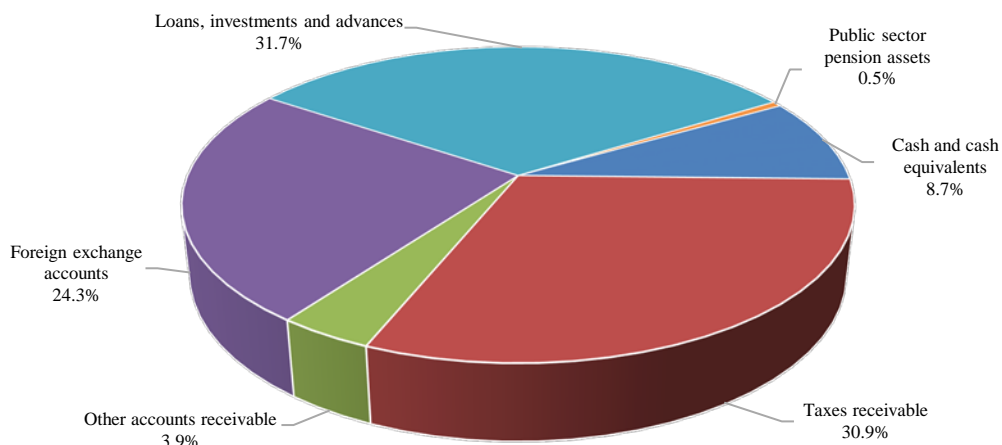


The percentages of GDP from 2009 to 2017 have been restated to reflect the impact of the retroactive change in methodology for the determination of the discount rate for unfunded pension liabilities. The total retroactive adjustment and the amount specifically allocated to 2017 are audited. The allocation of the residual difference to specific historical prior periods is unaudited.

**Financial assets**

Financial assets include cash on deposit with the Bank of Canada, chartered banks and other financial institutions, accounts receivable, foreign exchange accounts, loans, investments and advances, and public sector pension assets of consolidated Crown corporations and other entities. The Government’s foreign exchange accounts include foreign currency deposits, investments in marketable securities, and subscriptions and loans to the International Monetary Fund. Proceeds of the Government’s foreign currency borrowings are held in the Exchange Fund Account to provide foreign currency liquidity and provide funds needed to promote orderly conditions for the Canadian dollar in foreign exchange markets. Further details on the management of international reserves are available in the annual *Report on the Management of Canada’s Official International Reserves*. The Government’s loans, investments and advances include its investments in and loans to enterprise Crown corporations, loans to national governments mainly for financial assistance and development of export trade, and loans under the Canada Student Loans Program.

**Financial assets by category for 2018**



At March 31, 2018, financial assets amounted to \$398.8 billion, up \$16.0 billion from March 31, 2017. The increase in financial assets reflects increases in cash and accounts receivable, loans, investments and advances, and public sector pension assets, partially offset by a decrease in foreign exchange accounts.

At March 31, 2018, cash and accounts receivable totalled \$173.2 billion, up \$15.2 billion from March 31, 2017. Within this component, cash and cash equivalents decreased by \$1.9 billion. The balance of cash and cash equivalents includes \$20 billion which has been designated as a deposit held with respect to prudential liquidity management. The Government's overall liquidity is maintained at a level sufficient to cover at least one month of net projected cash flows, including coupon payments and debt refinancing needs. Taxes receivable increased by \$12.5 billion during 2018 to \$123.0 billion, reflecting growth in tax revenues. Other accounts receivable increased by \$4.5 billion due in large part to a \$1.8-billion increase in cash collateral under International Swaps and Derivatives Association agreements in respect of outstanding cross-currency swap agreements; a \$1.5-billion dividend receivable from Canada Mortgage and Housing Corporation at year-end; and a \$0.5-billion increase in trade receivables of the Canadian Commercial Corporation.

Loans, investments and advances in enterprise Crown corporations and other government business enterprises increased by \$1.3 billion in 2018. Net loans and advances increased by \$3.1 billion, due mainly to an increase in loans to Crown corporations under the consolidated borrowing framework. Investments in enterprise Crown corporations and other government business enterprises decreased by \$1.8 billion, as the \$7.0 billion in net profits recorded by these entities during 2018 were more than offset by \$0.8 billion in other comprehensive losses and \$8.0 billion in dividends paid to the Government.

Other loans, investments and advances increased by \$1.0 billion, from \$24.6 billion to \$25.6 billion, largely reflecting growth in the Canada Student Loans portfolio, attributable in part to measures introduced in Budget 2016, which increased the number of students eligible to participate in the program, as well as the number of students eligible to receive the maximum loan amount.

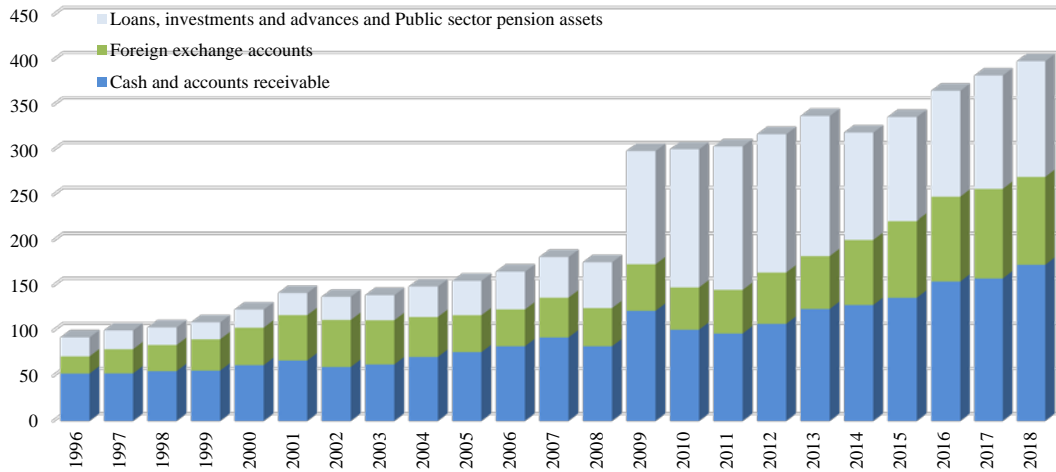
Public sector pension assets increased by \$0.2 billion.

Foreign exchange accounts decreased by \$1.9 billion in 2018, totalling \$96.9 billion at March 31, 2018. The decrease in foreign exchange accounts is in large part due to a decline in foreign exchange reserves held in the Exchange Fund Account, reflecting \$4.2 billion in net lower advances to the Account during the year that were only partially offset by the Account's \$1.7-billion net income and \$1.3 billion in foreign exchange gains.

Since the accumulated deficit reached its post-World War II peak of 66.8% of GDP at March 31, 1996, financial assets have increased by \$306.0 billion, mainly reflecting higher levels of cash and cash equivalents and accounts receivable (up \$120.6 billion), an increase in the foreign exchange accounts (up \$77.9 billion), and an increase in loans, investments and advances (up \$105.3 billion). The increase in cash and cash equivalents and accounts receivable is largely attributable to growth in taxes receivable, broadly in line with the growth in the applicable tax bases. The increase in the foreign exchange accounts reflects a decision by the Government in the late 1990s and more recently in the 2012 *Debt Management Strategy* to increase liquidity in these accounts. The increase in loans, investments and advances is attributable to several factors including the accumulation of net profits from enterprise Crown corporations, the Government taking over the financing of the Canada Student Loans Program from the chartered banks in 2000, and the issuance of direct loans to Crown corporations under the Government's consolidated borrowing framework implemented in 2008.

**Financial assets**

(in billions of dollars)



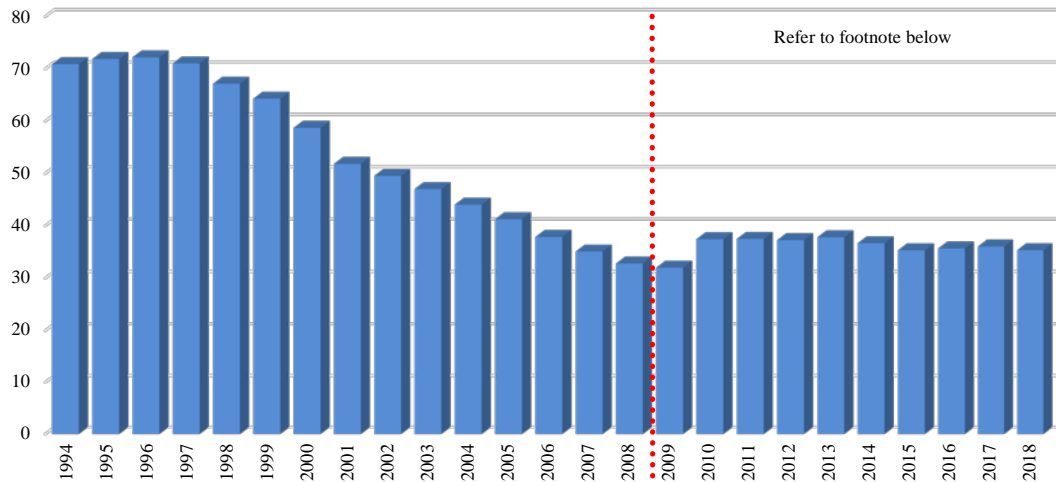
**Net debt**

The Government’s net debt—its total liabilities less financial assets—stood at \$758.8 billion at March 31, 2018. Net debt was 35.4% of GDP, down 0.7 percentage points from a year earlier, and 36.8 percentage points below its peak of 72.2% at March 31, 1996.

This ratio measures debt relative to the ability of the country’s taxpayers to finance it. Total liabilities are reduced only by financial assets as non-financial assets cannot normally be converted to cash to pay off the debt without disrupting government operations.

**Net debt**

(as percentage of GDP)



The percentages of GDP from 2009 to 2017 have been restated to reflect the impact of the retroactive change in methodology for the determination of the discount rate for unfunded pension liabilities. The total retroactive adjustment and the amount specifically allocated to 2017 are audited. The allocation of the residual difference to specific historical prior periods is unaudited.

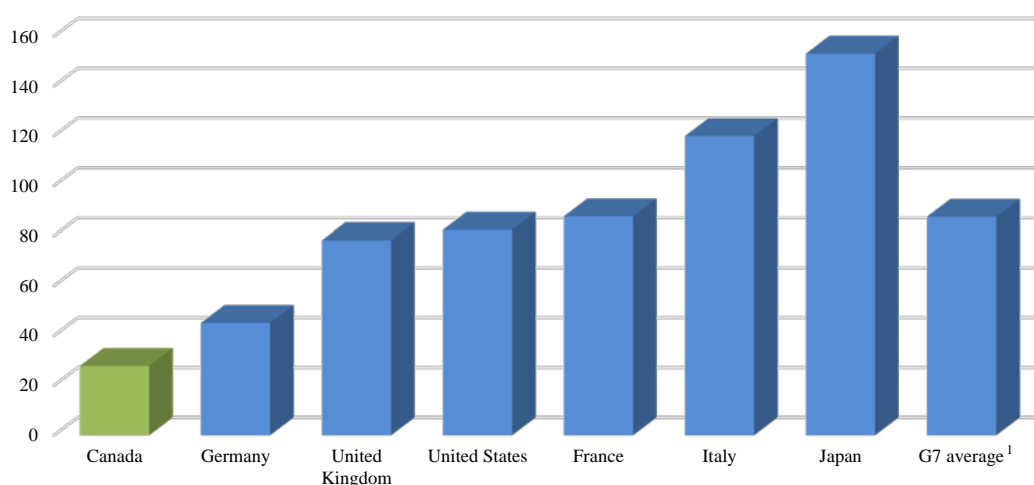
## International comparisons of net debt

Jurisdictional responsibility (between central, state and local levels of government) for government programs differs among countries. As a result, international comparisons of government fiscal positions are undertaken on a total government, National Accounts, basis. For Canada, total government net debt includes that of the federal, provincial/territorial and local governments, as well as the net assets held in the Canada Pension Plan and Quebec Pension Plan.

### Canada has the lowest total government net debt burden among G7 countries

#### G7 total government net debt, 2017

(as a percentage of GDP)



Source: International Monetary Fund, *Fiscal Monitor* (April 2018).

<sup>1</sup> Weighted by nominal GDP converted to U.S. dollars at average market exchange rates.

Canada's total government net debt-to-GDP ratio stood at 27.8% in 2017, according to the IMF. This is the lowest level among G7 countries, which the IMF estimates will record an average net debt of 87.5% of GDP in that same year.

The following table provides a reconciliation between the Government of Canada's accumulated deficit-to-GDP ratio and Canada's total government net debt-to-GDP ratio. Importantly, Canada's total government net debt-to-GDP ratio includes the net debt of the federal, provincial, territorial and local governments, as well as the net assets held by the Canada Pension Plan and Quebec Pension Plan while excluding liabilities for public sector pensions and other employee future benefits.

#### Reconciliation of 2018 accumulated deficit-to-GDP ratio to calendar 2017 total Government net debt-to-GDP ratio

(as a percentage of GDP)

	(% of GDP)
<b>Accumulated deficit</b> .....	<b>31.3</b>
Add: Non-financial assets .....	4.1
<b>Net debt (Public Accounts basis)</b> .....	<b>35.4</b>
Less:	
Liabilities for public sector pensions .....	(8.0)
Liabilities for other future benefits .....	(4.9)
National accounts/Public Accounts methodological differences and timing adjustments <sup>1</sup> .....	(0.8)
<b>Total federal net debt (National Accounts basis)</b> .....	<b>21.7</b>
Add: Net debt of provincial/territorial and local governments .....	19.4
Less: Net assets of the CPP/QPP .....	(13.3)
<b>Total government net debt</b> .....	<b>27.8</b>

Source: Statistics Canada and Public Accounts of Canada.

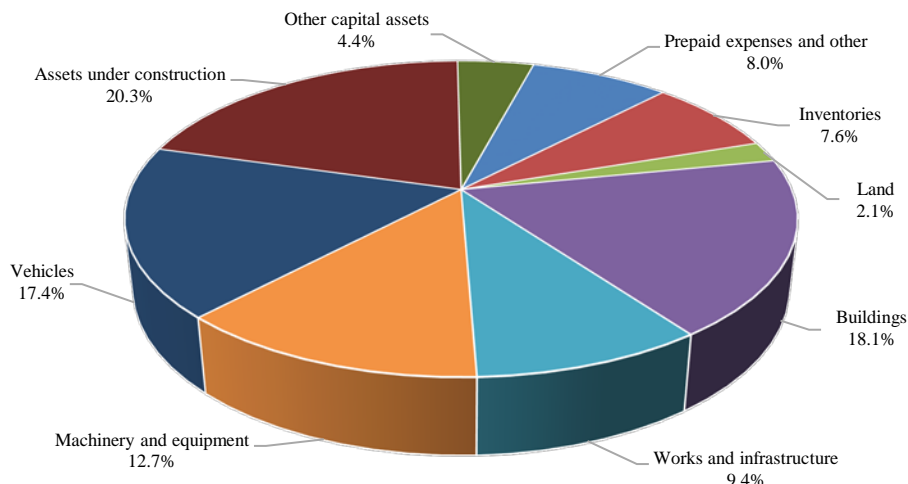
<sup>1</sup> Includes timing differences (National Accounts data are as of December 31), differences in the universe covered by each accounting system, and differences in accounting treatments of various transactions such as capital gains.



### Non-financial assets

Non-financial assets include the net book value of the Government’s tangible capital assets, which include land, buildings, works and infrastructure such as roads and bridges, machinery and equipment, ships, aircraft and other vehicles. Non-financial assets also include inventories and prepaid expenses and other non-financial assets.

#### Non-financial assets by category for 2018

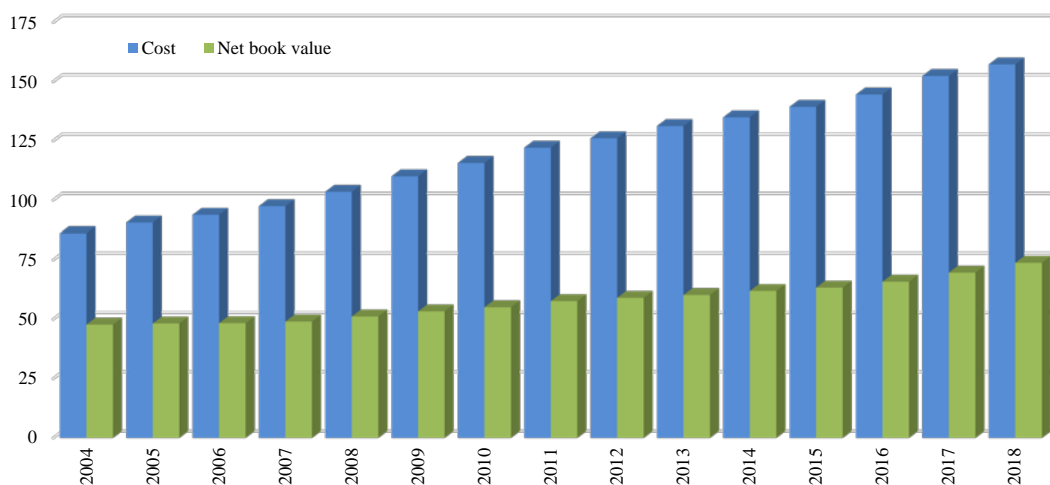


At March 31, 2018, non-financial assets stood at \$87.5 billion, up \$5.0 billion from a year earlier. Of this growth, \$4.2 billion relates to an increase in tangible capital assets while \$1.0 billion relates to an increase in prepaid expenses. The growth in tangible capital assets in large part reflects a \$3.1-billion increase in assets under construction. The increase in prepaid expenses is due mainly to an increase in progress work by Canadian exporters on contracts not yet fulfilled by the Canadian Commercial Corporation.

At March 31, 2018, 60.7% of the original cost of the Government’s depreciable tangible capital assets had been amortized, a decrease of 0.1% from a year earlier. Depreciable tangible capital assets exclude land, and assets under construction, which are not yet available for use.

### Tangible capital asset cost

(in billions of dollars)



The federal government has entered into a number of public-private partnerships (P3s) to design, build, finance and/or operate and maintain large infrastructure projects. Assets under construction totalled \$17.8 billion at March 31, 2018, some of which are being built using P3s in which the private sector finances the assets during construction. The Government's liability for these long-term financing arrangements is included in obligations under public-private partnerships reported in Note 8 of the consolidated financial statements.

The Government has a robust policy framework for the management of assets and acquired services. The framework sets the direction for management of assets to ensure the conduct of activities provides value for money and demonstrates sound stewardship in program delivery.

## Cash flow

The annual surplus or deficit is presented on an accrual basis of accounting, recognizing revenue in the period it is earned and expenses when incurred, regardless of when the associated cash is received or paid. In contrast, the Government's net cash flow measures the difference between cash coming in to the Government and cash going out.

In 2018, the Government had a total cash requirement of \$7.8 billion before financing activities, compared to a total cash requirement of \$27.1 billion before financing activities in 2017. Operating activities resulted in a net cash requirement of \$3.8 billion in 2018, compared to a net cash requirement of \$17.8 billion in 2017. Cash used by capital investment activities resulted in net cash requirement of \$9.0 billion in 2018, compared to a net cash requirement of \$7.4 billion in 2017. Cash provided by investing activities was \$5.0 billion in 2018, compared to a net cash requirement of \$1.9 billion in 2017.

## Cash flow

(in millions of dollars)

	2018	2017
Cash used by operating activities .....	(3,777)	(17,809)
Cash used by capital investment activities .....	(8,954)	(7,413)
Cash provided (used) by investing activities .....	4,978	(1,909)
<i>Total cash used before financing activities.....</i>	<i>(7,753)</i>	<i>(27,131)</i>
Cash provided by financing activities .....	5,895	25,061
Net decrease in cash and cash equivalents.....	(1,858)	(2,070)
Cash and cash equivalents at beginning of year.....	36,500	38,570
Cash and cash equivalents at end of year .....	34,642	36,500

Financing activities generated a \$5.9-billion source of cash in 2018, resulting in an overall net decrease in cash of \$1.9 billion. The level of cash and cash equivalents stood at \$34.6 billion at March 31, 2018.

## Contractual obligations and contractual rights

The nature of the Government's operations results in large multi-year contracts and agreements that will generate expenses, liabilities and cash outflows in future years. Major contractual obligations of the Government relate to transfer payments, capital assets and purchases, operating leases, public-private partnership arrangements, and payments to international organizations. As of March 31, 2018, future payments under contractual obligations totalled \$137.9 billion (\$121.7 billion as of March 31, 2017).

Similarly, the activities of government can also involve the negotiation of contracts or agreements with third parties that result in the government having rights to both assets and revenues in the future. These arrangements typically relate to sales of goods and services, leases of property, and royalties and profit-sharing arrangements. The terms of these contracts and agreements may not always allow for a reasonable estimate of revenues in the future. For contracts and agreements that do allow for a reasonable estimate, total revenues to be received in the future under major contractual rights are estimated at \$54.6 billion at March 31, 2018.

Further details regarding the Government's contractual obligations and contractual rights are provided in Section 11, Contractual obligations, contractual rights and contingent liabilities, of this volume.

## **Risks and uncertainties**

The Government's financial results are subject to risks and uncertainties inherent in the nature of certain financial statement elements and government operations, including:

- outcomes from litigation, arbitration and negotiations with third parties, and the resolution of taxes under objection;
- identification and quantification of environmental liabilities;
- ageing tangible capital assets, including information technology infrastructure;
- costs associated with dismantling capital assets at the end of their useful lives;
- credit risk and foreign currency risk associated with the Government's financial assets, including loans, investments and advances and foreign exchange accounts;
- demand for public services and changes in other expenses, including pension expense, that reflect actual experience that is significantly different from forecast;
- delays and unexpected cost increases associated with large-scale investment projects; and,
- unforeseen situations such as natural catastrophes.

The Government's financial statements incorporate a number of significant estimates and assumptions related to risks and uncertainties that are used in valuing its assets, liabilities, revenues and expenses. One of the most significant areas of measurement uncertainty relates to public sector pensions and other employee future benefits, for which payments are made many years into the future and are dependent upon the evolution of factors such as wage increases, workforce composition, retirement rates and mortality rates. In developing its best estimates and assumptions, the Government takes into consideration historical experience, current facts and circumstances, and expected future developments. The Government's financial results are also subject to volatility as a result of year-over-year changes in the discount rates used to value its pension and benefit obligations. Changes in these discount rates result in unrealized gains and losses that are amortized to expenses. The Government's new discount rate approach discussed in the previous section on Interest-Bearing Debt is expected to result in increased volatility going forward, in particular in relation to the Government's main unfunded pension obligations, where the discount rate has changed from a 20-year moving weighted average of long-term bond rates to a methodology based on interest rates in effect at year-end.

Another significant area of measurement uncertainty relates to contingent liabilities. Contingent liabilities represent possible obligations that may result in future payments when one or more events occur or fail to occur. Examples of contingent liabilities include loan guarantees; insurance programs, including the Deposit Insurance Fund operated by the Canada Deposit Insurance Corporation and the Mortgage Insurance Fund operated by Canada Mortgage and Housing Corporation; callable share capital in international financial institutions; and claims and pending and threatened litigation. As of March 31, 2018, the Government's contingent liabilities totalled roughly \$2 trillion. However, the vast majority of this amount represents situations where the probability of a future payment is assessed as unlikely or not determinable. The Government records a provision for contingent liabilities only in cases where the probability of future payment is considered likely. As of March 31, 2018, this provision totalled \$23.0 billion.

The Government's assumptions related to risks and uncertainties used in determining its financial results are reassessed at each fiscal year-end and updated as necessary. Exposure to measurement uncertainty from the use of accounting and other estimates in recording certain transactions is discussed in Note 1 of the consolidated financial statements. Further details with respect to the measurement of the Government's contingent liabilities and environmental liabilities are included in Note 6 and Note 7, respectively, of the consolidated financial statements of the Government of Canada. Note 17 of the consolidated financial statements provides information on instruments and strategies used by the Government to manage financial risks associated with its financial assets and liabilities.

As noted in the Budget and related documents, and in the discussion on Economic Developments earlier in this section, the Government's revenues and expenses are highly sensitive to changes in economic conditions—particularly to changes in economic growth, inflation and interest rates.

To illustrate the impact of changes in economic conditions, the Department of Finance Canada publishes, on a regular basis, sensitivity impacts on the budgetary balance. These are “rules of thumb” as the actual impact will depend on many other factors as well. As published in the February 27, 2018 Budget, these show, for example, that:

- A one-year, 1-percentage-point increase/decrease in real GDP growth would raise/lower the budgetary balance by \$4.8 billion in the first year, \$4.5 billion in the second year, and \$4.9 billion in the fifth year.
- A one-year, 1-percentage-point increase/decrease in GDP inflation would raise/lower the budgetary balance by \$2.1 billion in the first year, \$2.0 billion in the second year, and \$1.4 billion in the fifth year.
- A sustained 100-basis-point decrease/increase in interest rates would raise/lower the budgetary balance by \$0.6 billion in the first year, \$1.5 billion in the second year, and \$2.8 billion in the fifth year.

While these generalized rules of thumb provide good estimates of the sensitivity of the budgetary balance to small economic changes, it is important to note that some of the estimated relationships would change in response to large economic changes.

The Government manages risks to its fiscal projections due to changes in economic conditions by regularly surveying private sector economists on their views on the outlook for the Canadian economy and by monitoring its financial results on an ongoing basis to assess potential risks and guide its financial decisions.

The Government also prepares long-term economic and fiscal projections, which provide a broad analysis of its fiscal position, allowing the Government to respond more effectively to upcoming challenges and protect the long-term sustainability of public finances. The most recent version of these projections is available on the Department of Finance Canada’s website.

## Ten-year comparative financial information

The following tables provide a ten-year comparison of financial information based on the accounting policies explained in Note 1 to the audited consolidated financial statements in Section 2 of this volume.

**Table 1.1**  
**Government of Canada**  
**Consolidated Statement of Operations and Accumulated Deficit—detailed**

(in millions of dollars)

	Year ended March 31 <sup>1,2</sup>									
	2009	2010	2011	2012 <sup>4</sup>	2013 <sup>3</sup>	2014	2015	2016	2017	2018
<b>Revenues</b>										
<i>Tax revenues</i>										
<b>Income tax revenues</b>										
Personal.....	116,612	105,040	114,661	120,537	125,728	130,811	135,743	144,897	143,680	153,619
Corporate.....	31,243	32,247	31,953	33,641	34,986	36,587	39,447	41,444	42,216	47,805
Non-resident.....	6,298	5,293	5,137	5,300	5,073	6,404	6,216	6,505	7,071	7,845
	<i>154,153</i>	<i>142,580</i>	<i>151,751</i>	<i>159,478</i>	<i>165,787</i>	<i>173,802</i>	<i>181,406</i>	<i>192,846</i>	<i>192,967</i>	<i>209,269</i>
<b>Other taxes and duties</b>										
Goods and services tax.....	25,740	26,947	28,379	28,370	28,821	30,998	31,349	32,952	34,368	36,751
Energy taxes.....	5,161	5,178	5,342	5,328	5,381	5,486	5,528	5,565	5,634	5,739
Customs import duties.....	4,036	3,490	3,520	3,862	3,979	4,239	4,581	5,372	5,478	5,416
Other excise taxes and duties.....	4,869	4,958	5,662	5,546	5,370	5,413	5,724	5,916	5,868	5,913
	<i>39,806</i>	<i>40,573</i>	<i>42,903</i>	<i>43,106</i>	<i>43,551</i>	<i>46,136</i>	<i>47,182</i>	<i>49,805</i>	<i>51,348</i>	<i>53,819</i>
<b>Total tax revenues.....</b>	<b>193,959</b>	<b>183,153</b>	<b>194,654</b>	<b>202,584</b>	<b>209,338</b>	<b>219,938</b>	<b>228,588</b>	<b>242,651</b>	<b>244,315</b>	<b>263,088</b>
<i>Employment insurance premiums.....</i>	<i>16,887</i>	<i>16,761</i>	<i>17,501</i>	<i>18,556</i>	<i>20,395</i>	<i>21,766</i>	<i>22,564</i>	<i>23,070</i>	<i>22,125</i>	<i>21,140</i>
<i>Other revenues</i>										
Enterprise Crown corporations and other government business enterprises.....	5,917	4,552	9,590	7,983	7,543	7,966	9,306	7,916	5,655	7,731
Other.....	18,787	15,990	17,286	18,315	17,857	20,325	20,533	19,494	19,267	20,174
Net foreign exchange.....	1,736	1,647	1,809	1,669	1,502	1,682	1,355	2,322	2,133	1,473
<b>Total other revenues.....</b>	<b>26,440</b>	<b>22,189</b>	<b>28,685</b>	<b>27,967</b>	<b>26,902</b>	<b>29,973</b>	<b>31,194</b>	<b>29,732</b>	<b>27,055</b>	<b>29,378</b>
<b>Total revenues.....</b>	<b>237,286</b>	<b>222,103</b>	<b>240,840</b>	<b>249,107</b>	<b>256,635</b>	<b>271,677</b>	<b>282,346</b>	<b>295,453</b>	<b>293,495</b>	<b>313,606</b>
<b>Expenses</b>										
<i>Program expenses</i>										
<b>Transfer payments</b>										
Old age security benefits, guaranteed income supplement and spouse's allowance.....	33,377	34,653	35,629	38,045	40,255	41,786	44,103	45,461	48,162	50,644
<b>Major transfer payments to other levels   of government</b>										
Canada health transfer.....	22,759	24,820	26,031	27,174	28,912	30,543	32,114	34,025	36,057	37,124
Canada social transfer.....	10,568	10,858	11,179	11,514	11,860	12,215	12,582	12,959	13,348	13,748
Fiscal arrangements.....	12,164	13,490	13,826	15,259	15,595	15,610	16,271	16,893	17,145	17,575
Other major transfers.....	985	7,772	1,751	2,847	2,003	2,107	2,142	1,973	2,102	2,072
	<i>46,476</i>	<i>56,940</i>	<i>52,787</i>	<i>56,794</i>	<i>58,370</i>	<i>60,475</i>	<i>63,109</i>	<i>65,850</i>	<i>68,652</i>	<i>70,519</i>
Employment insurance.....	16,308	21,586	19,850	17,647	17,099	17,300	18,052	19,419	20,711	19,715
Children's benefits.....	11,901	12,340	12,656	12,726	12,975	13,136	14,303	18,025	22,065	23,432
Other transfer payments.....	34,793	45,949	43,155	37,720	34,862	36,698	35,126	34,874	41,580	47,138
<b>Total transfer payments.....</b>	<b>142,855</b>	<b>171,468</b>	<b>164,077</b>	<b>162,932</b>	<b>163,561</b>	<b>169,395</b>	<b>174,693</b>	<b>183,629</b>	<b>201,170</b>	<b>211,448</b>
<b>Other expenses.....</b>	<b>75,278</b>	<b>80,441</b>	<b>83,106</b>	<b>85,170</b>	<b>88,834</b>	<b>85,603</b>	<b>83,996</b>	<b>92,848</b>	<b>90,050</b>	<b>99,230</b>
<b>Total program expenses.....</b>	<b>218,133</b>	<b>251,909</b>	<b>247,183</b>	<b>248,102</b>	<b>252,395</b>	<b>254,998</b>	<b>258,689</b>	<b>276,477</b>	<b>291,220</b>	<b>310,678</b>
<i>Public debt charges.....</i>	<i>28,269</i>	<i>26,562</i>	<i>28,610</i>	<i>29,038</i>	<i>25,533</i>	<i>24,729</i>	<i>24,207</i>	<i>21,837</i>	<i>21,232</i>	<i>21,889</i>
<b>Total expenses.....</b>	<b>246,402</b>	<b>278,471</b>	<b>275,793</b>	<b>277,140</b>	<b>277,928</b>	<b>279,727</b>	<b>282,896</b>	<b>298,314</b>	<b>312,452</b>	<b>332,567</b>
<b>Annual deficit.....</b>	<b>(9,116)</b>	<b>(56,368)</b>	<b>(34,953)</b>	<b>(28,033)</b>	<b>(21,293)</b>	<b>(8,050)</b>	<b>(550)</b>	<b>(2,861)</b>	<b>(18,957)</b>	<b>(18,961)</b>
<b>Accumulated deficit at beginning of year—as previously reported.....</b>	<b>(457,637)</b>	<b>(463,710)</b>	<b>(519,097)</b>	<b>(551,668)</b>	<b>(591,040)</b>	<b>(609,391)</b>	<b>(611,881)</b>	<b>(612,330)</b>	<b>(615,986)</b>	<b>(631,899)</b>
<b>Accounting change and restatement—Public sector pensions.....</b>	<b>(875)</b>	<b>(4,236)</b>	<b>(5,006)</b>	<b>(6,587)</b>	<b>(8,341)</b>	<b>(11,219)</b>	<b>(14,119)</b>	<b>(16,580)</b>	<b>(18,454)</b>	<b>(19,641)</b>
<b>International Financial Reporting Standards (IFRS) transition adjustment.....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(3,337)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Other comprehensive (loss) income.....</b>	<b>(318)</b>	<b>211</b>	<b>2,142</b>	<b>(2,292)</b>	<b>64</b>	<b>2,660</b>	<b>(2,360)</b>	<b>(2,669)</b>	<b>1,857</b>	<b>(753)</b>
<b>Accumulated deficit at end of year.....</b>	<b>(467,946)</b>	<b>(524,103)</b>	<b>(556,914)</b>	<b>(591,917)</b>	<b>(620,610)</b>	<b>(626,000)</b>	<b>(628,910)</b>	<b>(634,440)</b>	<b>(651,540)</b>	<b>(671,254)</b>

<sup>1</sup> These figures have been restated to reflect the impact of the change in methodology for the determination of the discount rate for unfunded pension benefits. Other than the 2017 restated figures, the restatements in the prior years have not been audited.

<sup>2</sup> Certain other comparative figures have been reclassified to conform to the current year's presentation.

<sup>3</sup> The 2013 accumulated deficit at beginning of year has been adjusted to include the restatement amount of \$5,669 million and \$1,795 million for the buy-back of bonds and the loans expected to be repaid from future appropriations done in the course of the fiscal year 2014.

<sup>4</sup> The 2012 accumulated deficit at beginning of year has been adjusted to include the restatement amount of \$1,341 million for accumulated sick leave entitlements that was done in the course of the fiscal year 2013.

**Table 1.2**  
**Government of Canada**  
**Consolidated Statement of Financial Position—detailed**

(in millions of dollars)

	As at March 31 <sup>1,2</sup>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Liabilities</b>										
<i>Accounts payable and accrued liabilities</i>										
Amounts payable related to tax .....	50,845	48,251	48,648	50,952	54,877	52,600	56,198	53,697	55,077	61,876
Other accounts payable and accrued liabilities .....	31,401	40,311	38,246	42,342	31,480	27,120	28,792	33,232	34,431	44,576
Provision for contingent liabilities .....	12,657	13,214	12,900	12,804	12,262	11,135	11,757	12,562	16,511	23,030
Environmental liabilities and asset retirement obligations .....	6,342	6,602	7,745	8,362	10,600	11,143	12,296	13,282	12,599	12,291
Deferred revenue .....	5,835	5,294	4,788	4,164	3,570	4,147	9,348	10,158	9,238	8,361
Interest and matured debt .....	6,919	6,853	6,733	6,379	5,955	5,585	5,240	4,922	4,663	4,690
<b>Total accounts payable and accrued liabilities .....</b>	<b>113,999</b>	<b>120,525</b>	<b>119,060</b>	<b>125,003</b>	<b>118,744</b>	<b>111,730</b>	<b>123,631</b>	<b>127,853</b>	<b>132,519</b>	<b>154,824</b>
<i>Interest-bearing debt</i>										
<i>Unmatured debt</i>										
Payable in Canadian currency										
Marketable bonds .....	295,186	367,962	416,080	448,140	469,039	473,319	487,881	504,068	536,280	574,968
Treasury bills .....	192,275	175,849	162,980	163,221	180,689	152,990	135,692	138,100	136,700	110,700
Retail debt .....	12,532	11,855	10,141	8,922	7,481	6,327	5,660	5,076	4,533	2,586
Bonds for Canada Pension Plan .....	523	452	27	11	–	–	–	–	–	–
<i>500,516</i>	<i>556,118</i>	<i>589,228</i>	<i>620,294</i>	<i>657,209</i>	<i>632,636</i>	<i>629,233</i>	<i>647,244</i>	<i>677,513</i>	<i>688,254</i>	
Payable in foreign currencies .....	10,381	8,243	7,628	10,715	10,802	16,030	20,267	22,482	17,609	16,049
Cross-currency swap revaluation .....	3,690	(4,233)	(5,091)	(4,448)	(3,419)	2,326	6,669	8,391	7,764	7,835
Unamortized discounts and premiums on market debt .....	(4,751)	(5,092)	(4,485)	(4,295)	3,231	3,184	4,296	5,047	5,322	3,467
Obligation related to capital leases .....	4,184	4,090	3,685	3,633	3,647	3,603	3,710	3,477	3,226	3,203
Obligation under public-private partnership .....	–	–	190	453	917	1,179	1,005	1,570	2,199	2,393
<b>Total unamatured debt .....</b>	<b>514,020</b>	<b>559,126</b>	<b>591,155</b>	<b>626,352</b>	<b>672,387</b>	<b>658,958</b>	<b>665,180</b>	<b>688,211</b>	<b>713,633</b>	<b>721,201</b>
<i>Pensions and other future benefits</i>										
Public sector pensions .....	144,145	147,849	152,722	157,252	162,886	167,281	169,244	170,681	171,447	170,914
Other employee and veteran future benefits .....	50,311	54,227	58,206	61,915	67,301	71,959	76,140	85,681	93,568	104,793
<b>Total pensions and other future benefits .....</b>	<b>194,456</b>	<b>202,076</b>	<b>210,928</b>	<b>219,167</b>	<b>230,187</b>	<b>239,240</b>	<b>245,384</b>	<b>256,362</b>	<b>265,015</b>	<b>275,707</b>
Canada Pension Plan Account .....	90	175	23	138	68	140	212	35	106	32
Other liabilities .....	5,833	6,412	6,292	6,795	5,978	5,774	5,790	5,567	5,583	5,638
<b>Total interest-bearing debt .....</b>	<b>714,399</b>	<b>767,789</b>	<b>808,398</b>	<b>852,452</b>	<b>908,620</b>	<b>904,112</b>	<b>916,566</b>	<b>950,175</b>	<b>984,337</b>	<b>1,002,578</b>
<b>Total liabilities .....</b>	<b>828,398</b>	<b>888,314</b>	<b>927,458</b>	<b>977,455</b>	<b>1,027,364</b>	<b>1,015,842</b>	<b>1,040,197</b>	<b>1,078,028</b>	<b>1,116,856</b>	<b>1,157,402</b>
<b>Financial assets</b>										
<i>Cash and accounts receivable</i>										
Cash and cash equivalents .....	46,985	28,450	14,323	17,143	27,341	31,429	34,999	38,570	36,500	34,642
Taxes receivable .....	71,911	69,063	78,626	86,006	92,115	92,489	98,499	105,848	110,514	123,035
Other accounts receivable .....	3,251	3,692	3,958	4,513	4,698	4,656	3,198	10,270	11,041	15,529
<b>Total cash and accounts receivable .....</b>	<b>122,147</b>	<b>101,205</b>	<b>96,907</b>	<b>107,662</b>	<b>124,154</b>	<b>128,574</b>	<b>136,696</b>	<b>154,688</b>	<b>158,055</b>	<b>173,206</b>
<i>Foreign exchange accounts</i>										
International reserves held in the Exchange Fund										
Account .....	51,194	53,701	54,041	62,141	63,381	77,365	91,961	101,379	106,668	105,430
International Monetary Fund—Subscriptions .....	12,011	9,823	9,792	9,842	9,694	10,883	11,129	20,170	19,892	20,647
International Monetary Fund—Loans .....	–	337	1,139	1,325	1,457	1,665	1,353	1,278	1,125	775
Less: International Monetary Fund—Notes payable and special drawing rights allocations .....	11,496	16,911	16,465	16,311	15,773	17,651	19,425	29,288	28,888	29,914
<b>Total foreign exchange accounts .....</b>	<b>51,709</b>	<b>46,950</b>	<b>48,507</b>	<b>56,997</b>	<b>58,759</b>	<b>72,262</b>	<b>85,018</b>	<b>93,539</b>	<b>98,797</b>	<b>96,938</b>
<i>Loans, investments and advances</i>										
Enterprise Crown corporations and other government business enterprises .....	104,049	129,523	135,673	130,662	131,785	94,815	89,375	91,116	99,427	100,775
Other loans, investments and advances .....	21,044	23,158	22,876	22,258	23,134	22,820	24,306	24,841	24,579	25,596
<b>Total loans, investments and advances .....</b>	<b>125,093</b>	<b>152,681</b>	<b>158,549</b>	<b>152,920</b>	<b>154,919</b>	<b>117,635</b>	<b>113,681</b>	<b>115,957</b>	<b>124,006</b>	<b>126,371</b>
<i>Public sector pension assets</i> .....	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>938</b>	<b>1,263</b>	<b>1,639</b>	<b>1,900</b>	<b>2,124</b>
<b>Total financial assets .....</b>	<b>298,949</b>	<b>300,836</b>	<b>303,963</b>	<b>317,579</b>	<b>337,832</b>	<b>319,409</b>	<b>336,658</b>	<b>365,823</b>	<b>382,758</b>	<b>398,639</b>
<b>Net Debt .....</b>	<b>(529,449)</b>	<b>(587,478)</b>	<b>(623,495)</b>	<b>(659,876)</b>	<b>(689,532)</b>	<b>(696,433)</b>	<b>(703,539)</b>	<b>(712,205)</b>	<b>(734,098)</b>	<b>(758,763)</b>
<b>Non-financial assets</b>										
Tangible capital assets .....	53,326	55,054	57,668	59,047	60,241	61,942	63,347	65,838	69,676	73,835
Inventories .....	6,348	6,192	6,830	6,996	7,453	7,316	7,250	7,221	6,842	6,679
Prepaid expenses and other .....	1,829	2,129	2,083	1,916	1,228	1,175	4,032	4,706	6,040	6,995
<b>Total non-financial assets .....</b>	<b>61,503</b>	<b>63,375</b>	<b>66,581</b>	<b>67,959</b>	<b>68,922</b>	<b>70,433</b>	<b>74,629</b>	<b>77,765</b>	<b>82,558</b>	<b>87,509</b>
<b>Accumulated deficit .....</b>	<b>(467,946)</b>	<b>(524,103)</b>	<b>(556,914)</b>	<b>(591,917)</b>	<b>(620,610)</b>	<b>(626,000)</b>	<b>(628,910)</b>	<b>(634,440)</b>	<b>(651,540)</b>	<b>(671,254)</b>

<sup>1</sup> These figures have been restated to reflect the impact of the change in methodology for the determination of the discount rate for unfunded pension benefits. Other than the 2017 restated figures, the restatements in the prior years have not been audited.

<sup>2</sup> Certain other comparative figures have been reclassified to conform to the current year's presentation.

**Table 1.3**  
**Government of Canada**  
**Consolidated Statement of Change in Net Debt—detailed**

(in millions of dollars)

	Year ended March 31 <sup>1</sup>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Net debt at beginning of year—as previously reported.....</b>	<b>(516,281)</b>	<b>(525,213)</b>	<b>(582,472)</b>	<b>(616,908)</b>	<b>(650,135)</b>	<b>(671,363)</b>	<b>(682,314)</b>	<b>(686,959)</b>	<b>(693,751)</b>	<b>(714,457)</b>
Accounting changes and restatement										
Accumulated sick leave entitlements .....	—	—	—	(1,341)	(1,400)	—	—	—	—	—
Unamortized premiums and discounts on the buy-back of bonds.....	—	—	—	—	(5,669)	(5,387)	—	—	—	—
Loans expected to be repaid from future appropriations.....	—	—	—	—	(1,795)	(1,563)	—	—	—	—
Public sector pensions.....	(875)	(4,236)	(5,006)	(6,587)	(8,341)	(11,219)	(14,119)	(16,580)	(18,454)	(19,641)
<b>Net debt at beginning of year—as restated .....</b>	<b>(517,156)</b>	<b>(529,449)</b>	<b>(587,478)</b>	<b>(624,836)</b>	<b>(667,340)</b>	<b>(689,532)</b>	<b>(696,433)</b>	<b>(703,539)</b>	<b>(712,205)</b>	<b>(734,098)</b>
<b>International Financial Reporting Standards (IFRS) transition adjustment .....</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(3,337)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Change in net debt during the year</b>										
<b>Annual deficit .....</b>	<b>(9,116)</b>	<b>(56,368)</b>	<b>(34,953)</b>	<b>(28,033)</b>	<b>(21,293)</b>	<b>(8,050)</b>	<b>(550)</b>	<b>(2,861)</b>	<b>(18,957)</b>	<b>(18,961)</b>
<b>Change due to tangible capital assets</b>										
Acquisition of tangible capital assets.....	(6,249)	(7,136)	(8,061)	(6,976)	(7,175)	(7,129)	(7,204)	(8,015)	(8,547)	(9,793)
Amortization of tangible capital assets .....	4,176	4,418	4,756	4,859	5,184	4,865	5,090	5,049	5,168	5,261
Proceeds from disposal of tangible capital assets.....	608	297	447	664	407	875	954	632	421	266
Net loss (gain) on disposal of tangible capital assets, including adjustments .....	(686)	693	244	74	390	(312)	(245)	(157)	(880)	107
<b>Total change due to tangible capital assets .....</b>	<b>(2,151)</b>	<b>(1,728)</b>	<b>(2,614)</b>	<b>(1,379)</b>	<b>(1,194)</b>	<b>(1,701)</b>	<b>(1,405)</b>	<b>(2,491)</b>	<b>(3,838)</b>	<b>(4,159)</b>
<b>Change due to inventories.....</b>	<b>(100)</b>	<b>156</b>	<b>(638)</b>	<b>(166)</b>	<b>(457)</b>	<b>137</b>	<b>66</b>	<b>29</b>	<b>379</b>	<b>163</b>
<b>Change due to prepaid expenses.....</b>	<b>(608)</b>	<b>(300)</b>	<b>46</b>	<b>167</b>	<b>688</b>	<b>53</b>	<b>(2,857)</b>	<b>(674)</b>	<b>(1,334)</b>	<b>(955)</b>
<b>Net increase in net debt due to operations.....</b>	<b>(11,975)</b>	<b>(58,240)</b>	<b>(38,159)</b>	<b>(29,411)</b>	<b>(22,256)</b>	<b>(9,561)</b>	<b>(4,746)</b>	<b>(5,997)</b>	<b>(23,750)</b>	<b>(23,912)</b>
<b>Other comprehensive (loss) income.....</b>	<b>(318)</b>	<b>211</b>	<b>2,142</b>	<b>(2,292)</b>	<b>64</b>	<b>2,660</b>	<b>(2,360)</b>	<b>(2,669)</b>	<b>1,857</b>	<b>(753)</b>
<b>Net increase in net debt.....</b>	<b>(12,293)</b>	<b>(58,029)</b>	<b>(36,017)</b>	<b>(31,703)</b>	<b>(22,192)</b>	<b>(6,901)</b>	<b>(7,106)</b>	<b>(8,666)</b>	<b>(21,893)</b>	<b>(24,665)</b>
<b>Net debt at end of year.....</b>	<b>(529,449)</b>	<b>(587,478)</b>	<b>(623,495)</b>	<b>(659,876)</b>	<b>(689,532)</b>	<b>(696,433)</b>	<b>(703,539)</b>	<b>(712,205)</b>	<b>(734,098)</b>	<b>(758,763)</b>

<sup>1</sup> These figures have been restated to reflect the impact of the change in methodology for the determination of the discount rate for unfunded pension benefits. Other than the 2017 restated figures, the restatements in the prior years have not been audited.

**Table 1.4**  
**Government of Canada**  
**Consolidated Statement of Cash Flow—detailed**

(in millions of dollars)

	Year ended March 31 <sup>1</sup>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Operating activities</b>										
<b>Annual deficit</b> .....	<b>(9,116)</b>	<b>(56,368)</b>	<b>(34,953)</b>	<b>(28,033)</b>	<b>(21,293)</b>	<b>(8,050)</b>	<b>(550)</b>	<b>(2,861)</b>	<b>(18,957)</b>	<b>(18,961)</b>
Non-cash items										
Share of annual profit in enterprise Crown corporations and other government business enterprises .....	(4,773)	(2,306)	(6,992)	(5,350)	(4,995)	(5,945)	(8,365)	(7,316)	(4,920)	(6,959)
Amortization of tangible capital assets.....	4,176	4,418	4,756	4,859	5,184	4,865	5,090	5,049	5,168	5,261
Net loss (gain) on disposal of tangible capital assets, including adjustments.....	(686)	693	244	74	390	(312)	(245)	(157)	(880)	107
Cross-currency swap revaluation .....	5,110	(7,923)	(858)	643	1,029	5,745	4,343	1,722	(627)	71
Change in taxes receivable .....	(6,009)	2,848	(9,563)	(7,380)	(6,109)	(374)	(6,010)	(7,349)	(4,666)	(12,521)
Change in pensions and other future benefits.....	8,309	7,620	8,852	6,898	11,020	8,115	5,819	10,602	8,392	10,468
Change in foreign exchange accounts.....	(9,410)	4,759	(1,557)	(8,490)	(1,762)	(13,503)	(12,756)	(8,521)	(5,258)	1,859
Change in accounts payable and accrued liabilities.....	3,536	6,434	(1,603)	5,635	(6,565)	(6,764)	10,855	2,739	3,120	21,241
Change in cash collateral pledged to counterparties.....	–	–	–	–	–	–	–	(6,557)	(349)	(1,841)
Net change in other accounts.....	2,752	2,373	9	2,152	1,481	1,703	1,716	1,517	1,168	(2,502)
<b>Cash used by operating activities</b> .....	<b>(6,111)</b>	<b>(37,452)</b>	<b>(41,665)</b>	<b>(28,992)</b>	<b>(21,620)</b>	<b>(14,520)</b>	<b>(103)</b>	<b>(11,132)</b>	<b>(17,809)</b>	<b>(3,777)</b>
<b>Capital investment activities</b>										
Acquisition of tangible capital assets .....	(6,249)	(7,136)	(8,061)	(6,976)	(7,175)	(7,129)	(6,804)	(7,379)	(7,834)	(9,220)
Proceeds from disposal of tangible capital assets .....	608	297	447	664	407	875	954	632	421	266
<b>Cash used by capital investment activities</b> .....	<b>(5,641)</b>	<b>(6,839)</b>	<b>(7,614)</b>	<b>(6,312)</b>	<b>(6,768)</b>	<b>(6,254)</b>	<b>(5,850)</b>	<b>(6,747)</b>	<b>(7,413)</b>	<b>(8,954)</b>
<b>Investing activities</b>										
Enterprise Crown corporations and other government business enterprises										
Equity transactions .....	1,495	(3,226)	2,818	2,684	1,445	5,165	3,514	4,975	2,195	7,993
Issuance of loans and advances .....	(132,057)	(119,755)	(76,579)	(63,389)	(65,183)	(70,328)	(79,905)	(54,542)	(52,213)	(42,756)
Repayment of loans and advances .....	60,688	99,921	76,677	65,286	66,156	110,259	88,168	52,699	48,703	39,884
Issuance of other loans, investments and advances.....	(6,910)	(21,174)	(5,858)	(7,679)	(5,533)	(5,525)	(8,124)	(7,749)	(6,104)	(7,500)
Repayment of other loans, investments and advances .....	5,041	16,620	5,814	6,858	4,221	4,418	5,503	6,145	5,510	7,357
<b>Cash provided (used) by investing activities</b> .....	<b>(71,743)</b>	<b>(27,614)</b>	<b>2,872</b>	<b>3,760</b>	<b>1,106</b>	<b>43,989</b>	<b>9,156</b>	<b>1,528</b>	<b>(1,909)</b>	<b>4,978</b>
<b>Total cash (used) generated before financing activities</b> .....	<b>(83,495)</b>	<b>(71,905)</b>	<b>(46,407)</b>	<b>(31,544)</b>	<b>(27,282)</b>	<b>23,215</b>	<b>3,203</b>	<b>(16,351)</b>	<b>(27,131)</b>	<b>(7,753)</b>
<b>Financing activities</b>										
Issuance of Canadian currency borrowings .....	531,668	554,892	553,464	567,707	579,456	512,009	468,021	452,850	507,483	441,307
Repayment of Canadian currency borrowings.....	(415,801)	(499,383)	(520,569)	(536,430)	(542,063)	(536,364)	(471,891)	(435,143)	(477,549)	(433,801)
Issuance of foreign currency borrowings.....	24,500	22,212	8,195	12,743	7,782	12,011	16,961	26,817	21,702	15,847
Repayment of foreign currency borrowings .....	(23,616)	(24,351)	(8,810)	(9,656)	(7,695)	(6,783)	(12,724)	(24,602)	(26,575)	(17,458)
<b>Cash provided (used) by financing activities</b> .....	<b>116,751</b>	<b>53,370</b>	<b>32,280</b>	<b>34,364</b>	<b>37,480</b>	<b>(19,127)</b>	<b>367</b>	<b>19,922</b>	<b>25,061</b>	<b>5,895</b>
<b>Net (decrease) increase in cash and cash equivalents</b> .....	<b>33,256</b>	<b>(18,535)</b>	<b>(14,127)</b>	<b>2,820</b>	<b>10,198</b>	<b>4,088</b>	<b>3,570</b>	<b>3,571</b>	<b>(2,070)</b>	<b>(1,858)</b>
<b>Cash and cash equivalents at beginning of year</b> .....	<b>13,729</b>	<b>46,985</b>	<b>28,450</b>	<b>14,323</b>	<b>17,143</b>	<b>27,341</b>	<b>31,429</b>	<b>34,999</b>	<b>38,570</b>	<b>36,500</b>
<b>Cash and cash equivalents at end of year</b> .....	<b>46,985</b>	<b>28,450</b>	<b>14,323</b>	<b>17,143</b>	<b>27,341</b>	<b>31,429</b>	<b>34,999</b>	<b>38,570</b>	<b>36,500</b>	<b>34,642</b>

<sup>1</sup> These figures have been restated to reflect the impact of the change in methodology for the determination of the discount rate for unfunded pension benefits. Other than the 2017 restated figures, the restatements in the prior years have not been audited.



**Table 1.5**  
**Government of Canada**  
**Consolidated Statement of Non-Budgetary Transactions and of Non-Financial Assets—detailed**  
(in millions of dollars)

	Year ended March 31 <sup>1</sup>									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Loans, investments and advances</b>										
Enterprise Crown corporations and other government business enterprises										
Loans and advances										
Canada Mortgage and Housing Corporation.....	(57,470)	(10,399)	2,693	2,974	3,472	41,951	10,465	177	720	1,124
Business Development Bank of Canada .....	(6,284)	(4,961)	(978)	662	(653)	(1,106)	(1,356)	(1,266)	(1,869)	(1,659)
Farm Credit Canada .....	(7,610)	(4,481)	(1,627)	(1,768)	(1,848)	(855)	(662)	(747)	(2,246)	(2,324)
Other .....	(5)	7	10	29	2	(59)	(185)	(7)	(115)	(13)
	<i>(71,369)</i>	<i>(19,834)</i>	<i>98</i>	<i>1,897</i>	<i>973</i>	<i>39,931</i>	<i>8,262</i>	<i>(1,843)</i>	<i>(3,510)</i>	<i>(2,872)</i>
Investments										
Share of annual profit.....	(4,773)	(2,306)	(6,992)	(5,350)	(4,995)	(5,945)	(8,365)	(7,316)	(4,920)	(6,959)
Other comprehensive loss (income) .....	318	(211)	(2,142)	2,292	(64)	(2,660)	2,360	2,669	(1,857)	753
Dividends .....	2,095	1,391	2,818	2,028	1,445	5,215	2,341	4,002	2,320	8,058
Capital.....	(600)	(4,617)	–	656	–	(50)	1,030	973	(125)	(65)
Transition adjustment and other .....	–	–	–	3,337	–	–	143	–	–	–
	<i>(2,960)</i>	<i>(5,743)</i>	<i>(6,316)</i>	<i>2,963</i>	<i>(3,614)</i>	<i>(3,440)</i>	<i>(2,491)</i>	<i>328</i>	<i>(4,582)</i>	<i>1,787</i>
Total .....	<b>(74,329)</b>	<b>(25,577)</b>	<b>(6,218)</b>	<b>4,860</b>	<b>(2,641)</b>	<b>36,491</b>	<b>5,771</b>	<b>(1,515)</b>	<b>(8,092)</b>	<b>(1,085)</b>
Less:										
Loans expected to be repaid from future appropriations.....	(473)	(103)	(64)	(119)	(1,519)	(480)	353	221	218	264
Unamortized discounts and premiums.....	26	–	(4)	(32)	–	1	(22)	5	1	(1)
Total .....	<b>(73,882)</b>	<b>(25,474)</b>	<b>(6,150)</b>	<b>5,011</b>	<b>(1,122)</b>	<b>36,970</b>	<b>5,440</b>	<b>(1,741)</b>	<b>(8,311)</b>	<b>(1,348)</b>
Other loans, investments and advances										
Portfolio investments.....	6	2	–	12	5	–	10	5	–	5
National governments, including developing countries .....	(182)	235	69	40	18	(7)	(606)	22	(49)	78
International organizations .....	(905)	(454)	(826)	(704)	(885)	(900)	(1,039)	(972)	(703)	(888)
Provincial and territorial governments.....	217	590	257	(849)	803	849	765	693	126	(98)
Other loans, investments and advances.....	(1,005)	(4,926)	456	680	(1,254)	(1,049)	(1,751)	(1,352)	32	760
Total .....	<b>(1,869)</b>	<b>(4,553)</b>	<b>(44)</b>	<b>(821)</b>	<b>(1,313)</b>	<b>(1,107)</b>	<b>(2,621)</b>	<b>(1,604)</b>	<b>(594)</b>	<b>(143)</b>
Less: allowance for valuation .....	<b>(1,527)</b>	<b>(2,440)</b>	<b>(326)</b>	<b>(1,439)</b>	<b>(436)</b>	<b>(1,421)</b>	<b>(1,135)</b>	<b>(1,069)</b>	<b>(856)</b>	<b>874</b>
Total .....	<b>(342)</b>	<b>(2,113)</b>	<b>282</b>	<b>618</b>	<b>(877)</b>	<b>314</b>	<b>(1,486)</b>	<b>(535)</b>	<b>262</b>	<b>(1,017)</b>
<b>Total loans, investments and advances .....</b>	<b>(74,224)</b>	<b>(27,587)</b>	<b>(5,868)</b>	<b>5,629</b>	<b>(1,999)</b>	<b>37,284</b>	<b>3,954</b>	<b>(2,276)</b>	<b>(8,049)</b>	<b>(2,365)</b>
<b>Pensions and other future benefits</b>										
Public sector pensions.....	5,899	3,704	4,873	4,530	5,635	3,457	1,638	1,061	505	(757)
Other employee and veteran future benefits .....	2,410	3,916	3,979	3,707	5,386	4,658	4,181	9,541	7,887	11,225
<b>Total pensions and other future benefits .....</b>	<b>8,309</b>	<b>7,620</b>	<b>8,852</b>	<b>8,237</b>	<b>11,021</b>	<b>8,115</b>	<b>5,819</b>	<b>10,602</b>	<b>8,392</b>	<b>10,468</b>
<b>Other liabilities</b>										
Canada Pension Plan Account.....	(16)	85	(152)	115	(70)	72	72	(177)	71	(74)
Other liabilities .....	44	579	(120)	503	(817)	(204)	16	(223)	16	55
<b>Total other liabilities .....</b>	<b>28</b>	<b>664</b>	<b>(272)</b>	<b>618</b>	<b>(887)</b>	<b>(132)</b>	<b>88</b>	<b>(400)</b>	<b>87</b>	<b>(19)</b>
<b>Non-financial assets</b>										
Tangible capital assets .....	(2,152)	(1,728)	(2,614)	(1,379)	(1,194)	(1,701)	(1,405)	(2,491)	(3,838)	(4,159)
Inventories.....	(100)	156	(638)	(166)	(458)	137	66	29	379	163
Prepaid expenses and other.....	(608)	(300)	46	167	688	53	(2,857)	(674)	(1,334)	(955)
<b>Total non-financial assets .....</b>	<b>(2,860)</b>	<b>(1,872)</b>	<b>(3,206)</b>	<b>(1,378)</b>	<b>(964)</b>	<b>(1,511)</b>	<b>(4,196)</b>	<b>(3,136)</b>	<b>(4,793)</b>	<b>(4,951)</b>
<b>Other transactions</b>										
Taxes receivable.....	(6,009)	2,848	(9,563)	(7,380)	(6,109)	(374)	(6,010)	(7,349)	(4,666)	(12,521)
Other accounts receivable .....	(3)	(441)	(266)	(555)	(185)	42	1,458	(7,072)	(771)	(4,488)
Provincial, Territorial and Aboriginal Tax Agreements Account .....	(168)	1,438	241	2,688	(7,130)	(1,584)	951	2,780	(1,942)	5,034
Amounts payable related to tax .....	1,835	(2,594)	397	2,304	3,925	(2,277)	3,598	(2,501)	1,380	6,799
Other liabilities .....	1,869	7,682	(2,103)	951	(3,054)	(3,153)	7,352	3,942	5,228	10,472
<b>Total other transactions .....</b>	<b>(2,476)</b>	<b>8,933</b>	<b>(11,294)</b>	<b>(1,992)</b>	<b>(12,553)</b>	<b>(7,346)</b>	<b>7,349</b>	<b>(10,200)</b>	<b>(771)</b>	<b>5,296</b>
<b>Total non-budgetary transactions and non-financial assets.....</b>	<b>(71,223)</b>	<b>(12,242)</b>	<b>(11,788)</b>	<b>11,114</b>	<b>(5,382)</b>	<b>36,410</b>	<b>13,014</b>	<b>(5,410)</b>	<b>(5,134)</b>	<b>8,429</b>

<sup>1</sup> These figures have been restated to reflect the impact of the change in methodology for the determination of the discount rate for unfunded pension benefits. Other than the 2017 restated figures, the restatements in the prior years have not been audited.

**Table 1.6**  
**Government of Canada**  
**Consolidated Statement of Foreign Exchange, Unmatured Debt and Cash Transactions—detailed**  
(in millions of dollars)

	Year ended March 31									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b>Foreign exchange accounts</b>										
International reserves held in the Exchange Fund										
Account .....	(8,290)	(2,507)	(340)	(8,100)	(1,240)	(13,984)	(14,596)	(9,418)	(5,289)	1,238
International Monetary Fund—Subscriptions.....	(1,259)	2,188	31	(50)	148	(1,189)	(246)	(9,041)	278	(755)
International Monetary Fund—Loans .....	–	(337)	(802)	(186)	(132)	(208)	312	75	153	350
	(9,549)	(656)	(1,111)	(8,336)	(1,224)	(15,381)	(14,530)	(18,384)	(4,858)	833
Less: International Monetary Fund										
Special drawing rights allocations .....	(154)	(7,766)	30	(48)	139	(1,118)	(231)	(493)	150	(409)
Notes payable.....	14	2,351	416	202	398	(760)	(1,543)	(9,370)	250	(617)
	(140)	(5,415)	446	154	537	(1,878)	(1,774)	(9,863)	400	(1,026)
<b>Total foreign exchange accounts.....</b>	<b>(9,409)</b>	<b>4,759</b>	<b>(1,557)</b>	<b>(8,490)</b>	<b>(1,761)</b>	<b>(13,503)</b>	<b>(12,756)</b>	<b>(8,521)</b>	<b>(5,258)</b>	<b>1,859</b>
<b>Unmatured debt</b>										
Payable in Canadian currency										
Marketable bonds.....	41,636	72,776	48,118	32,060	20,899	4,280	14,562	16,187	32,212	38,688
Treasury bills .....	75,339	(16,426)	(12,869)	241	17,468	(27,699)	(17,298)	2,408	(1,400)	(26,000)
Retail debt.....	(537)	(677)	(1,714)	(1,219)	(1,441)	(1,154)	(667)	(584)	(543)	(1,947)
Bonds for Canada Pension Plan.....	(519)	(71)	(425)	(16)	(11)	–	–	–	–	–
	115,919	55,602	33,110	31,066	36,915	(24,573)	(3,403)	18,011	30,269	10,741
Payable in foreign currencies.....	883	(2,138)	(615)	3,087	87	5,228	4,237	2,215	(4,873)	(1,560)
Cross-currency swap revaluation .....	5,110	(7,923)	(858)	643	1,029	5,745	4,343	1,722	(627)	71
Unamortized discounts and premiums on										
market debt .....	1,462	(341)	607	190	7,526	(47)	1,112	751	275	(1,855)
Obligation related to capital leases.....	(51)	(94)	(405)	(52)	13	(44)	107	(233)	(251)	(23)
Obligation under public-private partnership.....	–	–	190	263	464	262	(174)	565	629	194
<b>Total unmaturing debt .....</b>	<b>123,323</b>	<b>45,106</b>	<b>32,029</b>	<b>35,197</b>	<b>46,034</b>	<b>(13,429)</b>	<b>6,222</b>	<b>23,031</b>	<b>25,422</b>	<b>7,568</b>
<b>Cash and cash equivalents at end of year</b>										
In Canadian currency.....	46,989	28,124	13,902	16,493	27,130	31,415	34,716	36,022	35,353	34,110
In foreign currencies.....	(4)	326	421	650	211	14	283	2,548	1,147	532
<b>Total cash and cash equivalents.....</b>	<b>46,985</b>	<b>28,450</b>	<b>14,323</b>	<b>17,143</b>	<b>27,341</b>	<b>31,429</b>	<b>34,999</b>	<b>38,570</b>	<b>36,500</b>	<b>34,642</b>

## **Glossary of terms**

The following terms are used in this section and throughout the consolidated financial statements in Section 2 of this volume. The definitions are taken from the following primary sources:

- TERMIUM at [www.btb.termiumplus.gc.ca](http://www.btb.termiumplus.gc.ca)
- *The CPA Canada Public Sector Accounting Handbook*
- Glossary of frequently-used terms, Finance Canada

### **Accounts of Canada**

The centralized record of the financial transactions of the Government of Canada, maintained by the Receiver General. The accounts of Canada summarize revenues, expenses, assets and liabilities transactions.

### **Accrued benefit obligation**

The value of future benefits attributed to services rendered by employees and former employees to the accounting date.

### **Accumulated deficit**

The accumulated net total of all past federal deficits and surpluses since Confederation plus accumulated other comprehensive income. The accumulated deficit is also equal to total liabilities less total assets – both financial and non-financial.

### **Actuarial valuation for accounting purposes**

An assessment of the financial status of a benefit plan. It consists of the valuation of assets held to discharge the benefit liability and calculation of the actuarial present value of benefits to be paid under the plan. The valuation measures the obligations and attributes the costs of the benefits to the period; it also determines any gains or losses since the last valuation.

### **Allowance**

Estimated potential losses on the realization of government financial claims or estimated financial obligations that would not otherwise be recorded in the financial statements.

### **Appropriation**

Any authority of Parliament to pay money out of the Consolidated Revenue Fund.

### **Capital lease**

A lease that, from the point of view of the lessee, transfers substantially all the benefits and risks incident to ownership of property to the lessee.

### **Consolidated Revenue Fund**

The aggregate of all public moneys that are on deposit at the credit of the Receiver General for Canada.

### **Consumer Price Index (CPI)**

A measure of price changes produced by Statistics Canada on a monthly basis. The CPI measures the retail prices of a “shopping basket” of about 300 goods and services including food, housing, transportation, clothing and recreation. The index is “weighted”, meaning that it gives greater importance to price changes for some products than others – more to housing, for example, than to entertainment – in an effort to reflect typical spending patterns. Increases in the CPI are also referred to as increases in the cost of living.

### **Contingent liability**

A potential debt which may become an actual financial obligation if certain events occur or fail to occur.

### **Contractual obligation**

A written obligation to outside organizations or individuals as a result of a contract.

### **Deficit**

The amount by which government expenses exceed revenue in any given year.

### **Defined benefit pension plan**

A plan that specifies either the benefits to be received by employees after retirement or the method for determining those benefits.

### **Enterprise Crown corporation**

A corporation which is not dependent on parliamentary appropriations and whose principal activity and source of revenues are the sale of goods or services to outside parties. An enterprise Crown corporation is ultimately accountable to Parliament, through a minister of the Crown, for the conduct of its affairs.

### **Financial assets**

An asset on hand at the end of the accounting period, which could provide resources to discharge existing liabilities or finance future operations. Financial assets include cash and assets that are convertible into cash and are not intended for consumption in the normal course of activities.

Full accrual accounting

The method of recording transactions by which revenues and expenses are reflected in the determination of results for the period in which they are considered to have been earned and incurred, respectively, whether or not such transactions have been settled finally by the receipt or payment of cash or its equivalent.

G7 (Group of Seven)

The G7 consists of the world's seven largest industrial market economies: the United States, Japan, Germany, France, Great Britain, Italy and Canada. The leaders of these countries meet annually to discuss political and economic issues of mutual concern. In addition, G7 finance ministers meet several times a year to discuss economic policy. Their work is supported by regular, functional meetings of officials, including the G7 Finance Deputies.

Gross domestic product (GDP)

The total value of all goods and services produced within Canada during a given year. It is a measure of the income generated by production within Canada. Also referred to as annual economic output or, more simply, output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. GDP would not include the wheat used to make bread, but would include the bread itself. Real GDP values reflect adjustments for the impact of inflation, while nominal GDP values do not.

Net book value of tangible capital assets

The cost of tangible capital assets less both accumulated amortization and the amount of any write-downs.

Net debt

The total liabilities of the government less its financial assets.

Non-financial assets

An asset on hand at the end of the accounting period, which could not normally be converted to cash to pay off the debt, without disrupting government operations.

Operating lease

A lease in which the lessor retains substantially all the benefits and risks of ownership.

Other comprehensive income

Other comprehensive income holds any unrealized gains and losses resulting from the change in market value on assets that are classified as available-for-sale, derivative instruments used in hedging activities or actuarial gains and losses on pensions and other employee future benefits.

Public money

All money belonging to Canada received or collected by the Receiver General or any other public officer in his official capacity or any person authorized to receive or collect such money.

Real return bonds

These Government of Canada bonds pay semi-annual interest based upon a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on real return bonds are adjusted for changes in the Consumer Price Index.

Retail debt

Canada Savings Bonds and Canada Premium Bonds.

Surplus

The amount by which government revenue exceeds expenses in any given year.

Swap

An agreement that exchanges one type of return or financial instrument for another (e.g. a fixed for a floating rate of interest).

Tangible capital asset

A non-financial asset having physical substance that: (a) is held for use in the production or supply of goods and services; (b) has a useful economic life extending beyond an accounting period; and (c) has been acquired to be used on a continuing basis.

Transfer payments

A transfer of money from a government to an individual, an organization or another government for which the government making the transfer does not: (a) receive any goods or services directly in return as would occur in a purchase/sales transaction; (b) expect to be repaid in the future, as would be expected in a loan; or (c) expect a financial return, as would be expected in an investment.

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# Section 2

## *Public Accounts of Canada 2017–2018*

### **Consolidated financial statements of the Government of Canada and report of the Auditor General of Canada**

#### **Table of contents**

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#### **Note to reader**

The observations of the Auditor General of Canada on the consolidated financial statements are now published in the Office of the Auditor General’s *Commentary on the 2017–2018 Financial Audits*. This report is available on the web at:

[http://www.oag-bvg.gc.ca/internet/English/parl\\_lpf\\_e\\_42210.html](http://www.oag-bvg.gc.ca/internet/English/parl_lpf_e_42210.html)

## **Preface to the consolidated financial statements of the Government of Canada**

The fundamental purpose of these consolidated financial statements is to provide information to Parliament, and thus to the public, to facilitate an understanding and evaluation of the full nature and extent of the financial affairs and resources for which the Government is responsible. These consolidated financial statements reflect the financial position of the Government at the reporting date, as well as its results of operations, accumulated deficit, change in net debt and cash flow for the year then ended.

The two fundamental concepts underlying the Government's accounting system are found in the Constitution Acts: first, that all duties and revenues received, other than those reserved to the provinces, "shall form One Consolidated Revenue Fund" (CRF); second, that the balance of the CRF, after certain prior charges, "shall be appropriated by the Parliament of Canada".

The right of Canada to raise taxes and revenues is contained in the Constitution Acts, and is given specific form in various Acts passed by Parliament. Revenues can be raised and moneys can be spent or borrowed by the Government only with the authority of Parliament. All receipts of money by departments and agencies must be deposited into the CRF. All disbursements from the CRF for spending on operations, for loans, investments and advances, and for the redemption of matured debt, must be authorized by Parliament, through annual appropriation acts and other statutes.

Wholly-owned Crown corporations that are agents of Her Majesty may only borrow as authorized by Acts of Parliament. Such Acts usually place a ceiling on the amount of borrowings that can be outstanding at any one time. Non-agent Crown corporations and other government business enterprises can borrow without specific parliamentary authority, although such borrowings are sometimes guaranteed by the Government with the authority of Parliament.

The consolidated financial statements of the Government of Canada consist of four statements and accompanying notes.

The first is the **Consolidated Statement of Operations and Accumulated Deficit**, which presents the Government's revenues, expenses, deficit or surplus, and other comprehensive loss or income for the year, and the net accumulation of the annual surpluses and deficits since Confederation.

The second is the **Consolidated Statement of Financial Position**, which discloses the Government's cash balance and investments, amounts owing to and by the Government at the end of the year, and the Government's non-financial assets such as its tangible capital assets and inventories. It also presents both the accumulated deficit of the Government and its net debt which is the difference between the Government's total liabilities and its financial assets.

The third is the **Consolidated Statement of Change in Net Debt**, which explains the difference between the Government's annual deficit or surplus and the change in the net debt for the year. It reports the extent to which revenues recognized in the year were sufficient, or not sufficient, to offset expenditures, as opposed to the expenses recognized in the annual deficit or surplus.

The fourth is the **Consolidated Statement of Cash Flow**, which provides information on the Government's cash provided by or used for operating, capital investment, investing and financing activities.

Other sections in this volume together with Volume II and Volume III of the Public Accounts of Canada, provide more detailed supplementary information in respect of matters reported in the consolidated financial statements. The Independent Auditor's Report on the consolidated financial statements does not extend to this supplementary information.

## Statement of responsibility

These consolidated financial statements are prepared by the Government of Canada in accordance with the accounting policies set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and on a basis consistent with that of the preceding year except as outlined in Note 2 to the consolidated financial statements.

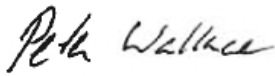
Responsibility for the integrity and objectivity of these consolidated financial statements rests with the Government. These consolidated financial statements are prepared under the joint direction of the President of the Treasury Board, the Minister of Finance, and the Receiver General for Canada in compliance with governing legislation. These consolidated financial statements are prepared on a full accrual basis of accounting. The information included in these consolidated financial statements is based on the management's best estimates and judgment, with due consideration given to materiality.

To fulfill its accounting and reporting responsibilities, the Government maintains systems of financial management and internal control which give due consideration to costs, benefits and risks. These systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded so as to maintain accountability of public money and safeguard the assets and properties of Canada under Government administration. The Receiver General for Canada maintains the accounts of Canada, a centralized summary record of the Government's financial transactions. Additional information is obtained as required, from departments, agencies, Crown corporations, other government business enterprises, and other entities to meet accounting and reporting requirements.

The Government presents these consolidated financial statements to the Auditor General of Canada, who audits them and provides an independent audit opinion to the House of Commons. The duties of the Auditor General of Canada in that respect are contained in Section 6 of the *Auditor General Act*.

Annually, the consolidated financial statements are tabled in the House of Commons as part of the Public Accounts of Canada, and are referred to the Standing Committee on Public Accounts, which reports to Parliament on the results of its examination together with any recommendations it may have with respect to the consolidated financial statements and accompanying independent audit opinion.

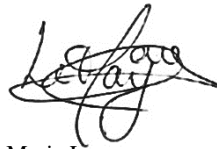
On behalf of the Government of Canada.



Peter Wallace  
*Secretary of the Treasury  
Board of Canada*



Paul Rochon  
*Deputy Minister of Finance*



Marie Lemay  
*Deputy Receiver General for Canada*



Roch Huppé, CPA, CGA  
*Comptroller General of Canada*

September 12, 2018





Office of the  
Auditor General  
of Canada

Bureau du  
vérificateur général  
du Canada

## Independent Auditor's Report

To the House of Commons

### Report on the consolidated financial statements

I have audited the accompanying consolidated financial statements of the Government of Canada, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations and accumulated deficit, consolidated statement of change in net debt and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *The Government's Responsibility for the Consolidated Financial Statements*

The Government is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which are based on Canadian public sector accounting standards, and for such internal control as the Government determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Government's preparation and fair presentation of the consolidated 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 Government's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Government, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### *Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Government of Canada as at 31 March 2018, and the results of its operations, changes in its net debt, and its cash flows for the year then ended in accordance with the stated accounting policies of the Government of Canada set out in Note 1 to the consolidated financial statements, which conform with Canadian public sector accounting standards.

### Report on Other Legal and Regulatory Requirements

As required by Section 6 of the *Auditor General Act*, I report that, in my opinion, the stated accounting policies of the Government of Canada have been applied, after giving retroactive effect to the change in the method used to select the discount rate for unfunded pension benefits as explained in Note 2(a) to the consolidated financial statements, on a basis consistent with that of the preceding year.

A handwritten signature in black ink, appearing to read "Michael Ferguson".

Michael Ferguson, CPA, CA  
FCPA, FCA (New Brunswick)  
Auditor General of Canada

12 September 2018  
Ottawa, Canada

## Government of Canada

Consolidated Statement of Operations and Accumulated Deficit  
for the year ended March 31, 2018

(in millions of dollars)

	2018		2017
	Budget (Note 3d)	Actual	Actual Restated (Note 2a)
<b>Revenues (Note 19)</b>			
<i>Tax revenues</i>			
<b>Income tax revenues</b>			
Personal.....	152,079	153,619	143,680
Corporate.....	43,602	47,805	42,216
Non-resident.....	6,901	7,845	7,071
<b>Total income tax revenues</b> .....	<b>202,582</b>	<b>209,269</b>	<b>192,967</b>
<b>Other taxes and duties</b>			
Goods and services tax.....	35,115	36,751	34,368
Energy taxes.....	5,746	5,739	5,634
Customs import duties.....	4,924	5,416	5,478
Other excise taxes and duties.....	5,944	5,913	5,868
<b>Total other taxes and duties</b> .....	<b>51,729</b>	<b>53,819</b>	<b>51,348</b>
<b>Total tax revenues</b> .....	<b>254,311</b>	<b>263,088</b>	<b>244,315</b>
<i>Employment insurance premiums</i> .....	<b>21,248</b>	<b>21,140</b>	<b>22,125</b>
<i>Other revenues</i>			
Enterprise Crown corporations and other government business enterprises.....	5,568	7,731	5,655
Other.....	21,648	20,174	19,267
Net foreign exchange.....	1,928	1,473	2,133
<b>Total other revenues</b> .....	<b>29,144</b>	<b>29,378</b>	<b>27,055</b>
<b>Total revenues</b> .....	<b>304,703</b>	<b>313,606</b>	<b>293,495</b>
<b>Expenses (Note 4 and Note 19)</b>			
<i>Program expenses</i>			
<b>Transfer payments</b>			
Old age security benefits, guaranteed income supplement and spouse's allowance.....	51,056	50,644	48,162
Major transfer payments to other levels of government.....	70,547	70,519	68,652
Employment insurance.....	21,982	19,715	20,711
Children's benefits.....	23,013	23,432	22,065
Other transfer payments.....	45,136	47,138	41,580
<b>Total transfer payments</b> .....	<b>211,734</b>	<b>211,448</b>	<b>201,170</b>
<b>Other expenses</b> .....	<b>96,500</b>	<b>99,230</b>	<b>90,050</b>
<b>Total program expenses</b> .....	<b>308,234</b>	<b>310,678</b>	<b>291,220</b>
<i>Public debt charges</i> .....	<b>22,452</b>	<b>21,889</b>	<b>21,232</b>
<b>Total expenses</b> .....	<b>330,686</b>	<b>332,567</b>	<b>312,452</b>
<b>Annual deficit</b> .....	<b>(25,983)<sup>1</sup></b>	<b>(18,961)</b>	<b>(18,957)</b>
<b>Accumulated deficit at beginning of year</b> .....	<b>(651,540)</b>	<b>(651,540)</b>	<b>(634,440)</b>
<b>Other comprehensive (loss) income (Note 5 and Note 14)</b> .....	<b>–</b>	<b>(753)</b>	<b>1,857</b>
<b>Accumulated deficit at end of year (Note 5)</b> .....	<b>(677,523)</b>	<b>(671,254)</b>	<b>(651,540)</b>

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

Details can be found in other sections (unaudited) of this volume.

<sup>1</sup> Budget 2017 disclosed the budgetary deficit as \$25.5 billion before deducting the adjustment for risk (\$3 billion).

## Government of Canada

Consolidated Statement of Financial Position  
as at March 31, 2018

(in millions of dollars)

	2018	2017 Restated (Note 2a)
<b>Liabilities</b>		
<i>Accounts payable and accrued liabilities</i>		
Amounts payable related to tax .....	61,876	55,077
Other accounts payable and accrued liabilities .....	44,576	34,431
Provision for contingent liabilities (Note 6) .....	23,030	16,511
Environmental liabilities and asset retirement obligations (Note 7).....	12,291	12,599
Deferred revenue .....	8,361	9,238
Interest and matured debt .....	4,690	4,663
<b>Total accounts payable and accrued liabilities .....</b>	<b>154,824</b>	<b>132,519</b>
<i>Interest-bearing debt</i>		
Unmatured debt (Note 8) .....	721,201	713,633
Pensions and other future benefits		
Public sector pensions (Note 9) .....	170,914	171,447
Other employee and veteran future benefits (Note 9) .....	104,793	93,568
<b>Total pensions and other future benefits .....</b>	<b>275,707</b>	<b>265,015</b>
Other liabilities (Note 10) .....	5,670	5,689
<b>Total interest-bearing debt .....</b>	<b>1,002,578</b>	<b>984,337</b>
<b>Total liabilities .....</b>	<b>1,157,402</b>	<b>1,116,856</b>
<b>Financial assets</b>		
<i>Cash and accounts receivable</i>		
Cash and cash equivalents (Note 11).....	34,642	36,500
Taxes receivable (Note 12) .....	123,035	110,514
Other accounts receivable (Note 12) .....	15,529	11,041
<b>Total cash and accounts receivable .....</b>	<b>173,206</b>	<b>158,055</b>
<i>Foreign exchange accounts (Note 13).....</i>	<i>96,938</i>	<i>98,797</i>
<i>Loans, investments and advances</i>		
Enterprise Crown corporations and other government business enterprises (Note 14) .....	100,775	99,427
Other loans, investments and advances (Note 15) .....	25,596	24,579
<b>Total loans, investments and advances .....</b>	<b>126,371</b>	<b>124,006</b>
<i>Public sector pension assets (Note 9) .....</i>	<i>2,124</i>	<i>1,900</i>
<b>Total financial assets .....</b>	<b>398,639</b>	<b>382,758</b>
<b>Net debt .....</b>	<b>(758,763)</b>	<b>(734,098)</b>
<b>Non-financial assets</b>		
Tangible capital assets (Note 16).....	73,835	69,676
Inventories.....	6,679	6,842
Prepaid expenses and other.....	6,995	6,040
<b>Total non-financial assets.....</b>	<b>87,509</b>	<b>82,558</b>
<b>Accumulated deficit (Note 5).....</b>	<b>(671,254)</b>	<b>(651,540)</b>
<b>Contractual obligations and contractual rights (Note 18)</b>		

The accompanying notes are an integral part of these consolidated statements.  
Details can be found in other sections (unaudited) of this volume.

## Government of Canada

Consolidated Statement of Change in Net Debt  
for the year ended March 31, 2018

(in millions of dollars)

	2018		2017
	Budget (Note 3d)	Actual	Actual Restated (Note 2a)
Net debt at beginning of year .....	(734,098)	(734,098)	(712,205)
<b>Change in net debt during the year</b>			
<b>Annual deficit</b> .....	(25,983) <sup>1</sup>	(18,961)	(18,957)
<b>Changes due to tangible capital assets</b>			
Acquisition of tangible capital assets .....	(8,056)	(9,793)	(8,547)
Amortization of tangible capital assets .....	5,954	5,261	5,168
Proceeds from disposal of tangible capital assets .....	975	266	421
Net loss (gain) on disposal of tangible capital assets, including adjustments .....	–	107	(880)
<b>Total change due to tangible capital assets</b> .....	(1,127)	(4,159)	(3,838)
Change due to inventories .....	–	163	379
Change due to prepaid expenses and other .....	–	(955)	(1,334)
<b>Net increase in net debt due to operations</b> .....	(27,110)	(23,912)	(23,750)
Other comprehensive (loss) income (Note 5 and Note 14) .....	–	(753)	1,857
<b>Net increase in net debt</b> .....	(27,110)	(24,665)	(21,893)
<b>Net debt at end of year</b> .....	(761,208)	(758,763)	(734,098)

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

Details can be found in other sections (unaudited) of this volume.

<sup>1</sup> Budget 2017 disclosed the budgetary deficit as \$25.5 billion before deducting the adjustment for risk (\$3 billion).

## Government of Canada

Consolidated Statement of Cash Flow  
for the year ended March 31, 2018

(in millions of dollars)

	2018	2017 Restated (Note 2a)
<b>Operating activities</b>		
<b>Annual deficit</b> .....	<b>(18,961)</b>	<b>(18,957)</b>
Non-cash items		
Share of annual profit in enterprise Crown corporations and other government business enterprises .....	(6,959)	(4,920)
Amortization of tangible capital assets .....	5,261	5,168
Net loss (gain) on disposal of tangible capital assets, including adjustments .....	107	(880)
Cross-currency swap revaluation .....	71	(627)
Change in taxes receivable .....	(12,521)	(4,666)
Change in pensions and other future benefits .....	10,468	8,392
Change in foreign exchange accounts .....	1,859	(5,258)
Change in accounts payable and accrued liabilities .....	21,241	3,120
Net change in cash collateral .....	(1,841)	(349)
Net change in other accounts .....	(2,502)	1,168
<b>Cash used by operating activities</b> .....	<b>(3,777)</b>	<b>(17,809)</b>
<b>Capital investment activities</b>		
Acquisition of tangible capital assets .....	(9,220)	(7,834)
Proceeds from disposal of tangible capital assets .....	266	421
<b>Cash used by capital investment activities</b> .....	<b>(8,954)</b>	<b>(7,413)</b>
<b>Investing activities</b>		
Enterprise Crown corporations and other government business enterprises		
Equity transactions .....	7,993	2,195
Issuance of loans and advances .....	(42,756)	(52,213)
Repayment of loans and advances .....	39,884	48,703
Issuance of other loans, investments and advances .....	(7,500)	(6,104)
Repayment of other loans, investments and advances .....	7,357	5,510
<b>Cash provided (used) by investing activities</b> .....	<b>4,978</b>	<b>(1,909)</b>
<b>Financing activities</b>		
Issuance of Canadian currency borrowings .....	441,307	507,483
Repayment of Canadian currency borrowings .....	(433,801)	(477,549)
Issuance of foreign currency borrowings .....	15,847	21,702
Repayment of foreign currency borrowings .....	(17,458)	(26,575)
<b>Cash provided by financing activities</b> .....	<b>5,895</b>	<b>25,061</b>
<b>Net decrease in cash and cash equivalents</b> .....	<b>(1,858)</b>	<b>(2,070)</b>
<b>Cash and cash equivalents at beginning of year</b> .....	<b>36,500</b>	<b>38,570</b>
<b>Cash and cash equivalents at end of year (Note 11)</b> .....	<b>34,642</b>	<b>36,500</b>
<b>Supplementary information</b>		
Cash used for interest .....	13,411	13,451

The accompanying notes are an integral part of these consolidated statements.  
Details can be found in other sections (unaudited) of this volume.

## Notes to the consolidated financial statements of the Government of Canada

### 1. Summary of significant accounting policies

#### Reporting entity

The reporting entity of the Government of Canada includes all of the government organizations which comprise the legal entity of the Government as well as other government organizations, including Crown corporations, which are separate legal entities but are controlled by the Government. For financial reporting purposes, control is defined as the power to govern the financial and operating policies of an organization with benefits from the organization's activities being expected, or the risk of loss being assumed by the Government. All organizations defined as departments and as Crown corporations in the *Financial Administration Act* are included in the reporting entity. Other organizations not listed in the *Financial Administration Act* may also meet the definition of control and are included in the Government's reporting entity if their revenues, expenses, assets or liabilities are significant.

Some Crown corporations and not-for-profit organizations rely on the Government for a portion of their financing. The consolidated Crown corporations that receive significant funding from the Government are Atomic Energy of Canada Limited, Canada Council for the Arts, Canadian Air Transport Security Authority, Canadian Broadcasting Corporation and VIA Rail Canada Inc. The consolidated not-for-profit organizations that receive significant funding are the Canada Foundation for Innovation and the Canada Foundation for Sustainable Development Technology. The financial activities of all of these entities are consolidated in these financial statements on a line-by-line and uniform basis of accounting after eliminating significant inter-governmental balances and transactions. Detailed information on these consolidated entities is included in Section 4 (unaudited) of this volume.

Enterprise Crown corporations are government business enterprises able to raise substantial portions of their revenues through commercial business activity and are therefore considered self-sustaining. The major enterprise Crown corporations include the Bank of Canada, Canada Mortgage and Housing Corporation, Canada Post Corporation and Export Development Canada. In addition, there are a number of self-sustaining government business enterprises that are not Crown corporations but which are controlled by the Government. These are referred to as other government business enterprises and include various Canada Port Authorities. Investments in enterprise Crown corporations and other government business enterprises are recorded under the modified equity method.

The Canada Pension Plan (CPP), which includes the assets of CPP under the administration of the Canada Pension Plan Investment Board, is excluded from the reporting entity because changes to CPP require the agreement of two thirds of participating provinces and it is therefore not controlled by the Government.

#### Basis of accounting

These consolidated financial statements are prepared using the Government's accounting policies stated below, which are based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

#### Revenues

Tax revenues are recognized in the period in which the taxable event occurs and when they are authorized by legislation or the ability to assess and collect the tax has been provided through legislative convention.

Tax revenues are measured from amounts assessed/reassessed and from estimates of amounts not yet assessed/reassessed based on cash received that relates to the fiscal year ended March 31. Annual revenues also include adjustments between the estimated revenues of previous years and actual amounts, as well as revenues from reassessments relating to prior years. Revenues do not include estimates of unreported taxes, or the impact of future reassessments that cannot yet be reliably determined.

Tax expenditures that reduce taxes paid or payable are considered tax concessions and are netted against the applicable tax revenue. Tax expenditures that provide a financial benefit through the tax system, and are not related to the relief of taxes paid or payable, are shown as other transfer payments and are not netted against tax revenue.

Tax revenues that were not collected at year end and refunds that were not yet disbursed are reported respectively as taxes receivable and amounts payable related to tax on the Consolidated Statement of Financial Position. These amounts also include other receivables and payables for amounts collected through the tax system such as provincial and territorial taxes, as well as Employment Insurance premiums and Canada Pension Plan contributions receivable from individuals and employers as applicable.

Tax collected on behalf of the provincial/territorial governments is not included in tax revenues. It is recorded as payable to the provincial/territorial governments included within Other Accounts Payable and Accrued Liabilities and distributed by the Department of Finance in accordance with associated agreements.

The following policies are applied for specific revenue streams:

Income tax revenue is recognized when the taxpayer has earned the income subject to the tax.

Domestic goods and services tax (GST) revenue is recognized at the time of the sale of goods or the provision of services. These revenues are reported net of input tax credits, GST rebates, and the GST quarterly tax credits. The GST quarterly tax credit for low-income individuals and families is recorded in the period the event giving rise to the GST quarterly credit occurred.

Customs duties and goods and services tax revenue on imports are recognized when goods are authorized to enter Canada.

Excise tax revenue is recognized when a taxpayer sells goods taxable under the *Excise Tax Act*.

Excise duties revenue is recognized when the taxpayer manufactures goods taxable under the *Excise Act* and the *Excise Act, 2001*.

Employment Insurance premiums are recognized as revenue in the period the insurable earnings are earned.

Other revenues are mainly comprised of consolidated Crown corporation revenues, other program revenues from returns on investments and proceeds from sales of goods and services, as well as other miscellaneous revenues. These revenues are recognized in the period the transactions or events giving rise to the respective revenues occurred.

Spectrum licence fees are recognized as revenue on a straight-line basis over the term of the licence. Deferred revenue consists of spectrum licence fees and other amounts received in advance for the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned.

### **Expenses**

The Government has three major types of expenses: transfer payments, other expenses and public debt charges.

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

Other expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debts, loans, investments and advances and inventory obsolescence, as well as utilization of inventories and prepaid expenses, and other are also included in other expenses. Public sector pensions and other employee and veteran future benefits, which comprise a portion of personnel expenses, are recorded as employees render services using the projected benefit method prorated on service, except for: veteran future benefits and workers' compensation where benefits are accrued on an event driven basis; accumulated sick leave entitlements where benefits are recognized using an accrued benefit method; and plan amendments related to past services, curtailments and settlements where costs are recorded when approved or paid.

Public debt charges are recorded when incurred and include interest, servicing costs, costs of issuing new borrowings, amortization of premiums and discounts on market debt including amounts arising on the extinguishment of debt, as well as interest on public sector pensions and other employee and veteran future benefits.

### **Cash and cash equivalents**

Cash consists of public moneys on deposit and cash in transit less outstanding cheques and warrants. Cash equivalents consist mainly of term deposits usually not exceeding 31 days.

### **Foreign exchange accounts**

Short-term deposits, marketable securities and special drawing rights held in the foreign exchange accounts are recorded at cost. Marketable securities are adjusted for amortization of purchase discounts and premiums. Purchases and sales of securities are recorded at the settlement date. Transaction costs are expensed as incurred for all classes of financial instruments.

Investment income earned with respect to foreign exchange accounts as well as write-downs to reflect other than temporary impairment in the fair value of securities are included in net foreign exchange revenues on the Consolidated Statement of Operations and Accumulated Deficit. Canada's subscriptions to the capital of the International Monetary Fund and loans to the International Monetary Fund are recorded at cost.

### Loans, investments and advances

Investments in enterprise Crown corporations and other government business enterprises, which include the net assets and liabilities of enterprise Crown corporations and other government business enterprises, are recorded under the modified equity method whereby the cost of the Government's equity is reduced by dividends received and adjusted to include the annual profits and losses of these corporations, after elimination of unrealized inter-organizational gains and losses. All of these corporations follow International Financial Reporting Standards (IFRS). Under the modified equity method, the corporations' accounts are not adjusted to the Government's basis of accounting and other comprehensive income or loss is recorded directly to the Government's accumulated deficit and net debt.

Some enterprise Crown corporations provide loans to borrowers outside the reporting entity of the Government. Some of these loans will be repaid through future appropriations of the Government under various subsidy programs which provide funds directly related to the repayment of the loan. For these loans receivable, a valuation allowance for the amount expected to be repaid from future appropriations is recorded to reduce their carrying value to an amount that approximates the amount to be recovered from sources outside the reporting entity of the Government. The valuation allowance is based upon the amount qualified borrowers are expected to receive under various Government subsidy programs and the percentage of the subsidy expected to be applied to the outstanding loan balance.

Other loans, investments and advances are initially recorded at cost and are discounted to reflect their concessionary terms or their net recoverable value. Concessionary terms include cases where loans are made on a long-term, low interest or interest-free basis.

When necessary, an allowance for valuation is recorded to reduce the carrying value of other loans, investments and advances to amounts that approximate their net recoverable value. The allowance for valuation for other loans, investments and advances, reflects the possibility of losses associated with potential default. The determination of the valuation allowance considers the credit risk of borrowers, collateral provided as well as previous repayment history. When they are determined to be uncollectible, other loans, investments and advances are written off. Subsequent recoveries are recorded as revenue when received.

### Non-financial assets

The costs of acquiring land, buildings, equipment and other capital property are capitalized as tangible capital assets and, except for land, are amortized to expense over the estimated useful lives of the assets, as described in Note 16. For certain tangible capital assets where the costs are not readily available, such as older buildings, estimated current costs have been extrapolated retrospectively in a systematic and rational manner to approximate original costs. Assets acquired under capital leases are recorded at the present value of the minimum lease payments using the appropriate discount rate, which is generally the lower of the interest rate implicit in the lease and government's rate of incremental borrowing at the inception of the lease. These assets are amortized over the lease term or the estimated useful life of the asset in accordance with the asset type when terms allow ownership to pass to the government. The corresponding lease obligations are recorded under unmatured debt on the Consolidated Statement of Financial Position. When conditions indicate that a tangible capital asset no longer contributes to the government's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than its net book value, the cost of the tangible capital asset is reduced to reflect the decline in the asset's value.

Tangible capital assets do not include immovable assets located on reserves as defined in the *Indian Act*; works of art, museum collections and Crown land to which no acquisition cost is attributable; and intangible assets. In addition, acquisitions of works of art and museum collections consisting mainly of paintings, sculptures, drawings, prints, photographs, monuments, films and videos are expensed in the fiscal year in which they are acquired.

Inventories are valued at cost and are comprised of spare parts and supplies held for future program delivery and are not primarily intended for resale. Inventories that no longer have service potential are valued at the lower of cost or net realizable value. Items for which the costs are not readily available are valued using management's best estimate of original cost, based on available information.



### **Unmatured debt**

Unmatured debt consists of market debt, cross currency swap revaluations, capital lease obligations and the obligation under public-private partnerships. Market debt is recorded at face value and is adjusted by discounts and premiums which are amortized on a straight-line basis over the term to maturity of the respective debt instrument. When a marketable bond is exchanged or repurchased, and the transaction results in an extinguishment of the debt, the difference between the carrying amount of the debt instrument and the net consideration paid is recognized as a gain or loss in the Consolidated Statement of Operations and Accumulated Deficit, and the debt instrument is derecognized. An extinguishment occurs on the repurchase of bonds, or when there is an exchange of bonds with an existing bond holder and the terms of the original debt and the replacement debt are substantially different. Exchanged bonds are considered to have substantially different terms when the discounted present value of the cash flows under the new terms, including any amounts paid on the exchange, and discounted using the average effective interest rate of the original debt, is at least 10% different from the discounted present value of the remaining cash flows of the original debt. If an exchange of bonds with an existing bond holder does not result in an extinguishment, the carrying amount of the debt is adjusted for any amounts paid on the exchange, and the unamortized premiums or discounts relating to the original debt and arising on the exchange transaction are amortized over the remaining term to maturity of the replacement debt on a straight-line basis. The Government's holdings of its own securities, if any, are deducted from market debt to report unamatured debt owed to external parties.

Cross currency swap revaluations consist of unrealized gains or losses due to fluctuations in the foreign exchange value of the cross currency swaps entered into by the Government.

Capital lease obligations are the present value of the remaining minimum lease payments under capital lease agreements.

Obligations under public-private partnerships (P3s) result from the Government's agreements with private sector partners to design, build, finance and/or operate and maintain certain tangible capital assets. The obligation represents the Government's liability for these long term financing arrangements. These liabilities are recognized on a percentage-of-completion basis over the period of construction of the P3 asset and reduced by progress payments and capital payments made to the P3 partner.

### **Public sector pensions and other employee and veteran future benefits**

Public sector pensions and other employee and veteran future benefits are measured on an actuarial basis. The actuarial valuations estimate the current value of benefits earned and use various actuarial assumptions in the process. When actual experience of the plans varies from estimates or when actuarial assumptions change, actuarial gains or losses arise. Actuarial gains and losses are not recognized immediately but rather over the expected average remaining service life (EARSL) of the employees, which varies across plans, or the average remaining life expectancy (ARLE) of the benefit recipients under wartime veteran plans. Recognition commences in the year following the determination of the actuarial gains and losses. In addition, an unrecognized net actuarial loss is recognized immediately upon a plan amendment, up to a maximum of the related decrease in the accrued benefit obligation; similarly, an unrecognized net actuarial gain is recognized immediately, up to a maximum of the related increase in the accrued benefit obligation. The unrecognized net actuarial loss or gain, relating to the obligation that is curtailed or settled, is recognized immediately upon a plan curtailment or settlement.

Pension assets include investments held by the Public Sector Pension Investment Board (PSPIB) which are valued at market-related value. Under this valuation methodology, the expected return on investments is recorded immediately while the difference between the expected and the actual return on investments is recorded over a five-year period through actuarial gains and losses. The market-related value of investments is adjusted, if necessary, to ensure that it does not fall outside a limit of plus or minus 10% of the market value of investments at year end; any amount outside this limit is recorded immediately through actuarial gains and losses. Pension assets also include investments held in external trusts by consolidated Crown corporations and other entities.

Contributions receivable from employees for past service buyback elections are discounted to approximate their fair value.

### **Contingent liabilities**

Contingent liabilities, including the allowance for guarantees, are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. If the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, a provision is accrued and an expense recorded to other expenses. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the consolidated financial statements.

For guarantees, an allowance is recorded when it is determined that a loss is likely and the amount of the allowance is estimated taking into consideration the nature of the guarantee, loss experience and current conditions. The allowance is reviewed on an ongoing basis and changes in the allowance are recorded as expenses in the year they become known.

### **Contingent assets**

Contingent assets are possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the Government's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset. If the occurrence of the confirming event is likely and the value is significant, the contingent asset is disclosed in the notes to the consolidated financial statements. The contingent asset becomes a recorded asset when the outcome of the future event is known and the asset's existence is confirmed.

### **Environmental liabilities and asset retirement obligations**

An environmental liability for the remediation of contaminated sites is recognized when all of the following criteria are satisfied: an environmental standard exists, contamination exceeds the environmental standard, the Government is directly responsible or accepts responsibility, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. The liability reflects the management's best estimate of the amount required to remediate the sites to the current minimum standard for its use prior to contamination. When the future cash flows required to settle or otherwise extinguish a liability are estimable, predictable and expected to occur over extended future periods, a present value technique is used. The discount rate used reflects the Government's cost of borrowing, associated with the estimated number of years to complete remediation.

A liability for unexploded explosive ordnance (UXO) affected legacy sites is recognized when there is an appropriate basis for measurement and a reasonable estimate can be made. These liabilities are present obligations arising from past transactions or events, the settlement of which is expected to result in the future sacrifice of economic benefits.

Asset retirement obligations are the management's best estimate of costs related to obligations associated with the retirement of tangible capital assets. A liability for an asset retirement obligation is recognized when all of the following criteria are satisfied: there is an agreement, contract, legislation, or a constructive or equitable obligation that obligates the Government to incur retirement costs in relation to a tangible capital asset, the past event or transaction giving rise to the retirement liability has occurred, it is expected that future economic benefits will be given up and a reasonable estimate of the amount can be made. These costs are normally capitalized and amortized over the asset's estimated useful life. If the related asset is fully amortized, the asset retirement costs are expensed. The liability reflects the present value of estimated future cash flows required to retire the assets where amounts can be reasonably estimated and is expected to be settled as the related sites, facilities or assets are removed from service. The estimated future cash flows are adjusted for inflation using a rate that is derived on the basis of Consensus forecasts and Bank of Canada historical and target inflation rates. The discount rate is a weighted average rate reflecting the Government's cost of borrowing on initial recognition and on subsequent changes to expected cash flows, which is most closely associated with the period to settlement of the obligation.

The recorded liabilities are adjusted each year, as required, for present value adjustments, inflation, new obligations, changes in management estimates and actual costs incurred.

If the likelihood of the Government's responsibility is not determinable, a contingent liability is disclosed in the notes to the consolidated statements.

### **Foreign currency translation**

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates in effect at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using rates at March 31. Gains and losses resulting from foreign currency translation are reported on the Consolidated Statement of Operations and Accumulated Deficit according to the activities to which they relate. Net gains and losses relating to the foreign exchange accounts, foreign debt, swap and foreign exchange forward agreement revaluations are presented with investment revenues from foreign exchange accounts under net foreign exchange revenues. Net gains and losses relating to loans, investments and advances are presented with the return on investments from these loans, investments and advances under other revenues. Net foreign exchange gains and losses relating to transfer payments are reported in the transfer payment expenses under other transfer payments. Net foreign exchange gains and losses relating to departmental sale or purchase of goods or services in foreign currency are reported under other expenses.

### **Measurement uncertainty**

The preparation of consolidated financial statements requires the Government to make estimates and assumptions that affect the reported and disclosed amounts of assets, liabilities, revenues and expenses in the consolidated financial statements and accompanying notes at March 31. The estimates are based on facts and circumstances, historical experience, general economic conditions and reflect the management's best estimate of the related amount at the end of the reporting period. Estimates and underlying assumptions are reviewed annually at March 31. Revisions to accounting estimates are recognized in the period in which estimates are revised if revisions affect only that period or in the period of revision and future periods if revisions affect both current and future periods.

A material measurement uncertainty exists when it is reasonably possible that a material variance could occur in the reported or disclosed amount in the near term. Near term is defined as a period of time not to exceed one year from March 31. The Government has determined that a material measurement uncertainty exists with respect to the reported amounts for public sector pensions and other employee and veteran future benefits. Measurement uncertainty due to estimates and assumptions also exists in the provision for contingent liabilities (Note 6); the accrual of tax revenues and the related amounts receivable and payable and the allowance for doubtful accounts; environmental liabilities; and contractual rights. It is reasonably possible that the Government's reassessments of these estimates and assumptions could require a material change in reported amounts or disclosures in the consolidated financial statements.

Accrued benefit obligations for public sector pensions and other employee and veteran future benefits are actuarially determined and the actual experience may differ significantly from the assumptions used in the calculation of the accrued benefits. At March 31, 2018, pension and other future benefit liabilities of \$275,707 million (\$265,015 million in 2017, as restated—Note 2a) and public sector pension assets of \$2,124 million (\$1,900 million in 2017) are recorded in the consolidated financial statements. The actuarial assumptions used in measuring the accrued benefit obligations, as well as a sensitivity analysis showing how the accrued benefit obligations would have been affected by changes in the principal actuarial assumptions are found in Note 9.

Tax revenues, the related amounts receivable and payable and the allowance for doubtful accounts are subject to measurement uncertainty due to the use of estimates of amounts not yet assessed/reassessed based on cash received as well as taxpayer objections to assessed federal tax. Key assumptions used in estimating tax revenues are tax instalments, historical information on refund rates, payments received on filing tax returns, and amounts receivable assessed. These are also good indicators of tax revenue earned to March 31 that has not yet been assessed. The key assumption used to estimate the general allowance for doubtful accounts is historical collection information as described in Note 12. The estimates are subject to back-testing and are refined as required. As of March 31, 2018, \$14,065 million of federal taxes was under objection (\$16,409 million for 2017). An amount is recognized as a reduction of tax revenues for cases where it has been determined that the government had little or no discretion to avoid settlement. The methodologies used to determine the estimates were applied consistently with those of the previous year.

Environmental liabilities and asset retirement obligations are subject to measurement uncertainty as discussed in Note 7 due to the evolving technologies used in remediation activities of contaminated sites or asset retirements, the use of discounted present value of future estimated costs, and the fact that not all sites have had a complete assessment of the extent and nature of remediation or asset retirement costs. Changes to underlying assumptions, the timing of the expenditures, the technology employed, the revisions to environmental standards or changes in regulatory requirements could result in significant changes to the environmental liabilities recorded.

Contingent liabilities are also subject to measurement uncertainty due to the use of estimates relating to both the outcome of the future event as well as the value of the potential loss. The estimate of the provision for contingent liabilities is continuously reviewed and refined in light of several factors, including ongoing negotiations, recent settlements and decisions made by the courts and administrative tribunals. Rulings by the judiciary that contain elements applicable to other claims filed against Canada could also result in significant changes to the contingent liability recorded. For guarantees, the estimate considers assessments of individual companies, particular fields or markets as well as the broader Canadian and global economies.

Contractual rights are subject to measurement uncertainty due to the terms and conditions of certain agreements resulting in contractual rights. Certain rights are dependent on the sales or other future activity of the other party to the agreement, requiring the use of estimates in the disclosure of future revenue.

### **Comparative information**

Certain comparative figures have been reclassified to conform to the current year's presentation.

## 2. Accounting changes and restatement

### (a) Change in discount rate methodology

The Government has reviewed its methodologies for selecting discount rates used in the measurement of its long-term assets and liabilities in order to promote consistency when using a present value technique. This review considered industry practices and emerging changes in accounting standards. The revised discount rate methodology establishes the Government's cost of borrowing by reference to the actual zero-coupon yield curve for Government of Canada bonds, and affects liabilities for unfunded public sector pensions and other employee and veteran future benefits, environmental liabilities and asset retirement obligations, provision for contingent liabilities, capital leases and loans receivable.

Except as noted below for unfunded pension benefits, this refinement was accounted for as a change in estimate affecting the period of change and applicable future periods. The change in estimate did not have a material impact on the current year, except for other employee and veteran future benefits, where the weighted average discount rate of 2.2% was lower than the discount rate of 2.4% used under the previous methodology resulting in an increase of \$5,226 million in accrued benefit obligations.

#### Unfunded pension benefits

In the past, unfunded pension benefits were discounted using a streamed weighted average of Government of Canada long-term bond rates, which was calculated based on a 20-year weighted moving average of Government of Canada long-term bond rates projected over time. Unfunded pension benefits are now discounted using actual yields that reflect the timing of the expected future cash flows. This change represents a fundamental adjustment to the methodology used to select the discount rate and, therefore, is considered a change in accounting policy which was applied on a retroactive basis. The accrued benefit obligations for unfunded pension benefits is \$198,000 million (\$200,950 million in 2017) compared to \$164,983 million (\$166,482 million in 2017) under the old discount rate methodology.

A reconciliation of the restatement pertaining to unfunded pension benefits for the significant consolidated financial statement line items follows:

(in millions of dollars)

	2017		
	As previously reported	Effect of change in accounting policy	As restated
<b>Consolidated Statement of Operations and Accumulated Deficit</b>			
Program expenses—other expenses.....	85,986	4,064	90,050
Public debt charges.....	24,109	(2,877)	21,232
Total expenses.....	311,265	1,187	312,452
Annual deficit.....	(17,770)	(1,187)	(18,957)
Accumulated deficit at beginning of year.....	(615,986)	(18,454)	(634,440)
Accumulated deficit at end of year.....	(631,899)	(19,641)	(651,540)
<b>Consolidated Statement of Financial Position</b>			
Public sector pension liabilities.....	151,806	19,641	171,447
Net debt.....	(714,457)	(19,641)	(734,098)
Accumulated deficit.....	(631,899)	(19,641)	(651,540)
<b>Consolidated Statement of Change in Net Debt</b>			
Net debt at beginning of year.....	(693,751)	(18,454)	(712,205)
Annual deficit.....	(17,770)	(1,187)	(18,957)
Net debt at end of year.....	(714,457)	(19,641)	(734,098)
<b>Consolidated Statement of Cash Flow</b>			
Annual deficit.....	(17,770)	(1,187)	(18,957)
Change in pensions and other future benefits.....	7,205	1,187	8,392

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The effects of the restatement on Note 9 to the consolidated financial statements, public sector pensions and other employee and veteran future benefits, are as follows:

(in millions of dollars)

	2017		
	Unfunded pension benefits		
	As previously reported	Effect of change in accounting policy	As restated
Accrued benefit obligations at beginning of year .....	165,665	49,577	215,242
Benefits earned .....	313	22	335
Interest on average accrued benefit obligations .....	6,907	(2,877)	4,030
Benefits paid .....	(8,817)	–	(8,817)
Administrative expenses .....	(91)	–	(91)
Net transfers to other plans .....	(88)	–	(88)
Plan curtailments .....	(4)	(1)	(5)
Actuarial (gains) losses .....	2,597	(12,253)	(9,656)
Accrued benefit obligations at end of year .....	166,482	34,468	200,950
Less: Unrecognized net actuarial loss .....	19,015	14,827	33,842
Net future benefit liabilities .....	147,467	19,641	167,108
<b>Benefit expense</b>			
Benefits earned, net of employee contributions .....	256	22	278
Actuarial losses recognized during the year .....	2,124	4,016	6,140
Plan curtailments .....	(4)	(1)	(5)
Actuarial losses recognized following plan curtailments .....	15	27	42
Total .....	2,391	4,064	6,455
<b>Interest expense</b>			
Interest on average accrued unfunded pension benefit obligations .....	6,907	(2,877)	4,030
<b>Discount rates used to measure</b>			
Accrued benefit obligations .....	3.7%	(1.5%)	2.2%
Benefit and interest expenses .....	4.4%	(2.5%)	1.9%

(b) Adoption of new accounting standards

The Government of Canada adopted the new accounting standards issued by the Public Sector Accounting Board (PSAB) that were effective for fiscal years beginning on or after April 1, 2017. Of these pronouncements, PS 2200 *Related Party Disclosures*, PS 3320 *Contingent Assets* and PS 3380 *Contractual Rights* provide guidance on disclosure requirements only. PS 3420 *Inter-Entity Transactions* establishes the accounting and reporting of inter-entity transactions and PS 3210 *Assets* provides additional guidance on the definition of assets as well as disclosure requirements. These standards have been applied on a prospective basis, resulting in the disclosure of the Government's contractual rights in Note 18(b).

### 3. Spending and borrowing authorities

#### (a) Spending authorities

The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or through legislation in the form of statutory spending authority for specific purposes. The Government uses the full accrual method of accounting to prepare its Budget and present its current consolidated financial statements. However, the spending authorities voted by Parliament are on an expenditure basis, which uses only a partial accrual method of accounting. During the year, expenditures were made under the authorities indicated in the following table:

(in millions of dollars)

	2018	2017
		Restated <sup>1</sup> (Note 2a)
Annual spending limits voted by Parliament .....	115,035	103,671
Expenditures permitted under other legislation .....	160,209	155,466
<b>Total budgetary expenditures authorized .....</b>	<b>275,244</b>	<b>259,137</b>
Less: amounts available for use in subsequent years and amounts that have lapsed .....	13,841	13,183
<b>Total net budgetary expenditures .....</b>	<b>261,403</b>	<b>245,955</b>
Effect of consolidation and full accrual accounting <sup>1</sup> .....	71,164	66,497
<b>Total expenses<sup>1</sup> .....</b>	<b>332,567</b>	<b>312,452</b>

<sup>1</sup> Details on the restatement are provided in Note 2a of this section.

The use of budgetary expenditure authorities reported in the preceding table differs from the total expenses reported in the Consolidated Statement of Operations and Accumulated Deficit. The difference is due to various factors. The transactions of consolidated specified purpose accounts and of certain Crown corporations and other controlled entities are consolidated in the financial statements but are not included in the budgetary expenditure authorities available for use. Transfer payments to organizations within the Government reporting entity are recorded against a budgetary expenditure authority in the year they are disbursed to the organization, but they are recorded as a consolidated expense only when the transfer is authorized and all eligibility criteria have been met by the ultimate recipient outside of the Government reporting entity. Provisions for valuation of assets and liabilities are also not included in spending authorities.

In addition to the authorities for budgetary expenditures, non-budgetary spending of \$213,557 million (\$217,341 million in 2017) was authorized for loans, investments and advances. A net amount of \$41,332 million (\$51,913 million in 2017) was used, an amount of \$1,070 million (\$145 million in 2017) lapsed and an amount of \$171,155 million (\$165,283 million in 2017) is available for use in subsequent years.

Details about the source and disposition of authorities (unaudited) and the details of ministerial expenditures are provided in Volume II of the Public Accounts of Canada.

#### (b) Over-expenditure of spending authorities

There were no over-expenditures of spending authorities in 2018.

#### (c) Borrowing authorities

Consistent with the new Parliamentary borrowing authority framework enacted in November 2017, the Government may only borrow money with the authority of Parliament. This authority is granted through the *Borrowing Authority Act* (BAA) and Part IV of the *Financial Administration Act* (FAA).

Under the BAA, the Minister of Finance (the Minister) is empowered to borrow money on behalf of Her Majesty in Right of Canada with the authorization of the Governor in Council (GIC). Subject to limited exceptions, these borrowings may not exceed the maximum stock as approved by Parliament and specified in that Act of \$1,168,000 million, which also includes amounts borrowed by agent Crown corporations and Canada Mortgage Bonds guaranteed by the Canada Mortgage and Housing Corporation. As of March 31, 2018, \$996,625 million of the Parliamentary-approved borrowing authority was used.

Additionally, Part IV of the FAA gives the Minister, with the approval of the GIC, the power to carry out borrowings that have been authorized by Parliament, and empowers the GIC to authorize the Minister to borrow for the specific purposes of refinancing outstanding debt, extinguishing or reducing liabilities, and making payments in extraordinary circumstance, such as natural disasters. The GIC specifies a maximum amount of borrowing for the given fiscal year. In 2018, the GIC specified \$335,000 million (\$325,000 million in 2017) to be the maximum aggregate amount of principal that may be borrowed by the Minister during that fiscal year. The maximum aggregate amount of principal is the sum of *i*) the maximum stock of treasury bills anticipated to be outstanding during the year, *ii*) the total value of refinanced and anticipated new issuances of marketable bonds and retail debt and *iii*) an amount to facilitate intra-year management of the debt and foreign exchange accounts. During the year, \$254,269 million (\$276,216 million in 2017) of the GIC-approved borrowing authority was used.

(d) Source of budget amounts

The budget amounts included in the Consolidated Statement of Operations and Accumulated Deficit and the Consolidated Statement of Change in Net Debt are derived from the amounts that were budgeted for 2018 in the March 2017 Budget Plan (Budget 2017). To enhance comparability with actual 2018 results, Budget 2017 amounts have been restated to reflect the change in the discount rate methodology used in determining the present value of the Government’s unfunded pension obligations. This restatement has resulted in a \$2,795 million increase in projected program expenses, a \$2,288 million decrease in projected public debt charges, and a \$507 million increase in the projected 2018 annual deficit. In addition, certain Budget 2017 amounts have been reclassified to conform to the current year’s presentation in the consolidated financial statements, with no overall impact on the budgeted 2018 annual deficit.

Since actual opening balances of the accumulated deficit and net debt were not available at the time of preparation of Budget 2017, the corresponding amounts in the budget column have been adjusted to the actual closing balances of the previous year.

**4. Expenses**

Expenses in the Consolidated Statement of Operations and Accumulated Deficit include:

(a) Major transfer payments to other levels of government

Major transfer payments to other levels of government include the Canada health transfer, the Canada social transfer and fiscal arrangements pursuant to the *Federal-Provincial Fiscal Arrangements Act*. Other major transfers include contributions under the federal Gas Tax Fund program.

(in millions of dollars)

	2018	2017
Canada health transfer.....	37,124	36,057
Canada social transfer.....	13,748	13,348
Fiscal arrangements.....	17,575	17,145
Other major transfers.....	2,072	2,102
Total major transfer payments to other levels of government.....	70,519	68,652

Details can be found in Section 3 (unaudited) of this volume and in Section 1 (unaudited) of Volume II of the Public Accounts of Canada.

(b) Employment insurance

Pursuant to the *Employment Insurance Act*, employment insurance includes income benefits and support measures paid to individuals of \$17,666 (\$18,644 million in 2017) and payments to provinces and territories related to Labour Market Development Agreements of \$2,049 million (\$2,067 million in 2017).

(c) Other transfer payments

Other transfer payments totalling \$47,138 million (\$41,580 million in 2017) include various amounts paid through federal programs to stabilize market prices for commodities, to develop new technologies, to conduct research, provide international development assistance, support health care and infrastructure of First Nations and Inuit communities, support social housing and families and to promote educational and cultural activities. Also included are expenses of other consolidated entities and other miscellaneous payments. The various types of transfer payments are being delivered by departments according to their departmental legislative mandates. Details can be found in Table 3.6 of Section 3 (unaudited) of this volume.

## (d) Public debt charges

(in millions of dollars)

	2018	2017
		Restated <sup>1</sup> (Note 2a)
Public debt charges related to unmatured debt		
Interest on unmatured debt .....	12,499	12,527
Amortization of discounts on Canada and Treasury bills .....	1,029	765
Amortization of premiums and discounts on all other debts .....	969	1,171
Cross currency swap revaluation .....	(282)	(335)
Servicing costs and costs of issuing new borrowings .....	13	10
Capital lease obligations .....	186	200
Obligation under public-private partnerships .....	81	82
Total .....	14,495	14,420
Interest expense related to pensions and other future benefits <sup>1</sup> .....	7,138	6,605
Other liabilities .....	256	207
Total public debt charges <sup>1</sup> .....	21,889	21,232

Details can be found in Section 3 (unaudited) of this volume.

<sup>1</sup> Details on the restatement are provided in Note 2a of this section.

## (e) Total expenses by segment

The Government has defined segments as Ministries which groups the activities of departments, agencies and consolidated Crown corporations and other entities for which a Minister is responsible to Parliament. Additional segmented information is provided in Note 19. The following table presents the total expenses by segment after the elimination of internal transactions:

(in millions of dollars)

	2018	2017
		Restated <sup>1</sup> (Note 2a)
Ministries		
Agriculture and Agri-Food .....	2,425	3,003
Canadian Heritage .....	4,480	4,088
Environment and Climate Change .....	2,030	1,803
Families, Children and Social Development .....	82,692	82,191
Finance <sup>1</sup> .....	91,008	88,500
Fisheries, Oceans and the Canadian Coast Guard .....	2,081	2,034
Global Affairs .....	8,840	8,740
Health <sup>2</sup> .....	3,854	3,677
Immigration, Refugees and Citizenship .....	2,634	2,304
Indigenous and Northern Affairs <sup>2</sup> .....	9,709	6,055
Indigenous Services <sup>2</sup> .....	10,646	9,451
Infrastructure and Communities .....	4,148	3,628
Innovation, Science and Economic Development .....	7,391	7,389
Justice .....	1,733	1,651
National Defence <sup>1</sup> .....	32,311	27,091
National Revenue .....	34,839	30,804
Natural Resources .....	2,559	2,011
Office of the Governor General's Secretary .....	24	22
Parliament .....	725	628
Privy Council .....	382	308
Public Safety and Emergency Preparedness .....	12,237	11,469
Public Services and Procurement .....	5,141	4,415
Transport .....	2,970	2,275
Treasury Board .....	3,882	3,140
Veterans Affairs .....	984	953
Provision for valuation and other items <sup>1</sup> .....	2,842	4,822
Total expenses <sup>1</sup> .....	332,567	312,452

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.

<sup>1</sup> Details on the restatement are provided in Note 2a of this section.<sup>2</sup> Comparative figures have been reclassified to conform to the current year's presentation.



## (f) Total expenses by type of resource used in operations

The following table presents the total expenses by main objects of expense:

(in millions of dollars)

Objects of expense	2018	2017 Restated <sup>1</sup> (Note 2a)
Transfer payments.....	211,448	201,170
Other expenses		
Personnel <sup>1</sup> .....	60,294	54,172
Transportation and communications .....	2,800	2,770
Information .....	299	278
Professional and special services .....	10,404	9,702
Rentals .....	2,298	2,293
Repair and maintenance .....	3,277	3,334
Utilities, materials and supplies .....	3,228	3,129
Other subsidies and expenses .....	11,258	9,047
Amortization of tangible capital assets .....	5,261	5,168
Net loss on disposal of assets.....	111	157
Total other expenses <sup>1</sup> .....	99,230	90,050
Total program expenses <sup>1</sup> .....	310,678	291,220
Public debt charges <sup>1</sup> .....	21,889	21,232
Total expenses <sup>1</sup> .....	332,567	312,452

Details reconciling objects of expense to objects of expenditure can be found in Section 3 (unaudited) of this volume and details on ministerial expenditures by object can be found in Section 1 (unaudited) of Volume II of the Public Accounts of Canada.

<sup>1</sup> Details on the restatement are provided in Note 2a of this section.

## 5. Accumulated deficit

The Government includes in its revenues and expenses certain accounts established for specified purposes. Legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. Any deficiency of revenues over payments must be met through future revenues or transfers credited to these accounts. The following table shows the balance of these consolidated accounts and accumulated other comprehensive income included in the accumulated deficit:

(in millions of dollars)

	2018	2017 Restated <sup>1</sup> (Note 2a)
Accumulated deficit, excluding consolidated specified purpose accounts and accumulated other comprehensive income <sup>1, 2</sup> .....	(675,848)	(656,877)
Consolidated specified purpose accounts		
Employment Insurance Operating Account .....	2,951	2,999
Other insurance accounts.....	735	716
Other consolidated accounts .....	357	328
	(671,805)	(652,834)
Accumulated other comprehensive income .....	551	1,294
Accumulated deficit <sup>1</sup> .....	(671,254)	(651,540)

<sup>1</sup> Details on the restatement are provided in Note 2a of this section.

<sup>2</sup> Included in this amount are actuarial gains and losses on pensions and other employee future benefits of enterprise Crown corporations and other government business enterprises which are a part of other comprehensive income but recorded directly to accumulated deficit and therefore are not a component of accumulated other comprehensive income.

### Accumulated other comprehensive income

For enterprise Crown corporations and other government business enterprises recorded under the modified equity method, certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits are recorded in other comprehensive loss or income in accordance with International Financial Reporting Standards (IFRS). The unrealized gains and losses on financial instruments reflect changes in the fair value of financial assets classified as available-for-sale or derivative instruments used in hedging activities and are excluded from the calculation of profit or loss until realized. Actuarial gains and losses related to pensions and other employee future benefits reflect differences between the actual and expected returns on plan assets as well as the difference between actual and expected experience and changes in actuarial assumptions used to determine the present value of the benefit obligations. These actuarial gains and losses are recorded directly to retained earnings without reclassification to profit or loss in a subsequent period.

Other comprehensive loss or income is excluded from the calculation of the Government's annual deficit. It is instead recorded directly to the Government's accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then reflected in the Government's annual deficit. The actuarial gains and losses related to pensions and other employee future benefits are not reclassified.

The following table presents the different components of other comprehensive income as well as accumulated other comprehensive income included in the Government's accumulated deficit:

(in millions of dollars)

	2018	2017
Accumulated other comprehensive income at beginning of year.....	1,294	1,258
Other comprehensive (loss) income		
Net change in unrealized (losses) gains on available-for-sale financial instruments .....	(721)	54
Net change in fair value of derivatives designated as hedges .....	(22)	(18)
Actuarial (losses) gains on pensions and other employee future benefits .....	(10)	1,821
Total .....	(753)	1,857
Less: Actuarial (losses) gains on pensions and other employee future benefits recorded directly to accumulated deficit .....	(10)	1,821
Accumulated other comprehensive income at end of year.....	551	1,294

## 6. Contingent liabilities

Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. The following table presents the different components of the provision for contingent liabilities:

(in millions of dollars)

	2018	2017
Claims		
Pending and threatened litigation and other claims .....	9,181	5,642
Specific claims .....	8,151	5,311
Comprehensive land claims .....	5,420	5,276
Provision for guarantees provided by the Government.....	278	282
Total provision recorded .....	23,030	16,511

### (a) Claims

The Government has recorded a provision for claims where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. This estimate is determined using relevant historical experience, facts and circumstances. In situations where the estimate of loss is based on a range of amounts, the amount accrued within the range is management's best estimate of the potential loss which may be at an amount lesser than the maximum of the range. Significant exposure to a liability could exist in excess of what has been accrued. Claims for which the outcome is not determinable and for which an amount has not been accrued are estimated at approximately \$10,053 million (\$9,354 million in 2017).

*Pending and threatened litigation and other claims:* There are thousands of pending and threatened litigation cases as well as claims outstanding against the Government. These claims include items with pleading amounts and items where an amount is not specified. While the total amount claimed in these actions is significant, their outcomes are not known in all cases. As a result, provisions are recorded based on management's best estimate of the potential loss.

*Specific claims:* Specific claims deal with the past grievances of First Nations related to Canada's obligations under historic treaties or the way it managed First Nations' funds or other assets. The past grievances may be proceeding via the legal system or via the specific claims program. The Government of Canada will pursue a settlement agreement with the First Nation when a claim demonstrates an outstanding lawful obligation. There are currently 545 (528 in 2017) specific claims under negotiation, accepted for negotiation or under review. A liability is estimated and recorded for claims that have progressed to a point where quantification is possible. This estimate also includes projections based on historical rates and costs of settlement for similar claims and includes an estimate for claims which have been filed but not yet assessed.

*Comprehensive land claims:* Comprehensive land claims arise in areas of the country where Aboriginal rights and title have not been resolved by treaty or by other legal means. There are currently 73 (70 in 2017) comprehensive land claims under negotiation, accepted for negotiation or under review. A liability is estimated and recorded for claims that have progressed to a point where quantification is possible. This estimate also includes projections based on historical rates and costs of settlement for similar claims.

(b) Guarantees provided by the Government

*Guarantees provided by the Government:* Guarantees provided by the Government include guarantees on the borrowings of enterprise Crown corporations and other government business enterprises, loan guarantees, insurance programs managed by the Government, and other explicit guarantees. At March 31, guarantees provided by the Government include:

(in millions of dollars)

	2018	2017
	Principal amount outstanding	Principal amount outstanding
Guarantees with an authorized limit (2018 limit: \$407,498; 2017 limit: \$404,482).....	261,664	267,990
Guarantees with no authorized limit (including borrowings of agent enterprise Crown corporations and other government business enterprises) .....	291,469	276,559
Total .....	553,133	544,549
Less: provision for guarantees.....	278	282
Net exposure under guarantees.....	552,855	544,267

(c) Other

*Assessed taxes under appeal:* Contingent liabilities include previously assessed federal taxes where amounts are being appealed to the Tax Court of Canada, the Federal Court of Canada, or the Supreme Court of Canada. As of March 31, 2018, \$5,404 million (\$5,588 million in 2017) was being appealed to the courts. The Government has recorded, in the amounts payable related to tax or in reduction of the amounts receivable from taxpayers, as applicable, the estimated amount of appeals that are considered likely to be lost and that can be reasonably estimated.

*International organizations:* The Government has callable share capital whereby certain international organizations have the ability to require payments. As at March 31, 2018, the callable share capital amounts to \$32,030 million (\$31,780 million in 2017). No payments (nil in 2017) have been requested by international organizations or paid by the Government in the year related to the callable share capital.

*Insurance programs of agent enterprise Crown corporations:* Four agent enterprise Crown corporations operate insurance programs for the Government. In the event that the corporations have insufficient funds, the Government will have to provide financing. The Canada Deposit Insurance Corporation operates the Deposit Insurance Fund which provides basic protection coverage to depositors for up to \$100,000 deposited with each member bank, trust or loan company; the Canada Mortgage and Housing Corporation operates the Mortgage Insurance Fund which provides insurance for mortgage lending on Canadian housing by private institutions and the Mortgage-Backed Securities Guarantee Fund which guarantees the timely payment of the principal and interest for investors of securities based on the *National Housing Act* through the Mortgage-Backed Securities program and the bonds issued by the Canada Housing Trust through the Canada Mortgage Bond program; Export Development Canada provides export and foreign investment insurance to help with export trade; and Farm Credit Canada sells group creditor life and accident insurance to its customers through a program administered by a major insurance provider. At March 31, 2018, total insurance in force amounts to \$1,754,457 million (\$1,728,312 million in 2017). The Government expects that all four corporations will cover the cost of both current claims and possible future claims.

Further details on contingent liabilities can be found in Section 11 (unaudited) of this volume.

## 7. Environmental liabilities and asset retirement obligations

Environmental liabilities and asset retirement obligations include:

(in millions of dollars)

	2018	2017
Gross remediation liability for contaminated sites.....	5,710	5,944
Less expected recoveries .....	(23)	(27)
Net remediation liability for contaminated sites .....	5,687	5,917
Other environmental liabilities.....	122	184
Asset retirement obligations.....	6,482	6,498
Total environmental liabilities and asset retirement obligations .....	12,291	12,599

### (a) Remediation of contaminated sites

The Government's "Federal Approach to Contaminated Sites" sets out a framework for management of contaminated sites using a risk-based approach. Under this approach the Government has inventoried the contaminated sites identified on federal lands or on lands where the Government has assumed responsibility for the clean-up, allowing them to be classified, managed and recorded in a consistent manner. This systematic approach aids in the identification of the high risk sites in order to allocate limited resources to those sites which pose the highest risk to human health and the environment.

The Government has identified 7,242 sites (7,531 sites in 2017) where contamination may exist and assessment, remediation and monitoring may be required. Of these, the Government has identified 2,326 sites (2,382 sites in 2017), where action is required and for which a gross liability of \$5,447 million (\$5,705 million in 2017) has been recorded. This liability estimate has been determined based on site assessments performed by environmental experts or estimated by departments. In addition, a statistical model based upon a projection of the number of sites that will proceed to remediation and upon which current and historical costs are applied is used to estimate the liability for a group of unassessed sites. This group includes 3,944 unassessed sites (4,055 sites in 2017), of which 2,088 sites (1,879 sites in 2017) are projected to proceed to remediation and for which an estimated liability of \$263 million (\$239 million in 2017) has been recorded. These two estimates combined, totalling \$5,710 million (\$5,944 million in 2017), represents management's best estimate of the costs required to remediate sites to the current minimum standard for its use prior to contamination, based on information available on March 31.

For the remaining 972 sites (1,094 sites in 2017), no liability for remediation has been recognized. Some of these sites are at various stages of testing and evaluation and if remediation is required, liabilities will be reported as soon as a reasonable estimate can be determined. For other sites, the Government does not expect to give up any future economic benefits (there is likely no significant environmental impact or human health threats). These sites will be re-examined and a liability for remediation will be recognized if future economic benefits will be given up.

The following table presents the total estimated amounts of these liabilities by nature and source, the associated expected recoveries and the total undiscounted future expenditures as at March 31, 2018, and March 31, 2017. When the liability estimate is based on a future cash requirement, the amount is adjusted for inflation using a forecast CPI rate of 1.9% (2% in 2017). Inflation is included in the undiscounted amount. The Government of Canada's cost of borrowing by reference to the actual zero-coupon yield curve for Government of Canada bonds has been used to discount the estimated future expenditures.

March 2018 discount rates range from 1.79% (0.89% in 2017) for 2 year term to 2.24% (2.55% in 2017) for a 30 or greater year term.

(in millions of dollars)

	2018					2017				
	Total number of sites	Number of sites with a liability	Estimated liability	Estimated total undiscounted expenditures	Estimated recoveries	Total number of sites	Number of sites with a liability	Estimated liability	Estimated total undiscounted expenditures	Estimated recoveries
Former mineral exploration sites <sup>1</sup> .....	140	102	2,909	5,469	23	143	109	2,942	5,828	27
Radioactive material <sup>2</sup> .....	9	8	994	1,113	–	9	8	1,088	1,220	–
Military and former military sites <sup>3</sup> .....	411	211	446	533	–	447	210	519	535	–
Fuel related practices <sup>4</sup> .....	1,787	1,178	355	370	–	1,867	1,173	367	377	–
Marine facilities/aquatic sites <sup>5</sup> .....	2,730	1,565	354	353	–	2,896	1,461	369	399	–
Landfill/waste sites <sup>6</sup> .....	1,077	810	264	221	–	1,079	775	292	303	–
Other <sup>7</sup> .....	1,088	540	388	433	–	1,090	525	367	373	–
Total .....	7,242	4,414	5,710	8,492	23	7,531	4,261	5,944	9,035	27

<sup>1</sup> Contamination associated with former mine activities, e.g. heavy metals, petroleum hydrocarbons, etc. Sites often have multiple sources of contamination.

<sup>2</sup> Contamination associated with former nuclear operations, e.g. low-level radioactive waste, radioactive isotopes.

<sup>3</sup> Contamination associated with the operations of military and former military sites where activities such as fuel handling and storage activities, waste sites, metals/PCB-based paint used on buildings resulted in former or accidental contamination, e.g. petroleum hydrocarbons, PCBs, heavy metals. Sites often have multiple sources of contamination.

<sup>4</sup> Contamination primarily associated with fuel storage and handling, e.g., accidental spills related to fuel storage tanks or former fuel handling practices, e.g. petroleum hydrocarbons, polyaromatic hydrocarbons and BTEX (benzene, toluene, ethylbenzene and xylenes).

<sup>5</sup> Contamination associated with the operations of marine assets, e.g., port facilities, harbours, navigation systems, light stations, hydrometric stations, where activities such as fuel storage/handling, use of metal based paint on light stations resulted in former or accidental contamination, e.g. metals, petroleum hydrocarbons, polyaromatic hydrocarbons and other organic contaminants. Sites often have multiple sources of contamination.

<sup>6</sup> Contamination associated with former landfill/waste site or leaching from materials deposited in the landfill/waste site, e.g. metals, petroleum hydrocarbons, BTEX, other organic contaminants, etc.

<sup>7</sup> Contamination from other sources, e.g. use of pesticides, herbicides, fertilizers at agricultural sites; use of PCBs, firefighting training areas, firing ranges and training facilities, the operations of assets such as airports, railways and roads where activities such as, fuel storage/handling, waste sites, and chemical storage areas resulted in former or accidental contamination, e.g. metals, petroleum hydrocarbons, polyaromatic hydrocarbons, BTEX and other organic contaminants.

Also, during the year, 600 sites (739 sites in 2017) were closed as they were either remediated or assessed to confirm that they no longer meet all the criteria required to record a liability for contaminated sites.

#### (b) Other environmental liabilities

The Government has identified approximately 643 unexploded explosive ordnance (UXO) suspected sites (635 in 2017) for which clearance action may be necessary. Of these sites, 43 (68 in 2017) are confirmed UXO affected sites. Based on management's best estimates, a liability of \$122 million (\$184 million in 2017) has been recorded for clearance action on 10 of the confirmed UXO sites (10 in 2017). Remediation has been done on 7 of the sites (1 in 2017) and they will be closed in the next fiscal year. The remaining 633 suspect sites (624 in 2017) are currently in the assessment stage and a reasonable estimate cannot yet be determined. Of these sites, the obligation for clearance action is likely for 33 of them, indeterminable for 78 and unlikely for the 522 remaining.

#### (c) Asset retirement obligations

The asset retirement obligation is \$6,482 million (\$6,498 million in 2017) of which Atomic Energy of Canada Ltd. has recorded \$6,473 million (\$6,492 million in 2017) for nuclear facility decommissioning.

The changes in the asset retirement obligations during the year are as follows:

(in millions of dollars)

	2018	2017
Opening balance .....	6,498	6,767
Liabilities settled .....	(310)	(251)
Liabilities incurred during the year .....	3	–
Revision in estimate .....	39	(280)
Accretion expense <sup>1</sup> .....	252	262
Closing balance .....	6,482	6,498

<sup>1</sup> Accretion expense is the increase in the carrying amount of an asset retirement obligation due to the passage of time.

The undiscounted future expenditures, adjusted for inflation, for the plan projects comprising the liability are \$15,933 million (\$16,546 million at March 31, 2017).

Key assumptions used in determining the provision are as follows:

	2018	2017
Weighted average discount rate .....	3.88%	3.88%
Discount period.....	146 years	147 years
Long-term rate of inflation .....	1.70%	1.70%

The Government's ongoing efforts to assess contaminated sites, UXO affected sites and asset retirement obligations may result in additional environmental liabilities.

## 8. Unmatured debt

Unmatured debt includes:

(in millions of dollars)

	2018	2017
Market debt		
Payable in Canadian currency.....	688,254	677,513
Payable in foreign currencies.....	16,049	17,609
Total.....	704,303	695,122
Unamortized discounts and premiums on market debt .....	3,467	5,322
Market debt including unamortized discounts and premiums.....	707,770	700,444
Cross currency swap revaluations .....	7,835	7,764
Obligation related to capital leases.....	3,203	3,226
Obligation under public-private partnerships .....	2,393	2,199
Total unamatured debt.....	721,201	713,633

Unamortized discounts result from Treasury bills and Canada bills which are issued at a discount in lieu of interest. Discounts or premiums also result from the Government's bond buyback program and from issuance of market debt when the face value of the instrument issued differs from the proceeds received. The unamortized portion represents the amount of premium and discount that has not yet been recorded to public debt charges.

At March 31, 2018, the fair value of market debt including unamortized discounts and premiums is \$730,732 million (\$751,856 million in 2017). For marketable bonds denominated in Canadian dollars and foreign currencies, treasury bills issued in Canadian dollars, retail debt, Canada bills and medium-term notes issued in US dollars and Euros, fair values are established using market quotes or the discounted cash flow calculated using year-end market interest and exchange rates.

The Government has entered into individual cross-currency swap contracts with various counterparties. Terms and conditions associated with these outstanding contracts are established using International Swaps and Derivatives Association (ISDA) master agreements, which are in place with each counterparty. Cross-currency swaps are used primarily to fund foreign-denominated asset levels in the foreign exchange accounts.

Included in Cross-currency swap revaluations is \$947 million (\$1,636 million at March 31, 2017) related to individual cross-currency swap contracts that have a net foreign-exchange asset value to the Government upon revaluation and \$8,782 million (\$9,400 million at March 31, 2017) relating to individual cross-currency swap contracts that have a net foreign-exchange liability value, resulting in an overall cross-currency swap net liability revaluation of \$7,835 million (\$7,764 million at March 31, 2017).

## (a) Market debt

The following table presents the contractual maturity of debt issues and interest rates by currency and type of instrument at gross value (in Canadian dollars) and the effective average annual interest rates as at March 31, 2018:

(in millions of dollars)

Maturing year	Marketable bonds			Treasury bills	Retail debt <sup>1</sup>	Canada bills	Medium-term notes		Total
	CAD	USD	Euro			USD	USD	Euro	
2019.....	64,713	3,886	–	110,700	1,118	2,591	322	–	183,330
2020.....	116,261	4	3,171	–	895	–	1,192	–	121,523
2021.....	74,767	–	–	–	246	–	741	238	75,992
2022.....	49,988	–	–	–	327	–	64	–	50,379
2023.....	43,506	3,865	–	–	–	–	–	–	47,371
2024 and subsequent.....	226,561	–	–	–	–	–	–	–	226,561
	575,796	7,755	3,171	110,700	2,586	2,591	2,319	238	705,156
Less: Government holdings of unmatured debt and consolidation adjustment <sup>2</sup> .....	828	25	–	–	–	–	–	–	853
Total market debt.....	574,968	7,730	3,171	110,700	2,586	2,591	2,319	238	704,303
Nature of interest rate <sup>3</sup>	Fixed <sup>4</sup>	Fixed	Fixed	Variable	Variable	Variable	Fixed and variable	Fixed	
Effective weighted average annual interest rates.....	2.18	1.84	3.50	1.16	0.63	1.61	1.86	0.15	
Range of interest rates.....	0.25 - 10.50	1.63 - 9.70	3.50	0.62 - 1.63	0.50 - 1.40	1.25 - 2.03	1.28 - 2.30	0.15	

Details can be found in Section 6 (unaudited) of this volume.

<sup>1</sup> Includes \$1,628 million of Canada savings bonds having fixed dates of maturity which are redeemable on demand.

<sup>2</sup> Includes \$1,220 million of securities held for cancellation, \$25 million of securities held for the retirement of unmatured debt, \$2 million of securities held by consolidated Crown corporations and other entities and \$394 million of borrowings by consolidated agent Crown corporations.

<sup>3</sup> Debt with terms to maturity of less than one year is considered to have a variable interest rate. For marketable bonds and foreign currency notes, some of the fixed interest rates were converted into variable interest rates through swap agreements.

<sup>4</sup> Includes real return bonds which have a variable component based on the consumer price index.

## (b) Obligation related to capital leases

The total obligation related to capital leases as at March 31, 2018, is \$3,203 million (\$3,226 million in 2017). Interest on this obligation of \$185 million (\$200 million in 2017) is reported in the Consolidated Statement of Operations and Accumulated Deficit as part of public debt charges. Future minimum lease payments are summarized as follows:

(in millions of dollars)

Year	2018
2019.....	520
2020.....	418
2021.....	366
2022.....	336
2023.....	318
2024 and subsequent.....	2,923
Total minimum lease payments.....	4,881
Less: imputed interest at the average discount rate of 5.23%.....	1,678
Obligation related to capital leases.....	3,203

Details can be found in Section 6 (unaudited) of this volume.

A significant number of leases have a duration from inception that falls within the range of 10 to 25 years.

## 9. Public sector pensions and other employee and veteran future benefits

### (a) Overview of benefit plans

#### i. Pension benefits

The Government sponsors a number of defined benefit pension plans covering substantially all the employees of the federal public service, as well as certain Public Service corporations as defined in the *Public Service Superannuation Act*, territorial governments, members of the Canadian Forces (including the Reserve Force), members of the Royal Canadian Mounted Police, federally appointed judges and Members of Parliament, including Senators. The public service, Canadian Forces—Regular Force and Royal Canadian Mounted Police pension plans represent the three main public sector pension plans sponsored by the Government. In addition, some of the consolidated Crown corporations and other entities maintain their own defined benefit pension plans covering substantially all of their employees. In this note, the term “employees” is used in a general manner to apply to plan members of the different groups.

The defined benefit pension plans are designed to provide employees with a retirement income during their lifetime and, in the case of Government-sponsored plans, are indexed to inflation. The indexation for Crown corporations and other entities pension plans varies depending on the specific plan. In the event of death, the pension plans also provide an income for a plan member’s eligible survivors and dependants.

Pension benefits generally accrue as follows:

For the three main public sector pension plans, pension benefits generally accrue based on a member’s average earnings during the best five consecutive years of earnings and years of pensionable service. Plan members can accumulate up to a maximum of 35 years at a rate of 2% per year of pensionable service. Pension benefits are coordinated with the Canada and the Quebec Pension Plan benefits.

For the Canadian Forces—Reserve Force pension plan, pension benefits accrue based on total pensionable service and pensionable earnings over the service period.

For the Members of Parliament retiring allowance plan, basic allowances accrue at a rate of 3% per year of pensionable service multiplied by the average of the best five consecutive years of sessional indemnity and/or pensionable earnings up to a maximum of 75% of the plan member’s average sessional indemnity and/or pensionable earnings as applicable. For service after December 31, 2015, retiring allowance benefits are coordinated with the Canada and the Quebec Pension Plan benefits at age 60. Members of Parliament are entitled to benefits after they have contributed to the plan for at least six years.

For federally appointed judges, pension benefits do not have an explicit accrual rate. Instead, federally appointed judges may retire with a pension equivalent to two thirds of the salary annexed to their office, once the member has completed 15 years of pensionable service and the sum of the member’s age and years of service equals 80 or more.

For the consolidated Crown corporations and other entities pension plans, pension benefits accrue depending on the terms of the plans; generally based on a combination of an accrual rate per years of pensionable service and pensionable earnings average as per plan terms. Some plans are closed to new entrants.

#### ii. Other future benefits

In addition to pension plans, the Government and the consolidated Crown corporations and other entities sponsor different types of future benefit plans, with varying terms and conditions. The benefits are available to employees during or after employment or upon retirement. Other future benefits include disability and associated benefits available to war veterans, current and retired members of the Canadian Forces and the Royal Canadian Mounted Police, their survivors and dependants, health care and dental benefits available to retired employees and their dependants, accumulated sick leave entitlements, severance benefits and workers’ compensation benefits.

### (b) Financing arrangements

The Government has a statutory obligation to pay the pension benefits it sponsors. Pursuant to pension legislation, the transactions for funded and unfunded pension benefits are tracked in the pension accounts within the accounts of Canada. The details (unaudited) of the pension accounts can be found in Section 6 of this volume.

#### i. Funded pension benefits

The pension plans are generally financed from employee and employer contributions, as well as investment earnings. Pension benefits funded by the Government relate to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Canadian Forces—Reserve Force pension plan. An amount equal to contributions less benefit payments and other charges is invested by the Public Sector Pension Investment Board (PSPIB). Funded pension benefits also relate to consolidated Crown corporations and other entities where pension plans’ funds are held in external trusts that are legally separate from Crown corporations and other entities.



ii. Unfunded pension benefits

For unfunded pension benefits, separate invested funds are not maintained. These relate to all pre April 2000 service, and only to post March 2000 service that falls above the Income Tax Act limits for the three main public sector pension plans, all service periods for the pension plans of the federally appointed judges and Members of Parliament, and some of the consolidated Crown corporations and other entities' pension plans. Employee and employer contributions for unfunded pension benefits sponsored by the Government are part of general government funds. Contributions amounted to \$1,942 million (\$408 million in 2017) of which \$146 million (\$118 million in 2017) represents regular employer contributions, \$1,735 million (\$234 million in 2017) represents special employer contributions, and \$61 million (\$56 million in 2017) represents employee contributions.

iii. Other future benefits

Other employee and veteran future benefit plans sponsored by the Government and almost all of the other employee future benefits sponsored by the consolidated Crown corporations and other entities are unfunded. The health care and dental plans for retired employees are contributory plans, whereby contributions by retired plan members are made to obtain coverage. These contributions amounted to \$395 million (\$332 million in 2017). The cost of benefits earned and benefits paid are presented net of these contributions. Additional details can be found in Section 6 (unaudited) of this volume.

(c) Actuarial valuations

i. For funding purposes

Pursuant to the *Public Pensions Reporting Act*, actuarial valuations of the pension plans sponsored by the Government are performed at least every three years to determine the state of the pension plans, as well as to assist in making informed decisions regarding the financing of the Government's pension benefit obligations. The actuarial assumptions underlying the valuations are based on the actuary's best estimates.

The most recent triennial actuarial valuations were conducted as at March 31, 2015, for the Royal Canadian Mounted Police pension plan; as at March 31, 2016, for the Canadian Forces—Regular Force, Canadian Forces—Reserve Force, the Members of Parliament and the federally appointed judges pension plans; and as at March 31, 2017, for the public service pension plan, for which the valuation is currently in-progress.

Federally regulated private pension plans sponsored by consolidated Crown corporations and other entities are governed by the provisions of the *Pension Benefits Standards Act, 1985* and are required to adhere to the directives of the Superintendent of Financial Institutions. The actuarial valuations are conducted at least every three years, or more often depending on the financial situation of the plan.

ii. For accounting purposes

Actuarial valuations of the public sector pension and other employee and veteran future benefit plans are performed every year to measure and report the obligations and to attribute the costs of the benefits to the period. Actuarial valuations are conducted as at March 31, except for some of the consolidated Crown corporations and other entities for which the actuarial valuations are conducted as at December 31. The actuarial valuations are based on the most recent or any in-progress actuarial valuation for funding purposes, as applicable, in regards to the majority of the demographic assumptions. The other assumptions underlying the valuations are based on best estimates of the Government or of management of the consolidated Crown corporations and other entities.

(d) Changes to benefit plans

i. Plan amendments

In 2018, amendments were made to veteran future benefits. These include the creation of the new Pain and Suffering Compensation benefit that will replace the existing Disability Award; the new Additional Pain and Suffering Compensation benefit, to compensate veterans with a service related injury or illness which is causing severe and permanent impairment that is creating a barrier to re-establishment in civilian life; and the consolidation of some financial benefits into one new Income Replacement Benefit. These amendments resulted in a one-time past service cost reduction of \$1,625 million plus a one-time past service cost of \$4,305 million, for a net one-time past service cost of \$2,680 million. As a result, a previously unrecognized net actuarial loss of \$1,625 million was immediately recorded.

In 2017, amendments to veteran future benefits resulted in one-time past service costs of \$353 million. Amendments to the pension plan of a consolidated Crown corporation resulted in a one-time past service cost of \$28 million and the immediate recognition of a previously unrecognized net actuarial gain of \$12 million. An amendment to employee severance benefits resulted in a one-time past service cost of \$7 million.

## ii. Plan curtailments

In 2018, the veteran Supplementary Retirement Benefit was curtailed. This curtailment resulted in a one-time past service cost reduction of \$162 million and the immediate recognition of a previously unrecognized net actuarial loss of \$14 million. As well, the deeming date for the transfer of Royal Canadian Mounted Police civilian member's pension entitlements to the public service pension plan was postponed to May 21, 2020. This postponement had no impact on curtailment costs in 2018 (one-time past service cost reduction of \$27 million in the Royal Canadian Mounted Police pension plan and immediate recognition of a previously unrecognized net actuarial loss of \$15 million in 2017, as restated—Note 2a).

Over the past several years, the accumulation of severance benefits for voluntary departures has ceased for all employee groups except for Ministers' exempt staff. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. No curtailments occurred this year (one-time past service cost reduction of \$48 million and immediate recognition of a previously unrecognized net actuarial loss of \$109 million in 2017, representing the portion related to the obligation for employees subject to the curtailments).

## iii. Plan settlements

In 2018, payments of \$275 million (\$3 million in 2017) were made to employees affected by the curtailments of severance benefits who opted to cash out the full or partial value of their accumulated benefits. The settlements resulted in a one-time past service cost reduction of \$60 million (nil in 2017) and immediate recognition of a previously unrecognized net actuarial gain of \$2 million (nil in 2017).

## (e) Net future benefit liabilities

The accrued benefit obligations in respect of public sector pension and other employee and veteran future benefit plans are presented net of pension assets and unrecognized net actuarial gain or loss, as well as contributions and benefits paid by some of the consolidated Crown corporations and other entities after their measurement date of December 31 up to March 31, in the Consolidated Statement of Financial Position. The details are as follows:

## i. Accrued benefit obligations

The changes in the accrued benefit obligations during the year were as follows:

(in millions of dollars)

	2018				2017			
	Pension benefits			Other future benefits	Pension benefits			Other future benefits
	Funded	Unfunded	Total		Funded	Unfunded	Total	
					Restated (Note 2a)			
Accrued benefit obligations at beginning of year .....	130,356	200,950	331,306	129,880	118,061	215,242	333,303	120,690
Benefits earned .....	6,835	340	7,175	5,968	6,552	335	6,887	5,350
Interest on average accrued benefit obligations .....	6,398	4,335	10,733	3,116	5,585	4,030	9,615	2,783
Benefits paid .....	(3,293)	(8,930)	(12,223)	(6,045)	(2,944)	(8,817)	(11,761)	(4,697)
Administrative expenses .....	(71)	(77)	(148)	(80)	(78)	(91)	(169)	(74)
Net transfers to other plans .....	(496)	(77)	(573)	–	(548)	(88)	(636)	–
Plan amendments .....	–	–	–	2,680	28	–	28	360
Plan curtailments .....	–	–	–	(162)	(22)	(5)	(27)	(48)
Plan settlements .....	–	–	–	(60)	–	–	–	–
Actuarial (gains) losses .....	(1,234)	1,459	225	11,986	3,722	(9,656)	(5,934)	5,516
Accrued benefit obligations at end of year .....	138,495	198,000	336,495	147,283	130,356	200,950	331,306	129,880

Details can be found in Section 6 (unaudited) of this volume.

## ii. Pension assets

Pension assets include investments held by the PSPIB and external trusts of consolidated Crown corporations and other entities and contributions receivable from employees for past service buyback elections.

The changes in pension assets during the year were as follows:

(in millions of dollars)

	2018		2017	
	Funded pension benefits	Other future benefits	Funded pension benefits	Other future benefits
Investments at beginning of year.....	135,943	2	121,692	2
Expected return on average value of investments .....	6,712	–	5,793	–
Contributions				
Employees .....	3,328	–	2,912	–
Public Service corporations, territorial governments and Crown corporations and other entities.....	306	–	333	2
Government .....	3,815	–	3,644	–
Benefits paid, transfers and others .....	(3,810)	(1)	(3,531)	(2)
Actuarial gains .....	6,012	–	5,100	–
Investments at end of year.....	152,306	1	135,943	2
Contributions receivable from employees for past service .....	528	–	643	–
Total pension assets at end of year .....	152,834	1	136,586	2

Details can be found in Section 6 (unaudited) of this volume.

At March 31, 2018, the market value of the investments is \$164,027 million (\$145,565 million in 2017). The actual return on investments is \$14,340 million (\$15,858 million in 2017) and the actual rate of return on investments calculated on a time-weighted basis was 10.1% (12.8% in 2017) during the year.

## iii. Net future benefit liabilities

A reconciliation of the accrued benefit obligations to the amounts of net future benefit liabilities follows:

(in millions of dollars)

	2018				2017			
	Pension benefits			Other future benefits	Pension benefits			Other future benefits
	Funded	Unfunded	Total		Funded	Unfunded	Total	
					Restated (Note 2a)			
Accrued benefit obligations .....	138,495	198,000	336,495	147,283	130,356	200,950	331,306	129,880
Less: Pension assets .....	152,834	–	152,834	1	136,586	–	136,586	2
Subtotal.....	(14,339)	198,000	183,661	147,282	(6,230)	200,950	194,720	129,878
Plus: Unrecognized net actuarial gain (less loss).....	15,261	(30,205)	(14,944)	(42,486)	8,682	(33,842)	(25,160)	(36,308)
Less:								
Contributions after measurement date up to March 31.....	15	–	15	–	13	–	13	–
Benefits paid after measurement date up to March 31 .....	–	–	–	3	–	–	–	2
Subtotal.....	907	167,795	168,702	104,793	2,439	167,108	169,547	93,568
Plus: Valuation allowance.....	88	–	88	–	–	–	–	–
Net future benefit liabilities.....	995	167,795	168,790	104,793	2,439	167,108	169,547	93,568

The net future benefit liabilities were recognized and presented in the Consolidated Statement of Financial Position as follows:

Public sector pension liabilities <sup>1</sup> .....	3,119	167,795	170,914	–	4,339	167,108	171,447	–
Other employee and veteran future benefit liabilities .....	–	–	–	104,793	–	–	–	93,568
Less: Public sector pension assets <sup>1</sup> .....	2,124	–	2,124	–	1,900	–	1,900	–
Net future benefit liabilities.....	995	167,795	168,790	104,793	2,439	167,108	169,547	93,568

Details can be found in Section 6 (unaudited) of this volume.

<sup>1</sup> Public sector pension liabilities represent pension plans that were in a net liability position as at the date of the Statement of Financial Position, whereas public sector pension assets represent pension plans that were in a net asset position as at the date of the Statement of Financial Position.

## (f) Future benefit and interest expenses

The cost of public sector pension and other employee and veteran future benefit plans is comprised of benefit and interest expenses. Components are as follows:

(in millions of dollars)

	2018				2017			
	Pension benefits			Other future benefits	Pension benefits			Other future benefits
	Funded	Unfunded	Total		Funded	Unfunded	Total	
				Restated (Note 2a)				
<b>Benefit expense</b>								
Benefits earned, net of employee contributions .....	3,311	274	3,585	5,968	3,434	278	3,712	5,350
Actuarial (gains) losses recognized during the year .....	(552)	5,096	4,544	4,171	(451)	6,140	5,689	4,103
Plan amendments .....	–	–	–	2,680	28	–	28	360
Plan curtailments .....	–	–	–	(162)	(22)	(5)	(27)	(48)
Plan settlements .....	–	–	–	(60)	–	–	–	–
Actuarial (gains) losses recognized following plan amendments, curtailments and settlements .....	–	–	–	1,637	(39)	42	3	109
Valuation allowance .....	88	–	88	–	–	–	–	–
<b>Total .....</b>	<b>2,847</b>	<b>5,370</b>	<b>8,217</b>	<b>14,234</b>	<b>2,950</b>	<b>6,455</b>	<b>9,405</b>	<b>9,874</b>
<b>Interest expense</b>								
Interest on average accrued benefit obligations .....	6,398	4,335	10,733	3,116	5,585	4,030	9,615	2,783
Expected return on average market-related value of investments .....	(6,712)	–	(6,712)	–	(5,793)	–	(5,793)	–
<b>Total .....</b>	<b>(314)</b>	<b>4,335</b>	<b>4,021</b>	<b>3,116</b>	<b>(208)</b>	<b>4,030</b>	<b>3,822</b>	<b>2,783</b>

Details can be found in Section 6 (unaudited) of this volume.

## (g) Actuarial assumptions

The assumptions used in the actuarial valuations for accounting purposes are based on the Government's or the consolidated Crown corporations and other entities management's best estimates of expected long-term experience and short-term forecasts, as well as the majority of the demographic assumptions underlying the most recent or any in-progress actuarial valuations for funding purposes. The assumptions include estimates of discount rates, future inflation, returns on investments, general wage increases, workforce composition, retirement rates and mortality rates.

The discount rates used to measure the present value of the accrued obligations for public sector pensions and other employee and veteran future benefits sponsored by the Government are as follows:

for funded pension benefits, the streamed expected rates of return on invested funds; and

for unfunded pension and other future benefits, the Government's cost of borrowing derived from the yields on the actual zero-coupon yield curve for Government of Canada bonds which reflect the timing of the expected future cash flows.

The principal actuarial assumptions used in measuring the accrued benefit obligations as at March 31 for Government–sponsored plans, as well as the related future benefit and interest expenses for the year, were as follows:

	2018		2017	
	Accrued benefit obligations	Benefit and interest expenses	Accrued benefit obligations	Benefit and interest expenses
			Restated (Note 2a)	
Discount rates				
Funded pension benefits <sup>1</sup>	5.8%	4.8%	5.7%	4.6%
Unfunded pension benefits <sup>2</sup>	2.2%	2.2%	2.2%	1.9%
Other employee and veteran future benefits <sup>2</sup>	2.2%	2.4%	2.4%	2.3%
Expected rate of return on investments	–	4.8%	–	4.6%
Long-term rate of inflation	2.0%	2.0%	2.0%	2.0%
Long-term general wage increase	2.6%	2.6%	2.6%	2.6%
Assumed health care cost trend rates				
Initial health care cost trend rate	5.9%	5.4%	5.4%	5.0%
Cost trend rate is expected to stabilize at	4.8%	4.8%	4.8%	4.8%
Year that the rate is expected to stabilize	2028	2027	2027	2026

<sup>1</sup> In regards to funded pensions benefits, the streamed discount rates used to measure the accrued benefit obligations are equivalent to the flat discount rates presented in the table; the initial discount rates used to measure the benefit and interest expenses are presented in the table whereas the ultimate discount rates are expected to reach 6.0% by 2028 (6.0% by 2028 in 2017).

<sup>2</sup> In regards to unfunded pension and other future benefits, the discount rates disclosed in the table reflect weighted average discount rates derived from the computation of the equivalent flat discount rate of each benefit plan. The equivalent flat discount rates are used to measure the costs of benefits earned, plan amendments, plan curtailments, plan settlements and the interest expense.

The discount rates used to measure the significant classes of pensions and other employee future benefits sponsored by the consolidated Crown corporations and other entities are based on a variety of methodologies. To measure the present value of their accrued benefit obligations, these consolidated Crown corporations and other entities used expected rates of return on invested funds ranging from 5.3% to 6.4% (5.3% to 6.0% in 2017) for the funded pension benefits, discount rates ranging from 2.2% to 3.5% (2.2% to 3.8% in 2017) for the unfunded pension benefits and discount rates ranging from 2.2% to 3.5% (2.1% to 3.8% in 2017) for the other employee future benefits. The long-term general wage increase ranged from 2.8% to 3.8% (2.8% to 3.8% in 2017). The long-term inflation rate has remained consistent at 2.0% (2.0% in 2017).

The expected average remaining service life (EARSLS) of the employees represent periods ranging from 4 to 23 years (4 to 23 years in 2017) according to the plan in question; more specifically, from 12 to 15 years (11 to 15 years in 2017) for the three main public sector pension plans. The average remaining life expectancy (ARLE) of the benefit recipients under wartime veteran plans represent periods ranging from 6 years to 8 years (6 to 11 years in 2017).

#### (h) Sensitivity analysis

Changes in assumptions can result in significantly higher or lower estimates of the accrued benefit obligations. The table below illustrates the possible impact of a 1% change in the principal actuarial assumptions.

(in millions of dollars)

	2018			2017		
	Pension benefits		Other future benefits	Pension benefits		Other future benefits
	Funded	Unfunded		Funded	Unfunded	
				Restated (Note 2a)		
Possible impact on the accrued benefit obligations due to:						
Increase of 1% in discount rates	(21,100)	(24,900)	(25,800)	(20,000)	(25,800)	(21,300)
Decrease of 1% in discount rates	27,500	31,300	36,300	26,100	32,600	29,100
Increase of 1% in rate of inflation	18,400	28,300	32,600	17,200	29,200	25,800
Decrease of 1% in rate of inflation	(15,000)	(23,200)	(23,400)	(14,100)	(23,900)	(19,300)
Increase of 1% in general wage increase	6,700	1,100	300	6,500	1,300	300
Decrease of 1% in general wage increase	(5,900)	(1,100)	(300)	(5,800)	(1,200)	(300)
Increase of 1% in assumed health care cost trend rates	–	–	9,100	–	–	8,500
Decrease of 1% in assumed health care cost trend rates	–	–	(6,300)	–	–	(6,200)

## 10. Other liabilities

Other liabilities include:

(in millions of dollars)

	2018	2017
Canada Pension Plan Account.....	32	106
Others		
Government Annuities Account .....	135	120
Deposit and trust accounts .....	1,326	1,345
Other specified purpose accounts .....	4,177	4,118
	5,638	5,583
Total other liabilities .....	5,670	5,689

Details and the audited consolidated financial statements of the Canada Pension Plan can be found in Section 6 (unaudited) of this volume.

### (a) Canada Pension Plan Account

As explained in Note 1, the financial activities of the Canada Pension Plan (CPP) are not included in these consolidated financial statements.

The CPP is a federal/provincial social insurance program established by an Act of Parliament. It is compulsory and in operation in all parts of Canada, except for the Province of Quebec. The objective of the program is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed from employees, employers and self-employed workers contributions, as well as investments earnings. The CPP's investments are held and managed by the Canada Pension Plan Investment Board (CPPIB). As administrator of the CPP, the Government's authority to provide benefits is limited to the consolidated net assets of the CPP. At March 31, 2018, the fair value of the CPP's consolidated net assets is \$360,997 million (\$320,895 million in 2017).

Pursuant to the *Canada Pension Plan Act*, the transactions of the CPP are recorded in the Canada Pension Plan Account (the Account) within the accounts of Canada. The Account also records the amounts transferred to or received from the CPPIB. The \$32 million (\$106 million in 2017) balance in the Account represents the CPP's deposit with the Receiver General for Canada and, therefore, is reported as a liability.

### (b) Others

Deposit and trust accounts are a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by negotiable securities, these are deducted from the corresponding accounts to show the Government's net liability. Certain accounts earn interest which is charged to interest on the public debt. One of the largest deposit and trust accounts is the Indian band funds account in the amount of \$591 million (\$645 million in 2017). This account was established to record funds belonging to Indian bands throughout Canada pursuant to the *Indian Act*.

Other specified purpose accounts are liability accounts that are used to record transactions made under authorities obtained from Parliament through either the *Financial Administration Act* or other specific legislation. Certain accounts earn interest which is charged to interest on the public debt. The largest other specified purpose account is the Public Service Death Benefit Account totalling \$3,715 million (\$3,627 million in 2017). This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the public service.

## 11. Cash and cash equivalents

Cash and cash equivalents are as follows:

(in millions of dollars)

	2018	2017
Cash <sup>1</sup> .....	28,096	30,175
Cash equivalents .....	6,546	6,325
Total cash and cash equivalents .....	34,642	36,500

Details can be found in Section 7 (unaudited) of this volume.

<sup>1</sup> Included in cash is \$20,000 million (\$20,000 million in 2017) which has been designated as a deposit held at the Bank of Canada with respect to prudential liquidity management undertaken by the Government.

## 12. Taxes and other accounts receivable

Taxes receivable represent tax revenues that were assessed by year end as well as amounts receivable due to the accrual of tax revenues as at March 31. These accrued receivables are not due until the next fiscal year. They also include other receivables for amounts collectible through the tax system such as provincial and territorial taxes, Employment Insurance premiums and Canada Pension Plan contributions.

The Government has established an allowance for doubtful accounts of \$14,345 million (\$14,253 million in 2017) and has recorded a bad debt expense of \$3,325 million (\$2,759 million in 2017). The allowance for doubtful accounts is management's best estimate of the uncollectible amounts that have been assessed, including the related interest and penalties. The allowance for doubtful accounts has two components. A general allowance is calculated based on the age and type of tax accounts using rates based on historical collection experience. A specific allowance is calculated based on an annual review of all accounts over \$10 million. The allowance for doubtful accounts is adjusted every year through a provision for doubtful accounts and is reduced by amounts written off as uncollectible during the year. The annual provision is reported as a bad debt expense which is charged against other expenses. The details of the taxes receivable and allowance for doubtful accounts are as follows:

(in millions of dollars)

	2018			2017		
	Total taxes receivable	Allowance for doubtful accounts	Net	Total taxes receivable	Allowance for doubtful accounts	Net
Income taxes receivable						
Individuals.....	67,172	7,242	59,930	59,811	7,062	52,749
Employers .....	21,449	1,101	20,348	21,592	1,181	20,411
Corporations.....	20,175	3,066	17,109	18,916	2,814	16,102
Non-residents .....	2,019	137	1,882	1,729	142	1,587
Goods and services tax receivable.....	23,881	2,441	21,440	20,281	2,502	17,779
Customs import duties receivable .....	636	59	577	604	38	566
Other excise taxes and duties receivable .....	2,048	299	1,749	1,834	514	1,320
Total .....	137,380	14,345	123,035	124,767	14,253	110,514

Details can be found in Section 7 (unaudited) of this volume.

Other accounts receivable represent billed or accrued financial claims arising from amounts owed to the Government at year end, and cash collateral pledged to counterparties.

Billed or accrued financial claims arising from amounts owed to the Government total \$8,108 million (\$6,535 million in 2017) and are presented net of an allowance for doubtful accounts of \$1,295 million (\$2,367 million in 2017). Further details can be found in Section 7 (unaudited) of this volume.

Cash collateral pledged to counterparties of \$8,716 million (\$6,873 million in 2017) represents collateral support under International Swaps and Derivatives Association (ISDA) master agreements in respect of outstanding cross-currency swap arrangements. Further details can be found in Note 17.

### 13. Foreign exchange accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations.

The Government holds certain investments in its Exchange Fund Account to provide general liquidity and to promote orderly conditions in the foreign exchange market for the Canadian dollar. As at March 31, 2018, the fair value of the marketable securities held in the Exchange Fund Account is \$92,837 million (\$82,512 million in 2017), established using market quotes or other available market information. Further details on these investments are provided in the unaudited financial statements of the Exchange Fund Account in Section 8 of this volume.

Subscriptions and loans to the International Monetary Fund (IMF) and special drawing rights allocations are denominated in special drawing rights (SDR). The SDR serves as the unit of account for the IMF and its value is based on a basket of key international currencies (US dollar, Euro, Japanese yen, British pound sterling and Chinese renminbi [as of October 1, 2016]). Canada participates in three lending arrangements with the IMF along with a group of other member countries. Collectively, maximum direct lending under the arrangements is limited to no more than the equivalent of SDR 12,967 million (\$24,286 million) at March 31, 2018.

The following table presents the balances of the foreign exchange accounts:

(in millions of dollars)

	2018	2017
International reserves held in the Exchange Fund Account		
Cash and cash equivalents		
US dollar .....	878	11,819
Euro .....	114	2,188
British pound sterling.....	140	131
Japanese yen .....	143	8
Short-term deposit .....	–	67
Total .....	1,275	14,213
Marketable securities <sup>1</sup>		
US dollar .....	61,336	53,723
Euro .....	20,620	17,937
British pound sterling.....	10,433	9,294
Japanese yen .....	1,216	1,323
Total .....	93,605	82,277
Special drawing rights .....	10,550	10,178
Total international reserves held in the Exchange Fund Account.....	105,430	106,668
International Monetary Fund		
Subscriptions .....	20,647	19,892
Loans .....	775	1,125
Total .....	126,852	127,685
Less: International Monetary Fund		
Special drawing rights allocations .....	11,215	10,806
Notes payable .....	18,699	18,082
Total .....	29,914	28,888
Total foreign exchange accounts .....	96,938	98,797

Details can be found in Section 8 (unaudited) of this volume.

<sup>1</sup> Interest earned on marketable securities was \$1,107 million (\$1,098 million in 2017).



**14. Enterprise Crown corporations and other government business enterprises**

## (a) Enterprise Crown corporations and other government business enterprises

The following table presents the Government's recorded loans, investments and advances in significant enterprise Crown corporations and other government business enterprises:

(in millions of dollars)

	2018	2017
<b>Investments</b>		
Canada Mortgage and Housing Corporation .....	16,894	21,406
Export Development Canada .....	9,773	9,091
Farm Credit Canada .....	6,060	5,741
Business Development Bank of Canada .....	6,717	5,917
Canada Port Authorities .....	3,255	2,931
Canada Deposit Insurance Corporation .....	2,322	2,236
Canada Development Investment Corporation .....	464	486
Canada Post Corporation .....	(338)	(600)
Other .....	1,128	854
<b>Total investments .....</b>	<b>46,275</b>	<b>48,062</b>
<b>Loans and advances</b>		
Farm Credit Canada .....	28,008	25,684
Business Development Bank of Canada .....	20,470	18,811
Canada Mortgage and Housing Corporation .....	8,687	9,811
Other .....	468	455
<b>Total loans and advances .....</b>	<b>57,633</b>	<b>54,761</b>
<b>Less:</b>		
Loans expected to be repaid from future appropriations .....	3,089	3,353
Unamortized discounts and premiums .....	44	43
	<b>3,133</b>	<b>3,396</b>
<b>Total loans, investments and advances to enterprise Crown corporations and other government business enterprises.....</b>	<b>100,775</b>	<b>99,427</b>

Details can be found in Section 9 (unaudited) of this volume.

The following table presents the summary financial position and results of enterprise Crown corporations and other government business enterprises:

(in millions of dollars)

	2018			2017		
	Third Parties	Government, Crown corporations and other entities	Total	Third Parties	Government, Crown corporations and other entities	Total
<b>Assets</b>						
Financial assets.....	409,717	111,399	521,116	393,207	106,668	499,875
Non-financial assets .....	9,799	–	9,799	9,277	–	9,277
Total assets.....	419,516	111,399	530,915	402,484	106,668	509,152
<b>Liabilities</b>						
Equity of Canada as reported .....			46,764			48,674
Elimination adjustments.....			(489)			(612)
Equity of Canada .....			46,275			48,062
Revenues .....	24,701	4,845	29,546	23,787	5,240	29,027
Expenses.....	21,666	1,748	23,414	22,421	1,516	23,937
Profit as reported.....			6,132			5,090
Adjustments and others.....			827			(170)
Profit.....			6,959			4,920
<b>Other changes in equity</b>						
Other comprehensive (loss) income.....			(753)			1,857
Dividends <sup>1</sup> .....			(8,058)			(2,320)
Capital <sup>2</sup> .....			65			125
			(1,787)			4,582
Equity of Canada at beginning of year .....			48,062			43,480
Equity of Canada at end of year .....			46,275			48,062
Contractual obligations .....			64,994			45,835
Contingent liabilities.....			2,983			3,196

Details can be found in Section 9 (unaudited) of this volume.

<sup>1</sup> Amounts reported as dividends include \$5,675 million (nil in 2017) from Canada Mortgage and Housing Corporation, \$969 million (\$786 million in 2017) from Export Development Canada, \$951 million (\$1,111 million in 2017) from the Bank of Canada and \$308 million (\$268 million in 2017) from Farm Credit Canada.

<sup>2</sup> Amounts reported as capital include a purchase of common shares of \$65 million (\$125 million in 2017) from Business Development Bank of Canada.

#### (b) Non-public property

Non-public property (NPP), as defined under the *National Defence Act*, consists of money and property contributed to or by Canadian Forces members and is administered for their benefit and welfare by the Canadian Forces Morale and Welfare Services (CFMWS). The CFMWS is responsible for delivering selected morale and welfare programs, services and activities through three operational divisions, Canadian Forces Exchange System (CANEX), Personnel Support Programs and Service Income Security Insurance Plan (SISIP) Financial Services. Under the *National Defence Act*, NPP is explicitly excluded from the *Financial Administration Act*. The Government provides some services related to NPP activities such as accommodation and security for which no amount is charged. The cost of providing these services is included in the consolidated financial statements of the Government of Canada. In 2018, CFMWS administered estimated revenues and expenses of \$440 million (\$420 million in 2017) and \$436 million (\$396 million in 2017) respectively and had net equity of \$777 million at March 31, 2018 (\$755 million at March 31, 2017). These amounts are excluded from the consolidated financial statements of the Government of Canada.

**15. Other loans, investments and advances**

The following table presents a summary of the balances of other loans, investments and advances by category:

(in millions of dollars)

	2018	2017
National governments, including developing countries and international organizations		
National governments including developing countries .....	937	1,015
International organizations .....	22,752	21,864
Total .....	23,689	22,879
Other loans, investments and advances		
Loans for the development of export trade .....	739	2,533
Provincial and territorial governments .....	391	293
Unconditionally repayable contributions .....	3,516	3,398
Other loans, investments and advances .....	24,619	23,708
Total .....	29,265	29,932
Total .....	52,954	52,811
Less: allowance for valuation .....	27,358	28,232
Total other loans, investments and advances .....	25,596	24,579

Details can be found in Section 9 (unaudited) of this volume.

Interest earned on other loans, investments and advances was \$838 million (\$800 million in 2017).

The following table presents a summary of the balances of other loans, investments and advances by currency:

(in millions of dollars)

	2018		2017	
	Loans, investments and advances in base currency	Foreign exchange rate	Loans, investments and advances in CAD	Loans, investments and advances in CAD
Canadian dollar .....	49,075		49,075	47,302
US dollar .....	2,797	1.2884	3,603	5,232
Special drawing rights .....	137	1.8729	257	258
Various other currencies .....			19	19
Total .....			52,954	52,811

Loans to national governments consist mainly of loans for financial assistance totalling \$400 million (\$400 million in 2017), international development assistance to developing countries totalling \$109 million (\$125 million in 2017), and development of export trade totalling \$527 million (\$489 million in 2017) which are administered by Export Development Canada. Certain loans are non-interest bearing and others bear interest at rates varying from 0.1% to 10.3%. These loans are repayable over 1 to 28 years, with final instalments due in 2045.

Loans, investments and advances to international organizations include subscriptions to the share capital of international banks totalling \$14,360 million (\$13,677 million in 2017) as well as loans and advances to associations and other international organizations totalling \$8,392 million (\$8,189 million in 2017). These subscriptions are composed of both paid-in and callable capital. The majority of these investments are treated as concessionary as they do not provide a return on investment, but are repayable on termination of the organization or withdrawal from it. Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significantly concessionary terms.

Loans for the development of export trade are either non-interest bearing or bear interest at rates varying from 1.0% to 9.0% and are administered by Export Development Canada. Collateral of \$228 million (\$243 million in 2017) is held on these loans and they are repayable over 1 to 4 years with final instalments due in 2022.

Loans to provinces and territories include loans made under relief acts and other legislation. Loans totalling \$388 million (\$290 million in 2017) are non-interest bearing and will be repaid by reducing transfer payments over 1 to 8 years.

Unconditionally repayable contributions are in substance loans aimed at stimulating economic development or for assistance. They bear various interest rates, some of which have concessional terms, and are repayable at various due dates with final instalments due within 4 to 25 years of initial disbursement.

Other loans, investments and advances include loans under the Canada Student Loans Program, and other investments in bonds, market funds and fixed income securities. Loans under the Canada Student Loans Program of \$19,960 million (\$18,783 million in 2017) are provided interest-free to full-time students and afterward bear interest at either a variable prime rate plus 2.5% or a fixed prime rate plus 5.0%. The repayment period is generally 10 years. Other investments were \$2,121 million (\$2,364 million in 2017).

## 16. Tangible capital assets

Tangible capital assets consist of acquired, built, developed or improved tangible assets whose useful life extends beyond the fiscal year and which are intended to be used on an ongoing basis for producing goods or delivering services, including military activities. Tangible capital assets include: land; buildings; works and infrastructure; machinery and equipment including computer hardware and software; vehicles including ships, aircraft and others; leasehold improvements; and assets under construction. Tangible capital assets also include assets under capital lease. Renewal options for assets under capital leases are typically for periods of 3 to 5 years and are exercisable at the discretion of the lessee. Detailed information on tangible capital assets is provided in Section 10 (unaudited) of this volume.

Except for land, the cost of tangible capital assets used in Government operations is generally amortized on a straight-line basis over the estimated useful life of the asset as follows:

Buildings .....	10 to 60 years
Works and infrastructure <sup>1</sup> .....	10 to 80 years
Machinery and equipment .....	2 to 30 years
Vehicles .....	2 to 40 years
Leasehold improvements .....	lesser of useful life of improvement or lease term
Assets under construction .....	once in service, in accordance with asset type
Assets under capital leases .....	in accordance with asset type or over the lease term

<sup>1</sup> Except for the Confederation Bridge, which is amortized over 100 years.

The following table presents a summary of the transactions and balances for the main categories of tangible capital assets:

(in millions of dollars)

	Cost					Accumulated amortization					Net book value 2018 <sup>2</sup>	Net book value 2017
	Opening balance	Acquisitions	Disposals	Adjustments <sup>1</sup>	Closing balance	Opening balance	Amortization expense	Disposals	Adjustments	Closing balance		
Land.....	1,718	89	(7)	14	1,814	–	–	–	–	–	1,814	1,718
Buildings .....	31,686	135	(160)	1,150	32,811	16,223	836	(126)	54	16,987	15,824	15,463
Works and infrastructure .....	16,566	295	(87)	936	17,710	9,066	453	(64)	3	9,458	8,252	7,500
Machinery and equipment.....	37,643	1,020	(2,394)	899	37,168	27,105	1,809	(2,292)	(553)	26,069	11,099	10,538
Vehicles .....	41,989	304	(1,345)	1,309	42,257	25,957	1,756	(1,320)	606	26,999	15,258	16,032
Leasehold improvements.....	3,247	36	(98)	113	3,298	2,119	163	(88)	(23)	2,171	1,127	1,128
Assets under construction.....	14,652	7,547 <sup>3</sup>	(82)	(4,357)	17,760	–	–	–	–	–	17,760	14,652
Assets under capital leases .....	4,902	367 <sup>3</sup>	(329)	(38)	4,902	2,257	244	(298)	(2)	2,201	2,701	2,645
Total .....	152,403	9,793	(4,502)	26	157,720	82,727	5,261	(4,188)	85	83,885	73,835	69,676

<sup>1</sup> Adjustments include assets under construction of \$4,374 million (\$4,915 million in 2017) that were transferred to other categories upon completion of the assets.

<sup>2</sup> The Government has \$20 million (\$30 million in 2017) in net book value of capital assets with an original acquisition cost of \$2,005 million (\$3,822 million in 2017) that have been declared surplus. Upon physical disposal, the government's investment in the tangible capital asset will be removed.

<sup>3</sup> Acquisitions of \$206 million (\$639 million in 2017) in assets under construction through public-private partnership arrangements, including \$70 million (\$34 million in 2017) in interest, and assets under capital leases do not involve the use of cash and are therefore excluded from the Consolidated Statement of Cash Flow.

## 17. Financial instruments

The Government uses various financial instruments to manage financial risks associated with its financial assets and liabilities. The Government does not hold or use derivative instruments for trading or speculative purposes.

### (a) Derivative financial instruments

#### i. Swap agreements

Government debt is issued at both fixed and variable interest rates and is denominated in Canadian dollars, US dollars and Euros. The Government has entered into cross currency swap agreements to facilitate management of its debt structure. Using cross currency swap agreements, Canadian dollar and other foreign currency debt has been converted into US dollars or other foreign currencies with either fixed interest rates or variable interest rates. As a normal practice, the Government's swap positions are held to maturity.

The interest paid or payable and the interest received or receivable on all swap transactions are recorded as part of public debt charges. Unrealized gains or losses due to fluctuations in the foreign exchange value of the swaps are presented in the cross currency swap revaluation account and are recognized as part of net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

The Government enters into two-way Credit Support Annex agreements for cross currency swaps with certain counterparties pursuant to International Swaps and Derivatives Association (ISDA) master agreements. Under the terms of those agreements, the Government may be required to pledge and/or receive eligible collateral relating to obligations to the counterparties. In the normal course of business, these pledged collateral amounts (which may include cash and/or securities) will be returned to the pledgor when there are no longer any outstanding obligations. At March 31, 2018, cash collateral pledged of \$8,716 million (\$6,873 million in 2017) is recorded in other accounts receivable, and cash collateral received of \$96 million (\$94 million in 2017) is recorded in other liabilities. In addition, the Government holds collateral in securities from counterparties with a nominal amount of \$2,086 million and fair value of \$2,456 million (nominal amount of \$2,002 million and fair value of \$2,539 million in 2017), which has not been recognized in the statement of financial position as the Government does not obtain economic ownership unless the pledgor defaults.

Cross currency swaps with contractual principal amounts outstanding at March 31, stated in Canadian dollars, are as follows:

(in millions of dollars)

Maturing year	2018
2019.....	6,587
2020.....	6,889
2021.....	11,113
2022.....	7,505
2023.....	7,145
2024 and subsequent.....	40,773
Total.....	80,012

#### ii. Foreign-exchange forward agreements

The Government's lending arrangements with the IMF, included in the foreign exchange accounts, are denominated in special drawing rights (SDR). However, the Government typically funds these loans with US dollars. Consequently, since the value of the SDR is based upon a basket of key international currencies (US dollar, Euro, Japanese yen, British pound sterling and Chinese renminbi), a currency mismatch results, whereby fluctuations in the value of the loan asset are not equally offset by fluctuations in the value of the related funding liability. Therefore, the Government enters into forward agreements to hedge this foreign exchange risk.

Unrealized gains or losses due to fluctuations in the foreign exchange value of these agreements are recorded in accounts payable and accrued liabilities and are recognized as part of the net foreign exchange revenues in the Consolidated Statement of Operations and Accumulated Deficit.

The notional principal amount of a foreign-exchange forward agreement refers to the principal amount used to calculate contractual cash flows. This amount does not represent an asset or liability, and is not included in the Consolidated Statement of Financial Position. Foreign-exchange forward agreements outstanding at March 31, with notional principal amounts in Canadian dollars of \$1,291 million (\$1,364 million at March 31, 2017), mature during the next fiscal year.

#### iii. Credit risk related to swap and foreign-exchange forward agreements

The Government manages its exposure to credit risk by dealing principally with financial institutions having acceptable credit ratings, based on external credit ratings and internal credit analysis, in accordance with the *Statement of Investment Policy for the Government of Canada*.

Credit risk is also managed through collateral provisions in swap and foreign-exchange forward agreements. Collateral pledged by counterparties to the Government may be liquidated in the event of default to mitigate credit losses.

The Government does not have a significant concentration of credit risk with any individual institution and does not anticipate any counterparty credit loss with respect to its swap and foreign-exchange forward agreements.

The following table presents the contractual or notional principal amounts of the swap and foreign-exchange forward agreements organized by credit ratings based on published Standard & Poor's credit ratings and stand-alone credit profiles at year end:

(in millions of dollars)

Credit ratings	2018	2017
A+.....	27,390	26,602
A.....	21,628	22,010
A-.....	32,285	32,811
BBB.....	–	66
Total.....	81,303	81,489

#### (b) Managing foreign currency and interest rate risks and sensitivity analysis to foreign currency exposures

Foreign currency and interest rate risks are managed using a strategy of matching the duration and the currency of the foreign exchange accounts assets and the related foreign currency borrowings of the Government. At March 31, 2018, assets within the foreign exchange accounts and their related foreign currency borrowings substantially offset each other on a market value basis. Accordingly, the impact of price changes affecting these assets and the liabilities funding these assets naturally offset each other, resulting in no significant impact to the Government's net debt.

Assets related to the IMF are only partially matched by related foreign currency borrowings as they are denominated in SDRs, however, foreign-exchange risks relating to loans to the IMF have been managed through entering into various foreign-exchange forward agreements.

The majority of the government foreign currency assets and related liabilities are held in four currency portfolios: the US dollar, the Euro, the British pound sterling and the Japanese yen. At March 31, 2018, a 1% appreciation in the Canadian dollar as compared to the US dollar, the Euro, the British pound sterling and the Japanese yen would result in a foreign exchange loss of \$3 million due to the exposure of the US dollar portfolio and a foreign exchange loss of \$1 million due to the exposure of the Euro portfolio. There is no significant exposure related to the British pound sterling and the Japanese yen portfolios.

The net foreign exchange gain included in net foreign exchange revenues, other revenues and other expenses on the Consolidated Statement of Operations and Accumulated Deficit amounts to \$54 million (net foreign exchange gain of \$91 million in 2017).

#### (c) Fair value information

The carrying values of other accounts payable and accrued liabilities, interest and matured debt, cash and cash equivalents, other accounts receivable and other loans, investments and advances are assumed to approximate their fair values due to their short-term to maturity or allowances recorded to reduce their carrying values to amounts that approximate their estimated realizable values.

The following table presents the fair value of derivative financial instruments with contractual or notional principal amounts outstanding at March 31:

(in millions of dollars)

	2018		2017	
	Principal amount	Fair value	Principal amount	Fair value
Cross currency swaps.....	80,012	(8,391)	80,125	(6,949)
Foreign-exchange forward agreements.....	1,291	–	1,364	(19)
Total.....	81,303	(8,391)	81,489	(6,968)

Fair values of the swap and foreign-exchange forward agreements are the estimated amount that the Government would receive or pay, based on market factors, if the agreements were terminated on March 31. They are established by discounting the expected cash flows of the swap and foreign-exchange forward agreements, calculated from the contractual or notional principal amounts, using year-end market interest and exchange rates. A positive (negative) fair value indicates that the Government would receive (make) a payment if the agreements were terminated on March 31.

**18. Contractual obligations and contractual rights****(a) Contractual obligations**

The nature of government activities results in large multi-year contracts and agreements, including international treaties, protocols and agreements of various size and importance. Any financial obligations resulting from these are recorded as a liability when the terms of these contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. Detailed information on contractual obligations is provided in Section 11 (unaudited) of this volume. Major contractual obligations that will generate expenditures in future years and that can be reasonably estimated are summarized as follows:

(in millions of dollars)

Minimum payments to be made in:	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations <sup>1</sup>	Total
2019.....	23,416	12,681	395	2,509	39,001
2020.....	15,981	8,231	434	1,669	26,315
2021.....	9,382	7,517	431	938	18,268
2022.....	7,458	7,597	383	295	15,733
2023.....	5,615	3,028	332	118	9,093
2024 and subsequent.....	12,285	13,711	2,334	1,181	29,511
Total.....	74,137	52,765	4,309	6,710	137,921

<sup>1</sup> Includes transfer payments, undisbursed loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), if any, which Canada has agreed to disburse in the future. Future paid-in share capital commitments made by Canada for future purchases of non-budgetary share capital in international organizations are also included.

**(b) Contractual rights**

The activities of government sometimes involve the negotiation of contracts or agreements with outside parties that result in the government having rights to both assets and revenues in the future. They principally involve sales of goods and services, leases of property, and royalties and revenue/profit-sharing arrangements while all other contractual rights are combined for reporting purposes. The government has agreements that provide contractual rights to future revenue based on a percentage of revenue or profits of the other party to the agreement, or based on receiving an amount for each unit of goods sold. The terms of these contracts or agreements may not allow for a reasonable estimate of future revenues. Where the terms of contracts and agreements allow for a reasonable estimate, the major contractual rights are summarized in the table presented below. Detailed information on contractual rights is provided in Section 11 (unaudited) of this volume.

(in millions of dollars)

Revenue to be received in:	Sales of goods and services	Leases of property	Other	Total
2019.....	3,662	393	365	4,420
2020.....	3,165	405	30	3,600
2021.....	4,376	419	31	4,826
2022.....	5,725	434	30	6,189
2023.....	4,187	439	30	4,656
2024 and subsequent.....	30,046	515	394	30,955
Total.....	51,161	2,605	880	54,646

In addition, the Government is entitled to future interest revenues on investments, loans and advances. Additional information is disclosed in Note 13 and Note 15.

## 19. Segmented information

The Government segmented information is based on the ministry structure, which groups the activities of departments, agencies and consolidated Crown corporations and other entities for which a Minister is responsible, and the enterprise Crown corporations and other government business enterprises as described in Note 1 and Note 14. The five main ministries are reported separately and the others are grouped together with the provision for valuation and other items. The presentation by segment is based on the same accounting policies as those described in the Summary of significant accounting policies in Note 1. Inter-segment transfers are measured at the exchange amount. The following tables present the segmented information by Ministry and enterprise Crown corporations and other government business enterprises before the elimination of internal transactions that are eliminated in the adjustments column before arriving at the total for the year ended March 31:

(in millions of dollars)

	2018								Total
	Families, Children and Social Development	Finance	National Defence	National Revenue	Public Safety and Emergency Preparedness	Other ministries	Enterprise Crown corporations and other government business enterprises	Adjust- ments <sup>1</sup>	
<b>Revenues</b>									
<b>Tax revenues</b>									
Income tax revenues .....	–	–	–	209,269	–	–	–	–	209,269
Other taxes and duties .....	–	–	–	21,798	32,021	–	–	–	53,819
<b>Total tax revenues .....</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>231,067</b>	<b>32,021</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>263,088</b>
<b>Employment insurance premiums .....</b>	<b>21,533</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(393)</b>	<b>21,140</b>
<b>Other revenues</b>									
Enterprise Crown corporations and other government business enterprises .....	–	–	–	–	–	–	7,731	–	7,731
Other .....	3,002	932	430	4,906	2,757	21,911	–	(13,764)	20,174
Net foreign exchange .....	–	1,473	–	–	–	–	–	–	1,473
<b>Total other revenues .....</b>	<b>3,002</b>	<b>2,405</b>	<b>430</b>	<b>4,906</b>	<b>2,757</b>	<b>21,911</b>	<b>7,731</b>	<b>(13,764)</b>	<b>29,378</b>
<b>Total revenues .....</b>	<b>24,535</b>	<b>2,405</b>	<b>430</b>	<b>235,973</b>	<b>34,778</b>	<b>21,911</b>	<b>7,731</b>	<b>(14,157)</b>	<b>313,606</b>
<b>Expenses</b>									
<b>Program expenses</b>									
<b>Transfer payments</b>									
Old age security benefits, guaranteed income supplement and spouse's allowance .....	50,644	–	–	–	–	–	–	–	50,644
Major transfer payments to other levels of government .....	–	68,447	–	–	–	2,072	–	–	70,519
Employment insurance .....	19,715	–	–	–	–	–	–	–	19,715
Children's benefits .....	13	–	–	23,419	–	–	–	–	23,432
Other transfer payments .....	9,088	411	155	3,622	918	33,296	–	(352)	47,138
<b>Total transfer payments .....</b>	<b>79,460</b>	<b>68,858</b>	<b>155</b>	<b>27,041</b>	<b>918</b>	<b>35,368</b>	<b>–</b>	<b>(352)</b>	<b>211,448</b>
<b>Other expenses .....</b>	<b>5,117</b>	<b>531</b>	<b>32,297</b>	<b>8,075</b>	<b>11,586</b>	<b>55,423</b>	<b>–</b>	<b>(13,799)</b>	<b>99,230</b>
<b>Total program expenses .....</b>	<b>84,577</b>	<b>69,389</b>	<b>32,452</b>	<b>35,116</b>	<b>12,504</b>	<b>90,791</b>	<b>–</b>	<b>(14,151)</b>	<b>310,678</b>
<b>Public debt charges .....</b>	<b>–</b>	<b>21,629</b>	<b>79</b>	<b>–</b>	<b>1</b>	<b>186</b>	<b>–</b>	<b>(6)</b>	<b>21,889</b>
<b>Total expenses .....</b>	<b>84,577</b>	<b>91,018</b>	<b>32,531</b>	<b>35,116</b>	<b>12,505</b>	<b>90,977</b>	<b>–</b>	<b>(14,157)</b>	<b>332,567</b>

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.

<sup>1</sup> Represents consolidation adjustments to eliminate internal transactions.



(in millions of dollars)

	2017								Total
	Families, Children and Social Development	Finance	National Defence	National Revenue	Public Safety and Emergency Preparedness	Other ministries	Enterprise Crown corporations and other government business enterprises	Adjust- ments <sup>1</sup>	
	Restated <sup>2</sup> (Note 2a)	Restated <sup>2</sup> (Note 2a)				Restated <sup>2</sup> (Note 2a)		Restated <sup>2</sup> (Note 2a)	
<b>Revenues</b>									
<b>Tax revenues</b>									
Income tax revenues .....	–	–	–	192,967	–	–	–	–	192,967
Other taxes and duties .....	–	–	–	20,538	30,810	–	–	–	51,348
<b>Total tax revenues .....</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>213,505</b>	<b>30,810</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>244,315</b>
<b>Employment insurance premiums .....</b>	<b>22,538</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(413)</b>	<b>22,125</b>
<b>Other revenues</b>									
Enterprise Crown corporations and other government business enterprises .....	–	–	–	–	–	–	5,655	–	5,655
Other .....	2,772	774	442	4,699	2,431	21,482	–	(13,333)	19,267
Net foreign exchange .....	–	2,133	–	–	–	–	–	–	2,133
<b>Total other revenues .....</b>	<b>2,772</b>	<b>2,907</b>	<b>442</b>	<b>4,699</b>	<b>2,431</b>	<b>21,482</b>	<b>5,655</b>	<b>(13,333)</b>	<b>27,055</b>
<b>Total revenues .....</b>	<b>25,310</b>	<b>2,907</b>	<b>442</b>	<b>218,204</b>	<b>33,241</b>	<b>21,482</b>	<b>5,655</b>	<b>(13,746)</b>	<b>293,495</b>
<b>Expenses</b>									
<b>Program expenses</b>									
<b>Transfer payments</b>									
Old age security benefits, guaranteed income supplement and spouse's allowance .....	48,162	–	–	–	–	–	–	–	48,162
Major transfer payments to other levels of government .....	–	66,550	–	–	–	2,102	–	–	68,652
Employment insurance .....	20,711	–	–	–	–	–	–	–	20,711
Children's benefits .....	1,966	–	–	20,099	–	–	–	–	22,065
Other transfer payments .....	8,489	495	153	3,540	894	28,240	–	(231)	41,580
<b>Total transfer payments .....</b>	<b>79,328</b>	<b>67,045</b>	<b>153</b>	<b>23,639</b>	<b>894</b>	<b>30,342</b>	<b>–</b>	<b>(231)</b>	<b>201,170</b>
<b>Other expenses<sup>2</sup> .....</b>	<b>4,618</b>	<b>502</b>	<b>27,187</b>	<b>7,460</b>	<b>10,807</b>	<b>52,988</b>	<b>–</b>	<b>(13,512)</b>	<b>90,050</b>
<b>Total program expenses<sup>2</sup> .....</b>	<b>83,946</b>	<b>67,547</b>	<b>27,340</b>	<b>31,099</b>	<b>11,701</b>	<b>83,330</b>	<b>–</b>	<b>(13,743)</b>	<b>291,220</b>
<b>Public debt charges<sup>2</sup> .....</b>	<b>–</b>	<b>20,954</b>	<b>84</b>	<b>–</b>	<b>1</b>	<b>196</b>	<b>–</b>	<b>(3)</b>	<b>21,232</b>
<b>Total expenses<sup>2</sup> .....</b>	<b>83,946</b>	<b>88,501</b>	<b>27,424</b>	<b>31,099</b>	<b>11,702</b>	<b>83,526</b>	<b>–</b>	<b>(13,746)</b>	<b>312,452</b>

Details providing total expenses by segment and type can be found in Section 3 (unaudited) of this volume.

<sup>1</sup> Represents consolidation adjustments to eliminate internal transactions.<sup>2</sup> Details on the restatement are provided in Note 2a of this section.

**20. Subsequent event**

On August 31, 2018, the Government of Canada purchased the Trans Mountain Pipeline System and Expansion Project from Kinder Morgan Cochin ULC, including the related pipeline and terminal assets for \$4.5 billion. The business was acquired through an enterprise Crown corporation. This transaction will be reflected in the 2019 financial statements through loans, investments and advances on the Government of Canada's Consolidated Statement of Financial Position.

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# Section 3

*Public Accounts of Canada*  
*2017–2018*

## **Revenues, expenses and accumulated deficit for the year ended March 31**

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## Revenues, expenses and accumulated deficit

**Table 3.1**  
**Revenues, expenses and accumulated deficit**

(in millions of dollars)

	2018	2017
		Restated <sup>1</sup>
<b>Revenues</b>		
Tax revenues, Table 3.2.....	263,088	244,315
Employment insurance premiums.....	21,140	22,125
Other revenues, Table 3.4.....	29,378	27,055
<b>Total revenues</b> .....	<b>313,606</b>	<b>293,495</b>
<b>Expenses</b>		
Transfer payments.....	211,448	201,170
Other expenses <sup>1</sup> .....	99,230	90,050
<b>Total program expenses</b> .....	<b>310,678</b>	<b>291,220</b>
Public debt charges <sup>1</sup> , Table 3.8.....	21,889	21,232
<b>Total expenses, Table 3.6</b> .....	<b>332,567</b>	<b>312,452</b>
<b>Annual deficit</b> .....	<b>(18,961)</b>	<b>(18,957)</b>
<b>Accumulated deficit at beginning of year</b> .....	<b>(651,540)</b>	<b>(634,440)</b>
<b>Other comprehensive (loss) income</b> .....	<b>(753)</b>	<b>1,857</b>
<b>Accumulated deficit at end of year</b> .....	<b>(671,254)</b>	<b>(651,540)</b>

<sup>1</sup> Details on the restatement are provided in Note 2 in Section 2 of this volume.

## Revenues

Revenues consist of all tax and other amounts which enter into the calculation of the annual surplus or deficit of the Government.

**Tax revenues****Table 3.2****Tax revenues**

(in millions of dollars)

	2018	2017
<b>Tax revenues</b>		
Income tax revenues		
Personal .....	153,619	143,680
Corporate .....	47,805	42,216
Non-resident .....	7,845	7,071
<b>Total income tax revenues</b> .....	<b>209,269</b>	<b>192,967</b>
Other taxes and duties		
Goods and services tax, Table 3.3 .....	36,751	34,368
Energy taxes		
Excise tax—Gasoline .....	4,501	4,496
Excise tax—Aviation gasoline and diesel fuel.....	1,238	1,138
<b>Total energy taxes</b> .....	<b>5,739</b>	<b>5,634</b>
Customs import duties .....	5,416	5,478
Other excise taxes and duties		
Excise duties .....	4,857	4,873
Air travellers security charge.....	823	768
Other miscellaneous excise taxes and duties.....	233	227
<b>Total other excise taxes and duties</b> .....	<b>5,913</b>	<b>5,868</b>
<b>Total other taxes and duties</b> .....	<b>53,819</b>	<b>51,348</b>
<b>Total tax revenues</b> <sup>1</sup> .....	<b>263,088</b>	<b>244,315</b>

<sup>1</sup> Additional details are provided in Table 4a in Section 1 of Volume II of the Public Accounts of Canada.

*Personal income tax*

Personal income tax is levied on personal income under the provisions of the *Income Tax Act*.

*Corporate income tax*

Corporate income tax is levied on corporate income under the provisions of the *Income Tax Act*.

*Non-resident income tax*

Non-resident income tax is levied on income earned in Canada by non-residents under the provisions of the *Income Tax Act*. This tax is derived from tax withheld from dividends, interest, rents, royalties, alimony, and income from estates and trusts paid to non-residents.

Non-resident income tax revenues also include withholding taxes on income earned in Canada by non-resident life insurance companies and income from trusts.

## Other taxes and duties

Other taxes and duties are collected under the *Excise Act*, the *Excise Act, 2001*, the *Excise Tax Act*, *Customs Tariff (Act)* and other acts. They include the goods and services tax, energy taxes, customs import duties, as well as other excise taxes and duties.

### *Goods and services tax*

The goods and services tax (GST) became effective January 1, 1991. It is applied at a rate of 5% on most goods and services consumed in Canada, with only a limited set of exclusions that consists of certain medical devices, prescription drugs, basic groceries, residential rents as well as most health and dental care services.

**Table 3.3**  
**Goods and services tax (GST)**

(in millions of dollars)

	2018	2017
GST .....	43,687	40,937
Less: remission order for the GST paid and accrued by ministries on or for goods and services purchased from outside parties .....	2,357	2,104
Gross GST from outside parties .....	41,330	38,833
Less: quarterly tax credits .....	4,579	4,465
Net GST from outside parties.....	36,751	34,368

### *Energy taxes*

Energy taxes primarily include the excise tax on gasoline, aviation gas and diesel fuel.

### *Customs import duties*

Revenues from customs import duties consist mainly of ad valorem taxes on the importation of goods levied under the *Customs Tariff (Act)*.

### *Other excise taxes and duties*

Excise taxes and duties are levied on alcoholic beverages and tobacco products. In addition, excise taxes are imposed on other items such as passenger vehicle air conditioners. The Air Travellers Security Charge is collected by air carriers at the time of payment for the air travel by the purchaser of an air transportation service.

## Employment insurance premiums

Premiums from employees and employers are levied under the provisions of the *Employment Insurance Act* and are classified as part of revenues. Additional details on employment insurance premiums are provided in Section 4 of this volume.



**Other revenues****Table 3.4**  
**Other revenues**

(in millions of dollars)

	2018	2017
<b>Other revenues</b>		
Enterprise Crown corporations and other government business enterprises		
Share of annual profit .....	6,959	4,920
Interest and other .....	772	735
<i>Total enterprise Crown corporations and other government business enterprises</i> .....	<i>7,731</i>	<i>5,655</i>
Other programs		
Return on investments, Table 3.5 .....	1,316	1,163
Sales of goods and services		
Rights and privileges .....	2,824	2,748
Lease and use of public property .....	746	725
Services of a regulatory nature .....	1,622	1,221
Services of a non-regulatory nature .....	4,515	4,179
Sales of goods and information products .....	3,697	3,874
Other fees and charges .....	847	449
<i>Total sales of goods and services</i> .....	<i>14,251</i>	<i>13,196</i>
Miscellaneous		
Interest and penalties .....	4,352	4,116
Other .....	255	792
<i>Total other programs</i> .....	<i>20,174</i>	<i>19,267</i>
Net foreign exchange		
Exchange Fund Account .....	1,713	1,997
International Monetary Fund .....	(212)	121
Other .....	(28)	15
<i>Total</i> .....	<i>1,473</i>	<i>2,133</i>
<b>Total other revenues<sup>1</sup></b> .....	<b>29,378</b>	<b>27,055</b>

<sup>1</sup> Additional details are provided in Table 4a in Section 1 of Volume II of the Public Accounts of Canada.**Enterprise Crown corporations and other government business enterprises**

Revenues include interest earned on loans to enterprise Crown corporations and other government business enterprises as well as the government's share of the accumulated profits or losses of enterprise Crown corporations and other government business enterprises.

**Other programs**

Other program revenues include sales of goods and services, return on investments, and miscellaneous revenues. Details are reported by individual ministry in Volume II of the Public Accounts of Canada.

**Net foreign exchange**

Net foreign exchange revenues include the revenues from investments held in the Exchange Fund Account and the International Monetary Fund, as well as the net gains or losses resulting from the translation of these investments to Canadian dollars as at March 31. Net foreign exchange revenues also include the net gains or losses resulting from foreign debt and currency swap revaluations.

**Return on investments****Table 3.5**  
**Return on investments<sup>1</sup>**

(in millions of dollars)

	2018	2017
Cash and accounts receivable		
Interest on bank deposits .....	418	231
Loans, investments and advances		
National governments including developing countries .....	11	11
International organizations .....	6	4
Other loans, investments and advances.....	908	795
Total loans, investments and advances .....	925	810
Total ministerial return on investments .....	1,343	1,041
Net gain on exchange .....	(61)	104
Accrual of other revenues .....	38	27
Total return on investments.....	1,320	1,172
Elimination of return on investments internal to the Government .....	(4)	(9)
Total external return on investments .....	1,316	1,163

<sup>1</sup> Additional details are provided in Table 4a in Section 1 of Volume II and in Section 10 of Volume III of the Public Accounts of Canada.

## Expenses

Expenses consist of all charges which enter into the calculation of the annual deficit or surplus of the Government.

### Accounting for expenses

The Government reports all expenses on an accrual basis.

Expenses for Government operations are recorded when goods are received or services are rendered. Transfer payments are recorded as expenses in the year the transfer is authorized and all eligibility criteria have been met by the recipient. Public debt charges are recorded when incurred. They include interest, servicing costs, costs of issuing new borrowings, amortization of premiums and discounts on market debt, as well as interest on public sector pensions and other employee and veteran future benefits.

**Table 3.6**  
**External expenses by segment and by type**

(in millions of dollars)

	Major transfer payments <sup>1</sup>		Other transfer payments	
	2018	2017	2018	2017
<b>Ministries</b>				
Agriculture and Agri-Food .....	–	–	1,258	1,567
Canadian Heritage .....	–	–	1,278	1,204
Environment and Climate Change .....	–	–	222	170
Families, Children and Social Development .....	70,372	70,839	9,088	8,489
Finance <sup>3</sup> .....	68,447	66,550	411	495
Fisheries, Oceans and the Canadian Coast Guard .....	–	–	127	99
Global Affairs .....	–	–	4,300	4,183
Health <sup>2</sup> .....	–	–	1,631	1,589
Immigration, Refugees and Citizenship .....	–	–	1,296	1,177
Indigenous and Northern Affairs <sup>2</sup> .....	–	–	6,483	3,262
Indigenous Services <sup>2</sup> .....	–	–	8,778	7,852
Infrastructure and Communities .....	2,072	2,102	1,536	1,014
Innovation, Science and Economic Development .....	–	–	4,768	4,702
Justice .....	–	–	381	366
National Defence <sup>3</sup> .....	–	–	155	153
National Revenue .....	23,419	20,099	3,622	3,540
Natural Resources .....	–	–	909	704
Office of the Governor General's Secretary .....	–	–	–	–
Parliament .....	–	–	2	1
Privy Council .....	–	–	2	1
Public Safety and Emergency Preparedness .....	–	–	918	894
Public Services and Procurement .....	–	–	(1)	–
Transport .....	–	–	213	311
Treasury Board .....	–	–	1	1
Veterans Affairs .....	–	–	24	24
Provision for valuation and other items <sup>3</sup> .....	–	–	(264)	(218)
<b>Total expenses<sup>4</sup> .....</b>	<b>164,310</b>	<b>159,590</b>	<b>47,138</b>	<b>41,580</b>

<sup>1</sup> Includes transfer payments of \$50,644 million (\$48,162 million in 2017) for old age security benefits, the guaranteed income supplement and the spouse's allowance; \$70,519 million (\$68,652 million in 2017) to other levels of government; \$19,715 million (\$20,711 million in 2017) for employment insurance and \$23,432 million (\$22,065 million in 2017) for children's benefits. Additional information is provided in Table 3.7 of this section.

<sup>2</sup> Comparative figures have been reclassified to conform to the current year's presentation.

<sup>3</sup> Comparative figures have been restated. Details on the restatement are provided in Note 2 in Section 2 of this volume.

<sup>4</sup> Additional information is provided in Table 2a in Section 1 of Volume II of the Public Accounts of Canada.

<sup>5</sup> Additional information is provided in Table 3.8 of this section.

Expenses include provisions to reflect changes in the value of assets or liabilities, including provisions for bad debts, for loans, investments and advances, as well as for inventory obsolescence. Expenses also include amortization of tangible capital assets, utilization of inventories, as well as prepaid expenses and other.

Organizations within the Government's reporting entity transact with each other on a day-to-day basis and thus contribute to the revenues and expenses recorded in the accounts. In preparing the consolidated financial statements, these "internal transactions" are eliminated so as to report on the basis of transactions with outside parties only.

Table 3.6 presents a comparative summary of external expenses by type. The table also discloses the external expenses by segment.

Total transfer payments		Other expenses		Public debt charges <sup>5</sup>		Total expenses	
2018	2017	2018	2017	2018	2017	2018	2017
			Restated <sup>3</sup>		Restated <sup>3</sup>		Restated <sup>3</sup>
1,258	1,567	1,167	1,436	–	–	2,425	3,003
1,278	1,204	3,199	2,884	3	–	4,480	4,088
222	170	1,807	1,632	1	1	2,030	1,803
79,460	79,328	3,232	2,863	–	–	82,692	82,191
68,858	67,045	527	499	21,623	20,956	91,008	88,500
127	99	1,954	1,935	–	–	2,081	2,034
4,300	4,183	4,540	4,557	–	–	8,840	8,740
1,631	1,589	2,223	2,088	–	–	3,854	3,677
1,296	1,177	1,338	1,127	–	–	2,634	2,304
6,483	3,262	3,226	2,793	–	–	9,709	6,055
8,778	7,852	1,868	1,599	–	–	10,646	9,451
3,608	3,116	540	512	–	–	4,148	3,628
4,768	4,702	2,623	2,687	–	–	7,391	7,389
381	366	1,352	1,285	–	–	1,733	1,651
155	153	32,077	26,854	79	84	32,311	27,091
27,041	23,639	7,798	7,165	–	–	34,839	30,804
909	704	1,649	1,305	1	2	2,559	2,011
–	–	24	22	–	–	24	22
2	1	723	627	–	–	725	628
2	1	380	307	–	–	382	308
918	894	11,318	10,574	1	1	12,237	11,469
(1)	–	5,003	4,269	139	146	5,141	4,415
213	311	2,715	1,922	42	42	2,970	2,275
1	1	3,881	3,139	–	–	3,882	3,140
24	24	960	929	–	–	984	953
(264)	(218)	3,106	5,040	–	–	2,842	4,822
211,448	201,170	99,230	90,050	21,889	21,232	332,567	312,452

## **Expenses by segment**

The Government's segmented information is based on the ministerial portfolio structure. It groups the activities of departments, agencies and Crown corporations and other entities for which a Minister is responsible, as described in Note 1 to the consolidated financial statements in Section 2 of this volume.

## **Government's cost of operations**

Government's cost of operations consists of three major types: transfer payments, other expenses, and public debt charges.

### **Transfer payments**

The major transfer payments include payments to persons and payments to provinces and territories.

Payments to persons include payments for income support or income supplement. Assistance is based on age, family status, income, and employment criteria.

Payments to provinces and territories are made under the following major programs:

- The fiscal arrangements allow for unconditional fiscal transfer payments to lower income provinces including subsidies under the Constitution Acts; and
- The Canada Health Transfer and the Canada Social Transfer allow for the provision of the federal share in support of social programs administered by the provinces.

The other transfer payments include various subsidies paid through federal programs to stabilize market prices for commodities, to develop new technologies, to conduct research, to establish new jobs through support for training and to promote educational and cultural activities. Expenses of other consolidated entities and other miscellaneous payments are also included.

### **Other expenses**

This category covers the costs associated with programs directly delivered by the federal government such as national defence, food inspection, the Coast Guard, the federal court system, the operation of health facilities for natives and veterans, and the national parks system. It also includes the expenses of consolidated Crown corporations and other entities incurred with third parties.

**Table 3.7**  
**Major transfer payments by province and territory**

(in millions of dollars)

	Fiscal year	Old Age Security benefits <sup>1</sup>	Employment Insurance	Fiscal arrangements	Quebec Abatement <sup>2</sup>	Canada Health Transfer	Canada Social Transfer	Other major transfers <sup>3</sup>	Children's benefits	Total
Newfoundland and Labrador..	2018	1,025	1,227	14	–	536	199	31	–	3,032
	2017	979	1,173	10	–	529	196	32	–	2,919
Prince Edward Island .....	2018	251	266	392	–	155	57	–	–	1,121
	2017	240	258	381	–	148	55	16	–	1,098
Nova Scotia .....	2018	1,638	909	1,825	–	965	357	56	–	5,750
	2017	1,571	906	1,768	–	946	350	56	–	5,597
New Brunswick .....	2018	1,405	1,003	1,768	–	770	285	46	–	5,277
	2017	1,345	1,009	1,710	–	753	279	46	–	5,142
Quebec.....	2018	14,024	3,876	11,155	(4,739)	8,487	3,144	481	–	36,428
	2017	13,365	4,078	10,036	(4,451)	8,279	3,062	487	–	34,856
Ontario.....	2018	19,113	6,057	1,548	–	14,364	5,316	782	–	47,180
	2017	18,128	6,105	2,313	–	13,913	5,145	796	–	46,400
Manitoba.....	2018	1,712	658	1,834	–	1,354	501	69	–	6,128
	2017	1,640	652	1,738	–	1,313	485	70	–	5,898
Saskatchewan.....	2018	1,465	685	12	–	1,176	435	59	–	3,832
	2017	1,406	686	2	–	1,139	423	60	–	3,716
Alberta.....	2018	4,226	2,675	40	–	4,325	1,601	219	–	13,086
	2017	3,983	3,399	5	–	4,187	1,558	222	–	13,354
British Columbia.....	2018	7,108	2,261	43	–	4,868	1,807	266	–	16,353
	2017	6,722	2,346	4	–	4,732	1,751	269	–	15,824
Total provinces .....	2018	51,967	19,617	18,631	(4,739)	37,000	13,702	2,009	–	138,187
	2017	49,379	20,612	17,967	(4,451)	35,939	13,304	2,054	–	134,804
Northwest Territories .....	2018	94	33	1,233	–	45	17	63	–	1,485
	2017	29	36	1,220	–	45	16	16	–	1,362
Nunavut .....	2018	10	27	1,530	–	39	14	–	–	1,620
	2017	10	24	1,489	–	36	14	16	–	1,589
Yukon Territory .....	2018	31	31	920	–	40	15	–	–	1,037
	2017	29	31	894	–	37	14	16	–	1,021
International.....	2018	273	7	–	–	–	–	–	–	280
	2017	238	8	–	–	–	–	–	–	246
Total expenses for provinces and territories ...	2018	52,375	19,715	22,314	(4,739)	37,124	13,748	2,072	–	142,609
	2017	49,685	20,711	21,570	(4,451)	36,057	13,348	2,102	–	139,022
Accrual and other adjustments .....	2018	(1,731)	–	–	–	–	–	–	–	(1,731)
	2017	(1,523)	–	26	–	–	–	–	–	(1,497)
Subtotal.....	2018	50,644	19,715	22,314	(4,739)	37,124	13,748	2,072	–	140,878
	2017	48,162	20,711	21,596	(4,451)	36,057	13,348	2,102	–	137,525
Transfers made through the tax system.....	2018	–	–	–	–	–	–	–	23,432	23,432
	2017	–	–	–	–	–	–	–	22,065	22,065
Total major transfer payments .....	2018	50,644	19,715	22,314	(4,739)	37,124	13,748	2,072	23,432	164,310
	2017	48,162	20,711	21,596	(4,451)	36,057	13,348	2,102	22,065	159,590

<sup>1</sup> Includes the guaranteed income supplement and the spouse's allowance.

<sup>2</sup> The Quebec Abatement is comprised of federal tax abated under the Alternative Payments for Standing Programs and the Youth Allowance Program of that province.

<sup>3</sup> Includes the contributions under the federal Gas Tax Fund program of \$2,072 million (\$2,102 million in 2017).

**Public debt charges**

Public debt charges include the interest on unmatured debt and on pensions, other future benefits and other liabilities, the amortization of premiums and discounts on unmatured debt, and the servicing costs and the costs of issuing new borrowings.

Table 3.8 discloses the reconciling items between the total public debt charges, as reported in the ministerial section of the Department of Finance in Section 6 of Volume II of the Public Accounts of Canada, and the total expenses of the public debt indicated in Table 3.6 of this volume. The reconciling items include the interest expenses on capital leases as well as accrual and other adjustments.

**Table 3.8**  
**Public debt charges<sup>1</sup>**

(in millions of dollars)

	2018	2017
		Restated <sup>2</sup>
Unmatured debt		
Interest on:		
Marketable bonds .....	12,440	12,460
Retail debt .....	27	45
Medium-term notes.....	32	22
	<u>12,499</u>	<u>12,527</u>
Amortization of discounts on Canada and Treasury bills		
Treasury bills.....	994	737
Canada bills .....	35	28
	<u>1,029</u>	<u>765</u>
Amortization of premiums and discounts on all other debts		
Marketable bonds .....	119	203
Foreign bonds .....	7	6
Real return bonds.....	(126)	(136)
Consumer price index adjustments on real return bonds .....	970	1,098
	<u>970</u>	<u>1,171</u>
Cross-currency swap revaluation .....	(282)	(335)
Servicing costs and costs of issuing new borrowings.....	13	10
Capital lease obligations.....	185	200
Obligation under public-private partnerships.....	81	82
Total public debt charges related to unmatured debt .....	<u>14,495</u>	<u>14,420</u>
Pensions and other future benefits		
Interest on:		
Public sector pensions—Superannuation accounts.....	6,347	6,817
Allowance for pension adjustments .....	(2,169)	26
Consolidated Crown corporations and other entities pensions.....	(156)	(144)
	<u>4,022</u>	<u>6,699</u>
Other employee and veteran future benefits		
Public Service Health Care Plan and Pensioners' Dental Service Plan.....	826	801
Severance and other benefits .....	53	(2,805)
Accumulated sick leave entitlements.....	42	40
Worker's compensation .....	36	32
Veterans' disability and other future benefits.....	1,869	1,587
Royal Canadian Mounted Police disability and other future benefits.....	281	242
Consolidated Crown corporations and other entities.....	9	9
	<u>3,116</u>	<u>(94)</u>
Total public debt charges related to pensions and other future benefits .....	<u>7,138</u>	<u>6,605</u>
Other liabilities		
Canada Pension Plan .....	3	1
Government Annuities Account .....	8	8
Deposit and trust accounts .....	16	16
Other specified purpose accounts .....	159	165
Other liabilities.....	70	17
Total public debt charges related to other liabilities .....	<u>256</u>	<u>207</u>
Consolidated specified purpose accounts		
Interest .....	6	3
Total public debt charges related to consolidated specified purpose accounts .....	<u>6</u>	<u>3</u>
Total public debt charges before consolidation adjustments.....	<u>21,895</u>	<u>21,235</u>
Less: consolidation adjustments.....	6	3
Total public debt charges <sup>1 3</sup> .....	<u>21,889</u>	<u>21,232</u>

**Table 3.8**  
**Public debt charges<sup>1</sup>—concluded**

(in millions of dollars)

	2018	2017
		Restated <sup>2</sup>
Comprised of:		
Total public debt charges under statutory authorities before accrual and other adjustments and consolidation adjustments .....	20,838	21,165
Accrual and other adjustments .....	1,057	70
Consolidation adjustments .....	(6)	(3)
<b>Total public debt charges .....</b>	<b>21,889</b>	<b>21,232</b>

<sup>1</sup> A summary is provided in Table 2a in Section 1 of Volume II of the Public Accounts of Canada.

<sup>2</sup> Certain comparative figures have been restated. Details on the restatement are provided in Note 2 in Section 2 of this volume.

<sup>3</sup> Additional details are provided in Section 7 of Volume III of the Public Accounts of Canada.

## Expenses by object

Table 3.9 reconciles the total net expenditures by object initially recorded by departments under the partial accrual method of accounting to the total expenses which is based on the full accrual method of accounting. Reconciliation items represent the effect of consolidation and full accrual accounting.

**Table 3.9**  
**Total expenses by object<sup>1</sup>**

(in millions of dollars)

	Total net expenditures	Reconciliation	Total expenses
Transfer payments .....	163,690	47,758	211,448
Other expenses			
Personnel .....	45,263	15,031	60,294
Transportation and communications .....	2,838	(38)	2,800
Information .....	326	(27)	299
Professional and special services .....	12,951	(2,547)	10,404
Rentals .....	3,183	(885)	2,298
Repair and maintenance .....	3,428	(151)	3,277
Utilities, materials and supplies .....	2,960	268	3,228
Acquisition of land, buildings and works .....	2,798	(2,798)	–
Acquisition of machinery and equipment .....	4,905	(4,905)	–
Other subsidies and expenses .....	10,315	943	11,258
Amortization of tangible capital assets .....	–	5,261	5,261
Net loss on disposal of assets .....	–	111	111
<b>Total other expenses .....</b>	<b>88,967</b>	<b>10,263</b>	<b>99,230</b>
<b>Public debt charges .....</b>	<b>20,850</b>	<b>1,039</b>	<b>21,889</b>
<b>Total gross expenses .....</b>	<b>273,507</b>	<b>59,060</b>	<b>332,567</b>
Revenues netted against expenditures .....	(12,103)	12,103	–
<b>Total expenses .....</b>	<b>261,404</b>	<b>71,163</b>	<b>332,567</b>

<sup>1</sup> Additional details are provided in Table 3a in Section 1 of Volume II of the Public Accounts of Canada.



## Expenditures under statutory authorities

Spending authorities provided by statutory authorities are for specified purposes and for such amounts and such time periods as the acts prescribe. These spending authorities do not generally lapse at the end of the year during which they were granted. Expenditures under such authorities account for approximately half of the total program expenses each year.

**Table 3.10**  
**Expenditures under statutory authorities**

(in millions of dollars)

	2018	2017
Old Age Security payments ( <i>Old Age Security Act</i> ) .....	38,410	36,749
Canada Health Transfer (Part V.1— <i>Federal-Provincial Fiscal Arrangements Act</i> ) .....	37,124	36,058
Public debt charges .....	20,838	21,166
Fiscal Equalization (Part I— <i>Federal-Provincial Fiscal Arrangements Act</i> ) .....	18,254	17,880
Canada Social Transfer (Part V.1— <i>Federal-Provincial Fiscal Arrangements Act</i> ) .....	13,748	13,348
Guaranteed Income Supplement payments ( <i>Old Age Security Act</i> ) .....	11,658	10,922
Territorial Financing (Part I.1— <i>Federal-Provincial Fiscal Arrangements Act</i> ) .....	3,682	3,603
Gas Tax Fund .....	2,100	2,100
Canada Student Grants to qualifying full and part-time students pursuant to the <i>Canada Student Financial Assistance Act</i> .....	1,323	975
Canada Education Savings Grant payments to Registered Education Savings Plan (RESP) trustees on behalf of RESP beneficiaries to encourage Canadians to save for post-secondary education for their children .....	899	859
Payments related to the direct financing arrangement under the <i>Canada Student Financial Assistance Act</i> .....	798	662
Contribution payments for the AgriInsurance program .....	652	702
Judges' salaries, allowances and annuities, annuities to spouses and children of judges and lump sum payments to spouses of judges who die while in office .....	556	535
Allowance payments ( <i>Old Age Security Act</i> ) .....	545	530
Payments to International Development Association .....	442	442
Payments to the Newfoundland Offshore Petroleum Resource Revenues Fund .....	247	455
Universal Child Care Benefit ( <i>Universal Child Care Benefit Act</i> ) .....	12	1,976
Youth Allowances Recovery ( <i>Federal-Provincial Fiscal Revision Act, 1964</i> ) .....	(857)	(805)
Alternative Payments for Standing Programs (Part VI— <i>Federal-Provincial Fiscal Arrangements Act</i> ) .....	(3,883)	(3,646)
Total .....	146,548	144,511
Superannuation, supplementary retirement benefits, death benefits and other pensions <sup>1</sup>		
Public Service		
Government's contributions to the Public Service Pension Plan and the Retirement Compensation Arrangements Account .....	2,589	2,518
Government's contributions to the Canada and the Quebec pension plans .....	735	701
Government's contribution to the Employment Insurance Operating Account .....	290	308
Government's contributions to the Death Benefit Account .....	15	14
Total .....	3,629	3,541
Canadian Forces		
Government's contribution to the Canadian Forces Pension Plan and the Retirement Compensation Arrangements Account .....	2,870	947
Government's contribution to the Canada and the Quebec pension plans .....	201	186
Government's contribution as employer to the Employment Insurance Operating Account .....	77	80
Statutory payments under the <i>Supplementary Retirement Benefits Act</i> .....	1	2
Government's contribution to the Death Benefit Account .....	3	3
Total .....	3,152	1,218

**Table 3.10**  
**Expenditures under statutory authorities—concluded**

(in millions of dollars)

	2018	2017
Royal Canadian Mounted Police		
Government's contribution to the Royal Canadian Mounted Police Pension Plan and the Retirement Compensation Arrangements Account .....	276	491
Government's contribution to the Canada and the Quebec pension plans .....	60	58
Government's contribution as employer to the Employment Insurance Operating Account .....	25	25
Statutory payments under the <i>Supplementary Retirement Benefits Act</i> .....	6	7
Total .....	367	581
Shared Services Canada		
Government's contribution to the Canada and the Quebec pension plans .....	3	3
Government's contribution to the Employment Insurance Operation Account, the Royal Canadian Mounted Police Pension Plan and the Retirement Compensation Arrangements Account .....	1	1
Total .....	4	4
All other statutory expenditures <sup>2</sup> .....	4,015	3,351
Total ministerial expenditures under statutory authorities <sup>3</sup> .....	157,715	153,206

<sup>1</sup> Details related to other pension accounts, such as the Members of Parliament Retiring Allowances Account, are not included.

<sup>2</sup> Comparative figures have been reclassified to conform to the current year's presentation.

<sup>3</sup> Additional information on the ministerial expenditures under statutory authorities are provided in Table 7 in Section 1 of Volume II of the Public Accounts of Canada.

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# Section 4

## *Public Accounts of Canada 2017–2018*

### **Consolidated accounts as at March 31**

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## Consolidated Crown corporations and other entities

This section provides all related information on consolidated Crown corporations and other entities. Consolidated entities rely on Government funding as their principal source of revenue and are controlled by the Government.

Consolidation involves the combination of the accounts of these corporations and other entities on a line-by-line and uniform basis of accounting and elimination of inter-organizational balances and transactions. Consequently, the corporations and other entities' accounts must be adjusted to the Government's basis of accounting. All corporations and other entities follow either Canadian Public Sector Accounting Standards or International Financial Reporting Standards. The financial information reported by all of the consolidated Crown corporations and other entities in the following summary tables have been prepared and reported based upon Canadian Public Sector Accounting Standards.

Consolidated Crown corporations are also categorized as being either agents or non-agents of the Crown. Agency status may be expressly stated in the incorporating legislation or conferred under the provisions of the *Government Corporations Operation Act*.

## Summary financial statements of consolidated Crown corporations and other entities

These tables present financial information on consolidated parent Crown corporations and other entities, as well as financial information on wholly-owned subsidiaries that are considered "deemed parent Crown corporations" and thus consolidated directly in the consolidated financial statements of the Government and excluded from the consolidated financial statements of their parent Crown corporations. The annual *Inventory of Federal Organizations and Interests* includes a complete list of federal organizations and interests.

For those corporations and other entities having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Table 4.1 and Table 4.2 present summarized financial information of the consolidated Crown corporations and other entities. Balances reported under Government, Crown corporations and other entities represent those between related parties. Of note, borrowings from third parties represent long-term debts payable of the corporations and other entities. Revenues are broken down to identify revenues arising from normal operations and financial assistance from the Government in respect of the current year's operations. Equity adjustments include prior period adjustments and other miscellaneous items recorded by the corporations and other entities. Remeasurement gains and losses comprise certain unrealized gains and losses on financial instruments excluded from the annual surplus (deficit). Upon realization, these gains and losses are included in the annual surplus (deficit). Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as capital transactions with the Government. The line "Conversion to the Government accounting basis for consolidation purposes" represents the adjustments required to bring the corporations and other entities' accounting policies in line with those of the Government.

**Table 4.1**  
**Financial position of consolidated Crown corporations and other entities**  
**Assets, liabilities and equity as at March 31, 2018**

(in thousands of dollars)

Consolidated Crown corporations and other entities	Assets			Total assets
	Financial		Non-financial	
	Third parties	Government, Crown corporations and other entities		
<b>Crown corporations<sup>1</sup></b>				
Atomic Energy of Canada Limited .....	144,532	114,129	838,917	1,097,578
Canada Council for the Arts .....	431,244	501	28,713	460,458
Canada Development Investment Corporation				
PPP Canada Inc <sup>2</sup> .....	–	–	–	–
Canada Infrastructure Bank .....	9,888	–	18	9,906
Canadian Air Transport Security Authority .....	103,340	131,933	444,637	679,910
Canadian Broadcasting Corporation .....	1,760,772	154,173	1,053,085	2,968,030
Canadian Commercial Corporation .....	1,254,896	982	5,879,312	7,135,190
Canadian Dairy Commission .....	7,824	–	149,983	157,807
Canadian Museum for Human Rights .....	13,978	255	303,688	317,921
Canadian Museum of History .....	71,783	11,514	240,126	323,423
Canadian Museum of Immigration at Pier 21 .....	12,482	257	15,592	28,331
Canadian Museum of Nature .....	20,889	79	184,712	205,680
Canadian Race Relations Foundation .....	27,050	2,526	44	29,620
Canadian Tourism Commission .....	42,713	4,253	3,934	50,900
Defence Construction (1951) Limited .....	24,993	22,196	4,111	51,300
International Development Research Centre .....	79,687	676	9,030	89,393
Marine Atlantic Inc. ....	153,106	21,100	449,571	623,777
National Arts Centre Corporation .....	97,150	2,126	186,370	285,646
National Capital Commission .....	159,996	5,298	644,415	809,709
National Gallery of Canada .....	17,513	957	84,194	102,664
National Museum of Science and Technology .....	127,568	3,753	185,367	316,688
Standards Council of Canada .....	4,232	1,210	4,207	9,649
Telefilm Canada .....	7,044	66,503	7,557	81,104
The Federal Bridge Corporation Limited .....	39,421	–	400,278	439,699
The Jacques Cartier and Champlain Bridges Inc. ....	64,683	7,805	581,903	654,391
VIA Rail Canada Inc. ....	408,864	31,198	945,150	1,385,212
Windsor-Detroit Bridge Authority .....	213,464	8,364	405,549	627,377
<b>Total—Crown corporations .....</b>	<b>5,299,112</b>	<b>591,788</b>	<b>13,050,463</b>	<b>18,941,363</b>
Conversion to the Government accounting basis for consolidation purposes .....	(225,732)	–	(84,172)	(309,904)
<b>Net Crown corporations on the Government accounting basis .....</b>	<b>5,073,380</b>	<b>591,788</b>	<b>12,966,291</b>	<b>18,631,459</b>
<b>Other entities<sup>3</sup></b>				
Canada Foundation for Innovation .....	230,309	60,732	2,499	293,540
Canada Foundation for Sustainable Development Technology .....	59,067	–	1,503	60,570
First Nations Market Housing Fund .....	317,294	40,107	176	357,577
St. Lawrence Seaway Management Corporation .....	175,822	21,969	16,786	214,577
Capital Fund Trust .....	2,259	14,802	–	17,061
Employee Termination Benefits Trust Fund .....	1,281	88	–	1,369
<b>Total—Other entities .....</b>	<b>786,032</b>	<b>137,698</b>	<b>20,964</b>	<b>944,694</b>
Conversion to the Government accounting basis for consolidation purposes .....	–	(238)	–	(238)
<b>Net other entities on the Government accounting basis .....</b>	<b>786,032</b>	<b>137,460</b>	<b>20,964</b>	<b>944,456</b>
<b>Total .....</b>	<b>5,859,412</b>	<b>729,248</b>	<b>12,987,255</b>	<b>19,575,915</b>

<sup>1</sup> All Crown corporations listed at the margin in this table are parent Crown corporations.

<sup>2</sup> PPP Canada Inc. was dissolved on March 31, 2018, as part of Bill C-44. The operation of PPP Canada Inc. has been transferred to both Infrastructure Canada and Department of Finance.

<sup>3</sup> These entities, which are not Crown corporations or agents of the Crown, are considered other consolidated entities.

Liabilities								
Third parties		Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
Borrowings	Other							
–	7,640,379	326,297	7,966,676	(7,008,121)	124,023	15,000	(6,869,098)	1,097,578
–	134,397	1,807	136,204	324,254	–	–	324,254	460,458
–	–	–	–	–	–	–	–	–
–	647	9,217	9,864	42	–	–	42	9,906
–	171,461	1,134	172,595	507,315	–	–	507,315	679,910
316,580	598,590	39	915,209	2,052,821	–	–	2,052,821	2,968,030
–	7,083,968	27,651	7,111,619	13,571	10,000	–	23,571	7,135,190
6,253	55,782	95,772	157,807	–	–	–	–	157,807
–	165,962	142,791	308,753	9,168	–	–	9,168	317,921
–	30,617	226,167	256,784	66,639	–	–	66,639	323,423
–	9,032	15,489	24,521	3,810	–	–	3,810	28,331
–	39,341	170,493	209,834	(4,154)	–	–	(4,154)	205,680
–	136	32	168	29,452	–	–	29,452	29,620
–	14,103	52	14,155	36,745	–	–	36,745	50,900
–	40,772	720	41,492	9,808	–	–	9,808	51,300
–	42,322	23,114	65,436	23,957	–	–	23,957	89,393
–	112,356	2,717	115,073	508,704	–	–	508,704	623,777
–	37,446	253,795	291,241	(5,595)	–	–	(5,595)	285,646
–	160,349	2,460	162,809	646,900	–	–	646,900	809,709
–	8,910	91,396	100,306	2,358	–	–	2,358	102,664
–	21,498	281,973	303,471	13,217	–	–	13,217	316,688
–	5,345	18	5,363	4,286	–	–	4,286	9,649
–	58,878	136	59,014	22,090	–	–	22,090	81,104
70,903	24,337	107,035	202,275	237,424	–	–	237,424	439,699
–	95,062	–	95,062	559,329	–	–	559,329	654,391
–	202,136	903,527	1,105,663	270,249	–	9,300	279,549	1,385,212
–	90,940	–	90,940	536,437	–	–	536,437	627,377
393,736	16,844,766	2,683,832	19,922,334	(1,139,294)	134,023	24,300	(980,971)	18,941,363
–	(12,477)	(2,375,339)	(2,387,816)	2,236,235	(134,023)	(24,300)	2,077,912	(309,904)
393,736	16,832,289	308,493	17,534,518	1,096,941	–	–	1,096,941	18,631,459
–	864	292,676	293,540	–	–	–	–	293,540
–	837	59,733	60,570	–	–	–	–	60,570
–	54,471	303,106	357,577	–	–	–	–	357,577
–	107,522	10,546	118,068	96,509	–	–	96,509	214,577
–	2	17,059	17,061	–	–	–	–	17,061
–	2	1,367	1,369	–	–	–	–	1,369
–	163,698	684,487	848,185	96,509	–	–	96,509	944,694
–	–	(667,171)	(667,171)	666,933	–	–	666,933	(238)
–	163,698	17,316	181,014	763,442	–	–	763,442	944,456
393,736	16,995,987	325,809	17,715,532	1,860,383	–	–	1,860,383	19,575,915



**Table 4.2**  
**Revenues, expenses and other changes in equity of consolidated Crown corporations**  
**and other entities for the year ended March 31, 2018**

(in thousands of dollars)

Consolidated Crown corporations and other entities	Revenues			Total
	Third parties	Government, Crown corporations and other entities		
		Financial assistance	Other	
<b>Crown corporations</b>				
Atomic Energy of Canada Limited .....	89,913	826,295	1,541	917,749
Canada Council for the Arts .....	54,129	258,514	997	313,640
Canada Development Investment Corporation				
PPP Canada Inc .....	87	1,293,553	468	1,294,108
Canada Infrastructure Bank .....	42	2,151	–	2,193
Canadian Air Transport Security Authority .....	15,722	721,899	–	737,621
Canadian Broadcasting Corporation .....	639,636	1,222,083	2,526	1,864,245
Canadian Commercial Corporation .....	2,409,435	–	3,744	2,413,179
Canadian Dairy Commission .....	355,882	3,924	–	359,806
Canadian Museum for Human Rights .....	10,885	28,975	–	39,860
Canadian Museum of History .....	27,409	80,256	1,208	108,873
Canadian Museum of Immigration at Pier 21 .....	3,173	10,059	125	13,357
Canadian Museum of Nature .....	9,581	33,547	112	43,240
Canadian Race Relations Foundation .....	3,300	–	111	3,411
Canadian Tourism Commission .....	27,185	95,476	505	123,166
Defence Construction (1951) Limited .....	728	–	101,631	102,359
International Development Research Centre .....	42,477	139,952	21,074	203,503
Marine Atlantic Inc. ....	112,615	146,758	–	259,373
National Arts Centre Corporation .....	35,477	46,176	1,913	83,566
National Capital Commission .....	36,399	89,630	12,459	138,488
National Gallery of Canada .....	19,433	48,094	301	67,828
National Museum of Science and Technology .....	9,831	33,899	3,349	47,079
Standards Council of Canada .....	9,874	13,828	674	24,376
Telefilm Canada .....	23,771	103,572	144	127,487
The Federal Bridge Corporation Limited .....	42,972	3,866	–	46,838
The Jacques Cartier and Champlain Bridges Inc .....	1,524	170,129	–	171,653
VIA Rail Canada Inc. ....	377,850	361,893	2,548	742,291
Windsor-Detroit Bridge Authority .....	4,601	149,985	66,994	221,580
<b>Total—Crown corporations .....</b>	<b>4,363,931</b>	<b>5,884,514</b>	<b>222,424</b>	<b>10,470,869</b>
Conversion to the Government accounting basis for consolidation purposes .....	4,502	(1,025,936)	–	(1,021,434)
<b>Total on the Government accounting basis .....</b>	<b>4,368,433</b>	<b>4,858,578</b>	<b>222,424</b>	<b>9,449,435</b>
Consolidation adjustments .....	1,020	(4,858,578)	(222,424)	(5,079,982)
<b>Net amount—Crown corporations .....</b>	<b>4,369,453</b>	<b>–</b>	<b>–</b>	<b>4,369,453</b>
<b>Other entities</b>				
Canada Foundation for Innovation .....	4,542	379,500	1,106	385,148
Canada Foundation for Sustainable Development Technology .....	837	68,219	–	69,056
First Nations Market Housing Fund .....	9,525	–	982	10,507
St. Lawrence Seaway Management Corporation .....	78,755	1,819	67,405	147,979
Capital Fund Trust .....	36	70,000	(843)	69,193
Employee Termination Benefits Trust Fund .....	19	–	–	19
<b>Total—Other entities .....</b>	<b>93,714</b>	<b>519,538</b>	<b>68,650</b>	<b>681,902</b>
Conversion to the Government accounting basis for consolidation purposes .....	(2,041)	(92,949)	(238)	(95,228)
<b>Total on the Government accounting basis .....</b>	<b>91,673</b>	<b>426,589</b>	<b>68,412</b>	<b>586,674</b>
Consolidation adjustments .....	1,850	(426,589)	(68,412)	(493,151)
<b>Net amount—Other entities .....</b>	<b>93,523</b>	<b>–</b>	<b>–</b>	<b>93,523</b>
<b>Total .....</b>	<b>4,462,976</b>	<b>–</b>	<b>–</b>	<b>4,462,976</b>

The accompanying notes to Table 4.1 are an integral part of this table.

Third parties	Expenses		Net income (loss)	Equity beginning of year	Equity adjustments and other	Remeasurement gains (losses)	Equity transactions with the Government		Equity end of year
	Government, Crown corporations and other entities	Total					Dividends	Capital	
778,101	5,189	783,290	134,459	(6,982,214)	–	(998)	–	(20,345)	(6,869,098)
263,291	1,090	264,381	49,259	302,849	–	(27,854)	–	–	324,254
239,186	44,347	283,533	1,010,575	7,401	(1,014,571)	–	(3,405)	–	–
2,151	–	2,151	42	–	–	–	–	–	42
702,893	15,876	718,769	18,852	488,463	–	–	–	–	507,315
1,542,743	1,659	1,544,402	319,843	1,732,978	–	–	–	–	2,052,821
2,414,071	4,451	2,418,522	(5,343)	28,914	–	–	–	–	23,571
360,104	1,745	361,849	(2,043)	–	2,043	–	–	–	–
38,902	652	39,554	306	8,851	–	11	–	–	9,168
93,961	14,081	108,042	831	67,480	22	(1,694)	–	–	66,639
10,056	2,535	12,591	766	3,255	(178)	(33)	–	–	3,810
38,022	3,016	41,038	2,202	(6,356)	–	–	–	–	(4,154)
759	67	826	2,585	29,735	33	(2,901)	–	–	29,452
124,141	1,188	125,329	(2,163)	38,676	–	232	–	–	36,745
105,278	254	105,532	(3,173)	12,598	–	383	–	–	9,808
202,227	3,486	205,713	(2,210)	26,167	–	–	–	–	23,957
237,207	–	237,207	22,166	481,270	–	5,268	–	–	508,704
84,913	2,333	87,246	(3,680)	(1,915)	–	–	–	–	(5,595)
124,385	7,500	131,885	6,603	643,327	(3,030)	–	–	–	646,900
61,738	8,669	70,407	(2,579)	4,937	–	–	–	–	2,358
38,601	8,536	47,137	(58)	13,275	–	–	–	–	13,217
23,748	192	23,940	436	3,850	–	–	–	–	4,286
129,845	2,137	131,982	(4,495)	26,585	–	–	–	–	22,090
50,288	–	50,288	(3,450)	238,541	2,523	(190)	–	–	237,424
129,896	–	129,896	41,757	517,572	–	–	–	–	559,329
776,200	8,173	784,373	(42,082)	321,631	–	–	–	–	279,549
96,947	–	96,947	124,633	416,693	2	(4,891)	–	–	536,437
8,669,654	137,176	8,806,830	1,664,039	(1,575,437)	(1,013,156)	(32,667)	(3,405)	(20,345)	(980,971)
138,093	(35,109)	102,984	(1,124,418)	3,149,081	(3,168)	32,667	3,405	20,345	2,077,912
8,807,747	102,067	8,909,814	539,621	1,573,644	(1,016,324)	–	–	–	1,096,941
2,966	(102,067)	(99,101)	(4,980,881)	–	4,980,881	–	–	–	–
8,810,713	–	8,810,713	(4,441,260)	1,573,644	3,964,557	–	–	–	1,096,941
385,108	40	385,148	–	–	–	–	–	–	–
69,056	–	69,056	–	–	–	–	–	–	–
9,525	982	10,507	–	–	–	–	–	–	–
127,582	213	127,795	20,184	76,325	–	–	–	–	96,509
2	69,191	69,193	–	–	–	–	–	–	–
3	16	19	–	–	–	–	–	–	–
591,276	70,442	661,718	20,184	76,325	–	–	–	–	96,509
1,786	(1,186)	600	(95,828)	762,761	–	–	–	–	666,933
593,062	69,256	662,318	(75,644)	839,086	–	–	–	–	763,442
985	(69,256)	(68,271)	(424,880)	–	424,880	–	–	–	–
594,047	–	594,047	(500,524)	839,086	424,880	–	–	–	763,442
9,404,760	–	9,404,760	(4,941,784)	2,412,730	4,389,437	–	–	–	1,860,383

**Borrowings by consolidated agent Crown corporations****Table 4.3****Borrowings by consolidated agent Crown corporations**

(in thousands of dollars)

	April 1, 2017	Borrowings and other credits	Repayments and other charges	March 31, 2018
Canadian Broadcasting Corporation.....	339,736	–	23,156	316,580
Canadian Dairy Commission .....	2,242	47,320	43,309	6,253
The Federal Bridge Corporation Limited .....	80,037	–	9,134	70,903
Total .....	422,015	47,320	75,599	393,736

This information is published to satisfy section 49 of the *Financial Administration Act* (FAA) which requires that an annual statement be included in the Public Accounts of Canada. The borrowings are from lenders other than the Government. In accordance with section 54 of the FAA, the payment of all money borrowed by agent Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund.

**Contingent liabilities of consolidated Crown corporations and other entities**

Contingent liabilities of consolidated Crown corporations are included in the Government of Canada's financial statements as follows. Refer to section 2 for additional details.

**Table 4.4****Contingent liabilities of consolidated Crown corporations and other entities**

(in thousands of dollars)

	2018
Claims and pending and threatened litigation—Provision accrued.....	53,200
Claims and pending and threatened litigation—Disclosure only .....	11,187

## Financial assistance under budgetary appropriations to consolidated Crown corporations

Table 4.5 presents charges to appropriations or authorities approved by Parliament. It should be read in conjunction with Table 4.2. Differences in figures reported in Table 4.2 and those reported in Table 4.5 result from the use of different accounting policies and from items in transit.

**Table 4.5**

### Financial assistance under budgetary appropriations to consolidated Crown corporations for the year ended March 31, 2018

(in thousands of dollars)

	Program expenditures vote	Operating expenditures vote	Capital expenditures vote	Financial assistance under budgetary appropriations <sup>1</sup>
<b>Agent Crown corporations</b>				
Atomic Energy of Canada Limited .....	826,595	–	–	826,595
Canadian Air Transport Security Authority .....	723,429	–	–	723,429
Canadian Broadcasting Corporation .....	–	1,110,262	111,821	1,222,083
Canadian Dairy Commission .....	3,924	–	–	3,924
Canadian Museum for Human Rights .....	25,352	–	–	25,352
Canadian Museum of History .....	74,013	–	–	74,013
Canadian Museum of Immigration at Pier 21 .....	7,963	–	–	7,963
Canadian Museum of Nature .....	33,269	–	–	33,269
Canadian Tourism Commission .....	95,476	–	–	95,476
National Capital Commission .....	–	66,130	23,500	89,630
National Gallery of Canada .....	–	41,413	8,000	49,413
National Museum of Science and Technology .....	145,278	–	–	145,278
Telefilm Canada .....	103,572	–	–	103,572
The Federal Bridge Corporation Limited .....	20,048	–	–	20,048
The Jacques Cartier and Champlain Bridges Inc. ....	179,230	–	–	179,230
<b>Total—Agent Crown corporations .....</b>	<b>2,238,149</b>	<b>1,217,805</b>	<b>143,321</b>	<b>3,599,275</b>
<b>Non-agent Crown corporations</b>				
Canada Council for the Arts .....	258,714	–	–	258,714
Canada Infrastructure Bank .....	11,366	–	–	11,366
International Development Research Centre .....	139,952	–	–	139,952
Marine Atlantic Inc. ....	146,683	–	–	146,683
National Arts Centre Corporation .....	141,324	–	–	141,324
PPP Canada Inc .....	5,900	–	–	5,900
Standards Council of Canada .....	13,828	–	–	13,828
VIA Rail Canada Inc. ....	357,536	–	–	357,536
Windsor-Detroit Bridge Authority .....	184,000	–	–	184,000
<b>Total—Non-agent Crown corporations .....</b>	<b>1,259,303</b>	<b>–</b>	<b>–</b>	<b>1,259,303</b>
<b>Total .....</b>	<b>3,497,452</b>	<b>1,217,805</b>	<b>143,321</b>	<b>4,858,578</b>

<sup>1</sup> Excludes grants and contributions paid to consolidated Crown corporations where they qualify as members of a general class of recipients.

## Consolidated specified purpose accounts

Consolidated specified purpose accounts are particular categories of revenues and expenses whereby legislation requires that revenues received for purposes specified in the legislation be credited to these accounts and that related payments be charged to the accounts. They are principally used where the activities are similar in nature to departmental activities and the transactions do not represent future liabilities to third parties but in essence constitute Government revenues and expenses.

Enabling legislation requires that the transactions in each of these accounts be accounted for separately. Table 4.6 presents a summary of the balances and transactions of these accounts, in the manner required by legislation.

The financial statements of the Employment Insurance Operating Account, together with the Independent Auditor's Report, are presented at the end of this section.

**Table 4.6**  
**Consolidated specified purpose accounts**

(in dollars)

	April 1, 2017	Revenues and other credits		Expenses and other debits		March 31, 2018
		External transactions	Internal transactions	External transactions	Internal transactions	
<b>Insurance accounts</b>						
Agriculture and Agri-Food						
Department of Agriculture and Agri-Food						
Crop Reinsurance Fund .....	574,374,018	2,427,660	–	–	–	576,801,678
Less: Interest-bearing loans .....	277,514,751	–	–	–	–	277,514,751
	296,859,267	2,427,660	–	–	–	299,286,927
Agricultural Commodities Stabilization						
Accounts.....	646,510	–	–	–	–	646,510
	297,505,777	2,427,660	–	–	–	299,933,437
Families, Children and Social Development						
Department of Employment and Social Development						
Employment Insurance Operating Account, Table 4.7.....	2,999,354,756	21,220,508,610	393,460,255	19,970,526,973	1,691,438,966	2,951,357,681
Finance						
Department of Finance						
Investors' Indemnity Account.....	45,303	–	–	–	–	45,303
Health						
Department of Health						
Health Insurance Supplementary Account.....	28,386	–	–	–	–	28,386
Natural Resources						
Department of Natural Resources						
Nuclear Liability Account .....	4,025,440	273,541	–	–	–	4,298,981
Transport						
Department of Transport						
Fund for railway accidents involving designated goods .....						
	4,913,263	13,294,464	–	372,852	–	17,834,874
Ship-Source Oil Pollution Fund .....	409,454,882	258,012	6,179,845	2,960,977	728,095	412,203,667
	414,368,145	13,552,476	6,179,845	3,333,829	728,095	430,038,541
Total insurance accounts .....	3,715,327,807	21,236,762,287	399,640,100	19,973,860,802	1,692,167,061	3,685,702,329

**Table 4.6**  
**Consolidated specified purpose accounts—concluded**

(in dollars)

	April 1, 2017	Revenues and other credits		Expenses and other debits		March 31, 2018
		External transactions	Internal transactions	External transactions	Internal transactions	
<b>Other consolidated specified purpose accounts</b>						
Canadian Heritage						
The National Battlefields Commission						
Trust Fund.....	814,422	99,621	5,911	(8,692)	9,403	919,243
Environment and Climate Change						
Department of the Environment						
Court award deposits						
Other than Environmental Damages Fund .	434,780	–	–	16,214	–	418,566
Environmental Damages Fund .....	17,235,274	9,441,061	636,240	1,992,442	–	25,320,133
Parks Canada Agency						
New Parks and Historic Sites Account .....	14,761,263	332,793	25,545,821	469,560	326,870	39,843,447
	32,431,317	9,773,854	26,182,061	2,478,216	326,870	65,582,146
Finance						
Department of Finance						
Canadian Commercial Bank and						
Northland Bank Holdback Account .....	246,223,464	–	–	–	–	246,223,464
Fisheries, Oceans and the Canadian Coast Guard						
Department of Fisheries and Oceans						
Supplementary Fines Account						
<i>Species at Risk Act</i> .....	35,000	–	–	–	–	35,000
Supplementary Fish Fines Account .....	1,608,196	82,949	–	72,246	–	1,618,899
	1,643,196	82,949	–	72,246	–	1,653,899
Indigenous and Northern Affairs						
Department of Indian Affairs						
and Northern Development						
Environmental Studies Research Fund .....	660,714	–	768,984	–	660,714	768,984
Natural Resources						
Department of Natural Resources						
Environmental Studies Research Fund .....	5,562,797	3,079,464	–	3,102,202	903,039	4,637,019
Public Services and Procurement						
Department of Public Works						
and Government Services						
Seized Property Proceeds Account .....	34,525,107	21,384,640	–	28,801,914	–	27,107,833
Transport						
Department of Transport						
Fines for the transportation of						
dangerous goods .....	514,074	3,599,680	–	–	–	4,113,754
Total other consolidated specified purpose accounts .....	322,375,091	38,020,208	26,956,956	34,445,886	1,900,026	351,006,342
<b>Endowment principal</b>						
Environment and Climate Change						
Parks Canada Agency						
Mackenzie King Trust Account.....	225,000	–	–	–	–	225,000
Health						
Canadian Institutes of Health Research						
Endowments for Health Research .....	75,000	–	–	–	–	75,000
Innovation, Science and Economic development						
National Research Council of Canada						
H.L. Holmes Fund.....	5,136,659	121,842	396	–	–	5,258,897
W.G. Schneider Fund .....	30,396	–	(396)	–	–	30,000
Social Sciences and Humanities						
Research Council						
Queen's Fellowship Fund .....	250,000	–	–	–	–	250,000
	5,417,055	121,842	–	–	–	5,538,897
Total endowment principal .....	5,717,055	121,842	–	–	–	5,838,897
Total .....	4,043,419,953	21,274,904,337	426,597,056	20,008,306,688	1,694,067,087	4,042,547,568

## Insurance accounts

### Crop Reinsurance Fund

This Fund, continued in the accounts of Canada pursuant to subsection 13(1) of the *Farm Income Protection Act*, provides insurance to participating provinces for deficits they might incur in their agriculture insurance funds. The Crop Reinsurance Fund currently operates under the authority of the *Farm Income Protection Act*.

The revenues of the Fund come from a percentage of total premiums collected by provinces for the purpose of insurance of agricultural production. Both the amount of revenue collected and expenditures from the Crop Reinsurance Fund paid to provinces are subject to the terms of reinsurance agreements. When there are insufficient revenues in the Crop Reinsurance Fund to make payments, the Minister of Finance may authorize an advance of additional funds to cover these obligations. These advances are recovered from future revenues. Currently, the interest rate earned on surpluses in the Crop Reinsurance Fund and the interest rate charged to advances to the Fund have been set by the Department of Finance at zero per cent.

### Agricultural Commodities Stabilization Accounts

The purpose of these accounts was to reduce income loss to producers from market risks through stabilizing prices. Premiums were shared equally by the Government of Canada, the governments of participating provinces and participating producers.

These accounts are continued in the accounts of Canada pursuant to subsection 16(2) of the *Farm Income Protection Act*. Current activities are limited to collection of accounts receivable. The *Agricultural Stabilization Act*, under which the commodity accounts formerly operated, has been repealed and replaced by the *Farm Income Protection Act* effective April 1, 1991.

### Employment Insurance Operating Account

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by Commissioners representative of the Government, workers and employers. The objective of the Act is to provide employment insurance benefits, employment programs and services to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account (the Account).

The Account was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account.

Employee premium rate for each \$100 of insurable earnings was \$1.63 from January 1, 2017, to December 31, 2017, for employees without a Provincial Parental Insurance Plan and \$1.27 for the others. From January 1, 2018, to March 31, 2018, the rate was \$1.66 for employees without a Provincial Parental Insurance Plan and \$1.30 for the others.

**Table 4.7**  
**Transactions in the Employment Insurance Operating Account**

(in millions of dollars)

	2018	2017
<b>Revenues</b>		
Premiums		
Employers and employees <sup>1</sup> .....	21,533	22,537
Penalties and interest revenue .....	81	66
	<u>21,614</u>	<u>22,603</u>
<b>Expenses</b>		
Benefits .....	17,666	18,644
Transfers to the provinces—Part II .....	2,049	2,067
Administration costs .....	1,686	1,585
Administration cost transferred to provinces .....	192	191
Bad debts .....	69	32
	<u>21,662</u>	<u>22,519</u>
Net change .....	(48)	84
Balance at beginning of year .....	2,999	2,915
Balance at end of year .....	<u>2,951</u>	<u>2,999</u>

<sup>1</sup> The difference between premium revenue presented here and the amount presented in the Government of Canada consolidated financial statements is due to the elimination on consolidation of premiums incurred by the Government of Canada, for an amount of \$394 million (\$413 million in 2017).

### **Investors' Indemnity Account**

Section 57 of the *Financial Administration Act* provides for this account, and for the crediting thereto of the sum of \$25,000, such further amounts as are appropriated by Parliament for the purposes of this section, and any recoveries of the losses referred to in section 58 of the Act. This sum was increased to \$50,000 by Treasury Board Submission No. 817667 dated December 12, 1991.

Section 58 of the Act states that the Minister may, in accordance with and subject to regulations, pay out of the account, any losses sustained by subscribers for securities who have paid all or part of the purchase price for those securities but have not received the security or repayment of the amount so paid, and losses sustained by any person in the redemption of securities.

### **Health Insurance Supplementary Account**

This account was established pursuant to Vote L16b, *Appropriation Act No. 2, 1973*, to record payments in respect of persons who, through no fault of their own, have lost or been unable to obtain coverage for the insured health services under the *Canada Health Act*, and in accordance with the Federal-Provincial Agreement on Eligibility and Portability. Contributions are made by all provinces to the account in proportion to population and are matched by the Federal Government.

### **Nuclear Liability Account**

This account is a continuation of the Nuclear Liability Reinsurance Account under the previous *Nuclear Liability Act*. It is established pursuant to sub-section 32(1) of the *Nuclear Liability and Compensation Act*, to record indemnity fees paid by operators and to provide for payment of any claims arising under the indemnity agreements entered into between the Government and nuclear installation operators.

### **Fund for railway accidents involving designated goods**

This account was established pursuant to the *Safe and Accountable Rail Act* to establish a compensation fund to cover the losses, damages, costs and expenses resulting from a railway accident involving crude oil or other designated goods that exceed the minimum liability insurance coverage. This account is financed by a levy on shipments of crude oil by rail.

### **Ship-Source Oil Pollution Fund**

This account was established pursuant to subsection 2001, c.6 of the *Marine Liability Act* (previously the *Canada Shipping Act*), to record levy tonnage payments for oil carried by ships in Canadian waters. Maritime pollution claims, the fee of the Fund Administrator, and related oil pollution control expenses, are to be financed out of the Fund.



## Other consolidated specified purpose accounts

### Trust Fund

This account was established at the creation of The National Battlefields Commission for the purpose of acquiring various properties for the development of the park. The funds are received by way of private contributions, from municipal corporations, provincial governments and others, and deposited for the purposes of the Commission, as prescribed for in its incorporation Act. Following the land acquisitions of the Commission, funds remained in the account and increased over a period of years as a result of interest earned, while the Commission was listed in Schedule C of the *Financial Administration Act*, prior to September 1, 1984.

### Court Award Deposits—Other than Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to the Department of the Environment that are not under the legal authority of the Environmental Damages Fund.

### Environmental Damages Fund

This account was established for the management of court orders/awards or other financial compensation to the Department of the Environment for damages to the environment.

### New Parks and Historic Sites Account

This account was established pursuant to the *Parks Canada Agency Act* primarily to make payments to be used to acquire real property or immovables related to, or to develop or maintain, any national park, national historic site, national marine conservation area or other protected heritage area that is being established, enlarged or designated.

### Canadian Commercial Bank and Northland Bank Holdback Account

This account was established to record the amount held from the recovery of monies received from the winding up of Canadian Commercial Bank and Northland Bank.

### Supplementary Fines Account—*Species at Risk Act*

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Species at Risk Act*, under paragraph 105(h) of the Act.

### Supplementary Fish Fines Account

The account was established to record the deposit of funds received from persons declared guilty of offences under the *Fisheries Act*, under paragraph 79(2)(f) of the Act.

### Environmental Studies Research Fund—Department of Indian Affairs and Northern Development

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration, development and production activities on frontier lands, authorized under this Act or any other act of Parliament, should be conducted.

### Environmental Studies Research Fund—Department of Natural Resources

This account was established pursuant to subsection 76(1) of the *Canada Petroleum Resources Act*. The purpose of the Fund is to finance environmental and social studies pertaining to the manner in which, and the terms and conditions under which, exploration, development and production activities on frontier lands, authorized under this Act or any other act of Parliament, should be conducted.

### **Seized Property Proceeds Account**

This account was established, pursuant to section 13 of the *Seized Property Management Act*, to record the net proceeds received from the disposition of seized and forfeited properties to Her Majesty or fines imposed and also funds received from the government of foreign states pursuant to agreements for the purpose of the Act. The Act also provides that the following be charged to the Account: operating expenses incurred in carrying out the purpose of the Act, amounts paid as a result of claims and repayments of advances from the Minister of Finance, interest on drawdown from Seized Property Working Capital Account and distribution of the proceeds to the relevant jurisdictions and the Consolidated Revenue Fund.

### **Fines for the transportation of dangerous goods**

This account was established, pursuant to the *Transportation of Dangerous Goods Act, 1992* and related regulations, to record fines levied by courts.

## **Endowment principal**

### **Mackenzie King Trust Account**

The late The Right Hon W L Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. This amount was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

### **Endowments for health research**

This account was established pursuant to section 29 of the *Canadian Institutes of Health Research Act* to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

### **H.L. Holmes Fund**

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

### **W.G. Schneider Fund**

This account was established pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of W.G. Schneider. The yearly net income from the fund shall be used to finance the Schneider Medal. This award recognizes employees who have made outstanding contributions to the National Research Council of Canada.

### **Queen's Fellowship Fund**

This fund is an endowment of \$250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

## **Supplementary statement**

### **Employment Insurance Operating Account**

#### **Management’s responsibility for financial statements**

The financial statements of the Employment Insurance Operating Account (the Account) are prepared in accordance with Canadian public sector accounting standards by the management of Employment and Social Development Canada (ESDC). The Canada Employment Insurance Commission, through the officers and employees of ESDC, is responsible for the delivery of the Employment Insurance program and the day-to-day administration of the Account. The Chairperson, as the Accounting Officer, and the Chief Financial Officer of ESDC are responsible for the preparation of these financial statements and the integrity and objectivity of the information contained within, including the amounts which must, of necessity, be based on best estimates and judgement. The significant accounting policies are identified in Note 2 to the financial statements.

To fulfill its accounting and reporting responsibilities, management of ESDC had developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Employment Insurance Act* and regulations, as well as the *Financial Administration Act* and regulations.

The Auditor General of Canada, the external auditor of the Employment Insurance Operating Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Families, Children and Social Development.

The financial statements of the Employment Insurance Operating Account are an integral part of the Public Accounts of Canada, which are tabled in the House of Commons and are referred to the Standing Committee on Public Accounts for examination purposes.

Louise Levonian  
*Deputy Minister*  
*Employment and Social Development Canada*  
*and Chairperson of the Canada Employment Insurance Commission*

Mark Perlman, CPA, CMA  
*Chief Financial Officer*  
*Employment and Social Development Canada*

Gatineau, Canada  
August 28, 2018

## Employment Insurance Operating Account—*continued*

### Independent Auditor's Report

To the Minister of Families, Children and Social Development

I have audited the accompanying financial statements of the Employment Insurance Operating Account, which comprise the statement of financial position as at 31 March 2018, and the statement of operations and accumulated surplus, statement of change in net financial assets and statement of cash flow 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 Canadian public sector accounting 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.

I believe that 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 the Employment Insurance Operating Account as at 31 March 2018, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Nathalie Chartrand, CPA, CA  
Principal  
for the Auditor General of Canada

28 August 2018  
Ottawa, Canada

**Employment Insurance Operating Account—continued**

**Statement of financial position  
as at March 31**

(in thousands of dollars)

	2018	2017
<b>Financial assets</b>		
Balance of the account with Receiver General for Canada .....	1,039,001	1,397,067
Premiums receivable (Note 8) .....	1,857,496	1,559,492
Benefit overpayments, penalties and interest receivable (Note 4) .....	460,539	413,081
Benefit repayments receivable from higher income claimants .....	437,907	387,215
	3,794,943	3,756,855
<b>Liabilities</b>		
Benefits payable .....	781,323	738,921
Other accounts payable (Note 5) .....	62,262	18,579
	843,585	757,500
<b>Net financial assets and accumulated surplus .....</b>	<b>2,951,358</b>	<b>2,999,355</b>

Contractual obligations (Note 11)  
Contingent liabilities (Note 13)

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

Approved by:

Louise Levonian  
*Deputy Minister*  
*Employment and Social Development Canada*  
*and Chairperson of the Canada Employment Insurance Commission*

Mark Perlman, CPA, CMA  
*Chief Financial Officer*  
*Employment and Social Development Canada*

**Employment Insurance Operating Account—continued****Statement of operations and accumulated surplus  
for the year ended March 31**

(in thousands of dollars)

	2018	2018	2017
	Budget (Note 7)	Actual	Actual
<b>Revenues</b>			
Premiums (Note 8) .....	21,623,000	21,532,975	22,537,353
Penalties (Note 4) .....	45,000	64,357	51,306
Interest (Note 4) .....	15,000	16,637	14,678
	<b>21,683,000</b>	<b>21,613,969</b>	<b>22,603,337</b>
<b>Expenses</b>			
Benefits and support measures (Schedule I)			
Income benefits (Note 9) .....	20,185,000	17,855,630	18,794,322
Transfers to provinces and territories related to Labour			
Market Development Agreements (LMDA) .....	1,950,000	2,048,593	2,067,435
Support measures .....	126,550	119,218	112,490
Benefit repayments from higher income claimants .....	(305,000)	(308,560)	(263,109)
	<b>21,956,550</b>	<b>19,714,881</b>	<b>20,711,138</b>
Administration costs (Note 10) .....	1,650,399	1,877,823	1,775,852
Bad debts .....	50,000	69,262	31,921
	<b>23,656,949</b>	<b>21,661,966</b>	<b>22,518,911</b>
Net surplus (deficit) for the year .....	(1,973,949)	(47,997)	84,426
<b>Accumulated surplus—beginning of year .....</b>	<b>2,999,355</b>	<b>2,999,355</b>	<b>2,914,929</b>
<b>Accumulated surplus—end of year .....</b>	<b>1,025,406</b>	<b>2,951,358</b>	<b>2,999,355</b>

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

**Statement of change in net financial assets  
for the year ended March 31**

(in thousands of dollars)

	2018	2018	2017
	Budget (Note 7)	Actual	Actual
Net surplus (deficit) for the year .....	(1,973,949)	(47,997)	84,426
Net financial assets—beginning of year .....	2,999,355	2,999,355	2,914,929
<b>Net financial assets—end of year .....</b>	<b>1,025,406</b>	<b>2,951,358</b>	<b>2,999,355</b>

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

**Employment Insurance Operating Account—continued****Statement of cash flow  
for the year ended March 31**

(in thousands of dollars)

	2018	2017
<b>Operating activities</b>		
<b>Cash receipts</b>		
Premiums.....	21,234,971	22,972,582
Recoveries of benefit overpayments, penalties and interest.....	355,907	365,252
Benefit repayments received from higher income claimants .....	257,868	250,904
	<u>21,848,746</u>	<u>23,588,738</u>
<b>Cash payments</b>		
Income benefits.....	(18,282,948)	(19,127,998)
Transfers to provinces and territories related to LMDA .....	(1,971,305)	(2,067,435)
Support measures.....	(119,729)	(115,291)
Administration costs .....	(1,832,830)	(1,805,059)
	<u>(22,206,812)</u>	<u>(23,115,783)</u>
<b>Net change in balance of the account with Receiver General for Canada .....</b>	<b>(358,066)</b>	<b>472,955</b>
<b>Balance of the account with Receiver General for Canada</b>		
Beginning of year.....	1,397,067	924,112
<b>End of year .....</b>	<b>1,039,001</b>	<b>1,397,067</b>

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

**Employment Insurance Operating Account—continued****Notes to the financial statements for the year ended March 31, 2018****1. Authority, objective and responsibilities**

The Canada Employment Insurance Commission (the Commission), a departmental corporation named in Schedule II to the *Financial Administration Act*, administers the *Employment Insurance Act* (the Act). The Commission is co-managed by Commissioners representative of the Government, workers and employers. The objective of the Act is to provide employment insurance (EI) benefits, employment programs and services to eligible workers. The financial transactions relating to this objective are reported through the Employment Insurance Operating Account (the Account).

The Account was established in the accounts of Canada by the Act. All amounts received under the Act are deposited in the Consolidated Revenue Fund and credited to the Account. The benefits and the costs of administration of the Act are paid out of the Consolidated Revenue Fund and charged to the Account. In these financial statements, the Consolidated Revenue Fund is represented by the Balance of the account with Receiver General for Canada.

The Commission, through the officers and employees of the Department of Employment and Social Development (ESDC), is responsible for the delivery of the Employment Insurance program and the day-to-day administration of the Account. The Commission sets the EI premium rate, the annual maximum insurable earnings and the employer's premium reduction in respect of wage-loss plans, subject to the legislated parameters in the Act.

Starting with the 2017 EI premium rate, the Commission assumed responsibility for setting the EI premium rate for each year no higher than needed to cover the projected costs of the EI program over a seven-year period and eliminate any cumulative surplus/deficit in the Account.

The Minister of National Revenue is responsible for collecting premiums from employers and employees, and for administering and enforcing the provisions of the Act relating to benefit repayments receivable from higher income claimants.

The Act authorizes the Commission, with the approval of the Minister responsible for ESDC, to enter into Labour Market Development Agreements (LMDA) with each province and territory. Under these agreements, the Government of Canada provides contributions to provincial and territorial governments to be used to pay for all or a portion of the costs of their benefits and measures provided they are similar to the employment benefits and support measures established under Part II of the Act. The contributions can also be used to pay for any administration costs incurred in providing these similar benefits and measures.

The Act also requires the Commission to make regulations to provide a system to reduce employers' and employees' premiums when payments under a provincial law would have the effect of reducing or eliminating the special benefits payable under the Act.

**2. Significant accounting policies**

The Account is a component of the Government of Canada reporting entity. In this context, its operations are consolidated with those of the Government and are presented in the financial statements of the Government of Canada.

**(a) Basis of accounting**

These financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

**(b) Premiums**

Premiums are recognized as revenue in the period in which they are earned, when workers, through their employment, generate these premiums and the related employer's contribution. Premiums earned in the period are measured from amounts assessed by the Canada Revenue Agency (CRA) and from estimates of amounts not yet assessed. Premium revenue also includes adjustments between actual and estimated premiums of previous years.

**(c) Benefits and support measures**

Benefits and support measures include income benefits (or benefits under Part I of the Act) and employment benefits and support measures (benefits under Part II of the Act). Those benefit expenses are recorded when the recipients become entitled to the benefits. An estimate of the benefits earned by the recipients related to the current fiscal year but not yet paid are recorded as benefits payable. This estimate is based on actual payments made subsequent to year-end.

Income benefits provide temporary income support to claimants while they look for work. Income benefits include self-employed fishers and work-sharing agreements for temporary work shortages. It also includes special benefits such as maternity, parental, sickness and compassionate care benefits. Income benefit expenses represent the amounts paid and payable to claimants for the period relating to the fiscal year, for the weeks the claimants were entitled to the payments. Overpayments established during the year are deducted from these expenses.



## **Employment Insurance Operating Account—continued**

### **Notes to the financial statements for the year ended March 31, 2018—continued**

The rates for income benefits are set on a calendar year basis. The maximum rate is \$547 per week for the period from January to December 2018, and \$543 per week for January to December 2017 (\$537 per week for 2016). Benefits are paid at the lesser of 55% of average insurable earnings and the maximum rate. For claimants who qualify as a low-income family with children, the rate may be increased up to the lesser of 80% of average insurable earnings and the maximum rate.

Transfer payments to the provinces and territories under the LMDA are made pursuant to section 63 of the Act. Similar to the employment benefits and support measures, these transfer payments are recorded as expenses in the year in which the provinces/territories met the eligibility criteria and the transfers are authorized. Overpayments to provinces and territories are recovered and recorded as a reduction of expenses.

Support measures provide financial assistance, through government transfers, to eligible persons to help them re-integrate into the labour market and to third parties to help them provide employment assistance services to unemployed workers and employed persons if they are facing a loss of their employment. These expenses include the direct costs of financial and employment assistance programs and related measures provided to eligible persons and third parties. Government transfers are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement and the transfer is authorized.

Claimants with income levels higher than those stated in the Act have to repay benefits received. Benefit repayments received and the estimated benefit repayments receivable are assessed by the CRA based on tax returns assessed and an estimate of tax returns not yet assessed. These benefit repayments are disclosed in the Statement of operations and accumulated surplus and Schedule I as benefit repayments from higher income claimants.

#### (d) Administration costs

Administration costs are charged to the Account in accordance with various memoranda of understanding. The Account does not have employees and ESDC administers the Act. In addition to ESDC, other federal government departments also provide services to the Account. Under all the various memoranda of understanding, the Account is charged at cost and transactions are measured at the exchange value.

Also, the administration costs paid to provinces and territories to administer the LMDA are included in the administration costs for the year according to the provisions of those agreements and are also measured at the exchange value.

#### (e) Balance of the account with Receiver General for Canada

The Account operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by and credited to the Account is deposited to the CRF, and all cash disbursements made by and charged to the Account are paid from the CRF. The balance of the account with Receiver General for Canada is the difference between all cash receipts and all cash disbursements, including transactions with departments of the Government.

#### (f) Related party transactions

##### *Inter-entity transactions*

Inter-entity transactions are transactions between commonly controlled entities. The Account is a component of the Government of Canada reporting entity and is therefore related to all federal departments, agencies and crown corporations. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i. Inter-entity transactions are measured at the exchange value when undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or where cost provided are recovered.
- ii. Goods or services received without charge between commonly controlled entities are not recorded.

##### *Other related party transactions*

Related parties include individuals who are members of key management personnel (KMP) or close family members of those individuals, and entities controlled by, or under shared control of, a member of KMP or a close family member of that individual. KMP are individuals having the authority and responsibility for planning, directing and controlling the activities of the Account. Related party transactions, other than inter-entity transactions, are recorded at the exchange value.

**Employment Insurance Operating Account—continued****Notes to the financial statements for the year ended March 31, 2018—continued**

## (g) Measurement uncertainty

The preparation of financial statements in accordance with Canadian public sector accounting standards requires that management makes estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and revenues and expenses during the reporting period. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant estimates are related to premium revenue and receivables, administration costs, benefit repayments, allowances for doubtful accounts, estimated overpayments and underpayments of benefits disclosed in Note 9, contingent liabilities and the amounts presented in Schedule II. Actual results could differ significantly from those estimates.

**3. Adoption of new accounting standards**

The Public Sector Accounting Board (PSAB) issued new accounting standards effective for fiscal years beginning on or after April 1, 2017.

As a result, the Account adopted the new accounting standard for inter-entity transactions (PS 3420). This new section establishes standards on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective. The adoption of this new standard did not result in any financial impact on the Account's financial statements. Refer to Note 2(f) for the Account's inter-entity transactions accounting policy.

The Account also adopted the new accounting standards for Related party disclosures (PS 2200), Contingent assets (PS 3320) and Contractual rights (PS 3380). These new accounting standards only impact note disclosures. The adoption of PS 3320 and PS 3380 did not result in any financial disclosure impact. The adoption of PS 2200 required additional information to be disclosed. Refer to Note 12 for related party transactions disclosure.

**4. Benefit overpayments, penalties and interest receivable**

(in thousands of dollars)

	2018	2017
Benefit overpayments and interest receivable .....	629,092	576,444
Penalties and interest receivable.....	168,289	143,980
	797,381	720,424
Less: allowance for doubtful accounts .....	336,842	307,343
	460,539	413,081

Overpayments on claims processed during the current and preceding years are detected through a verification process. These overpayments are accounted for by reducing the benefit expenses during the year in which they are established.

Penalties may be imposed on a claimant or an employer that provided false or misleading information. Interest is charged on outstanding employment insurance debts caused through misrepresentation and on penalties. The Act sets the maximum amounts that may be imposed in these cases.

(in thousands of dollars)

	2018	2017
Benefit overpayments and interest receivable—beginning of year.....	576,444	569,409
Benefit overpayments established during the year .....	391,632	372,646
Interest accrued during the year.....	14,232	12,474
Benefit overpayments and interest recovered during the year.....	(318,777)	(328,430)
Uncollectible benefit overpayments written off during the year.....	(34,439)	(49,655)
Benefit overpayments and interest receivable—end of year.....	629,092	576,444
Penalties and interest receivable—beginning of year .....	143,980	138,799
Penalties imposed during the year .....	64,357	51,306
Interest accrued during the year.....	5,734	4,691
Penalties and interest on penalties recovered during the year .....	(37,130)	(36,822)
Uncollectible penalties written off during the year .....	(8,652)	(13,994)
Penalties and interest receivable—end of year .....	168,289	143,980

**Employment Insurance Operating Account—continued****Notes to the financial statements for the year ended March 31, 2018—continued**

An allowance for doubtful accounts is recorded for benefit overpayments, penalties and interest receivable. The allowance is estimated by aging the balance of the accounts receivable outstanding and applying varying percentages based on past recovery experience to the aging categories.

During 2017–2018, the Account charged a total \$19.9 million (\$17.2 million in 2016–2017) of interest. The interest revenue presented in the Statement of operations and accumulated surplus (\$16.6 million in 2017–2018 and \$14.7 million in 2016–2017) is net of interest charged on accounts receivable deemed unrecoverable (\$3.3 million in 2017–2018 and \$2.5 million in 2016–2017). The allowance for doubtful accounts was increased by this amount.

**5. Other accounts payable**

(in thousands of dollars)

	2018	2017
<b>Accounts payable—Related parties</b>		
Administration costs payable to federal government departments .....	49,657	4,675
Amounts payable to ESDC related to LMDA .....	5,751	5,739
Tax deductions on benefits due to CRA .....	5,267	5,702
Other deductions .....	343	390
	61,018	16,506
<b>Accounts payable—External parties</b>		
Assignments of benefits due to social services organizations .....	922	1,114
Tax deductions on benefits due to Quebec .....	322	959
	1,244	2,073
	62,262	18,579

**6. Financial assets and liabilities**

The fair values of the premiums receivable, benefit repayments receivable from higher income claimants, benefits payable and other accounts payable are considered by management to be comparable to their carrying values because of their short term maturity. These financial assets and liabilities should either be received or paid in the next fiscal year.

Benefit overpayments, penalties and interest are usually recovered over a period longer than one year. As interest is only applicable to overpayments caused through misrepresentation and on penalties, and as the allowance for doubtful accounts reduces the carrying value, the benefit overpayments, penalties and interest receivable is assumed to approximate its fair value.

All of these financial assets and liabilities arose in the normal course of business.

**7. Comparison of results against budget**

The budget amounts included in the Statement of operations and accumulated surplus and Schedule I—Benefits and support measures are part of the amounts reported in the Employment and Social Development Canada's future oriented consolidated financial statements, which are included in the 2017–2018 *Departmental Plan*.

**Employment Insurance Operating Account—continued**

Notes to the financial statements for the year ended March 31, 2018—continued

**8. Premiums receivable and revenues**

Premiums for the fiscal year are collected and measured by the Canada Revenue Agency (CRA) based on amounts assessed and reassessed at the time of preparation of its financial statements and an estimate of premiums earned in the period but not yet assessed or reassessed. The Account holds a significant balance of premiums receivable and benefits repayments receivable from higher income claimants which are due from CRA. CRA collects premiums from employers, employees and from higher income claimants on behalf of the Account. The premiums receivable are cashed on a monthly basis based on the forecasted premium revenue and are adjusted when actual amounts are known. The benefit repayments receivable are cashed on a monthly basis based on the actual amounts received by CRA from the higher income claimants during the previous month.

Premium revenue of \$21,533 million (\$22,537 million in 2016–2017) includes an estimate of premiums earned in the fiscal year but not yet assessed or reassessed at the time of preparation of the financial statements. Fiscal year 2017–2018 includes \$7,757 million in forecasted premium revenue for the 3-month period from January to March 2018 (\$7,347 million in 2017), or approximately 35.17% (34.87% in 2017) of the total forecast premium revenue of \$22,057 million for calendar year 2018 (\$21,069 million for 2017), net of reductions and refunds. This estimate is based on the forecasted total insurable earnings of \$612,873 million in calendar year 2018 (\$597,694 million in 2017). The total insurable earnings forecasts are mainly dependent upon the projected growth in both employment (1.38% in 2018 and 1.03% in 2017) and average wages (1.74% in 2018 and 2.12% in 2017).

A variation in these assumptions would have an impact on the total insurable earnings forecasted and consequently, forecasted premium revenue. The sensitivity analysis below was determined based on changes to the respective assumptions while holding all other assumptions constant:

Variable	Variation	Forecasted Premium Revenue
		January–March 2018
Employment growth .....	+/- 0.1%	+/- 8 million
Average wages .....	+/- 0.1%	+/- 3 million

Actual premium revenue for calendar years 2017 and 2018 will only be known once the CRA has processed all employer declarations of premiums for these years. An adjustment for the difference between actual and estimated premiums will be recorded in the fiscal year in which the actual assessment or reassessment results are known. The difference between estimated and actual premium revenue for calendar year 2016, as known and recorded at the time of the preparation of these financial statements is a decrease in revenue of \$188.0 million (\$49.4 million decrease for calendar year 2015 in 2016–2017 financial statements).

For the 2018 calendar year, premium rate for each \$100 of insurable earnings was set under section 66 of the Act at 1.66 (1.63 in 2017 and 1.88 in 2016) for the employees who were residents of provinces without a provincial plan. For employees who were residents of provinces with a provincial plan, the premium rate was 1.30 (1.27 in 2017 and 1.52 in 2016). The employers must pay 1.4 times the amount of the employee's premiums. The annual maximum insurable earnings for 2018 is \$51,700 (\$51,300 in 2017 and \$50,800 in 2016).

Employment Insurance premiums include the employer's share of premiums paid by the federal government of \$393.4 million (\$412.6 million in 2016–2017).

**Employment Insurance Operating Account—continued**

Notes to the financial statements for the year ended March 31, 2018—continued

**9. Estimated overpayments and underpayments of benefits**

The verification of claims is conducted both prior to and after claimants have begun to receive benefits, using a combination of up-front and automated control measures and post-payment verification activities.

In order to measure the accuracy of benefit payments, ESDC has a program in place which establishes an annual payment accuracy rate and estimates, through statistical extrapolation, the most likely value of incorrect benefit payouts.

For benefits paid during the twelve months ended March 31, 2018, these undetected overpayments and underpayments are estimated to be \$677.5 million and \$96.6 million respectively (\$655.7 million and \$219.1 million in 2016–2017). The annual payment accuracy rate (which is comprised of three error sources: claimant, employer and administrative) and estimated value of errors are used by ESDC to assess the quality of decisions and the need, if any, to improve its systems and practices of processing claims.

The overpayments established during the year, as indicated in Note 4, are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period.

**10. Administration costs**

(in thousands of dollars)

	2018	2017
<b>Administration costs—Related parties</b>		
Employment and Social Development Canada		
Personnel related costs .....	985,067	822,989
Non-personnel related costs .....	383,982	447,816
Canada Revenue Agency		
Collection of premiums and rulings .....	214,534	230,178
Treasury Board Secretariat		
Health Insurance Plan and Public Service Insurance .....	92,639	79,029
Administrative Tribunals Support Service of Canada		
Social Security Tribunal .....	14,200	9,174
Courts Administration Services		
Courts Administration Services .....	1,017	1,098
	1,691,439	1,590,284
Deduct: Recovery of costs for maintaining the social insurance number registry .....	5,255	5,649
	1,686,184	1,584,635
<b>Administration costs—External parties</b>		
Administration costs incurred by provinces and territories under the LMDA .....	191,639	191,217
	1,877,823	1,775,852

**Employment Insurance Operating Account—continued**

Notes to the financial statements for the year ended March 31, 2018—concluded

**11. Contractual obligations**

The nature of the Account activities can result in some large multi-year agreements whereby the Account will be obligated to make future payments. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in thousands of dollars)

	2019	2020	2021	2022	2023 and thereafter	Total
<b>Related parties</b>						
Administration costs.....	1,710,134	–	–	–	–	1,710,134
<b>External parties</b>						
Transfers to provinces and territories, including administration costs, related to LMDA.....	2,366,756	–	–	–	–	2,366,756
Other transfer payments .....	70,575	10,092	5,334	432	–	86,433
<b>Total.....</b>	<b>4,147,465</b>	<b>10,092</b>	<b>5,334</b>	<b>432</b>	<b>–</b>	<b>4,163,323</b>

Administration costs are charged to the Account in accordance with various memoranda of understanding (MOU) with related parties. The MOUs require written notification for cancellation and one of the more significant MOUs require one year advanced notification. Therefore, the administration costs disclosed are an estimation of the costs that will be charged to the Account in the next fiscal year. Administration costs are expected to continue to be charged to the Account in the upcoming fiscal years, but cannot be reasonably estimated at this time.

LMDA with eight of the provinces and territories require a two year notice for cancellation of the agreements. The obligations for 2020 cannot be reasonably estimated.

**12. Related party transactions**

The Account enters into transactions with federal government departments and entities in the normal course of business. Details of these transactions are provided in Note 5, Note 8, Note 10 and Note 11.

There were no significant transactions with key management personnel and their close family members that have occurred at a value different from which they would have been arrived at if the parties were unrelated.

The Account receives audit services without charge from the Office of the Auditor General of Canada. The value of these audit services are not material for the purpose of the Account's financial statements and have not been recorded.

**13. Contingent liabilities**

In the normal course of the operations, numerous appeals against or by the Commission are presently outstanding. The outcome of these appeals is not presently determinable. Any claims resulting from the resolution of these appeals will be accounted for as an expense in the period in which the outcome of the claim will be determinable. However, in the opinion of management, the result of these appeals should not have a significant impact on the operations of the Account as the total contingent liability amount is estimated at \$27.6 million as at March 31, 2018 (\$33.5 million in 2016–2017).

In 2011–2012, a class action was filed with the Federal Court seeking damages of \$450 million plus interest. The representative plaintiff alleges that she was improperly denied sickness benefits for an illness, injury or disability suffered while on parental leave, despite an amendment in 2002 to the *Employment Insurance Act*. The proceeding has been certified as a class action. The final outcome of this claim is not determinable at this time and no liability has been recorded in the financial statements.

## Employment Insurance Operating Account—continued

Schedule I—Benefits and support measures  
for the year ended March 31

(in thousands of dollars)

	2018	2018	2017
	Budget (Note 7)	Actual	Actual
<b>Part I—Income benefits</b>			
Regular.....	13,990,000	11,750,954	12,907,186
Fishing .....	310,000	326,940	300,611
Work-sharing .....	115,000	12,892	47,545
	<b>14,415,000</b>	<b>12,090,786</b>	<b>13,255,342</b>
<b>Special benefits</b>			
Parental .....	2,840,000	2,783,673	2,699,944
Sickness .....	1,640,000	1,681,642	1,560,347
Maternity.....	1,194,000	1,175,287	1,171,972
Compassionate care.....	65,000	61,613	54,855
Family caregiver.....	21,000	31,649	20,692
Adoption .....	–	21,319	21,367
Self-employment .....	10,000	9,661	9,803
	<b>5,770,000</b>	<b>5,764,844</b>	<b>5,538,980</b>
<b>Total income benefits.....</b>	<b>20,185,000</b>	<b>17,855,630</b>	<b>18,794,322</b>
Less: benefit repayments from higher income claimants .....	305,000	308,560	263,109
<b>Total part I.....</b>	<b>19,880,000</b>	<b>17,547,070</b>	<b>18,531,213</b>
<b>Part II—Employment benefits and support measures</b>			
<b>Employment benefits</b>			
Transfer payments to provinces and territories related to LMDA .....	1,950,000	2,048,593	2,067,435
<b>Support measures</b>			
Labour market partnerships .....	121,250	112,630	106,735
Research and innovation.....	5,300	6,588	5,755
	<b>126,550</b>	<b>119,218</b>	<b>112,490</b>
<b>Total part II.....</b>	<b>2,076,550</b>	<b>2,167,811</b>	<b>2,179,925</b>
<b>Total benefits and support measures .....</b>	<b>21,956,550</b>	<b>19,714,881</b>	<b>20,711,138</b>

**Employment Insurance Operating Account—concluded****Schedule II—Statement of operations and accumulated surplus  
for the period of January 1st to December 31st**

(in thousands of dollars)

	2017	2016
<b>Revenues</b>		
Premiums .....	21,082,938	23,707,452
Penalties .....	65,594	59,523
Interest .....	15,368	36,158
	21,163,900	23,803,133
<b>Expenses</b>		
Income benefits .....	18,268,655	18,573,121
Transfers to provinces and territories related to LMDA.....	2,067,610	1,942,435
Support measures .....	112,827	115,802
Benefits repayments from higher income claimants .....	(285,917)	(274,714)
	20,163,175	20,356,644
Administration costs.....	1,852,450	1,745,232
Bad debts.....	59,927	54,173
	22,075,552	22,156,049
Net surplus (deficit) for the period .....	(911,652)	1,647,084
<b>Accumulated surplus—beginning of period.....</b>	<b>2,513,853</b>	<b>866,769</b>
<b>Accumulated surplus—end of period .....</b>	<b>1,602,201</b>	<b>2,513,853</b>

The estimates provided in this Schedule for calendar year 2017, which is prepared in accordance with Canadian public sector accounting standards are used by the Commission to establish the Employment Insurance premium rate for the following calendar year. The mechanism for setting the Employment Insurance premium rate is designed to ensure that revenues and expenditures break even over a seven year period.



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# Section 5

*Public Accounts of Canada  
2017–2018*

## **Accounts payable and accrued liabilities as at March 31**

### **Table of contents**

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## Accounts payable and accrued liabilities

This section contains information on accounts reported on the Consolidated Statement of Financial Position under “Accounts payable and accrued liabilities”. The establishment and operation of these accounts are authorized by Parliament in annual appropriation acts and other legislation. In many cases, these accounts represent accounts payable, accruals and allowances set up at year end under the authority granted to the President of the Treasury Board under the *Financial Administration Act*.

Most tables in this section present the continuity of accounts, by showing the opening and closing balances. A narrative description is provided for accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

**Table 5.1**  
**Accounts payable and accrued liabilities**

(in dollars)

	2018	2017
Other accounts payable and accrued liabilities, Table 5.2 .....	44,575,728,680	34,431,423,345
Deferred revenues, Table 5.5 .....	8,361,285,659	9,237,666,335
Amounts payable related to tax, Table 5.6 .....	61,875,955,006	55,077,063,960
Provision for contingent liabilities .....	23,029,439,044	16,511,133,089
Environmental liabilities and asset retirement obligations, Table 5.7 .....	12,291,069,498	12,598,881,437
Interest and matured debt, Table 5.9 .....	4,690,402,629	4,662,786,959
Total .....	154,823,880,516	132,518,955,125

## Other accounts payable and accrued liabilities

**Table 5.2**  
**Other accounts payable and accrued liabilities**

(in dollars)

	2018	2017
Accounts payable.....	22,946,774,759	19,142,405,030
Add: consolidation adjustment <sup>1</sup> .....	8,232,404,360	6,699,628,182
	<i>31,179,179,119</i>	<i>25,842,033,212</i>
Accrued salaries and benefits .....	5,104,848,495	5,589,119,440
Notes payable to international organizations, Table 5.3 .....	240,249,239	36,161,313
Provincial, Territorial and Aboriginal Tax Agreements Account, Table 5.4.....	7,419,117,814	2,385,335,092
Miscellaneous payroll deductions .....	125,895,328	65,258,090
Other.....	506,438,685	513,516,198
Total .....	44,575,728,680	34,431,423,345

<sup>1</sup> Additional information on the consolidated Crown corporations and other entities is provided in Section 4 of this volume.

### Accounts payable

This account records amounts owing at year end pursuant to contractual arrangements, or for work performed, goods received, or services rendered, accrued amounts to be paid from appropriations and statutory authorities, and accrued financial obligations of consolidated Crown corporations and other entities.

### Accrued salaries and benefits

This account records salaries and wages owing at year end, amounts owing for earned and unpaid annual vacation leave and compensation time, and other accrued amounts relating to unpaid or retroactive salaries.

## Notes payable to international organizations

Share capital subscriptions, loans and advances are made to international organizations using cash, notes payable, or both, that are later presented for encashment according to terms of agreements. These demand notes are non-interest bearing and are non-negotiable. The subscriptions, loans and advances are recorded as assets and details are reported in Table 9.12 in Section 9 of this volume.

**Table 5.3**  
**Notes payable to international organizations**

(in dollars)

	April 1, 2017	Receipts and other credits		Payments and other charges		March 31, 2018
		Note issuances	Revaluation <sup>1</sup>	Note encashment	Revaluation <sup>1</sup>	
Department of Finance						
Asian Infrastructure Investment Bank .....	–	205,439,344	–	–	222,992	205,216,352
International Bank for Reconstruction and Development (World Bank) .....	31,894,821	–	–	995,289	–	30,899,532
Multilateral Investment Guarantee Agency .....	4,266,492	–	–	–	133,137	4,133,355
Total .....	36,161,313	205,439,344	–	995,289	356,129	240,249,239

<sup>1</sup> Notes denominated in foreign currencies are translated into Canadian dollars at the year-end closing rates of exchange.

## Provincial, Territorial and Aboriginal Tax Agreements Account

This account records taxes administered by the Government of Canada on behalf of provinces, territories, and aboriginal governments, in accordance with agreements entered into by the Minister of Finance pursuant to the *Federal-Provincial Fiscal Arrangements Act* and, in the case of First Nations Goods and Services Tax, pursuant to the *First Nations Goods and Services Tax Act*.

The Government of Canada, as represented by the Minister of Finance, has entered into agreements with all provinces and territories (except Quebec) to collect and administer personal income tax, and with all provinces and territories (except Quebec and Alberta) to collect and administer corporate tax, and to pay amounts assessed in respect thereof in accordance with the agreements.

Agreements have also been entered into with certain aboriginal governments, to collect First Nations Personal Income Tax as well as First Nations Sales Tax levied on motive fuels, tobacco, and alcohol and First Nations Goods and Services Tax levied on the same range of goods and services as the federal goods and services tax, and to make payments to the respective governments in accordance with the agreements.

This account also records transactions relating to agreements that the Government of Canada has entered into with the provinces of Ontario, New Brunswick, Nova Scotia, Newfoundland and Labrador and Prince Edward Island regarding the Harmonized Sales Tax, and payments made to those provinces in accordance with the Comprehensive Integrated Tax Coordination Agreements between the Government of Canada and the provinces. Effective April 1, 2013, the province of British Columbia returned to the provincial sales tax regime.

The Public Accounts of Canada reports information on an April to March fiscal year basis, while tax information is generally calculated on a calendar year basis. Transactions related to several tax years can occur during a given fiscal year. For example, during a given fiscal year, payments are made, based on estimates, in respect of two calendar years (April to December and January to March). During this period, it is also necessary to make payments or adjustments related to tax revenues, rebates and credits for previous calendar years.

**Table 5.4**  
**Provincial, Territorial and Aboriginal Tax Agreements Account**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
Total personal income tax administered by the Government of Canada .....	(1,107,990,166)	70,810,171,850		69,702,181,684
Less: payments to provinces, territories and Aboriginal governments				
Newfoundland and Labrador .....			1,527,267,585	1,527,267,585
Prince Edward Island .....			361,731,346	361,731,346
Nova Scotia .....			2,583,962,002	2,583,962,002
New Brunswick .....			1,608,079,783	1,608,079,783
Ontario .....			33,345,415,190	33,345,415,190
Manitoba .....			3,194,348,399	3,194,348,399
Saskatchewan .....			2,518,794,610	2,518,794,610
Alberta .....			10,013,012,520	10,013,012,520
British Columbia .....			8,802,489,100	8,802,489,100
Yukon .....			66,246,965	66,246,965
Northwest Territories .....			75,461,701	75,461,701
Nunavut .....			24,889,532	24,889,532
Aboriginal governments .....			28,489,146	28,489,146
			<i>64,150,187,879</i>	<i>64,150,187,879</i>
<b>Total personal income tax on hand .....</b>	<b>(1,107,990,166)</b>	<b>70,810,171,850</b>	<b>64,150,187,879</b>	<b>5,551,993,805</b>
Total corporate income tax administered by the Government of Canada .....	6,927,160,734	20,141,238,491		27,068,399,225
Less: payments to provinces and territories				
Newfoundland and Labrador .....			230,970,170	230,970,170
Prince Edward Island .....			103,042,966	103,042,966
Nova Scotia .....			631,845,127	631,845,127
New Brunswick .....			439,069,475	439,069,475
Ontario .....			15,701,741,544	15,701,741,544
Quebec .....			68,465,606	68,465,606
Manitoba .....			540,614,855	540,614,855
Saskatchewan .....			699,495,736	699,495,736
Alberta .....			87,343,516	87,343,516
British Columbia .....			3,566,867,229	3,566,867,229
Yukon .....			10,628,872	10,628,872
Northwest Territories .....			38,003,724	38,003,724
Nunavut .....			17,832,000	17,832,000
			<i>22,135,920,820</i>	<i>22,135,920,820</i>
<b>Total corporate income tax on hand .....</b>	<b>6,927,160,734</b>	<b>20,141,238,491</b>	<b>22,135,920,820</b>	<b>4,932,478,405</b>
Total harmonized sales tax administered by the Government of Canada .....	(3,433,835,476)	30,494,099,884		27,060,264,408
Less: payments to provinces and territories				
Newfoundland and Labrador .....			1,136,596,283	1,136,596,283
Prince Edward Island .....			280,174,669	280,174,669
Nova Scotia .....			1,875,568,597	1,875,568,597
New Brunswick .....			1,490,643,546	1,490,643,546
Ontario .....			25,330,150,225	25,330,150,225
British Columbia .....			12,485,484	12,485,484
			<i>30,125,618,804</i>	<i>30,125,618,804</i>
<b>Total harmonized sales tax on hand .....</b>	<b>(3,433,835,476)</b>	<b>30,494,099,884</b>	<b>30,125,618,804</b>	<b>(3,065,354,396)</b>
Total First Nations sales tax administered by the Government of Canada .....	–	7,703,392	–	7,703,392
Less: payments to Aboriginal governments .....	–	–	7,703,392	7,703,392
<b>Total First Nations sales tax on hand .....</b>	<b>–</b>	<b>7,703,392</b>	<b>7,703,392</b>	<b>–</b>
Total First Nations goods and services sales tax administered by the Government of Canada .....	–	16,480,169	–	16,480,169
Less: payments to Aboriginal governments .....	–	–	16,480,169	16,480,169
<b>Total First Nations goods and services sales tax on hand .....</b>	<b>–</b>	<b>16,480,169</b>	<b>16,480,169</b>	<b>–</b>
<b>Total .....</b>	<b>2,385,335,092</b>	<b>121,469,693,786</b>	<b>116,435,911,064</b>	<b>7,419,117,814</b>

### Miscellaneous payroll deductions

Deductions from the salaries and wages of certain employees are credited to this account pending transmittal to related outside organizations.

### Other

Miscellaneous accounts payable and accrued liabilities such as provincial sales tax collected on sales are recorded in this account.

## Deferred revenues

This account records revenues received before the end of the current fiscal year for which the goods or services are to be delivered or rendered in a subsequent fiscal year. It includes licence fees received for which access to the radio spectrum is being provided in subsequent years. The major deferred revenues of \$50 million or more are reported individually. It also presents separately revenues received which have been recorded in a specified purpose account.

**Table 5.5**  
**Deferred revenues**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
<b>Deferred revenues</b>				
Global Affairs				
Canadian Commercial Corporation				
Advances from foreign customers .....	201,337,000	93,747,000	138,742,000	156,342,000
Immigration, Refugees and Citizenship				
Department of Citizenship and Immigration				
Service fees for immigration and citizenship .....	390,694,039	983,408,529	896,005,457	478,097,111
Innovation, Science and Economic Development				
Department of Industry				
Canadian Intellectual Property Office Revolving Fund .....	61,808,562	129,425,329	126,375,219	64,858,672
Spectrum licence fees .....	8,147,868,573	164,164,494	1,092,295,623	7,219,737,444
	8,209,677,135	293,589,823	1,218,670,842	7,284,596,116
Other deferred revenues .....	396,471,765	896,226,799	899,120,590	393,577,974
<b>Total</b> .....	<b>9,198,179,939</b>	<b>2,266,972,151</b>	<b>3,152,538,889</b>	<b>8,312,613,201</b>
<b>Other deferred revenues—Specified purpose accounts</b>				
<b>Donation and bequest accounts</b>				
Agriculture and Agri-Food				
Department of Agriculture and Agri-Food				
Shared-cost agreements—Research .....	17,518,191	8,150,736	7,958,269	17,710,658
Canadian Heritage				
Library and Archives of Canada				
Special Operating Account .....	901,137	1,730,546	541,926	2,089,757
National Film Board				
Gift to the Crown .....	–	35,000	22,150	12,850
	901,137	1,765,546	564,076	2,102,607
Environment and Climate Change				
Department of the Environment				
Endangered species—Donations .....	8,018	930	–	8,948
Miscellaneous projects deposits .....	6,823,471	11,898,364	2,631,879	16,089,956
	6,831,489	11,899,294	2,631,879	16,098,904
Families, Children and Social Development				
Canadian Centre for Occupational Health and Safety				
Donations .....	113,152	–	–	113,152
Fisheries, Oceans and the Canadian Coast Guard				
Department of Fisheries and Oceans				
Restricted donations .....	2,620	–	–	2,620
Health				
Canadian Institutes of Health Research				
Donations for research .....	4,006,616	2,287,960	3,402,558	2,892,018
Innovation, Science and Economic Development				
Department of Industry				
Deposits from non-government organizations .....	3,316,391	1,193,399	1,344,072	3,165,718
Prime Minister's Awards .....	46,680	50,000	96,000	680
	3,363,071	1,243,399	1,440,072	3,166,398
Canadian Space Agency				
RADARSAT-2 .....	6,018	–	960	5,058
RADARSAT-2—Data satellite .....	43,609	1,812,960	1,828,766	27,803
	49,627	1,812,960	1,829,726	32,861
Social Sciences and Humanities Research Council				
Trust Fund .....	373,380	1,655	10,000	365,035
	3,786,078	3,058,014	3,279,798	3,564,294
National Defence				
Department of National Defence				
Corporate sponsorships and donations .....	46,153	57,006	64,029	39,130

**Table 5.5**  
**Deferred revenues—concluded**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
Office of the Governor General's Secretary				
Cost-sharing agreements and other collaborative agreements .....	1,210	291,872	148,260	144,822
Donations—Rideau Hall .....	47,260	–	22,097	25,163
	48,470	291,872	170,357	169,985
Public Safety and Emergency Preparedness				
Royal Canadian Mounted Police				
Civil Remedies Grant Program .....	11,229	21,766	31,990	1,005
Mounted Police Foundation .....	292,284	–	1,662	290,622
Royal Canadian Mounted Police Pipe Band (NCR) .....	7,163	–	–	7,163
Sponsorship Agreement—Contributions.....	168,653	–	–	168,653
	479,329	21,766	33,652	467,443
Transport				
Department of Transport				
Shared-cost agreements—Transportation research and development .....	645,396	1,140,252	1,384,947	400,701
Veterans Affairs				
Department of Veterans Affairs				
Restricted donations				
Canadian Memorial .....	800	–	–	800
Visitor Education Centre, Vimy Memorial.....	5,000,000	–	–	5,000,000
Wounded Warrior Fund .....	849	–	–	849
	5,001,649	–	–	5,001,649
Total—Donation and bequest accounts .....	39,380,280	28,672,446	19,489,565	48,563,161
<b>Endowment interest accounts</b>				
Environment and Climate Change				
Parks Canada Agency				
Laurier House—Interest (Mackenzie King Trust Account).....	–	3,758	3,758	–
Health				
Canadian Institutes of Health Research				
Endowments for health research .....	2,430	571	–	3,001
Innovation, Science and Economic Development				
National Research Council of Canada				
H.L. Holmes Fund .....	–	26,500	26,500	–
Social Sciences and Humanities Research Council				
Queen's Fellowship Fund.....	103,686	2,610	–	106,296
	103,686	29,110	26,500	106,296
Total—Endowment interest accounts.....	106,116	33,439	30,258	109,297
Total—Other deferred revenues—Specified purpose accounts .....	39,486,396	28,705,885	19,519,823	48,672,458
Total—Deferred revenues.....	9,237,666,335	2,295,678,036	3,172,058,712	8,361,285,659

**Advances from foreign customers**

This account records advances from foreign customers representing a down payment made at the outset of the contract before any work has been performed.

**Service fees for immigration and citizenship**

This account was established to record fees, rights and privileges derived from the *Citizenship Act* and regulations and the *Immigration and Refugee Protection Act* and regulations. Recognition of earned revenue related to fees, rights and privileges is deferred until the application is finalized.

**Canadian Intellectual Property Office Revolving Fund**

This account was established to record funds reserved from sources such as patents, trademarks examination and registration fees which are recognized as revenue in subsequent years.

### **Spectrum licence fees**

This account was established to record: (a) funds received from spectrum auctions, which are recognized as revenues over the period of the licences; and (b) funds received from spectrum licence fees that are received in the latter part of the fiscal year, but which are applicable to the following fiscal year.

### **Shared-cost agreements—Research**

This account was established to record amounts deposited by external parties for shared-cost projects, and any related future provincial program payments to be made on a province's behalf by the Department of Agriculture and Agri-Food as part of a related project. Funds are disbursed on behalf of depositors as specific projects are undertaken.

### **Special Operating Account**

This account was established, pursuant to section 18 of the *Library and Archives of Canada Act*, to record funds received for the purposes of the Library and Archives of Canada, by way of gifts. Amounts required for the purposes of the Act may be paid out of this account, or out of funds appropriated by Parliament for such purposes.

### **Gift to the Crown**

This account was established to record donations for the production of a documentary on innovative economic and social actions in certain countries and an animation film on the integration of immigrants.

### **Endangered species—Donations**

This account was established to record donations, gifts or bequests received from individuals and organizations to finance various studies related to endangered species.

### **Miscellaneous projects deposits**

This account was established to record contributions received from organizations and individuals, for the advancement of research work and clean-up efforts.

### **Donations**

This account was established, pursuant to subsection 6(3) of the *Canadian Centre for Occupational Health and Safety Act*, to record funds, securities or other property received by way of gift, bequest or otherwise, and to disburse such donations at the discretion of the Centre.

### **Restricted donations—Department of Fisheries and Oceans**

This account was established to record directed donations to be used for research, development, management and promotion of fisheries and oceans related issues.

### **Donations for research**

This account was established, pursuant to section 29 of the *Canadian Institutes of Health Research Act*, to record donations and contributions received from organizations and individuals for health research.

### **Deposits from non-government organizations**

This account was established to record amounts deposited by customers to be used for payments of services provided by the department.

### **Prime Minister's Awards**

This account was established to record amounts deposited by external parties to be used in support of the Prime Minister's Awards for teaching excellence.

### **RADARSAT-2**

This account was established to record funds received for the configuration and layout of relocated "MacDonald, Dettwiler and Associates" personnel.

### **RADARSAT-2—Data satellite**

This account was established to record funds received from "MacDonald, Dettwiler and Associates" for the reception, archiving, cataloguing and satellite acquisition services.



### **Trust Fund—Social Sciences and Humanities Research Council**

This account was established to record funds available for social sciences and humanities research activities. The account is also used to record receipts of private donations for the purpose of special projects.

### **Corporate sponsorships and donations**

This account was established by the Department of National Defence to administer funds received from various private companies, not for profit corporations, associations, other levels of government, or individuals for the purpose of holding events, conducting operations and constructing capital assets consistent with the Department's mandate but not funded from its appropriations.

### **Cost sharing collaborate agreements and other collaborate agreements**

This account was established to record amounts deposited by external parties for shared-cost projects.

### **Donations—Rideau Hall**

This account was established to record gifts, donations or bequests to Rideau Hall from private organizations and individuals to fund specific initiatives.

### **Civil Remedies Grant Program**

This account was established to record grants received under the authority of the British Columbia *Civil Forfeiture Act*. These grants are used for the procurement of specialized police equipment and training.

### **Mounted Police Foundation**

This account was established to record funds received from the Mounted Police Foundation which will be used to cover expenses related to community policing, educational, promotional and public relations projects throughout Canada.

### **Royal Canadian Mounted Police Pipe Band (National Capital Region)**

This account was established to administer sponsorship funds to support the Royal Canadian Mounted Police Pipe Band.

### **Sponsorship agreement—Contributions**

This account was established to record funds contributed to the Royal Canadian Mounted Police pursuant to sponsorship agreements for use in community policing programs.

### **Shared-cost agreements—Transportation research and development**

This account was established to record, on a temporary basis; (a) funds received from cost-sharing agreements intended to strengthen and improve the safety, security and efficiency of the Canadian transportation system; and (b) funds received from private sector and provincial governments to directly support the departmental strategic objectives.

### **Restricted donations—Canadian Memorial**

This account was established to record directed donations for the purpose of management and maintenance of the Canadian Memorial in Green Park, London, United Kingdom.

### **Restricted donations—Visitor Education Centre, Vimy Memorial**

This account was established to record directed donations for the purpose of providing assistance to the construction of a visitor education centre at the Canadian National Vimy Memorial.

### **Restricted donations—Wounded Warrior Fund**

This account was established to record directed donations for the purpose of providing assistance to support the pilot project designed to assist disenfranchised Veterans in crisis.

### **Laurier House—Interest (Mackenzie King Trust Account)**

The late The Right Hon W. L. Mackenzie King bequeathed Laurier House, Ottawa, and the sum of \$225,000, to the Government of Canada. This amount was credited to the account and earns interest, in accordance with the terms of section 3 of the *Laurier House Act*. The interest is to be used to assist in the maintenance of the Laurier House, which is to be preserved as a place of historic interest, and also to provide accommodation for study and research.

### Endowments for health research

This account was established, pursuant to section 29 of the *Canadian Institutes of Health Research Act*, to record various endowments received from donors for the purpose of health research. The interest received is used for the payment of research grants.

#### H.L. Holmes Fund

This account was established, pursuant to paragraph 5(1)(f) of the *National Research Council Act*, to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

#### Queen's Fellowship Fund

This fund is an endowment of \$250,000 that was established by Vote 45a, *Appropriation Act No. 5, 1973-74*. The interest earned is used for the payment of fellowships to graduate students in certain fields of Canadian studies.

### Amounts payable related to tax

Amounts payable related to tax are based on assessments as well as estimates of refunds owing for assessments not completed by year end.

**Table 5.6**

#### Amounts payable related to tax

(in dollars)

	2018	2017
Personal and non-resident income tax .....	35,369,801,219	35,530,639,338
Corporate income tax .....	13,710,199,662	8,718,842,155
Goods and services tax .....	12,714,967,677	10,777,092,225
Customs import duties and excise taxes and duties .....	80,986,448	50,490,242
Total .....	61,875,955,006	55,077,063,960

#### Personal and non-resident income tax

This account records tax refunds payable to individual taxpayers as well as amounts payable to employers and other withholders of personal income tax. This account also includes any interest owing on the balances.

#### Corporate income tax

This account records tax refunds payable and any interest owing to corporate taxpayers.

#### Goods and services tax

This account records refunds, rebates and any interest owing related to the goods and services tax.

#### Customs and excise

This account records refunds of customs import duties, excise taxes and duties, energy taxes and any interest owing on the balances.

## Environmental liabilities and asset retirement obligations

Environmental liabilities are based on the Government's best estimate of the amount required to remediate the site to current minimum environmental standards.

Asset retirement obligations are the Government's estimated costs related to obligations associated with the retirement of tangible capital assets. These costs are normally capitalized and amortized over the asset's estimated useful life. The liability reflects the present value of estimated future cash flows required to retire the asset.

**Table 5.7**  
**Environmental liabilities and asset retirement obligations**

(in dollars)

	2018	2017
<b>Remediation liabilities for contaminated sites</b>		
Agriculture and Agri-Food		
Department of Agriculture and Agri-Food .....	6,630,455	3,423,088
Canadian Heritage		
Canadian Broadcasting Corporation .....	367,000	390,000
National Capital Commission .....	49,884,000	50,831,000
	<i>50,251,000</i>	<i>51,221,000</i>
Environment and Climate Change		
Department of the Environment .....	194,163,433	195,602,662
Parks Canada Agency .....	58,050,670	50,638,172
	<i>252,214,103</i>	<i>246,240,834</i>
Fisheries, Oceans and the Canadian Coast Guard		
Department of Fisheries and Oceans .....	129,545,542	112,154,402
Global Affairs		
Department of Foreign Affairs, Trade and Development .....	15,591	15,000
Health		
Department of Health .....	38,713	100,790
Indigenous and Northern Affairs		
Department of Indian Affairs and Northern Development .....	3,343,532,437	3,421,838,583
Infrastructure and Communities		
The Jacques-Cartier and Champlain Bridges Inc. ....	24,402,000	46,675,000
Windsor-Detroit Bridge Authority .....	15,468,000	5,840,000
	<i>39,870,000</i>	<i>52,515,000</i>
Innovation, Science and Economic Development		
National Research Council of Canada .....	3,224,044	2,718,164
National Defence		
Department of National Defence .....	491,413,076	536,639,813
Natural Resources		
Department of Natural Resources .....	1,755,936	4,907,906
Atomic Energy of Canada Limited .....	988,243,000	1,081,866,000
	<i>989,998,936</i>	<i>1,086,773,906</i>
Public Safety and Emergency Preparedness		
Canada Border Services Agency .....	1,187,743	1,165,597
Correctional Service of Canada .....	3,203,237	3,160,429
Royal Canadian Mounted Police .....	9,693,093	9,134,394
	<i>14,084,073</i>	<i>13,460,420</i>
Public Services and Procurement		
Department of Public Works and Government Services .....	218,431,732	217,809,560
Transport		
Department of Transport .....	171,038,656	198,378,127
The Federal Bridge Corporation Limited .....	–	890,000
VIA Rail Canada Inc. ....	200,000	335,000
	<i>171,238,656</i>	<i>199,603,127</i>
Gross remediation liability for contaminated sites .....	5,710,488,358	5,944,513,687
Less expected recoveries—Department of Indian Affairs and Northern Development .....	23,431,315	27,441,114
Net remediation liability of contaminated sites .....	5,687,057,043	5,917,072,573
<b>Other environmental liabilities</b>		
National Defence		
Department of National Defence (unexploded explosive ordnance affected sites) .....	122,124,589	183,848,755
<b>Asset retirement obligations</b>		
Natural Resources		
Atomic Energy of Canada Limited (nuclear facility decommissioning) .....	6,473,301,000	6,492,243,000
Others .....	8,586,866	5,717,109
Total asset retirement obligations .....	6,481,887,866	6,497,960,109
Total environmental liabilities and asset retirement obligations .....	12,291,069,498	12,598,881,437

**Changes in liability for remediation of contaminated sites****Table 5.8**  
**Changes in liability for remediation of contaminated sites**

(in dollars)

	2018	2017
Opening balance .....	5,944,513,687	6,273,566,159
Less: Expenditures reducing opening liabilities .....	538,751,252	414,126,248
Add:		
Changes in estimated remediation costs .....	253,777,187	42,885,906
New liability for sites not previously recorded .....	50,948,736	42,187,870
Closing balance (gross) .....	5,710,488,358	5,944,513,687
Expected recoveries .....	23,431,315	27,441,114
Closing balance (net) .....	5,687,057,043	5,917,072,573

In addition to expenditures reducing liabilities previously recorded, the government spent another \$30,987,709 (\$33,673,083 in 2017) remediation costs on its contaminated sites when these costs became known in the year.

**Interest and matured debt****Table 5.9**  
**Interest and matured debt**

(in dollars)

	2018	2017
Interest due .....	558,722,245	698,653,809
Interest accrued .....	3,659,281,340	3,554,158,025
Matured debt .....	472,399,044	409,975,125
Total .....	4,690,402,629	4,662,786,959

**Interest due**

Interest due is the interest on the bonded debt, which is due and payable but has not been redeemed by bond holders.

**Interest accrued**

Interest accrued is the interest accumulated as at March 31 on the bonded debt and certain other liabilities, that is not payable until a future date.

**Matured debt**

This account records financial obligations represented by certificates of indebtedness issued by the Government that have become due but that have not been presented for redemption. Unclaimed matured bonds are transferred to other revenues if they remain unredeemed 15 years after the date of call or maturity, whichever is earlier.

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# Section 6

## *Public Accounts of Canada 2017–2018*

### **Interest-bearing debt as at March 31**

#### **Table of contents**

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## Interest-bearing debt

This section contains information on the interest-bearing debt of the Government. Interest-bearing debt includes the unmatured debt and pensions, other future benefits and other liabilities.

Some tables in this section present the continuity of accounts, by showing the opening and closing balances, as well as receipts and other credits, and payments and other charges.

The financial statements of the Canada Pension Plan, the Government Annuities Account and the Royal Canadian Mounted Police (Dependants) Pension Fund, together with the Independent Auditor's Reports thereon, are presented at the end of this section.

**Table 6.1**  
**Interest-bearing debt**

(in dollars)

	April 1, 2017 Restated <sup>1</sup>	Receipts and other credits	Payments and other charges	March 31, 2018
Unmatured debt <sup>2</sup>				
Payable in Canadian currency				
Marketable bonds, Table 6.2 .....	536,279,556,250	138,175,370,750	99,486,584,000	574,968,343,000
Treasury bills, Table 6.3 .....	136,700,000,000	305,200,000,000	331,200,000,000	110,700,000,000
Retail debt, Table 6.4 .....	4,533,341,938	765,323,160	2,713,019,783	2,585,645,315
	677,512,898,188	444,140,693,910	433,399,603,783	688,253,988,315
Payable in foreign currencies				
Marketable bonds, Table 6.2 .....	11,481,048,332	4,201,863,938	4,781,406,649	10,901,505,621
Canada bills, Table 6.5 .....	3,521,450,189	11,694,803,227	12,625,563,176	2,590,690,240
Medium-term notes, Table 6.6 .....	2,606,655,000	1,097,500	50,837,500	2,556,915,000
	17,609,153,521	15,897,764,665	17,457,807,325	16,049,110,861
Total—Market debt .....	695,122,051,709	460,038,458,575	450,857,411,108	704,303,099,176
Unamortized discounts and premiums on market debt, Table 6.7 .....	5,321,997,204	2,173,249,132	4,028,412,728	3,466,833,608
Total—Market debt including unamortized discounts and premiums .....	700,444,048,913	462,211,707,707	454,885,823,836	707,769,932,784
Cross-currency swap revaluation .....	7,763,876,882	—	(71,045,552)	7,834,922,434
Obligation related to capital leases, Table 6.12 .....	3,225,837,581	366,414,486	389,927,719	3,202,324,348
Obligation under public-private partnerships .....	2,198,770,224	205,545,845	11,107,197	2,393,208,872
Total—Unmatured debt .....	713,632,533,600	462,783,668,038	455,215,813,200	721,200,388,438
Pensions, other future benefits and other liabilities				
Public sector pensions <sup>1</sup> , Table 6.15 .....	171,447,490,738	21,357,083,112	21,890,673,715	170,913,900,135
Other employee and veteran future benefits, Table 6.28 .....	93,567,833,000	17,574,932,000	6,349,456,000	104,793,309,000
Other liabilities				
Canada Pension Plan account, Table 6.29 .....	105,507,587	77,313,637,269	77,387,281,110	31,863,746
Government Annuities Account .....	120,487,086	34,599,204	20,440,405	134,645,885
Deposit and trust accounts, Table 6.30 .....	1,345,095,798	785,100,318	803,443,497	1,326,752,619
Other specified purpose accounts, Table 6.33 .....	4,118,284,715	1,776,052,267	1,717,345,069	4,176,991,913
	5,689,375,186	79,909,389,058	79,928,510,081	5,670,254,163
Total—Pensions, other future benefits and other liabilities .....	270,704,698,924	118,841,404,170	108,168,639,796	281,377,463,298
Total .....	984,337,232,524	581,625,072,208	563,384,452,996	1,002,577,851,736

<sup>1</sup> Comparative figures have been restated. Details on the restatement can be found in Note 2, Section 2 of this volume.

<sup>2</sup> This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

## **Unmatured debt**

Unmatured debt represents financial obligations resulting from certificates of indebtedness issued by the Government of Canada that have not yet become due, cross-currency swap revaluation and unamortized discounts and premiums on market debt, obligations related to capital leases and obligations under public private partnerships.

The Government's holdings of its own securities have been deducted from unmaturred debt, to report the amount of the Government's liabilities to outside parties.

## **Marketable bonds**

Marketable bonds are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- bought and sold on the open market;
- payable in Canadian or foreign currency;
- subject to redemption before maturity;
- fixed dates of maturity;
- interest payable either in coupon or registered form; and
- face value guaranteed at maturity.

Registered marketable bonds are transferable by endorsement and delivery by one holder to another. Bearer marketable bonds need not be endorsed.



The year-end balances of marketable bonds payable in foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2018.

**Table 6.2**  
**Marketable bonds**

(in dollars)

	April 1, 2017	Receipts and other credits <sup>1</sup>	Payments and other charges <sup>1</sup>	March 31, 2018
<b>Payable in Canadian currency</b>				
Matured 2017–2018 .....	68,131,480,000	–	68,131,480,000	–
<b>Maturing</b>				
2018–2019 .....	91,356,962,000	–	26,642,981,000	64,713,981,000
2019–2020 .....	69,250,000,000	49,500,000,000	2,489,000,000	116,261,000,000
2020–2021 .....	40,467,361,000	34,300,000,000	–	74,767,361,000
2021–2022 .....	49,850,752,750	137,396,250	–	49,988,149,000
2022–2023 .....	12,906,022,000	30,600,000,000	–	43,506,022,000
2023–2024 .....	16,558,552,000	–	–	16,558,552,000
2024–2025 .....	13,800,000,000	–	–	13,800,000,000
2025–2026 .....	15,403,156,000	–	–	15,403,156,000
2026–2027 .....	21,239,077,500	131,880,000	–	21,370,957,500
2027–2028 .....	13,035,975,000	6,000,000,000	–	19,035,975,000
2028–2029 .....	–	9,000,000,000	–	9,000,000,000
2029–2030 .....	10,903,380,000	–	20,002,000	10,883,378,000
2031–2032 .....	8,217,034,000	140,070,000	–	8,357,104,000
2033–2034 .....	12,432,905,000	–	94,000,000	12,338,905,000
2036–2037 .....	7,353,684,000	125,307,000	–	7,478,991,000
2037–2038 .....	13,259,713,000	–	628,418,000	12,631,295,000
2041–2042 .....	22,985,938,000	129,886,500	187,208,000	22,928,616,500
2044–2045 .....	8,623,538,000	146,916,000	–	8,770,454,000
2045–2046 .....	16,400,000,000	–	–	16,400,000,000
2047–2048 .....	8,085,616,000	137,753,000	–	8,223,369,000
2048–2049 .....	12,100,000,000	2,800,000,000	–	14,900,000,000
2050–2051 .....	–	2,228,842,000	–	2,228,842,000
2051–2052 .....	–	1,500,000,000	–	1,500,000,000
2064–2065 .....	3,500,000,000	1,250,000,000	–	4,750,000,000
	535,861,146,250	138,128,050,750	98,193,089,000	575,796,108,000
<b>Less:</b>				
Government holdings of unmatured debt .....	–	–	(1,220,000,000)	1,220,000,000
Consolidation adjustment <sup>2</sup> .....	(418,410,000)	(47,320,000)	(73,495,000)	(392,235,000)
	(418,410,000)	(47,320,000)	(1,293,495,000)	827,765,000
<b>Total marketable bonds payable in Canadian currency .....</b>	<b>536,279,556,250</b>	<b>138,175,370,750</b>	<b>99,486,584,000</b>	<b>574,968,343,000</b>
<b>Payable in foreign currencies</b>				
Matured 2017–2018 .....	4,654,650,000	–	4,654,650,000	–
<b>Maturing</b>				
2018–2019 .....	4,011,084,792	–	125,167,320	3,885,917,472
2019–2020 .....	2,842,454,650	332,800,000	145,250	3,175,109,400
2022–2023 .....	–	3,865,200,000	–	3,865,200,000
	11,508,189,442	4,198,000,000	4,779,962,570	10,926,226,872
<b>Less: Government's holdings and securities held for the retirement of unmatured debt<sup>3</sup> .....</b>				
	27,141,110	3,863,938	1,444,079	24,721,251
<b>Total marketable bonds payable in foreign currencies .....</b>	<b>11,481,048,332</b>	<b>4,201,863,938</b>	<b>4,781,406,649</b>	<b>10,901,505,621</b>
<b>Total .....</b>	<b>547,760,604,582</b>	<b>142,377,234,688</b>	<b>104,267,990,649</b>	<b>585,869,848,621</b>

<sup>1</sup> These columns include the translation of marketable bonds payable in foreign currencies to Canadian dollars using the closing rates of exchange at March 31.

<sup>2</sup> Includes \$1,501,000 of securities held by consolidated Crown corporations and other entities and \$393,736,000 of borrowings by consolidated agent Crown corporations. Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

<sup>3</sup> These securities were assumed by the Government of Canada on February 5, 2001, upon the dissolution of Petro-Canada Limited. These are presented as a deduction from the foreign currency unmatured debt since they are held specifically for the repayment of the corresponding liabilities assumed upon the dissolution of the Corporation.

## Treasury bills

Treasury bills are short-term certificates of indebtedness issued by the Government of Canada to pay sums of money on given dates, and have the following characteristics:

- issued at a discount in lieu of interest payments;
- issued in Canadian currency only;
- issued every 2 weeks;
- common terms: 3 months, 6 months and 12 months;
- transferable; and
- bought and sold on the open market.

The balance at March 31, 2018 consists of \$30,800 million in three-month bills; \$21,900 million in six-month bills; \$55,700 million in 364-day bills; and \$2,300 million in odd-issue bills.

**Table 6.3**  
**Treasury bills**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
Three-month bills.....	40,100,000,000	141,100,000,000	150,400,000,000	30,800,000,000
Six-month bills.....	27,200,000,000	55,700,000,000	61,000,000,000	21,900,000,000
Other bills .....	69,400,000,000	108,400,000,000	119,800,000,000	58,000,000,000
	136,700,000,000	305,200,000,000	331,200,000,000	110,700,000,000
Less: Consolidation adjustment <sup>1</sup> .....	–	–	–	–
Total .....	136,700,000,000	305,200,000,000	331,200,000,000	110,700,000,000

<sup>1</sup> Represents securities held by consolidated Crown corporations and other entities. Additional information is provided in Section 4 of this volume.

## Retail debt

Retail debt includes Canada savings bonds and Canada premium bonds which are interest-bearing certificates of indebtedness issued by the Government of Canada, and have the following characteristics:

- issued to Canadian residents;
- issued in Canadian currency only;
- registered in the name of the holder;
- fixed dates of maturity;
- not marketable;
- not subject to call before maturity;
- term to maturity of three years or more;
- Canada savings bonds are redeemable on demand by the holder, with accrued interest calculated to the end of the previous month (no interest is paid if redeemed during the first 3 months following the date of issue); and
- Canada premium bonds are redeemable in full or partially on any annual anniversary of the issue date and during the 30 days thereafter by the holder, with accrued interest if applicable.

**Table 6.4**  
**Retail debt**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
Canada savings bonds (CSB)				
Matured 2017–2018 <sup>1</sup> .....	728,806,834	–	728,806,834	–
Maturing				
2018–2019 <sup>2</sup> .....	1,191,950,733	2,220	489,723,484	702,229,469
2019–2020 <sup>3</sup> .....	924,375,125	683,229,697	1,000,071,692	607,533,130
2020–2021 <sup>4</sup> .....	194,842,255	–	57,212,656	137,629,599
2021–2022 <sup>5</sup> .....	226,105,684	33,332,207	78,441,144	180,996,747
	<i>3,266,080,631</i>	<i>716,564,124</i>	<i>2,354,255,810</i>	<i>1,628,388,945</i>
Canada premium bonds (CPB)				
Matured 2017–2018 <sup>1</sup> .....	191,448,220	–	191,448,220	–
Maturing				
2018–2019 .....	490,145,493	–	74,257,685	415,887,808
2019–2020 <sup>3</sup> .....	336,116,936	9,900	48,594,414	287,532,422
2020–2021 <sup>4</sup> .....	126,100,771	–	17,600,109	108,500,662
2021–2022 <sup>5</sup> .....	123,449,887	48,749,136	26,863,545	145,335,478
	<i>1,267,261,307</i>	<i>48,759,036</i>	<i>358,763,973</i>	<i>957,256,370</i>
<b>Total .....</b>	<b>4,533,341,938</b>	<b>765,323,160</b>	<b>2,713,019,783</b>	<b>2,585,645,315</b>

<sup>1</sup> Ten years maturity extension to CSB Series 49 until November 1, 2016.

<sup>2</sup> Ten years maturity extension to CSB Series 50 and 52 until November 1, 2017.

<sup>3</sup> Ten years maturity extension to CSB Series 51, 54, 55, 56, 57, 58 and CPB Series 3, 4, 5, 6, 7.

<sup>4</sup> Ten years maturity extension to CSB Series 59, 60, 61, 62, 63, 64 and CPB Series 8, 9, 10, 11, 12, 13.

<sup>5</sup> Ten years maturity extension to CSB Series 65 and CPB Series 14.

## Canada bills

Canada bills are short-term certificates of indebtedness issued by the Government of Canada in the United States money market under the Government's foreign currency borrowing program. Canada bills provide Canada with an additional source of short-term US funds and have the following characteristics:

- issued at a discount in lieu of interest payments;
- term to maturity of not more than 270 days;
- transferable; and
- bought and sold on the open market.

The year-end balance of Canada bills payable in US dollars was translated into Canadian dollars using the closing rate of exchange at March 31, 2018.

**Table 6.5**  
**Canada bills**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
Canada bills before revaluation.....	3,449,253,377	11,654,747,486	12,625,563,176	2,478,437,687
Exchange valuation adjustment.....	72,196,812	40,055,741	–	112,252,553
Total .....	3,521,450,189	11,694,803,227	12,625,563,176	2,590,690,240

## Medium-term notes

Medium-term notes are issued by the Government of Canada in the foreign markets under the Government's foreign currency borrowing program, and thus provide Canada with an additional source of medium-term foreign funds.

The year-end balances of medium-term notes payable in US dollars and Euros were translated into Canadian dollars using the closing rate of exchange of the appropriate currency at March 31, 2018.

**Table 6.6**  
**Medium-term notes**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
Payable in foreign currencies				
Maturing				
2018–2019.....	332,475,000	–	10,375,000	322,100,000
2019–2020.....	1,230,157,500	–	38,387,500	1,191,770,000
2020–2021.....	977,527,500	1,097,500	–	978,625,000
2021–2022.....	66,495,000	–	2,075,000	64,420,000
Total .....	2,606,655,000	1,097,500	50,837,500	2,556,915,000

## Unamortized discounts and premiums on market debt

The unamortized discounts and premiums on market debt have the following characteristics:

- unamortized discounts on Canada bills records the portion of the discounts on outstanding Canada bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills;
- unamortized discounts on treasury bills records the portion of the discounts on outstanding treasury bills which has not yet been charged to expenses. Discounts are amortized over the life of the bills; and
- unamortized discounts and premiums on marketable bonds records the portion of the discounts and premiums on outstanding marketable bonds which has not yet been charged to expenses. Discounts and premiums are amortized over the life of the bonds.

**Table 6.7**  
**Unamortized discounts and premiums on market debt**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
Unamortized discounts on Canada bills .....	(4,190,304)	35,252,010	37,655,105	(6,593,399)
Unamortized discounts on treasury bills.....	(236,143,716)	994,157,181	1,194,294,788	(436,281,323)
Unamortized discounts and premiums on marketable bonds .....	5,562,331,224	1,143,839,941	2,796,462,835	3,909,708,330
Total .....	5,321,997,204	2,173,249,132	4,028,412,728	3,466,833,608

## Cross-currency swap revaluation

This represents the unrealized gains or losses due to fluctuations in the foreign exchange value of the cross-currency swaps.

## Interest rates

Table 6.8 sets out market debt as at March 31, for each of the years 2013–2014 to 2017–2018 inclusively, with the average rate of interest thereon. For purposes of comparison, market debt is classified as marketable bonds, treasury bills, retail debt, Canada bills and medium-term notes.

**Table 6.8**  
**Market debt as at March 31, from 2014 to 2018, with the average rate of interest thereon**

(in millions of dollars)

	Marketable bonds		Treasury bills		Retail debt		Canada bills		Medium-term notes		Total market debt	
	Amount outstanding	Average interest rate %	Amount outstanding	Average interest rate %	Amount outstanding	Average interest rate %	Amount outstanding	Average interest rate %	Amount outstanding	Average interest rate %	Amount outstanding	Average interest rate %
2018...	585,870	2.18	110,700	1.16	2,585	0.63	2,591	1.61	2,557	1.70	704,303	2.01
2017...	547,761	2.25	136,700	0.54	4,533	0.66	3,521	0.77	2,607	1.06	695,122	1.89
2016...	519,373	2.47	138,100	0.50	5,076	0.67	4,748	0.43	2,429	0.67	669,726	2.03
2015...	502,635	2.70	135,692	0.81	5,660	0.71	3,789	0.08	1,724	0.35	649,500	2.27
2014...	486,313	2.85	152,990	0.96	6,327	0.72	2,290	0.08	746	0.46	648,666	2.37

The interest rate in effect at March 31 is used where various rates of interest are applicable.

**Table 6.9**  
**Treasury bills average yields at tender**

(in percentage)

Year ended March 31	High	Low	Last issue
<b>Three-month bills</b>			
2018 .....	1.21	0.52	1.09
2017 .....	0.55	0.46	0.51
2016 .....	0.67	0.37	0.46
2015 .....	0.95	0.47	0.53
2014 .....	1.02	0.83	0.88
<b>Six-month bills</b>			
2018 .....	1.37	0.56	1.28
2017 .....	0.58	0.51	0.55
2016 .....	0.69	0.37	0.51
2015 .....	0.98	0.45	0.54
2014 .....	1.06	0.87	0.91
<b>364-days bills</b>			
2018 .....	1.63	0.62	1.60
2017 .....	0.65	0.50	0.64
2016 .....	0.72	0.38	0.54
2015 .....	1.02	0.43	0.53
2014 .....	1.13	0.94	0.96
<b>Other bills</b>			
2018 .....	1.20	0.48	1.20
2017 .....	0.58	0.46	0.53
2016 .....	0.67	0.45	0.53
2015 .....	0.98	0.68	0.71
2014 .....	1.04	0.77	0.81

## Maturity of Government debt

**Table 6.10**  
**Maturity of Government debt**

(in millions of dollars)

	Marketable bonds		Treasury bills		Retail debt		Canada bills		Medium-term notes		Total market debt	
	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %	Amount	Average interest rate %
2019.....	68,600	1.22	110,700	1.16	1,118	0.62	2,591	1.61	322	1.85	183,331	1.18
2020.....	119,436	1.64	–	–	895	0.64	–	–	1,192	1.76	121,523	1.64
2021.....	74,767	1.43	–	–	246	0.67	–	–	979	1.57	75,992	1.43
2022.....	49,988	1.88	–	–	326	0.63	–	–	64	1.94	50,378	1.87
2023.....	47,371	1.82	–	–	–	–	–	–	–	–	47,371	1.82
2024–2028.....	86,169	2.62	–	–	–	–	–	–	–	–	86,169	2.62
2029–2033.....	28,240	4.04	–	–	–	–	–	–	–	–	28,240	4.04
2034–2038.....	32,449	4.82	–	–	–	–	–	–	–	–	32,449	4.82
2039–2043.....	22,929	3.32	–	–	–	–	–	–	–	–	22,929	3.32
2044–2048.....	33,394	2.42	–	–	–	–	–	–	–	–	33,394	2.42
2049–2053.....	18,629	2.42	–	–	–	–	–	–	–	–	18,629	2.42
2064–2068.....	4,750	2.75	–	–	–	–	–	–	–	–	4,750	2.75
	586,722	2.18	110,700	1.16	2,585	0.63	2,591	1.61	2,557	1.70	705,155	2.01
Less: Government's holdings and consolidation adjustment <sup>1</sup> .....												
	852		–		–		–		–		852	
<b>Total .....</b>	<b>585,870</b>	<b>2.18</b>	<b>110,700</b>	<b>1.16</b>	<b>2,585</b>	<b>0.63</b>	<b>2,591</b>	<b>1.61</b>	<b>2,557</b>	<b>1.70</b>	<b>704,303</b>	<b>2.01</b>

This table includes unmatured debt issued by the Government of Canada. Borrowings of agent enterprise Crown corporations which are unconditional obligations of the Government, but not included in unmatured debt, can be found in Table 6.11.

<sup>1</sup> Includes government's holdings and securities held for the retirement of unmatured debt (Marketable bonds – \$1,245 million with an average interest rate of 1.10%) and consolidation adjustments.

## Statement of all borrowing transactions on behalf of Her Majesty

Included in the following table are borrowings by the Government for general purposes and borrowings by agent enterprise Crown corporations. Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not included because such borrowings are not on behalf of Her Majesty.

**Table 6.11**  
**Statement of all borrowing transactions on behalf of Her Majesty**

(in millions of dollars)

	April 1, 2017	Issues/ Borrowings	Retirements	March 31, 2018
Market debt of the Government of Canada <sup>1</sup> .....	695,122	500,799	491,618	704,303
Cross-currency swap revaluation .....	7,764	–	(71)	7,835
Unamortized discounts and premiums on market debt <sup>1</sup> .....	5,322	2,173	4,028	3,467
Obligation related to capital leases <sup>1</sup> .....	3,226	366	390	3,202
Obligation under public-private partnerships .....	2,199	205	11	2,393
	713,633	503,543	495,976	721,200
Borrowings of enterprise Crown corporations designated as agents of Her Majesty .....	276,559	92,041	77,131	291,469
<b>Total .....</b>	<b>990,192</b>	<b>595,584</b>	<b>573,107</b>	<b>1,012,669</b>

<sup>1</sup> Details can be found in this section.

## Obligation related to capital leases

A capital lease is a lease that transfers substantially all the benefits and risks inherent in ownership of the asset to the lessee. The net obligation related to capital leases represents the present values of the remaining minimum lease payments under the capital lease arrangements.

**Table 6.12**  
**Obligation related to capital leases**

(in dollars)

	April 1, 2017	Net changes	March 31, 2018
Land .....	3,672,286	(1,073,695)	2,598,591
Buildings .....	2,500,843,529	(157,370,334)	2,343,473,195
Works and infrastructure .....	487,037,434	(23,000,710)	464,036,724
Machinery and equipment .....	67,296,368	219,243,981	286,540,349
Vehicles .....	166,987,965	(61,312,476)	105,675,489
<b>Total .....</b>	<b>3,225,837,582</b>	<b>(23,513,234)</b>	<b>3,202,324,348</b>

## Capital leases

**Table 6.13**  
**Details of obligation related to capital leases**

(in thousands of dollars)

	Inception date	Lease term in years	Discount rate % <sup>1</sup>	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
<b>Canadian Heritage</b>						
Canadian Broadcasting Corporation						
7067 Chebucto Rd, Halifax .....	June 2015	7	2.85	6,802	487	6,315
Canadian Museum of Nature						
Natural Heritage Building, Gatineau .....	Sept 1996	35	9.88	47,250	21,278	25,972
Canadian Race Relations Foundation						
Capital leases less than \$10,000,000 .....				4	–	4
National Film Board						
Capital leases less than \$10,000,000 .....				72	1	71
<b>Environment and Climate Change</b>						
Department of the Environment						
Carleton University, Ottawa—						
National Wildlife Research Centre .....	May 2002	25	5.63	11,700	2,714	8,986
Parks Canada Agency						
Capital leases less than \$10,000,000 .....				3,058	605	2,453
<b>National Defence</b>						
Department of National Defence						
Edmonton Armoury—North .....	Dec 2000	20	5.62	3,773	277	3,496
Edmonton Armoury—South .....	May 2001	20	6.07	6,510	580	5,930
Longue Pointe Supply Depot .....	Nov 1994	35	7.74	39,425	13,449	25,976
Milit-Air Capital Lease (NFTC) (Lease 1 of 2) .....	Dec 1999	20	5.78	94,360	5,199	89,161
Milit-Air Capital Lease (NFTC) (Lease 2 of 2) .....	Oct 2003	17	5.87	17,997	1,482	16,515
Montfort Hospital—Health Services .....	Oct 2003	17	5.26	33,014	4,845	28,169
Other capital leases less than \$10,000,000 .....				622	20	602
				195,701	25,852	169,849
<b>Natural Resources</b>						
Department of Natural Resources						
183 Longwood Drive, Hamilton .....	Nov 2010	25	1.65	77,018	10,223	66,795
<b>Public Safety and Emergency Preparedness</b>						
Royal Canadian Mounted Police						
RCMP Detachment, Cornwall .....	Aug 2009	25	5.54	18,814	6,475	12,339
Other capital leases less than \$10,000,000 .....				2,406	402	2,004
				21,220	6,877	14,343
<b>Public Services and Procurement</b>						
Department of Public Works and Government Services						
111 Lombard Avenue, Winnipeg .....	Nov 2014	20	2.69	19,181	3,721	15,460
1550 d'Estimauville Avenue, Quebec .....	Nov 2011	20	8.24	59,272	23,679	35,593
1600 Star Top Road, Ottawa .....	July 2004	15	7.15	3,824	176	3,648
181 Queen Street, Ottawa .....	March 2004	20	10.65	22,484	5,902	16,582
2 Victoria Avenue, Miramichi .....	Jan 2018	20	3.46	60,301	16,665	43,636
22 Eddy Street, Gatineau .....	May 2013	25	7.89	240,240	120,472	119,768
2575 Sainte-Anne Boulevard, Quebec .....	April 2015	20	10.32	37,423	19,810	17,613
269 Laurier Avenue, Ottawa .....	Sept 2005	15	4.18	14,118	712	13,406
30 Victoria Street, Gatineau .....	June 2013	25	7.89	241,215	121,261	119,954
351 Saint-Joseph Boulevard, Gatineau (Lease 1 of 3) .....	Aug 2011	25	5.28	66,031	23,777	42,254
351 Saint-Joseph Boulevard, Gatineau (Lease 2 of 3) .....	Dec 2011	25	7.33	17,074	7,744	9,330
351 Saint-Joseph Boulevard, Gatineau (Lease 3 of 3) .....	Aug 2014	12	2.45	8,320	801	7,519
395 Terminal Avenue, Ottawa .....	Jan 2013	15	2.67	43,432	5,234	38,198
455 de la Carrière Boulevard, Gatineau .....	Nov 2012	25	6.86	180,340	82,540	97,800
90 Elgin Street, Ottawa .....	Nov 2014	25	7.23	421,671	208,512	213,159
Canada Place Building, Edmonton .....	Oct 2007	25	4.44	286,559	78,708	207,851
Canada Post Place, Ottawa .....	Dec 2004	15	4.91	5,116	213	4,903



**Table 6.13**  
**Details of obligation related to capital leases—concluded**

(in thousands of dollars)

	Inception date	Lease term in years	Discount rate % <sup>1</sup>	Total estimated remaining minimum lease payments	Less: imputed interest using the discount rate	Net obligations under capital lease arrangements
De La Cité Place, Gatineau .....	Dec 2003	15	9.78	2,603	93	2,510
Fontaine Building, Gatineau .....	Jan 2008	15	5.82	15,737	2,018	13,719
Guy Favreau Complex, Montreal .....	Jan 2004	15	5.84	35,112	1,381	33,731
Harry Hays Building, Calgary .....	Oct 2007	25	4.44	283,746	77,948	205,798
Joseph Shepard Building, Toronto .....	Oct 2007	25	4.44	196,198	53,901	142,297
Judicial Complex, Toronto .....	April 2006	20	11.40	51,247	18,073	33,174
Library Square (Block 56), Vancouver .....	May 1995	25	9.68	13,889	1,356	12,533
Louis St-Laurent Building, Gatineau .....	Nov 2001	15	6.38	15,000	–	15,000
Maritime Centre, Halifax .....	Jan 2010	15	6.26	11,011	2,069	8,942
Mercury Centre, Ottawa .....	Jan 2007	25	4.50	89,392	22,843	66,549
Montcalm Place, Phase III, Gatineau .....	Dec 2003	15	8.65	2,713	86	2,627
Montcalm Place, Tower II, Gatineau .....	April 2012	15	2.64	16,218	1,797	14,421
Queen Square, Dartmouth .....	Sept 2011	10	3.18	4,557	244	4,313
RCMP Building, Montreal .....	Oct 2007	25	4.44	49,379	13,598	35,781
Revenue Canada Building, Montreal .....	Oct 2007	25	4.44	100,342	27,574	72,768
Skyline Complex, Ottawa .....	Oct 2007	25	4.44	222,087	61,076	161,011
Thomas D'Arcy McGee Building, Ottawa .....	Oct 2007	25	4.44	173,028	47,513	125,515
Trusco Building, Ottawa .....	Sept 2006	20	4.28	58,466	9,445	49,021
Other capital leases less than \$10,000,000 .....				175,953	25,303	150,650
				3,243,279	1,086,245	2,157,034
Defence Construction (1951) Limited						
Capital leases less than \$10,000,000 .....				252	9	243
Shared Services Canada						
IBM—Mainframes .....	Jan 2018	4	1.89	107,100	3,578	103,522
Supercomputer Meteorological Service of Canada .....	July 2017	8	1.44	191,513	9,130	182,383
				298,613	12,708	285,905
Transport						
Department of Transport						
Confederation Bridge, Borden-Carleton .....	May 1997	35	6.16	974,991	510,954	464,037
Other ministries						
Capital leases less than \$10,000,000 .....				331	14	317
Total .....				4,880,291	1,677,967	3,202,324

<sup>1</sup> For lessors and lessees, the financing rate of a lease agreement is subject to change over the term of lease.

## Minimum lease payments related to capital leases

**Table 6.14**

### Minimum lease payments related to capital leases

(in thousands of dollars)

	Payments due by March 31						Total
	2019	2020	2021	2022	2023	2024 and subsequent	
<b>Canadian Heritage</b>							
Canadian Broadcasting Corporation							
Remaining payments.....	705	690	690	690	4,027	–	6,802
Imputed interest .....	135	123	110	97	22	–	487
	570	567	580	593	4,005	–	6,315
Canadian Museum of Nature							
Remaining payments.....	3,500	3,500	3,500	3,500	3,500	29,750	47,250
Imputed interest .....	2,536	2,436	2,325	2,203	2,068	9,710	21,278
	964	1,064	1,175	1,297	1,432	20,040	25,972
Canadian Race Relations Foundation							
Remaining payments.....	1	1	1	1	–	–	4
Imputed interest .....	–	–	–	–	–	–	–
	1	1	1	1	–	–	4
National Film Board							
Remaining payments.....	72	–	–	–	–	–	72
Imputed interest .....	1	–	–	–	–	–	1
	71	–	–	–	–	–	71
<b>Environment and Climate Change</b>							
Department of the Environment							
Remaining payments.....	1,300	1,300	1,300	1,300	1,300	5,200	11,700
Imputed interest .....	506	461	414	364	312	657	2,714
	794	839	886	936	988	4,543	8,986
Parks Canada Agency							
Remaining payments.....	544	508	403	403	402	798	3,058
Imputed interest .....	141	115	94	73	52	130	605
	403	393	309	330	350	668	2,453
<b>National Defence</b>							
Department of National Defence							
Remaining payments.....	81,886	49,837	14,248	7,636	7,561	34,533	195,701
Imputed interest .....	8,744	4,483	2,748	2,278	1,988	5,611	25,852
	73,142	45,354	11,500	5,358	5,573	28,922	169,849
<b>Natural Resources</b>							
Department of Natural Resources							
Remaining payments.....	4,372	4,372	4,372	4,372	4,372	55,158	77,018
Imputed interest .....	1,077	1,022	967	910	853	5,394	10,223
	3,295	3,350	3,405	3,462	3,519	49,764	66,795
<b>Public Safety and Emergency Preparedness</b>							
Royal Canadian Mounted Police							
Remaining payments.....	1,774	1,774	1,490	1,206	1,206	13,770	21,220
Imputed interest .....	746	699	651	617	583	3,581	6,877
	1,028	1,075	839	589	623	10,189	14,343
<b>Public Services and Procurement</b>							
Department of Public Works and Government Services							
Remaining payments.....	303,220	235,184	213,948	204,337	201,172	2,085,418	3,243,279
Imputed interest .....	115,068	106,542	99,843	93,909	87,911	582,972	1,086,245
	188,152	128,642	114,105	110,428	113,261	1,502,446	2,157,034

**Table 6.14**  
**Minimum lease payments related to capital leases—concluded**

(in thousands of dollars)

	Payments due by March 31						Total
	2019	2020	2021	2022	2023	2024 and subsequent	
Defence Construction (1951) Limited							
Remaining payments .....	100	83	48	19	2	–	252
Imputed interest .....	5	3	1	–	–	–	9
	95	80	47	19	2	–	243
Shared Services Canada							
Remaining payments .....	56,254	57,788	62,391	47,091	28,090	46,999	298,613
Imputed interest .....	4,181	3,292	2,329	1,418	874	614	12,708
	52,073	54,496	60,062	45,673	27,216	46,385	285,905
Transport							
Department of Transport							
Remaining payments .....	66,046	62,920	63,871	64,835	65,815	651,504	974,991
Imputed interest .....	41,998	37,777	37,583	37,352	37,080	319,164	510,954
	24,048	25,143	26,288	27,483	28,735	332,340	464,037
Other ministries							
Remaining payments .....	107	79	65	57	23	–	331
Imputed interest .....	6	4	3	1	–	–	14
	101	75	62	56	23	–	317
Total .....	344,737	261,079	219,259	196,225	185,727	1,995,297	3,202,324
Summary							
Remaining payments .....	519,881	418,036	366,327	335,447	317,470	2,923,130	4,880,291
Imputed interest .....	175,144	156,957	147,068	139,222	131,743	927,833	1,677,967
Net obligation .....	344,737	261,079	219,259	196,225	185,727	1,995,297	3,202,324

## Pensions and other future benefits

The obligations arising from public sector pensions and other employee and veteran future benefits, sponsored by the Government or some of the consolidated Crown corporations and other entities, are measured on an actuarial basis and are presented net of pension assets and unrecognized net actuarial gain or loss, as well as contributions and benefits paid by some of the consolidated Crown corporations and other entities after their measurement date of December 31 up to March 31.

### Public sector pensions

The Government sponsors a number of defined benefit pension plans covering substantially all its employees, principally members of the federal public service, the Canadian Forces (including the Reserve Force) and the Royal Canadian Mounted Police, as well as employees of certain Public Service corporations and territorial governments. The Government also sponsors several other pension plans; the two most significant ones being for Members of Parliament and federally appointed judges. The Government has a statutory obligation to pay the pension benefits it sponsors.

The liabilities for public sector pension plans sponsored by the Government are initially recorded through pension accounts, which are generally established pursuant to legislation. The pension accounts track transactions such as contributions, interest credits, benefit payments, transfers and administrative expenses. Any adjustments required under the Government's accounting policies are then recorded through allowance for pension adjustment accounts. The allowance accounts reflect the differential between accrual and cash accounting recognized through the years. They also reflect the accumulated difference in interest calculations and consolidation adjustments related to refundable tax amounts remitted to or refunded from the Canada Revenue Agency.

The Government's pension plans are generally financed from employer and employee contributions or from Government and member contributions. The contributions are either part of general funds or transferred to the Public Sector Pension Investment Board (PSPIB) for investment. Since April 1, 2000, amounts equal to contributions less benefits and other payments related to the public service, Canadian Forces—Regular Force and Royal Canadian Mounted Police pension plans, and since 2007 for the Canadian Forces—Reserve Force pension plan, that fall within the *Income Tax Act* limits are transferred to the PSPIB. The goal of the PSPIB is to maximize returns on investments without undue risk of loss, while considering the requirements and financial obligations of each of the pension plans. The PSPIB, a Canadian Crown corporation established by the *Public Sector Pension Investment Board Act*, reports the results of the investments in an annual report tabled in Parliament. Contributions for all the other pension plans sponsored by the Government are part of general funds.

More information on the above-mentioned plans can be found in the respective annual report on the administration of the plans tabled in Parliament.

In addition, some of the consolidated Crown corporations and other entities maintain their own defined benefit pension plans covering substantially all of their employees. The majority of the defined benefit pension plans are contributory plans. Employer and employee contributions are made in accordance with the provisions of the plans. Pension plans' funds are held in external trusts that are legally separate from Crown corporations and other entities.

#### i. Pension plans

##### *Public Service Pension Plan, Canadian Forces Pension Plan including the Reserve Force Pension Plan and Royal Canadian Mounted Police Pension Plan*

The pension plans for the public service, Canadian Forces—Regular Force and the Royal Canadian Mounted Police provide for the payment of a lifetime pension and a temporary bridge benefit payable normally until age 65, the age at which members generally become eligible for the Canada Pension Plan (CPP) or Quebec Pension Plan (QPP). The annual lifetime pension is based on the average salary of five consecutive years of highest-paid service and the years of pensionable service. For the Canadian Forces—Reserve Force pension plan, the annual lifetime pension is based on a percentage of indexed pensionable earnings with a temporary bridge benefit until members become eligible for the CPP or QPP. Pension benefits are indexed annually on January 1 to take into account the cost of living.

Pension benefits accrue at a rate of 2% per year of pensionable service up to a maximum of 35 years, the exception being the benefits offered under the Canadian Forces—Reserve Force pension plan which accrue at a rate of 1.5% up to a maximum of 35 years. Pension benefits are coordinated with those of the section CPP or the QPP. Pension benefits for the public service pension plan members will accrue under either Group 1 for employees who were plan members prior to January 1, 2013, or Group 2 for employees joining the public service pension plan on or after that date. The normal retirement age for Group 1 members is 60. For Group 2 members, the normal retirement age is 65 and other age-related thresholds were increased by 5 years.

The contribution rates for current service for all members of the public service pension plan were at a 50:50 cost sharing ratio with the government by 2017. Public service Group 1, Canadian Forces—Regular Force and Royal Canadian Mounted Police members contribute at different rates than public service Group 2 members. These rates are as follows:

Public service Group 1, Canadian Forces—Regular Force and Royal Canadian Mounted Police pension plan members contributed:

- for the first nine months of the 2018 fiscal year, 9.5% (9.1% in 2017) of salary up to the Yearly Maximum Pensionable Earnings (YMPE) for the CPP or QPP and 11.7% (11% in 2017) of salary above the YMPE; and
- for the last three months of the 2018 fiscal year, 9.8% (9.5% in 2017) of salary up to the YMPE and 12.1% (11.7% in 2017) of salary above the YMPE.

Public service Group 2 pension plan members contributed:

- for the first nine months of the 2018 fiscal year, 8.4% (7.9% in 2017) of salary up to the YMPE for the CPP or QPP and 9.9% (9.4% in 2017) of salary above the YMPE; and
- for the last three months of the 2018 fiscal year, 8.8% (8.4% in 2017) of salary up to the YMPE and 10.5% (9.9% in 2017) of salary above the YMPE.

Contribution rates for Group 2 members were lower than for Group 1 members due to the lower cost of the benefits related to increasing the normal age of retirement from 60 to 65.

Members of the Canadian Forces—Reserve Force contribute 5.2% on salary up to two thirds of the YMPE.

Employer contributions are made monthly to provide for the cost (net of employee contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. For 2018, the employer contribution rates were about 1.0, 1.4 and 1.2 (1.1, 1.5 and 1.3 respectively in 2017) times the current year's employee contribution for the plans under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* (Regular Force pension plan) and the *Royal Canadian Mounted Police Superannuation Act*, respectively. For 2018, the employer contribution rate was about 2.1 (2.0 in 2017) times the current year's employee contribution for the Reserve Force pension plan.

The superannuation accounts, which record the transactions that pertain to pre April 1, 2000 service, are credited with interest at rates that are based on the Government of Canada long-term bond rate. The average interest rate credited to the superannuation accounts was approximately 4.2% (4.4% in 2017).

The pension fund accounts, which record the transactions that pertain to service since April 1, 2000, are flow through accounts used to transfer funds to the PSPIB. The balance in the pension fund accounts at year-end represents the amounts awaiting transfer to the PSPIB.

The retirement compensation arrangements (RCA) accounts record transactions for those pension benefits above the pension limits set under the *Income Tax Act*. The RCA accounts No. 1 and No. 2 are registered with the Canada Revenue Agency (CRA) and a transfer is made annually between these RCA accounts and the CRA, either to remit a 50% refundable tax in respect of the net contributions and interest credits or to receive a refund based on the net benefit payments.

*Members of Parliament retiring allowances*

Members of Parliament are eligible at a certain age to receive a basic allowance upon termination of membership and after having contributed to the plan for at least six years. Retirement age is set at 55 for pensionable service accrued before January 1, 2016 and at 65 for pensionable service accrued on or after January 1, 2016, with the option of reduced benefits for early retirement at age 55. The basic allowance accrues at a rate of 3% per year of pensionable service for both Members of the House of Commons and for Senators. For service accrued before January 1, 2016, the accrual rate is multiplied by the average of the best five consecutive years of sessional indemnity up to a maximum of 75% of the plan member's average sessional indemnity. For service accrued after December 31, 2015, the accrual rate is multiplied by the average of the best five consecutive years of pensionable earnings up to a maximum of 75% of the plan member's average pensionable earnings. Basic allowances are indexed annually on January 1 to the cost of living once recipients reach age 60. Pensionable service accrued on or after January 1, 2016, under the Members of Parliament pension plan, is coordinated with the CPP or QPP at age 60.

The contribution rates have increased over time to bring the plan members' share to 50% as at January 1, 2018. For the 2018 fiscal year, plan members contributed at a rate of 19.5% (15.8% in 2017) of their salary for the first nine months and a rate of approximately 19.4% (19.5% in 2017) for the last three months.

The Government contributions are made monthly to provide for the cost (net of plan member contributions) of the benefits that have accrued in respect of that month at a rate determined by the President of the Treasury Board. The Government contributions, expressed as a multiple of plan member contributions, are on average as follows:

	2018	2017
Members of Parliament		
Retiring Allowances Account .....	1.0	1.5
Compensation Arrangements Account .....	1.0	1.6

Contributions are credited to the appropriate pension account, either the Members of Parliament Retiring Allowances Account or the Members of Parliament Retirement Compensation Arrangements Account. The pension accounts are also credited with interest at a rate determined by the Chief Actuary of Canada. The average interest rate credited to the pension accounts in 2018 was approximately 2.4% (4.6% in 2017).

*Pension plan for federally appointed judges*

This plan provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. The full benefit amount is generally payable when the member has completed 15 years of pensionable service and the sum of the member's age and years of service totals 80.

Judges appointed to the bench before February 17, 1975, make required contributions of 1.5% of salary. All other judges contribute 7% of salary.

Legislation does not require a specific pension account to be maintained to record the transactions pertaining to this plan. Therefore, except for the portion recorded in the Supplementary Retirement Benefit Account, the liability pertaining to this plan is recorded through an allowance account. During the year, benefits paid are recorded as expenditures against the statutory payment authority. The expense is adjusted at year-end through an allowance account, to bring the current year expense from cash to an accrual accounting basis, similar to that of the other pension plans. During the year, the benefit payments charged to the expenditure authority amounted to \$159 million (\$152 million in 2017). At March 31, 2018, the portion of the pension liability recorded through an allowance account for the judges' pension plan amounted to \$2,732 million (\$2,547 million in 2017).

*Consolidated Crown corporations and other entities pension plans*

Pension benefits provided under consolidated Crown corporations and other entities defined benefit pension plans accrue depending on the terms of the plans. Generally, they are based on a combination of an accrual rate per years of pensionable service and some type of pensionable earnings average. Some of the consolidated Crown corporations and other entities defined benefit pension plans are closed to new entrants.

ii. Actuarial valuations

As required under the *Public Pensions Reporting Act*, actuarial valuations of the pension plans sponsored by the Government are performed at least every three years for funding purposes. The actuarial valuations are performed by the Office of the Chief Actuary, submitted to the President of the Treasury Board, and tabled in Parliament.

The most recent date of the actuarial valuation for funding purposes of each pension plan sponsored by the Government is as follows:

- Royal Canadian Mounted Police—March 31, 2015;
- Canadian Forces—Regular Force—March 31, 2016;
- Canadian Forces—Reserve Force—March 31, 2016;
- Members of Parliament—March 31, 2016;
- Federally appointed judges—March 31, 2016; and,
- Public Service—March 31, 2017, valuation currently in progress.

The actuarial valuations for the public service, Canadian Forces, Royal Canadian Mounted Police and Members of Parliament pension plans include the valuation of the Retirement Compensation Arrangements (RCA) component related to each plan.

Where applicable, the funding valuations provide the Government with recommendations for setting both employer and employee contribution rates, as well as any actuarial adjustment to amortize deficiencies or excesses. These actuarial adjustments are made in equal instalments over a period not exceeding 15 years commencing in the year in which the actuarial report is laid before Parliament.

To address actuarial deficiencies, an adjustment of \$340 million (\$340 million in 2017) to the Public Service Pension Fund Account, \$145 million (\$170 million in 2017) to the Canadian Forces Pension Fund Account, \$1,813 million (nil in 2017) was credited to the Canadian Forces Superannuation Accounts, \$5.3 million (\$4 million in 2017) to the Reserve Force Pension Fund Account, no adjustment (\$234 million in 2017) to the Royal Canadian Mounted Police Superannuation Account, \$9 million (\$9 million in 2017) to the Royal Canadian Mounted Police Pension Fund Account, and \$40.7 million (nil in 2017) to the Members of Parliament Retiring Allowances Account. To address actuarial excesses, \$118.9 million was debited from the Members of Parliament Retirement Compensation Arrangements Account (nil in 2017). The actuarial adjustments recorded in pension fund accounts are transferred to the PSPIB for investment. To address deficiencies, the consolidated Crown corporations and other entities made special funding payments of \$25 million in 2018 (\$18 million in 2017).

Table 6.15 presents a summary of the balances and transactions for public sector pension plan liabilities. In particular, receipts and other credits for the Government's pension accounts consist of contributions from plan members, the Government of Canada, participating Public Service corporations and territorial governments, as well as transfers from other pension funds, actuarial adjustments to amortize deficiencies, refunds of refundable tax and interest. Payments and other charges for the Government's pension accounts consist of annuity payments, minimum benefits, cash termination allowances (lump sum payments to employees suffering a disability), returns of contributions, pension division payments, transfer value payments, transfers to other funds, remittances of refundable tax, payments of administrative expenses, actuarial adjustments to amortize excesses, and transfers to PSPIB. Adjustments to the Government's allowance accounts result from the differential with annual actuarial valuations performed for accounting purposes. These include differences between benefits earned and contributions and interest calculations, as well as from other adjustments required under the Government's accounting policies such as recognition of actuarial gains and losses and consolidation adjustments related to refundable tax amounts.

Pension benefits funded by the Government relate to post March 2000 service that falls within the *Income Tax Act* limits for the three main public sector pension plans and all service for the Canadian Force—Reserve Force pension plan, as funds are invested through the PSPIB. Funded pension benefits also relate to consolidated Crown corporations and other entities where pension plans' funds are held in external trusts that are legally separate from Crown corporations and other entities. For unfunded pension plans, separate invested funds are not maintained. These relate to all pre April 2000 service and only to post March 2000 service that falls above the *Income Tax Act* limits for the three main public sector pension plans, all service periods for the pension plans of the federally appointed judges and Members of Parliament, and some of the consolidated Crown corporations and other entities pension plans.

**Table 6.15**  
**Public sector pensions**

(in millions of dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
	Restated <sup>1</sup>			
<b>Funded pension benefits</b>				
Public Service Pension Fund Account, Table 6.18 .....	323	5,176	5,184	315
Allowance for pension adjustments .....	2,638	38	1,007	1,669
<i>Subtotal</i> .....	2,961	5,214	6,191	1,984
Canadian Forces Pension Fund Account, Table 6.20 .....	173	1,613	1,621	165
Allowance for pension adjustments .....	929	105	244	790
<i>Subtotal</i> .....	1,102	1,718	1,865	955
Reserve Force Pension Fund Account, Table 6.21 .....	(63)	79	99	(83)
Allowance for pension adjustments .....	155	–	35	120
<i>Subtotal</i> .....	92	79	134	37
Royal Canadian Mounted Police Pension Fund Account, Table 6.23 .....	16	514	528	2
Allowance for pension adjustments .....	168	4	31	141
<i>Subtotal</i> .....	184	518	559	143
Total pension fund accounts .....	449	7,382	7,432	399
Total allowance for pension adjustments .....	3,890	147	1,317	2,720
Pension benefit liabilities related to funded plans sponsored by the Government .....	4,339	7,529	8,749	3,119
Pension benefit assets related to funded plans sponsored by consolidated Crown corporations and other entities.....	(1,900)	162	386	(2,124)
Net pension benefit liabilities related to funded plans .....	2,439	7,691	9,135	995
<b>Unfunded pension benefits</b>				
Public Service Superannuation Account, Table 6.17 .....	94,209	3,845	5,518	92,536
Allowance for pension adjustments <sup>1</sup> .....	3,500	2,976	1,336	5,140
<i>Subtotal</i> .....	97,709	6,821	6,854	97,676
Canadian Forces Superannuation Account, Table 6.19 .....	45,209	3,663	2,515	46,357
Allowance for pension adjustments <sup>1</sup> .....	3,073	1,452	2,411	2,114
<i>Subtotal</i> .....	48,282	5,115	4,926	48,471
Royal Canadian Mounted Police Superannuation Account, Table 6.22 .....	13,275	541	700	13,116
Allowance for pension adjustments <sup>1</sup> .....	190	440	178	452
<i>Subtotal</i> .....	13,465	981	878	13,568
Members of Parliament Retiring Allowances Account, Table 6.24.....	509	78	29	558
Allowance for pension adjustments <sup>1</sup> .....	83	33	47	69
<i>Subtotal</i> .....	592	111	76	627
Members of Parliament Retirement Compensation Arrangements Account, Table 6.25.....	255	28	140	143
Allowance for pension adjustments <sup>1</sup> .....	212	142	–	354
<i>Subtotal</i> .....	467	170	140	497
Retirement Compensation Arrangements (RCA) Account, Table 6.26 .....	2,354	260	219	2,395
Allowance for pension adjustments <sup>1</sup> .....	1,377	162	40	1,499
<i>Subtotal</i> .....	3,731	422	259	3,894
Supplementary Retirement Benefits Account (Judges), Table 6.27 .....	224	10	–	234
Allowance for pension adjustments .....	2,547	188	3	2,732
<i>Subtotal</i> .....	2,771	198	3	2,966
Supplementary Retirement Benefits Account (Others), Table 6.27.....	1	–	–	1
Total superannuation accounts.....	156,036	8,425	9,121	155,340
Total allowance for pension adjustments .....	10,982	5,393	4,015	12,360
Pension benefit liabilities related to unfunded plans sponsored by the Government .....	167,018	13,818	13,136	167,700
Pension benefit liabilities related to unfunded plans sponsored by consolidated Crown corporations and other entities.....	90	9	4	95
Pension benefit liabilities related to unfunded plans.....	167,108	13,827	13,140	167,795
Net pension benefit liabilities.....	169,547	21,518	22,275	168,790
The net pension benefit liabilities were recognized and presented in the Consolidated Statement of Financial Position as follows:				
Public sector pension liabilities .....	171,447	21,356	21,889	170,914
Public sector pension assets .....	(1,900)	162	386	(2,124)
Net pension benefit liabilities.....	169,547	21,518	22,275	168,790

<sup>1</sup> Comparative figures have been restated. Details on the restatement can be found in Note 2 in Section 2 of this volume.



Table 6.16 presents a summary of transactions in public sector pensions that resulted in charges to expenses. Interest is calculated based on the accrued pension obligations under the various plans. The net interest expense represents interest of \$6,347 million (\$6,817 million in 2017) credited to the superannuation accounts in accordance with the pension legislation, a provision of \$3,950 million (\$2,370 million in 2017, as restated<sup>4</sup>) and interest of \$436 million (\$428 million in 2017) on the consolidated Crown corporations and other entities' obligations, shown net of \$6,712 million (\$5,793 million in 2017) in expected return on pension investments.

**Table 6.16**  
**Summary of transactions in public sector pensions that resulted in charges to expenditures**

(in millions of dollars)

	2018									2017	
	Government contributions and other <sup>1</sup>	Adjustment	Net benefits earned	Actuarial adjustments <sup>2</sup>	Costs recorded in previous years <sup>3</sup>	Actuarial losses (gains) recognized	Valuation allowance	Pension expense	Net interest expense	Pension expense	Net interest expense
										Restated <sup>4</sup>	Restated <sup>4</sup>
Funded pension benefits											
Public Service Pension											
Fund Account .....	2,175	38	2,213	340	(340)	(480)	–	1,733	(187)	1,949	(78)
Canadian Forces Pension											
Fund Account .....	825	(99)	726	145	(145)	66	–	792	39	787	20
Reserve Force Pension											
Fund Account .....	46	(22)	24	5	(5)	(8)	–	16	–	17	1
Royal Canadian Mounted Police Pension Fund Account .....	270	4	274	9	(9)	(17)	–	257	(5)	210	(3)
Consolidated Crown corporations and other entities .....	87	(13)	74	25	(25)	(113)	88	49	(161)	(13)	(148)
<b>Total funded pension benefits .....</b>	<b>3,403</b>	<b>(92)</b>	<b>3,311</b>	<b>524</b>	<b>(524)</b>	<b>(552)</b>	<b>88</b>	<b>2,847</b>	<b>(314)</b>	<b>2,950</b>	<b>(208)</b>

**Table 6.16**  
**Summary of transactions in public sector pensions that resulted in charges to expenditures—concluded**

(in millions of dollars)

	2018									2017	
	Government contributions and other <sup>1</sup>	Adjustment	Net benefits earned	Actuarial adjustments <sup>2</sup>	Costs recorded in previous years <sup>3</sup>	Actuarial losses (gains) recognized	Valuation allowance	Pension expense	Net interest expense	Pension expense	Net interest expense
										Restated <sup>4</sup>	Restated <sup>4</sup>
Unfunded pension benefits											
Public Service											
Superannuation Account <sup>4,5</sup> .....	7	(15)	(8)	–	–	2,976	–	2,968	2,509	3,418	2,337
Canadian Forces											
Superannuation Account <sup>4</sup> .....	2	(5)	(3)	1,813	(1,813)	1,452	–	1,449	1,251	1,913	1,172
Defence Services											
Pension											
Continuation Act .....	2	–	2	–	–	–	–	2	–	2	–
Royal Canadian Mounted Police											
Superannuation Account <sup>4</sup> .....	–	–	–	–	–	440	–	440	363	629	338
Royal Canadian Mounted Police											
Continuation Act .....	8	–	8	–	–	–	–	8	–	9	–
Members of Parliament											
Retiring Allowances Account <sup>4</sup> .....	8	11	19	41	(41)	22	–	41	15	43	13
Members of Parliament											
Retirement Compensation Arrangements											
Account <sup>4</sup> .....	7	8	15	(119)	119	12	–	27	12	30	10
Retirement Compensation Arrangements (RCA)											
Account <sup>4</sup> .....	102	(9)	93	–	–	85	–	178	96	207	85
Supplementary Retirement											
Benefits Account .....	3	–	3	–	–	–	–	3	–	4	–
Judges Act .....	159	(3)	156	–	–	106	–	262	85	209	71
Other (diplomatic services, lieutenant governors, etc.) .....											
	2	–	2	–	–	–	–	2	–	2	–
Consolidated Crown corporations and other entities .....											
	–	2	2	–	–	3	–	5	4	4	4
Subtotal .....	300	(11)	289	1,735	(1,735)	5,096	–	5,385	4,335	6,470	4,030
Contributions from the Judges' plan recorded to revenues .....											
	(15)	–	(15)	–	–	–	–	(15)	–	(15)	–
Total unfunded pension benefits .....	285	(11)	274	1,735	(1,735)	5,096	–	5,370	4,335	6,455	4,030
Total reported in the Consolidated Statement of Operations and Accumulated Deficit .....											
	3,688	(103)	3,585	2,259	(2,259)	4,544	88	8,217	4,021	9,405	3,822

<sup>1</sup> "Other" includes consolidated Crown corporations and other entities' contributions to their pension plans, as well as statutory payments made to beneficiaries under the *Defence Services Pension Continuation Act*, the *Royal Canadian Mounted Police Continuation Act*, the *Judges Act*, and other acts regarding diplomatic services, lieutenant governors, etc.

<sup>2</sup> Represents actuarial adjustments to amortize deficiencies and excesses.

<sup>3</sup> Represents the reversal of costs already recorded in the allowance for pension adjustments of previous years.

<sup>4</sup> Comparative figures have been restated. Details on the restatement can be found in Note 2 in Section 2 of this volume.

<sup>5</sup> Includes payments under the *Supplementary Retirement Benefits Act* and various acts.

**Public Service Superannuation Account**

This account, established by the *Public Service Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by public service members up to March 31, 2000.

**Table 6.17**  
**Public Service Superannuation Account**

(in dollars)

	2018	2017
Opening balance .....	94,209,273,550	95,566,249,001
<b>Receipts and other credits</b>		
Employee contributions		
Government employees .....	1,315,935	1,501,715
Retired employees .....	6,815,848	9,012,222
Public Service corporation employees .....	173,134	154,532
Employer contributions		
Government .....	6,835,107	8,770,006
Public Service corporations .....	242,136	126,595
Transfers from other pension funds .....	166,299	5,009
Interest .....	3,829,428,464	4,128,334,225
Total receipts and other credits .....	3,844,976,923	4,147,904,304
Subtotal .....	98,054,250,473	99,714,153,305
<b>Payments and other charges</b>		
Benefit payments		
Annuities .....	5,413,342,616	5,380,371,208
Minimum benefits .....	15,545,715	18,161,964
Pension division payments .....	17,052,340	26,427,720
Pension transfer value payments .....	13,257,051	20,129,143
Return of contributions		
Government employees .....	317,101	379,702
Public Service corporation employees .....	19,162	41,739
Transfers to other pension funds .....	3,460,193	4,093,957
Administrative expenses .....	54,895,880	55,274,322
Total payments and other charges .....	5,517,890,058	5,504,879,755
Closing balance .....	92,536,360,415	94,209,273,550

**Public Service Pension Fund Account**

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under the *Public Service Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment. The closing balance in this account represents the net cash position prior to the transfer to the PSPIB.

**Table 6.18**  
**Public Service Pension Fund Account**

(in dollars)

	2018	2017
Opening balance .....	322,529,984	355,052,200
<b>Receipts and other credits</b>		
Employee contributions		
Government employees .....	2,169,100,496	1,919,728,160
Retired employees .....	45,516,546	45,599,636
Public Service corporation employees .....	199,435,058	189,381,592
Employer contributions		
Government .....	2,175,183,716	2,125,185,996
Public Service corporations .....	196,270,115	206,551,912
Actuarial adjustment.....	340,000,000	340,000,000
Transfers from other pension funds .....	50,661,941	28,481,630
Total receipts and other credits .....	5,176,167,872	4,854,928,926
<b>Payments and other charges</b>		
Benefit payments		
Annuities .....	2,001,624,358	1,779,822,584
Minimum benefits .....	15,266,575	12,206,438
Pension division payments .....	36,665,209	38,740,034
Pension transfer value payments.....	218,599,278	254,365,622
Return of contributions		
Government employees .....	10,757,037	7,973,419
Public Service corporation employees .....	3,886,809	3,960,135
Transfers to other pension funds.....	36,975,930	36,371,533
Administrative expenses.....	45,960,045	41,664,160
Total payments and other charges.....	2,369,735,241	2,175,103,925
Receipts and other credits less payments and other charges .....	2,806,432,631	2,679,825,001
Transfers to PSPIB.....	2,814,187,268	2,712,347,217
Closing balance.....	314,775,347	322,529,984

**Canadian Forces Superannuation Account**

This account, established by the *Canadian Forces Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Canadian Armed Forces members up to March 31, 2000.

**Table 6.19**  
**Canadian Forces Superannuation Account**

(in dollars)

	2018	2017
Opening balance .....	45,208,526,862	45,695,153,093
<b>Receipts and other credits</b>		
Contributions from personnel .....	2,593,086	2,495,966
Contributions by the Government .....	2,593,087	2,495,966
Actuarial adjustment .....	1,813,000,000	–
Interest .....	1,844,155,903	1,977,892,099
Other <sup>1</sup> .....	1,244,799	1,197,539
Total receipts and other credits .....	3,663,586,875	1,984,081,570
Subtotal .....	48,872,113,737	47,679,234,663
<b>Payments and other charges</b>		
Benefit payments		
Pensions and retiring allowances .....	2,470,377,868	2,416,264,910
Minimum benefits .....	231,493	214,999
Pension division payments .....	26,164,978	21,544,020
Pension transfer value payments .....	1,302,378	2,549,143
Return of contributions .....	13,574	462
Administrative expenses .....	17,060,858	30,134,267
Total payments and other charges .....	2,515,151,149	2,470,707,801
Closing balance .....	46,356,962,588	45,208,526,862

<sup>1</sup> Includes returned annuity payments upon joining a Government pension plan.

**Canadian Forces Pension Fund Account**

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, in accordance with Part I of the *Canadian Forces Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment. The closing balance in this account represents the net cash position prior to the transfer to the PSPIB.

**Table 6.20**  
**Canadian Forces Pension Fund Account**

(in dollars)

	2018	2017
Opening balance .....	173,590,110	168,858,041
<b>Receipts and other credits</b>		
Contributions from personnel .....	574,119,574	470,440,531
Contributions by the Government.....	824,984,261	711,455,007
Actuarial adjustment.....	145,000,000	170,000,000
Transfers from other pension funds .....	69,220,900	35,740,250
Other <sup>1</sup> .....	189,660	177,292
Total receipts and other credits .....	1,613,514,395	1,387,813,080
<b>Payments and other charges</b>		
Benefit payments		
Pensions and retiring allowances .....	598,050,639	514,332,647
Minimum benefits.....	1,240,522	857,560
Pension division payments .....	36,689,423	25,013,839
Pension transfer value payments.....	138,445,541	160,121,474
Return of contributions.....	1,830,807	1,283,915
Transfers to other pension funds.....	5,361,322	500,975
Administrative expenses.....	13,734,914	21,821,366
Total payments and other charges.....	795,353,168	723,931,776
Receipts and other credits less payments and other charges .....	818,161,227	663,881,304
Transfers to PSPIB.....	826,989,159	659,149,235
Closing balance.....	164,762,178	173,590,110

<sup>1</sup> Includes unclaimed cheques.

**Reserve Force Pension Fund Account**

This account is used to record the transactions in respect of service accrued on or after March 1, 2007, in accordance with Part I.1 of the *Canadian Forces Superannuation Act*. When the closing balance of this account is in a positive net cash position, an amount equal to contributions less benefits and other payments is usually transferred to the PSPIB for investment.

**Table 6.21**  
**Reserve Force Pension Fund Account**

(in dollars)

	2018	2017
Opening balance .....	(63,015,318)	(51,192,066)
<b>Receipts and other credits</b>		
Contributions from personnel .....	28,277,446	19,402,652
Contributions by the Government .....	45,847,929	33,551,813
Actuarial adjustment .....	5,300,000	4,200,000
Other <sup>1</sup> .....	–	124
Total receipts and other credits .....	79,425,375	57,154,589
<b>Payments and other charges</b>		
Benefit payments		
Pensions and retiring allowances .....	8,407,011	6,948,606
Minimum benefits .....	194,293	14,560
Pension transfer value payments .....	13,801,972	14,890,399
Return of contributions .....	87,817	87,644
Transfer to other pension funds .....	69,218,021	35,740,545
Administrative expenses .....	8,009,268	11,296,087
Total payments and other charges .....	99,718,382	68,977,841
Closing balance .....	(83,308,325)	(63,015,318)

<sup>1</sup> Includes unclaimed cheques.

## Royal Canadian Mounted Police Superannuation Account

This account, established by the *Royal Canadian Mounted Police Superannuation Act*, is used to record all transactions (contributions, benefit payments, transfers and interest credits) in respect of service accrued by Royal Canadian Mounted Police members up to March 31, 2000.

**Table 6.22**  
**Royal Canadian Mounted Police Superannuation Account**

(in dollars)

	2018	2017
Opening balance .....	13,274,926,951	13,154,521,368
<b>Receipts and other credits</b>		
Contributions from personnel (current services and arrears).....	491,287	446,137
Contributions by the Government.....	376,420	401,884
Actuarial adjustment.....	–	234,000,000
Transfers from other pension funds .....	1,589	–
Interest .....	540,781,523	569,395,397
Total receipts and other credits .....	541,650,819	804,243,418
Subtotal.....	13,816,577,770	13,958,764,786
<b>Payments and other charges</b>		
Benefit payments		
Annuities and allowances.....	683,392,357	667,750,533
Cash termination allowance and gratuities .....	791,429	1,273,743
Pension division payments .....	8,207,049	7,662,725
Pension transfer value payments.....	2,266,551	1,661,895
Return of contributions.....	6,716	105,668
Transfers to other pension funds.....	11,468	45,325
Administrative expenses.....	5,134,744	5,337,946
Total payments and other charges.....	699,810,314	683,837,835
Closing balance.....	13,116,767,456	13,274,926,951



**Royal Canadian Mounted Police Pension Fund Account**

This account is used to record the transactions in respect of service accrued on or after April 1, 2000, under the *Royal Canadian Mounted Police Superannuation Act*. An amount equal to contributions less benefits and other payments is transferred to the PSPIB for investment. The closing balance in this account represents the net cash position prior to the transfer to the PSPIB.

**Table 6.23**  
**Royal Canadian Mounted Police Pension Fund Account**

(in dollars)

	2018	2017
Opening balance .....	16,302,316	15,339,685
<b>Receipts and other credits</b>		
Contributions from personnel (current services and arrears).....	225,701,871	194,793,172
Contributions by the Government.....	269,614,295	250,220,300
Actuarial adjustment.....	9,000,000	9,000,000
Transfers from other pension funds .....	8,741,656	9,200,923
Total receipts and other credits .....	513,057,822	463,214,395
<b>Payments and other charges</b>		
Benefit payments		
Annuities and allowances.....	189,646,992	164,537,097
Minimum benefits.....	551,037	1,279,240
Pension division payments .....	15,111,613	9,606,685
Pension transfer value payments.....	36,783,191	31,728,533
Return of contributions		
Personnel .....	241,224	195,894
Interest.....	18,033	41,444
Transfers to other pension funds.....	617,458	450,904
Administrative expenses.....	3,516,889	3,437,241
Total payments and other charges.....	246,486,437	211,277,038
Receipts and other credits less payments and other charges .....	266,571,385	251,937,357
Transfers to PSPIB.....	280,183,157	250,974,726
Closing balance.....	2,690,544	16,302,316

**Members of Parliament Retiring Allowances Account**

This account was established by the *Members of Parliament Retiring Allowances Act* to provide pension benefits to eligible Members of Parliament who contributed to the plan. “Member” means a Member of the Senate or the House of Commons. Benefits are also available to eligible surviving spouses or eligible dependent children of Members who served on or after a certain date and contributed under the Act.

**Table 6.24**  
**Members of Parliament Retiring Allowances Account**

(in dollars)

	2018	2017
Opening balance .....	509,482,465	502,299,428
<b>Receipts and other credits</b>		
Members' contributions		
Current services .....	7,963,652	5,560,014
Arrears of principal, interest and mortality insurance .....	21,664	39,998
Government contributions (current services) .....	7,952,077	7,871,252
Actuarial adjustment .....	40,700,000	–
Interest .....	20,997,205	22,844,341
Total receipts and other credits .....	77,634,598	36,315,605
Subtotal .....	587,117,063	538,615,033
<b>Payments and other charges</b>		
Benefit payments		
Annual allowances .....	29,347,104	28,496,180
Pension division payments .....	108,047	405,062
Return of contributions		
Withdrawals .....	100,989	220,861
Interest .....	1,615	10,465
Total payments and other charges .....	29,557,755	29,132,568
Closing balance .....	557,559,308	509,482,465

**Members of Parliament Retirement Compensation Arrangements Account**

This account was established by the *Members of Parliament Retiring Allowances Act* to provide for benefits in respect of pension credits accrued by Members of Parliament which are not payable out of the Members of Parliament Retiring Allowances Account. Benefits are also available to eligible surviving spouses or eligible dependent children of Members.

**Table 6.25****Members of Parliament Retirement Compensation Arrangements Account**

(in dollars)

	2018	2017
Opening balance .....	254,929,605	248,634,683
<b>Receipts and other credits</b>		
Members' contributions		
Current services .....	6,689,218	6,569,923
Arrears of principal, interest and mortality insurance .....	41,545	80,213
Government contributions (current services) .....	6,718,264	10,948,854
Refundable tax .....	3,500,000	–
Interest .....	10,865,768	11,471,139
Total receipts and other credits .....	27,814,795	29,070,129
Subtotal .....	282,744,400	277,704,812
<b>Payments and other charges</b>		
Benefit payments		
Annual allowances .....	16,041,484	15,499,009
Pension division payments .....	105,941	592,203
Return of contributions		
Withdrawals .....	133,586	327,501
Interest .....	4,105	12,709
Refundable tax .....	4,729,784	6,343,785
Withdrawal of surplus .....	118,900,000	–
Total payments and other charges .....	139,914,900	22,775,207
Closing balance .....	142,829,500	254,929,605

## Retirement Compensation Arrangements (RCA) Account

This account was established by the *Special Retirement Arrangements Act* to provide pension benefits for federal employees under retirement compensation arrangements.

The RCA Regulations, No. 1 (RCA No. 1) pays those pension benefits above the amount that may, in accordance with the *Income Tax Act* restrictions on registered pension plans, be paid under the *Public Service Superannuation Act*, the *Canadian Forces Superannuation Act* and the *Royal Canadian Mounted Police Superannuation Act*. The RCA No. 1 was created effective December 15, 1994.

The RCA Regulations, No. 2 (RCA No. 2) pays benefits to Public Service employees between the ages of 50 and 54, who were declared surplus as part of a three year Government downsizing initiative which ended on March 31, 1998. It pays the difference between an unreduced pension and the reduced pension for early retirement payable from the Public Service Superannuation Account. The RCA No. 2 was created effective April 1, 1995, and is funded entirely by the Government.

**Table 6.26**  
**Retirement Compensation Arrangements (RCA) Account**

(in dollars)

	RCA No. 1						RCA No. 2			
	Public Service		Canadian Forces		Royal Canadian Mounted Police		Public Service		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Opening balance .....	1,193,245,712	1,163,127,305	409,218,089	392,099,834	33,996,630	33,541,785	717,522,186	807,056,879	2,353,982,617	2,395,825,803
<b>Receipts and other credits</b>										
Employee contributions										
Government										
employees.....	8,980,064	6,579,649	3,727,817	2,377,758	85,125	102,724	–	–	12,793,006	9,060,131
Retired employees..	569,949	384,934	–	–	53,980	890	–	–	623,929	385,824
Public Service corporation										
employees.....	2,374,935	2,188,425	–	–	–	–	–	–	2,374,935	2,188,425
Employer contributions										
Government .....	67,312,931	44,338,063	33,523,618	25,331,352	571,571	425,361	–	–	101,408,120	70,094,776
Public Service corporations.....	17,247,731	13,569,038	–	–	–	–	–	–	17,247,731	13,569,038
Transfers from other pension funds.....	356	872	–	–	–	–	–	–	356	872
Refundable tax.....	–	–	–	–	–	–	27,459,101	–	27,459,101	–
Interest .....	50,240,945	51,842,117	17,565,432	17,658,754	1,410,248	1,473,820	28,510,933	34,240,959	97,727,558	105,215,650
	146,726,911	118,903,098	54,816,867	45,367,864	2,120,924	2,002,795	55,970,034	34,240,959	259,634,736	200,514,716
	1,339,972,623	1,282,030,403	464,034,956	437,467,698	36,117,554	35,544,580	773,492,220	841,297,838	2,613,617,353	2,596,340,519
<b>Payments and other charges</b>										
Benefit payments										
Annuities.....	45,045,351	40,723,826	7,825,900	6,949,254	1,195,081	1,055,007	84,757,461	84,823,287	138,823,793	133,551,374
Minimum benefits..	39	161,842	–	–	–	–	–	–	39	161,842
Pension division payments.....	271,949	643,887	1,682,583	400,343	–	–	–	–	1,954,532	1,044,230
Pension transfer value payments .....	634,514	555,752	1,224,987	686,747	2,424	3,561	–	–	1,861,925	1,246,060
Return of contributions										
Government employees.....	69,079	15,601	–	–	–	–	–	–	69,079	15,601
Public Service corporation employees.....	7,769	11,540	–	–	–	–	–	–	7,769	11,540
Transfers to other pension funds.....	1,038,273	39,685	–	–	–	–	–	–	1,038,273	39,685
Refundable tax.....	51,729,846	46,632,558	23,135,350	20,213,265	463,210	489,382	–	38,952,365	75,328,406	106,287,570
	98,796,820	88,784,691	33,868,820	28,249,609	1,660,715	1,547,950	84,757,461	123,775,652	219,083,816	242,357,902
Closing balance.....	1,241,175,803	1,193,245,712	430,166,136	409,218,089	34,456,839	33,996,630	688,734,759	717,522,186	2,394,533,537	2,353,982,617

**Supplementary Retirement Benefits Account**

This account was established by the *Supplementary Retirement Benefits Act* to provide for pension benefit increases resulting from changes in the Consumer Price Index. The account continues to provide for increased pension benefits resulting from indexation for pensions of federally appointed judges, and recipients of pensions under various continuation acts and other related acts.

**Table 6.27**  
**Supplementary Retirement Benefits Account**

(in dollars)

	Judges		Others <sup>1</sup>		Total	
	2018	2017	2018	2017	2018	2017
Opening balance .....	223,713,819	215,089,000	815,777	767,192	224,529,596	215,856,192
<b>Receipts and other credits</b>						
Employee contributions						
Government .....	3,656,523	3,557,590	38,503	38,524	3,695,026	3,596,114
Employer contributions						
Government .....	3,656,524	3,557,590	52,782	24,959	3,709,306	3,582,549
Interest .....	3,331,441	1,509,639	13,129	5,823	3,344,570	1,515,462
Total receipts and other credits ...	10,644,488	8,624,819	104,414	69,306	10,748,902	8,694,125
Subtotal .....	234,358,307	223,713,819	920,191	836,498	235,278,498	224,550,317
<b>Payments and other charges</b>						
Return of contributions .....	–	–	–	–	–	–
Annuities .....	–	–	22,911	20,721	22,911	20,721
Closing balance .....	234,358,307	223,713,819	897,280	815,777	235,255,587	224,529,596

<sup>1</sup> Includes lieutenant governors and other Governor in Council appointees.

## Allowance for pension adjustments

This account records the accounting adjustments resulting from annual actuarial valuations of public sector pension plans sponsored by the Government.

Actuarial losses of \$4,654 million (\$5,808 million in 2017, as restated<sup>1</sup>), due to plan experience and changes in actuarial assumptions, were recognized in this account and increased pension expenses for the year.

An amount of \$2,353 million (\$757 million in 2017) was recorded in this account to offset the amortization of deficiencies charged to the pension fund accounts and superannuation accounts during the year but already accounted for in previous years' expenses or in actuarial gains and losses.

An amount of \$119 million (nil in 2017) was credited to this account to offset the withdrawal of surplus recorded in a superannuation account during the year but already accounted for in previous years' actuarial gains and losses.

An amount of \$92 million was debited (\$258 million credited in 2017, as restated<sup>1</sup>) from this account and decreased (increased in 2017) pension costs to adjust for the difference between the Government contributions and the net cost of benefits earned.

No amount (27 million in 2017, as restated<sup>1</sup>) was recorded in this account and pension costs were not adjusted (reduced in 2017) for a past service cost reduction related to a curtailment.

An amount of \$3,950 million (\$2,370 million in 2017, as restated<sup>1</sup>) was credited to this account to adjust for the difference between interest based on the accrued pension obligations and interest credited to the superannuation accounts. In addition, an amount of \$6,119 million (\$5,221 million in 2017) was debited from this account to record the expected return on the pension investments.

As well, a consolidation adjustment of \$49 million (\$113 million in 2017) was credited to this account and debited against personal tax revenues to eliminate the effect of internal transactions resulting from tax amounts debited to the RCA accounts that were previously recorded as tax revenues.

The unrecognized net actuarial loss of \$15,838 million (\$25,963 million in 2017, as restated<sup>1</sup>) will be recognized in this account and will affect expenses in future years.

As a result of annual actuarial valuations for accounting purposes, the accrued pension obligations of \$328,497 million (\$323,473 million in 2017, as restated<sup>1</sup>) less the pension assets of \$141,840 million (\$126,153 million in 2017) were found to be \$30,918 million (\$40,835 million in 2017, as restated<sup>1</sup>) higher than the balance of the pension fund accounts of \$399 million (\$449 million in 2017) and the superannuation accounts of \$155,340 million (\$156,036 million in 2017). The excess or shortfall is made up of the following:

(in millions of dollars)

	(Shortfall) excess	
	2018	2017 Restated <sup>1</sup>
<b>Public Service Pension Plan</b>		
Public Service Superannuation Account <sup>1</sup> .....	(22,067)	(23,121)
Public Service Pension Fund .....	10,244	4,536
Retirement Compensation Arrangements <sup>1</sup> .....	(1,667)	(1,676)
<b>Total allowance for Public Service Pension Plan .....</b>	<b>(13,490)</b>	<b>(20,261)</b>
<b>Canadian Forces Pension Plan</b>		
Canadian Forces Superannuation Account <sup>1</sup> .....	(10,246)	(12,392)
Canadian Forces Pension Fund .....	814	(582)
Reserve Force Pension Fund .....	(113)	(107)
Retirement Compensation Arrangements <sup>1</sup> .....	(331)	(309)
<b>Total allowance for Canadian Forces Pension Plan .....</b>	<b>(9,876)</b>	<b>(13,390)</b>
<b>Royal Canadian Mounted Police Pension Plan</b>		
Royal Canadian Mounted Police Superannuation Account <sup>1</sup> .....	(3,270)	(3,509)
Royal Canadian Mounted Police Pension Fund .....	676	121
Retirement Compensation Arrangements <sup>1</sup> .....	(23)	(23)
<b>Total allowance for Canadian Mounted Police Pension Plan .....</b>	<b>(2,617)</b>	<b>(3,411)</b>
<b>Members of Parliament Pension Plan</b>		
Members of Parliament Retiring Allowances <sup>1</sup> .....	(140)	(179)
Retirement Compensation Arrangements <sup>1</sup> .....	(391)	(265)
<b>Total allowance for Members of Parliament Pension Plan .....</b>	<b>(531)</b>	<b>(444)</b>
Pension plan for federally appointed judges .....	(4,404)	(3,329)
<b>Total .....</b>	<b>(30,918)</b>	<b>(40,835)</b>

<sup>1</sup> Comparative figures have been restated. Details on the restatement can be found in Note 2 in Section 2 of this volume.

## Other employee and veteran future benefits

The Government and the consolidated Crown corporations and other entities sponsor different types of future benefit plans with varying terms and conditions. The benefits are available to employees and former employees (including military or Royal Canadian Mounted Police members) during or after employment, or upon retirement. Some are considered retirement benefits, whereby benefits are expected to be provided after retirement to employees and their beneficiaries or dependants. Others are considered post-employment benefits, whereby benefits are expected to be paid after employment but before retirement. Benefits for veterans are paid to war veterans, as well as to Canadian Forces retired veterans and Canadian Forces still-serving members. Benefits for members of the Royal Canadian Mounted Police are paid to both current and former members. These are primarily post-employment benefits, but some benefits are also paid during employment to still-serving members. They include disability and associated benefits paid to veterans or Royal Canadian Mounted Police members, or to their beneficiaries and dependants.

The other major future benefits include health care and dental benefits available to retired employees and retired military and Royal Canadian Mounted Police members, accumulated sick leave entitlements and post-employment benefits such as workers' compensation benefits and severance benefits that accumulate.

**Table 6.28**  
**Other employee and veteran future benefits**

(in millions of dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
Veterans' disability and other future benefits .....	51,945	12,672	4,570	60,047
Royal Canadian Mounted Police disability and other future benefits .....	6,702	1,510	231	7,981
Public Service Health Care Plan .....	25,456	2,121	421	27,156
Pensioners' Dental Services Plan .....	3,747	400	101	4,046
Severance and other benefits .....	2,401	129	592	1,938
Accumulated sick leave entitlements .....	1,686	342	274	1,754
Workers' compensation .....	1,300	374	138	1,536
Consolidated Crown corporations and other entities .....	331	26	22	335
<b>Total .....</b>	<b>93,568</b>	<b>17,574</b>	<b>6,349</b>	<b>104,793</b>

All of the Government and almost all of the consolidated Crown corporations and other entities' sponsored plans are unfunded. The health care and the dental plans are contributory plans. Contributions by retired plan members are made to the plans to obtain coverage. Therefore the liabilities and costs are shown net of members' contributions. The accrued benefit obligations related to these plans is determined actuarially for accounting purposes. As at March 31, the recorded liabilities included the following components:

(in millions of dollars)

	2018				2017	
	Accrued benefit obligations	Other future benefit assets	Unrecognized net actuarial (loss) gain	Benefits paid after measurement date up to March 31	Future benefit liabilities	Future benefit liabilities
Veterans' disability and other future benefits .....	91,695	–	(31,648)	–	60,047	51,945
Royal Canadian Mounted Police disability and other future benefits .....	14,338	–	(6,357)	–	7,981	6,702
Public Service Health Care Plan .....	30,268	–	(3,112)	–	27,156	25,456
Pensioners' Dental Services Plan .....	5,161	–	(1,115)	–	4,046	3,747
Severance and other benefits .....	2,069	–	(131)	–	1,938	2,401
Accumulated sick leave entitlements .....	1,755	–	(1)	–	1,754	1,686
Workers' compensation .....	1,681	–	(145)	–	1,536	1,300
Consolidated Crown corporations and other entities .....	316	(1)	23	(3)	335	331
<b>Total .....</b>	<b>147,283</b>	<b>(1)</b>	<b>(42,486)</b>	<b>(3)</b>	<b>104,793</b>	<b>93,568</b>

The cost of these benefits can accrue either during the service life of employees or upon occurrence of an event giving rise to the liability under the terms of the plans. An interest component is charged to expense based on the average accrued benefit obligation.

During the year, expenses relating to these benefits were as follows:

(in millions of dollars)

	2018							2017	
	Benefits earned	Plan amendments	Plan curtailments	Plan settlements	Actuarial losses (gains) recognized	Net benefit expense	Interest cost	Total	Total
Veterans' disability and other future benefits.....	3,218	2,680	(162)	–	4,905	10,641	1,869	12,510	7,849
Royal Canadian Mounted Police disability and other future benefits .....	736	–	–	–	493	1,229	281	1,510	1,254
Public Service Health Care Plan .....	1,162	–	–	–	249	1,411	710	2,121	2,272
Pensioners' Dental Services Plan .....	165	–	–	–	119	284	116	400	404
Severance and other benefits.....	52	–	–	(60)	22	14	53	67	358
Accumulated sick leave entitlements .....	297	–	–	–	3	300	42	342	336
Workers' compensation .....	321	–	–	–	17	338	36	374	159
Consolidated Crown corporations and other entities .....	17	–	–	–	–	17	9	26	25
Total .....	5,968	2,680	(162)	(60)	5,808	14,234	3,116	17,350	12,657



## Other liabilities

Other liabilities include general liabilities established under section 64 of the *Financial Administration Act* as well as specified purpose accounts opened under section 21 of the *Financial Administration Act* or of other legislation. Specified purpose accounts are an accounting classification used to record transactions and expenditures in respect of money payable out of the Consolidated Revenue Fund under statutory authorities, pursuant to legislation, trusts, treaties, undertakings or contracts. Legislation relating to some of these accounts permits investments to be made and, in certain cases, the balances of the accounts earn interest.

## Canada Pension Plan

The Canada Pension Plan (CPP) is a federal/provincial social insurance program established by an Act of Parliament in 1965. The CPP began operations in 1966. It is compulsory and in operation in all parts of Canada, except for the Province of Quebec. The objective of the program is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed from employees, employers and self-employed workers contributions, as well as investment earnings. The CPP's investments are held and managed by the Canada Pension Plan Investment Board (CPPIB).

The CPP is administered by the Government of Canada and the provinces. As such, CPP's financial activities are not part of the Government of Canada's reporting entity because changes to the CPP require the agreement of at least two thirds of the provinces, representing at least two thirds of the population of all the provinces and it is therefore not controlled by the Government.

The Minister of Families, Children and Social Development is responsible for the administration of the CPP under the *Canada Pension Plan Act*; the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPPIB is responsible for managing the amounts that are being transferred under Section 108.1 of the *Canada Pension Plan Act*. It acts in the best interests of the beneficiaries and contributors under the Act.

As administrator of the CPP, the Government's authority to provide benefits is limited to the assets available for benefit payments of the CPP. At March 31, 2018, the fair value of the CPP's assets available for benefit payments is \$360,997 million (\$320,895 million in 2017).

The CPP Account (the Account) was established in the accounts of Canada pursuant to the *Canada Pension Plan Act*. The transactions of the CPP are recorded in the Account. CPP's revenues and expenses such as contributions, interests, investment income or loss from the CPPIB, pension benefits and operating expenses, are reported as increases and decreases to this liability. The Account also records the amounts transferred to or received from the CPPIB. The CPPIB operates at arm's length from the Government and invests in a diversified portfolio of securities.

The detailed revenues, expenses, assets and liabilities of the CPP financial activities are reported separately in the CPP consolidated financial statements. The CPP's deposit with the Receiver General for Canada of \$32 million (\$106 million in 2017) corresponds to the balance in the Account and is reported as the Government's liability to the CPP at March 31, 2018.

Table 6.29 presents a reconciliation between the assets available for benefit payments shown in the CPP's consolidated financial statements and the Account, as well as a summary of the balances and transactions in the Account which result in the deposit with the Receiver General for Canada.

**Table 6.29**  
**Canada Pension Plan Account**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
<b>Canada Pension Plan balance per audited consolidated financial statements</b>				
Assets available for benefit payments.....	320,895,464,877	86,229,505,681	46,127,913,983	360,997,056,575
Less:				
Receivables, net of liabilities .....	4,113,135,189	4,831,364,150	4,113,135,189	4,831,364,150
Accumulated net income from Canada Pension Plan Investment Board's operations .....	178,875,000,000	37,792,000,000	1,053,000,000	215,614,000,000
	137,907,329,688	43,606,141,531	40,961,778,794	140,551,692,425
Less: transfers to Canada Pension Plan Investment Board .....	137,801,822,101	33,707,495,738	36,425,502,316	140,519,828,679
Deposit with the Receiver General for Canada.....	105,507,587	77,313,637,269	77,387,281,110	31,863,746

Receipts and other credits include:

- (a) contributions at the combined employer and employee rates of 9.9% of pensionable earnings for the 2017 and 2018 calendar years, subject to maximum combined contributions of \$5,128 and \$5,188 respectively and contributions to the post-retirement benefit pension according to provisions of Bill C-51 of 2009;
- (b) income from the average daily operating balance deposited with the Receiver General for Canada;
- (c) funds received from the CPPIB;
- (d) gains on investments held by the CPPIB; and
- (e) payments received on overpayments established.

Payments and other charges include:

- (a) pensions and benefits paid under the CPP as retirement pensions and post-retirement benefit, survivors' pensions and benefits paid to spouse or common-law partner and orphans, or as lump sum death benefits, and disability pensions and benefits to eligible contributors and their children;
- (b) pensions and benefits paid and recovered from the CPP, in accordance with an agreement with a province providing a comprehensive pension plan;
- (c) payments that are required to be charged to the CPP, in accordance with reciprocal agreements with other countries;
- (d) costs of administration of the CPP;
- (e) funds transferred to the CPPIB; and
- (f) losses on investments held by the CPPIB.

For additional information, the consolidated financial statements of the CPP are included with the supplementary statements at the end of this section. Additional information on the funding of CPP may also be obtained from the *27th, 28th and 29th Actuarial Report on the Canada Pension Plan* prepared by the Chief Actuary of the Office of the Superintendent of Financial Institutions.

## Government Annuities Account

The purpose of the *Government Annuities Act* was to assist individuals and groups of Canadians to prepare financially for their retirement by purchasing Government annuities. In 1975, the *Government Annuities Improvement Act* discontinued future sales of Government annuity contracts. Annuities are deferred until their maturity date, at which time payments to annuitants begin.

The liability for accrued benefits is initially recorded through the Government Annuities Account, which was established by the *Government Annuities Act*. The account is valued on an actuarial basis each year, using prescribed mortality and interest rates, with the deficit or surplus charged or credited to the Consolidated Revenue Fund. Any adjustments required under the Government's accounting policies are then recorded through an allowance adjustment account. The allowance account reflects the adjustment to the liability due to the differential between prescribed rates and best estimates of experience-adjusted mortality tables and discount rates. The discount rates used to measure the present value of accrued benefits are based on the Government's cost of borrowing derived from the yields on the actual zero-coupon yield curve for Government of Canada bonds which reflect the timing of the expected future cash flows.

Receipts and other credits recorded in the account consist of premiums received, funds reclaimed from the Consolidated Revenue Fund for previously untraceable annuitants, prescribed interest of 7% calculated on the accrued benefits and any credit needed to cover the actuarial deficit. Payments and other charges recorded in the account represent matured annuities, the commuted value of death benefits, premium refunds and withdrawals, and actuarial surpluses and unclaimed annuities, related to untraceable annuitants, transferred to non-tax revenues.

At the end of the year, an actuarial surplus of \$1,072,288 was transferred to the Government's revenues to reduce the balance of the account to \$107.8 million and an adjustment of \$26.8 million was recorded in the allowance account to increase the liability to \$134.6 million as at March 31, 2018.

As of March 31, 2018, over 25,826 annuitants held 27,444 active contracts, a decrease of 3,020 annuities compared to previous year as a result of annuitant deaths and Consolidated Revenue Fund transfers.

## Deposit and trust accounts

Deposit and trust accounts are a group of liabilities representing the Government's financial obligations in its role as administrator of certain funds that it has received or collected for specified purposes and that it will pay out accordingly. To the extent that the funds received are represented by negotiable securities, these are deducted from the corresponding accounts to show the net liability. Certain accounts earn interest which is charged to interest on the public debt.

**Table 6.30**  
**Deposit and trust accounts**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
<b>Deposit accounts</b>				
Agriculture and Agri-Food				
Department of Agriculture and Agri-Food				
Contractor security deposits—Certified cheques .....	90,966	–	34,206	56,760
Canadian Dairy Commission				
Canadian Dairy Commission Account.....	–	2,698,452	2,698,452	–
	90,966	2,698,452	2,732,658	56,760
Environment and Climate Change				
Department of the Environment				
Contractor security deposits—Cash and cheques.....	253,249	873,735	91,760	1,035,224
Parks Canada Agency				
Contractor security deposits—Cash.....	604,022	704,106	703,914	604,214
	857,271	1,577,841	795,674	1,639,438
Families, Children and Social Development				
Department of Employment and Social Development				
Canada Labour Code—Other .....	72,220	529,181	519,604	81,797
Canada Labour Code—Wage recovery request for review or appeal.....	1,495,224	3,634,248	564,551	4,564,921
	1,567,444	4,163,429	1,084,155	4,646,718
Finance				
Department of Finance				
Canada Development Investment Corporation				
Holdback—Privatization.....	21,748,541	123,667	5,000,000	16,872,208
Canada Hibernia Holding Corporation				
Abandonment Reserve Fund .....	98,374,361	724,197	–	99,098,558
Swap collateral guarantee deposits .....	94,471,400	471,960,739	469,999,699	96,432,440
	214,594,302	472,808,603	474,999,699	212,403,206
Fisheries, Oceans and the Canadian Coast Guard				
Department of Fisheries and Oceans				
Contractor security deposits—Cash.....	146,640	262,580	121,205	288,015
Guarantee deposits—Fish habitat preservation .....	549,849	–	189,743	360,106
	696,489	262,580	310,948	648,121
Health				
Department of Health				
Canadian Food Inspection Agency				
Contractor security deposits—Cash .....	73,672	–	–	73,672
Indigenous Services				
Department of Indigenous Services Canada				
Field British Columbia and Yukon Operations of the Northern Canada Power Commission <sup>1</sup> .....				
	992,587	–	–	992,587
Guarantee deposits <sup>1</sup> .....	15,075,494	154,392	3,949,728	11,280,158
Guarantee deposits—Oil and gas <sup>1</sup> .....	465,805	–	–	465,805
	16,533,886	154,392	3,949,728	12,738,550
Innovation, Science and Economic Development				
Department of Industry				
Deposits from Spectrum Auctions .....	–	16,373,000	–	16,373,000
Justice				
Department of Justice				
Courts Administration Service				
Security for costs .....	20,393	4,526	350	24,569
Registrar of the Supreme Court of Canada				
Security for costs .....	391,728	162	–	391,890
	412,121	4,688	350	416,459

**Table 6.30**  
**Deposit and trust accounts—continued**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
National Defence				
Department of National Defence				
Contractor security deposits—Cash.....	3,883,612	7,837,967	7,917,631	3,803,948
National Revenue				
Canada Revenue Agency				
Guarantee deposits .....	205,400,291	49,924,367	32,168,327	223,156,331
Less: securities held in trust .....	40,000	—	—	40,000
	205,360,291	49,924,367	32,168,327	223,116,331
Natural Resources				
Department of Natural Resources				
Contractor security deposits—Cash.....	36,865	—	—	36,865
Guarantee deposits—Oil and gas.....	9,924,903	9,562,895	5,683,291	13,804,507
National Energy Board				
Guarantee deposits .....	151,306	—	—	151,306
	10,113,074	9,562,895	5,683,291	13,992,678
Privy Council				
Privy Council Office				
Office of the Chief Electoral Officer				
Candidates' and committees' deposits—Election and referendum .....	153,000	9,000	56,000	106,000
Public Safety and Emergency Preparedness				
Canada Border Services Agency				
General security deposits.....	7,018,701	509,986	—	7,528,687
Guarantee deposits .....	8,739,731	294,743	321,752	8,712,722
Immigration Guarantee Fund.....	22,038,405	6,140,923	5,495,157	22,684,171
Temporary deposits received from importers .....	1,084,859	236,034	224,183	1,096,710
	38,881,696	7,181,686	6,041,092	40,022,290
Royal Canadian Mounted Police				
Contractor security deposits—Cash.....	74,974	106,292	—	181,266
	38,956,670	7,287,978	6,041,092	40,203,556
Public Services and Procurement				
Department of Public Works and Government Services				
Contractor security deposits—Cash.....	4,202,343	5,488,639	3,874,710	5,816,272
Deposits on disposals .....	216,070	25,469	1,000	240,539
Seized property—Cash.....	40,849,352	27,617,347	28,650,155	39,816,544
	45,267,765	33,131,455	32,525,865	45,873,355
Transport				
Department of Transport				
Contractor security deposits—Bonds .....	52,500	—	—	52,500
Less: securities held in trust .....	52,500	—	—	52,500
Contractor security deposits—Cash.....	213,916	7,009	98,218	122,707
	213,916	7,009	98,218	122,707
Total deposits accounts .....	538,774,479	605,803,656	568,363,636	576,214,499

**Table 6.30**  
**Deposit and trust accounts—concluded**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
<b>Trust accounts</b>				
Families, Children and Social Development				
Department of Employment and Social Development				
Indian Residential Schools Settlement Agreement				
Common experience payments .....	82,397,039	646,516	66,270	82,977,285
Indigenous Services				
Department of Indigenous Services Canada				
Indian band funds <sup>1</sup>				
Capital accounts, Table 6.31 .....	465,418,716	49,847,221	100,882,189	414,383,748
Revenue accounts, Table 6.32 .....	179,659,952	77,421,225	80,099,098	176,982,079
	645,078,668	127,268,446	180,981,287	591,365,827
Indian estate accounts <sup>1</sup> .....	26,414,433	8,170,306	6,844,039	27,740,700
Indian savings accounts <sup>1</sup> .....	29,715,430	1,341,068	4,221,501	26,834,997
	701,208,531	136,779,820	192,046,827	645,941,524
Innovation, Science and Economic Development				
Department of Industry				
Restitutions under the <i>Competition Act</i> .....	4,353	–	–	4,353
National Defence				
Department of National Defence				
Estates—Armed services .....	466,344	1,749,674	1,513,587	702,431
Public Safety and Emergency Preparedness				
Department of Public Safety and Emergency Preparedness				
Canadian Security Intelligence Service				
Scholastic awards .....	26,540	197	–	26,737
Correctional Service of Canada				
Inmates Trust Fund .....	18,899,212	39,308,436	40,908,885	17,298,763
Royal Canadian Mounted Police				
Benefit Trust Fund .....	2,303,677	143,297	168,954	2,278,020
	21,229,429	39,451,930	41,077,839	19,603,520
Veterans Affairs				
Department of Veterans Affairs				
Administered accounts .....	195,197	54,253	34,101	215,349
Estates Fund .....	14,642	108	–	14,750
Veterans Administration and Welfare Trust Fund .....	805,784	614,361	341,237	1,078,908
	1,015,623	668,722	375,338	1,309,007
Total trust accounts .....	806,321,319	179,296,662	235,079,861	750,538,120
Total deposit and trust accounts .....	1,345,095,798	785,100,318	803,443,497	1,326,752,619

<sup>1</sup> This account has been transferred from the Department of Indian Affairs and Northern Development.**Contractor security deposits—Certified cheques—Department of Agriculture and Agri-Food**

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

**Canadian Dairy Commission Account**

The Canadian Dairy Commission is a Crown corporation listed in Part I of Schedule III of the *Financial Administration Act*. This account was established for banking purposes using the Consolidated Revenue Fund pursuant to section 15 of the *Canadian Dairy Commission Act*.

**Contractor security deposits—Cash and cheques—Department of the Environment**

This account was established for the management of deposits of money belonging to third parties.

**Contractor security deposits—Cash—Parks Canada Agency**

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

**Canada Labour Code—Other**

This account was established to record amounts received under the provisions of section 251 of the Canada Labour Code Part III. The receipts are payment of wages or other amounts prescribed under the Code that a Labour inspector determined to be owed following a complaint or an inspection. Employers can pay the amount owed to the Minister of Employment, Workforce Development and Labour instead of paying them directly to the employee. These amounts are then paid out to the employees.

**Canada Labour Code—Wage recovery request for review or appeal**

This account was established to record amounts following the issuance of a payment order under section 251.1 of the Canada Labour Code Part III. This account contains amounts that were remitted by an employer or a director who request a review or an appeal of a payment order issued by a Labour Program inspector regarding wages or amounts that are owed to employees. One of the conditions to allow for a review or an appeal is that the employer or director must pay the amounts indicated in the payment order to the Minister of Employment, Workforce Development and Labour for deposit. This amount is held until the revision or the appeal is completed after which it will be remitted to the employee, the employer, the director or both where applicable. The deposits in this account are interest-bearing at the rate set by the Minister of Finance for contractor's deposits.

**Holdback—Privatization—Canada Development Investment Corporation**

This account was established pursuant to subsection 129(1) of the *Financial Administration Act*. This special purpose money is to be used to meet costs incurred on the sale of Crown corporations and demand for payment by purchasers pursuant to the acquisition agreement and costs incurred by the Canada Development Investment Corporation in connection with their sale.

**Abandonment Reserve Fund—Canada Hibernia Holding Corporation**

This account was established to record funds which will be used to defray the future abandonment costs that will occur at the closure of the Hibernia field.

**Swap collateral guarantee deposits**

This account was established to record cash received as credit support under a collateral agreement with financial institutions.

An amount of \$46.6 million US is held in this account at year end.

**Contractor security deposits—Cash—Department of Fisheries and Oceans**

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

**Guarantee deposits—Fish habitat preservation**

This account was established to record cash and securities deposited as guarantees for preservation of fish habitat as required by permits, leases or authorizations, pursuant to Section 35 of the *Fisheries Act*. Interest is not allowed on cash deposits.

**Contractor security deposits—Cash—Canadian Food Inspection Agency**

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

**Field British Columbia and Yukon Operations of the Northern Canada Power Commission**

This account was established to record amounts deposited by the Northern Canada Power Commission to reimburse liabilities pertaining to Field, British Columbia and Yukon Operations of the Northern Canada Power Commission.

**Guarantee deposits—Department of Indigenous Services Canada**

This account was established to record cash and securities deposited as guarantees for performance as required by permits, leases, authorizations and water licences, pursuant to section 8 of the *Arctic Waters Pollution Prevention Act*, the *Nunavut Waters and Nunavut Surface Rights Tribunal Act* as well as various regulations under the *Territorial Lands Act* and the *Mackenzie Valley Resource Management Act*. Interest is not allowed on cash deposits.

**Guarantee deposits—Oil and gas—Department of Indigenous Services Canada**

This account was established to record securities in the form of cash, letters of credit or other acceptable instruments which are required to be issued to, and held by the Government of Canada pursuant to an interest issued in accordance with the *Canada Petroleum Resources Act*. These securities are a performance guarantee or refundable rental that the agreed exploration work will be performed in the manner and time frame specified. Interest is not paid on these deposits.

### **Deposits from Spectrum Auctions**

This account was established to record amounts deposited by external parties to be eligible to participate in an auction of spectrum licences.

### **Security for costs—Courts Administration Service**

This account was established to maintain accounts on behalf of litigants before the Tax Court of Canada. These accounts record the funds paid into the Tax Court of Canada, pursuant to an order of the Court, rules of the Court or statutes, to be held pending payment of such funds, in accordance with an order/judgment of the Court.

### **Security for costs—Registrar of the Supreme Court of Canada**

This account was established to record security to the value of \$500 deposited by an Appellant with the Registrar of the Supreme Court of Canada in accordance with paragraph 60(1)(b) of the *Supreme Court Act*. As per section 87 of the Rules of the Supreme Court of Canada, interest is paid on money deposited as security.

### **Contractor security deposits—Cash—Department of National Defence**

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

### **Guarantee deposits—Canada Revenue Agency**

This account was established to record cash securities required to guarantee payment of goods and services tax/harmonized sales tax (GST/HST) as it relates to non-resident registrants and, certain licensees as it relates to excise taxes, which are both payable pursuant to the *Excise Tax Act*.

Securities held in trust by the Canada Revenue Agency are made up of cash deposited to the Consolidated Revenue Fund.

### **Contractor security deposits—Cash—Department of Natural Resources**

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

### **Guarantee deposits—Oil and gas—Department of Natural Resources**

This account was established to record securities in the form of cash, which are required to be issued to, and held by the Government of Canada pursuant to an Exploration Licence in accordance with section 24 of the *Canada Petroleum Resources Act*. These securities are a performance guarantee that the agreed exploration will be performed in the manner and time frame specified. Interest is not paid on these deposits.

### **Guarantee deposits—National Energy Board**

Under Bill 46 of the *Pipeline Safety Act*, the National Energy Board (NEB) requested to set up a specified purpose account to maintain funds or security that the NEB considered necessary for pipeline abandonment costs and expenses.

### **Candidates' and committees' deposits—Election and referendum**

This account was established to record candidates' election and committees' referendum deposits received in respect of an election (general or by-election) or a referendum.

Pursuant to the *Canada Elections Act* or the *Referendum Act*, amounts received are either refunded to candidates or committees, or are transferred to non-tax revenues. On October 25, 2017, the Court of Queen's Bench of Alberta stated that the deposit requirement for prospective candidates in federal elections infringes on section 3 of the Canadian Charter of Rights and Freedoms. The Acting Chief Electoral Officer of Canada stated that the deposit requirement provision will no longer be applied by Elections Canada. As a result, prospective candidates will no longer have to pay any deposit as part of their nomination requirements.

### **General security deposits**

This account was established to record general security deposits from transportation companies in accordance with section 148 of the *Immigration and Refugee Protection Act*.

### **Guarantee deposits—Canada Border Services Agency**

This account was established to record cash required to guarantee payment of customs duties on imported goods pursuant to the *Customs Act*.

### **Immigration Guarantee Fund**

This account was established to record amounts collected and held pending final disposition, either by refund to the original depositor, or forfeiture to the Crown pursuant to sections 14, 26, 44, 56, 58 and 148 of the *Immigration and Refugee Protection Act*.

### **Temporary deposits received from importers**

This account was established to record temporary security deposits received from importers to ensure compliance with various (Customs) regulations regarding temporary entry of goods.

### **Contractor security deposits—Cash—Royal Canadian Mounted Police**

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

### **Contractor security deposits—Cash—Department of Public Works and Government Services**

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

### **Deposits on disposals**

This account was established to report transactions associated to deposits on disposals for the Department of Public Works and Government Services (PWGSC), security deposits and revenues of leased space belonging to PWGSC.

### **Seized property—Cash**

This account was established pursuant to the *Seized Property Management Act*, to record seized cash. These funds will be deposited to the Consolidated Revenue Fund and credited to the account until returned to the owner or forfeited.

### **Contractor security deposits—Bonds—Department of Transport**

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

### **Contractor security deposits—Cash—Department of Transport**

This account was established to record contractor security deposits that are required for the satisfactory performance of work in accordance with Government Contracts Regulations.

### **Indian Residential Schools Settlement Agreement—Common experience payments**

This account was established pursuant to section 21 of the Financial Administration Act, to record amounts received and paid under article 5 of the Indian Residential Schools Settlement Agreement. It was established on September 19, 2007, and provides for the payment of Common Experience Payments (CEP) to eligible former students of recognized Indian Residential Schools and personal credits for educational programs and services to CEP recipients or to certain family members. The account is credited with interest pursuant to section 21(2) of the Financial Administration Act. The Designated Amount Fund is co-administered by the Trustee, the Government of Canada, represented jointly by the Minister of Families, Children and Social Development and the Minister of Crown Indigenous Relations and Northern Affairs.



**Indian band funds**

This account was established to record funds belonging to Indian bands throughout Canada pursuant to sections 61 to 69 of the *Indian Act*.

**Table 6.31****Indian band funds—Capital accounts**

(in dollars)

	2018	2017
Opening balance .....	465,418,716	528,655,659
<b>Receipts and other credits</b>		
Claim settlements .....	—	—
Gas royalties .....	26,743,716	24,964,883
Oil royalties .....	21,221,550	22,427,692
Sundries .....	1,881,955	5,622,763
	49,847,221	53,015,338
	515,265,937	581,670,997
<b>Payments and other charges</b>		
Per capita cash distribution .....	6,154,350	12,101,340
Transfer pursuant to section 64 of the <i>Indian Act</i> .....	94,727,401	104,150,941
Sundries .....	438	—
	100,882,189	116,252,281
Closing balance .....	414,383,748	465,418,716

**Table 6.32****Indian band funds—Revenue accounts**

(in dollars)

	2018	2017
Opening balance .....	179,659,952	181,638,666
<b>Receipts and other credits</b>		
Court award and settlements .....	1,500	27,977
Government interest .....	13,563,256	13,550,920
Land and other claim settlements .....	14,838,842	150,000
Sundries .....	49,017,627	46,196,471
	77,421,225	59,925,368
	257,081,177	241,564,034
<b>Payments and other charges</b>		
Per capita cash distribution .....	650,860	18,520
Transfer pursuant to section 69 of the <i>Indian Act</i> .....	55,750,616	50,881,925
Sundries .....	23,697,622	11,003,637
	80,099,098	61,904,082
Closing balance .....	176,982,079	179,659,952

**Indian estate accounts**

These accounts were established to record funds received and disbursed for estates of deceased Indians, dependent adult Indians and missing Indians pursuant to sections 42 to 51 of the *Indian Act*.

**Indian savings accounts**

These accounts were established to record funds received and disbursed for individual Indians pursuant to sections 52 to 52.5 of the *Indian Act*.

**Restitutions under the *Competition Act***

This account was established to facilitate judgements rendered under section 52 of the *Competition Act*, and account for funds received in trust for restitution and for subsequent payment.

**Estates—Armed services**

This account was established to record payments made to settle the service estates of officers and non-commissioned members who die during their service in the Canadian Forces in accordance with section 42 of the *National Defence Act*. Under the administration of the Judge Advocate General, who has been appointed as the Director of Estates by the Minister of National Defence, the net assets of a deceased member's service estates are distributed to the legal representative of the member's estate.

**Scholastic awards**

This account was established to record donations of \$26,000 to be used for the presentation of scholarship awards to children of employees of the Canadian Security Intelligence Service to encourage university studies.

**Inmates Trust Fund**

Pursuant to section 111 of the Corrections and Conditional Release Regulations, this account is credited with all moneys brought into the institution by an inmate on admission or readmission, and all moneys that are received on the inmate's behalf while in custody, including, monetary gifts from a third party, payments for program participation, pay earned while on work release or conditional release in the community, moneys received from a third party for work performed in an institution or a Correctional Service of Canada approved inmate operated business enterprise, sale of hobby craft or custom work, a payment, allowance or income paid by either a private or government source. Deductions may be made from this account for issues such as debts to the Crown, the Inmate Welfare Fund, canteen expenditures, telephone calls, payments to assist in the rehabilitation of the inmate, and any other payments for which the inmate is liable.

**Benefit Trust Fund**

This account was established by section 23 of the *Royal Canadian Mounted Police Act*, to record funds received by personnel of the Royal Canadian Mounted Police (RCMP), in connection with the performance of duties, over and above their pay and allowances, including forfeitures of pay. The money paid to the Benefit Trust Fund is used for the benefit of RCMP members, former members and their dependants; use of the funds is governed by the Royal Canadian Mounted Police Regulations, 2014.

**Administered accounts**

Pursuant to section 41 of the *Pension Act*, section 15 of the *War Veterans Allowance Act*, section 55 of the Veterans Treatment Regulations and section 8 of the Guardianship of Veterans Property Regulations, these accounts are under the jurisdiction of the Department of Veterans Affairs. Funds held in these accounts include: (a) pensions, war veterans allowances and treatment allowances placed under the administration of the Department of Veterans Affairs; and (b) benefits from other sources such as Old Age Security, Guaranteed Income Supplement or Canada Pension Plan, placed under administration with the consent of the client. These persons have demonstrated their inability to manage their own affairs.

Payments are made out of the accounts to provide food, shelter, clothing, comforts and other necessities.

**Estates Fund**

This account was established to record the proceeds from the estates of those veterans who died while receiving hospital treatment or institutional care, and for those veterans whose funds had been administered by the Government, in accordance with sections 5, 6 and 7 of the Veterans' Estates Regulations. Individual accounts are maintained and payments are made to beneficiaries pursuant to the appropriate legislative authority.

**Veterans Administration and Welfare Trust Fund**

This account was established to record donations, legacies, gifts, bequests, etc., received, to be disbursed for the benefit of veterans or their dependants under certain conditions, and for the benefit of patients in institutions, in accordance with section 9 of the Guardianship of Veterans' Property Regulations.

## Other specified purpose accounts

There are a number of other specified purpose accounts operated by the Government, such as insurance, death benefit and pension accounts. Certain accounts earn interest which is charged to interest on the public debt.

**Table 6.33**  
**Other specified purpose accounts**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
<b>Insurance and death benefit accounts</b>				
Families, Children and Social Development				
Department of Employment and Social Development				
Civil Service Insurance Fund .....	1,775,930	187	212,962	1,563,155
National Defence				
Department of National Defence				
Regular Force Death Benefit Account, Table 6.34 .....	189,500,082	29,147,058	33,443,754	185,203,386
Treasury Board				
Treasury Board Secretariat				
Public Service Death Benefit Account, Table 6.35 .....	3,626,907,397	269,101,348	181,302,900	3,714,705,845
Veterans Affairs				
Department of Veterans Affairs				
Returned Soldiers' Insurance Fund .....	6,025	766	1,052	5,739
Veterans' Insurance Fund .....	1,298,234	65,017	258,983	1,104,268
	<i>1,304,259</i>	<i>65,783</i>	<i>260,035</i>	<i>1,110,007</i>
Total insurance and death benefit accounts .....	3,819,487,668	298,314,376	215,219,651	3,902,582,393
<b>Pension accounts</b>				
Global Affairs				
Department of Foreign Affairs, Trade and Development				
Contributory Pension Account—Locally engaged staff .....	82,075	–	–	82,075
Public Safety and Emergency Preparedness				
Department of Public Safety and Emergency Preparedness				
Royal Canadian Mounted Police				
Royal Canadian Mounted Police (Dependants) Pension Fund ....	15,791,974	622,708	2,359,110	14,055,572
Total pension accounts .....	15,874,049	622,708	2,359,110	14,137,647
<b>Other accounts</b>				
Agriculture and Agri-Food				
Department of Agriculture and Agri-Food				
AgriInvest Program .....	5,429,282	247,540,085	247,533,155	5,436,212
AgriStability Program .....	47,754,052	34,756,242	34,916,190	47,594,104
Federal/provincial collaborative agreement—Dam transfer .....	–	1,787,366	1,423,260	364,106
Foreign missions to advance Canadian agriculture .....	64,313	181,958	218,485	27,786
	<i>53,247,647</i>	<i>284,265,651</i>	<i>284,091,090</i>	<i>53,422,208</i>
Canadian Heritage				
Department of Canadian Heritage				
Miscellaneous projects deposits .....	297,601	215,750	222,884	290,467
Shared-cost/joint project agreements .....	181,600	–	126,600	55,000
Library and Archives of Canada				
Special Operating Account .....	197,622	42,391	112,594	127,419
Telefilm Canada				
Advance Account .....	61,709,226	29,648,120	25,017,831	66,339,515
	<i>62,386,049</i>	<i>29,906,261</i>	<i>25,479,909</i>	<i>66,812,401</i>
Environment and Climate Change				
Department of the Environment				
Parks Canada Agency				
Miscellaneous projects deposits .....	4,286,291	6,370,052	5,525,797	5,130,546

**Table 6.33**  
**Other specified purpose accounts—continued**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
<b>Families, Children and Social Development</b>				
Department of Employment and Social Development				
Federal/provincial collaborative agreement.....	257	87,901,827	87,366,513	535,571
Federal/provincial shared-cost project.....	428,691	2,047	82,635	348,103
Federal/provincial/territorial shared-cost project				
Interprovincial Computerized Examination				
Management System.....	2,351,119	1,373,604	1,387,776	2,336,947
Labour Standards Suspense Account .....	1,628,283	72,242	971	1,699,554
	4,408,350	89,349,720	88,837,895	4,920,175
<b>Finance</b>				
Department of Finance				
Common school funds—Ontario and Quebec .....	2,677,771	–	–	2,677,771
Foreign Claims Fund.....	179,020	–	–	179,020
War Claims Fund—World War II.....	4,236	–	–	4,236
	2,861,027	–	–	2,861,027
<b>Fisheries, Oceans and the Canadian Coast Guard</b>				
Department of Fisheries and Oceans				
Federal/provincial cost-sharing agreements .....	109,258	4,376,784	207,907	4,278,135
Miscellaneous projects deposits .....	21,606,371	8,019,689	7,066,675	22,559,385
Sales of seized assets .....	1,752,353	450,400	739,551	1,463,202
	23,467,982	12,846,873	8,014,133	28,300,722
<b>Global Affairs</b>				
Department of Foreign Affairs, Trade and Development				
Canada Foundation Account .....	390,820	–	–	390,820
Less:				
Deposits in a special bank account.....	6,297	–	716	7,013
Securities held in trust.....	384,523	20,058	19,342	383,807
	–	20,058	20,058	–
Financial assistance to Canadians abroad .....	84,858	620,467	614,897	90,428
Funds from non-governmental organizations .....	2,393,400	6,247,367	6,946,494	1,694,273
Shared-cost projects .....	10,598,292	17,803,293	17,296,463	11,105,122
Shared-cost projects—Support to various programs.....	230,505	–	–	230,505
	13,307,055	24,691,185	24,877,912	13,120,328
<b>Health</b>				
Department of Health				
Collaborative research projects .....	3,095,021	521,122	522,721	3,093,422
Miscellaneous federal/provincial projects .....	1,659,708	167,330	401,055	1,425,983
World Health Organization .....	106,133	1,393	1,618	105,908
Canadian Food Inspection Agency				
Shared-cost agreements.....	1,169,658	1,314,305	1,041,024	1,442,939
Public Health Agency of Canada				
Collaborative research projects .....	735,455	686,290	756,121	665,624
Miscellaneous federal/provincial projects .....	972,870	–	–	972,870
	7,738,845	2,690,440	2,722,539	7,706,746
<b>Immigration, Refugees and Citizenship</b>				
Department of Citizenship and Immigration				
Immigrant Investor Program .....	59,200,000	389,628,000	424,000,005	24,827,995
<b>Indigenous Services</b>				
Department of Indigenous Services Canada				
Indian band funds—Shares and certificates <sup>1</sup> .....	20,000	–	20,000	–
Less: securities held in trust.....	20,000	–	20,000	–
	–	–	–	–
Indian Moneys Suspense Account <sup>1</sup> .....	45,064,628	10,165,453	13,139,047	42,091,034
Indian special accounts <sup>1</sup> .....	424,974	1,624	433	426,165
Non-Indian moneys <sup>1</sup> .....	25,472	218,564	144,780	99,256
	45,515,074	10,385,641	13,284,260	42,616,455

**Table 6.33**  
**Other specified purpose accounts—continued**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
<b>Innovation, Science and Economic Development</b>				
Department of Industry				
Income from securities in trust— <i>Bankruptcy and Insolvency Act</i> .....	52,031	–	–	52,031
Petro-Canada Enterprises Inc.—Unclaimed shares .....	686,867	–	–	686,867
Shared-cost projects .....	1,849,352	576,772	392,498	2,033,626
Unclaimed dividends and undistributed assets				
<i>Bankruptcy and Insolvency Act</i> .....	30,520,345	2,018,280	893,761	31,644,864
<i>Canada Business Corporations Act</i> .....	8,246,347	795,652	61,396	8,980,603
<i>Winding-up and Restructuring Act</i> .....	4,916,652	–	–	4,916,652
Atlantic Canada Opportunities Agency				
Federal/Provincial agreement—Advance account.....	285,457	2,954,500	2,848,213	391,744
Federal Economic Development Agency for Southern Ontario				
Canada/Provinces Service Agreement.....	38,640	332,433	321,113	49,960
Statistics Canada				
Project deposits .....	913,168	129,629,073	129,915,375	626,866
	47,508,859	136,306,710	134,432,356	49,383,213
<b>Justice</b>				
Department of Justice				
Courts Administration Service				
Special Account .....	5,592,639	6,148,641	3,420,106	8,321,174
<b>National Defence</b>				
Department of National Defence				
Foreign governments—United Kingdom				
British Army—Suffield, Alberta .....	1,269,109	–	1,269,109	–
Joint research and development projects .....	3,281,918	597,156	753,076	3,125,998
Non-government agencies.....	2,601,941	1,371,507	1,725,851	2,247,597
Communications Security Establishment				
Foreign partners—Security .....	386,142	–	239,891	146,251
	7,539,110	1,968,663	3,987,927	5,519,846
<b>National Revenue</b>				
Canada Revenue Agency				
Deposits/Disbursements—Workers' Compensation Board .....	46,956	282,872,917	280,918,419	2,001,454
<b>Natural Resources</b>				
Department of Natural Resources				
Market development incentive payments—Alberta.....	1,556,010	–	803,728	752,282
Newfoundland and Labrador Offshore Petroleum Revenue Account .....	–	207,545,731	207,545,731	–
Nova Scotia Offshore Revenue Account.....	–	11,893,104	11,893,104	–
Shared-cost agreements—Research .....	4,610,780	3,188,669	2,013,340	5,786,109
Shared-cost projects .....	287,813	3,276,916	1,978,275	1,586,454
	6,454,603	225,904,420	224,234,178	8,124,845
Office of the Governor General's Secretary				
Cost-sharing collaborate agreement.....	1,627	243,595	243,454	1,768
Privy Council				
Privy Council Office				
Shared-cost projects—Media travel expenses .....	139,785	926,389	651,667	414,507
<b>Public Safety and Emergency Preparedness</b>				
Royal Canadian Mounted Police				
Joint research and development projects .....	930,325	72,800	62,492	940,633
<b>Public Services and Procurement</b>				
Department of Public Works and Government Services				
Military purchases excess funds deposit.....	136,341,277	–	7,436,381	128,904,896
Less: securities held in trust.....	136,341,277	7,436,381	–	128,904,896
	–	–	–	–

**Table 6.33**  
**Other specified purpose accounts—concluded**

(in dollars)

	April 1, 2017	Receipts and other credits	Payments and other charges	March 31, 2018
Transport				
Department of Transport				
Shared-cost agreements—Remediation projects .....	–	2,185,345	–	2,185,345
Total .....	344,632,224	1,506,763,303	1,524,784,139	326,611,388
Less: consolidation adjustment <sup>2</sup> .....	61,709,226	29,648,120	25,017,831	66,339,515
Total other accounts .....	282,922,998	1,477,115,183	1,499,766,308	260,271,873
Total other specified purpose accounts .....	4,118,284,715	1,776,052,267	1,717,345,069	4,176,991,913

<sup>1</sup> This account has been transferred from the Department of Indian Affairs and Northern Development.

<sup>2</sup> Additional information on consolidated Crown corporations and other entities is provided in Section 4 of this volume.

### Civil Service Insurance Fund

This account was established by the *Civil Service Insurance Act*, introduced to enable the Minister of Finance to contract with a person appointed to a permanent position in any branch of the Public Service, for the payment of certain death benefits. No new contracts have been entered into since 1954, when the Supplementary Death Benefit Plan for the Public Service and Canadian Forces was introduced as part of the *Public Service Superannuation Act* and the *Canadian Forces Superannuation Act*, respectively.

The number of policies in force as at March 31, 2018, was 160 and the average age of the policyholders was 93.3 years. During the year, premiums of \$187 were received. Death benefits, settlement annuities and premium refunds of \$124,250 were paid during 2018.

According to the actuarial valuation and with the prescribed actuarial assumptions, the liabilities in respect of the benefits provided under the Act are estimated at \$1,563,155 as at March 31, 2018. The balance in the Account as at March 31, 2018, is \$1,651,867. The surplus as at March 31, 2018, is therefore \$88,712. Pursuant to subsection 16(4) of the Civil Service Insurance Regulations, an amount of \$88,712 has therefore been debited to the Account in 2018.

**Regular Force Death Benefit Account**

This account was established by the *Canadian Armed Forces Superannuation Act* to provide life insurance to contributing members and former members of the Canadian Forces.

Receipts and other credits consist of: (a) contributions by participants; (b) Government's contribution paid in respect of participants; (c) single premiums payable by the Government in respect of participants who became entitled to a basic benefit of \$5,000 without contribution; and (d) interest.

Payments and other charges consist of: (a) benefits paid in respect of participants; (b) benefits paid in respect of elective; and (c) the portion of benefits payable for which the Government has paid a single premium.

**Table 6.34**  
**Regular Force Death Benefit Account**

(in dollars)

	2018	2017
Opening balance .....	189,500,082	185,451,694
<b>Receipts and other credits</b>		
Employee contributions .....	18,837,428	18,001,325
Employer contributions		
Government		
General .....	2,109,450	2,594,165
Single premiums payable by the Government in respect of Regular Force participants who became entitled to a basic benefit of \$5,000 without contribution .....	474,791	687,229
Interest .....	7,725,389	8,133,697
Total receipts and other credits .....	29,147,058	29,416,416
Subtotal .....	218,647,140	214,868,110
<b>Payments and other charges</b>		
Benefit payments		
Benefits paid in respect of participants who, at the time of death, were members of the Regular Force, or who were elective Regular Force participants .....	33,443,754	25,368,028
Closing balance .....	185,203,386	189,500,082

## Public Service Death Benefit Account

This account was established under the *Public Service Superannuation Act* to provide life insurance to contributing members of the Public Service.

The account is credited with: (a) contributions by employees; (b) contributions by the Government and Public Service corporations; and (c) interest. Payments and other charges represent: (a) benefits paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*; and (b) benefits of \$10,000 paid in respect of participants who, at the time of death, were employed in the Public Service, or were in receipt of an annuity under Part I of the *Public Service Superannuation Act*, and on whose behalf, a single premium for \$10,000 death benefit coverage for life has been made.

**Table 6.35**  
**Public Service Death Benefit Account**

(in dollars)

	2018	2017
Opening balance .....	3,626,907,397	3,526,551,938
<b>Receipts and other credits</b>		
Employee contributions		
Active members		
Public Service employees .....	70,796,414	68,818,377
Public Service corporations .....	5,763,401	5,582,054
Retired employees .....	26,329,958	25,787,083
Employer contributions		
Public Service corporations .....	1,514,931	1,469,385
Death benefit—general .....	11,899,531	11,050,681
Death benefit—single premium for \$10,000 .....	3,058,443	2,990,295
Interest .....	149,738,670	154,846,365
Total receipts and other credits .....	269,101,348	270,544,240
Subtotal .....	3,896,008,745	3,797,096,178
<b>Payments and other charges</b>		
Benefit payments		
General .....	142,436,539	132,418,038
Life coverage for \$10,000 .....	38,508,525	37,580,606
Other death benefit payments .....	357,836	190,137
Total payments and other charges .....	181,302,900	170,188,781
Closing balance .....	3,714,705,845	3,626,907,397



### **Returned Soldiers' Insurance Fund**

This fund was established by the *Returned Soldiers' Insurance Act* to provide life insurance to contributing veterans of World War I. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2017, of \$766 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was August 31, 1933.

### **Veterans' Insurance Fund**

This fund was established by the *Veterans Insurance Act* to provide life insurance to contributing veterans of World War II. The account is credited with premiums and is charged with disbursements for death benefits and cash surrender values. The account is actuarially maintained and an actuarial liability adjustment as at March 31, 2017, of \$65,017 was credited to the account during the year and was charged to expenditures. The final date on which application for this insurance could have been received was October 31, 1968.

### **Contributory Pension Account—Locally engaged staff**

This account was established to record benefits paid to locally engaged staff hired prior to March 1, 2009, at the Canadian High Commission in Guyana upon termination of their employment. The specified purpose account was established following the liquidation of CLICO Life and General Insurance Company (South America) Limited.

### **Royal Canadian Mounted Police (Dependants) Pension Fund**

This fund, which pertains to Part IV of the *Royal Canadian Mounted Police Pension Continuation Act*, provides pension benefits to certain widows and other dependants of Constables of the Royal Canadian Mounted Police, who purchased pension benefits between October 1, 1934, and March 1, 1949. There are no longer any active members amongst the contributors.

### **AgriInvest Program**

The AgriInvest Program is a savings account designed to help producers cover small margin declines.

The AgriInvest Program is cost-shared with provinces and territories on a 60/40 basis. The provinces and territories are invoiced for their share of the contributions, which are held in the specified purpose accounts until they are applied and transferred to the producer accounts. The funds in the producer's specified purpose accounts are then drawn down as the funds are transferred to a financial institution of the producer's choice.

Starting with the 2009 program year, producers are required to make their AgriInvest deposits at a financial institution of their choice and any funds which were previously held by the federal government will be transferred to the new accounts.

### **AgriStability Program**

The AgriStability Program is designed to cover larger margin declines caused by circumstances such as low prices, production losses, and rising input costs.

The AgriStability Program is cost-shared with provinces and territories on a 60/40 basis. Producers are charged a fee in order to participate in the program, which covers a portion of the program expenditure. The provinces and territories as well as producers are invoiced for their share of the contributions, which are held in the specified purpose accounts. These funds are drawn down as applications are processed and benefits are paid out.

### **Federal/Provincial collaborative agreement—Dam transfer**

This account was established to record the funding from the Water Security Agency/Province of Saskatchewan related to the Federal Dam transfer agreement. The Department of Agriculture and Agri-Food will use the funds to procure goods and services as prescribed in the Operating and Maintenance Agreement.

### **Foreign missions to advance Canadian agriculture**

This account records deposits made by Canadian agri-food industry organizations towards the costs of hosting incoming government-to-government foreign missions that advance Canadian agri-food commercial interests, or for costs related to outgoing foreign missions in support of incremental agri-food market development activities, for which there is a collaborative agreement with the Federal Government. The costs incurred by the Federal Government to undertake these missions are charged to this account and any unspent deposits are returned to the relevant Canadian agri-food industry organizations at the completion of each mission.

### **Miscellaneous projects deposits—Department of Canadian Heritage**

This account was established to record contributions received from organizations and individuals for various projects.

### **Shared-cost/joint project agreements—Department of Canadian Heritage**

This account was established to record monies received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

### **Special Operating Account**

This account was established pursuant to section 18 of the *Library and Archives of Canada Act*, which also directed that: (a) the account be credited with funds received for the purpose of the Library and Archives of Canada by way of donation, bequest or otherwise; and (b) any amounts required for the purpose of the Act may be paid out of the account or out of money appropriated by Parliament for such purposes.

### **Advance Account—Telefilm Canada**

This account was established pursuant to section 19 of the *Telefilm Canada Act* to reserve for use in future years the revenues and recoveries generated from projects funded by Telefilm Canada.

### **Miscellaneous projects deposits—Parks Canada Agency**

This account was established to record contributions received from organizations and individuals for various projects.

### **Federal/provincial collaborative agreement**

This account was established to record amounts received by the Department of Employment and Social Development from a province as funding under the provisions of a collaborative agreement with the province.

### **Federal/provincial shared-cost project—Department of Employment and Social Development**

This account was established to record the deposit of advance payments made by provinces towards the costs of projects and programs for which there is a cost-sharing agreement with the Federal Government. Disbursements are made to pay the provinces' share of costs as per official agreements or to refund unused amounts.

### **Federal/provincial/territorial shared-cost project—Interprovincial Computerized Examination Management System**

This account was established to record advance payments received from provinces and territories to pay for the development and annual operating costs of the Interprovincial Computerized Examination Management System (ICEMS). Advance payments are made pursuant to the "Agreement on the Joint Project for the ongoing operations of the ICEMS". The costs incurred are charged to the account and any unexpended funds will be allocated according to the common will of the Parties and shall be in accordance with applicable legislation.

### **Labour Standards Suspense Account**

This account was established under the authority of section 23 of the Canada Labour Standards Regulations to record wages received by the Minister of Employment, Workforce Development and Labour from employers who cannot locate employees. Efforts are then made to locate employees. Wages are paid out when employees are located or when employees contact the department for payment.

### **Common school funds—Ontario and Quebec**

This account was established under *12 Victoria 1849*, Chapter 200, to record the proceeds from the sale of lands set apart for the support and maintenance of common schools in Upper and Lower Canada, now Ontario and Quebec. Interest of \$133,889, apportioned on the basis of population, is paid directly to these provinces on a semi-annual basis, at the rate of 5% per annum, and is charged to interest on the public debt.

### **Foreign Claims Fund**

This account was established by *Vote 22a, Appropriation Act No. 9, 1966*, to record: (a) such part of the money received from the Custodian of Enemy Property, proceeds of the sale of property and the earnings of property, and (b) all amounts received from governments of other countries pursuant to agreements entered into after April 1, 1966, relating to the settlement of Canadian claims, and also records payment of claims submitted, including payment of the expenses incurred in investigating and reporting on such claims.

### **War Claims Fund—World War II**

This account was established by *Vote 696, Appropriation Act No. 4, 1952*, to record funds received from the Custodian of Enemy Property or from other sources, and payments: (a) to eligible claimants for compensation in respect of World War II; (b) of a supplementary award amounting to 50% of the original award (PC 1958-1467, October 23, 1958); and (c) of expenses incurred in investigating and reporting on claims.

A War Claims Commission was established to enquire into and report on claims made by Canadians arising out of World War II for which compensation may be paid from this or any other fund established for the purpose. The expenses of the Commission are chargeable hereto.

### **Federal/provincial cost-sharing agreements**

This account was established to record the deposit of funds received from the provinces for cost-shared programs according to official signed agreements.

### **Miscellaneous projects deposits—Department of Fisheries and Oceans**

This account was established to record contributions received from organizations and individuals for the advancement of research work.

### **Sales of seized assets**

The account was established to record the proceeds of the sale of seized items by the Department of Fisheries and Oceans from a person contravening the *Fisheries Act*. Funds so received are held in the Consolidated Revenue Fund pending final resolution of the case by the Minister of Fisheries and Oceans or the courts.

### **Canada Foundation Account**

This account was established by Vote 6g, *Appropriation Act No. 2, 1967*, to record funds received in connection with the Civilian Relief Agreement of 1950, and the Cultural Agreement of 1954 between Canada and Italy, and disbursements for the purposes of the said agreements.

### **Financial assistance to Canadians abroad**

This account was established to record funds received from families or friends as prepayment for financial assistance to distressed Canadians abroad.

### **Funds from non-governmental organizations**

This account was established to record funds received as prepayment for services to be performed by the Department of Foreign Affairs, Trade and Development on behalf of third parties.

### **Shared-cost projects—Department of Foreign Affairs, Trade and Development**

This account was established to record funds received from organizations outside the Government of Canada reporting entity for shared-cost projects.

### **Shared-cost projects—Support to various programs**

This account was established to record deposits received and payments made in accordance with authorities for shared-cost projects to support various development programs.

### **Collaborative research projects—Department of Health**

This account was established to record funds received from client groups for cost-shared and joint project research agreements.

### **Miscellaneous federal/provincial projects—Department of Health**

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues that are national in scope.

### **World Health Organization**

This account was established to record funds received from the World Health Organization for scientific projects.

### **Shared-cost agreements—Canadian Food Inspection Agency**

This account was established to record amounts deposited by external parties for shared-cost research projects. Funds are disbursed on behalf of depositors as specific projects are undertaken.

### **Collaborative research projects—Public Health Agency of Canada**

This account was established to record funds received from client groups for cost-shared and joint project research agreements.

### **Miscellaneous federal/provincial projects—Public Health Agency of Canada**

This account was established to record transactions relating to the provinces/territories share of costs incurred under federal/provincial cost-sharing agreements for joint federal/provincial/territorial projects which address health issues that are national in scope.

### **Immigrant Investor Program**

This account was established to record the receipt and disbursement of amounts received under the Immigrant Investor Program in accordance with section 12(2) of the *Immigration and Refugee Protection Act* and section repealed 91(d) of the Immigration and Refugee Protection Regulations. This program allowed qualified immigrants to gain permanent residence in Canada by making an investment in the Canadian economy.

The *Economic Action Plan 2014 Act, No. 1* (Bill C-31) terminated the program and any application in the backlog for which a selection decision was not made before February 11, 2014. While the program has been terminated, outstanding investments will continue to be returned to investors approximately over the next 5 years.

### **Indian band funds—Shares and certificates**

This account was established under the *Indian Act*, to record the historical value of TransAlta Utilities Corporation shares received as compensation for a power line right-of-way on the Blood Indian reserve. These shares are held in the name of the Receiver General for Canada for the credit of the Blood Indian Band.

### **Indian Moneys Suspense Account**

This account was established to hold moneys received for individual Indians and bands that cannot be disbursed to an Indian, or credited to an Indian Band Fund or Individual Trust Fund account, pending execution of the related lease, permit or licence, settlement of litigation, registration of the Indian or identification of the recipient.

### **Indian special accounts**

Indian special accounts represent a number of non-interest bearing accounts which are maintained for specific purpose and include the following:

- (a) Quebec fur account—This account was established to record funds received from the sales of pelts trapped on reserves in the Abitibi District in Quebec, to defer charges for tallymen's wages, freight costs, etc. No activity was reported in the current year.
- (b) Fines—*Indian Act*—Fines collected as defined in section 104 of the *Indian Act*, are credited to this account for the benefit of the bands or members of the bands. Expenditures may be made per the direction of the Governor in Council to cover certain costs in the administration or promotion of the purpose of the relative law.

### **Non-Indian moneys**

This account was established as per Article 5.08 (a) (ii) of the Saskatchewan Treaty Land Entitlement Framework Agreement to collect "Provincial Mineral Revenues" on behalf of the Province of Saskatchewan and remit the same in the manner as described in an agreement between the two parties.

### **Income from securities in trust—*Bankruptcy and Insolvency Act***

This account was established by sections 78, 84, 154 and 194 of the *Bankruptcy and Insolvency Act*, to record dividends paid on stocks originally held by a bankrupt stockbroker but subsequently sold to clients. As the stocks were not registered in the clients' names, the dividends must be paid to the last registered owner, in this case, the stockbroker. The dividends are forwarded to the Superintendent of Bankruptcy for safekeeping.

### **Petro-Canada Enterprises Inc.—Unclaimed shares**

This account was established by Section 227 of the *Canada Business Corporations Act* to record the liability to shareholders who have not presented their shares for payment.

### **Shared-cost projects—Department of Industry**

This account was established to record funds received from other governments and organizations in order to cover expenditures incurred under various shared-cost/joint project agreements.

### **Unclaimed dividends and undistributed assets—*Bankruptcy and Insolvency Act***

This account represents amounts credited to the Receiver General in accordance with the provisions of section 154 of the *Bankruptcy and Insolvency Act*, pending distribution to creditors.

### **Unclaimed dividends and undistributed assets—*Canada Business Corporations Act***

This account was established in accordance with sections 227 and 228 of the *Canada Business Corporations Act*, for the purpose of recording liabilities to creditors and shareholders who have not been located. The account is charged when funds are paid to them.

**Unclaimed dividends and undistributed assets—*Winding-up and Restructuring Act***

This account records amounts credited to the Receiver General, in accordance with sections 138 and 139 of the *Winding-up and Restructuring Act*, pending distribution.

**Federal/provincial agreement—Advance Account**

This account was established to record deposits from non-federal partners for their share of costs under various projects. Funds are disbursed on behalf of contributors as projects are undertaken. Unused funds are to be returned to contributors.

**Canada/Provinces Service Agreement**

This account was established to record funds received from provinces under cost-sharing agreement for the Canada Business Ontario Service Centre.

**Project deposits—Statistics Canada**

This account was established to record deposits received from outside parties to secure payments for special statistical services.

**Special Account—Courts Administration Service**

This account was established to maintain accounts on behalf of litigants before the Federal Court and Federal Court of Appeal. These accounts record the funds paid into the Federal Court and Federal Court of Appeal, pursuant to an order of the Courts, rules of the Courts or statutes, to be held pending payment of such funds, in accordance with an order/judgment of these Courts.

**Foreign governments**

These accounts were established to record funds received from foreign governments, to cover expenditures to be made on their behalf in accordance with the provisions of agreements with the Government of Canada.

**Joint research and development projects—Department of National Defence**

This account was established to record funds received from other governments and organizations through collaborative relationships where the work is shared between the Government of Canada and other laboratories.

**Non-government agencies**

This account was established to record funds received for expenditures made on behalf of non-government agencies, for which specific accounts have not been established.

**Foreign partners—Security**

These accounts were established to record funds received from foreign partners to cover expenditures to be made on their behalf, in accordance with the provisions of agreements with the Government of Canada.

**Deposits/Disbursements—Workers' Compensation Board**

This account was established under the authority of the *Canada Revenue Agency Act* and the *Workers' Compensation Act*, to enable the Canada Revenue Agency (CRA) to record and forward on daily basis, funds received from Nova Scotia employers to the Workers' Compensation Board of Nova Scotia (Board), as part of a partnership arrangement between the CRA and the Board.

**Market development incentive payments—Alberta**

This account records funds received from the Government of Alberta to encourage the expansion of natural gas markets in Alberta and provinces to the East, in accordance with an agreement between the Government of Canada and the Government of Alberta dated September 1, 1981, and pursuant to section 39 of the *Energy Administration Act*. The original term of the agreement was from November 1, 1981, to January 31, 1987. As a result of the Western Accord of March 25, 1985, payments from the Government of Alberta terminated as of April 30, 1986; however, payments continued to be made from the account for selected programs, which encouraged the use of natural gas for vehicles.

In 2009–2010, a new strategy for the expenditure of these funds was agreed upon. This strategy consists of expending the remaining funds in support of expanding the use of natural gas in transportation and combined heat and power applications across Canada. It is anticipated that all remaining funds will be spent by March 31, 2019.

### **Newfoundland and Labrador Offshore Petroleum Revenue Account**

This account was established pursuant to section 214 of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* to facilitate the transfer of funds to the province of Newfoundland and Labrador equal to revenues from oil and gas activities in the Canada-Newfoundland and Labrador offshore. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Newfoundland and Labrador are charged thereto.

### **Nova Scotia Offshore Revenue Account**

This account was established pursuant to section 219 of the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* to facilitate the transfer of funds to the province of Nova Scotia equal to revenues from oil and gas activities in the Canada-Nova Scotia offshore. Through statutory provisions of the Act, an amount equal to certain offshore revenues (taxes, royalties and miscellaneous revenues) is credited to this account and subsequent payments to the Province of Nova Scotia are charged thereto.

### **Shared-cost agreements—Research—Department of Natural Resources**

This account was established to facilitate the retention and disbursement of funds received from private industries and other governments for joint research projects or shared-cost research agreements.

### **Shared-cost projects—Department of Natural Resources**

This account was established to facilitate the retention and disbursement of funds received from private organizations and other governments for cost-sharing scientific non-research projects.

### **Cost-sharing collaborate agreement**

This account was established to record amounts deposited by external parties for shared-cost projects.

### **Shared-cost projects—Media travel expenses**

This account records medias' (non-governmental organizations) reimbursements for travel arrangement services rendered to them.

### **Joint research and development projects—Royal Canadian Mounted Police**

This account was established to record funds received from foreign national police agencies and other government organizations in order to share costs incurred under various research project agreements, technical requirements and system improvements.

### **Military purchases excess funds deposit**

This account was established by a written agreement between Canada and the United States, to record temporarily unused funds paid to the United States Government under contracts for purchases of military equipment. The funds are invested by the Federal Reserve Bank of New York to earn interest for the Government of Canada.

### **Shared-cost agreements—Remediation projects**

This account was established to record funds received from external parties in order to cover expenditures incurred under shared-cost remediation projects.

## **Supplementary Statements**

### **Canada Pension Plan**

#### **Management’s responsibility for financial statements**

The consolidated financial statements of the Canada Pension Plan are prepared in accordance with the *Canada Pension Plan* by the management of Employment and Social Development Canada. Management is responsible for determining that the applicable financial reporting framework is acceptable and is responsible for the integrity and objectivity of the information in the consolidated financial statements, including the amounts which must, of necessity, be based on best estimates and judgment. The significant accounting policies are identified in Note 2 to the consolidated financial statements. The financial information presented throughout the Annual Report is consistent with the consolidated financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Canada Pension Plan*, the *Canada Pension Plan Investment Board Act* and the *Financial Administration Act* and their accompanying regulations.

The Auditor General of Canada, the external auditor of the Canada Pension Plan, conducts an independent audit of the consolidated financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Families, Children and Social Development.

Louise Levonian  
*Deputy Minister*  
*Employment and Social Development Canada*

Mark Perlman, CPA, CMA  
*Chief Financial Officer*  
*Employment and Social Development Canada*

Gatineau, Canada  
August 28, 2018

**Canada Pension Plan—continued**

**Independent Auditor’s Report**

To the Minister of Families, Children and Social Development

I have audited the accompanying consolidated financial statements of the Canada Pension Plan, which comprise the consolidated statement of financial position as at 31 March 2018, and the consolidated statement of operations, consolidated statement of changes in financial assets available for benefit payments and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information. The consolidated financial statements have been prepared by management of the Canada Pension Plan using the basis of accounting described in Note 2 to the consolidated financial statements.

*Management’s Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation of these consolidated financial statements in accordance with the basis of accounting described in Note 2 to the consolidated financial statements, which includes determining that the basis of accounting is an acceptable basis for the preparation of the consolidated financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation of the consolidated 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 consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my opinion, the consolidated financial statements of the Canada Pension Plan for the year ended 31 March 2018 are prepared, in all material respects, in accordance with the basis of accounting described in Note 2 to the consolidated financial statements.

*Basis of Accounting*

Without modifying my opinion, I draw attention to Note 2 to the consolidated financial statements, which describes the basis of accounting. The consolidated financial statements are prepared to comply with the financial reporting provisions of the *Canada Pension Plan* legislation. As a result, the consolidated financial statements may not be suitable for another purpose.

Robert Wilson, CPA, CA  
Principal  
for the Auditor General of Canada

28 August 2018  
Ottawa, Canada



**Canada Pension Plan—continued**

**Consolidated statement of financial position  
as at March 31**

(in millions of dollars)

	2018	2017
<b>Financial assets</b>		
Cash (Note 3) .....	115	174
Receivables (Note 4) .....	5,377	4,640
Investments (Note 6) .....	428,827	377,700
Amounts receivable from pending trades (Note 6) .....	2,613	3,234
	436,932	385,748
<b>Liabilities</b>		
Payables and accrued liabilities (Note 8) .....	1,214	1,195
Investment liabilities (Note 6) .....	72,641	60,423
Amounts payable from pending trades (Note 6) .....	2,477	3,631
	76,332	65,249
<b>Financial assets available for benefit payments .....</b>	<b>360,600</b>	<b>320,499</b>
<b>Non-financial assets</b>		
Premises, equipment and others .....	397	396
<b>Assets available for benefit payments .....</b>	<b>360,997</b>	<b>320,895</b>

Actuarial obligation in respect of benefits (Note 14)

Contractual obligations (Note 15)

Contingent liabilities (Note 16)

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

Approved by:

Louise Levonian

*Deputy Minister*

*Employment and Social Development Canada*

Mark Perlman, CPA, CMA

*Chief Financial Officer*

*Employment and Social Development Canada*

## Canada Pension Plan—continued

Consolidated statement of operations  
for the year ended March 31

(in millions of dollars)

	Budget 2018	Actual 2018	Actual 2017
	(Note 9)		
<b>Revenues</b>			
Contributions.....	49,283	48,435	46,966
Net investment income (Note 10)			
Realized gains.....	–	7,301	21,140
Unrealized (losses) gains .....	–	25,036	7,536
Interest income .....	–	3,074	3,496
Dividend income.....	–	3,391	2,590
Other income .....	–	1,132	1,512
Transaction costs .....	–	(401)	(447)
Investment management fees .....	–	(1,738)	(1,464)
	15,244	37,795	34,363
	64,527	86,230	81,329
<b>Expenses</b>			
Pensions and benefits			
Retirement .....	35,767	34,560	32,970
Survivor.....	4,607	4,493	4,427
Disability .....	4,465	4,133	4,030
Disabled contributor's child .....	342	311	309
Death .....	370	368	334
Orphan.....	234	209	209
Post-retirement .....	–	440	341
Net overpayments (Note 4).....	–	(54)	(118)
	45,785	44,460	42,502
Operating expenses (Note 12) .....	1,587	1,668	1,507
	47,372	46,128	44,009
Net increase in assets available for benefit payments .....	17,155	40,102	37,320
<b>Assets available for benefit payments, beginning of year .....</b>	<b>320,895</b>	<b>320,895</b>	<b>283,575</b>
<b>Assets available for benefit payments, end of year .....</b>	<b>338,050</b>	<b>360,997</b>	<b>320,895</b>

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

Consolidated statement of changes in financial assets available for benefit payments  
for the year ended March 31

(in millions of dollars)

	Budget 2018	Actual 2018	Actual 2017
	(Note 9)		
Net increase in assets available for benefit payments .....	17,155	40,102	37,320
Changes in non-financial assets .....	–	(1)	6
Increase in financial assets available for benefit payments.....	17,155	40,101	37,326
<b>Financial assets available for benefit payments, beginning of year .....</b>	<b>320,499</b>	<b>320,499</b>	<b>283,173</b>
<b>Financial assets available for benefit payments, end of year.....</b>	<b>337,654</b>	<b>360,600</b>	<b>320,499</b>

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

## Canada Pension Plan—continued

Consolidated statement of cash flow  
for the year ended March 31

(in millions of dollars)

	2018	2017
<b>Operating activities</b>		
<b>Cash receipts</b>		
Contributions .....	47,746	47,470
Interest on investments .....	3,157	3,624
Dividends on investments .....	2,981	2,175
Other investment income .....	1,682	1,546
<b>Cash payments</b>		
Pensions and benefits .....	(44,471)	(42,516)
Operating expenses .....	(1,658)	(1,469)
Investment management fees .....	(867)	(758)
Transaction costs .....	(387)	(471)
Payment of interest on debt .....	(240)	(148)
<b>Cash flows from operating activities .....</b>	<b>7,943</b>	<b>9,453</b>
<b>Capital activities</b>		
Acquisition of premises and equipment .....	(28)	(23)
<b>Cash flows used in capital activities .....</b>	<b>(28)</b>	<b>(23)</b>
<b>Financing activities</b>		
Issuance of debt .....	60,494	57,969
Repayment of debt .....	(55,539)	(54,596)
<b>Cash flows from financing activities .....</b>	<b>4,955</b>	<b>3,373</b>
<b>Investing activities</b>		
Purchases .....	(3,681,090)	(5,388,303)
Disposals .....	3,668,161	5,375,579
<b>Cash flows used in investing activities .....</b>	<b>(12,929)</b>	<b>(12,724)</b>
<b>Net (decrease) increase in cash .....</b>	<b>(59)</b>	<b>79</b>
<b>Cash, beginning of year .....</b>	<b>174</b>	<b>95</b>
<b>Cash, end of year .....</b>	<b>115</b>	<b>174</b>

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

**Canada Pension Plan—continued****Notes to consolidated financial statements for the year ended March 31, 2018****1. Authority, objective and responsibilities****(a) Description of the Canada Pension Plan**

The Canada Pension Plan (CPP) is a federal/provincial plan established by an Act of Parliament in 1965. The CPP is administered by the Government of Canada and the provinces.

The CPP began operations in 1966. It is a compulsory and contributory social insurance program operating in all parts of Canada except Quebec, which operates the Québec Pension Plan (QPP), a comparable program. The CPP's objective is to provide a measure of protection to workers and their families against the loss of earnings due to retirement, disability or death. The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP. Self-employed workers pay the full amount.

The Minister of Families, Children and Social Development is responsible for the administration of the CPP, under the *Canada Pension Plan*; the Minister of National Revenue is responsible for collecting contributions. The Minister of Finance and his provincial counterparts are responsible for setting CPP contribution rates, pension and benefit levels and funding policy. The CPP Investment Board (CPPIB) is responsible for managing the amounts that are being transferred under section 108.1 of the *Canada Pension Plan*. It acts in the best interests of the beneficiaries and contributors under the *Canada Pension Plan*.

In accordance with the *Canada Pension Plan*, the financial activities of the CPP are recorded in the CPP Account (Note 3). The financial transactions affecting the Account are governed by the *Canada Pension Plan* and its regulations. The CPP's investments are held by the CPPIB. Pursuant to subsections 112(1) and 112(2) of the *Canada Pension Plan*, one set of annual financial statements is presented on a consolidated basis to include the accounts of the CPP and the CPPIB.

The CPPIB was established pursuant to the *Canada Pension Plan Investment Board Act (CPPIB Act)*. The CPPIB is a federal Crown corporation and all of its shares are owned by Her Majesty the Queen in right of Canada. The CPPIB's transactions are governed by the *CPPIB Act* and its accompanying regulations. The CPPIB's assets are to be invested with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and its ability to meet its financial obligations on any given business day.

The CPPIB and its wholly-owned subsidiaries are exempt from Part I income tax under paragraph 149(1)(d) of the *Income Tax Act (Canada)* on the basis that all of the shares of the CPPIB and its subsidiaries are owned by Her Majesty the Queen in right of Canada or by a corporation whose shares are owned by Her Majesty the Queen in right of Canada, respectively.

The CPPIB is designed to operate at arm's length from the government. It is required to be accountable to the public, Parliament (through the federal Minister of Finance) and the provinces. It provides regular reports of its activities and the results achieved. The financial statements of the CPPIB are audited annually by an external firm and are included in its annual report.

On December 15, 2016, the *Canada Pension Plan*, the *CPPIB Act* and the *Income Tax Act (Canada)* were amended to reflect the CPP enhancement. The CPP enhancement will be implemented through a phased-in approach over a 7-year period starting on January 1, 2019, and will bring a higher income replacement rate and increase the range of pensionable earnings covered.

As stated in the *Canada Pension Plan*, changes to the *Canada Pension Plan* and *CPPIB Act* require the agreement of at least two-thirds of the provinces, representing at least two-thirds of the population of all the provinces.

**(b) Pensions and benefits**

*Retirement pensions* – According to the provisions of the *Canada Pension Plan*, a retirement pension is payable to CPP contributors who have made at least one valid contribution to the Plan. The monthly amount is equal to 25% of the contributor's average monthly pensionable earnings during the pensionable period, up to a maximum amount. The normal age to begin collecting the retirement pension is 65, however, contributors can either elect to take an actuarially-reduced pension as early as age 60, or an actuarially-increased pension as late as age 70. The maximum monthly pension payable at age 65 in 2018 is \$1,134.17 (2017 – \$1,114.17).

*Post-retirement benefits* – According to the provisions of the *Canada Pension Plan*, a post-retirement benefit (PRB) is payable to each individual between the ages of 60 and 70 who has continued to work and has made contributions to the Plan while collecting their CPP or QPP retirement pension. Contributions are mandatory for working retirement pension recipients until the age of 65, at which point they may elect to cease contributing. Contributions are no longer allowed after reaching age 70. The PRB becomes payable the year after contributions were made. The maximum monthly PRB at age 65 in 2018 is \$28.35 (2017 – \$27.85).

*Disability pensions* – According to the provisions of the *Canada Pension Plan*, a disability pension is payable to a working-age contributor who meets both the medical and contributory requirements. The amount of the disability pension to be paid includes a flat rate portion and an amount equal to 75% of the earned retirement pension. The disability pension ends automatically at age 65, when recipients are automatically converted to receive the retirement pension. The maximum monthly disability pension in 2018 is \$1,335.83 (2017 – \$1,313.66).

## Canada Pension Plan—continued

### Notes to consolidated financial statements for the year ended March 31, 2018—continued

*Survivor's pensions* – According to the provisions of the *Canada Pension Plan*, a survivor's pension is payable to the spouse or common-law partner of a deceased contributor who made sufficient contributions to the Plan. The pension amount varies depending on a number of factors, including the age of the surviving spouse or common-law partner at the time of the contributor's death and whether the survivor also receives other CPP benefits. Survivors aged 65 or older receive a pension equal to 60% of the deceased contributor's retirement pension. Survivors under the age of 65 receive a pension equal to 37.5% of the deceased contributor's retirement pension, plus a flat rate. The maximum monthly pension payable to a survivor in 2018 is \$680.50 (2017 – \$668.50).

*Disabled contributor's child and orphan benefits* – According to the provisions of the *Canada Pension Plan*, each child of a contributor who is receiving a disability pension or a child of a deceased contributor is entitled to a benefit as long as the child is under the age of 18, or is between the ages of 18 and 25 and attending school full-time. The flat rate monthly benefit in 2018 is \$244.64 (2017 – \$241.02).

*Death benefits* – According to the provisions of the *Canada Pension Plan*, a death benefit is a one-time payment to, or on behalf of, the estate of a contributor who made sufficient contributions to the Plan. The death benefit is equal to six times the amount of the deceased contributor's monthly retirement pension, up to a maximum of \$2,500.00 in 2018 (2017 – \$2,500.00).

*Pensions and benefits indexation* – As required by the *Canada Pension Plan*, pensions and benefits are indexed annually to the cost of living, as determined by the Consumer Price Index for Canada. The rate of indexation for 2018 is 1.5% (2017 – 1.4%).

## 2. Significant accounting policies

### (a) Basis of accounting

These financial statements have been prepared in accordance with the significant accounting policies described below in compliance with the *Canada Pension Plan*. The financial statements are presented on a consolidated basis to include the accounts of the CPP and the CPPIB and include a consolidated statement of financial position, a consolidated statement of operations, a consolidated statement of changes in financial assets available for benefit payments and a consolidated statement of cash flow.

The CPP, which is managed by both the Government of Canada and the provinces, is not considered to be part of the reporting entity of the Government of Canada. Accordingly, its financial activities are not consolidated with those of the Government.

### (b) International Financial Reporting Standards

The CPPIB, which is a significant component of the CPP consolidated financial statements, prepares its financial statements in accordance with International Financial Reporting Standards (IFRS). While there is no impact on financial assets available for benefit payments and net increase in assets available for benefit payments as a result of CPPIB preparing its financial statements in accordance with IFRS, CPPIB's incremental financial statement disclosures related to investments, investment receivables and investment liabilities is supplementary information to the requirements of the *Canada Pension Plan*.

### (c) Financial instruments

The CPP, through the CPPIB, measures its investments, investment receivables and investment liabilities at fair value.

The investments and investment receivables are measured at fair value on the basis that they are part of a portfolio managed and evaluated on a fair value basis in accordance with investment strategies and risk management of CPPIB.

Investment liabilities are measured at fair value upon meeting the following criteria:

- It is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

The CPP, through the CPPIB, recognizes investments, investment receivables and investment liabilities when, and only when, it becomes a party to the contractual provisions of the instrument. In addition, these are recorded on a trade date basis.

Investments and investment receivables are derecognized when the contractual rights to receive the cash flows expire or where the CPP, through the CPPIB, has transferred the asset and substantially all the risks and rewards of the asset or no longer retains control over the asset. Investment liabilities are derecognized by CPP, through the CPPIB, when the obligation under the liabilities is discharged, cancelled or expires.

**Canada Pension Plan—continued****Notes to consolidated financial statements for the year ended March 31, 2018—continued**

Upon initial recognition, investments, investment receivables and investment liabilities are measured at fair value. Subsequent changes in the fair value are recorded as unrealized gain (loss) on investments and included in net investment income (loss), along with the interest and dividend income from such financial instruments.

**(d) Valuation of investments, investment receivables and investment liabilities**

Investments, investment receivables and investment liabilities are recorded on a trade date basis and are stated at fair value. Fair value is an estimate of 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.

In an active market, fair value is best evidenced by an independent quoted market price. In the absence of an active market, fair value is determined by valuation techniques that make maximum use of inputs observed from markets. These valuation techniques include using recent arm's length market transactions, if available, or current fair value of another investment that is substantially the same, discounted cash flow analysis, option pricing models and other accepted industry valuation methods, that may include the use of estimates made by management, appraisers or both where significant judgment is required.

**(e) Contributions**

Contributions include CPP contributions earned for the year. The Canada Revenue Agency (CRA) collects contributions and measures them using the assessment of tax returns. In determining the amount of contributions earned for the year, the CRA considers cash received and contributions assessed, and makes an estimate for contributions related to tax returns not yet assessed. This estimate is subject to review. Adjustments, if any, are recorded as contributions in the year they are known.

**(f) Investment income**

Income from investments includes realized and changes in unrealized gains and losses from investments, investment receivables and investment liabilities, dividend income and interest income. Dividend income is recognized on the ex-dividend date, which is when the right to receive the dividend has been established. Interest income is recognized using the effective interest rate method (refer to Note 10).

**(g) Transaction costs**

Transaction costs are incremental costs that are directly attributable to the acquisition or disposal of an investment. Transaction costs are expensed as incurred and included in net investment income (loss) (refer to Note 10).

**(h) Investment management fees**

Investment management fees, which include hedge fund performance fees, are paid to investment managers for externally managed investments. Investment management fees are expensed as incurred and included in net investment income (loss) (refer to Note 10).

**(i) Securities purchased under reverse repurchase agreements and sold under repurchase agreements**

Securities purchased under reverse repurchase agreements represent the purchase of securities effected with a simultaneous agreement to sell them back at a specified price at a specified future date and are accounted for as an investment receivable. These securities are not recognized as an investment of the CPP, through the CPPIB. The fair value of securities to be resold under reverse repurchase agreements is monitored and additional collateral is obtained, when appropriate, to protect against credit exposure. In the event of counterparty default, the CPP, through the CPPIB, has the right to liquidate the collateral held.

Securities sold under repurchase agreements are accounted for as collateralized borrowing because they represent the sale of securities with a simultaneous agreement to buy them back at a specified price at a specified future date. The securities sold continue to be recognized as an investment of the CPP, through the CPPIB, with any changes in fair value recorded as net gain (loss) on investments and included in net investment income (loss). Interest earned on reverse repurchase agreements and interest incurred on repurchase agreements is included in net investment income (loss) (refer to Note 10).

**(j) Securities sold short**

Securities sold short represent securities that are sold, but not owned, by the CPP, through the CPPIB. The CPP, through the CPPIB, has an obligation to cover these short positions, which are accounted for as an investment liability based on the fair value of the securities sold. Collateral is pledged to the counterparty, when appropriate (refer to Note 7). Interest and dividend expense on securities sold short are included in net investment income (loss) (refer to Note 10).

**Canada Pension Plan—continued**

**Notes to consolidated financial statements for the year ended March 31, 2018—continued**

(k) Translation of foreign currencies

Transactions, including purchases and sales of investments, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing on the year-end date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Foreign currency transaction gains and losses on financial instruments are included in net investment income (loss) (refer to Note 10).

(l) Pensions and benefits

Pensions and benefits expenses are recorded when incurred and are net of overpayments established during the year. Accruals are recorded at year-end for pensions and benefits owed to beneficiaries but not paid, based on management's best estimate.

(m) Tax deductions due to the Canada Revenue Agency

Tax deductions due to the CRA consist primarily of voluntary and non-resident taxes withheld from pensions and benefit payments to CPP beneficiaries (refer to Note 8).

(n) Net overpayments

Net overpayments comprise overpayments of pensions and benefits that were established during the year less remissions of debts granted.

(o) Operating expenses

Operating expenses are recorded as incurred.

(p) Other claims and legal actions

The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate can be made.

(q) Related party transactions

Inter-entity transactions are transactions between commonly controlled entities. Inter-entity transactions are recorded on a gross basis and are measured at the carrying amount, except for the following:

- i. Inter-entity transactions are measured at the exchange amount when undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length, or when the costs of goods or services are provided on a recovery basis.
- ii. Goods or services received without charge between commonly controlled entities are not recorded.

Related parties include key management personnel having authority and responsibility for planning, directing and controlling the activities of the CPP, including their close family members. Related party transactions, other than inter-entity transactions, are recorded at the exchange amount.

(r) Measurement uncertainty

The preparation of consolidated financial statements in accordance with the *Canada Pension Plan* requires management to make certain estimates, judgments and assumptions that affect the reported values of assets and liabilities as at the date of the consolidated financial statements and revenues and expenses during the reporting period. Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Significant estimates and judgments are required principally in determining the reported estimated contributions, allowance for doubtful accounts, contingent liabilities, actuarial obligation in respect of benefits and valuation of financial instruments which are not actively traded. Measurement uncertainty exists in these consolidated financial statements. Actual results could significantly differ from those estimates.

**Canada Pension Plan—continued****Notes to consolidated financial statements for the year ended March 31, 2018—continued**

## (s) Adoption of new accounting standards

Although these financial statements are prepared in compliance with the *Canada Pension Plan*, the CPP analyzes Canadian Public Sector Accounting Standards as they are the source on which the CPP's accounting policies are based. The CPP has adopted the following sections effective April 1, 2017:

*Related Party disclosures*

This new section PS 2200 defines a related party and establishes disclosures required for related party transactions. Disclosure of information about related party transactions and the relationship underlying them is required when they have occurred at a value different from that which would have been arrived at if the parties were unrelated, and they have, or could have, a material financial effect on the financial statements. There were no financial impacts on the financial statements from adopting this section. Details of the CPP's related party transactions accounting policy are provided in Note 2(q). Additional disclosures for related party transactions are provided in Note 17.

*Assets*

This new section PS 3210 provides guidance for applying the definition of assets and establishes the general disclosure requirements. There were no significant impacts on the financial statements from adopting this section.

*Contingent Assets*

This new section PS 3320 defines contingent assets as possible assets arising from existing conditions or situations involving uncertainty. That uncertainty will ultimately be resolved when one or more future events not wholly within the public sector entity's control occurs or fails to occur. Resolution of the uncertainty will confirm the existence or non-existence of an asset. There were no significant impacts on the financial statements from adopting this section.

*Contractual Rights*

This new section PS 3380 defines and establishes disclosure standards on contractual rights which are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. There were no significant impacts on the financial statements from adopting this section.

*Inter-entity transactions*

This new section PS 3420 establishes how to account for and report transactions between public sector entities that comprise a government reporting entity from both a provider and recipient perspective. There were no financial impacts on the financial statements from adopting this section. Details of the CPP's inter-entity transactions accounting policy are provided in Note 2(q).

**3. Cash**

Cash consists of the total cash held by the CPP Account and the CPPIB. The CPP Account was established in the accounts of Canada by the *Canada Pension Plan* to record the contributions, interest, pensions, benefits and operating expenses of the CPP. It also records the amounts transferred to or received from the CPPIB. As at March 31, 2018, the deposit with the Receiver General for Canada in the CPP Account is \$32 million (2017 – \$106 million) and the CPPIB's cash is \$83 million (2017 – \$68 million) for a total of \$115 million (2017 – \$174 million).



**Canada Pension Plan—continued**

Notes to consolidated financial statements for the year ended March 31, 2018—continued

**4. Receivables**

Receivables comprise the following:

(in millions of dollars)

	2018	2017
Contributions .....	5,131	4,442
Québec Pension Plan .....	122	99
Additional CPP Account .....	16	–
Beneficiaries		
Balance of pensions and benefits overpayments .....	188	218
Allowance for doubtful accounts .....	(102)	(134)
Others .....	22	15
	5,377	4,640

Contributions receivable represent the estimated amount to be collected from the CRA and transferred to the CPP relating to contributions earned at year end and adjusted for tax returns not yet assessed. The amount includes an estimate that takes into consideration the number of contributors and the average contribution to be received, which is based on the average earning and the CPP contribution rate. On an annual basis, the model used to make the estimate is reviewed. The difference between the estimate and the actual amount has not been significant in the past.

During the year, the CPP Account funded the Additional CPP Account for the implementation of the CPP enhancement. These initial costs of administration and the related interests incurred totalled \$16 million (2017 – \$nil) of which \$8 million (2017 – \$nil) was incurred by the Government of Canada (GoC) and \$8 million (2017 – \$nil) was incurred by the CPPIB. Details of the CPP enhancement are provided in Note 18.

The CPP has procedures to detect overpayments. During the year, overpayments totalling \$99 million (2017 – \$122 million) were established and debts totalling \$45 million (2017 – \$4 million) were forgiven as per the remission provisions of the *Canada Pension Plan*. A further \$84 million (2017 – \$92 million) was recovered through collection of payments and withholdings from beneficiaries.

**5. Investment activities risk management**

The CPP, through the investment activities carried out by the CPPIB, is exposed to a variety of financial risks. These risks include market risk, credit risk and liquidity risk. The CPPIB employs the Risk/Return Accountability Framework, which establishes accountability of the Board of Directors, the various committees and the investment departments to manage investment related risks. The CPPIB manages and mitigates financial risks through the Risk Policy approved by the Board of Directors at least once every fiscal year. This policy contains risk limits and risk management provisions that govern investment decisions. It has been designed to achieve the mandate of the CPPIB, which is to invest its assets with a view to achieving a maximum rate of return, without undue risk of loss, having regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day.

Upper and Lower Absolute Risk Limits and the Absolute Risk Operating Range are included within the Risk Policy, and these govern the amount of total investment risk that CPPIB can take in the long term CPP Investment Portfolio. CPPIB monitors the absolute risk, the possible losses of value expressed in absolute dollar or percentage terms, in the CPP Investment Portfolio daily and reports risk exposures to the Board of Directors on at least a quarterly basis.

- i. *Market risk*: Market risk (including equity risk, currency risk, interest rate risk and other price risk) is the risk that the fair value or future cash flows of an investment, investment receivable or investment liability will fluctuate because of changes in market prices and rates.

*Equity risk*: Equity risk is the risk that the fair value or future cash flows will fluctuate because of changes in equity prices. It is a significant source of risk of the CPP Investment Portfolio.

The CPP, through the CPPIB, invests in both publicly traded and private equities. After taking into account derivative positions and with all other variables held constant, a 1% decrease/increase in the S&P 500 Index would result in a loss/profit of \$1,200 million (2017 – \$1,000 million) on public equity investments. This calculation assumes that equities other than the S&P 500 Index would move in accordance with their historical behaviour conditional on a 1% decrease/increase in the S&P 500 Index.

**Canada Pension Plan—continued****Notes to consolidated financial statements for the year ended March 31, 2018—continued**

*Currency Risk:* The CPP, through the CPPIB, is exposed to currency risk through holdings of investments, investment receivables or investment liabilities in various currencies.

In Canadian dollars, the net currency exposures, after allocating foreign currency derivatives, as at March 31, are as follows:

(in millions of dollars)

Currency	2018		2017	
	Net exposure	% of total	Net exposure	% of total
United States dollar .....	171,898	48	122,750	39
Euro.....	36,135	10	34,003	11
British pound sterling .....	19,329	5	18,839	6
Japanese Yen.....	15,019	4	20,788	7
Australian dollar.....	11,889	3	10,790	3
Hong Kong dollar.....	8,086	2	4,423	1
Chinese yuan .....	6,412	2	3,434	1
Indian rupee.....	4,947	1	3,586	1
Swiss franc .....	4,002	1	4,381	1
South Korean won.....	3,680	1	2,857	1
Chilean peso.....	2,695	1	2,387	1
Brazilian real.....	2,422	1	3,425	1
Other .....	12,694	5	8,424	3
Total foreign exposure.....	299,208	84	240,087	76
Canadian dollar .....	57,114	16	76,793	24
	356,322	100	316,880	100

As at March 31, 2018, with all other variables and underlying values held constant, a change in the value of the Canadian dollar against major foreign currencies by 1% would result in an approximate increase (decrease) in the value of investments, investment receivables and investment liabilities as follows:

(in millions of dollars)

Currency	2018		2017	
	Change in net investments		Change in net investments	
	+1%	-1%	+1%	-1%
United States dollar .....	(1,719)	1,719	(1,228)	1,228
Euro.....	(361)	361	(340)	340
British pound sterling .....	(193)	193	(188)	188
Japanese yen.....	(150)	150	(208)	208
Australian dollar.....	(119)	119	(108)	108
Hong Kong dollar.....	(81)	81	(44)	44
Chinese yuan .....	(64)	64	(34)	34
Indian rupee.....	(50)	50	(36)	36
Swiss franc .....	(40)	40	(44)	44
South Korean won.....	(37)	37	(29)	29
Chilean peso.....	(27)	27	(24)	24
Brazilian real.....	(24)	24	(34)	34
Other .....	(127)	127	(84)	84
	(2,992)	2,992	(2,401)	2,401

*Interest rate risk:* Interest rate risk is the risk that the fair value or future cash flows of an investment, investment receivable or investment liability will fluctuate because of changes in market interest rates.

*Other price risk:* Other price risk is the risk that the fair value or future cash flows of an investment will fluctuate because of changes in market prices arising from other risk factors such as commodity price risk, credit spread risk, basis risk and volatility.

**Canada Pension Plan—continued**

**Notes to consolidated financial statements for the year ended March 31, 2018—continued**

- ii. *Credit risk:* Credit risk is the risk of financial loss due to a counterparty failing to meet its contractual obligations, or a reduction in the value of the assets due to a decline in the credit quality of the borrower, counterparty, guarantor or the assets (collateral) supporting the credit exposure. The CPP's, through the CPPIB, credit risk exposure arises primarily through its investment in debt securities, over-the-counter derivatives (as discussed in Note 6f) and guarantees. The carrying amounts of the investments are presented in Note 6 and guarantees are presented in Note 16c).
- iii. *Liquidity risk:* Liquidity risk is the risk of being unable to generate sufficient cash or its equivalent in a timely and cost-effective manner to meet pensions and benefit payments, investment commitments and investment liabilities as they come due. The CPP manages this risk through cash flow planning for both short-term and long-term requirements. The cash flow is prepared for a two-year period and updated on a weekly basis to inform CPPIB of the fund required by CPP to meet its financial obligations. Also, the CPP, through the CPPIB, supplements its management of liquidity risk through its ability to raise funds through the issuance of commercial paper and term debt and transacting in securities sold under repurchase agreements (refer to Note 6 and Note 7).

The CPPIB maintains \$6,012 million (2017 – \$6,168 million) of unsecured credit facilities to meet potential liquidity requirements. As at March 31, 2018, the total amount drawn on the credit facilities is \$nil (2017 – \$nil). The CPPIB also has the ability to readily dispose of certain investments that are traded in an active market. These include a liquid portfolio of publicly traded equities, money market securities and marketable bonds.

The CPPIB is exposed to liquidity risk through its obligation to remit cash to the CPP (refer to Note 19). In order to manage associated liquidity risk, certain assets are segregated and managed separately. Liquidity risk is also managed by investing these assets in liquid money market instruments with the primary objective of ensuring that the CPP has the necessary liquidity to meet benefit payment obligations on any business day.

**Canada Pension Plan—continued**

Notes to consolidated financial statements for the year ended March 31, 2018—continued

**6. Investments, investment receivables and investment liabilities**

As stated in Note 1, the role of the CPPIB is to invest the assets with a view to achieving a maximum rate of return without undue risk of loss, with regard to the factors that may affect the funding of the CPP and the ability of the CPP to meet its financial obligations on any given business day. To achieve its mandate, the CPPIB has established investment policies in accordance with its regulations. These set out the manner in which their assets shall be invested and their financial risks managed and mitigated through the Risk/Return Accountability Framework.

The schedule below provides information on CPPIB's investments, investment receivables and investment liabilities:

(in millions of dollars)

	2018	2017 <sup>2</sup>
<b>Equities</b>		
Canada .....	12,292	8,624
Foreign developed markets.....	181,244	148,897
Emerging markets .....	34,151	24,989
<b>Total equities .....</b>	<b>227,687</b>	<b>182,510</b>
<b>Fixed income</b>		
Bonds .....	63,851	61,240
Other debt .....	22,183	19,764
Money market securities.....	8,213	19,408
<b>Total fixed income.....</b>	<b>94,247</b>	<b>100,412</b>
<b>Absolute return strategies .....</b>	<b>21,027</b>	<b>19,371</b>
<b>Real assets</b>		
Real estate .....	44,712	38,732
Infrastructure.....	30,399	27,899
<b>Total real assets.....</b>	<b>75,111</b>	<b>66,631</b>
<b>Investment receivables</b>		
Securities purchased under reverse repurchase agreements .....	6,164	5,207
Accrued interest .....	2,026	1,561
Derivative receivables .....	1,918	1,718
Other .....	647	290
<b>Total investment receivables .....</b>	<b>10,755</b>	<b>8,776</b>
<b>Total investments .....</b>	<b>428,827</b>	<b>377,700</b>
<b>Investment liabilities</b>		
Securities sold under repurchase agreements.....	(32,504)	(14,749)
Securities sold short .....	(13,574)	(24,177)
Debt financing liabilities .....	(24,056)	(19,873)
Derivative liabilities .....	(1,712)	(1,401)
Other .....	(795)	(223)
<b>Total investment liabilities .....</b>	<b>(72,641)</b>	<b>(60,423)</b>
Amounts receivable from pending trades .....	2,613	3,234
Amounts payable from pending trades .....	(2,477)	(3,631)
<b>Net investments<sup>1</sup> .....</b>	<b>356,322</b>	<b>316,880</b>

<sup>1</sup> The total of net investments not actively traded as at March 31, 2018, is \$214,507 million (2017 – \$203,644 million).

<sup>2</sup> Certain comparative figures have been reclassified to conform to the current year's presentation.

**Canada Pension Plan—continued**

**Notes to consolidated financial statements for the year ended March 31, 2018—continued**

(a) Equities

Equities consist of public and private investments in each of these three markets: Canadian, foreign developed and emerging.

- i. Public equity investments are made directly or through funds, including hedge funds. Fair value for publicly traded equities, including equity short positions, is based on quoted market prices. As at March 31, 2018, public equities included fund investments with a fair value of \$8,331 million (2017 – \$8,022 million). Fair value for fund investments is generally based on the net asset value as reported by the external administrators or managers of the funds.
- ii. Private equity investments are generally made directly or through ownership in limited partnership funds. As at March 31, 2018, private equities included direct investments with a fair value of \$39,377 million (2017 – \$29,965 million). The fair value for investments held directly is primarily determined using earnings multiples of comparable publicly traded companies or discounted cash flows. Recent market transactions, where available, are also used. In the case of investments held through a limited partnership fund, fair value is generally determined based on relevant information reported by the general partner using similar accepted industry valuation methods.

(b) Fixed income

- i. Bonds include non-marketable and marketable bonds. Fair value for non-marketable Canadian provincial government bonds is calculated using discounted cash flows. In the case of marketable bonds, including bond short positions, fair value is based on quoted prices or calculated using discounted cash flows.
- ii. Other debt includes investments in direct private debt, asset-backed securities, distressed mortgage funds, private debt funds, hedge funds and investments in income streams of intellectual properties and royalties. Fair value for direct investments in private debt and asset-backed securities is based on quoted market prices or broker quotes or recent market transactions, if available. Where the market price is not available, fair value is calculated using discounted cash flows.
- iii. Money market securities consist of cash, term deposits, treasury bills, commercial paper and floating rate notes. Fair value is determined using cost, which, together with accrued interest income, approximates fair value due to the short-term or floating rate nature of these securities.

(c) Absolute return strategies

Absolute return strategies include investments in hedge funds whose objective is to generate positive returns regardless of market conditions, that is, returns with a low correlation to broad market indices. The underlying securities of the funds could include, but are not limited to, equities, fixed income securities and derivatives. Fair value for fund investments is generally based on the net asset value as reported by the external administrators or managers of the funds.

(d) Real assets

- i. The CPPIB obtains exposure to real estate through direct investments in privately held real estate and real estate funds.  
  
Private real estate investments are managed on behalf of the CPPIB by investment managers primarily through co-ownership arrangements. As at March 31, 2018, real estate investments include assets of \$44,712 million (2017 – \$38,732 million).
- ii. Infrastructure investments are generally made directly, but can also occur through limited partnership funds. As at March 31, 2018, infrastructure includes direct investments with a fair value of \$30,350 million (2017 – \$27,860 million) and \$49 million in fund investments (2017 – \$39 million).

Fair value for private real estate investments and infrastructure investments is primarily determined using discounted cash flows. Fair value for real estate funds and infrastructure investments held through limited partnership funds are generally based on the net asset value as reported by the external managers of the funds.

(e) Securities purchased under reverse repurchase agreements and sold under repurchase agreements

Reverse repurchase and repurchase agreements are carried at the amounts at which the securities were initially acquired or sold, which, together with accrued interest income or expense, approximates fair value due to the short-term nature of these securities.

The terms to maturity of the securities purchased under reverse repurchase agreements, as at March 31, 2018, are as follows: within 1 year, \$6,164 million (2017 – \$5,207 million), and 1 year to over 10 years, \$nil (2017 – \$nil).

The terms to maturity of the undiscounted value of the securities sold under repurchase agreements, as at March 31, 2018, are as follows: within 1 year, \$32,559 million (2017 – \$14,753 million), and 1 year to over 10 years, \$nil (2017 – \$nil).

**Canada Pension Plan—continued****Notes to consolidated financial statements for the year ended March 31, 2018—continued**

## (f) Derivative contracts

A derivative contract is a financial contract, the value of which is derived from the value of underlying assets, indices, interest rates, currency exchange rates or other market-based factors. Derivatives are transacted through regulated exchanges or negotiated in over-the-counter markets. The CPPIB uses different types of derivative instruments, which include futures and forwards, swaps, options and warrants.

Notional amounts of derivative contracts represent the contractual amounts to which a rate or price is applied for computing the cash flows to be exchanged. The notional amounts are used to determine the gains/losses and fair value of the contracts.

The fair value of these contracts is reported as derivative receivables and derivative liabilities on the schedule of investments as shown above. Fair value for exchange-traded derivatives, which includes futures, options and warrants, is based on quoted market prices. Fair value for over-the-counter derivatives, which includes swaps, options, forward contracts and warrants, is determined based on valuation techniques such as option pricing models, discounted cash flows and consensus pricing from independent brokers and/or third party vendors.

## (g) Securities sold short

As at March 31, 2018, securities sold short of \$13,574 million (2017 – \$24,177 million) are considered repayable within one year based on the earliest period in which the counterparty could request payment under certain conditions.

## (h) Debt financing liabilities

Debt financing liabilities consist of commercial paper payable and term debt. Commercial paper payable is recorded at the amount originally issued, which, together with accrued interest expense, approximate fair value due to the short-term nature of these liabilities. Fair value for term debt is based on quoted market prices.

The terms to maturity of the undiscounted value of the commercial paper payable as at March 31, 2018, are as follows: within 1 year, \$6,263 million (2017 – \$11,120 million), and 1 year to over 10 years, \$nil (2017 – \$nil). The terms to maturity of the undiscounted value of the term debt as at March 31, 2018, are as follows: within 1 year, \$1,250 million (2017 – \$nil), 1 year to 5 years, \$10,614 million (2017 – \$8,783 million), and 6 years to over 10 years, \$6,046 million (2017 – \$nil).

**Canada Pension Plan—continued**

Notes to consolidated financial statements for the year ended March 31, 2018—continued

**7. Collateral**

Collateral transactions are conducted to support CPPIB's investment activities under the terms and conditions that are common and customary to collateral arrangements. The net fair value of collateral held and pledged as at March 31 are as follows:

(in millions of dollars)

	2018	2017 <sup>2</sup>
Third-party assets held as collateral on:		
Reverse repurchase agreements <sup>1</sup> .....	6,187	5,196
Over-the-counter derivative transactions <sup>1</sup> .....	692	493
Other debt <sup>1</sup> .....	760	726
Own and third-party assets pledged as collateral on:		
Repurchase agreements <sup>1</sup> .....	(32,621)	(14,785)
Securities sold short <sup>1</sup> .....	(16,610)	(30,603)
Over-the-counter derivative transactions.....	(315)	–
Private equities.....	(5,942)	(5,291)
Other debt.....	(4,417)	(3,957)
	(52,266)	(48,221)

<sup>1</sup> The fair value of the collateral held that may be sold or repledged as at March 31, 2018 is \$6,967 million (2017 – \$6,192 million). The fair value of collateral sold or repledged as Securities sold short and Repurchase agreements as at March 31, 2018 is \$5,969 million (2017 – \$2,677 million).

<sup>2</sup> Certain comparative figures have been reclassified to conform to the current year's presentation.

**8. Payables and accrued liabilities**

Payables and accrued liabilities are comprised of the following:

(in millions of dollars)

	2018	2017
Operating expenses.....	702	684
Pensions and benefits payable.....	298	310
Tax deductions on benefits due to Canada Revenue Agency.....	214	201
	1,214	1,195

**9. Comparison of results against budget**

The budget amounts included in the Consolidated statement of operations and the Consolidated statement of change in financial assets available for benefit payments are derived from the amounts that were originally budgeted in the 2017–2018 *Employment and Social Development Canada Departmental Plan*, tabled in Parliament in March 2017 and amounts forecasted by the Office of the Superintendent of Financial Institutions.

**Canada Pension Plan—continued****Notes to consolidated financial statements for the year ended March 31, 2018—continued****10. Net investment income (loss)**

Net investment income (loss) is reported net of transaction costs and investment management fees, and is grouped based on the asset class categories.

Net investment income (loss), for the year ended March 31, is as follows:

(in millions of dollars)

	2018					
	Investment income (loss) <sup>1</sup>	Net gain (loss) on investments <sup>2,3,4</sup>	Total investment income (loss)	Investment management fees <sup>5</sup>	Transaction costs	Net investment income (loss)
<b>Equities</b>						
Canada .....	44	282	326	(7)	(2)	317
Foreign developed markets.....	2,315	18,196	20,511	(419)	(129)	19,963
Emerging markets .....	328	4,419	4,747	(285)	(11)	4,451
	2,687	22,897	25,584	(711)	(142)	24,731
<b>Fixed income</b>						
Non-marketable bonds .....	952	(313)	639	–	–	639
Marketable bonds, cash and absolute return strategies <sup>6</sup> .....	496	4,847	5,343	(886)	(110)	4,347
Credit investments.....	1,371	185	1,556	(13)	(32)	1,511
	2,819	4,719	7,538	(899)	(142)	6,497
<b>Real assets</b>						
Real estate .....	1,341	2,811	4,152	(128)	(61)	3,963
Infrastructure .....	891	2,710	3,601	–	(14)	3,587
Other <sup>7</sup> .....	150	(951)	(801)	–	(36)	(837)
	2,382	4,570	6,952	(128)	(111)	6,713
<b>Debt financing liabilities</b> .....	(294)	151	(143)	–	(6)	(149)
<b>Interest on operating balance</b> .....	3	–	3	–	–	3
	7,597	32,337	39,934	(1,738)	(401)	37,795

The notes are on the following page.



## Canada Pension Plan—continued

## Notes to consolidated financial statements for the year ended March 31, 2018—continued

(in millions of dollars)

	2017					
	Investment income <sup>1</sup>	Net gain (loss) on investments <sup>2,3,4</sup>	Total investment income (loss)	Investment management fees <sup>5</sup>	Transaction costs	Net investment income (loss)
<b>Equities</b>						
Canada .....	(107)	2,382	2,275	(13)	(9)	2,253
Foreign developed markets.....	2,411	19,727	22,138	(488)	(93)	21,557
Emerging markets .....	226	2,976	3,202	(225)	(8)	2,969
	2,530	25,085	27,615	(726)	(110)	26,779
<b>Fixed income</b>						
Non-marketable bonds .....	957	(517)	440	–	–	440
Marketable bonds, cash and absolute return strategies <sup>6</sup> .....	362	24	386	(452)	(108)	(174)
Credit investments.....	1,339	1,246	2,585	(133)	(39)	2,413
	2,658	753	3,411	(585)	(147)	2,679
<b>Real assets</b>						
Real estate .....	1,508	1,806	3,314	(153)	(100)	3,061
Infrastructure .....	1,022	692	1,714	–	(15)	1,699
Other <sup>7</sup> .....	23	720	743	–	(66)	677
	2,553	3,218	5,771	(153)	(181)	5,437
<b>Debt financing liabilities</b> .....	(144)	(380)	(524)	–	(9)	(533)
<b>Interest on operating balance</b> .....	1	–	1	–	–	1
	7,598	28,676	36,274	(1,464)	(447)	34,363

<sup>1</sup> Includes interest income, dividends, interest expense on the debt financing liabilities and other investment related income and expenses.

<sup>2</sup> Includes realized and changes in unrealized gains and losses from investments, investment receivables and investment liabilities.

<sup>3</sup> Includes foreign exchange gains of \$2,100 million (2017 – gains of \$1,900 million).

<sup>4</sup> Includes net unrealized gains of \$8,783 million (2017 – gains of \$6,290 million) which represents the change in fair value on those investments where the fair value is derived primarily from assumptions based on non-observable market data and still held at the end of the year. With all other variables held constant the use of reasonable alternative assumptions would result in a decrease of \$5,200 million (March 31, 2017 – \$3,400 million) or increase of \$6,000 million (March 31, 2017 – \$3,800 million) in net assets.

<sup>5</sup> Includes management fees of \$1,029 million (2017 – \$987 million) and performance fees of \$709 million (2017 – \$477 million).

<sup>6</sup> Absolute return strategies consist of investments in funds and internally managed portfolios.

<sup>7</sup> Comprises agriculture and natural resources.

## 11. Estimated overpayments and underpayments of benefits

In order to measure the accuracy of CPP benefit payments, the CPP relies on a quality program (the CPP Payment Accuracy Review) which estimates, through statistical extrapolation, the most likely value of incorrect benefit payments.

For benefits paid during the 12 months ended March 31, 2018, undetected overpayments and underpayments are estimated to be \$3.0 million and \$70.4 million respectively (\$9.6 million and \$30.3 million in 2016–2017). These estimates are used by the CPP to assess the quality and accuracy of decisions and to continuously improve its systems and practices for processing CPP benefits.

The actual overpayments established during the year, as indicated in Note 4, were recorded as accounts receivable for recovery and are not directly linked to the above noted estimated overpayments and underpayments of benefits for the same period as these are an evaluation of potential overpayments and underpayments based on the extrapolation described above.

**Canada Pension Plan—continued****Notes to consolidated financial statements for the year ended March 31, 2018—continued****12. Operating expenses**

CPP's operating expenses are composed of costs incurred by various Government of Canada (GoC) departments (refer to Note 17) for the administration of the CPP's activities as well as the CPPIB's operating expenses.

(in millions of dollars)

	2018			2017 <sup>1</sup>		
	GoC	CPPIB	Total	GoC	CPPIB	Total
Personnel related costs, including the Health Insurance Plan .....	298	712	1,010	257	625	882
Collection of contributions and investigation services .....	190	–	190	203	–	203
Information technology and data services .....	–	98	98	–	92	92
Program policy and delivery, accommodation and corporate services.....	104	–	104	102	–	102
Professional and consulting fees .....	–	71	71	–	54	54
Tax on international operations .....	–	40	40	–	32	32
Premises and equipment.....	–	38	38	–	32	32
Amortization of premises and equipment.....	–	27	27	–	30	30
Support services of the Social Security Tribunal.....	14	–	14	13	–	13
Cheque issue and computer services .....	6	–	6	6	–	6
Others .....	3	67	70	3	58	61
	615	1,053	1,668	584	923	1,507

<sup>1</sup> Certain comparative figures have been reclassified to conform to the current year's presentation.

**13. Financial sustainability of the Canada Pension Plan**

The CPP is financed by contributions and investment returns. Employers and employees pay contributions equally to the CPP, and self-employed workers pay the full amount. At the time of the Plan's inception in 1965, the demographic and economic conditions made pay-as-you-go financing appropriate. The pay-as-you-go financing, along with a small reserve equivalent to about two years' worth of expenditures, meant the pensions and benefits for one generation would be paid largely from the contributions of later generations. However, changing demographics and economic conditions over time led to increasing CPP costs, and by the mid-1990s the fall in the level of assets of the CPP resulted in a portion of the reserve being required to cover expenditures. Therefore, for the CPP benefits to remain unchanged, the contribution rate would have needed to be increased regularly.

As a result, the CPP was amended in 1997 to restore its long-term financial sustainability and to improve fairness across generations by changing its financing approach from a pay-as-you-go basis to a form of partial funding called steady-state funding, along with incremental full funding rules for new or enhanced benefits, and by reducing the growth of benefits over the long term. In addition, a new investment policy was put in place, along with the creation of the CPPIB. Moreover, the statutory periodic reviews of the Plan by the federal and provincial governments were increased from once every five years to every three years.

Key among the 1997 changes was the introduction of self-sustaining provisions to safeguard the Plan: in the event that the projected minimum contribution rate is greater than the legislated contribution rate and no recommendations are made by the Finance Ministers to correct the situation, the contribution rate would automatically increase and the indexation of the current benefits would be suspended.

The federal and provincial finance ministers took additional steps in 1999 to strengthen the transparency and accountability of actuarial reporting on the CPP by endorsing regular independent peer reviews of actuarial reports and consultations by the Chief Actuary with experts on the assumptions to be used in the actuarial reports.

The most recent triennial report, the *Twenty-seventh Actuarial Report on the Canada Pension Plan* as at December 31, 2015, was tabled in Parliament on September 27, 2016. The next triennial actuarial report as at December 31, 2018, is expected to be tabled by December 2019. The most recent actuarial report, the *Twenty-eighth Actuarial Report supplementing the Actuarial Report on the Canada Pension Plan* as at December 31, 2015, was tabled in Parliament on October 28, 2016. It was prepared on the basis of the *Twenty-seventh Actuarial Report* to show the effect of the proposed changes to the *Canada Pension Plan*, which was amended on December 15, 2016 to reflect the CPP enhancement as described in Note 1.

According to the *Twenty-seventh Actuarial Report*, under the current legislated contribution rate of 9.9%, the Plan's assets are expected to increase significantly, with the asset/expenditure ratio remaining relatively stable at a level of 6.5 over the period 2016 to the early 2030s and then growing to reach 7.4 by 2090 assuming all assumptions are realized.

A number of assumptions were used in the *Twenty-seventh Actuarial Report* to project the CPP's revenues and expenditures over the long projection period of 75 years, and to determine the minimum contribution rate. The assumptions provided in the table below represent the best estimates according to the Chief Actuary's professional judgment relating to demographic, economic, and other factors; and have been peer reviewed by an independent expert actuary's panel.

## Canada Pension Plan—continued

## Notes to consolidated financial statements for the year ended March 31, 2018—continued

	As at December 31, 2015 <sup>1</sup>		As at December 31, 2012 <sup>1</sup>	
	Males	Females	Males	Females
Canadian life expectancy				
at birth in 2016 .....	86.7 years	89.7 years	86.3 years	89.3 years
at age 65 in 2016 .....	21.3 years	23.7 years	21.1 years	23.5 years
Retirement rates for cohort at age 60.....	34% (2016)	38% (2016)	34% (2016)	38% (2016)
CPP disability incidence rates (per 1,000 eligible) .....	3.10 (2020)	3.65 (2020)	3.32 (2017) <sup>2</sup>	3.77 (2017) <sup>2</sup>
Total fertility rate.....	1.65 (2019)		1.65 (2015)	
Net migration rate .....	0.62% of population (2016)		0.60% of population (2017)	
Participation rate (age group 15-69) in 2035 (2012 - in 2030).....	77.5%		76.8%	
Employment rate (age group 15-69) in 2035 (2012 - in 2030) .....	72.6%		72.1%	
Unemployment rate.....	6.2% (2025)		6.0% (2023)	
Rate of increase in prices .....	2.0% (2017)		2.2% (2021)	
Real-wage increase .....	1.1% (2025)		1.2% (2020)	
Real rate of return (75-year average).....	3.9%		3.9%	

<sup>1</sup> Assumptions are expected to gradually converge to their ultimate value. Years in the brackets indicate when the ultimate assumptions value is expected to be reached.

<sup>2</sup> The ultimate disability incidence rates assumption of the *Twenty-sixth Actuarial Report* has been adjusted based on the 2015 eligible population in order to compare with the assumption for this *Twenty-seventh Actuarial Report* on the same basis.

In the *Twenty-seventh Actuarial Report*, the minimum contribution rate, which is the lowest rate to sustain the CPP, was determined to be 9.79% of contributory earnings for the year 2019 and thereafter (9.84% for the year 2016 and thereafter in the *Twenty-sixth Actuarial Report*).

The CPP assets available for benefit payments represent the funds accumulated for the payment of pensions, benefits, and operating expenses, i.e. total CPP expenditures. The partial funding nature of the CPP means that contributions as opposed to these assets are the main source for financing CPP expenditures. The *Twenty-seventh Actuarial Report* confirms that, on the basis of the assumptions selected, the current legislated contribution rate of 9.9% is and will continue to be sufficient to pay for future expenditures over the period 2016 to 2020. Thereafter, a portion of investment income (26% in 2050) will be required to make up the difference between contributions and expenditures. Under the current legislated contribution rate of 9.9% and the average expected nominal return on assets of 5.1% over the period 2016 to 2025, total assets available for benefit payments are expected to grow to \$476 billion by the end of 2025.

As at March 31, 2018, the value of CPP assets available for benefit payments is \$361.0 billion (2017 – \$320.9 billion). This amount represents approximately 7.4 times the 2019 planned expenditures of \$48.7 billion (2017 – 6.8 times the 2018 planned expenditures of \$47.4 billion).

A variety of tests were performed to measure the sensitivity of the long-term projected financial position of the CPP to future changes in the demographic and economic environments. Key best-estimate demographic and economic assumptions were varied individually to measure the potential impact on the financial status of the CPP.

**Canada Pension Plan—continued****Notes to consolidated financial statements for the year ended March 31, 2018—continued**

The low-cost and high-cost alternatives for three important assumptions are shown in the table below. In the case of mortality, the assumptions for the low-cost and high-cost alternatives were developed by considering alternative assumed mortality improvement rates. In the case of real wage increase and real rate of return, these assumptions are defined as the upper and lower boundaries of the 80% confidence intervals.

	Low-cost		Best-estimate		High-cost	
	Males	Females	Males	Females	Males	Females
Mortality:						
Canadian life expectancy at age 65 in 2050 with future improvements.....	20.9	23.2	23.3	25.6	25.8	27.9
Real wage increase.....	1.8%		1.1%		0.4%	
Average real rate of return (2016–2090).....	5.6%		3.9%		2.2%	

Mortality is a very important demographic assumption as it impacts the length of the benefit payment period. If male and female life expectancies at age 65 were to increase by approximately 2.5 years more than expected by 2050, the minimum contribution rate in 2019 and thereafter would increase to 10.10%, above the current legislated contribution rate of 9.9%. On the other hand, if male and female life expectancies at age 65 were to be about 2.5 years lower than expected, the minimum contribution rate would decrease to 9.46%.

The most sensitive economic assumptions are the real wage increase and the real rate of return on investments. The growth in real wage directly impacts the amount of future CPP contributions. If an ultimate real wage increase of 1.8% is assumed for 2025 and thereafter, the minimum contribution rate would decrease to 9.31%. However, if an ultimate real wage increase of 0.4% is assumed for 2017 and thereafter, the minimum contribution rate would increase to 10.32%.

Real rates of return can fluctuate greatly from year to year and can have a significant impact on the size of assets and on the ratio of assets to the following year expenditures. If an average real rate of return of 5.6% is assumed over the next 75 years (2016 to 2090), the minimum contribution rate will decrease to 8.54%. However, if the average real rate of return is assumed to be 2.2% over the next 75 years, the minimum contribution rate increases to 11.05%.

The table below summarizes the sensitivity results of the minimum contribution rate and the ratio of the assets to the next year expenditures under the current legislated contribution rate of 9.9% to the changes in mortality, real wage increase and real rate of return on investments assumptions:

Assumption	Scenario	Minimum contribution rate <sup>1</sup> (%)	Ratio of assets to expenditures under 9.9% contribution rate		
			2025	2050	2090
	Best estimate	9.79	6.49	7.28	7.39
Mortality.....	Low cost	9.46	6.50	7.97	13.12
	High cost	10.10	6.47	6.67	3.20
Real wage increases.....	Low cost	9.31	6.54	8.70	12.61
	High cost	10.32	6.37	5.50	– <sup>2</sup>
Real rate of return on investments.....	Low cost	8.54	7.52	14.07	47.47
	High cost	11.05	5.58	3.42	– <sup>3</sup>

<sup>1</sup> The minimum contribution rate in this table refers to the rate applicable for 2019 and thereafter.

<sup>2</sup> Assets depleted by 2086.

<sup>3</sup> Assets depleted by 2075.

**Canada Pension Plan—continued**

Notes to consolidated financial statements for the year ended March 31, 2018—continued

**14. Actuarial obligation in respect of benefits**

The *Twenty-seventh Actuarial Report on the Canada Pension Plan* measures the actuarial obligation under an open group approach, which is consistent with the partial funding nature of the CPP financing, and provides information under a closed group approach, in a footnote. The open group approach takes into consideration all current and future participants of the CPP, including their future contributions and associated benefits, to determine whether current assets and future contributions will be sufficient to pay for all future expenditures. The closed group approach includes only current participants of the CPP, with no new entrants permitted and no new benefits accrued. The choice of the methodology used to produce a social security system's balance sheet is mainly determined by the system's financing approach.

With the current legislated contribution rate of 9.9%, the table below presents the asset excess (shortfall) and the assets to actuarial obligation ratio under open and closed group approaches at valuation dates of the current and previous actuarial reports:

(in billions of dollars)

	As at 31 December, 2015		As at 31 December, 2012	
	Open group	Closed group	Open group	Closed group
Assets available for benefit payments .....	2,547.4	285.4	2,245.8	175.1
Actuarial obligation .....	2,546.1	1,171.1	2,254.7	1,004.9
Asset excess (shortfall) <sup>1</sup> .....	1.3	(885.7)	(8.9)	(829.8)
Assets to actuarial obligation ratio .....	100.1%	24.4%	99.6%	17.4%

<sup>1</sup> The determination of the asset excess (shortfall) is based on the CPP's revenues and expenditures projected over the period of 150 years.

Under the partial funding financing approach of the CPP, in any given year, current contributors allow the use of their contributions to pay current beneficiaries' benefits. This financial arrangement creates claims for current and past contributors to contributions of future contributors. As such, the most appropriate assessment of the financial sustainability of partially funded plans by means of their balance sheets should reflect these claims.

The open group approach does account explicitly for these claims by considering the benefits and contributions of both the current and future plan participants. In comparison, the closed group approach does not reflect these claims, since only current participants are considered. To determine the CPP actuarial obligations under the open group approach, the CPP's revenues and expenditures were projected over the period of 150 years using the assumptions of the *Twenty-seventh Actuarial Report* shown in Note 13. The projection period longer than 75 years that is used to calculate the minimum contribution rate is necessary to ensure that the future expenditures for cohorts that will enter the labour force during that time are included in the liabilities.

The CPP was never intended to be a fully-funded plan and the financial sustainability of the CPP is not assessed based on its actuarial obligation in respect of benefits. According to the *Twenty-seventh Actuarial Report*, the CPP is intended to be long-term and enduring in nature, a fact that is reinforced by the federal and provincial governments' joint stewardship through the established strong governance and accountability framework of the CPP. Therefore, if the CPP's financial sustainability is to be measured based on its asset excess or shortfall, it should be done on an open group basis that reflects the partially funded nature of the CPP, that is, its reliance on both future contributions and invested assets as a means of financing its future expenditures. Using the open group approach, the Chief Actuary confirms that the CPP, on the basis of the assumptions selected, will continue to meet its financial obligations and is sustainable in the long term.

**Canada Pension Plan—continued****Notes to consolidated financial statements for the year ended March 31, 2018—continued****15. Contractual obligations and commitments**

The nature of CPP's and CPPIB's activities can result in some large multi-year contracts and agreements whereby the CPP and the CPPIB will be obligated to make future payments in order to carry out its activities. Significant contractual obligations and commitments that can be reasonably estimated are summarized as follows:

(in millions of dollars)

	Within one year	After one year but not more than five years	More than five years	Total
Lease and other.....	36	115	26	177
Operating costs.....	625	–	–	625
	661	115	26	802

Operating costs are charged to the CPP in accordance with various memoranda of understanding (MoU) between the CPP and various Government of Canada (GoC) departments for the administration of the CPP's activities (refer to Note 17). The MoUs require written notification for termination and require one year advanced notification. Therefore, the operating costs disclosed are an estimation of the costs that will be charged to the CPP Account in the next fiscal year. Operating costs are expected to continue to be charged to the CPP Account in the upcoming fiscal years, but cannot be reasonably estimated at this time.

The CPP, through the CPPIB, has entered into commitments related to the funding of investments. These commitments are generally payable on demand based on the funding needs of the investment subject to the terms and conditions of each agreement. As at March 31, 2018, the unfunded commitments totalled \$41,767 million (2017 – \$38,886 million).

**16. Contingent liabilities**

## (a) Appeals relating to the payment of pensions and benefits

At March 31, 2018, there were 4,480 appeals (2017 – 7,182) relating to the payment of CPP disability pensions. These contingencies are reasonably estimated, using historical information, at an amount of \$26.5 million (2017 – \$39.7 million), and have been recorded as an accrued liability in these consolidated financial statements.

## (b) Other claims and legal proceedings

In the normal course of operations, the CPP is involved in various claims and legal proceedings. The total amount claimed in these actions and their outcomes are not determinable at this time. The CPP records an allowance for claims and legal proceedings when it is likely that there will be a future payment and a reasonable estimate of the loss can be made. No such allowance was recognized in the financial statements for the 2017–2018 and 2016–2017 fiscal years for these claims and legal proceedings.

## (c) Guarantees

As part of certain investment transactions, the CPP, through the CPPIB, agreed to guarantee, as at March 31, 2018, up to \$2,842 million (2017 – \$3,073 million) to other counterparties in the event certain investee entities default under the terms of loan and other related agreements.

## (d) Indemnifications

The CPP, through the CPPIB, provides indemnifications to its officers, directors, certain others and, in certain circumstances, to various counterparties and other entities. The CPPIB may be required to compensate these indemnified parties for costs incurred as a result of various contingencies such as changes in laws, regulations and litigation claims. The contingent nature of these indemnification agreements prevents the CPPIB from making a reasonable estimate of the maximum potential payments the CPPIB could be required to make. To date, the CPPIB has not received any material claims nor made any material payments pursuant to such indemnifications.

**Canada Pension Plan—continued**

Notes to consolidated financial statements for the year ended March 31, 2018—continued

**17. Related party transactions**

The CPP enters into transactions with the Government of Canada in the normal course of business, which are recorded at the exchange value. The costs are based on estimated allocations of costs and are charged to the CPP in accordance with various memoranda of understanding. Details of these transactions are provided in the Government of Canada (GoC) operating expenses in Note 12 and contractual obligations in Note 15.

The CPP receives audit services without charge from the Office of the Auditor General of Canada. The value of these audit services is not material for the purpose of these consolidated financial statements and has not been recorded.

**18. Canada Pension Plan enhancement**

On December 15, 2016, legislation to enact the CPP enhancement received Royal Assent, amending the *Canada Pension Plan*, the *CPPIB Act* and the *Income Tax Act (Canada)*. These legislative amendments will increase the amount of CPP contributions and the corresponding pensions and post-retirement benefits that will be paid on CPP contributions made after 2018. The *Canada Pension Plan* now defines two separate accounts, the CPP Account (existing CPP), and the Additional CPP Account (enhanced CPP), where the financial activities of each account are accounted for separately. As a result of the legislated requirement for the incremental full funding of any new or increased benefit (refer to the second paragraph in Note 13), the Additional CPP Account is fully funded, unlike the CPP Account.

The Additional CPP Account contributions will begin on January 1, 2019. In order to prepare for the Additional CPP Account, costs are being incurred by the CPP and the CPPIB. As defined in the *Canada Pension Plan* as well as in the *CPPIB Act*, initial costs of administration and the related interests incurred in relation to CPP enhancement via the Additional CPP Account are temporarily funded by the CPP Account. Details of these initial costs of administration and the related interests incurred are provided in Note 4.

The Additional CPP Account will report these initial costs of administration and the related interests incurred in 2018–2019 when contributions are received, beginning on January 1, 2019. The Additional CPP Account will start to reimburse these costs at a date determined by the Minister, which can be no later than December 31, 2020 and must be fully reimbursed by March 31, 2021.

**19. Supplementary information**

The administration of the CPP's assets and activities is shared between various Government of Canada (GoC) departments and the CPPIB. The CPPIB is responsible for investing the majority of the CPP's assets, while the GoC through various federal departments, manages the remainder of the assets, as well as the collection of the CPP contributions and the administration and payments of the CPP benefits. For accountability purposes, the following table presents summary information on the levels of assets and liabilities and sources of income and expenses managed by the GoC and the CPPIB respectively.

(in millions of dollars)

	2018			2017 <sup>1</sup>		
	GoC	CPPIB	Total	GoC	CPPIB	Total
Financial assets.....	5,388	431,544	436,932	4,731	381,017	385,748
Non-financial assets.....	–	397	397	–	396	396
Liabilities.....	525	75,807	76,332	513	64,736	65,249
Assets available for benefit payments.....	4,863	356,134	360,997	4,218	316,677	320,895
Income						
Contributions.....	48,435	–	48,435	46,966	–	46,966
Investment income.....	3	37,792	37,795	1	34,362	34,363
	48,438	37,792	86,230	46,967	34,362	81,329
Expenses						
Pensions and benefits.....	44,460	–	44,460	42,502	–	42,502
Operating expenses.....	615	1,053	1,668	584	923	1,507
	45,075	1,053	46,128	43,086	923	44,009
Net increase in assets available for benefit payments.....	3,363	36,739	40,102	3,881	33,439	37,320

<sup>1</sup> Certain comparative figures have been reclassified to conform to the current year's presentation.

**Canada Pension Plan—concluded****Notes to consolidated financial statements for the year ended March 31, 2018—concluded**

Pursuant to Section 108.1 of the *Canada Pension Plan* and the Agreement dated as of April 1, 2004, amounts not required to meet specified obligations of the CPP are transferred weekly to the CPPIB. The funds originate from employer and employee contributions to the CPP and interest income generated from the deposit with the Receiver General.

The CPPIB remits cash to the CPP as required, including the periodic return, on at least a monthly basis, of funds required to meet CPP pensions, benefits and operating expenses obligations.

During the year ended March 31, 2018, a total of \$36,425 million (2017 – \$39,517 million) was transferred to the CPPIB and a total of \$33,707 million (2017 – \$35,220 million) was returned to the CPP to meet its liquidity requirements.

**Net accumulated transfers to CPPIB**

(in millions of dollars)

	2018	2017
Canada Pension Plan Investment Board		
Accumulated transfers to CPPIB .....	492,033	455,608
Accumulated transfers from CPPIB.....	(351,513)	(317,806)
	140,520	137,802

**20. Comparative information**

Certain comparative figures have been reclassified to conform to the current year's presentation.



## **Government Annuities Account**

### **Management’s responsibility for financial statements**

The financial statements of the Government Annuities Account are prepared in accordance with Canadian accounting standards for pension plans by the management of Employment and Social Development Canada. Management is responsible for the integrity and objectivity of the information in the financial statements, including the amounts which must, of necessity, be based on best estimates and judgment. The significant accounting policies are identified in Note 2 to the financial statements.

To fulfill its accounting and reporting responsibilities, management has developed and maintains books of account, financial and management controls, information systems and management practices. These systems are designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are properly authorized and recorded in accordance with the *Government Annuities Improvement Act* and the *Government Annuities Act* and regulations.

The Auditor General of Canada, the external auditor of the Government Annuities Account, conducts an independent audit of the financial statements in accordance with Canadian generally accepted auditing standards and provides a report to the Minister of Families, Children and Social Development.

Louise Levonian  
*Deputy Minister*  
*Employment and Social Development Canada*

Mark Perlman, CPA, CMA  
*Chief Financial Officer*  
*Employment and Social Development Canada*

Gatineau, Canada  
August 28, 2018

**Government Annuities Account—continued****Report of the Actuary**

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, has the mandate of performing the annual actuarial valuation of the Government Annuities Account (the “Account”) as at 31 March 2018. The purpose of this valuation is to determine the actuarial liabilities and financial position of the Account as at 31 March 2018.

As at 31 March 2018, the actuarial liabilities presented in the Public Accounts of Canada and used to determine the amount charged to the Account and credited to the Consolidated Revenue Fund, are based on prescribed mortality and interest rates. In addition, the actuarial liabilities presented in the statement of financial position, statement of changes in net assets available for benefits, and statement of changes in pension obligations of the Account’s financial statements, are based on alternative mortality and interest rates.

The valuation of the Account’s actuarial liabilities and financial position is therefore based on:

- membership data as at 31 March 2018 provided by Employment and Social Development Canada (ESDC) and Service Canada;
- asset data provided by ESDC;
- For purposes of the Public Accounts of Canada:
  - mortality rates as prescribed by the *Government Annuities Regulations*, that is, the Annuity Table for 1983, for individual and group annuities, as modified by Projection Scale G published by the Society of Actuaries; and
  - a 7% annual interest rate as prescribed by the *Government Annuities Regulations*;
- For purposes of the Account’s financial statements:
  - best-estimate experience-adjusted mortality rates; and
  - interest rate determined using the yield curve approach. The yield curve is determined by reference to market yields at the end of the reporting period on Government of Canada bonds and treasury bills.

The Account’s assets are notional and in the form of a deposit with the Receiver General for Canada. Therefore, actuarial liabilities equal the present value of future payments discounted at the prescribed interest rate. Since administrative expenses are paid by the government out of general funds, no provision for expenses is made in the valuation. This valuation contains no added margins for adverse deviation.

In our opinion, considering that the valuation is prepared pursuant to the *Government Annuities Act* and the *Government Annuities Improvement Act*:

- the data on which our valuation is based are sufficient and reliable for the purpose of the valuation;
- the assumptions used for purposes of the Public Accounts of Canada comply with legislative requirements;
- the alternative mortality and interest rates assumptions used for purposes of the Account’s financial statements are reasonable and appropriate;
- the methodology employed is appropriate and consistent with sound actuarial principles; and
- the actuarial valuation is appropriate, it conforms to statutory requirements and the financial statements fairly present its results.

Our valuation has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada. As at 28 August 2018, there are no subsequent events of which we are aware that would have an impact on the valuation. The next valuation will be performed as at 31 March 2019.

Annie St-Jacques  
Senior Actuary  
Fellow of the Canadian Institute of Actuaries  
Office of the Chief Actuary

Thierry Truong  
Senior Actuarial Officer  
Fellow of the Society of Actuaries  
Office of the Chief Actuary

Alice Chiu  
Actuarial Officer  
Associate of the Society of Actuaries  
Office of the Chief Actuary

Office of the Superintendent of Financial Institutions Canada  
Ottawa, Canada  
28 August 2018

**Government Annuities Account—continued**

**Independent Auditor’s Report**

To the Minister of Families, Children and Social Development

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Government Annuities Account, which comprise the statement of financial position as at 31 March 2018, and the statement of changes in net assets available for benefits and statement of changes in pension obligations 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 Canadian accounting standards for pension plans, 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.

I believe that 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 the Government Annuities Account as at 31 March 2018, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

**Report on Other Legal and Regulatory Requirements**

In my opinion, the transactions of the Government Annuities Account that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the *Government Annuities Improvement Act*, and the *Government Annuities Act* and regulations.

Heather McManaman, CPA, CA  
Principal  
for the Auditor General of Canada

28 August 2018  
Halifax, Canada

## Government Annuities Account—continued

Statement of financial position  
as at March 31

(in thousands of Canadian dollars)

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
		Restated (Note 3)	Restated (Note 3)
<b>Net assets available for benefits</b>			
Accounts receivable .....	47	44	59
<b>Pension obligations (Note 4) .....</b>	<b>134,646</b>	<b>154,138</b>	<b>174,712</b>
<b>Deficit to be financed by the Government of Canada (Note 5).....</b>	<b>134,599</b>	<b>154,094</b>	<b>174,653</b>

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

Approved by:

Louise Levonian  
Deputy Minister  
Employment and Social Development Canada

Mark Perlman, CPA, CMA  
Chief Financial Officer  
Employment and Social Development Canada

Statement of changes in net assets available for benefits  
for the year ended March 31

(in thousands of Canadian dollars)

	2018	2017
<b>Paid by the Government of Canada</b>		
Premiums (Note 5) .....	(1)	(4)
Annuity payments (Note 5) .....	19,329	21,360
Premium refunds and other (Note 5).....	11	27
	19,339	21,383
Amount paid through the Consolidated Revenue Fund.....	(19,339)	(21,383)
<b>Administrative expenses</b>		
Services received without charge (Note 6) .....	1,324	1,590
Services contributed by Employment and Social Development Canada (Note 6) .....	(1,324)	(1,590)
<b>Change in accounts receivable and increase (decrease) in net assets.....</b>	<b>3</b>	<b>(15)</b>
Net assets available for benefits at beginning of year.....	44	59
<b>Net assets available for benefits at end of year.....</b>	<b>47</b>	<b>44</b>

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

Statement of changes in pension obligations  
for the year ended March 31

(in thousands of Canadian dollars)

	2018	2017
		Restated (Note 3)
<b>Pension obligations at beginning of year .....</b>	<b>154,138</b>	<b>174,712</b>
Interest and other items .....	2,574	2,546
Benefits paid .....	(19,337)	(21,402)
Experience losses .....	48	760
Losses due to change in mortality assumptions (Note 5) .....	—	923
Gains due to change in discount rate assumptions (Note 5) .....	(2,777)	(3,401)
<b>Pension obligations at end of year (Note 4) .....</b>	<b>134,646</b>	<b>154,138</b>

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

## Government Annuities Account—continued

### Notes to the financial statements for the year ended March 31, 2018

#### 1. Authority, objective and responsibilities

The Government Annuities Account (the Account) was established in 1908 by the *Government Annuities Act*, as modified by the *Government Annuities Improvement Act*.

The purpose of the *Government Annuities Act* was to assist individuals and groups of Canadians to prepare financially for their retirement by purchasing Government Annuities. In 1975, the *Government Annuities Improvement Act* discontinued future sales of Government Annuity contracts. Annuities are deferred until their maturity date, at which time payments to annuitants begin.

The Account is administered by Employment and Social Development Canada (ESDC) and operates through the Consolidated Revenue Fund.

#### 2. Significant accounting policies

##### (a) Basis of presentation

The financial statements of the Account are prepared in accordance with Canadian accounting standards for pension plans (Section 4600) on a going concern basis. They are prepared in Canadian dollars, the Account's functional currency. Section 4600 provides specific accounting guidance on investments and pension obligations. For accounting policies that do not relate to either investments or pension obligations, the Account complies with International Financial Reporting Standards (IFRS) in Part I of the CPA Canada Handbook. To the extent that IFRS in Part I are inconsistent with Section 4600, Section 4600 takes precedence.

The financial statements for the year ended March 31, 2018 were authorized for issue by the signatories on August 28, 2018.

##### (b) Pension obligations

The method utilized to calculate the pension obligations comprises, in respect of deferred and matured annuities, the present value of such annuities determined on an actuarial basis using best estimate experience-adjusted mortality tables as at March 31, 2018. The discount rates used to measure the present value are based on the Government of Canada's cost of borrowing derived from the yields on the actual zero-coupon yield curve for Government of Canada bonds which reflect the timing of the expected future cash flows.

##### (c) Services received without charge

Administrative services received without charge from ESDC are recorded in the statement of changes in net assets available for benefits at their estimated cost. A corresponding amount is credited directly to the statement of changes in net assets available for benefits.

##### (d) Measurement uncertainty

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amount of assets, pension obligations, and interest at the date of the financial statements. The pension obligations depend on factors that are determined on an actuarial basis using assumptions such as mortality and discount rates. Any changes in these assumptions will impact the carrying amount of the pension obligations. The carrying amount of the pension obligations as at the end of the reporting fiscal years is presented in Note 4. Actual results may differ significantly from the estimates and assumptions; therefore it is possible that the amounts for the pension obligations and related accounts could change materially in the near term. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Government Annuities Account—continued**

Notes to the financial statements for the year ended March 31, 2018—continued

**3. Changes in accounting policy and restatement**

The Government of Canada adopted a new discount rate methodology to determine the present value of expected future payments to measure the unfunded pension benefits in the *Public Accounts of Canada 2018*. For greater comparability, this methodology was also adopted for these financial statements.

As per the Government Annuities Regulations, the Account must use the prescribed interest rate of 7%. As this prescribed rate does not reflect current discount rates, a new discount rate methodology considered to reflect current rates was chosen to provide a more accurate and timely assessment of the present value of expected future payments, and therefore to provide financial statements users with more reliable and relevant information. This policy change adopted by the Account is to measure the pension obligations at the amount determined by the plan's sponsor (the Government of Canada).

The new discount rate methodology establishes the Government of Canada's cost of borrowing by reference to the actual zero-coupon yield curve for Government of Canada bonds, and affects the pension obligations related to the Account. As this new methodology produces a discount rate that is lower than the prescribed rate of 7%, the actuarial present value of expected future payments is estimated to be higher for prior and current years. The pension obligations are \$134.6 million (\$154.1 million in 2017) compared to \$102.3 million (\$114.3 million in 2017) under the previous discount rate methodology.

As a result, the tables below show the impact of the revised accounting policy on the prior year Statement of financial position and Statement of changes in pension obligations estimated using experience-adjusted mortality rates and the prescribed interest rate of 7% "As previously reported". "As restated" is estimated using both experience-adjusted mortality rates and the new discount rate methodology. The Statement of changes in net assets available for benefits was not affected by this change in accounting policy.

**Statement of financial position  
as at March 31, 2017**

(in thousands of Canadian dollars)

	As previously reported	Adjustment	As restated
<b>Net assets available for benefits</b>			
Accounts receivable .....	44	–	44
<b>Pension obligations (Note 4) .....</b>	<b>114,318</b>	<b>39,820</b>	<b>154,138</b>
<b>Deficit to be financed by the Government of Canada (Note 5).....</b>	<b>114,274</b>	<b>39,820</b>	<b>154,094</b>

**Opening statement of financial position  
as at April 1, 2016**

(in thousands of Canadian dollars)

	As previously reported	Adjustment	As restated
<b>Net assets available for benefits</b>			
Accounts receivable .....	59	–	59
<b>Pension obligations (Note 4) .....</b>	<b>126,484</b>	<b>48,228</b>	<b>174,712</b>
<b>Deficit to be financed by the Government of Canada (Note 5).....</b>	<b>126,425</b>	<b>48,228</b>	<b>174,653</b>

**Government Annuities Account—continued**

Notes to the financial statements for the year ended March 31, 2018—continued

**Statement of changes in pension obligations for the year ended March 31, 2017**

(in thousands of Canadian dollars)

	As previously reported	Adjustment	As restated
<b>Pension obligations at beginning of year</b>	<b>126,484</b>	<b>48,228</b>	<b>174,712</b>
Interest and other items .....	8,194	(5,648)	2,546
Benefits paid .....	(21,402)	–	(21,402)
Experience losses .....	598	162	760
Losses due to change in mortality assumptions (Note 5) .....	444	479	923
Gains due to change in discount rate assumptions (Note 5) .....	–	(3,401)	(3,401)
<b>Pension obligations at end of year (Note 4) .....</b>	<b>114,318</b>	<b>39,820</b>	<b>154,138</b>

Comparative information within Note 5 Deficit to be financed by the Government of Canada was also restated as a result in change in accounting policy. For further information, refer to Note 5.

**4. Pension obligations**

The Office of the Chief Actuary, Office of the Superintendent of Financial Institutions Canada, performs the annual actuarial valuation of the Government Annuities Account as at March 31.

As per the *Government Annuities Improvement Act* and *Government Annuities Regulations*, expected future payments are to be discounted using an annual interest rate of 7%. Future payments are to be estimated using the mortality rates from the 1983 mortality tables published by the Society of Actuaries, for individual and group annuities respectively, modified by Projection Scale G. Pension obligations are to be initially recorded through the Government Annuities Account established within the Public Accounts of Canada. Based on these Act and Regulations, the balance of the Government Annuities Account is \$107.8 million (\$120.5 million in 2017). Any adjustments required under the accounting policies are then recorded through an allowance for pension adjustment account.

Per the actuarial valuation for accounting purposes, the pension obligations amounted to \$134.6 million as at March 31, 2018 (\$154.1 million in 2017).

(in thousands of Canadian dollars)

	As at March 31, 2018	As at March 31, 2017 Restated (Note 3)
Pension obligations:		
Deferred annuities <sup>1</sup> .....	5,068	7,740
Mature annuities <sup>1</sup> .....	129,578	146,398
	134,646	154,138

<sup>1</sup> For the items that were impacted by adjustment:

(in thousands of Canadian dollars)

for the year ended March 31, 2017	As previously reported	Adjustment	As restated
Deferred annuities .....	3,989	3,751	7,740
Mature annuities .....	110,329	36,069	146,398

The average age of annuitants was estimated to be 84.3 years and the remaining life of the Account was estimated at 41 years as at March 31, 2018.

The next actuarial valuation will be performed as at March 31, 2019.

**Government Annuities Account—continued**

Notes to the financial statements for the year ended March 31, 2018—continued

**5. Deficit to be financed by the Government of Canada**

The *Government Annuities Act* provided authority for the Government of Canada to sell annuities to the Canadian public. The Government of Canada entered into annuity contracts with a promise to pay the annuities and is required under the Act to keep an account, the Government Annuities Account, in the Consolidated Revenue Fund to record all transactions related to these annuities. These transactions include all moneys received and paid, the assets and obligations relating to the granting of an annuity, unclaimed and reclaimed annuities and the obligations representing the present value of prospective annuities contracted. It also includes the accrual of interest on the pension obligations.

(in thousands of Canadian dollars)

	As at March 31, 2018	As at March 31, 2017
		Restated (Note 3)
<b>Obligations of the Government of Canada at beginning of year</b> .....	<b>154,094</b>	<b>174,653</b>
Interest <sup>1</sup> .....	2,570	2,397
Premiums .....	1	4
Reclaimed annuities .....	34	172
Annuity payments .....	(19,329)	(21,360)
Premium refunds and other .....	(11)	(27)
Unclaimed annuities .....	(31)	(27)
Experience losses (gains) <sup>1</sup> .....	48	760
Losses due to change in mortality assumptions <sup>1</sup> .....	–	923
(Gains) due to change in discount rate assumptions <sup>1</sup> .....	(2,777)	(3,401)
	<hr/>	<hr/>
<b>Obligations of the Government of Canada at end of year</b> .....	<b>134,599</b>	<b>154,094</b>

<sup>1</sup> For the items that were impacted by adjustment:

(in thousands of Canadian dollars)

for the year ended March 31, 2017	As previously reported	Adjustment	As restated
Interest .....	8,045	(5,648)	2,397
Experience losses .....	598	162	760
Losses due to change in mortality assumptions (Note 5) .....	444	479	923
Gains due to change in discount rate assumptions (Note 5) .....	–	(3,401)	(3,401)

**Interest**

Interest is recorded on an accrual basis and is calculated on the pension obligations using a discount rate based on the Government of Canada's cost of borrowing by reference to the actual zero-coupon yield curve for Government of Canada bonds as at March 31, 2018. The discount rate was at 1.79% as at March 31, 2017 (1.47% as at March 31, 2016).

**Premiums**

Premiums are deposited in the Consolidated Revenue Fund.

**Reclaimed annuities**

Reclaimed annuities represent previously unclaimed amounts of annuitants that could not be located. If the annuitants are subsequently located, the actuarial present value of these annuities is paid.

**Unclaimed annuities**

Unclaimed annuities represent amounts of annuities that could not be paid because the annuitants could not be located.



**Government Annuities Account—concluded**

**Notes to the financial statements for the year ended March 31, 2018—concluded**

**Experience losses (gains)**

At the end of any fiscal year, the amount of the pension obligations may be different than expected due to changes resulting from experience adjustment and the effects of changes in actuarial assumptions.

As there are no new contracts purchased under the *Government Annuities Act*, the main sources of experience gains or losses are mortality and retirements of existing members. Mortality gains and losses include changes in expected future payments due to death or survival of annuitants and the difference between actual and expected benefit payments during the year.

Management’s best estimate of the pension obligations is based on mortality rates used for the actuarial assessments of the Canada Pension Plan and discount rate using the zero-coupon yield curve for Government of Canada bonds as at March 31, 2018. The pension obligations as at March 31, 2018 was estimated based on mortality rates used in the *Twenty-seventh Actuarial Report on the Canada Pension Plan*. The discount rate was 2.1% as at March 31, 2018 (1.79% as at March 31, 2017).

**6. Related party transactions**

The Account is related to Government departments, agencies and Crown corporations through common control held by the Government of Canada. There were no further significant transactions with related parties other than those described in Note 2(c) Services received without charge. These administrative services include the following:

(in thousands of Canadian dollars)

	2018	2017
Salaries .....	942	1,109
Operating costs .....	290	418
Actuarial services.....	92	63
<b>Services received without charge .....</b>	<b>1,324</b>	<b>1,590</b>

## Royal Canadian Mounted Police (Dependants) Pension Fund

### Management responsibility for financial statements

Responsibility for the integrity and fairness of the financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund rests with the management of the Royal Canadian Mounted Police.

The financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund have been prepared in accordance with Canadian accounting standards for pension plans. The financial statements include management's best estimates and judgments where appropriate.

To fulfill its accounting and reporting responsibilities, management has developed and maintained books, records, internal controls and management practices designed to provide reasonable assurance as to the reliability of the financial information and to ensure that transactions are in accordance with the *Royal Canadian Mounted Police Pension Continuation Act* and regulations as well as the *Financial Administration Act* and regulations.

These financial statements have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.

Approved by:

Brenda Lucki  
*Commissioner*

Dennis Watters, CPA, CA  
*Chief Financial and Administrative Officer*

July 27, 2018

**Royal Canadian Mounted Police (Dependants) Pension Fund**—*continued*

**Independent Auditor’s Report**

To the Minister of Public Safety and Emergency Preparedness

**Report on the Financial Statements**

I have audited the accompanying financial statements of the Royal Canadian Mounted Police (Dependants) Pension Fund, which comprise the statement of financial position as at March 31, 2018, and the statement of changes in net assets available for benefits and statement of changes in pension obligations 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 Canadian accounting standards for pension plans, 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.

I believe that 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 the Royal Canadian Mounted Police (Dependants) Pension Fund as at March 31, 2018, and the changes in its net assets available for benefits and changes in its pension obligations for the year then ended in accordance with Canadian accounting standards for pension plans.

**Report on Other Legal and Regulatory Requirements**

In my opinion, the transactions of the Royal Canadian Mounted Police (Dependants) Pension Fund that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with the applicable provisions of the *Financial Administration Act* and regulations, and the *Royal Canadian Mounted Police Pension Continuation Act* and regulations.

Mélanie Cabana, CPA, CA  
Principal  
for the Auditor General of Canada

July 27, 2018  
Ottawa, Canada

**Royal Canadian Mounted Police (Dependants) Pension Fund—continued****Statement of financial position  
as at March 31**

(in Canadian dollars)

	2018	2017
<b>Liabilities</b>		
Pension benefits payable (Note 3).....	75,901	334,983
<b>Net assets available for benefits</b> .....	<b>(75,901)</b>	<b>(334,983)</b>
<b>Pension obligations (Note 4)</b> .....	<b>12,726,596</b>	<b>14,390,621</b>
<b>Deficit to be financed by the Government of Canada (Note 5)</b> .....	<b>(12,802,497)</b>	<b>(14,725,604)</b>

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

Approved by:

Brenda Lucki  
*Commissioner*Dennis Watters, CPA, CA  
*Chief Financial and Administrative Officer*

July 27, 2018

**Statement of changes in net assets available for benefits  
year ended March 31**

(in Canadian dollars)

	2018	2017
<b>Net assets available for benefits, beginning of year</b> .....	<b>(334,983)</b>	<b>(334,446)</b>
Decrease (increase) in pension benefits payable.....	259,082	(537)
<b>Net assets available for benefits, end of year</b> .....	<b>(75,901)</b>	<b>(334,983)</b>

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

**Statement of changes in pension obligations  
year ended March 31**

(in Canadian dollars)

	2018	2017
<b>Pension obligations, beginning of year</b> .....	<b>14,390,621</b>	<b>15,766,250</b>
Net interest accrued on benefits .....	560,856	672,153
Past service contributions from participants.....	2,049	2,856
Changes in actuarial assumptions (Note 6).....	–	282,283
Experience (gains)/losses .....	(126,902)	289,360
Survivor benefit payments and transfers to pension benefits payable.....	(2,100,028)	(2,622,281)
<b>Pension obligations, end of year</b> .....	<b>12,726,596</b>	<b>14,390,621</b>

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

**Royal Canadian Mounted Police (Dependants) Pension Fund**—*continued*

**Notes to the financial statements for the year ended March 31, 2018**

**1. Description of the Fund**

The following is a summary description of the Royal Canadian Mounted Police (Dependants) Pension Fund.

(a) General

The Royal Canadian Mounted Police (Dependants) Pension Fund (the Fund) was established in 1934 pursuant to the *Royal Canadian Mounted Police Act* and is currently operated under Part IV of the *Royal Canadian Mounted Police Pension Continuation Act* (the Act) (effective 1959) and the related Regulations.

The Act provides for members of the Force, other than commissioned officers, appointed before March 1, 1949, the right to purchase certain survivorship benefits for their dependants by payment of specified contributions.

The Royal Canadian Mounted Police (RCMP) is responsible for the management of the Fund and Public Services and Procurement Canada (PSPC) provides the day-to-day administration of the Fund. The Office of the Chief Actuary (OCA) of the Office of the Superintendent of Financial Institutions (OSFI) performs periodic actuarial valuations of the Fund.

All monetary transactions of the Fund are made through a specified purpose account in the Consolidated Revenue Fund (CRF).

The Fund is accounted for using the standards applicable to a defined benefit pension plan as described in Note 2(a).

(b) Funding policy

All eligible members have now retired and, as such, there are no more active members contributing to the Fund; however, retired members may continue to make instalment payments in respect of previous elections made before their retirement.

The Act directs the Minister of Finance to have an actuarial valuation for funding purposes prepared at least every five years. If the actuarial valuation discloses a surplus, the Governor in Council may, by order, increase the benefit payments. If there is an actuarial deficiency, the Governor in Council may direct that there be amounts transferred to the Fund, out of any unappropriated moneys in the CRF, as may be required to re-establish the solvency of the Fund.

(c) Survivor benefit payments

The following benefits, as applicable, are payable on the death of a member who has made the scheduled contributions and has left them in the Fund.

i. Widow's pension benefit

The widow is entitled to the pension purchased by the member. In many cases the pension benefit equals approximately 1.5% of the member's final pension benefit payment multiplied by his years of credited service. The pension benefit is payable for life with a guarantee that the total payments shall be no less than the member's contributions.

ii. Lump sum benefits

If a member is not survived by a widow, a lump sum payment is made to the dependants and relatives of the member who are, in the opinion of the Minister, best entitled to share the benefit.

iii. Benefit limitations

Under certain circumstances, the basic death benefits payable to a surviving widow are reduced. This can occur when a member marries after age 60; in that case, the value of the pension to the widow cannot exceed the lump sum payable if he were not survived by a widow.

**Royal Canadian Mounted Police (Dependants) Pension Fund**—*continued***Notes to the financial statements for the year ended March 31, 2018**—*continued*

## (d) Dividends on survivor benefit payments

The *Act* provides that if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may, by order, increase the benefits provided under Part IV of the *Act* in such manner as may appear equitable and expedient. The authority of the Governor in Council is delegated to the Treasury Board under section 7(2) of the *Financial Administration Act*.

To date, most of these benefit increases have taken the form of proportionate dividends applied to all basic death benefits, both accrued and prospective.

## (e) Withdrawal of contributions

A retired member who did not elect to withdraw his contributions from the Fund upon retirement retains the right to do so at any time thereafter; however, all his rights under Part IV of the *Act* and those of his dependants shall cease upon such election. All returns of contributions are made without interest.

**2. Significant accounting policies**

## (a) Basis of presentation

These financial statements present information on the Fund as a separate financial reporting entity independent of the sponsor and Fund members, on a going concern basis. They are prepared to assist Fund members and others in reviewing the activities of the Fund for the year, but they are not meant to portray the funding requirements of the Fund.

These financial statements are prepared in Canadian dollars, the Fund's functional currency, in accordance with Canadian accounting standards for pension plans in Part IV of the Chartered Professional Accountants (CPA) Canada Handbook, Section 4600. Section 4600 provides specific accounting guidance on investments and pension obligations.

For accounting policies that do not relate to either investments or pension obligations, the Fund complies with International Financial Reporting Standards (IFRS) in Part I of the CPA Canada Handbook. To the extent that IFRS in Part I is inconsistent with Section 4600, Section 4600 takes precedence.

The financial statements for the year ended March 31, 2018, were authorized for issue by the signatories on July 27, 2018.

## (b) Significant accounting policies

The significant accounting policies are as follows:

## i. Survivor benefit payments

Benefits are recognized on an accrual basis as a reduction of pension obligations and net assets available for benefits upon the death of a member who has made the scheduled contributions and has left them in the Fund or upon the death of a widow.

## ii. Pension obligations

The pension obligations are determined based on the most recent actuarial valuation for funding purposes prepared by the OCA. The valuation is updated annually based on data as at the financial statement date. The pension obligations are equal to the value of all future benefits payable, discounted in accordance with actuarial assumptions, which are based on management's best estimate assumptions.

## iii. Services provided without charges and related party transactions

The Fund does not record the value of administrative services it receives without charge from various government departments and agencies as they are insignificant in the context of the financial statements taken as a whole. These services include the following:

- Financial management and other support services from the RCMP;
- Actuarial valuation and other services from the OCA;
- Office of the Auditor General of Canada audit costs.

## Royal Canadian Mounted Police (Dependants) Pension Fund—continued

### Notes to the financial statements for the year ended March 31, 2018—continued

#### (c) Sources of estimation uncertainty

In preparing these financial statements, management uses estimates and assumptions that primarily affect the reported amounts of liabilities and related disclosures.

In making estimates and using assumptions, management relies on external information and observable conditions where possible. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ significantly from the estimates and assumptions.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The pension obligations are the most significant item where estimates and assumptions are used. The pension obligations depend on a number of factors that are determined on an actuarial basis using a number of estimates and assumptions, such as discount rates (future interest rates used to credit the Fund), mortality rates, proportion of members married, and age of new widows. The Fund consults with external actuaries from the OCA regarding these estimates and assumptions annually. Any changes will impact the carrying amount of the pension obligations. Details of these estimates and assumptions have been disclosed in Note 4.

### 3. Pension benefits payable

Pension benefits payable represent the lump sum benefits that became payable upon the death of members or widows during the year but had not yet been approved by the Minister for payment. At March 31, 2018, the pension benefits payable were \$75,901 (2017 – \$334,983).

### 4. Pension obligations

The pension obligations are determined based on the most recent actuarial valuation prepared for funding purposes. Actuarial valuations for funding purposes are to be performed not more than five years apart. The most recent actuarial valuation for funding purposes was conducted as of March 31, 2016, and tabled in Parliament on January 18, 2017. The next actuarial valuation for funding purposes as of March 31, 2019 will be tabled in Parliament in 2020.

The most recent actuarial valuation for funding purposes disclosed an actuarial surplus of \$1,348,000. On April 13, 2017, an Order in Council approved that a portion of this surplus be distributed by annual effective increases in the pension amount of 1.9% as at April 1, 2018, and 1.9% as at April 1, 2019, and by increases to lump sum death benefits and residual payments.

The remaining balance of the actuarial surplus is intended to be used over the remaining life of the Fund for the payment of increases in the pension benefits. At March 31, 2018, the average age of members was estimated to be 92.4 years and the average age of widows was estimated to be 90.0 years. The remaining life of the Fund was estimated at 29 years based on the statutory actuarial valuation as at March 31, 2016.

Management's best estimate assumptions used in the determination of the pension obligations include economic and non-economic assumptions. The non-economic assumptions include considerations such as mortality rates, proportion of members married, and age of new widows. Mortality rates for members are based on mortality rates for male Regular Members from the actuarial report on the pension plan for the Royal Canadian Mounted Police as at March 31, 2015. Mortality rates for widows are based on those of the 2014 Canadian Pensioners Mortality Table (CPM2014). Mortality rates are reduced in the future with the same mortality improvement assumptions made for the *Actuarial Report on the Canada Pension Plan* as at the date of the actuarial valuation for funding purposes. The primary economic assumptions relate to future interest rates used to credit the Fund. The interest rate is derived from the yield on a notional long-term portfolio of 20-year Government of Canada bonds issued at prescribed interest rates and held to maturity, as at the date of the actuarial valuation for funding purposes. The assumptions are evaluated for continued relevancy.

The valuation of pension obligations is updated annually for transactions occurring during the period, including experience gains due to changes in the Fund's member and widow population. The information in these financial statements is based on this annual updated valuation of pension obligations conducted as at March 31, 2018. At that date, the present value of pension obligations was \$12,726,596 (2017 - \$14,390,621).

The interest rate for the year-ended March 31, 2018, is 4.2% (2017 – 4.4%) per annum. The expected long-term interest rate is estimated to decline to 3.1% (2017 – 3.1%) per annum by the year 2031 (2017 – by the year 2031) and to rise to an ultimate level of 4.6% (2017 – 4.6%). Variations in any of these assumptions can result in a significantly higher, or lower, estimate of the liability.

During the year, no amendments were made to the Fund (2017 – nil).

**Royal Canadian Mounted Police (Dependants) Pension Fund—concluded**

Notes to the financial statements for the year ended March 31, 2018—concluded

**5. Deficit to be financed by the Government of Canada**

All transactions of the Fund are made through a specified purpose account in the CRF and are reported in the Public Accounts of Canada. This includes receiving contributions, recording interest earned on the Fund and paying survivor benefits.

The government has a statutory obligation to pay benefits relating to the Fund. This pension obligation is to the survivors of the participants who contributed to the Fund over the years. However, if the Fund is substantially in excess of the amount required to make adequate provision for the prospective payments, the Governor in Council may increase benefits in order to disburse the surplus to the survivors. As a result, the government has an obligation to the beneficiaries for the balance of the Fund as reported in the specified purpose account.

The following table illustrates these obligations as at March 31:

(in Canadian dollars)

	2018	2017
<b>Opening balance, specified purpose account</b> .....	<b>15,791,975</b>	<b>17,672,931</b>
Receipts and other credits .....	622,707	741,324
Payments and other charges .....	(2,359,110)	(2,622,280)
<b>Closing balance, specified purpose account</b> .....	<b>14,055,572</b>	<b>15,791,975</b>
Deficit to be financed by the Government of Canada.....	(12,802,497)	(14,725,604)
<b>Excess owed to beneficiaries</b> .....	<b>1,253,075</b>	<b>1,066,371</b>

**6. Changes in Actuarial Assumptions**

Changes in actuarial assumptions include changes to widow mortality, long term Fund yield and member mortality assumptions. At March 31, 2018, the pension obligations increased by nil (2017 – \$282,283) as a result of the changes in actuarial assumptions.



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# Section 7

*Public Accounts of Canada  
2017–2018*

## **Cash and accounts receivable as at March 31**

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## Cash and accounts receivable

This section contains information on accounts reported on the Consolidated Statement of Financial Position under Cash and accounts receivable.

**Table 7.1**

### Cash and accounts receivable

(in dollars)

	2018	2017
Cash and cash equivalents, Table 7.2 .....	34,642,001,326	36,499,851,457
Taxes receivable, Table 7.3 .....	123,034,761,237	110,513,892,571
Other accounts receivable, Table 7.5 .....	15,529,352,271	11,041,333,476
<b>Total cash and accounts receivable .....</b>	<b>173,206,114,834</b>	<b>158,055,077,504</b>

## Cash and cash equivalents

Cash consists of public moneys on deposit and cash in transit at March 31. Cash in bank consists of public moneys on deposit to the credit of the Receiver General for Canada, with the Bank of Canada, chartered banks and other financial institutions. Cash with the Bank of Canada includes operational balances and balances held for the Prudential Liquidity Fund. Cash in transit consists of public moneys received by public officers prior to April 1, but not deposited by that date as well as cash held by consolidated Crown corporations and other entities. Outstanding cheques and warrants are deducted to arrive at the closing cash balance.

Cash equivalents consist mainly of term deposits resulting from auctions administered by the Bank of Canada and the Department of Finance on behalf of the Minister of Finance. The short term deposits, denominated in Canadian dollars, are made from a portion of the daily surplus of cash balance and have a short term maturity, usually not exceeding 31 calendar days.

**Table 7.2**

### Cash and cash equivalents

(in dollars)

	2018	2017
<b>Cash in bank</b>		
Canadian currency <sup>1</sup> .....	21,832,047,816	22,506,060,234
Foreign currencies <sup>2</sup> .....	532,357,637	1,146,895,404
Special deposits <sup>3</sup> .....	50,000,000	50,000,000
<b>Total cash in bank .....</b>	<b>22,414,405,453</b>	<b>23,702,955,638</b>
<b>Cash in transit</b>		
Cash in hands of collectors and in transit .....	9,378,842,987	9,651,966,363
Other cash—Consolidated Crown corporations and other entities <sup>4</sup> .....	1,074,286,000	1,104,872,000
<b>Total cash in transit .....</b>	<b>10,453,128,987</b>	<b>10,756,838,363</b>
<b>Less: Outstanding cheques and warrants</b>		
Outstanding cheques <sup>5</sup> .....	4,771,471,491	4,284,882,440
Imprest account cheques <sup>6</sup> .....	97,623	96,104
<b>Total outstanding cheques and warrants .....</b>	<b>4,771,569,114</b>	<b>4,284,978,544</b>
<b>Total cash .....</b>	<b>28,095,965,326</b>	<b>30,174,815,457</b>
<b>Cash equivalents .....</b>	<b>6,546,036,000</b>	<b>6,325,036,000</b>
<b>Total cash and cash equivalents .....</b>	<b>34,642,001,326</b>	<b>36,499,851,457</b>

<sup>1</sup> Included in Canadian currency is \$20 billion (\$20 billion in 2017) with respect to the Prudential Liquidity Fund.

<sup>2</sup> These balances denominated in US dollars include cash and cash equivalents which have been translated into Canadian dollars at March 31.

<sup>3</sup> These are balances in the hands of financial institutions for the reimbursement of GST refund payments issued by the Ministère du Revenu du Québec on behalf of the Government.

<sup>4</sup> These funds are not public moneys to the credit of the Receiver General for Canada but are for the exclusive use of consolidated Crown corporations and other entities.

<sup>5</sup> Receiver General cheques issued in Canadian dollars, and outstanding are recorded in this account. Cheques outstanding for 10 years are transferred to other revenues. During the year, an amount of \$57,457,192 (\$59,396,815 in 2017) was transferred to other revenues. Cheques in foreign currencies are credited to the Government's cash account at the time of issue.

<sup>6</sup> Imprest account cheques issued and unpaid at March 31, with the exception of those outstanding for 10 years or more (which have been transferred to other revenues), are recorded in this account.

## Taxes receivable

Taxes receivable include amounts assessed by Canada Revenue Agency and the Canada Border Services Agency but not yet collected, as well as estimates of unassessed taxes at year end. Amounts receivable also include related amounts for interest and penalties.

Taxes receivable include taxes, premiums and contributions collectable on behalf of others such as provincial and territorial governments and the Canada Pension Plan. These amounts have also been included in liabilities.

The Government establishes an allowance for doubtful accounts to reduce the carrying value of the taxes receivable to amounts that approximate their net realizable value.

Table 7.3 presents taxes receivable by tax stream. Amounts receivable that are written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

**Table 7.3**  
**Taxes receivable as at March 31**

(in dollars)

	2018			2017		
	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable	Gross taxes receivable	Allowance for doubtful accounts	Net taxes receivable
Taxes receivable						
Income taxes receivable						
Individuals .....	67,171,698,839	7,241,492,017	59,930,206,822	59,810,970,827	7,061,549,731	52,749,421,095
Employers .....	21,449,069,560	1,100,857,198	20,348,212,362	21,592,364,767	1,181,565,295	20,410,799,472
Corporations .....	20,175,441,045	3,066,207,663	17,109,233,382	18,915,799,715	2,813,624,506	16,102,175,209
Non-residents .....	2,018,871,971	137,055,373	1,881,816,598	1,728,906,637	141,619,019	1,587,287,618
Goods and services taxes receivable .....	23,880,438,148	2,441,049,452	21,439,388,696	20,280,560,582	2,502,246,028	17,778,314,554
Customs import duties receivable .....	636,363,253	59,197,704	577,165,549	603,622,255	38,085,461	565,536,794
Other excise taxes and duties receivable .....	2,048,080,110	299,342,282	1,748,737,828	1,834,458,651	514,100,822	1,320,357,829
Total .....	137,379,962,926	14,345,201,689	123,034,761,237	124,766,683,433	14,252,790,862	110,513,892,571

**Table 7.4**  
**Aging of taxes receivable**

(in dollars)

	2018	2017
Taxes receivable		
Less than one year .....	90,654,668,405	80,193,932,239
1-2 .....	7,678,941,399	8,215,769,761
2-3 .....	6,797,321,768	5,731,393,837
3-4 .....	5,079,581,151	4,938,363,937
4-5 .....	4,937,795,246	4,789,695,152
Over 5 years .....	22,231,654,957	20,897,528,507
Total .....	137,379,962,926	124,766,683,433

Tax receivables based on estimates of unassessed taxes at year end are included in current receivables.

## Other accounts receivable

Other accounts receivable represent billed but uncollected amounts or accrued financial claims arising from amounts owed to the Government for use of its assets or from the proceeds for provision of services, and cash collateral pledged to counterparties, as of March 31, 2018.

Amounts receivable written off or forgiven are included in Section 2 of Volume III (Debts, obligations and claims written off or forgiven).

**Table 7.5**  
**Other accounts receivable as at March 31**

(in dollars)

	2018			2017		
	Gross receivables	Allowance for doubtful accounts	Net receivables	Gross receivables	Allowance for doubtful accounts	Net receivables
Other receivables .....	8,132,888,514	1,294,842,805	6,838,045,709	6,544,841,070	2,366,534,119	4,178,306,951
Cash collateral pledged to counterparties <sup>1</sup> .....	8,716,110,562	–	8,716,110,562	6,873,298,525	–	6,873,298,525
Less: Consolidation adjustment.....	24,804,000	–	24,804,000	10,272,000	–	10,272,000
<b>Total .....</b>	<b>16,824,195,076</b>	<b>1,294,842,805</b>	<b>15,529,352,271</b>	<b>13,407,867,595</b>	<b>2,366,534,119</b>	<b>11,041,333,476</b>

<sup>1</sup> Cash collateral pledged to counterparties represents collateral support under International Swaps and Derivatives Association (ISDA) master agreements in respect of outstanding cross-currency swap arrangements.

**Table 7.6**  
**Aging of other accounts receivable**

(in dollars)

	2018	2017
Not past due .....	5,350,476,336	2,801,023,064
Number of days past due		
1-30 .....	281,659,594	241,522,210
31-60 .....	89,668,743	71,681,132
61-90 .....	50,243,376	55,101,933
91-365 .....	324,730,892	310,071,228
Over 365 .....	741,266,768	698,907,384
<b>Total .....</b>	<b>6,838,045,709</b>	<b>4,178,306,951</b>
Cash collateral pledged to counterparties .....	8,716,110,562	6,873,298,525
Less: Consolidation adjustment.....	24,804,000	10,272,000
<b>Total .....</b>	<b>15,529,352,271</b>	<b>11,041,333,476</b>

# Section 8

*Public Accounts of Canada*  
*2017–2018*

## **Foreign exchange accounts as at March 31**

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## Foreign exchange accounts

Foreign exchange accounts represent financial claims and obligations of the Government as a result of Canada's foreign exchange operations. Financial claims and obligations denominated in foreign currencies are reported at Canadian dollar equivalents at March 31. Investment income from the foreign exchange accounts and net gains and losses resulting from the translation of the net assets denominated in foreign currencies, to Canadian dollar equivalents as at March 31, are recorded in foreign exchange net revenues on the Consolidated Statement of Operations and Accumulated Deficit.

Table 8.1 presents the continuity of each foreign exchange account, by showing the opening and closing balances, as well as payments and other charges and receipts and other credits. It should be noted, however, that this table excludes unmatured debt payable in foreign currencies, amounting to \$16,049 million as at March 31, 2018 (\$17,609 million as at March 31, 2017); details relating to these obligations are presented in Table 6.1 of Section 6 of this volume. A narrative description is provided for accounts reported in some tables. Such descriptions follow the same presentation order as their respective tables.

**Table 8.1**  
**Foreign exchange accounts**

(in dollars)

	April 1, 2017	Payments and other charges	Receipts and other credits	March 31, 2018
International reserves held in the Exchange Fund Account, Table 8.2.....	106,667,576,264	28,344,804,453	29,582,535,430	105,429,845,287
International Monetary Fund—Subscriptions.....	19,892,296,833	754,365,000	–	20,646,661,833
International Monetary Fund—Loans .....	1,125,087,045	27,159,859	376,866,304	775,380,600
	<i>127,684,960,142</i>	<i>29,126,329,312</i>	<i>29,959,401,734</i>	<i>126,851,887,720</i>
Less:				
International Monetary Fund—Notes payable .....	18,082,200,000	1,021,487,288	1,638,502,288	18,699,215,000
Special drawing rights allocations .....	10,805,311,441	–	409,764,000	11,215,075,441
	<i>28,887,511,441</i>	<i>1,021,487,288</i>	<i>2,048,266,288</i>	<i>29,914,290,441</i>
Total .....	98,797,448,701	30,147,816,600	32,007,668,022	96,937,597,279

## International reserves held in the Exchange Fund Account

This account records the moneys advanced from the Government to the Exchange Fund Account, in Canadian and other currencies, for the purchase of gold, foreign currencies and securities, and special drawing rights (SDRs).

The Exchange Fund Account is operated under the provisions of the *Currency Act*. The financial statements at March 31, 2018, are found at the end of this section.

In 2018, payments and other charges consisted of advances to the Exchange Fund Account in the amount of \$25,373 million, a net valuation adjustment of \$1,259 million and an adjustment of \$1,713 million to recognize the net income of the Exchange Fund Account for the period April 1, 2017, to March 31, 2018. Receipts and other credits consisted of repayments of advances of \$29,583 million.

**Table 8.2**  
**International reserves held in the Exchange Fund Account**

(in millions of dollars)

	2018	2017
US dollar cash and cash equivalents.....	878	11,819
US dollar short-term deposits.....	–	67
US dollar marketable securities.....	61,336	53,723
Euro cash and cash equivalents.....	114	2,188
Euro marketable securities.....	20,620	17,937
British pound sterling cash and cash equivalents.....	140	131
British pound sterling marketable securities.....	10,433	9,294
Japanese yen cash and cash equivalents.....	143	8
Japanese yen marketable securities.....	1,216	1,323
Special drawing rights.....	10,550	10,178
<b>Total.....</b>	<b>105,430</b>	<b>106,668</b>
Advances by the Consolidated Revenue Fund were denominated as follows:		
US dollar.....	64,376	67,839
Euro.....	19,910	18,750
British pound sterling.....	10,453	9,385
Japanese yen.....	1,322	1,305
Special drawing rights (2018, SDR 3,435 million; 2017, SDR 3,435 million).....	6,433	6,198
Canadian dollar.....	1,223	1,194
<b>Total advances from the Consolidated Revenue Fund.....</b>	<b>103,717</b>	<b>104,671</b>
Total net revenue for the year.....	1,713	1,997
<b>Total.....</b>	<b>105,430</b>	<b>106,668</b>



## International Monetary Fund

### Subscriptions

This account records the value of Canada's subscription (its "quota") to the capital of the International Monetary Fund (IMF).

The amount by which the sum of Canada's subscriptions plus loans to the IMF under special facilities exceeds the IMF's holdings of Canadian dollars represents the amount of foreign exchange which Canada is entitled to draw from the IMF on demand for balance of payments purposes. The subscription is expressed in terms of SDR, a unit of account defined in terms of a "basket" of five major currencies, the Euro, the US dollar, the British pound sterling, the Japanese yen and the Chinese renminbi.

Canada has accumulated its subscriptions through settlements to the IMF in Canadian dollars, gold and SDRs. Annual maintenance of value payments are made to, or received from, the IMF when the Canadian dollar depreciates or appreciates against the SDR, in order to maintain the SDR-value of the IMF's holdings of Canadian dollars.

In 2018, payments and other charges consisted of a valuation adjustment of \$754 million.

### Loans

This account records the value of interest-bearing loans made under Canada's multilateral and bilateral lending arrangements with the IMF. The purpose of these arrangements is to provide temporary resources to the IMF which works to promote economic growth and safeguard the stability of the international monetary system.

There are three outstanding lending arrangements with the IMF outside of the quota system: the multilateral New Arrangements to Borrow (NAB), the General Arrangements to Borrow (GAB) and the temporary bilateral borrowing agreement.

Canada's current participation in the NAB is governed by the November 2012 NAB Decision which incorporated technical amendments made as a result of the IMF's 14th General Review of Quotas. The maximum lending by Canada to the IMF under these arrangements is SDR 3,874 million. As at March 31, 2018, SDR 414 million or \$775 million (SDR 623.5 million or \$1,125 million in 2017) in lending has been provided by Canada to the IMF under the NAB. Canada recently renewed its participation in the NAB for another five year period pursuant to the November 2016 NAB Decision (effective November 2017).

Canada also participates in the GAB which was most recently renewed in December 2013. The maximum lending by Canada to the IMF under these arrangements is limited to SDR 893 million. As at March 31, 2018, no lending had been provided to the IMF under the GAB.

In early 2017, Canada extended a temporary bilateral credit line to the IMF in the amount of SDR 8,200 million for a maximum period of four years, as part of a collective effort with 34 other nations to foster global economic and financial stability.

Collectively, the outstanding loans under multilateral and bilateral arrangements with the IMF cannot exceed SDR 12,967 million at any given time. This reflects the maximum commitment under the NAB, GAB and bilateral borrowing agreement.

At March 31, 2018, a total of SDR 414 million or \$775 million was outstanding under these arrangements. Amounts advanced under these arrangements are considered part of the Official International Reserves of Canada.

### Notes payable

This account records non-marketable, non-interest bearing notes issued by the Government to the IMF. These notes are payable on demand and are subject to redemption or re-issue, depending on the needs of the IMF for Canadian currency.

Canadian dollar holdings of the IMF include these notes and a small working balance (initially equal to one-quarter of one percent of Canada's subscription) held on deposit at the Bank of Canada. In 2018, notes payable to the IMF increased by \$617 million.

### Special drawing rights allocations

This account records the value of SDRs allocated to Canada by the IMF. The SDR is an international currency created by the IMF, and allocated to countries participating in its Special Drawing Rights Department. It represents a liability of Canada, as circumstances could arise whereby Canada could be called upon to repay these allocations, in part or in total.

As an asset, SDRs represent rights to purchase currencies of other countries participating in the IMF's Special Drawing Rights Department, as well as to make payments to the IMF itself. All SDRs allocated to Canada by the IMF have either been used to settle subscriptions in the IMF, or have been advanced to the Exchange Fund Account.

There was no allocation of SDRs by the IMF to Canada during the year. In 2018, receipts and other credits consisted of a valuation adjustment of \$410 million.

## Supplementary statement

### Exchange Fund Account

#### Statement of financial position (unaudited) as at March 31

(in millions of Canadian dollars)

	2018	2017
<b>Financial assets</b>		
Cash and cash equivalents (Note 2, Note 3).....	1,275	14,213
Investments (Note 2, Note 3)		
Marketable securities .....	93,605	82,277
Special drawing rights .....	10,550	10,178
Total investments .....	104,155	92,455
Total financial assets .....	105,430	106,668
<b>Liabilities</b>		
Due to the Consolidated Revenue Fund (Note 4).....	105,430	106,668

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

Paul Rochon  
Deputy Minister  
Department of Finance

Adelle Laniel, CPA, CA  
Chief Financial Officer  
Department of Finance

#### Statement of operations (unaudited) for the year ended March 31

(in millions of Canadian dollars)

	2018	2017
<b>Net revenue from investments</b>		
Marketable securities		
Interest .....	1,107	1,098
Net gains on sale of marketable securities.....	88	1,002
Transaction costs and other .....	(2)	(2)
Interest on cash and cash equivalents.....	94	37
Interest on special drawing rights .....	66	15
Total net revenue from investments .....	1,353	2,150
<b>Other</b>		
Net foreign exchange (loss) gain .....	360	(153)
<b>Net revenue for the year (Note 2) .....</b>	<b>1,713</b>	<b>1,997</b>

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

## Exchange Fund Account—continued

Notes to the financial statements for the year ended March 31, 2018 (unaudited)

### 1. Authority and objectives

The Exchange Fund Account (the Account) is governed by Part II of the *Currency Act*. The Account is in the name of the Minister of Finance and is administered by the Bank of Canada as fiscal agent. The *Financial Administration Act* does not apply to the Account.

The legislative objectives of the Account are to aid in the control and protection of the external value of the Canadian dollar and to provide a source of liquidity for the Government, if required. The Minister of Finance empowers the Account to acquire, borrow, sell or lend assets deemed appropriate for this purpose, in accordance with the Account's *Statement of Investment Policy*.

Assets held in the Account are managed to provide liquidity to the Government and to promote orderly conditions for the Canadian dollar in foreign exchange markets, if required. Canada's current policy is to intervene in foreign exchange markets on a discretionary, rather than a systematic basis and only in the most exceptional of circumstances. Since September 1998, no transactions have been aimed at moderating movements in the value of the Canadian dollar.

In accordance with the *Currency Act*, the net revenue for the year is paid to or charged to the Consolidated Revenue Fund (CRF) of the Government of Canada within three months after the end of the fiscal year, and the Minister of Finance reports to Parliament on the operations of the Account within the first 60 days on which Parliament is sitting after the end of the fiscal year. These statements have been prepared by the Department of Finance.

### 2. Significant accounting policies

As stipulated in the *Currency Act*, the financial statements of the Account are prepared in a manner consistent with the accounting policies used by the Government of Canada to prepare its financial statements.

#### (a) Revenue recognition

Revenue from investments is recognized on an accrual basis and includes interest earned (including the amortization of premiums and discounts), gains or losses on sales of securities, and revenues from securities-lending activities. Interest is accrued on short-term deposits, deposits held under repurchase agreements, marketable securities, and special drawing rights (SDRs).

#### (b) Expense recognition

The Account's administrative, custodial, and fiscal agency services are provided and paid for by the Bank and the Department of Finance. These costs have not been recognized in the Statements.

In addition, the notional cost of the funding of the Account's assets and advances from the CRF is not recognized in the Statements.

#### (c) Financial assets

##### *Cash and cash equivalents*

Cash and cash equivalents consists of cash on hand and short-term deposits. Short-term deposits are measured at cost and are generally held to maturity. The resulting revenue is included in Interest on cash and cash equivalents.

##### *Deposits held under repurchase agreements*

Deposits held under repurchase agreements are measured at cost. The resulting revenue is included in net revenue from marketable securities. As of March 31, 2018, and March 31, 2017, the Account did not hold any deposits held under repurchase agreements.

##### *Marketable securities*

Purchases and sales of securities are recognized at the settlement dates. Marketable securities are measured at cost and are adjusted for amortization of purchase discounts and premiums on a straight-line basis over the term to maturity of the security. The carrying value of marketable securities includes accrued interest.

On de-recognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in Net revenue for the year.

For short-term deposits, deposits held under repurchase agreements and marketable securities, the Bank assesses at the end of each reporting period whether there is an other-than-temporary impairment in value. Once impaired, these assets are re-measured at their recoverable amount with the amount of the impairment recognized in Total net revenue from investments in the Statement of operations.

**Exchange Fund Account—continued****Notes to the financial statements for the year ended March 31, 2018 (unaudited)—continued***Securities-lending program*

Under the securities-lending program, the Account has agency agreements with two major financial institutions. Loans of securities are effected on behalf of the Account by these agents, who guarantee the loans and obtain collateral of equal or greater value from approved counterparties. These transactions can range from 1 to 31 days in duration. The securities loaned continue to be accounted for as investment assets. Income on securities-lending transactions is included in Interest in the Statement of operations.

*Special drawing rights*

The SDR serves as the unit of account for the International Monetary Fund (IMF) and its value is based on a "basket" of five major currencies: the Euro, the US dollar, the British pound sterling, the Japanese yen, and the Chinese renminbi.

SDRs are initially recognized at cost and are subsequently re-measured at each reporting date into Canadian dollars at market exchange rates.

*Translation of foreign currencies and special drawing rights*

Assets denominated in foreign currencies and SDRs are translated into Canadian-dollar equivalents at the rates prevailing as of March 31, which were as follows:

	2018	2017
US dollar.....	1.2884	1.3299
Euro.....	1.5853	1.4189
Japanese yen.....	0.0121	0.0120
British pound sterling.....	1.8076	1.6662
SDRs.....	1.8729	1.8045

Gains or losses resulting from the translation of assets and advances from the CRF denominated in foreign currencies and SDRs, as well as from transactions throughout the fiscal year, are recognized as Net foreign exchange gain (loss) and are included in the Statement of operations.

Investment revenue in foreign currencies and SDRs is translated into Canadian-dollars at the foreign exchange rates prevailing on the date the revenue is earned.

**(d) Use of estimates and measurement uncertainty**

The preparation of the Statements requires management to make estimates and assumptions based on information available as of the date of the Statements. Significant estimates are primarily in the area of the fair values of financial instruments, including any impairment (Note 3).

**Exchange Fund Account—continued**

Notes to the financial statements for the year ended March 31, 2018 (unaudited)—continued

**3. Financial instruments****Fair value of financial assets as at March 31**

(in millions of Canadian dollars)

	2018		2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents				
US dollar .....	878	878	11,819	11,819
Euro .....	114	114	2,188	2,188
Japanese yen .....	143	143	8	8
British pound sterling .....	140	140	131	131
Short-term deposits .....	—	—	67	67
Total cash and cash equivalents .....	1,275	1,275	14,213	14,213
Investments				
Marketable securities				
US dollar .....	61,336	60,291	53,723	53,333
Euro .....	20,620	20,681	17,937	18,100
Japanese yen .....	1,216	1,219	1,323	1,328
British pound sterling .....	10,433	10,646	9,294	9,751
Total marketable securities .....	93,605	92,837	82,277	82,512
SDRs .....	10,550	10,550	10,178	10,178
Total investments .....	104,155	103,387	92,455	92,690
Total financial assets .....	105,430	104,662	106,668	106,903

The estimated fair value of cash and cash equivalents approximates their carrying value, given their short term to maturity.

The estimated fair values of marketable securities are based on quoted market prices and include accrued interest. If such prices are not available, the fair value is determined by discounting future cash flows using an appropriate yield curve. During the year, and in the prior year, no marketable securities were written down to reflect an other-than-temporary impairment in value.

Since SDRs are translated into Canadian-dollar equivalents at the rates prevailing at the Statements' date, the carrying value approximates fair value on the reporting date.

**Exchange Fund Account—continued****Notes to the financial statements for the year ended March 31, 2018 (unaudited)—continued****Credit risk**

Credit risk is the risk that a counterparty to a financial contract will cause a loss to the Account by failing to discharge its obligations in accordance with agreed upon terms.

To ensure that the Account's asset portfolio is prudently diversified with respect to credit risk, the *Statement of Investment Policy* prescribed by the Minister of Finance specifies limits on holdings by class of issuer (sovereign, agency, supranational, corporation or commercial financial institution), by any one issuer or counterparty, and by type of instruments.

The *Statement of Investment Policy* also specifies the treatment of holdings that do not meet eligibility criteria or limits due to exceptional circumstances such as ratings downgrades.

With respect to the *Statement of Investment Policy*, the Account may hold fixed income securities of highly rated sovereigns, central banks, government-supported entities and supranational organizations. To be eligible for investment, an entity must have an acceptable credit rating based on external credit ratings and internal credit analysis. The Account may also make deposits and execute other transactions, up to prescribed limits, with commercial financial institutions that meet the same rating criteria.

As stipulated in the *Currency Act*, the Minister of Finance may appoint agents to perform services concerning the Account. Through the securities-lending program, agents can lend securities only up to a prescribed maximum amount and only to a list of approved counterparties. Each borrower must enter into a Securities Loan Agreement with at least one of the agents. Borrowers are also required to provide collateral for securities borrowed, according to a specific list approved by the Government. Collateral is limited to specific security types, terms to maturity, and credit ratings.

The agents also provide an indemnity in the event of default by the borrower. The Account enters into securities lending transactions in order to increase its return on investments.

**Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk, and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or currency risk. The Account is not exposed to significant other price risk.

Interest rate and currency risks are managed, with due consideration of the risk to the Government of Canada, through the asset-liability management policy. This policy utilizes a strategy of matching the duration structure and the currency of the Account's assets with the foreign currency borrowings of the Government of Canada that notionally finance the Account's assets. Other price risks are mitigated by holding high quality liquid assets.

**Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk is minimized by limiting the portion of the Government of Canada's foreign liabilities that needs to be renewed within a one-year period. In addition, liquidity risk is mitigated by holding short-term investments that are matched to the Government of Canada's maturing liabilities in foreign currencies.

**Securities lending**

As at March 31, 2018, there were no loaned securities in the EFA's investments (nil at March 31, 2017).

**Exchange Fund Account—concluded**

Notes to the financial statements for the year ended March 31, 2018 (unaudited)—concluded

**4. Due to the Consolidated Revenue Fund (CRF)**

The Account is funded by the Government of Canada through interest-free advances from the CRF. Advances to the Account from the CRF are authorized by the Minister of Finance under the terms and conditions prescribed by the Minister of Finance. Pursuant to Section 19 of the *Currency Act*, these advances are limited to US\$150 billion by order of the Minister of Finance effective March 26, 2015.

The CRF advances the proceeds of the Government of Canada's borrowings in foreign currencies and allocations of SDRs by IMF to the Account. Subsequent repayments of foreign currency debt are made using the assets of the Account and result in reductions of foreign currency advances from the CRF.

The Account requires Canadian-dollar advances to settle its purchases of foreign currencies. Canadian dollars received from sales of foreign currencies are remitted to the CRF. This, together with foreign currency payments made on behalf of the Government of Canada, causes reductions in the level of outstanding Canadian-dollar advances and can result in overall net deposits of Canadian-dollars by the Account with the CRF.

At March 31, advances from the CRF were composed of the following currencies:

**Currency composition of advances from the CRF**

(in millions of Canadian dollars)

	2018	2017
US dollar.....	64,376	67,839
Euro.....	19,910	18,750
British pound sterling.....	10,453	9,385
Japanese yen.....	1,322	1,305
SDRs.....	6,433	6,198
Subtotal—Foreign currencies.....	102,494	103,477
Canadian dollar.....	1,223	1,194
Net revenue.....	1,713	1,997
<b>Total.....</b>	<b>105,430</b>	<b>106,668</b>

# Section 9

## *Public Accounts of Canada 2017–2018*

### **Loans, investments and advances as at March 31**

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## Loans, investments and advances

Loans, investments and advances is a category of financial claims represented by debt instruments and ownership interests acquired through the use of parliamentary appropriations, except for the portion of the investment balances representing adjustments for the equity of enterprise Crown corporations and other government business enterprises. Some of these appropriations permit repayments to be used for further loans and advances. Details of the use of non-budgetary appropriations, for loans, investments and advances, can be found in the ministerial sections of Volume II.

The investment in enterprise Crown corporations and other government business enterprises is accounted for under the modified equity method and is carried at cost which is adjusted for the annual profits or losses of the enterprises and reduced by any dividends paid by the corporations to the Government. Under the modified equity method, the accounting policies of the enterprise Crown corporations and other government business enterprises are not adjusted to conform to the Government's accounting policies. The Government also reports any amounts receivable from or payable to these corporations and where the Government has advanced funds to the corporations to support their direct lending activities, the amounts are recorded as loans and advances by the Government.

Other loans, investments and advances are initially recorded at cost and are subject to annual valuation to reflect reductions from the recorded value to the approximate net recoverable value. Foreign currency transactions are translated and recorded in Canadian dollar equivalents at the exchange rates prevailing at the transaction dates. Balances of loans, investments and advances resulting from foreign currency transactions are reported at year-end closing rates of exchange; net gains and losses related to these sovereign loans are presented with the return on investments from these loans under other program revenues.

The allowance established to reflect reductions from the recorded value to the approximate net recoverable value of financial claims held by the Government has been authorized by the Minister of Finance and the President of the Treasury Board, under subsection 63(2) of the *Financial Administration Act*.

Revenues received during the year on loans, investments and advances, are credited to other revenues; details are provided in Section 3 of this volume and in Section 10 of Volume III.

**Table 9.1**  
**Loans, investments and advances**

(in dollars)

	April 1, 2017	Payments and other charges	Receipts and other credits	March 31, 2018
Enterprise Crown corporations and other government business enterprises, Table 9.2.....	99,426,676,474	49,244,321,593	47,895,499,567	100,775,498,500
Portfolio investments, Table 9.10.....	73,406,369	–	4,947,216	68,459,153
National governments including developing countries, Table 9.11.....	1,014,736,279	62,244,901	139,806,495	937,174,685
International organizations, Table 9.12.....	21,864,612,428	1,239,857,575	353,106,163	22,751,363,840
Provincial and territorial governments, Table 9.13.....	292,937,289	119,874,000	21,714,498	391,096,791
Other loans, investments and advances, Table 9.14.....	29,565,331,272	6,078,044,643	6,837,491,595	28,805,884,320
	152,237,700,111	56,744,342,712	55,252,565,534	153,729,477,289
Less: allowance for valuation.....	28,231,696,539	1,456,691,694	2,330,503,142	27,357,885,091
Total.....	124,006,003,572	55,287,651,018	52,922,062,392	126,371,592,198

## Enterprise Crown corporations and other government business enterprises

Loans and advances to, and investments in, enterprise Crown corporations and other government business enterprises represent the balance of financial claims held by the Government against corporations and enterprises for working capital, capital expenditures and other purposes, investments in the capital stock of corporations, and loans and advances to corporations and enterprises for re-lending.

A Crown corporation means a parent Crown corporation or a wholly-owned subsidiary; a parent Crown corporation is wholly-owned directly by the Crown; a wholly-owned subsidiary is wholly-owned by one or more parent Crown corporations directly or indirectly through any number of subsidiaries.

Enterprise Crown corporations are a type of government business enterprise and are defined as those Crown corporations which are not dependent on parliamentary appropriations and whose principal activity and source of revenue is the sale of goods and services to outside parties. These include select Crown corporations listed in Part I, all the Crown corporations listed in Part II of Schedule III of the *Financial Administration Act* and the Bank of Canada. Although a Crown corporation, the Canada Pension Plan Investment Board is not part of the Government reporting entity since its mandate is to manage an investment portfolio on behalf of the Canada Pension Plan which is itself excluded from the reporting entity.

There are also a number of self-sustaining government business enterprises that are not considered Crown corporations, but which are controlled by the Government and in most cases accountable to Parliament through a Minister of the Crown for the conduct of their affairs. These are referred to as “other government business enterprises” and include the various Canada Port Authorities.

Most of the enterprise Crown corporations and other government business enterprises are agents of Her Majesty for the conduct of all or part of their activities. This status is granted in one of the following ways:

- designation by Parliament, through a special act of incorporation;
- statutory authorization; or
- proclamation by the *Government Corporations Operation Act*.

Further information on the business and activities of all parent Crown corporations and information on all Crown corporations and other corporate interests of Canada is provided in the annual report entitled *Inventory of Federal Organizations and Interests*. Audited financial statements of parent Crown corporations are made available and published on their respective websites.

**Table 9.2**  
**Enterprise Crown corporations and other government business enterprises**

(in thousands of dollars)

	April 1, 2017	Payments and other charges	Receipts and other credits	March 31, 2018
<b>Investments</b>				
Investments and accumulated profits/losses, Table 9.4 .....	48,062,252	6,206,171	7,993,670	46,274,753
<b>Loans and advances<sup>1</sup></b>				
Families, Children and Social Development				
Canada Mortgage and Housing Corporation				
Housing .....	1,920,524	3,463	386,052	1,537,935
Joint projects .....	442,702	–	34,067	408,635
Real estate .....	9,110	–	209	8,901
Sewage treatment projects .....	16,451	–	2,650	13,801
Student housing projects .....	48,164	–	10,326	37,838
	2,436,950	3,463	433,305	2,007,109
Finance				
Department of Finance				
Business Development Bank of Canada .....	18,810,600	26,065,000	24,405,600	20,470,000
Canada Lands Company Limited .....	455,530	12,000	–	467,530
Canada Mortgage and Housing Corporation.....	7,374,211	1,893,732	2,587,970	6,679,973
Farm Credit Canada .....	25,683,700	14,781,500	12,456,700	28,008,500
	52,324,041	42,752,232	39,450,270	55,626,003
Total—Loans and advances.....	54,760,992	42,755,695	39,883,575	57,633,112
Less:				
Loans expected to be repaid from future appropriations .....	3,353,430	264,492	–	3,088,938
Unamortized discounts and premiums .....	43,137	17,963	18,254	43,429
	3,396,567	282,455	18,254	3,132,366
Total .....	99,426,676	49,244,322	47,895,500	100,775,499

<sup>1</sup> These loans are recorded at cost.

## Advances to programs

### Canada Mortgage and Housing Corporation

The Corporation was incorporated, on January 1, 1946, by the *Canada Mortgage and Housing Corporation Act*. The Corporation's mandate, as stated in the *National Housing Act*, is to promote the construction, repair and modernization of housing, the improvement of housing and living conditions, housing affordability and choice, the availability of low-cost financing for housing, and the national well-being of the housing sector. Advances have been made to the Canada Mortgage and Housing Corporation to support various programs undertaken by the Corporation.

#### *Housing*

Advances made for moderate to low income housing bear interest at rates from 5.25% to 16.10% per annum, and are repayable over 1 to 50 years, with the final instalment due on March 31, 2037.

#### *Joint projects*

Advances made to undertake housing projects jointly with the provinces bear interest at rates from 5.25% to 17.96% per annum, and are repayable over 1 to 50 years, with the final instalment due on June 30, 2038.

#### *Real estate*

Advances made for the acquisition and development of real estate bear interest at rates from 10.07% to 15% per annum, and are repayable over 50 years, with the final instalment due on June 30, 2036.

#### *Sewage treatment projects*

Advances made to assist in the establishment or expansion of sewage treatment projects and the construction of trunk storm sewers bear interest at rates from 5% to 7.45% per annum, and are repayable over 20 to 50 years, with the final instalment due on March 31, 2023.

#### *Student housing projects*

Advances made for student housing projects bear interest at rates from 5.13% to 10.05% per annum, and are repayable over 20 to 50 years, with the final instalment due on April 1, 2030.

## Direct lending to Crown corporations

### Business Development Bank of Canada

The Business Development Bank of Canada (BDC) was established in 1974 by the *Federal Business Development Bank of Canada Act* and was continued under its current name by an act of Parliament on July 13, 1995. The Corporation is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*, and is not subject to the requirements of the *Income Tax Act*.

The role of the Corporation is to promote and assist in the establishment and development of business enterprises in Canada, with specific attention to small and medium-sized businesses. The Corporation provides a wide range of lending, investment and consulting services complementary to those of commercial financial institutions. The Corporation offers Canadian companies' services tailored to meet the current needs of small and medium-sized businesses while earning an appropriate return on investment capital, which is used to further the Corporation's activities.

Pursuant to Section 19 of the *Business Development Bank of Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Loans outstanding at year end bear interest at rates from 1.05% to 1.10% per annum.

### Canada Lands Company Limited

Canada Lands Company Limited (originally Public Works Lands Company Limited) was incorporated under the *Companies Act* in 1956 and was continued under the *Canada Business Corporations Act*. The Corporation is a Crown corporation named in Part I of Schedule III of the *Financial Administration Act*. The Corporation conducts its business through Canada Lands Company CLC Limited (CLC) and Parc Downsview Park (PDP), its principal wholly-owned subsidiaries. CLC and PDP's objective is to carry out a commercially oriented and orderly disposal program of certain Government real properties and the management of certain select properties. In undertaking this objective, CLC and PDP may manage, develop and dispose of real properties, either in the capacity of owner or as agent of the Government.

CLC and PDP have acquired an interest in a number of real properties from the Government in consideration for the issuance of promissory notes, which bear no interest and are repayable from the proceeds of the sale of the properties in respect of which they were issued. The notes were discounted using the Consolidated Revenue Fund lending rate applicable to Crown corporations and recorded at their discounted value.

During the year, a new note have been issued for an amount of \$12 million. An amount of \$5.8 million was amortized to income. The balance in the account represents the balance of the notes receivable net of the corresponding unamortized discount.

### Canada Mortgage and Housing Corporation

Pursuant to Section 21(1) of the *Canada Mortgage and Housing Corporation Act*, the federal government, at the request of the Corporation, may, out of the Consolidated Revenue Fund, lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Loans outstanding at year end bear interest at rates from 0.45% to 3.94% per annum.

### Farm Credit Canada

The Farm Credit Canada was established in 1959 by the *Farm Credit Canada Act* as the successor to the Canadian Farm Loan Board, and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Corporation is not subject to the requirements of the *Income Tax Act*.

The Corporation's role is to enhance rural Canada by providing business and financial solutions for farm families and agribusiness. Additionally, the Corporation may deliver specific programs for the Government of Canada on a cost recovery basis.

Pursuant to Section 12(2) of the *Farm Credit Canada Act*, the federal government, at the request of the Corporation, may lend money to the Corporation on any terms and conditions that the Minister of Finance may fix.

Loans outstanding at year end bear interest at rates from 0.32% to 3.84% per annum.

### Interest paid to the Government

Interest paid to the Government of Canada with respect to these loans in the years ended March 31, 2018 and 2017 is as follows:

(in millions of dollars)

	2018	2017
Business Development Bank of Canada.....	147.6	81.7
Canada Mortgage and Housing Corporation .....	402.9	511.0
Farm Credit Canada .....	221.3	140.9
Total .....	771.8	733.6

## **Summary financial statements of enterprise Crown corporations and other government business enterprises**

Enterprise Crown corporations and other government business enterprises are categorized as being either agents or non-agents of the Crown. In some situations, agent status may be restricted to certain designated activities of a corporation.

These tables present financial information on parent enterprise Crown corporations and other government business enterprises, as well as financial information on wholly-owned subsidiaries that are considered “deemed parent Crown corporations” and are excluded from the consolidated financial statements of their parent Crown corporations.

The tables summarize the financial transactions and results of operations of each enterprise Crown corporation and other government business enterprise in accordance with its own respective accounting policies. All enterprise Crown corporations and other government business enterprises prepare their financial statements based on International Financial Reporting Standards.

For those corporations having year ends other than March 31, the data are based on unaudited interim financial statements which have been prepared on a basis consistent with the most recent audited financial statements.

Table 9.3 and Table 9.4 present summarized financial information of enterprise Crown corporations and other government business enterprises. Balances reported under Government, Crown corporations and other entities represent those between related parties. Of note, borrowings from third parties represent amounts repayable to financial institutions and other investors. Revenues include financial assistance from the Government in respect of the current year’s operations, when applicable. Equity adjustments include prior period adjustments and other miscellaneous items recorded by the corporations and enterprises. Other comprehensive income or loss comprises certain unrealized gains and losses on financial instruments and certain actuarial gains and losses related to pensions and other employee future benefits which are recognized in comprehensive income but excluded from net income. Other comprehensive income is excluded from the calculation of the Government’s annual deficit. It is instead recorded directly to the Government’s accumulated deficit. Upon realization of the gains and losses on financial instruments, the associated amounts are reclassified to the profit or loss of enterprise Crown corporations and other government business enterprises and then, reflected in the government’s annual deficit. The actuarial gains and losses related to pensions and other employee future benefits are not reclassified. Equity transactions with the Government include dividends declared or transfers of profits to the Government, as well as equity contributions provided by the Government. Any unrealized inter-organizational gains and losses are eliminated as part of the modified equity accounting adjustment.

**Table 9.3**  
**Financial position of enterprise Crown corporations and other government business enterprises**  
**Assets, liabilities and equity as at March 31, 2018**

(in thousands of dollars)

Enterprise Crown corporations and other government business enterprises <sup>1</sup>	Assets			Total assets
	Financial		Non-financial	
	Third parties	Government, Crown corporations and other entities		
Atlantic Pilotage Authority .....	7,536	–	13,263	20,799
Bank of Canada .....	8,480,797	99,934,823	637,229	109,052,849
Business Development Bank of Canada.....	27,709,680	–	99,486	27,809,166
Canada Deposit Insurance Corporation.....	674,211	3,700,270	8,132	4,382,613
Canada Development Investment Corporation.....	301,769	124,266	195,509	621,544
Canada Lands Company Limited.....	553,673	111,888	563,562	1,229,123
Canada Mortgage and Housing Corporation .....	264,388,117	5,479,112	654,821	270,522,050
Canada Post Corporation .....	3,643,862	1,990,394	3,010,924	8,645,180
Export Development Canada .....	67,890,203	–	329,279	68,219,482
Farm Credit Canada .....	35,077,126	–	241,798	35,318,924
Freshwater Fish Marketing Corporation.....	11,425	–	48,518	59,943
Great Lakes Pilotage Authority.....	987	34	949	1,970
Halifax Port Authority <sup>2</sup> .....	10,450	178	205,684	216,312
Hamilton Port Authority <sup>2</sup> .....	18,716	–	126,126	144,842
Laurentian Pilotage Authority.....	22,852	437	16,311	39,600
Montreal Port Authority <sup>2</sup> .....	59,051	6,997	363,908	429,956
Pacific Pilotage Authority .....	13,702	503	7,802	22,007
Prince Rupert Port Authority <sup>2</sup> .....	63,950	–	197,137	261,087
Quebec Port Authority <sup>2</sup> .....	14,851	136	143,321	158,308
Ridley Terminals Inc.....	176,258	–	258,567	434,825
Royal Canadian Mint .....	84,614	39,151	252,758	376,523
Saint John Port Authority <sup>2</sup> .....	29,937	–	75,450	105,387
Sept-Îles Port Authority <sup>2</sup> .....	34,641	26	301,556	336,223
Toronto Port Authority <sup>2</sup> .....	84,842	–	253,705	338,547
Vancouver Fraser Port Authority <sup>2</sup> .....	261,439	1,175	1,531,651	1,794,265
Other Canada Port Authorities <sup>2,3</sup> .....	102,523	9,712	261,728	373,963
Total .....	409,717,212	111,399,102	9,799,174	530,915,488
Elimination adjustments.....	–	(145,706)	(318,795)	(464,501)
Total .....	409,717,212	111,253,396	9,480,379	530,450,987

<sup>1</sup> All enterprise Crown corporations listed at the margin in this table are parent Crown corporations.

Although a Crown corporation, Canada Pension Plan Investment Board is designed to operate at arm's length from the Government and manages, on behalf of the Canada Pension Plan, funds not belonging to the Government, therefore, it is considered external to the Government reporting entity. The Public Sector Pension Investment Board is not included in the above list since its activities are included in the Government's results through pension accounting.

<sup>2</sup> Canada Port Authorities, which are not Crown corporations but considered other government business enterprises, are agents of the Crown for their port activities.

<sup>3</sup> Consists of the combined figures of the Canada Port Authorities of Belledune, Nanaimo, Oshawa, Port Alberni, Saguenay, St. John's, Thunder Bay, Trois-Rivières and Windsor.

Liabilities								
Third parties		Government, Crown corporations and other entities	Total liabilities	Accumulated profits (losses)	Contributed surplus	Capital stock	Equity of Canada	Total liabilities and equity
Borrowings	Other							
6,073	4,267	–	10,340	10,459	–	–	10,459	20,799
–	86,412,011	22,125,720	108,537,731	485,118	25,000	5,000	515,118	109,052,849
138,773	471,760	20,482,161	21,092,694	4,210,794	27,778	2,477,900	6,716,472	27,809,166
–	2,059,333	939	2,060,272	2,322,341	–	–	2,322,341	4,382,613
–	158,164	–	158,164	(139,915)	603,294	1	463,380	621,544
41,500	158,869	435,305	635,674	412,279	181,170	–	593,449	1,229,123
233,981,237	9,338,086	10,308,436	253,627,759	16,869,281	25,010	–	16,894,291	270,522,050
996,962	7,883,072	103,258	8,983,292	(1,493,283)	1,155,171	–	(338,112)	8,645,180
55,470,314	2,973,526	2,353	58,446,193	8,440,089	–	1,333,200	9,773,289	68,219,482
833,343	358,449	28,067,363	29,259,155	5,512,044	547,725	–	6,059,769	35,318,924
28,453	31,490	–	59,943	–	–	–	–	59,943
–	3,948	178	4,126	(2,156)	–	–	(2,156)	1,970
19,307	15,735	740	35,782	129,673	50,857	–	180,530	216,312
–	10,166	–	10,166	116,310	18,366	–	134,676	144,842
–	11,512	–	11,512	28,088	–	–	28,088	39,600
16,000	60,812	1,371	78,183	117,409	234,364	–	351,773	429,956
2,102	11,424	–	13,526	8,481	–	–	8,481	22,007
–	47,677	–	47,677	177,197	36,213	–	213,410	261,087
–	11,648	42,918	54,566	46,480	57,262	–	103,742	158,308
11,430	27,165	67,714	106,309	128,474	64,000	136,042	328,516	434,825
19,508	218,514	3,417	241,439	95,084	–	40,000	135,084	376,523
–	7,676	–	7,676	36,052	61,659	–	97,711	105,387
50,223	197,508	–	247,731	76,785	11,707	–	88,492	336,223
37,796	80,298	–	118,094	220,453	–	–	220,453	338,547
103,183	102,114	2,848	208,145	1,435,861	150,259	–	1,586,120	1,794,265
49,058	40,789	5,746	95,593	135,300	143,070	–	278,370	373,963
291,805,262	110,696,013	81,650,467	484,151,742	39,378,698	3,392,905	3,992,143	46,763,746	530,915,488
		24,493	24,493	(488,994)			(488,994)	(464,501)
291,805,262	110,696,013	81,674,960	484,176,235	38,889,704	3,392,905	3,992,143	46,274,752	530,450,987



**Table 9.4**  
**Revenues, expenses and other changes in equity of enterprise Crown corporations**  
**and other government business enterprises for the year ended March 31, 2018**

(in thousands of dollars)

Enterprise Crown corporations and other government business enterprises	Revenues			Expenses		
	Third parties	Government, Crown corporations and other entities <sup>1</sup>	Total	Third parties	Government, Crown corporations and other entities	Total
Atlantic Pilotage Authority .....	29,168	–	29,168	25,890	34	25,924
Bank of Canada .....	80,493	1,650,375	1,730,868	533,693	224,580	758,273
Business Development Bank of Canada.....	1,537,471	–	1,537,471	617,085	145,382	762,467
Canada Deposit Insurance Corporation.....	542,038	39,492	581,530	490,098	5,085	495,183
Canada Development Investment Corporation.....	188,291	847	189,138	106,379	14,023	120,402
Canada Lands Company Limited.....	284,090	520	284,610	239,402	7,453	246,855
Canada Mortgage and Housing Corporation .....	7,553,617	2,751,289	10,304,906	7,719,172	860,704	8,579,876
Canada Post Corporation .....	8,093,238	269,471	8,362,709	8,005,873	192,164	8,198,037
Export Development Canada .....	2,432,253	–	2,432,253	1,209,663	(3,463)	1,206,200
Farm Credit Canada.....	1,369,851	–	1,369,851	471,246	228,726	699,972
Freshwater Fish Marketing Corporation.....	74,638	–	74,638	71,016	–	71,016
Great Lakes Pilotage Authority .....	30,464	26	30,490	27,516	1,849	29,365
Halifax Port Authority .....	41,771	–	41,771	31,281	1,927	33,208
Hamilton Port Authority .....	26,464	–	26,464	21,304	–	21,304
Laurentian Pilotage Authority.....	96,423	–	96,423	96,722	–	96,722
Montreal Port Authority.....	114,329	625	114,954	89,630	4,710	94,340
Pacific Pilotage Authority.....	86,258	–	86,258	86,799	190	86,989
Prince Rupert Port Authority .....	50,858	13,763	64,621	36,048	3,140	39,188
Quebec Port Authority .....	35,942	3,064	39,006	31,169	1,661	32,830
Ridley Terminals Inc.....	88,249	–	88,249	37,436	13,073	50,509
Royal Canadian Mint .....	1,420,819	115,399	1,536,218	1,468,500	37,975	1,506,475
Saint John Port Authority.....	22,143	–	22,143	17,715	791	18,506
Sept-Îles Port Authority .....	14,361	–	14,361	6,853	273	7,126
Toronto Port Authority .....	151,190	–	151,190	55,694	–	55,694
Vancouver Fraser Port Authority .....	287,337	71	287,408	129,231	7,315	136,546
Other Canada Port Authorities .....	48,663	317	48,980	40,565	473	41,038
<b>Total .....</b>	<b>24,700,419</b>	<b>4,845,259</b>	<b>29,545,678</b>	<b>21,665,980</b>	<b>1,748,065</b>	<b>23,414,045</b>
Elimination adjustments.....						
<b>Total net results .....</b>	<b>24,700,419</b>	<b>4,845,259</b>	<b>29,545,678</b>	<b>21,665,980</b>	<b>1,748,065</b>	<b>23,414,045</b>
Less equity adjustments .....						
Share of annual profit.....						

The accompanying notes for Table 9.3 are an integral part of this table.

<sup>1</sup> Revenues with Government, Crown corporations and other entities include amounts generated from the sale of goods and services, investment income, financial assistance as well as grants where the corporations qualify as a member of a general class of recipients. Additional amounts representing capital investments received by the corporations are included under “Equity transactions with the Government”.

Net income (loss)	Equity beginning of year	Equity adjustments and other	Other comprehensive income (loss)	Equity transactions with the Government		Equity end of year
				Dividends	Capital	
3,244	7,235	–	(20)	–	–	10,459
972,595	498,318	432	(5,557)	(950,670)	–	515,118
775,004	5,917,500	–	(40,532)	–	64,500	6,716,472
86,347	2,235,979	–	15	–	–	2,322,341
68,736	485,644	–	–	(91,000)	–	463,380
37,755	555,694	–	–	–	–	593,449
1,725,030	21,406,306	311,965	(874,010)	(5,675,000)	–	16,894,291
164,672	(600,227)	(15,703)	113,146	–	–	(338,112)
1,226,053	9,091,049	400,000	25,187	(969,000)	–	9,773,289
669,879	5,740,779	–	(42,589)	(308,300)	–	6,059,769
3,622	–	(3,622)	–	–	–	–
1,125	(3,281)	–	–	–	–	(2,156)
8,563	172,886	–	(919)	–	–	180,530
5,160	131,139	–	(1,623)	–	–	134,676
(299)	28,387	–	–	–	–	28,088
20,614	331,994	(835)	–	–	–	351,773
(731)	9,317	(76)	(29)	–	–	8,481
25,433	189,531	–	(1,554)	–	–	213,410
6,176	97,852	–	(286)	–	–	103,742
37,740	202,525	89,740	(1,489)	–	–	328,516
29,743	167,487	2,024	30	(64,200)	–	135,084
3,637	94,074	–	–	–	–	97,711
7,235	81,374	–	(117)	–	–	88,492
95,496	122,707	–	2,250	–	–	220,453
150,862	1,438,457	–	(3,199)	–	–	1,586,120
7,942	271,451	72	(1,095)	–	–	278,370
6,131,633	48,674,177	783,997	(832,391)	(8,058,170)	64,500	46,763,746
	(611,926)	43,471	79,461	–	–	(488,994)
6,131,633	48,062,251	827,468	(752,930)	(8,058,170)	64,500	46,274,752
827,468		(827,468)				–
6,959,101	48,062,251	–	(752,930)	(8,058,170)	64,500	46,274,752

## Borrowings by enterprise Crown corporations and other government business enterprises

Table 9.5

### Borrowings by enterprise Crown corporations and other government business enterprises

(in thousands of dollars)

	April 1, 2017	Borrowings and other credits	Repayments and other charges	March 31, 2018
<b>Agent enterprise Crown corporations</b>				
Business Development Bank of Canada .....	162,910	(690)	23,447	138,773
Canada Mortgage and Housing Corporation.....	225,306,336	39,671,412	30,996,511	233,981,237
Canada Post Corporation.....	996,776	186	–	996,962
Export Development Canada .....	49,226,032	46,937,834	40,693,552	55,470,314
Farm Credit Canada .....	815,244	5,403,257	5,385,158	833,343
Freshwater Fish Marketing Corporation .....	25,115	28,453	25,115	28,453
Royal Canadian Mint.....	27,043	–	7,535	19,508
Total—Agent enterprise Crown corporations .....	276,559,456	92,040,452	77,131,318	291,468,590
<b>Non-agent enterprise Crown corporations and other government business enterprises</b>				
Atlantic Pilotage Authority.....	3,671	3,000	598	6,073
Canada Lands Company Limited <sup>1</sup> .....	33,000	9,400	900	41,500
Halifax Port Authority <sup>2</sup> .....	35,724	1,767	18,184	19,307
Montreal Port Authority <sup>2</sup> .....	–	16,000	–	16,000
Pacific Pilotage Authority .....	2,478	–	376	2,102
Prince Rupert Port Authority <sup>2</sup> .....	1,328	–	1,328	–
Quebec Port Authority <sup>2</sup> .....	5,199	–	5,199	–
Ridley Terminals Inc. ....	18,774	–	7,344	11,430
Sept-Îles Port Authority <sup>2</sup> .....	65,089	–	14,866	50,223
Toronto Port Authority <sup>2</sup> .....	42,914	–	5,118	37,796
Vancouver Fraser Port Authority <sup>2</sup> .....	103,212	5,975	6,004	103,183
Other Canada Port Authorities <sup>2</sup> .....	31,910	21,931	4,783	49,058
Total—Non-agent enterprise Crown corporations and other government business enterprises .....	343,299	58,073	64,700	336,672
Total .....	276,902,755	92,098,525	77,196,018	291,805,262
Borrowings expected to be repaid by enterprise Crown corporations and other government business enterprises .....	276,902,755	–	–	291,805,262
Allowance for borrowings of enterprise Crown corporations and other government business enterprises expected to be repaid by the Government and reported on the Consolidated Statement of Financial Position .....	–	–	–	–

<sup>1</sup> Borrowings of Canada Lands Company Limited are those of its subsidiary, Canada Lands Company CLC Limited, which is not an agent of the Crown.

<sup>2</sup> The Authority is an agent of the Crown only for its port activities. It is considered a non-agent of the Crown for borrowings purposes.

In accordance with section 54 of the *Financial Administration Act*, the payment of all money borrowed by agent enterprise Crown corporations and interest thereon is a charge on and payable out of the Consolidated Revenue Fund. Such borrowings therefore constitute obligations of the Government and are recorded as such net of borrowings expected to be repaid directly by these corporations.

Borrowings by non-agent enterprise Crown corporations and other government business enterprises are not on behalf of Her Majesty, but may, at times, be guaranteed by the Government.

## Maturity and currency of borrowings by enterprise Crown corporations and other government business enterprises

**Table 9.6**  
Maturity and currency of borrowings by enterprise Crown corporations and other government business enterprises

(in thousands of dollars)

Year of maturity	Agent	Non-agent	Total
2018.....	60,233,124	87,441	60,320,565
2019.....	49,205,859	18,154	49,224,013
2020.....	38,858,330	130,625	38,988,955
2021.....	50,905,437	20,947	50,926,384
2022.....	44,291,024	10,113	44,301,137
Subsequent years .....	47,974,816	69,392	48,044,208
Total .....	291,468,590	336,672	291,805,262 <sup>1</sup>

<sup>1</sup> The borrowings are composed in Canadian dollar equivalent of 43,152,834 USD, 5,541,386 GBP, 3,171 JPY, 4,157,661 AUD, 1,268,861 EUR, 821,707 NZD, 41,360 NOK, 236,430,983 CAD and 387,299 for other currencies.

## Contingent liabilities of enterprise Crown corporations and other government business enterprises

The table below presents disclosed contingent liabilities of enterprise Crown corporations and other government business enterprises, which are not included in the Government of Canada's provision for contingent liabilities.

**Table 9.7**  
Contingent liabilities of enterprise Crown corporations and other government business enterprises

(in thousands of dollars)

	2018
Loan guarantees.....	2,706,848
Letters of credit.....	167,509
Performance guarantees and callable shares.....	93,179
Claims and pending and threatened litigation.....	15,138
Total .....	2,982,674

## Contractual obligations of enterprise Crown corporations and other government business enterprises

A contractual obligation represents a legal obligation to third party organizations or individuals as a result of a contract.

**Table 9.8**

### Contractual obligations of enterprise Crown corporations and other government business enterprises as at March 31, 2018

(in thousands of dollars)

	Transfer payment agreements	Loans	Capital expenditures	Operating leases and other	Total
Bank of Canada .....	–	–	–	150,612	150,612
Business Development Bank of Canada.....	–	3,977,022	–	314,937	4,291,959
Canada Deposit Insurance Corporation.....	–	–	–	16,350	16,350
Canada Development Investment Corporation.....	–	–	27,148	51,540	78,688
Canada Lands Company Limited.....	–	–	42,600	7,845	50,445
Canada Mortgage and Housing Corporation .....	11,247,938	458,592	–	389,000	12,095,530
Canada Post Corporation .....	–	–	–	837,560	837,560
Export Development Canada .....	–	25,616,306	–	152,342	25,768,648
Farm Credit Canada .....	–	6,203,500	–	293,632	6,497,132
Great Lakes Pilotage Authority.....	–	–	–	954	954
Halifax Port Authority .....	–	–	1,879	–	1,879
Laurentian Pilotage Authority.....	–	–	1,125	10,651	11,776
Pacific Pilotage Authority .....	–	–	–	1,638	1,638
Prince Rupert Port Authority .....	–	–	37,879	–	37,879
Ridley Terminals Inc .....	–	–	–	15,033,964	15,033,964
Royal Canadian Mint .....	–	–	2,732	72,823	75,555
Vancouver Fraser Port Authority .....	–	–	28,135	15,117	43,252
<b>Total .....</b>	<b>11,247,938</b>	<b>36,255,420</b>	<b>141,498</b>	<b>17,348,965</b>	<b>64,993,821</b>

## Financial assistance to enterprise Crown corporations and other government business enterprises

Table 9.9 presents charges to appropriations or authorities approved by Parliament. It should be read in conjunction with Table 9.4.

**Table 9.9**

### Financial assistance to enterprise Crown corporations and other government business enterprises for the year ended March 31, 2018

(in thousands of dollars)

	Financial assistance
Canada Mortgage and Housing Corporation .....	2,689,240
Canada Post Corporation .....	22,210
<b>Total .....</b>	<b>2,711,450</b>

## Portfolio investments

Portfolio investments represent investments in entities with share capital owned jointly by the Government and other governments or organizations to further common objectives. Additional information on these entities is provided in the quarterly report entitled *Inventory of Government of Canada Organizations*.

Under the terms of Section 147 of the *Bankruptcy and Insolvency Act*, the Superintendent of Bankruptcy has received shares in a number of corporations in lieu of a cash levy payable to the Crown.

**Table 9.10**  
**Portfolio investments**

(in dollars)

	April 1, 2017	Payments and other charges <sup>1</sup>	Receipts and other credits	March 31, 2018
Environment and Climate Change				
Parks Canada Agency				
Co-operative Housing Project .....	337,106	–	–	337,106
Finance				
Department of Finance				
Canada Pension Plan Investment Board .....	100	–	–	100
Global Affairs				
Department of Foreign Affairs, Trade and Development				
Canada Investment Fund for Africa .....	46,684,173	–	124,025	46,560,148
Innovation, Science and Economic Development				
Atlantic Canada Opportunities Agency				
Equity investment .....	11,351,983	–	4,540,288	6,811,695
Department of Western Economic Diversification				
North Portage Development Corporation .....	1	–	–	1
National Research Council of Canada				
Equity ownership .....	282,906	–	282,903	3
	<i>11,634,890</i>	–	<i>4,823,191</i>	<i>6,811,699</i>
Natural Resources				
Department of Natural Resources				
Lower Churchill Development Corporation Limited .....	14,750,000	–	–	14,750,000
Treasury Board				
Treasury Board Secretariat				
Public Sector Pension Investment Board .....	100	–	–	100
<b>Total .....</b>	<b>73,406,369</b>	<b>–</b>	<b>4,947,216</b>	<b>68,459,153</b>

<sup>1</sup> Payments and other charges may include transactions such as loans, adjustments, etc.

### Co-operative housing project

The Parks Canada Agency has invested in the Rocky Mountain II Co-operative Housing Association, along with three other entities, to provide accommodation for Parks Canada Agency employees and employees of other entities in Banff, Alberta.

### Canada Pension Plan Investment Board

The Canada Pension Plan Investment Board (CPPIB) was created pursuant to the *Canada Pension Plan Investment Board Act*. The CPPIB's objectives are to assist the Canada Pension Plan (CPP) in meeting its obligations to contributors and beneficiaries and to manage any amounts transferred to it in their best interest.

The Government holds 100% of the share capital of the CPPIB that consists of 10 shares having a fair value of \$10 each issued as per legislation. The assets managed by the CPPIB are included in the CPP financial statements. They are excluded from the Government's consolidated financial statements since CPP is not part of the Government's reporting entity as explained in Note 1 of the Government's financial statements.

## Canada Investment Fund for Africa

The Canada Investment Fund for Africa (CIFA) is a joint public-private sector initiative designed to provide risk capital for private investments in Africa that generate growth. The CIFA is a direct response to the New Partnership for Africa's Development (NEPAD) and the G8 Africa Action Plan. The main objectives of the CIFA are to optimize public-private investment in the Fund, to confer a beneficial development impact on Africa by way of increased foreign direct investment and to optimize the beneficial impact of the Fund's activities on Canadian interests.

The Government of Canada is a limited partner in the CIFA and its commitment towards the Fund was subject to matching funds of other investors and was to be equal to the lesser of: (i) \$100 million or (ii) the aggregated commitments of all other limited partners of the partnership. The investment period in the CIFA ended January 1, 2009. The initiative is winding down with contractual obligations and remaining transactions expected to be finalized by the end of fiscal year 2018–2019. Since its inception, the Canadian International Development Agency (now amalgamated with DFATD) received capital reimbursement from CIFA amounting to \$60.3 million and investment income of \$8.2 million.

### Equity investment

In order to help fulfill its mandate to promote economic development in the Cape Breton Region of Nova Scotia, Enterprise Cape Breton Corporation (ECBC) had taken equity interests in several companies to help the organizations expand or innovate.

Upon ECBC's dissolution on June 19, 2014, all of ECBC assets and obligations, except real property, were transferred to Atlantic Canada Opportunities Agency (ACOA). ACOA has been given the authority to hold or exercise, or surrender, sell, assign or otherwise dispose of, a stock option, share or other similar financial instruments that it acquires from ECBC or any of its subsidiaries.

### North Portage Development Corporation

The Corporation was incorporated under *The Corporations Act* of Manitoba, to foster the social and economic development of the North Portage area in the core area of Winnipeg. The objective of the Government's participation is to stimulate economic recovery in Canada and Manitoba.

The Government's holding of common shares represents 33.3% of the shares outstanding. The Corporation is owned equally by the City of Winnipeg, the Province of Manitoba and the Government of Canada. There are 3 common shares issued, having a par value of \$1 each.

### Equity ownership

In order to help fulfill its mandate to promote industrial innovation in Canada, the National Research Council of Canada (NRC) has taken equity interests in several new firms based on NRC technology. NRC provides financial assistance at better than market conditions to firms through access to equipment, intellectual property and incubation space in laboratories and in the organization's Industry Partnership Facilities.

Since these companies often cannot afford to pay the full cost of the assistance received from the NRC, the NRC takes an equity position in a company in order to help the firms survive the critical development stage. In turn, it allows NRC to earn a return that somewhat reflects the risk taken should the company become successful.

This investment in equity is authorized under subsection 92(1)(b) of the *Financial Administration Act* which allows for the acquisition or the sale or other disposal of shares or assets in the ordinary course of a business of providing financial assistance to publicly and privately held companies and are recorded at cost.

The Government's holdings of shares represent a minority interest in two publicly traded companies and one privately held company.

### **Lower Churchill Development Corporation Limited**

The Lower Churchill Development Corporation (LCDC) was incorporated in 1978 under the *Companies Act* of Newfoundland, with the objective of developing all or part of the hydroelectric potential of the Lower Churchill Basin. It is owned 51% by Newfoundland and Labrador Hydro, the designate for the Government of Newfoundland and Labrador, and 49% by Canada. LCDC is not an active operating company.

Canada owns 1,475 class A shares, which it purchased for \$10,000 per share in the initial years of the corporation. Funds were used to finance feasibility studies for proposed Lower Churchill projects. The corporation's only asset was an Option Right to purchase the Gull Island Production Company's assets and acquire hydroelectric development rights on the Lower Churchill River, granted by the Government of Newfoundland and Labrador in exchange for its initial ownership stake, valued at \$5,200,000.

The option expired on November 24, 2006, and has not been extended by the province, resulting in an investment write-down for LCDC.

### **Public Sector Pension Investment Board**

The Public Sector Pension Investment Board (PSPIB) was established pursuant to the *Public Sector Pension Investment Board Act*. Its statutory mandate is to manage, in the best interests of the contributors and beneficiaries, the funds transferred to it by the Government of Canada since April 1, 2000. These funds represent contributions less benefits payments and other payments related to the public service, Canadian Forces—Regular Force and Royal Canadian Mounted Police pension plans, and since 2007 for the Canadian Forces—Reserve Force pension plan, that fall within the *Income Tax Act* limits. The PSPIB's objective is to maximize returns on investments without undue risk of loss, while considering the requirements and financial obligations of each of the pension plans.

The Government holds 100% of the share capital of the PSPIB that consists of 10 shares having a par value of \$10 each issued as per legislation. The assets managed by the PSPIB are recorded against the pension obligations since April 1, 2000.



## National governments including developing countries

Loans to national governments consist mainly of loans for financial assistance, international development assistance to developing countries, and loans for development of export trade (administered by Export Development Canada).

**Table 9.11**  
**National governments including developing countries**

(in dollars)

	April 1, 2017	Payments and other charges	Receipts and other credits	March 31, 2018
Finance				
Department of Finance				
Financial assistance—Ukraine .....	400,000,000	–	–	400,000,000
Global Affairs				
Department of Foreign Affairs, Trade and Development				
International development assistance—Developing countries.....	125,428,022	30,188,688	46,866,495	108,750,215
Export Development Canada				
Development of export trade—National governments .....	489,308,257	32,053,330	92,940,000	428,421,587
	614,736,279	62,242,018	139,806,495	537,171,802
National Defence				
Department of National Defence				
Damage claims recoverable—North Atlantic Treaty Organization .....	–	2,883	–	2,883
<b>Total .....</b>	<b>1,014,736,279</b>	<b>62,244,901</b>	<b>139,806,495</b>	<b>937,174,685</b>

### Financial assistance—Ukraine

Pursuant to Section 8.3 of the *Bretton Woods and Related Agreements Act*, the Minister of Finance, by order of the Governor in Council, is authorized to extend certain forms of financial assistance to a foreign state. The provision of such financial assistance is contingent upon that state having an arrangement with the International Monetary Fund and upon the satisfactory participation of other countries with Canada in the provision of financial assistance.

Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund. The maximum amount of financial assistance that can be provided under legislation is \$2.5 billion USD in respect of any particular foreign state and \$5 billion USD in respect of all foreign states.

As at March 31, 2018, the outstanding loan balance to the Ukraine was \$400 million. There were no other balances or transactions in respect of Ukraine or other foreign states during the year.

These loans bear interest at rates ranging between 1.4% and 2.1% and have repayment term of 5 years.

### International development assistance—Developing countries

Interest-free or low-interest bearing loans have been made through the Canadian International Development Agency, now amalgamated with the Department of Foreign Affairs, Trade and Development (DFATD), to developing countries for international development assistance. Loans are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms. No new loans have been issued since April 1, 1986.

All loans have been made in Canadian dollars and are not subject to revaluations for foreign exchange fluctuations.

Similar assistance has been provided to developing countries by way of subscriptions and advances to the International Development Association, advances to the Global Environment Facility, and loans to other international financial institutions. These are reported later in this section under the heading “International organizations”.

In 2006–2007, the Government of Canada, as represented by the Canadian International Development Agency (now amalgamated with DFATD), entered into an agreement with the Government of Pakistan to forgive its outstanding \$447,507,534 loan pursuant to Foreign Affairs and International Trade Vote 32c, *Appropriation Act No. 5, 2009–2010*. In order to expire its debt obligation, the Government of Pakistan will be required to make education sector investments that are equivalent to the present value of its debt. According to the agreement, Pakistan’s debt is to be written down proportionally as the investments are made. Since 2009–2010, the Government of Pakistan’s debt been reduced by the total amount of \$389,423,486.

The following table presents the balances and transactions for the loans made to developing countries, together with their terms and conditions of repayments.

(in dollars)

	April 1, 2017	Payments and other charges	Receipts and other credits <sup>1</sup>	March 31, 2018
(a) 35 year term, 4 year grace period, 5.0% interest per annum, semi-annual interest repayments with first principal repayment due January 2017 and final repayment in July 2026:				
Egypt .....	43,234,343	–	3,656,370	39,577,973
(b) 50 year term, 10 year grace period, non-interest bearing, with final repayments between March 2015 and September 2035:				
Algeria .....	2,742,589	–	234,070	2,508,519
Argentina .....	9,333	–	9,333	–
Bolivia .....	211,975	–	42,395	169,580
Colombia .....	39,462	–	26,308	13,154
Dominican Republic .....	1,617,437	–	236,045	1,381,392
Ecuador .....	1,450,912	–	273,808	1,177,104
Guatemala .....	981,250	–	100,000	881,250
Indonesia .....	94,583,597	–	10,310,317	84,273,280
Malaysia .....	916,338	–	31,467	884,871
Malta .....	174,980	–	25,000	149,980
Mexico .....	1,386	–	1,386	–
Morocco .....	2,839,251	–	192,460	2,646,791
Pakistan .....	82,668,163	–	24,584,115	58,084,048
Peru .....	5,593	–	3,729	1,864
Philippines .....	723,254	–	48,579	674,675
Sri Lanka .....	45,314,648	–	4,146,082	41,168,566
Thailand .....	8,369,159	–	674,620	7,694,539
Tunisia .....	22,218,511	–	1,647,865	20,570,646
	264,867,838	–	42,587,579	222,280,259
(c) 50 year term, 13 year grace period, non-interest bearing, with final repayment in March 2023:				
Algeria .....	7,470,548	–	622,546	6,848,002
Subtotal .....	315,572,729	–	46,866,495	268,706,234
Less: portion expensed due to concessionary terms .....	190,144,707	–	30,188,688	159,956,019
Total .....	125,428,022	–	16,677,807	108,750,215

Grace period refers to interval from date of issuance of the loan to first repayment of loan principal.

<sup>1</sup> Receipts and other credits may include transactions such as repayments, forgiveness, adjustments, etc.

## Development of export trade—National governments

Pursuant to Section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada (EDC) to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where EDC has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by EDC on behalf of the Government of Canada.

Loan transactions with longer repayment terms or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Table 11.4 and Table 11.7 in Section 11 of this volume present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

Public Accounts of Canada 2017–2018

(in dollars)

	Payments and other charges			Receipts and other credits		March 31, 2018
	April 1, 2017	Payments or other charges <sup>1</sup>	Revaluation	Receipts or other credits <sup>2</sup>	Revaluation	
<b>Non-budgetary loans<sup>3</sup></b>						
(a) 1 to 5 year term, 3.0% to 9.0% interest per annum, with final repayments in May 2019:						
Argentina .....	111,250,871	–	–	17,729,409	1,285,403	92,236,059
(b) 11 to 15 year term, based on 6 month London Interbank Offered Rate (LIBOR), plus 0.50% interest per annum, assumed from the Canadian Wheat Board (CWB) with final repayments in January 2028:						
Iraq .....	124,941,180	–	–	10,894,102	4,008,582	110,038,496
(c) 11 to 15 year term, interest based on LIBOR, plus a range of rates from 0.5% to 1.0% per annum, with final repayments between December 2019 and June 2020:						
Kenya .....	735,689	–	47,197	153,133	–	629,753
(d) 16 to 20 year term, interest based on LIBOR, plus a range of rates from 0.5% to 0.63% per annum, with final repayments between October 2018 and June 2021:						
Indonesia .....	383,152	–	–	70,767	10,594	301,791
Venezuela .....	4,334,882	–	–	1,774,210	41,000	2,519,672
	4,718,034	–	–	1,844,977	51,594	2,821,463
(e) 21 to 25 year term, 9.0% to 10.0% interest per annum, with final repayments in September 2000:						
Sudan .....	5,136,084	6,829,294	–	–	–	11,965,378
(f) 21 to 25 year term, interest based on LIBOR, plus 0.55% per annum, with final repayments in November 2024:						
Pakistan .....	6,174,756	–	380,781	472,328	–	6,083,209
(g) 21 to 25 year term, based on 6 month LIBOR, plus 0.55% interest per annum, assumed from CWB, with final repayments in November 2024:						
Pakistan .....	15,704,173	–	–	1,175,808	443,395	14,084,970
Total—Non-budgetary loans .....	268,660,787	6,829,294	427,978	32,269,757	5,788,974	237,859,328

(in dollars)

	Payments and other charges			Receipts and other credits		
	April 1, 2017	Payments or other charges <sup>1</sup>	Revaluation	Receipts or other credits <sup>2</sup>	Revaluation	March 31, 2018
<b>Budgetary loans<sup>3</sup></b>						
(a) 26 to 30 year term, 3.0% interest per annum, with final repayments between December 2016 and April 2018:						
Algeria.....	48,929	–	608,071	438,000	–	219,000
(b) 31 to 55 year term, 0% to 10.29% interest per annum, with final repayments between September 2029 and February 2045:						
China .....	416,075,511	–	–	24,242,485	13,128,600	378,704,426
Egypt .....	7,287,486	–	–	226,815	197,199	6,863,472
Gabon .....	7,919,136	–	–	485,683	240,937	7,192,516
India .....	45,306,400	–	–	1,643,802	1,422,560	42,240,038
Jamaica .....	5,231,883	–	–	232,557	166,456	4,832,870
Morocco .....	74,050,608	–	–	3,496,915	2,120,791	68,432,902
Turkey .....	92,497,866	–	–	3,387,752	3,012,851	86,097,263
	648,368,890	–	–	33,716,009	20,289,394	594,363,487
(c) 31 to 55 year term, comprised of several loans with fixed or variable interest rates currently ranging from 0% to 2.21% per annum, with final repayments between December 2018 and December 2033:						
Kenya .....	4,612,239	–	–	278,471	159,395	4,174,373
Total—Budgetary loans .....	653,030,058	–	608,071	34,432,480	20,448,789	598,756,860
Subtotal.....	921,690,845	6,829,294	1,036,049	66,702,237	26,237,763	836,616,188
Less: portion expensed due to concessionary terms .....	432,382,588	–	–	24,187,987	–	408,194,601
Total .....	489,308,257	6,829,294	1,036,049	42,514,250	26,237,763	428,421,587

Final repayment dates may change if loan amounts are rescheduled or restructured.

<sup>1</sup> Payments or other charges may include transactions such as loans, adjustments, etc.<sup>2</sup> Receipts or other credits may include transactions such as repayments, forgiveness, adjustments, etc.<sup>3</sup> Prior to April 1, 1987, these loans were authorized by miscellaneous non-budgetary authorities. Subsequently, they were authorized by miscellaneous budgetary authorities.**Damage claims recoverable—North Atlantic Treaty Organization**

Article VIII of the NATO Status of Forces Agreement signed April 4, 1949, as amended, deals with claims for damages to third parties arising from accidents in which a member of a visiting force is involved. This account is charged with the amount recoverable from other states, for claims for damages which took place in Canada, and is credited with recoveries.

The advances are non-interest bearing and have no specific repayment terms.

## International organizations

This group records Canada's subscriptions to the share capital of international banks. It also includes loans and advances to associations and other international organizations.

Canada's subscriptions to the share capital of a number of international banks are composed of both paid-in and callable capital. The majority of subscriptions to international organizations do not provide a return on investment but are repayable on termination of the organization or withdrawal from it.

Paid-in capital subscriptions are made through a combination of cash payments and the issuance of non-interest bearing, non-negotiable notes payable to the organization. Although payable on demand, these notes are typically encashed according to terms of agreements reached between the organization and participating countries.

Callable share capital is composed of resources that are not paid to the banks but act as a guarantee to allow them to borrow on international capital markets to finance their lending program. Callable share capital, which has never been drawn on by the banks, would only be utilized in extreme circumstances to repay loans, should a bank's reserves not be sufficient. It represents a contingent liability of the Government, and is listed with other contingent liabilities related to international organizations in Table 11.7 in Section 11 of this volume.

Most loans and advances to international organizations are made to banks and associations that use these funds to make loans to developing countries at significant concessionary terms. Loans made on a long-term, low-interest or interest-free basis, and investments in organizations that make similar loans, are recorded in full or in part as expenses when the economic value is reduced due to their concessionary terms.

Table 9.12 presents a summary of the balances and transactions for share capital, loans and advances to international organizations. The revaluation amount represents the conversion of foreign currency balances to the year-end closing rates of exchange. Balances denominated in United States dollars were converted to Canadian dollars at year-end exchange rate of \$1 USD/\$1.2884 CAD.

Table 11.4 and Table 11.7 of Section 11 of this volume present additional information on contractual obligations and contingent liabilities for international organizations that are disclosed in the notes to the audited consolidated financial statements in Section 2 of this volume.

The notes payable outstanding at year-end of \$240,249,239 (\$36,161,313 in 2017) are reported in Table 5.3 in Section 5 of this volume.

**Table 9.12**  
**International organizations**

(in dollars)

	April 1, 2017	Payments and other charges		Receipts and other credits		March 31, 2018
		Participation or other charges	Revaluation	Reimburse- ments or other credits	Revaluation	
<b>Capital subscriptions<sup>1</sup></b>						
Finance						
Department of Finance						
Asian Infrastructure Investment Bank .....	–	257,200,158	–	–	–	257,200,158
European Bank for Reconstruction and Development ..	287,521,278	–	–	–	8,972,202	278,549,076
International Bank for Reconstruction and Development .....	572,003,540	–	–	–	17,337,680	554,665,860
International Development Association <sup>2</sup> .....	11,614,178,061	441,610,000	–	–	–	12,055,788,061
International Finance Corporation .....	108,176,726	–	–	–	3,375,693	104,801,033
Multilateral Investment Guarantee Agency .....	14,272,819	–	–	–	445,388	13,827,431
	<i>12,596,152,424</i>	<i>698,810,158</i>	–	–	<i>30,130,963</i>	<i>13,264,831,619</i>
Global Affairs						
Department of Foreign Affairs, Trade and Development						
African Development Bank .....	314,121,553	2,744,093	–	–	7,861,298	309,004,348
Asian Development Bank .....	383,996,908	–	–	–	5,302,227	378,694,681
Caribbean Development Bank .....	51,886,041	–	–	–	1,424,360	50,461,681
Inter-American Development Bank .....	328,974,324	–	–	–	10,162,208	318,812,116
Inter-American Investment Corporation .....	1,994,850	35,364,017	1,051,622	–	–	38,410,489
	<i>1,080,973,676</i>	<i>38,108,110</i>	<i>1,051,622</i>	–	<i>24,750,093</i>	<i>1,095,383,315</i>
	<i>13,677,126,100</i>	<i>736,918,268</i>	<i>1,051,622</i>	–	<i>54,881,056</i>	<i>14,360,214,934</i>

**Table 9.12**  
**International Organizations—concluded**

(in dollars)

	Payments and other charges		Receipts and other credits		March 31, 2018
	April 1, 2017	Participation or other charges	Revaluation	Reimburse- ments or other credits	
<b>Loans and advances</b>					
Finance					
Department of Finance					
Global Environment Facility <sup>2</sup> .....	10,000,000	—	—	—	10,000,000
International Finance Corporation					
Catalyst Fund.....	75,000,000	—	—	—	75,000,000
Financial Mechanisms for Climate Change Facility	233,246,793	—	—	233,246,793	—
Global Agriculture and Food Security Program.....	40,721,207	—	—	40,721,207	—
International Monetary Fund					
Poverty Reduction and Growth Trust <sup>1</sup> .....	257,974,248	—	9,592,000	10,491,648	257,074,600
	616,942,248	—	9,592,000	284,459,648	342,074,600
Global Affairs					
Department of Foreign Affairs, Trade and Development					
International Finance Corporation					
Financial Mechanisms for Climate Change Facility	—	224,422,003	—	—	224,422,003
Global Agriculture and Food Security Program.....	—	35,621,732	—	—	35,621,732
International financial institutions <sup>2</sup>					
African Development Bank.....	468,895	—	—	125,000	343,895
African Development Fund.....	2,875,463,375	108,533,333	—	—	2,980,884,210
Andean Development Corporation.....	812,500	—	—	125,000	687,500
Asian Development Bank—Special.....	27,027,000	—	—	—	27,027,000
Asian Development Fund.....	2,353,575,256	32,956,918	—	—	2,386,532,174
Caribbean Development Bank					
Agricultural Development Fund.....	2,000,000	—	—	—	2,000,000
Commonwealth Caribbean Regional.....	5,319,600	—	—	166,000	5,153,600
Special.....	355,485,620	17,585,000	—	—	372,549,795
Central American Bank for Economic Integration..	38,280	—	—	38,280	—
Global Environment Facility Trust Fund.....	890,570,000	54,750,000	—	—	945,320,000
Inter-American Development Bank					
Fund for Special Operations.....	401,655,097	631,869	—	—	394,788,822
International Bank for Reconstruction and					
Development.....	26,598,000	—	—	830,000	25,768,000
International Fund for Agriculture Development....	441,883,396	12,500,000	—	—	454,383,396
International Monetary Fund.....	14,588,248	—	—	455,231	14,133,017
Montreal Protocol Multilateral Fund.....	120,248,433	5,294,830	—	—	124,435,858
Multilateral Investment Fund.....	49,308,294	—	—	—	49,308,294
	7,565,041,994	492,295,685	—	288,280	8,043,359,296
International organizations and associations <sup>1</sup>					
Berne Union of the World Intellectual					
Property Organization.....	39,192	—	—	—	39,192
Customs Co-operation Council.....	9,662	—	—	—	9,662
Food and Agriculture Organization.....	1,051,200	—	—	—	1,051,200
General Agreement on Tariffs and Trade.....	48,806	—	—	—	48,806
International Atomic Energy Agency.....	447,110	—	—	—	447,110
International Civil Aviation Organization.....	200,429	—	—	—	200,429
International Maritime Organization.....	2,202	—	—	—	2,202
Paris Union of the World Intellectual					
Property Organization.....	100,989	—	—	—	100,989
United Nations Educational, Scientific and					
Cultural Organization.....	872,987	—	—	—	872,987
United Nations organizations.....	3,632,480	—	—	—	3,632,480
World Health Organization.....	181,122	—	—	—	181,122
	6,586,179	—	—	—	6,586,179
	8,188,570,421	492,295,685	9,592,000	284,747,928	8,392,020,075
Subtotal.....	21,865,696,521	1,229,213,953	10,643,622	284,747,928	22,752,235,009
Less: portion expensed due to concessionary terms.....	1,084,093	—	—	212,924	871,169
Total.....	21,864,612,428	1,229,213,953	10,643,622	284,535,004	22,751,363,840

<sup>1</sup> Loans and investments made prior to April 1, 1986, which were authorized by non-budgetary authorities.

<sup>2</sup> Loans and investments made since April 1, 1986, which were authorized by budgetary authorities.

### **Asian Infrastructure Investment Bank**

Effective March 19, 2018, Canada became a member to the Asian Infrastructure Investment Bank (AIIB) pursuant to the *Asian Infrastructure Investment Bank Agreement Act*, and various appropriation acts. The AIIB commenced operations in January 2016.

Canada's investment, like that of all other shareholders in the bank, is in the form of 20% paid in capital and 80% callable capital. As at March 31, 2018, Canada has subscribed to 9,954 shares (nil in 2017). The total value of these shares is \$995.4 million USD (nil in 2017), of which \$199.1 million USD (nil in 2017) is paid in and the remaining portion is callable. The paid in capital will be paid in equal installments over five years with an initial payment of \$39.8 million USD in March 2018.

### **European Bank for Reconstruction and Development**

This account records Canada's subscriptions to the capital of the European Bank for Reconstruction and Development (EBRD), as authorized by the *European Bank for Reconstruction and Development Agreement Act*, and various appropriation acts.

At year end, Canada has subscribed to 102,049 shares of the EBRD's authorized capital valued at 1,020,490,000 EUR.

Only 212,850,000 EUR or about 21% of Canada's share subscription is considered "paid-in". The balance is callable meaning the institution can request the resources in the unlikely event that it requires them to meet its financial obligations to bondholders. Payments for the share subscription are authorized by the Act. Each payment to the EBRD is comprised of cash and a promissory note.

Canada's contingent liability for the callable portion of its shares was 807,640,000 EUR.

Up to and including March 31, 2018, Canada's total cash contributions into the "paid-in" capital of the EBRD total \$216,197,668 USD.

### **International Bank for Reconstruction and Development**

This account records Canada's subscriptions to the capital of the International Bank for Reconstruction and Development (World Bank), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2018, Canada has subscribed to 58,354 shares. The total value of these shares is \$7,039,534,790 USD, of which \$417,775,385 USD plus \$16,404,055 CAD has been paid-in. The remaining portion is callable.

The callable portion is subject to call by the World Bank under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$6,606 million USD.

### **International Development Association**

This account records Canada's contributions and subscriptions to the International Development Association (IDA), as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including the Department of Finance Vote 5, *Appropriation Act No. 2, 2017-2018*). The contributions and subscriptions to IDA, which is part of the World Bank Group, are used to lend funds to the poorest developing countries for development purposes, on highly favourable terms (no interest, with a 35 to 40 year maturity and 10 years of grace).

As at March 31, 2018, Canada's total participation in IDA amounted to \$12,055,788,061 CAD.

### **International Finance Corporation**

This account records Canada's subscriptions to the capital of the International Finance Corporation, which is part of the World Bank Group, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2018, Canada has subscribed to 81,342 shares. These shares have a total value of \$81,342,000 USD, all of which has been paid-in.

### **Multilateral Investment Guarantee Agency**

This account records Canada's subscriptions to the capital of the Multilateral Investment Guarantee Agency, as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

As at March 31, 2018, Canada has subscribed to 5,225 shares. The total value of these shares is \$56,534,500 USD, of which \$10,732,250 USD is paid-in and the remaining portion is callable.

The callable portion is subject to call by the Multilateral Investment Guarantee Agency under certain circumstances. Canada's contingent liability for the callable portion of its shares is \$45,802,250 USD.

### **African Development Bank**

This account records Canada's subscriptions to the capital of the African Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 18,146 paid-in shares and 232,814 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2018, Canada's participation to the paid-in capital is \$309,004,349 CAD for 18,146 paid-in shares and of these paid-in shares, 13,618 were issued in US dollars.

The callable shares are subject to call by the African Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$984,917,646 CAD and \$2,557,186,890 USD for a total value of \$4,282,154,422 CAD.

### **Asian Development Bank**

This account records Canada's subscriptions to the capital of the Asian Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 27,768 paid-in shares and 527,490 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2018, Canada's participation to the paid-in capital is \$378,694,680 CAD for 27,768 paid-in shares. Of these paid-in shares, 25,398 were issued in US dollars.

The callable shares are subject to call by the Asian Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$6,363,375,615 USD for a total value of \$8,204,936,518 CAD.

### **Caribbean Development Bank**

This account records Canada's subscriptions to the capital of the Caribbean Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 5,710 paid-in shares and 20,294 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2018, Canada's participation to the paid-in capital is \$50,461,681 CAD for 5,710 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Caribbean Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$122,408,132 USD for a total value of \$157,833,045 CAD.



### **Inter-American Development Bank**

This account records Canada's subscriptions to the capital of the Inter-American Development Bank, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 20,034 paid-in shares and 547,005 callable shares. Paid-in shares are purchased using direct payments.

As at March 31, 2018, Canada's participation to the paid-in capital is \$318,812,116 CAD for 20,034 paid-in shares. These shares were issued in US dollars.

The callable shares are subject to call by the Inter-American Development Bank under certain circumstances. Canada's contingent liability for callable shares has a current value of \$6,598,757,829 USD for a total value of \$8,508,438,345 CAD.

### **Inter-American Investment Corporation**

This account records Canada's subscriptions to the capital of the Inter-American Investment Corporation, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts.

At year end, authority had been granted for subscriptions of 4,088 paid-in shares. Paid-in shares are purchased using direct payments.

As at March 31, 2018, Canada's participation to the paid-in capital is \$38,410,489 CAD for 1,900 paid-in shares. These shares were issued in US dollars.

### **Global Environment Facility**

This account records the funding of a facility for environmental funding in developing countries in the areas of ozone, climate change biodiversity and international waters as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. Advances to the Global Environment Facility (GEF) are made in non-negotiable, non-interest bearing demand notes that are later encashed.

As at March 31, 2018, advances to the GEF amounted to \$10,000,000 CAD.

### **International Finance Corporation—Catalyst Fund**

This account records Canada's financial support of the International Finance Corporation's (IFC)—Catalyst Fund as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts (including Finance Vote L12b, *Appropriation Act No. 4, 2010–2011* and Vote L17c, *Appropriation Act No. 5, 2012–2013*). The Catalyst fund supports private sector engagement in climate change mitigation and adaptation activities through the provision of concessional and commercial financing arrangements.

The balance at March 31, 2017 of \$308,246,790 CAD of the Financial Mechanisms for Climate Change Facility (FMCC) was distributed the following way: \$75,000,000 CAD to the Catalyst Fund and \$233,246,793 CAD to the FMCC.

As at March 31, 2018, advances to the IFC-Catalyst Fund amounted to \$75,000,000 CAD.

### **International Monetary Fund—Poverty Reduction and Growth Trust**

This account records the loan to the International Monetary Fund's Poverty Reduction and Growth Trust (formerly the Poverty Reduction and Growth Facility) in order to provide assistance to qualifying low-income countries as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

The total loan authority pursuant to the *Bretton Woods and Related Agreements Act* was set at \$550 million or such greater amount as may be fixed by the Governor in Council. The Governor in Council subsequently increased the limit to SDR 1.2 billion, and in the current year this limit was increased to SDR 1.7 billion.

As at March 31, 2018, Canada has lent a total of SDR 851,520,000 to the Poverty Reduction and Growth Trust. Of this amount, SDR 714,260,000 has been repaid.

The outstanding balance of SDR 137,260,000 was translated into Canadian dollars at the year-end closing rate of exchange (1 SDR /\$1.8729 CAD). During the year, transactions included repayments and an exchange valuation adjustment.

Separately, Canada has also made budgetary contributions towards an interest subsidy amounting to SDR 215,157,946, which do not appear in Table 9.12.

### **International Finance Corporation—Financial Mechanisms for Climate Change Facility**

This account records Canada's financial support of the International Finance Corporation's (IFC)—Financial Mechanisms for Climate Change (FMCC) facility as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts. The FMCC supports private sector engagement in climate change mitigation and adaptation activities through the provision of concessional and commercial financing arrangements.

In accordance with Section 178 (1) of the *Budget Implementation Act 2017, No. 2*, the responsibility for Financial Mechanisms for Climate Change (FMCC) Facility program has been transferred during the fiscal year, by order in council, to the Minister of Foreign Affairs.

As at March 31, 2018, advances to the IFC-FMCC amounted to \$224,422,003 CAD.

### **International Finance Corporation—Global Agriculture and Food Security Program**

This account records Canada's financial assistance to the International Finance Corporation (IFC) for participation in the G8 Food Security Initiative (FSI) as authorized by the *Bretton Woods and Related Agreements Act*, and various appropriation acts.

In accordance with Section 178 (1) of the *Budget Implementation Act 2017, No. 2*, the responsibility for the program has been transferred during the fiscal year, by order in council, to the Minister of Foreign Affairs.

As at March 31, 2018, advances to the IFC-Global Agriculture Food and Security Program amounted to \$35,621,732 CAD.

### **International financial institutions**

This account records loans and advances for assistance to international financial institutions, as authorized by the *International Development (Financial Institutions) Assistance Act*, and various appropriation acts (including the Department of Foreign Affairs, Trade and Development Votes 20c and L25c).

Loans and advances are made using direct payments. During the year, transactions included loans and advances made through direct payments and revaluations for foreign currency fluctuations.

### **International organizations and associations**

These items represent the value of payments established in 2006 made by the Canadian Government to working capital funds maintained by international organizations of which Canada is a member. Participation in the financing of these working capital funds, on the basis of the scale of assessments, is prescribed by financial regulations for membership in the organizations. Payments into the funds are not subject to interest or repayment schedules, but are recorded by the organizations as credits from member states. Payments by Canada were authorized by appropriation acts.

## Provincial and territorial governments

This category records loans to provinces and territories made under relief acts and other legislation.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of these loans is reduced due to their concessionary terms.

**Table 9.13**  
**Provincial and territorial governments**

(in dollars)

	April 1, 2017	Payments and other charges	Receipts and other credits	March 31, 2018
Finance				
Department of Finance				
Newfoundland and Labrador				
Federal-provincial fiscal arrangements .....	266,668,300	–	–	266,668,300
Municipal Development and Loan Board .....	315,626	–	–	315,626
Winter capital projects Fund .....	2,836,758	–	–	2,836,758
	<i>269,820,684</i>	–	–	<i>269,820,684</i>
Prince Edward Island				
Federal-provincial fiscal arrangements .....	544,440	–	108,912	435,528
Winter capital projects Fund .....	63,079	–	–	63,079
	<i>607,519</i>	–	<i>108,912</i>	<i>498,607</i>
Quebec				
Federal-provincial fiscal arrangements .....	(119,874,000)	119,874,000	–	–
Ontario				
Federal-provincial fiscal arrangements .....	75,182,480	–	15,036,504	60,145,976
Saskatchewan				
Federal-provincial fiscal arrangements .....	119,600,816	–	13,288,992	106,311,824
Subtotal .....	345,337,499	119,874,000	28,434,408	436,777,091
Less: portion expensed due to concessionary terms .....	52,400,210	–	6,719,910	45,680,300
Total .....	292,937,289	119,874,000	21,714,498	391,096,791

### Federal-provincial fiscal arrangements

These amounts represent net overpayments in respect of transfer payments to provinces under the *Constitution Acts 1867 to 1982*, the *Federal-Provincial Fiscal Arrangements Act*, and other statutory authorities.

The overpayments are non-interest bearing and will be repaid by reducing transfer payments in subsequent years.

### Municipal Development and Loan Board

Loans have been made to provinces and municipalities, to augment or accelerate municipal capital works programs.

The loans bear interest at rates from 5.25% to 5.375% per annum, and are repayable in annual or semi-annual instalments over 15 to 50 years.

### Winter capital projects Fund

Loans have been made to provinces, provincial agencies and municipalities, to assist in the creation of employment.

The loans bear interest at rates from 7.4% to 9.5% per annum, and are repayable either in annual instalments over 5 to 20 years, or at maturity.

## Other loans, investments and advances

**Table 9.14**  
**Other loans, investments and advances**

(in dollars)

	April 1, 2017	Payments and other charges	Receipts and other credits	March 31, 2018
<b>Unconditionally repayable contributions</b>				
Agriculture and Agri-Food				
Department of Agriculture and Agri-Food .....	135,517,386	21,819,911	13,863,527	143,473,770
Global Affairs				
Department of Foreign Affairs, Trade and Development .....	673,500,000	255,500,000	–	929,000,000
Innovation, Science and Economic Development				
Department of Industry .....	1,691,393,378	166,076,774	314,195,299	1,543,274,853
Atlantic Canada Opportunities Agency .....	348,859,018	80,981,971	69,580,304	360,260,685
Department of Western Economic Diversification .....	74,784,053	21,338,241	7,971,107	88,151,187
Economic Development Agency of Canada for the Regions of Quebec .....	509,851,744	97,326,374	86,534,831	520,643,287
Federal Economic Development Agency for Southern Ontario .....	266,832,552	62,817,480	31,121,348	298,528,684
	<i>2,891,720,745</i>	<i>428,540,840</i>	<i>509,402,889</i>	<i>2,810,858,696</i>
Subtotal .....	3,700,738,131	705,860,751	523,266,416	3,883,332,466
Less: portion expensed due to concessionary terms .....	302,552,338	103,217,318	38,475,763	367,293,893
Total—Unconditionally repayable contributions .....	3,398,185,793	602,643,433	484,790,653	3,516,038,573
<b>Loans and accountable advances</b>				
Global Affairs				
Department of Foreign Affairs, Trade and Development				
Missions abroad .....	45,075,591	140,269,038	138,428,667	46,915,962
Personnel posted abroad .....	27,140,190	15,922,832	14,961,237	28,101,785
	<i>72,215,781</i>	<i>156,191,870</i>	<i>153,389,904</i>	<i>75,017,747</i>
National Defence				
Department of National Defence				
Working Capital Fund .....	48,119,829	233,838,827	239,019,352	42,939,304
Miscellaneous accountable advances .....	43,781,401	29,665,115	17,462,238	55,984,278
Miscellaneous accountable imprest funds and standing advances .....	20,322,762	1,244,627	215,170	21,352,219
	<i>64,104,163</i>	<i>30,909,742</i>	<i>17,677,408</i>	<i>77,336,497</i>
Total—Loans and accountable advances .....	184,439,773	420,940,439	410,086,664	195,293,548

**Table 9.14**  
**Other loans, investments and advances—continued**

(in dollars)

	April 1, 2017	Payments and other charges	Receipts and other credits	March 31, 2018
<b>Other</b>				
Agriculture and Agri-Food				
Department of Agriculture and Agri-Food				
Construction of multi-purpose exhibition buildings.....	35,593	–	–	35,593
Hog Industry Loan Loss Reserve Program.....	101,030,238	–	17,722,056	83,308,182
National Marketing Programs .....	205,824,571	47,671,078	47,361,924	206,133,725
	306,890,402	47,671,078	65,083,980	289,477,500
Families, Children and Social Development				
Department of Employment and Social Development				
Canada apprentice loans.....	148,366,807	59,903,909	10,402,882	197,867,834
Canada Student Loans Program.....	18,835,129,467	3,781,490,077	2,657,080,659	19,959,538,885
Provincial workers' compensation boards.....	15,257,001	87,000	–	15,344,001
	18,998,753,275	3,841,480,986	2,667,483,541	20,172,750,720
Finance				
Department of Finance				
Canadian Commercial Bank.....	42,202,293	–	–	42,202,293
Financial Consumer Agency of Canada—Advances .....	–	11,000,000	11,000,000	–
Investments Fund from PPP Canada Inc.....	–	991,138,612	–	991,138,612
	42,202,293	1,002,138,612	11,000,000	1,033,340,905
Fisheries, Oceans and the Canadian Coast Guard				
Department of Fisheries and Oceans				
Canadian producers of frozen groundfish.....	128,315	–	–	128,315
Haddock fishermen .....	1,343,337	–	–	1,343,337
	1,471,652	–	–	1,471,652
Global Affairs				
Export Development Canada				
Support and development of trade.....	2,533,415,063	4,604,045	1,799,122,426	738,896,682
Immigration, Refugees and Citizenship				
Department of Citizenship and Immigration				
Immigration loans .....	48,448,577	26,728,880	13,551,264	61,626,193
Indigenous and Northern Affairs				
Department of Indian Affairs and Northern Development				
Council of Yukon First Nations—Elders.....	1,257,929	–	591,033	666,896
First Nations in British Columbia.....	536,905,573	16,306,648	2,913,235	550,298,986
Indian Economic Development Fund .....	43,149	–	43,149	–
Inuit Loan Fund.....	71,457	–	–	71,457
Native Claimants.....	461,225,984	27,733,354	19,840,202	469,119,136
Stoney Band Perpetual Loan .....	389,615	–	–	389,615
	999,893,707	44,040,002	23,387,619	1,020,546,090
Indigenous Services				
Department of Indigenous Services Canada				
Indian Economic Development Guarantee Loans Program <sup>1</sup> .....	345,601	–	116,395	229,206
On Reserve Housing Guarantee Loans Program <sup>1</sup> .....	9,527,223	783,900	9,069,364	1,241,759
	9,872,824	783,900	9,185,759	1,470,965
Innovation, Science and Economic Development				
Department of Industry				
Other business loans.....	72,284,363	51,300,219	61,469,521	62,115,061
Economic Development Agency of Canada for the Regions of Quebec				
Advances for the working capital fund of entrepreneurs' assistance centers .....	465,617	1,800,630	1,824,098	442,149
National Research Council of Canada				
H.L. Holmes Fund.....	5,137,055	121,842	–	5,258,897
	77,887,035	53,222,691	63,293,619	67,816,107
Public Services and Procurement				
Department of Public Works and Government Services				
Seized Property Working Capital Account.....	(4,925,448)	28,219,538	31,871,916	(8,577,826)

**Table 9.14****Other loans, investments and advances—concluded**

(in dollars)

	April 1, 2017	Payments and other charges	Receipts and other credits	March 31, 2018
Transport				
Department of Transport				
Greater Victoria Harbour Authority .....	2,065,829	–	42,720	2,023,109
St. Lawrence Seaway Management Corporation .....	173,698	–	–	173,698
	2,239,527	–	42,720	2,196,807
Treasury Board				
Treasury Board Secretariat				
Federal Public Service Health Care Administration Authority .....	501,370	2,613,299	2,471,824	642,845
Joint Learning Program .....	95,030	2,184,732	2,138,445	141,317
	596,400	4,798,031	4,610,269	784,162
Veterans Affairs				
Department of Veterans Affairs				
Commonwealth War Graves Commission.....	49,986	4,242	–	54,228
Veterans' Land Fund—Advances .....	1,807	–	–	1,807
	51,793	4,242	–	56,035
Miscellaneous loans, investments and advances .....	259,981	570,467	58,276	772,172
Transition payments—Pay in arrears .....	647,342,245	198,299	24,326,378	623,214,166
	647,602,226	768,766	24,384,654	623,986,338
Subtotal—Other .....	23,664,399,326	5,054,460,771	4,713,017,767	24,005,842,330
Less: portion expensed due to concessionary terms and other discounts .....	52,278,620	–	1,777,489	50,501,131
	23,612,120,706	5,054,460,771	4,711,240,278	23,955,341,199
Add: consolidation adjustment <sup>2</sup> .....	2,370,585,000	–	1,231,374,000	1,139,211,000
Total—Other .....	25,982,705,706	5,054,460,771	5,942,614,278	25,094,552,199
Total .....	29,565,331,272	6,078,044,643	6,837,491,595	28,805,884,320

<sup>1</sup> This account has been transferred from the Department of Indian Affairs and Northern Development.

<sup>2</sup> Additional information on consolidated Crown corporations and other entities is also provided in Section 4 of this volume.

**Unconditionally repayable contributions**

Unconditionally repayable contributions are in substance loans, and are generally made to businesses pursuant to various acts of Parliament, with various amounts outstanding.

These loans are aimed at stimulating economic development or for assistance. They bear various interest rates, some of which have concessional terms, and are repayable at various due dates with final instalments generally due within up to 10 years of initial disbursement.

Loans made on a long-term, low-interest or interest-free basis are recorded in part as expenses when the economic value of the loans is reduced due to their concessionary terms.

**Missions abroad**

Non-interest bearing advances have been made for interim financing of expenses at missions abroad, pending distribution to appropriations of the Department of Foreign Affairs, Trade and Development and other departments and agencies.

The total amount authorized to be outstanding at any time is \$50,000,000.

**Personnel posted abroad**

A working capital advance account was established to finance loans and advances to employees posted abroad, including employees of other Government departments and agencies, as well as medical advances to locally-engaged staff.

The total amount authorized to be outstanding at any time is \$38,200,000, as last amended by Foreign Affairs and International Trade Vote L12c, *Appropriation Act No. 5, 2009–2010*.

The closing balance consists of loans to employees, \$21,692,960; advances for medical expenses, \$1,048,615; advances for workmen's compensation, \$15,867; security and other deposits under Foreign Service Directives, \$2,794,338 and, school and club debentures, \$2,550,005.

The loans to employees bear interest at rates from 0.75% to 1.25% per annum, and are repayable within 4 years, with final instalments between April 1, 2016, and March 31, 2021.

### **Working Capital Fund**

A Working Capital Fund was established to finance temporary advances to departmental personnel within Canada and abroad for: (a) salary and benefits; (b) standing advances; and (c) travel and miscellaneous claims. The name of the account was modified in order to reflect the use of the account by National Defence.

The authorized ceiling is \$120,000,000, as last amended by the Department of National Defence Vote L11b, *Appropriation Act No. 4, 2001–2002*.

### **Miscellaneous accountable advances**

The closing balance reflects amounts outstanding in the hands of departments, agencies and individuals, at year end, to be expended in the following year.

### **Miscellaneous accountable imprest funds and standing advances**

This account is operated to provide imprest funds, accountable advances and recoverable advances to departments and agencies.

The total amount authorized to be outstanding at any time is \$22,000,000.

### **Construction of multi-purpose exhibition buildings**

The remaining loan has been made to finance the construction of a multi-purpose exhibition building.

### **Hog Industry Loan Loss Reserve Program**

Loans made by financial institutions under the Hog Industry Loan Loss Reserve Program are partially guaranteed by the Crown. Where the producers have defaulted and the lenders have carried out regular collection activities, the Crown becomes subrogated to the lender's rights against the producer in default, to the extent of an amount equal to the withdrawal from the Reserve Fund.

### **National Marketing Programs**

Loans made by financial institutions under the *Canadian Agricultural Loans Act* and advances made by producer organizations under the *Agricultural Marketing Programs Act* are guaranteed by the Crown. Where the guarantee is honoured, the Crown becomes subrogated to the financial institution's or producer organization's rights to outstanding principal, interest and costs.

### **Canada apprentice loans**

Canada apprentice loans are administrated under the authority of Section 4 of the *Apprentice Loans Act* which came into effect on January 2, 2015. The Minister of Employment, Workforce Development and Labour is authorized to enter into a loan agreement directly with any eligible apprentice. The loans bear interest at either a variable rate (prime rate plus 2.5%) or a fixed rate (prime rate plus 5.0%). Apprentices are not required to pay interest on their loans while they are still in their apprenticeship program. The typical repayment period is 10 years, but the maximum period is 15 years. Borrowers having difficulty repaying their loans may be eligible for assistance under the Repayment Assistance Plan.

The total amount of apprentice loans issued under the authority of the *Apprentice Loans Act* may not exceed \$1.5 billion. The total amount of outstanding apprentice loans as at March 31, 2018 amounts to \$197,867,834 (\$148,366,807 as at March 31, 2017). During the year, no loans were written off (none as at March 31, 2017).

## Canada Student Loans Program

Since August 1, 2000, Canada Student Loans are issued under the Direct Loan Regime. Before this date, the loans were issued under the Guaranteed Loan Regime (1964–1995) or under the Risk-Shared Loan Regime (1995–2000). Under these three different regimes, no security is received from the students and the loans bear interest at either a variable rate (prime rate plus 2.5%) or a fixed rate (prime rate plus 5.0%). Students are not required to pay interest on their loans while they are still studying. The typical repayment period is 10 years, but the maximum period is 15 years. Borrowers having difficulty repaying their loans may be eligible for assistance under the Repayment Assistance Plan.

The total amount of direct loans issued under the authority of the *Canada Student Financial Assistance Act* and outstanding risk-shared loans bought-back by the Department of Employment and Social Development may not exceed 24 billion dollars.

During the year, loans and interest receivable on these loans totalling \$200,039,294 (\$174,802,163 as at March 31, 2017) were written off by the Department of Employment and Social Development Vote 7c from the *Appropriation Act No. 5, 2017-2018* and \$17,796,477 (\$31,111,553 as at March 31, 2017) were written off pursuant to Section 25(1) of the *Financial Administration Act*. In addition, loans and interest receivable on these loans totalling \$343,950,956 (\$287,461,027 as at March 31, 2017) were forgiven as per the *Canada Student Financial Assistance Act* and \$4,429,548 (\$22,575,972 as at March 31, 2017) were forgiven as per the *Canada Student Loans Act*.

### *Direct loans to students*

Loans issued on or after August 1, 2000, are administered under the authority of Section 6.1 of the *Canada Student Financial Assistance Act*, which authorizes the Minister of Employment, Workforce Development and Labour to enter into loan agreements directly with any qualifying student. Agreements are subject to the terms and conditions approved by the Governor in Council, on the recommendation of the Minister of Employment, Workforce Development and Labour with the concurrence of the Minister of Finance. The total amount of outstanding direct loans as at March 31, 2018, amounts to \$19,804,803,804 (\$18,667,584,363 as at March 31, 2017).

### *Risk-shared student loans*

Loans issued prior to August 1, 2000, and on or after August 1, 1995, are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Financial Assistance Act*. The total amount of loans outstanding as at March 31, 2018, amounts to \$57,144,121 (\$58,850,195 as at March 31, 2017) for loans owned by the Department of Employment and Social Development and \$794,900,682 (\$905,566,563 as at March 31, 2017) for loans under the current ownership of the financial institutions.

### *Guaranteed student loans*

Loans issued prior to August 1, 1995, are amounts related to student loans subrogated to the Crown under the authority of the *Canada Student Loans Act*. The total amount of loans outstanding as at March 31, 2018, amounts to \$97,590,960 (\$108,694,909 as at March 31, 2017) for loans owned by the Department of Employment and Social Development and \$2,801,350 (\$3,933,548 as at March 31, 2017) for loans under the current ownership of the financial institutions.

## Provincial workers' compensation boards

This account is operated under the authority of subsection 4(6)(b) and (e) of the *Government Employees Compensation Act*, to provide funds to enable provincial workers' compensation boards to administer claims on behalf of the Crown, and provide compensation benefits to Canadian Government employees injured or ill in the course of their employment.

The total amount of advances that is authorized to be made for each provincial workers' compensation board is not to exceed three months' disbursements for compensation.

The advances are subject to the terms and conditions of agreements with provincial workers' compensation boards and are to be repaid on termination of those agreements.



### **Canadian Commercial Bank**

Advances have been made to the Canadian Commercial Bank representing the Government's participation in the support group as authorized by the *Canadian Commercial Bank Financial Assistance Act*. These funds represent the Government's participation in the loan portfolio that was acquired from the Bank and the purchase of outstanding debentures from existing holders.

### **Financial Consumer Agency of Canada—Advances**

Interest-bearing advances have been made to defray the cost of operation of the Agency pursuant to Section 13(1) of the *Financial Consumer Agency of Canada Act*.

### **Investments Fund from PPP Canada Inc.**

Investments held by PPP Canada Inc. were assumed by the Government of Canada, following the dissolution of PPP Canada Inc. in 2018, pursuant to subsection 209.1(3) of the *Jobs, Growth and Long-term Prosperity Act*.

These investments include bankers' acceptance notes, guaranteed investment certificates and obligations of provincial governments with maturities ranging from 1 to 2 years.

The investments earned interest at rates from 0.78% to 2.15% per annum.

### **Canadian producers of frozen groundfish**

Loans have been made to Canadian producers of frozen groundfish, canned and frozen crabmeat, and canned and frozen lobster meat, to assist in the financing of inventories.

The loans bore interest at the rate of 13% per annum, and were repayable in equal annual instalments over 7 years, with the final instalment in December 1987. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

### **Haddock fishermen**

Loans have been made to Nova Scotia haddock fishermen whose fishery was closed from February 1 to May 31, 1975, pursuant to an agreement under the International Agreement for the Northwest Atlantic Fisheries. The total loan authority is \$1,650,000.

The loans bore interest at the rate of 8% per annum, and were repayable in equal annual instalments over 4 years, with the final instalment in 1979. These loans are deemed unrecoverable and parliamentary authority is required to write off the balance.

## Support and development of trade

Pursuant to Section 23 of the *Export Development Act*, the Minister for International Trade, with the concurrence of the Minister of Finance, may authorize Export Development Canada (EDC) to enter into certain transactions or class of transactions where the Minister is of the opinion it is in the national interest and where EDC has advised the Minister that it will not enter into such transactions without such authorization. Funding for such transactions is provided by the Minister of Finance out of the Consolidated Revenue Fund and the transactions are administered by EDC on behalf of the Government of Canada. Collectively these transactions are known as the Canada Account. The Act allows the Canada Account to have outstanding loans and commitments to borrowers and arrangements giving rise to contingent liabilities under contracts of insurance and other agreements up to a maximum of \$20 billion.

EDC's mandate is to support and develop, directly or indirectly, Canada's export trade, and Canadian capacity to engage in that trade and respond to international business opportunities. In 2014, new regulations came into force which clarify the circumstances in which EDC can provide support within Canada in fulfillment of its mandate. During the year, no Canada Account transactions were entered into in the support and development of domestic trade.

Loan transactions with longer repayment terms or low or zero interest rates are recorded in part as expenses when the economic value is reduced due to such concessionary terms.

Tables 11.4 and Table 11.6 of Section 11 of this volume present additional information on contractual obligations and guarantees that are disclosed in the notes to the audited consolidated financial statements of Section 2 of this volume.

(in dollars)

	April 1, 2017	Payments and other charges		Receipts and other credits		March 31, 2018
		Payments or other charges <sup>1</sup>	Revaluation	Receipts or other credits <sup>2</sup>	Revaluation	
<b>Export trade</b>						
(a) 6 to 10 year term, 8.28% to 10.28% interest per annum, with final repayments between February 2008 and April 2011:						
Antigua .....	39,897	–	–	39,897	–	–
(b) 11 to 15 year term, comprised of several loans with fixed or variable interest rates currently ranging from 2.44% to 4.18% per annum, with final repayments between May 2021 and November 2022:						
Sweden .....	12,695,117	–	–	12,474,203	220,914	–
(c) 16 to 20 year term, comprised of several loans with fixed or variable interest rates currently ranging from 1.85% to 5.89% per annum, with final repayments between December 2017 and March 2023:						
United States.....	717,088,179	–	4,604,045	180,515,932	–	541,176,292
(d) Term loan, interest based on the higher of 2.0% or London Interbank Offered Rate (LIBOR), plus a range of rates from 3.0% to 8.0% interest per annum, with final repayments between June 2009 and July 2010:						
United States.....	1,803,314,572	–	–	41,568,496	1,564,025,686	197,720,390
Insurance claims paid during the year:						
United States .....	277,298	–	–	–	277,298	–
Subtotal.....	2,533,415,063	–	4,604,045	234,598,528	1,564,523,898	738,896,682
Less: portion expensed due to concessionary terms .....	–	–	–	–	–	–
Total—Export trade .....	2,533,415,063	–	4,604,045	234,598,528	1,564,523,898	738,896,682

Final repayment dates may change if loan amounts are rescheduled or restructured.

<sup>1</sup> Payments or other charges may include transactions such as loans, adjustments, etc.

<sup>2</sup> Receipts or other credits may include transactions such as repayments, forgiveness, etc.

### Immigration loans

Section 88 of the *Immigration and Refugee Protection Act* authorizes the making of loans for the purpose of the Act.

The total amount authorized to be outstanding at any time is \$126,600,000.

The terms and conditions of the loans, with their year-end balances, are as follows:

- (a) repayable by monthly instalments over 1 to 6 years with a possible deferment of 2 years, which were bearing interest at rates from 0.76% to 9.06% per annum up until February 21, 2018, for a total amount of \$60,420,597 of which \$14,270,604 is past due;
- (b) repayable by monthly instalments over 1 to 6 years with a possible deferment of 2 years, non-interest bearing, for a total past due amount of \$2,297; and
- (c) repayable by monthly instalments over 3 to 8 years with a possible deferment of 2 years, non-interest bearing, for a total amount of \$1,203,299.

### Council of Yukon First Nations—Elders

Loans have been made to the Council of Yukon First Nations to provide interim benefits to elderly Yukon Indians pending settlement of Yukon Indian land claims.

The terms and conditions of the loans are as follows:

- (a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and
- (c) loans are due and payable, as to principal and interest, on the date on which the claim is settled or on a date fixed in the loan agreement or promissory note, whichever date is earlier.

All the loans outstanding at year end bear interest at a rate of 6% per annum.

### First Nations in British Columbia

Loans have been made to First Nations in British Columbia to support their participation in the British Columbia Treaty Commission process related to the research, development and negotiation of treaties.

During the year, loans were authorized by the Department of Indian Affairs and Northern Development Vote L20, *Appropriation Act No.2, 2017–2018*.

The terms and conditions of the loans are as follows:

- (a) loans made before an agreement-in-principle for the settlement of a treaty is reached are non-interest bearing;
- (b) loans made before April 1, 2004, and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations;
- (c) loans made between April 1, 2004, and March 31, 2018, and after the date on which an agreement-in-principle for the settlement of a treaty has been reached, shall be interest free, unless the loans become due and payable during this period; and
- (d) loans are due and payable by the First Nations and will pay the loan on the earliest of the following dates:
  - i. date on which the treaty is settled;
  - ii. twelfth anniversary of the first loan advance to the First Nations under the earliest First Nations' funding agreement;
  - iii. seventh anniversary after the signing of an agreement-in-principle; or
  - iv. date the federal minister demands payment of the loans due to an event of default under this agreement or under any First Nations' funding agreement.

The interest-bearing and non-interest bearing portions of the loans outstanding at year end are \$19,508,404 and \$530,790,582 respectively. Rates are from 0.67% to 4.64% per annum for the interest-bearing portion.

### **Indian Economic Development Fund**

Loans have been made for the purposes of economic development of Indians to Indians or Indian bands, or to individuals, partnerships or corporations, the activities of which contribute or may contribute to such development.

The total amount authorized to be outstanding at any time is \$48,550,835, as last amended by Department of Indian Affairs and Northern Development Vote 7b, *Appropriation Act No. 4, 1996–97*.

As of March 31, 2018, there are no outstanding loans issued under this program. During 2017–2018, the outstanding balance of loans were written-off as they were previously deemed to be unrecoverable.

### **Inuit Loan Fund**

Loans have been made to individual Inuit or groups of Inuit to promote commercial activities and gainful occupations. Loans have also been made to co-operative associations, credit unions, caisses populaires or other credit societies incorporated under provincial laws, where the majority of members are Inuit, or to corporations incorporated under the laws of Canada, or provincial laws, where the controlling interest is held by Inuit.

The total amount authorized to be outstanding at any time is \$6,633,697, as last amended by the Department of Indian Affairs and Northern Development Vote 37b, *Appropriation Act No. 4, 1995–96*.

The remaining loan bears interest at a rate of 5.50% per annum.

### **Native claimants**

Loans have been made to native claimants to defray the costs related to the research, development and negotiation of claims.

During the year, loans were authorized by Department of Indian Affairs and Northern Development Vote L15, *Appropriation Act No. 2, 2017–2018*.

The terms and conditions of the loans are as follows:

- (a) loans made before an agreement-in-principle for the settlement of a claim is reached are non-interest bearing;
- (b) loans made after the date on which an agreement-in-principle for the settlement of a claim has been reached, bear interest at a rate equal to the rate established by the Minister of Finance in respect of borrowings for equivalent terms by Crown corporations; and
- (c) loans are due and payable as to principal and interest on the date on which the claim is settled, or on a date fixed in the agreement.

The interest bearing and the non-interest bearing portions of the loans outstanding at year end are \$45,450,262 and \$423,668,874 respectively. Rates are from 0.69% to 11.89% per annum for the interest-bearing portion.

### **Stoney Band Perpetual Loan**

In 1946, loans were made to Stoney Band of Alberta (Band) for land acquisition beyond their treaty entitlement.

A loan not exceeding \$500,000 was made to purchase additional land. Under the terms of the agreement, as stated in Treasury Board Minutes, P.C. 2/1437 dated April 11, 1946, the Band assigned monies accruing to them, from the rental of their water resources, to provide interest payments at the rate of 3.00% annually on the amount of the loan that had actually been expended. In the same agreement, the Band resolved that the Department allots \$200,000 to the Pekisko Group, and \$300,000 for the additions to Morley Reserve.

### **Other business loans**

This account records money owed to the Government by borrowers upon default of loans that are subject to statutory authorities, pursuant to the *Canada Small Business Financing Act*. This authority provide for the payment of claims or the sharing of loan losses between lenders and the Government.

### **Advances for the working capital fund of entrepreneurs' assistance centers**

Advances have been made to support the working capital fund of entrepreneurs' assistance centers providing services to start-up companies, future entrepreneurs and small and medium-sized enterprises.

### **H.L. Holmes Fund**

This account was established pursuant to paragraph 5(1)(f) of the *National Research Council Act* to record the residue of the estate of H.L. Holmes. Up to two thirds of the yearly net income from the fund shall be used to finance the H.L. Holmes Award on an annual basis. These awards will provide the opportunity to post-doctoral students to study at world famous graduate schools or research institutes under outstanding research persons.

### **Seized Property Working Capital Account**

This account was established by Section 12 of the *Seized Property Management Act*. Expenses incurred, and advances made, to maintain and manage any seized or restrained property and other properties subject to a management order or forfeited to Her Majesty, are charged to this account. This account is credited when expenses and advances to third parties are repaid or recovered and when revenues from these properties or proceeds of their disposal are received and credited with seized cash upon forfeiture.

The total amount authorized to be outstanding at any time is \$50,000,000.

Any shortfall between the proceeds from the disposition of any property forfeited to Her Majesty and the amounts that were charged to this account and that are still outstanding, is charged to a Seized Property Proceeds Account and credited to this account.

### **Greater Victoria Harbour Authority**

The Victoria Harbour loan receivable relates to the sale of a parcel of Victoria Harbour land. A discount of \$183,843 is recorded to reflect the concessionary nature of the loan.

The loan bears interest at the rate of 4.9% per annum, and is repayable over 15 years, with the final instalment on May 9, 2020.

### **St. Lawrence Seaway Management Corporation**

This account was established by subsection 80(1) of the *Canada Marine Act*. Loans previously managed by the St. Lawrence Seaway Authority are now managed by the St. Lawrence Seaway Management Corporation in accordance with an agreement between the Department of Transport and the Corporation. The repayments of these loans are recorded in this account.

The loan bore interest at a rate of prime plus 2.0% per annum. The final instalment of the existing terms was anticipated for March 2013. During the year 2014, a reclassification was done to transfer the accumulated interest to the capital portion.

As of March 31, 2018, the remaining amount of this loan is deemed unrecoverable and parliamentary authority is required to write-off the balance.

### **Federal Public Service Health Care Administration Authority**

The Federal Public Service Health Care Plan Administration Authority (referred to as the Administration Authority) was incorporated, without share capital, under subsection 7.2(1) of the *Financial Administration Act* effective May 1, 2007. Effective May 31, 2007, the assets and liabilities of the Public Service Health Care Plan (PSHCP) were transferred to the Government of Canada and to the Administration Authority as directed by the President of the Treasury Board of Canada and consistent with the Trust Agreement, which terminated May 31, 2007.

The Administration Authority is charged with the administration of the PSHCP. Its objective is to ensure that benefits and services to plan members and their covered dependants, as defined in the PSHCP documentation, are delivered in a manner that ensures the effective and efficient administration of the PSHCP. Payments are made to the Administration Authority under Vote 20 and are authorized under the terms of reference of the funding agreement between the President of the Treasury Board and the Administration Authority. The funding agreement allows for the transfer of funds from the Treasury Board of Canada Secretariat to the Administration Authority in four quarterly instalments upon approval of the operating budget by the Secretary of the Treasury Board of Canada. These quarterly instalments are made in advance and actual expenses are recorded upon approval of the *Administration Authority's Quarterly Financial Report*.

### **Joint Learning Program**

Advances have been made to the Public Service Alliance of Canada (PSAC) for the Joint Learning Program (JLP). Following the collective bargaining rounds of October 2004, 2008, 2010 and subsequently of 2014, a Memorandum of Understanding between the Treasury Board and PSAC was included in the collective bargaining agreements to provide funding for a JLP. The JLP is a negotiated partnership between PSAC and the Treasury Board of Canada Secretariat (TBS). The objective of the JLP is to improve labour relations in the public service. It is intended to provide joint union-management learning opportunities in areas where both parties have roles and responsibilities, and for which the employer does not already have a legal obligation to provide training.

Payments are made to PSAC under Vote 20 and are authorized under the terms of reference of the Program. The terms of reference include the program costs, funding conditions, payment conditions, timelines, as well as a schedule of payments. The schedule of payments provides for a 3-month advance from TBS to PSAC to provide for program delivery costs. When actual expenses are reported every three months, the advance is reversed and the expense is recorded.

### **Commonwealth War Graves Commission**

Advances have been made to the working capital fund of the Commonwealth War Graves Commission, to maintain graves and cemeteries.

At year end, the balance of the advances was 30,000 British pound sterling. This balance was converted to Canadian dollars, using the year-end rate of exchange. The advances are non-interest bearing and have no fixed terms of repayments.

## **Veterans' Land Fund**

### *Advances*

Advances have been made, under Parts I and III of the *Veterans' Land Act*, for the acquisition of land, permanent improvements, removal of encumbrances, purchase of stock and equipment, and protection of security. The total amount authorized to be outstanding at any time is \$605 million.

### *Allowance for conditional benefits*

A provision equal to 1/10 of the benefits to veterans was established each year up to and including 1978–1979. Since that time, a forecast of requirements has been performed each year, and provisions are established as necessary. These provisions are charged to expenses and credited to the allowance for conditional benefits account. This account represents the accumulated net provisions for benefits to veterans in the form of forgiveness of loans authorized by the *Veterans' Land Act*. These benefits come into effect only after certain conditions are fulfilled by the veterans. At the end of 10 years, the conditions having been met, the accumulated provision is charged to the allowance for conditional benefits account, and credited to the veteran's loan account.

## **Miscellaneous loans, investments and advances**

This account represents amounts outstanding in the hands of agencies and individuals, at year end. This group records loans, investments and advances not classified elsewhere.

### **Transition payments—Pay in arrears**

During the 2014–2015 fiscal year, a one-time payment was issued to employees as a result of the implementation of pay in arrears. This amount will be recovered from the employees upon their departure from the public service. The amount at year-end represents the balance to be recovered in the future.

### **Consolidation adjustment**

The consolidation adjustment reflects the total loans, investments and advances held by consolidated Crown corporations and other entities. These mainly include investments such as bonds, money market funds and fixed income securities.

## **Allowance for valuation**

In accordance with the comprehensive policy on valuation, assets are subject to an annual valuation to reflect reductions from the recorded value to the estimated net recoverable value.

The allowance for valuation, for loans, investments and advances, represents the estimated losses on the realization of the loans, investments and advances included in the accounts of Canada at year end. In 2018, the provisioning methodology used in the Government's allowance calculation was updated for its sovereign exposures. The most significant change is the introduction of obligor-specific loss given default rates that replace a general rate used for all obligors. This change is designed to provide more accurate credit loss estimates for sovereign loan exposures. The change in the methodology has been accounted for as a change in estimate and did not result in a significant impact to the allowance for valuation.

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# Section 10

*Public Accounts of Canada  
2017–2018*

## **Non-financial assets as at March 31**

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## Non-financial assets

Non-financial assets are assets that have an economic life that extends beyond the accounting period and that are intended for consumption in the normal course of operations. They are converted into expense in future periods and include tangible capital assets, inventories, and prepaid expenses.

Tangible capital assets consist of acquired, built, developed or improved tangible assets, which are intended to be used on a continuous basis and are not intended for sale in the ordinary course of business.

Inventories are items of tangible property that are to be used in the delivery of program outputs. Some revolving funds and a few departments may have inventories held for resale to parties outside the Government.

Prepaid expenses and other are disbursements made, pursuant to a contract, before the completion of the work, delivery of the goods or rendering of the service.

**Table 10.1**  
**Non-financial assets by category**

(in thousands of dollars)

	2018	2017
Net tangible capital assets, Table 10.2		
Land .....	1,814,426	1,717,517
Buildings .....	15,823,682	15,463,333
Works and infrastructure .....	8,252,299	7,499,890
Machinery and equipment .....	11,098,766	10,538,038
Vehicles, Table 10.3 .....	15,258,580	16,031,885
Leasehold improvements .....	1,126,801	1,128,202
Assets under construction .....	17,759,720	14,651,835
Assets under capital leases, Table 10.4 .....	2,700,728	2,645,014
	<i>73,835,002</i>	<i>69,675,714</i>
Inventories .....	6,679,188	6,841,999
Prepaid expenses and other .....	6,995,075	6,039,763
<b>Total .....</b>	<b>87,509,265</b>	<b>82,557,475</b>

## Tangible capital assets

**Table 10.2**  
**Tangible capital assets by main custodian ministries**

(in thousands of dollars)

	Land	Buildings	Works and infrastructure	Machinery and equipment
<b>Capital assets at cost</b>				
Canadian Heritage .....	389,094	2,144,090	799,468	1,701,493
Environment and Climate Change .....	208,406	1,106,164	3,791,091	944,629
Fisheries, Oceans and the Canadian Coast Guard .....	22,132	750,628	2,766,063	529,139
Global Affairs .....	318,363	1,735,934	9,986	218,116
Infrastructure and Communities .....	177,762	–	798,172	41,026
Innovation, Science and Economic Development .....	11,293	1,048,082	56,960	2,580,524
National Defence .....	87,352	11,686,029	2,710,804	20,581,843
Public Safety and Emergency Preparedness .....	88,145	4,800,666	906,226	2,089,066
Public Services and Procurement .....	243,833	5,972,001	1,521,134	2,781,825
Transport .....	238,703	1,454,316	4,221,575	1,466,449
Other ministries .....	29,343	2,113,098	128,738	4,234,010
Gross total capital assets .....	1,814,426	32,811,008	17,710,217	37,168,120
<b>Accumulated amortization</b>				
Canadian Heritage .....	–	968,137	468,126	1,262,426
Environment and Climate Change .....	–	753,037	1,966,367	655,424
Fisheries, Oceans and the Canadian Coast Guard .....	–	509,528	1,464,861	375,913
Global Affairs .....	–	1,042,782	1,331	150,593
Infrastructure and Communities .....	–	–	240,537	36,272
Innovation, Science and Economic Development .....	–	687,690	34,628	2,061,655
National Defence .....	–	4,821,353	1,574,342	14,174,218
Public Safety and Emergency Preparedness .....	–	2,311,392	538,759	1,545,225
Public Services and Procurement .....	–	3,683,201	677,438	1,848,369
Transport .....	–	853,795	2,430,859	963,337
Other ministries .....	–	1,356,411	60,670	2,995,922
Total accumulated amortization .....	–	16,987,326	9,457,918	26,069,354
<b>Total net capital assets</b>				
Canadian Heritage .....	389,094	1,175,953	331,342	439,067
Environment and Climate Change .....	208,406	353,127	1,824,724	289,205
Fisheries, Oceans and the Canadian Coast Guard .....	22,132	241,100	1,301,202	153,226
Global Affairs .....	318,363	693,152	8,655	67,523
Infrastructure and Communities .....	177,762	–	557,635	4,754
Innovation, Science and Economic Development .....	11,293	360,392	22,332	518,869
National Defence .....	87,352	6,864,676	1,136,462	6,407,625
Public Safety and Emergency Preparedness .....	88,145	2,489,274	367,467	543,841
Public Services and Procurement .....	243,833	2,288,800	843,696	933,456
Transport .....	238,703	600,521	1,790,716	503,112
Other ministries .....	29,343	756,687	68,068	1,238,088
Total net capital assets .....	1,814,426	15,823,682	8,252,299	11,098,766

<sup>1</sup> Details can be found in Table 10.3.<sup>2</sup> Details can be found in Table 10.4.

Vehicles <sup>1</sup>	Leasehold improvements	Assets under construction	Assets under capital leases <sup>2</sup>	Total 2018	Total 2017
34,541	184,364	179,085	163,177	5,595,312	5,504,358
170,952	53,280	861,717	39,166	7,175,405	6,629,738
2,490,787	521,804	1,556,626	–	8,637,179	7,926,997
60,336	253,053	295,736	–	2,891,524	2,776,163
111	6,890	2,270,532	–	3,294,493	2,317,322
37,642	72,408	1,400,826	63,810	5,271,545	5,077,431
36,425,765	127,646	7,139,558	842,690	79,601,687	79,249,870
766,583	214,454	1,235,964	30,316	10,131,420	9,622,469
10,099	995,835	1,727,759	2,846,985	16,099,471	15,031,219
2,112,620	168,334	309,310	818,820	10,790,127	10,533,946
147,785	700,340	782,607	96,360	8,232,281	7,732,975
42,257,221	3,298,408	17,759,720	4,901,324	157,720,444	152,402,488
23,664	106,428	–	143,717	2,972,498	2,870,728
112,070	42,422	–	19,863	3,549,183	3,485,829
1,568,962	361,906	–	–	4,281,170	4,153,626
36,542	149,138	–	–	1,380,386	1,303,460
34	3,478	–	–	280,321	247,735
25,733	40,529	–	33,575	2,883,810	2,790,471
23,376,753	45,438	–	693,374	44,685,478	45,176,834
465,465	132,876	–	6,600	5,000,317	4,664,140
6,324	668,845	–	1,105,833	7,990,010	7,693,552
1,283,228	106,100	–	170,588	5,807,907	5,628,593
99,866	514,447	–	27,046	5,054,362	4,711,806
26,998,641	2,171,607	–	2,200,596	83,885,442	82,726,774
10,877	77,936	179,085	19,460	2,622,814	2,633,630
58,882	10,858	861,717	19,303	3,626,222	3,143,909
921,825	159,898	1,556,626	–	4,356,009	3,773,371
23,794	103,915	295,736	–	1,511,138	1,472,703
77	3,412	2,270,532	–	3,014,172	2,069,587
11,909	31,879	1,400,826	30,235	2,387,735	2,286,960
13,049,012	82,208	7,139,558	149,316	34,916,209	34,073,036
301,118	81,578	1,235,964	23,716	5,131,103	4,958,329
3,775	326,990	1,727,759	1,741,152	8,109,461	7,337,667
829,392	62,234	309,310	648,232	4,982,220	4,905,353
47,919	185,893	782,607	69,314	3,177,919	3,021,169
15,258,580	1,126,801	17,759,720	2,700,728	73,835,002	69,675,714

## Vehicles

**Table 10.3**  
**Vehicles by sub-category**

(in thousands of dollars)

	Cost	Accumulated amortization	2018	2017
Ships and boats .....	16,445,598	10,958,466	5,487,132	5,881,126
Aircraft .....	20,118,998	12,135,716	7,983,282	8,380,334
Motor vehicles (Non-military) .....	2,479,911	1,624,820	855,090	794,304
Military vehicles .....	1,654,802	1,375,916	278,886	315,931
Other vehicles .....	1,557,913	903,723	654,190	660,190
<b>Total .....</b>	<b>42,257,221</b>	<b>26,998,641</b>	<b>15,258,580</b>	<b>16,031,885</b>

## Assets under capital leases

**Table 10.4**  
**Assets under capital leases by main category**

(in thousands of dollars)

	Cost	Accumulated amortization	2018	2017
Land.....	32,201	–	32,201	30,716
Buildings .....	2,917,643	1,280,864	1,636,779	1,762,069
Works and infrastructure.....	826,640	172,391	654,249	663,038
Machinery and equipment.....	433,555	147,566	285,989	64,145
Vehicles .....	691,285	599,775	91,510	125,046
<b>Total .....</b>	<b>4,901,324</b>	<b>2,200,596</b>	<b>2,700,728</b>	<b>2,645,014</b>

# Section 11

*Public Accounts of Canada  
2017–2018*

## **Contractual obligations, contractual rights and contingent liabilities as at March 31**

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## Contractual obligations, contractual rights and contingent liabilities

This section contains detailed information related to contractual obligations, contractual rights and contingent liabilities.

### Contractual obligations

Contractual obligations are financial obligations of the Government to others that will become liabilities when the terms of those contracts or agreements for the acquisition of goods and services or the provision of transfer payments are met. Contractual obligations can be classified into four main categories: transfer payment agreements (grants and contributions), capital assets and purchases, operating leases and international organizations.

All outstanding contractual obligations of \$10 million or more per project or per program at year end are reported for transfer payment agreements, capital assets, purchases and operating leases. For international organizations, all contractual obligations in excess of \$1 million at year end are reported.

In accordance with the Government's significant accounting policies, the contractual obligations of consolidated Crown corporations are included with those of the Government.

**Table 11.1**  
**Contractual obligations**

(in millions of dollars)

	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
Information from:					
Transfer payment agreements, capital assets, purchases and operating leases, Table 11.3 .....	74,137	52,765	4,309	–	131,211
International contractual obligations, Table 11.4 .....	–	–	–	6,710	6,710
Total .....	74,137	52,765	4,309	6,710	137,921

Table 11.2 summarizes the information presented in Table 11.1 to indicate the minimum amounts required to satisfy contractual obligations each year from 2019 to 2023 inclusively, and a total for amounts due in the year 2024 and subsequent years.

**Table 11.2**  
**Schedule of minimum payments**

(in millions of dollars)

Minimum payments to be made in:	Transfer payment agreements	Capital assets and purchases	Operating leases	International organizations	Total
2019 .....	23,416	12,681	395	2,509	39,001
2020 .....	15,981	8,231	434	1,669	26,315
2021 .....	9,382	7,517	431	938	18,268
2022 .....	7,458	7,597	383	295	15,733
2023 .....	5,615	3,028	332	118	9,093
2024 and subsequent .....	12,285	13,711	2,334	1,181	29,511
Total .....	74,137	52,765	4,309	6,710	137,921

## Transfer payment agreements, capital assets, purchases and operating leases

Transfer payment agreements are irrevocable contracts to provide funding to other levels of governments, organizations or individuals.

Capital assets are tangible, durable items of value, including major additions or alterations thereto, including military equipment and land, from which benefits are expected to be derived during their useful life. Purchases are supported by contracts to supply goods or services.

An operating lease is a lease in which the lessor does not substantially transfer all the benefits and risks incident to ownership of property to the lessee. Some leases have escalation clauses based on the consumer price index.

**Table 11.3**

### Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Transfer payment agreements</b>										
<b>Agriculture and Agri-Food</b>										
<b>Department of Agriculture and Agri-Food</b>										
<i>Agricultural Greenhouse Gases Program</i>										
Aggregate.....	25	25	8	17	7	5	5	–	–	–
<i>Canadian Agricultural Partnership Contribution Agreement</i>										
Government of British Columbia .....	69	69	–	69	14	14	14	14	13	–
Government of Manitoba .....	106	106	–	106	21	21	22	21	21	–
Government of New Brunswick .....	22	22	–	22	4	5	4	5	4	–
Government of Ontario .....	273	273	–	273	55	54	55	54	55	–
Government of Prince Edward Island.....	22	22	–	22	4	5	4	5	4	–
Government of Quebec .....	176	176	–	176	35	35	35	35	36	–
Government of Saskatchewan .....	233	233	–	233	47	46	47	46	47	–
<i>Dairy Farm Investment Program</i>										
Aggregate.....	35	35	19	16	15	1	–	–	–	–
	961	961	27	934	202	186	186	180	180	–
<b>Canadian Heritage</b>										
<b>Department of Canadian Heritage</b>										
<i>Aboriginal People's Program—Action Plan for Aboriginal Languages</i>										
Aggregate.....	35	35	24	11	11	–	–	–	–	–
<i>Canada Arts Presentation Fund</i>										
Aggregate.....	64	64	10	54	22	18	9	4	1	–
<i>Canada Arts Training Fund</i>										
Aggregate.....	33	33	15	18	12	5	1	–	–	–
Canada's National Ballet School.....	17	17	6	11	5	6	–	–	–	–
National Theatre School of Canada .....	13	13	–	13	4	5	4	–	–	–
<i>Canada Cultural Spaces Fund</i>										
Aggregate.....	78	78	34	44	27	14	3	–	–	–
The Thunder Bay National Exhibition Centre and Centre for Indian Art.....	12	12	–	12	1	6	5	–	–	–
<i>Canada Music Fund</i>										
La Fondation Musicaction.....	22	22	10	12	6	6	–	–	–	–
The Foundation Assisting Canadian Talent on Recordings.....	43	43	26	17	9	8	–	–	–	–
<i>Development of Official Languages Communities Program</i>										
Aggregate.....	112	112	39	73	39	21	7	5	1	–
Community life, aggregate .....	15	15	3	12	3	3	3	3	–	–
Government of the Northwest Territories .....	23	23	12	11	6	5	–	–	–	–
Government of Yukon.....	22	22	5	17	6	11	–	–	–	–



**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Enhancement of Official Languages Program</b>										
Aggregate.....	19	19	7	12	9	3	—	—	—	—
<b>Exchanges Canada Program</b>										
Aggregate.....	44	44	27	17	15	1	1	—	—	—
Historica Canada.....	11	11	—	11	4	3	4	—	—	—
<b>Museums Assistance Program</b>										
Aggregate.....	13	13	—	13	13	—	—	—	—	—
<b>Sport Support Program</b>										
Aggregate.....	30	30	—	30	15	15	—	—	—	—
Canadian Centre for Ethics in Sport.....	12	12	—	12	6	6	—	—	—	—
Canadian Paralympic Committee.....	12	12	—	12	6	6	—	—	—	—
National Sport Organizations.....	38	38	—	38	38	—	—	—	—	—
Sport Participation Bilateral.....	22	22	—	22	5	5	6	6	—	—
<b>Canada Council for the Arts</b>										
Grants.....	186	186	—	186	129	57	—	—	—	—
	876	876	218	658	391	204	43	18	2	—
<b>Environment and Climate Change</b>										
<b>Department of the Environment</b>										
<b>Biodiversity—Wildlife and Habitat</b>										
Aggregate.....	114	114	78	36	24	8	3	1	—	—
<b>Climate Change and Clean Air</b>										
Aggregate.....	91	91	76	15	7	2	6	—	—	—
<b>Contribution in support of the Low Carbon Economy</b>										
Aggregate.....	162	162	7	155	18	37	38	62	—	—
<b>Nature Conservancy of Canada</b>										
To administer the Natural Areas Conservation Program in support of the National Conservation Plan.....										
	100	100	77	23	23	—	—	—	—	—
<b>Sustainable Ecosystems</b>										
Aggregate.....	68	68	39	29	22	5	2	—	—	—
	535	535	277	258	94	52	49	63	—	—
<b>Families, Children and Social Development</b>										
<b>Department of Employment and Social Development</b>										
<b>Aboriginal Skills and Employment Training Strategy</b>										
Aggregate.....	1,788	1,788	1,565	223	221	1	—	1	—	—
Community Futures Treaty Seven.....	86	86	76	10	10	—	—	—	—	—
First Nations of Quebec and Labrador										
Health and Social Services										
Commissions.....	199	199	175	24	24	—	—	—	—	—
First Peoples Development Inc.....	181	181	160	21	21	—	—	—	—	—
Gabriel Dumont Training and										
Employment Inc.....	94	94	82	12	12	—	—	—	—	—
Kativik Regional Government.....	83	83	69	14	14	—	—	—	—	—
Manitoba Keewatinowi Okimakanak Inc.....	156	156	138	18	18	—	—	—	—	—
Manitoba Metis Federation Inc.....	109	109	95	14	14	—	—	—	—	—
Rupertsland Institute.....	122	122	107	15	15	—	—	—	—	—
Saskatchewan Indian Training										
Assessment Group Inc.....	312	312	276	36	36	—	—	—	—	—
<b>Adult Learning, Literacy and Essential Skills</b>										
Aggregate.....	65	65	26	39	18	12	8	1	—	—
<b>Canada Job Fund</b>										
Government of Quebec.....	698	698	470	228	114	114	—	—	—	—
<b>Canada Service Corps</b>										
Aggregate.....	27	27	4	23	12	11	—	—	—	—
<b>Early Learning and Child Care</b>										
Aggregate.....	32	32	11	21	11	10	—	—	—	—
Government of Alberta.....	137	137	46	91	46	45	—	—	—	—
Government of British Columbia.....	153	153	51	102	51	51	—	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
Government of Manitoba .....	47	47	16	31	16	15	—	—	—	—
Government of New Brunswick .....	29	29	10	19	10	9	—	—	—	—
Government of Newfoundland and Labrador ..	22	22	7	15	7	8	—	—	—	—
Government of Nova Scotia .....	35	35	12	23	12	11	—	—	—	—
Government of Ontario .....	439	439	146	293	146	147	—	—	—	—
Government of Quebec .....	262	262	87	175	87	88	—	—	—	—
Government of Saskatchewan .....	42	42	14	28	14	14	—	—	—	—
<b>Foreign Credential Recognition Program</b>										
Aggregate .....	27	27	15	12	9	3	—	—	—	—
<b>Homelessness Partnering Strategy</b>										
Aggregate .....	489	489	366	123	123	—	—	—	—	—
City of Toronto .....	100	100	78	22	22	—	—	—	—	—
Greater Vancouver Regional District .....	47	47	37	10	10	—	—	—	—	—
<b>Labour Market Development Agreements</b>										
Aggregate .....	24	24	11	13	13	—	—	—	—	—
Government of Alberta .....	308	308	141	167	167	—	—	—	—	—
Government of British Columbia .....	637	637	317	320	320	—	—	—	—	—
Government of Manitoba .....	108	108	52	56	56	—	—	—	—	—
Government of New Brunswick .....	210	210	103	107	107	—	—	—	—	—
Government of Newfoundland and Labrador ..	277	277	135	142	142	—	—	—	—	—
Government of Nova Scotia .....	189	189	93	96	96	—	—	—	—	—
Government of Ontario .....	1,373	1,373	672	701	701	—	—	—	—	—
Government of Prince Edward Island .....	57	57	28	29	29	—	—	—	—	—
Government of Quebec .....	1,330	1,330	642	688	688	—	—	—	—	—
Government of Saskatchewan .....	93	93	45	48	48	—	—	—	—	—
<b>National Essential Skills Initiative</b>										
Aggregate .....	13	13	2	11	5	4	2	—	—	—
<b>Opportunities Fund for Persons with Disabilities</b>										
Aggregate .....	89	89	69	20	20	—	—	—	—	—
<b>Sectoral Initiatives Program</b>										
Aggregate .....	29	29	12	17	8	6	3	—	—	—
<b>Skills and Partnership Fund</b>										
Aggregate .....	195	195	43	152	60	55	37	—	—	—
<b>Social Development Partnerships Program</b>										
Aggregate .....	33	33	16	17	12	3	2	—	—	—
<b>Student Work-Integrated Learning Program</b>										
Aggregate .....	42	42	12	30	18	7	5	—	—	—
<b>Workforce Development Agreements</b>										
Government of Alberta .....	520	520	7	513	91	101	107	107	107	—
Government of British Columbia .....	590	590	9	581	105	115	120	120	121	—
Government of Manitoba .....	164	164	2	162	29	32	33	34	34	—
Government of New Brunswick .....	96	96	2	94	18	19	19	19	19	—
Government of Newfoundland and Labrador ..	68	68	2	66	13	14	13	13	13	—
Government of Nova Scotia .....	121	121	2	119	23	24	24	24	24	—
Government of Ontario .....	1,718	1,718	28	1,690	297	330	355	354	354	—
Government of Prince Edward Island .....	20	20	1	19	4	3	4	4	4	—
Government of Saskatchewan .....	147	147	2	145	29	29	29	29	29	—
Government of the Northwest Territories .....	15	15	1	14	3	3	3	3	2	—
Government of Yukon .....	15	15	1	14	3	3	3	3	2	—
<b>Youth Employment Strategy</b>										
Aggregate .....	365	365	113	252	143	109	—	—	—	—
Project Learning Tree Canada .....	11	11	—	11	5	6	—	—	—	—
Skills Canada .....	34	34	9	25	7	4	5	5	4	—
	14,672	14,672	6,711	7,961	4,353	1,406	772	717	713	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Global Affairs</b>										
<b>Department of Foreign Affairs, Trade and Development</b>										
<b>International Development</b>										
Aggregate.....	781	781	457	324	165	100	41	14	4	—
Adventist Development and Relief										
Agency Canada.....	21	21	9	12	8	3	1	—	—	—
Aga Khan Foundation Canada.....	124	124	88	36	16	15	5	—	—	—
Agriteam Canada.....	123	123	70	53	27	16	9	1	—	—
Amref Health Africa in Canada.....	35	35	15	20	10	8	2	—	—	—
Artisanal Gold Council.....	16	16	5	11	3	3	2	—	3	—
Canada World Youth.....	39	39	20	19	8	10	1	—	—	—
Canadian Audit and Accountability Foundation.....	15	15	—	15	2	3	2	2	2	4
Canadian Bureau for International Education.....	48	48	26	22	14	8	—	—	—	—
Canadian Cooperation Society for International Development.....	58	58	32	26	15	7	3	1	—	—
Canadian Executive Service Organization.....	39	39	16	23	8	7	4	4	—	—
Canadian Network for Maternal Newborn and Child Health.....	14	14	4	10	4	3	2	1	—	—
CARE Canada.....	82	82	37	45	16	17	8	3	1	—
CAUSE Canada.....	16	16	2	14	13	1	—	—	—	—
Centre de coopération.....	46	46	16	30	14	9	6	1	—	—
Christian Children's Fund of Canada.....	13	13	2	11	5	5	1	—	—	—
CODE.....	19	19	6	13	3	3	2	4	1	—
Colleges and Institutes Canada.....	80	80	34	46	19	15	10	2	—	—
Consortium CCISD-CHUM Center for International Cooperation in Health and Development.....	20	20	1	19	1	3	3	4	4	4
Consortium Cowater International Inc / CRC Sogema Inc. / Roche Ltd Consulting Group.....	15	15	4	11	3	3	3	—	2	—
Consortium DID-FADQDI.....	51	51	38	13	8	5	—	—	—	—
Consortium of CARE Canada and Oxfam Canada.....	15	15	2	13	5	5	2	1	—	—
Consortium World University Services and Consultores HODI.....	15	15	2	13	2	3	3	5	—	—
Convergence Blended Finance Inc.....	19	19	8	11	5	3	3	—	—	—
CowardSogema International Inc.....	127	127	29	98	27	35	21	11	2	2
CRC Sogema Inc.....	37	37	21	16	9	7	—	—	—	—
Cuso International.....	110	110	62	48	24	23	1	—	—	—
Développement international Desjardins.....	74	74	26	48	15	14	14	3	2	—
Federation of Canadian Municipalities.....	76	76	29	47	18	21	8	—	—	—
Grand Challenges Canada.....	169	169	37	132	47	42	43	—	—	—
Meda Trade Company Inc.....	15	15	2	13	3	4	4	2	—	—
Mennonite Economic Development Associates.....	174	174	80	94	30	39	13	9	3	—
Nutrition International.....	200	200	123	77	57	20	—	—	—	—
Opportunity International Canada.....	20	20	5	15	5	5	5	—	—	—
Oxfam Canada.....	17	17	5	12	6	3	2	1	—	—
Oxfam-Québec.....	86	86	49	37	15	18	4	—	—	—
Plan International Canada Inc.....	164	164	67	97	39	31	19	7	1	—
Right To Play International.....	29	29	4	25	6	7	4	—	8	—
Save the Children Canada.....	71	71	32	39	13	15	8	2	1	—
Solidarité Union Coopération.....	23	23	12	11	4	4	2	1	—	—
Union des producteurs agricoles, développement international.....	23	23	12	11	3	5	2	1	—	—
Université de Montréal.....	15	15	4	11	4	3	4	—	—	—
Université Laval.....	22	22	11	11	6	5	—	—	—	—
University of British Columbia.....	35	35	18	17	9	4	4	—	—	—
University of Saskatchewan.....	17	17	5	12	3	3	3	3	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
World University Service of Canada .....	112	112	37	75	21	19	19	12	4	—
World University Service of Canada/ CISCO .....	67	67	41	26	13	13	—	—	—	—
World Vision Canada .....	49	49	34	15	9	6	—	—	—	—
<b>International Humanitarian Assistance</b>										
Aggregate .....	69	69	37	32	23	8	1	—	—	—
Aga Khan Foundation Canada .....	32	32	14	18	12	5	1	—	—	—
Canadian Catholic Organization for Development and Peace .....	29	29	18	11	11	—	—	—	—	—
Canadian Co-operative Association .....	22	22	11	11	6	5	—	—	—	—
Canadian Foodgrains Bank .....	125	125	50	75	25	25	25	—	—	—
Canadian Red Cross .....	93	93	58	35	26	5	4	—	—	—
CARE Canada .....	43	43	27	16	16	—	—	—	—	—
CowaterSogema International Inc .....	22	22	7	15	10	4	1	—	—	—
Médecins du Monde Canada .....	37	37	19	18	12	6	—	—	—	—
Oxfam-Québec .....	23	23	8	15	12	3	—	—	—	—
World Vision Canada .....	60	60	21	39	31	5	3	—	—	—
<b>International Security and Democratic Development</b>										
Aggregate .....	226	226	108	118	64	35	15	3	1	—
Avocats sans frontières Canada .....	42	42	7	35	10	9	7	6	3	—
Forum of Federations .....	21	21	3	18	4	4	4	4	2	—
	4,280	4,280	2,027	2,253	1,022	715	354	108	44	10
<b>Health</b>										
<b>Department of Health</b>										
<b>Canada-New Brunswick</b>										
<b>Home and Community Care and Mental Health and Addictions Services Funding Agreement</b>										
Government of New Brunswick .....	97	97	—	97	18	22	26	31	—	—
<b>Canada-Newfoundland and Labrador</b>										
<b>Home and Community Care and Mental Health and Addictions Services Funding Agreement</b>										
Government of Newfoundland and Labrador ..	68	68	—	68	12	16	18	22	—	—
<b>Canada-Prince Edward Island</b>										
<b>Home and Community Care and Mental Health and Addictions Services Funding Agreement</b>										
Government of Prince Edward Island .....	19	19	—	19	4	4	5	6	—	—
<b>Contribution agreements</b>										
Brain Canada Foundation .....	120	120	83	37	24	13	—	—	—	—
Canada Health Infoway .....	300	300	18	282	50	75	77	80	—	—
Canadian Agency for Drugs and Technologies in Health .....	124	124	—	124	20	23	26	29	26	—
Canadian Centre on Substance Use and Addiction—Substance use and Addictions Program .....	28	28	—	28	9	10	9	—	—	—
Canadian Foundation for Healthcare Improvement .....	53	53	36	17	17	—	—	—	—	—
Canadian Institute for Health Information .....	365	365	3	362	84	88	93	97	—	—
Canadian Partnership Against Cancer .....	238	238	40	198	43	51	51	53	—	—
Crawford and Company (Canada Inc)— to establish a Thalidomide Survivors Contribution Program .....	49	49	29	20	10	10	—	—	—	—
Health Care Policy Contribution Program .....	24	24	10	14	8	5	1	—	—	—
Mental Health Commission of Canada .....	28	28	14	14	14	—	—	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Territorial Investment Fund Grant Program</b>										
Government of the Northwest Territories .....	28	28	7	21	7	7	7	—	—	—
Government of Nunavut .....	54	54	13	41	14	13	14	—	—	—
Government of Yukon .....	25	25	6	19	6	7	6	—	—	—
<b>Canadian Institutes of Health Research</b>										
<b>Canada 150 Research Chairs</b>										
Aggregate .....	26	26	1	25	2	3	4	3	4	9
<b>Canada Excellence Research Chairs</b>										
Aggregate .....	30	30	13	17	4	4	3	2	2	2
<b>Canada First Research Excellence Fund</b>										
Aggregate .....	279	279	76	203	44	44	44	43	28	—
<b>Canada Graduate Scholarships</b>										
Aggregate .....	19	19	8	11	6	5	—	—	—	—
<b>Centres of Excellence for Commercialization and Research</b>										
Aggregate .....	54	54	29	25	10	6	4	3	2	—
Institute for Research in Immunology and Cancer .....	17	17	1	16	3	4	3	4	2	—
<b>Grants for research projects and personnel support</b>										
Aggregate .....	898	898	427	471	150	116	93	59	33	20
BC Academic Health Science Network .....	40	40	24	16	8	8	—	—	—	—
Centre for Addiction and Mental Health .....	39	39	18	21	9	6	3	2	1	—
Centre hospitalier de l'Université de Montréal .....	55	55	25	30	11	9	6	3	1	—
Dalhousie University .....	52	52	20	32	11	9	6	5	1	—
Douglas Hospital Research Centre .....	50	50	23	27	10	6	5	4	2	—
Hôpital Sainte-Justine .....	40	40	15	25	8	6	5	3	2	1
Hospital for Sick Children .....	184	184	78	106	35	27	19	13	8	4
Institut de recherches cliniques de Montréal .....	48	48	22	26	9	6	4	3	2	2
Jewish General Hospital .....	92	92	44	48	20	12	9	4	2	1
London Health Sciences Centre .....	19	19	8	11	4	3	2	1	1	—
McGill University .....	212	212	100	112	39	28	20	15	8	2
McMaster University .....	245	245	116	129	44	36	27	12	8	2
Ottawa Hospital Research Institute .....	100	100	42	58	18	13	10	9	6	2
Queen's University .....	52	52	24	28	10	7	5	3	2	1
Research Institute of the McGill University Health Centre .....	114	114	49	65	22	18	12	8	4	1
Simon Fraser University .....	38	38	17	21	8	6	3	3	1	—
Sinai Health System .....	98	98	47	51	16	15	9	6	3	2
St Michael's Hospital .....	91	91	35	56	17	12	9	6	3	9
Sunnybrook Research Institute .....	69	69	24	45	15	12	9	5	3	1
Université de Montréal .....	100	100	50	50	20	12	9	6	3	—
Université de Sherbrooke .....	46	46	19	27	10	7	5	3	1	1
Université Laval .....	160	160	80	80	29	23	14	9	5	—
University Health Network .....	142	142	54	88	29	21	16	11	6	5
University of Alberta .....	129	129	57	72	27	18	13	8	5	1
University of British Columbia .....	416	416	180	236	82	60	44	28	16	6
University of Calgary .....	178	178	71	107	36	28	20	14	8	1
University of Manitoba .....	82	82	41	41	15	11	8	4	3	—
University of Ottawa .....	61	61	26	35	12	9	7	4	2	1
University of Saskatchewan .....	58	58	23	35	13	12	7	2	1	—
University of Toronto .....	264	264	111	153	54	37	28	16	11	7
University of Waterloo .....	25	25	8	17	5	3	3	3	2	1
University of Western Ontario .....	102	102	50	52	20	13	9	6	3	1
<b>Institute support grants</b>										
Aggregate .....	64	64	38	26	11	8	5	2	—	—
<b>Networks of Centres of Excellence</b>										
Aggregate .....	88	88	67	21	17	4	—	—	—	—
Queen's University .....	12	12	2	10	2	4	2	2	—	—
<b>Public Health Agency of Canada</b>										
<b>Aboriginal Head Start Strategic Fund</b>										
Aggregate .....	107	107	44	63	32	31	—	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<i>Baycrest Centre for Geriatric Care</i>										
Chronic diseases.....	42	42	20	22	12	10	—	—	—	—
<i>Canada Prenatal Nutrition Program</i>										
Aggregate.....	79	79	26	53	27	26	—	—	—	—
<i>Community Action Program for Children</i>										
Aggregate.....	162	162	54	108	54	54	—	—	—	—
<i>Family Violence</i>										
Aggregate.....	29	29	13	16	6	5	4	1	—	—
<i>Federal Initiative to Address HIV/AIDS</i>										
Aggregate.....	89	89	19	70	20	18	16	16	—	—
Canadian AIDS Treatment Information Exchange.....	20	20	4	16	4	4	4	4	—	—
<i>Hepatitis C</i>										
Aggregate.....	17	17	2	15	4	3	4	4	—	—
<i>Integrated Strategy on Healthy Living and Chronic Diseases</i>										
Aggregate.....	26	26	8	18	9	5	3	1	—	—
	7,079	7,079	2,612	4,467	1,423	1,191	868	681	221	83
<b>Immigration, Refugees and Citizenship</b>										
<b>Department of Citizenship and Immigration</b>										
<i>Newcomer and Settlement Integration Program</i>										
Aggregate.....	1,685	1,685	618	1,067	616	451	—	—	—	—
Bow Valley College.....	19	19	5	14	7	7	—	—	—	—
Catholic Social Services.....	16	16	5	11	6	5	—	—	—	—
Dixie Bloor Neighbourhood Centre.....	17	17	6	11	6	5	—	—	—	—
Edmonton Catholic Separate School District No 7.....	15	15	4	11	6	5	—	—	—	—
Immigrant Services Association of Nova Scotia.....	16	16	5	11	8	3	—	—	—	—
Multilingual Orientation Service Association for Immigrant Communities.....	17	17	6	11	6	5	—	—	—	—
New Canadians' Centre of Excellence Inc.....	19	19	8	11	7	4	—	—	—	—
Newcomer Centre of Peel.....	25	25	9	16	9	7	—	—	—	—
NorQuest College.....	22	22	6	16	9	7	—	—	—	—
Toronto District School Board.....	46	46	14	32	16	16	—	—	—	—
<i>Resettlement Assistance Program</i>										
Aggregate.....	70	70	25	45	25	20	—	—	—	—
<i>Provincial agreement on immigration matters and on the selection of foreign nationals wishing to settle in Canada</i>										
Government of Quebec.....	3,432	3,432	491	2,941	490	490	490	490	490	491
	5,399	5,399	1,202	4,197	1,211	1,025	490	490	490	491
<b>Indigenous and Northern Affairs</b>										
<b>Department of Indian Affairs and Northern Development</b>										
<i>Aboriginal recipient funding (First Nations and Tribal Councils)</i>										
Naskapi Nation of Kawawachikamach.....	60	60	24	36	12	12	12	—	—	—
<i>Aboriginal recipient funding (Other)</i>										
Arctic Co-Operatives Ltd.....	38	38	14	24	12	12	—	—	—	—
Assembly of First Nations.....	141	141	58	83	21	21	21	20	—	—
Fédération des coopératives du Nouveau-Québec.....	30	30	—	30	10	10	10	—	—	—
First Nations Financial Management Board.....	26	26	8	18	5	4	5	4	—	—
Gwich'in Tribal Council.....	20	20	2	18	2	2	2	2	2	8
Inuit Tapiriit Kanatami.....	31	31	10	21	7	7	7	—	—	—
Inuvialuit Regional Corporation.....	45	45	20	25	12	13	—	—	—	—
Joint Secretariat.....	34	34	3	31	3	4	3	4	3	14
Kinooamaadziwin Education Body Inc.....	268	268	—	268	54	53	54	53	54	—
Les Consultants de l'Arctique Inc.....	11	11	—	11	4	3	4	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
Mackenzie Valley Environmental Impact										
Review Board.....	36	36	4	32	3	4	3	4	3	15
Mackenzie Valley Land and Water Board.....	18	18	4	14	3	4	3	4	—	—
Makivik Corporation.....	266	266	129	137	69	68	—	—	—	—
Manitoba Metis Federation Inc.....	58	58	23	35	9	8	9	9	—	—
Metis Nation of Alberta Association.....	40	40	13	27	7	6	7	7	—	—
Metis Nation of Ontario.....	30	30	11	19	5	5	5	4	—	—
Metis Nation of Saskatchewan.....	25	25	5	20	5	5	5	5	—	—
Metis National Council.....	49	49	20	29	7	7	8	7	—	—
Metis Provincial Council of British Columbia	25	25	11	14	4	3	4	3	—	—
National Aboriginal Capital Corporations										
Association.....	170	170	34	136	34	34	34	34	—	—
Nunavut Impact Review Board.....	63	63	49	14	5	4	5	—	—	—
Nunavut Planning Commission.....	55	55	39	16	5	6	5	—	—	—
Nunavut Water Board.....	49	49	36	13	4	5	4	—	—	—
Nunavut Wildlife Management Board.....	105	105	72	33	11	11	11	—	—	—
Sahtu Land and Water Board.....	14	14	2	12	1	2	1	2	1	5
Sahtu Secretariat Incorporated.....	17	17	2	15	2	1	2	1	2	7
The First Nations Information Governance										
Centre.....	24	24	9	15	5	5	5	—	—	—
Wek'Eezhii Land and Water Board.....	20	20	2	18	2	2	2	2	2	8
Yukon Environmental Socio-Economic										
Assessment Board.....	59	59	23	36	6	6	6	6	6	6
<b>Funding agreement for community development</b>										
<b>project</b>										
First Nations Land Management										
Resource Centre Inc.....	29	29	10	19	10	9	—	—	—	—
<b>Funding agreements for provincial</b>										
<b>governments and</b>										
<b>territories</b>										
Government of the Northwest Territories.....	44	44	25	19	5	5	5	4	—	—
Government of Nunavut.....	51	51	28	23	5	4	5	4	5	—
<b>Grants</b>										
Cree Nation Government.....	1,700	1,700	528	1,172	117	117	117	117	117	587
Mi'kmaw Kina'matnewey.....	372	372	319	53	53	—	—	—	—	—
Nunatsiavut Government.....	318	318	269	49	49	—	—	—	—	—
Tlicho Government.....	62	62	27	35	9	9	8	9	—	—
<b>Indian Self-Government</b>										
Carcross/Tagish First Nation.....	66	66	44	22	11	11	—	—	—	—
Champagne and Aishihik First Nations.....	93	93	81	12	12	—	—	—	—	—
First Nation of Nacho Nyak Dun.....	80	80	70	10	10	—	—	—	—	—
Huu-Ay-Aht First Nations.....	21	21	10	11	4	3	4	—	—	—
Ka:'Yu:'K'T'H'/Che:'K:Tles7Et'H'										
First Nations.....	27	27	13	14	4	5	5	—	—	—
Kluane First Nation.....	52	52	39	13	6	7	—	—	—	—
Kwanlin Dun First Nation.....	136	136	102	34	17	17	—	—	—	—
Little Salmon/Carmacks First Nation.....	86	86	75	11	11	—	—	—	—	—
Nisga'A Nation.....	609	609	539	70	70	—	—	—	—	—
Sechelt Indian Band.....	36	36	21	15	7	8	—	—	—	—
Selkirk First Nation.....	84	84	73	11	11	—	—	—	—	—
Sioux Valley Dakota Nation.....	104	104	54	50	17	17	16	—	—	—
Ta'An Kwach'An Council.....	48	48	36	12	6	6	—	—	—	—
Teslin Tlingit Council.....	86	86	75	11	11	—	—	—	—	—
Tla'Amin Nation.....	67	67	20	47	9	10	9	10	9	—
Tr'Ondek Hwëch'In.....	87	87	75	12	12	—	—	—	—	—
Ucluelet First Nation.....	26	26	12	14	4	5	5	—	—	—
Vuntut Gwitchin First Nation.....	90	90	78	12	12	—	—	—	—	—
Westbank First Nation.....	45	45	19	26	6	7	6	7	—	—
<b>Aggregate of various transfer payment</b>										
<b>agreements under \$10 million</b>										
Aggregate.....	1,445	1,445	946	499	210	126	93	35	17	18
	7,691	7,691	4,215	3,476	1,027	693	510	357	221	668

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Indigenous Services</b>										
<b>Department of Indigenous Services Canada</b>										
<i>Aboriginal recipient funding (First Nations and Tribal Councils)</i>										
Agency Chiefs Tribal Council .....	44	44	21	23	8	8	7	—	—	—
Ahousht Indian Band .....	40	40	—	40	8	8	8	8	8	—
Ahtahkakoop Band .....	46	46	10	36	9	9	9	9	—	—
Albany .....	47	47	31	16	8	8	—	—	—	—
Alexis Nakota Sioux Nation .....	55	55	30	25	9	8	8	—	—	—
Anishinabe of Wauzhushk Onigum .....	16	16	4	12	3	3	3	3	—	—
Atikamekw Sipi - Conseil de la Nation										
Atikamekw .....	49	49	23	26	10	8	8	—	—	—
Attawapiskat First Nation .....	49	49	36	13	13	—	—	—	—	—
Bande des Innus de Pessamit .....	209	209	153	56	28	28	—	—	—	—
Bande Innue Essipit .....	32	32	22	10	3	4	3	—	—	—
Batchewana First Nation .....	44	44	19	25	8	9	8	—	—	—
Battlefords Agency Tribal Chiefs Inc .....	58	58	30	28	14	14	—	—	—	—
Beardy's & Okemasis Band .....	52	52	11	41	10	11	10	10	—	—
Bearskin Lake First Nation .....	23	23	6	17	4	5	4	4	—	—
Big River Band .....	67	67	34	33	11	11	11	—	—	—
Bigstone Cree Nation .....	52	52	—	52	17	18	17	—	—	—
Black Lake Band .....	59	59	49	10	10	—	—	—	—	—
Black River First Nation .....	12	12	—	12	2	3	2	3	2	—
Blood Band .....	654	654	574	80	80	—	—	—	—	—
Bunibonabee Cree Nation .....	76	76	56	20	20	—	—	—	—	—
Canim Lake Indian Band .....	14	14	—	14	3	3	2	3	3	—
Canoe Lake Band .....	28	28	11	17	6	6	5	—	—	—
Carry The Kettle Band .....	30	30	16	14	7	7	—	—	—	—
Chemawawin Cree Nation .....	58	58	36	22	11	11	—	—	—	—
Chippewas of the Thames First Nation .....	22	22	10	12	4	4	4	—	—	—
Cold Lake First Nations Band .....	22	22	11	11	4	4	3	—	—	—
Communauté Anicinape de Kitcisakik .....	20	20	8	12	4	4	4	—	—	—
Conseil des Atikamekw de Wemotaci .....	84	84	65	19	10	9	—	—	—	—
Conseil des Atikamekw d'Opitciwan .....	127	127	103	24	24	—	—	—	—	—
Cote First Nation 366 .....	19	19	6	13	6	7	—	—	—	—
Couchiching First Nation .....	40	40	18	22	7	8	7	—	—	—
Cowichan .....	129	129	104	25	25	—	—	—	—	—
Cross Lake First Nation .....	185	185	149	36	36	—	—	—	—	—
Curve Lake First Nation .....	25	25	6	19	5	5	5	4	—	—
Deer Lake First Nation .....	42	42	19	23	8	8	7	—	—	—
Dene Tha' Band .....	99	99	45	54	18	18	18	—	—	—
Driftpile Cree Nation .....	41	41	—	41	9	8	8	8	8	—
Ebb and Flow Band .....	46	46	—	46	9	9	9	9	10	—
Eel Ground Band Council .....	34	34	19	15	5	5	5	—	—	—
Elsipogtog First Nation .....	27	27	—	27	27	—	—	—	—	—
English River First Nation Band .....	23	23	12	11	4	4	3	—	—	—
Ermineskin Tribe .....	182	182	154	28	14	14	—	—	—	—
Esgenoopetitj First Nation .....	13	13	—	13	13	—	—	—	—	—
Eskasoni Band Council .....	123	123	90	33	16	17	—	—	—	—
File Hills Qu'appelle Tribal Council Inc .....	26	26	13	13	4	4	5	—	—	—
Fisher River Band .....	100	100	52	48	17	16	15	—	—	—
Fishing Lake First Nation Band .....	20	20	—	20	4	4	4	4	4	—
Fort Alexander Band .....	68	68	32	36	18	18	—	—	—	—
Fort Nelson First Nation .....	19	19	8	11	4	4	3	—	—	—
Fort William First Nation .....	21	21	9	12	6	6	—	—	—	—
Garden Hill First Nation .....	21	21	—	21	21	—	—	—	—	—
Garden River First Nation .....	47	47	20	27	9	9	9	—	—	—
George Gordon First Nation .....	18	18	7	11	6	5	—	—	—	—
Gitksan Local Services Society .....	104	104	—	104	21	21	20	21	21	—
Gitxaala Nation .....	21	21	—	21	4	4	4	5	4	—
God's Lake First Nation .....	46	46	36	10	10	—	—	—	—	—
Haisla Nation .....	51	51	26	25	5	5	5	5	5	—
Hatchet Lake Band .....	53	53	—	53	11	10	11	10	11	—
Heiltsuk Indian Band .....	48	48	36	12	12	—	—	—	—	—



Table 11.3

## Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
Innu TakuaiKAN Uashat Mak Mani-Utenam.....	150	150	—	150	30	30	30	30	30	—
Kahkewistahaw Band .....	44	44	23	21	7	7	7	—	—	—
Kasabonika Lake First Nation .....	47	47	23	24	8	8	8	—	—	—
Kashechewan First Nation.....	93	93	80	13	13	—	—	—	—	—
Kawacatoose Band .....	34	34	14	20	7	6	7	—	—	—
Kebaowek First Nation.....	17	17	—	17	3	4	3	4	3	—
Kee Tas Kee Now Tribal Council.....	179	179	154	25	25	—	—	—	—	—
Keeseekoose Band .....	23	23	13	10	5	5	—	—	—	—
Keewaytinook Okimakanak / Northern Chiefs Council .....	64	64	43	21	7	7	7	—	—	—
Kee-Way-Win First Nation .....	27	27	16	11	4	3	4	—	—	—
Kehewin Cree Nation .....	57	57	23	34	7	7	6	7	7	—
Kinistin Saulteaux Nation.....	17	17	—	17	3	4	3	4	3	—
Kitchenuhmaykoosib Inninuwug.....	29	29	11	18	9	9	—	—	—	—
Kitigan Zibi Anishinabeg .....	140	140	99	41	14	13	14	—	—	—
Lac La Ronge Band.....	170	170	119	51	51	—	—	—	—	—
Lac Seul First Nation.....	36	36	—	36	7	7	7	7	8	—
Lake Babine Nation.....	54	54	44	10	10	—	—	—	—	—
Lake St Martin Band .....	23	23	—	23	5	5	4	5	4	—
Lax Kw'alaams Indian Band.....	36	36	25	11	11	—	—	—	—	—
Les Atikamekw de Manawan .....	101	101	85	16	16	—	—	—	—	—
Liard First Nation.....	11	11	—	11	5	6	—	—	—	—
Listuguj Mi'gmaq Government.....	49	49	19	30	16	14	—	—	—	—
Little Grand Rapids Band .....	22	22	10	12	6	6	—	—	—	—
Little Pine Band .....	30	30	—	30	6	6	6	6	6	—
Little Red River Cree Nation.....	82	82	—	82	41	41	—	—	—	—
Little Saskatchewan Band .....	19	19	—	19	4	4	3	4	4	—
Long Plain Band.....	107	107	95	12	12	—	—	—	—	—
Long Point First Nation.....	15	15	—	15	5	5	5	—	—	—
Louis Bull Band .....	44	44	24	20	7	7	6	—	—	—
Lytton Indian Band .....	31	31	14	17	6	5	6	—	—	—
Makwa Sahgaiehcán First Nation Band.....	45	45	34	11	11	—	—	—	—	—
Mathias Colomb Band.....	68	68	40	28	14	14	—	—	—	—
M'Chigeeng First Nation .....	37	37	23	14	7	7	—	—	—	—
Membertou Band Council .....	29	29	—	29	6	6	5	6	6	—
Metepenagiag Mi'Kmaq Nation.....	28	28	14	14	5	4	5	—	—	—
Mikisew Cree First Nation Band .....	35	35	18	17	9	8	—	—	—	—
Millbrook Band Council.....	39	39	—	39	8	8	8	8	7	—
Mississaugas of the New Credit First Nation...	28	28	—	28	6	6	5	5	6	—
Mistawasis Nēhiyawak.....	35	35	16	19	6	6	7	—	—	—
Mltc Program Services Inc .....	113	113	52	61	20	20	21	—	—	—
Mohawk Council of Akwesasne .....	170	170	112	58	29	29	—	—	—	—
Mohawks of Kahnawá:ke Band.....	418	418	291	127	43	42	42	—	—	—
Mohawks of the Bay of Quinte.....	54	54	28	26	9	9	8	—	—	—
Montagnais de Unamen Shipu.....	19	19	8	11	6	5	—	—	—	—
Montreal Lake Band.....	68	68	33	35	12	11	12	—	—	—
Moose Cree First Nation .....	60	60	28	32	11	10	11	—	—	—
Moricetown Indian Band.....	28	28	18	10	5	5	—	—	—	—
Mosquito-Grizzly Bear's Head Band .....	25	25	—	25	5	5	5	5	5	—
Muscowpetung Band.....	16	16	—	16	3	3	4	3	3	—
Muskeg Lake Cree Nation #102 .....	29	29	12	17	6	5	6	—	—	—
Muskoday First Nation Band.....	35	35	16	19	6	7	6	—	—	—
Muskowekwan Band.....	31	31	12	19	6	6	7	—	—	—
Musqueam Indian Band.....	20	20	9	11	4	3	4	—	—	—
Nak'azdli Whut'en .....	35	35	15	20	7	6	7	—	—	—
Namgis First Nation Band .....	22	22	10	12	4	4	4	—	—	—
Nation Anishnabe du Lac Simon.....	27	27	—	27	12	12	1	1	1	—
Nation Huronne Wendat.....	137	137	76	61	12	12	13	12	12	—
Nisichawayasihk Cree Nation .....	128	128	60	68	24	22	22	—	—	—
North Caribou Lake First Nation.....	43	43	26	17	6	6	5	—	—	—
North Peace Tribal Council .....	42	42	—	42	8	9	8	9	8	—
North Spirit Lake First Nation.....	22	22	12	10	3	4	3	—	—	—
Norway House Cree Nation.....	256	256	154	102	53	49	—	—	—	—
Nuu-Chah-Nulth Tribal Council.....	127	127	—	127	25	25	26	25	26	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
Nuxalk Nation Band.....	58	58	36	22	11	11	—	—	—	—
Ochapowace Band.....	38	38	28	10	10	—	—	—	—	—
O-Chi-Chak-Ko-Sipi First Nation .....	16	16	—	16	3	3	4	3	3	—
Odanak.....	44	44	31	13	4	5	4	—	—	—
One Arrow First Nation.....	39	39	17	22	7	8	7	—	—	—
Onion Lake Cree Nation.....	221	221	194	27	27	—	—	—	—	—
Opaskwayak Cree Nation .....	232	232	205	27	27	—	—	—	—	—
Padc Management Company Ltd.....	133	133	—	133	33	33	33	34	—	—
Pasqua First Nation #79 .....	31	31	15	16	5	6	5	—	—	—
Peguis Band .....	194	194	160	34	34	—	—	—	—	—
Penelakut Tribe .....	30	30	14	16	6	5	5	—	—	—
Penticton Indian Band .....	30	30	13	17	6	5	6	—	—	—
Peter Ballantyne Cree Nation .....	151	151	108	43	43	—	—	—	—	—
Piapot Band.....	19	19	7	12	6	6	—	—	—	—
Pikangikum First Nation .....	89	89	20	69	17	17	17	18	—	—
Pine Creek Band.....	16	16	—	16	3	3	3	3	4	—
Poplar Hill First Nation .....	26	26	14	12	4	4	4	—	—	—
Première Nation des Pekuakamiulnuatsh.....	132	132	57	75	26	24	25	—	—	—
Red Sucker Lake Band .....	35	35	19	16	8	8	—	—	—	—
Regroupement Mamit Innuat Inc.....	45	45	21	24	8	8	8	—	—	—
Roseau River Anishinabe First Nation										
Government.....	15	15	—	15	3	3	3	3	3	—
Sachigo Lake First Nation.....	29	29	15	14	5	5	4	—	—	—
Saddle Lake Cree Nation.....	134	134	—	134	35	25	25	25	24	—
Saint Mary's Band Council.....	51	51	—	51	13	9	10	9	10	—
Samson Band .....	86	86	69	17	17	—	—	—	—	—
Sandy Bay Band.....	50	50	33	17	17	—	—	—	—	—
Sandy Lake First Nation.....	57	57	23	34	17	17	—	—	—	—
Sapotaweyak Cree Nation .....	24	24	12	12	6	6	—	—	—	—
Saskatoon Tribal Council .....	25	25	15	10	3	4	3	—	—	—
Saugeen First Nation .....	29	29	19	10	5	5	—	—	—	—
Saulteaux Band .....	17	17	—	17	3	3	4	3	4	—
Seabird Island Indian Band .....	42	42	19	23	8	7	8	—	—	—
Shamattawa First Nation .....	50	50	39	11	11	—	—	—	—	—
Shoal Lake Cree Nation .....	13	13	—	13	4	5	4	—	—	—
Siksika Nation Band.....	193	193	49	144	44	33	33	34	—	—
Simpew First Nation.....	13	13	2	11	3	3	2	3	—	—
Sipekne'Katik .....	40	40	18	22	7	8	7	—	—	—
Six Nations of the Grand River .....	99	99	46	53	18	18	17	—	—	—
Skidegate Indian Band.....	36	36	15	21	7	7	7	—	—	—
Snuneymuxw First Nation.....	45	45	32	13	7	6	—	—	—	—
Southeast Resource Development Council	26	26	10	16	8	8	—	—	—	—
Southern First Nations Secretariat .....	42	42	27	15	7	8	—	—	—	—
Squamish Indian Band.....	65	65	29	36	12	12	12	—	—	—
St Theresa Point Band.....	95	95	71	24	24	—	—	—	—	—
Standing Buffalo Band.....	29	29	—	29	6	6	5	6	6	—
Stoney Band .....	21	21	—	21	21	—	—	—	—	—
Stz'uminus First Nation .....	41	41	20	21	7	7	7	—	—	—
Sucker Creek Band.....	53	53	38	15	8	7	—	—	—	—
Tataskweyak Cree Nation.....	105	105	55	50	17	16	17	—	—	—
Timiskaming First Nation.....	39	39	26	13	7	6	—	—	—	—
Tk'Emlúps Te Secwépemc .....	25	25	11	14	5	5	4	—	—	—
Tl'azt'en Nation .....	28	28	—	28	6	5	6	5	6	—
Tsartlip Indian Band.....	43	43	33	10	10	—	—	—	—	—
Tsuut'Ina Nation.....	132	132	108	24	12	12	—	—	—	—
Wagmatcook Band Council.....	18	18	—	18	4	3	4	3	4	—
Wasagamack First Nation.....	54	54	30	24	12	12	—	—	—	—
Waterhen Lake Band .....	27	27	12	15	5	5	5	—	—	—
Waywayseecappo First Nation										
Treaty Four - 1874.....	47	47	33	14	14	—	—	—	—	—
Webequie .....	36	36	24	12	6	6	—	—	—	—
We'koqma'q First Nation.....	21	21	—	21	4	4	5	4	4	—
Western Cree Tribal Council.....	88	88	—	88	21	17	17	17	16	—
White Bear Band .....	36	36	20	16	5	5	6	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
Whitefish Lake # 128 .....	46	46	30	16	8	8	—	—	—	—
Wikwemikong Unceded Indian Reserve.....	122	122	104	18	18	—	—	—	—	—
Windigo First Nations Council.....	22	22	7	15	5	5	5	—	—	—
Witchehan Lake Band .....	16	16	—	16	4	4	4	4	—	—
Woodstock Band Council.....	10	10	—	10	4	3	3	—	—	—
Yellow Quill Band .....	34	34	15	19	7	6	6	—	—	—
<b>Aboriginal recipient funding</b>										
<b>(Other)</b>										
Aecom Canada Ltd.....	31	31	10	21	7	7	7	—	—	—
Agency Chiefs Child & Family Services Corp	20	20	7	13	7	6	—	—	—	—
All Nations Development Corporation .....	43	43	18	25	8	8	9	—	—	—
Anishinaabe Child and Family Services .....	31	31	—	31	6	6	6	6	7	—
Assembly of First Nations .....	25	25	12	13	3	3	3	4	—	—
Awasis Agency of Northern Manitoba .....	101	101	—	101	20	20	21	20	20	—
Canadian Red Cross Society.....	95	95	67	28	28	—	—	—	—	—
Carrier Sekani Family Services .....	23	23	9	14	5	4	5	—	—	—
Centre Intégré de Santé et de Services										
Sociaux de l'Abitibi-Témiscamingue .....	106	106	—	106	16	23	23	22	22	—
Conseil en Éducation des Premières Nations...	161	161	80	81	28	27	26	—	—	—
Cree Nation Child and Family Caring Agency	61	61	—	61	12	12	13	12	12	—
Dakota Ojibway Child and Family Services....	54	54	—	54	11	11	11	11	10	—
First Nations Confederacy of Cultural										
Education Centre .....	27	27	6	21	5	5	6	5	—	—
First Nations Education Steering Committee										
Society.....	128	128	107	21	10	11	—	—	—	—
Freehorse Family Wellness Society.....	18	18	7	11	4	3	4	—	—	—
Frontier School Division #48 .....	196	196	—	196	39	39	40	39	39	—
Grand Erie District School Board.....	36	36	15	21	7	7	7	—	—	—
Institut Tshakapesh.....	49	49	25	24	8	8	8	—	—	—
Intertribal Child and Family Services.....	17	17	—	17	3	4	4	3	3	—
Island Lake First Nations Family Services .....	65	65	—	65	13	13	13	13	13	—
Kasohkewew Child and Wellness										
Society (2012) .....	26	26	—	26	26	—	—	—	—	—
Kenjgewin Teg Educational Institute.....	26	26	11	15	5	5	5	—	—	—
Kinosao Sipi Minisowin Agency.....	43	43	—	43	9	8	9	8	9	—
Kwayaciiwin Education Resource Centre.....	17	17	6	11	6	5	—	—	—	—
Kwumut Lelum Child and Family Services										
Society.....	19	19	8	11	4	3	4	—	—	—
Mamu Tshishkutamashutau /										
Innu Education Inc.....	11	11	—	11	11	—	—	—	—	—
Manitoba First Nations Education Resource										
Centre Inc .....	188	188	155	33	33	—	—	—	—	—
Mi'Kmaq Family & Children's Services										
of Nova Scotia.....	19	19	—	19	19	—	—	—	—	—
Nan Corporate Services.....	67	67	26	41	14	13	14	—	—	—
National Association Friendship Centres.....	127	127	25	102	25	26	25	26	—	—
Nikan Awasisak Agency .....	31	31	—	31	6	6	7	6	6	—
Nisichawayasihk Cree Nation Family										
and Community Services .....	42	42	—	42	8	8	9	8	9	—
Northern Nishnawbe Education Council .....	97	97	79	18	18	—	—	—	—	—
Northland School Division # 61 .....	11	11	—	11	11	—	—	—	—	—
Ontario Federation of Indigenous Friendship										
Centres.....	27	27	5	22	5	6	5	6	—	—
Ontario First Nations Technical Services										
Corporation.....	35	35	14	21	7	7	7	—	—	—
Opaskwayak Cree Nation Child and Family										
Services Agency .....	22	22	—	22	4	5	4	5	4	—
Peguis Child and Family Services .....	23	23	—	23	5	4	5	4	5	—
Sagkeeng Child and Family Services .....	24	24	—	24	5	5	5	5	4	—
Sandy Bay Child and Family Services.....	26	26	—	26	5	5	5	5	6	—
Secwepemc Child & Family Services Agency.	18	18	7	11	4	3	4	—	—	—
Seven Generations Education Institute .....	18	18	7	11	4	3	4	—	—	—
Southeast Child and Family Services .....	154	154	—	154	31	31	31	31	30	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
The Corporation of the town of Kapuskasing ..	45	45	27	18	9	9	—	—	—	—
Treaty Six Education Council Inc.....	48	48	24	24	8	8	8	—	—	—
West Region Child and Family Services .....	53	53	—	53	11	10	11	10	11	—
<b>First Nations and Inuit</b>										
<b>Primary Health Care</b>										
Aggregate .....	2,066	2,066	1,268	798	406	233	108	42	8	1
Stoney Tribes.....	18	18	—	18	4	4	3	4	3	—
Weeneebayko Area Health Authority .....	60	60	30	30	12	12	6	—	—	—
<b>Health Infrastructure Support</b>										
Aggregate .....	728	728	518	210	105	62	28	12	2	1
First Nations Health Authority.....	4,653	4,653	1,950	2,703	466	517	545	573	602	—
<b>Supplementary Health Benefits</b>										
Aggregate .....	376	376	239	137	69	41	19	6	2	—
<b>Primary Health Care and Health Infrastructure Support</b>										
First Nations Technical Services										
Advisory Group Inc .....	19	19	—	19	4	4	4	4	3	—
Government of Nunavut .....	191	191	22	169	19	19	19	19	18	75
Mnaamodzawin Health Services Inc .....	15	15	3	12	3	3	3	3	—	—
<b>Primary Health Care, Health Infrastructure Support and Supplementary Health Benefits</b>										
Athabasca Health Authority Inc.....	45	45	29	16	8	8	—	—	—	—
Battle River Treaty 6 Health Centre Inc....	49	49	31	18	9	9	—	—	—	—
Berens River First Nation .....	22	22	10	12	4	4	4	—	—	—
Bigstone Health Commission.....	197	197	97	100	20	20	20	20	20	—
Blood Tribe Department of Health Inc.....	121	121	36	85	14	13	13	13	11	21
Conseil de la Nation Anishnabe du										
Lac Simon.....	12	12	—	12	2	3	2	3	2	—
Conseil de la Nation huronne-wendat .....	24	24	13	11	3	2	2	2	2	—
Conseil de la Nation Innu Matimekush,										
Lac John.....	20	20	—	20	4	4	4	4	4	—
Conseil des innus de Pessamit.....	33	33	23	10	5	5	—	—	—	—
Conseil des Montagnais du Lac-Saint-Jean	19	19	8	11	4	4	3	—	—	—
Cross Lake Band of Indians .....	86	86	20	66	20	31	15	—	—	—
Dilico Anishinabek Family Care.....	31	31	7	24	6	6	6	6	—	—
Elsipogtog First Nation.....	16	16	4	12	3	3	3	3	—	—
Eskasoni Band Council.....	22	22	6	16	4	4	4	4	—	—
Innu Takuaiakan Uashat Mak										
Mani-Utenam .....	23	23	—	23	5	4	5	4	5	—
James Smith Cree Nation.....	13	13	—	13	3	2	3	2	3	—
Kahnawake Shakotii'a'takehnhas										
Community Services .....	83	83	52	31	9	9	7	6	—	—
Keewatin Tribal Council Inc .....	27	27	16	11	4	4	3	—	—	—
Listuguj Mi'gmaq Government .....	16	16	—	16	3	3	4	3	3	—
Little Red River Cree Nation .....	28	28	16	12	4	4	4	—	—	—
Maskwacis Health Services .....	47	47	11	36	9	9	9	9	—	—
Mathias Colomb Cree Nation .....	19	19	9	10	4	3	3	—	—	—
Meadow Lake Tribal Council .....	168	168	22	146	17	17	17	16	16	63
Mohawks of Akwesasne .....	140	140	75	65	17	16	16	16	—	—
Morning Sky Health and Wellness Society	10	10	—	10	2	2	2	2	2	—
North Peace Tribal Council.....	28	28	18	10	5	5	—	—	—	—
Norway House Cree Nation .....	49	49	23	26	9	8	9	—	—	—
Nunee Health Board Society.....	29	29	2	27	6	5	5	5	6	—
Opaskwayak Cree Nation .....	32	32	15	17	6	6	5	—	—	—
Peguis First Nation .....	32	32	22	10	5	5	—	—	—	—
Peter Ballantyne Cree Nation Health										
Services Inc.....	130	130	59	71	13	12	12	12	11	11
Saddle Lake Cree Nation .....	34	34	22	12	7	5	—	—	—	—
Sandy Bay Ojibway First Nation .....	22	22	10	12	4	4	4	—	—	—
Six Nations of the Grand River.....	51	51	23	28	10	9	9	—	—	—
Tsuut'ina Nation.....	10	10	—	10	2	2	2	2	2	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Funding Agreement for Projects</b>										
Martin Family Initiative .....	35	35	8	27	5	4	5	4	5	4
Shawano Consulting Services Ltd .....	81	81	52	29	29	—	—	—	—	—
Wataynikaneyap Power GP Inc .....	60	60	30	30	30	—	—	—	—	—
<b>Funding Agreement for Provincial Governments and Territories</b>										
Government of Yukon .....	82	82	22	60	15	15	15	15	—	—
Minister of Finance, Alberta .....	549	549	110	439	86	85	86	85	86	11
Ministry of Child and Family Development, British Columbia .....	291	291	58	233	29	29	29	29	29	88
Ministry of Community and Social Services, Ontario .....	1,316	1,316	1,046	270	270	—	—	—	—	—
Ministry of Education, British Columbia .....	341	341	65	276	34	35	34	35	34	104
Ministry of Forests, Lands and Natural Resource Operations, British Columbia .....	20	20	4	16	2	2	2	2	2	6
Ministry of Natural Resources and Forestry, Ontario .....	22	22	8	14	5	4	5	—	—	—
Ministry of Transportation and Infrastructure, British Columbia .....	140	140	17	123	15	16	15	16	15	46
<b>Grant</b>										
Miawpukek Band .....	108	108	53	55	11	11	11	11	11	—
<b>Aggregate of various transfer payment agreements under \$10 million</b>										
Aggregate .....	6,291	6,291	4,334	1,957	1,198	435	237	63	23	1
	33,402	33,402	17,622	15,780	5,831	3,637	2,716	1,725	1,439	432
<b>Infrastructure and Communities</b>										
<b>Office of Infrastructure of Canada</b>										
<b>Asset Management Fund</b>										
Federation of Canadian Municipalities .....	50	50	7	43	16	16	11	—	—	—
<b>Border Infrastructure Fund</b>										
<b>Government of Quebec</b>										
Highways 35, 55, 73 and 173, Phase I and II .....	147	147	130	17	—	17	—	—	—	—
<b>Building Canada Fund—Communities Component</b>										
Government of Quebec .....	201	201	146	55	29	26	—	—	—	—
<b>Building Canada Fund—Large Urban Centres Component</b>										
Government of Quebec .....	200	200	75	125	76	49	—	—	—	—
<b>Building Canada Fund—Major Infrastructure Component</b>										
Aggregate .....	1,248	1,248	1,103	145	107	34	4	—	—	—
<b>City of Ottawa</b>										
Ottawa Light Rail Transit Project .....	600	600	520	80	80	—	—	—	—	—
<b>City of Port Coquitlam</b>										
Port Coquitlam Recreation Centre Project .....	12	12	—	12	6	1	5	—	—	—
<b>City of Toronto</b>										
Union Station revitalization .....	133	133	109	24	24	—	—	—	—	—
<b>Capital Regional District</b>										
McLoughlin Wastewater Treatment Plant ..	120	120	18	102	39	37	26	—	—	—
<b>Government of Quebec</b>										
<b>Ministry of Culture and Communications</b>										
Montreal Museum of Contemporary Arts .....	19	19	—	19	2	12	5	—	—	—
<b>Ministry of Municipal Affairs and Land Occupancy</b>										
Baie-Comeau Water Treatment Project .....	20	20	—	20	8	12	—	—	—	—
Ice Centre of the City of Québec .....	23	23	—	23	11	6	4	2	—	—

Table 11.3

## Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
Jean R. Marcotte Wastewater Treatment Facility upgrade.....	64	64	2	62	3	15	16	15	13	–
Montreal Combined Sewer Overflow Project .....	49	49	–	49	2	12	13	12	10	–
Outremont Switching Yard Project .....	30	30	6	24	8	3	3	2	2	6
Quartier des Spectacles de Montréal.....	40	40	29	11	4	7	–	–	–	–
Redevelopment of Saint Joseph's Oratory of Montreal.....	22	22	–	22	6	4	4	4	4	–
Shawinigan Water Treatment System upgrades .....	24	24	–	24	8	16	–	–	–	–
<b>Metrolinx</b>										
GO Transit Improvement Program .....	250	250	224	26	–	26	–	–	–	–
<b>Regional Municipality of Waterloo</b>										
Waterloo Rapid Transit.....	265	265	233	32	32	–	–	–	–	–
<b>Canada Strategic Infrastructure Fund</b>										
Aggregate.....	498	498	475	23	13	10	–	–	–	–
<b>City of Winnipeg</b>										
Winnipeg Wastewater Treatment.....	42	42	31	11	5	6	–	–	–	–
<b>Government of Quebec</b>										
Highways 35, 50, 185, Dorval Interchange, Phase II.....	389	389	378	11	–	11	–	–	–	–
<b>Greater Toronto Transit Authority</b>										
GO Transit Rail Infrastructure Improvements .....	385	385	351	34	8	26	–	–	–	–
<b>Capacity Building for Climate Change Challenges</b>										
Federation of Canadian Municipalities .....	75	75	10	65	24	26	15	–	–	–
<b>Clean Water and Wastewater Fund</b>										
Government of Alberta.....	197	197	46	151	98	53	–	–	–	–
Government of British Columbia .....	225	225	39	186	140	46	–	–	–	–
Government of Manitoba .....	95	95	22	73	31	42	–	–	–	–
Government of New Brunswick .....	80	80	29	51	37	14	–	–	–	–
Government of Newfoundland and Labrador ..	71	71	39	32	18	14	–	–	–	–
Government of the Northwest Territories .....	52	52	9	43	19	16	8	–	–	–
Government of Nova Scotia .....	87	87	49	38	–	38	–	–	–	–
Government of Nunavut .....	51	51	1	50	31	19	–	–	–	–
Government of Ontario .....	570	570	126	444	212	232	–	–	–	–
Government of Prince Edward Island.....	56	56	15	41	14	27	–	–	–	–
Government of Quebec .....	364	364	8	356	151	205	–	–	–	–
Government of Saskatchewan .....	89	89	42	47	22	25	–	–	–	–
Government of Yukon.....	51	51	3	48	23	20	5	–	–	–
<b>Green Infrastructure Fund</b>										
Aggregate.....	83	83	72	11	8	3	–	–	–	–
<b>Capital Regional District</b>										
Conveyance System Project, Victoria .....	50	50	–	50	35	11	4	–	–	–
<b>City of Hamilton</b>										
Woodward Avenue Wastewater Treatment Plant.....	100	100	–	100	24	30	31	15	–	–
<b>Government of Quebec</b>										
Biomethanation in Couronne sud.....	27	27	5	22	7	2	1	3	9	–
Biomethanation in Longueuil.....	22	22	–	22	–	–	7	–	15	–
Biomethanation in Québec City .....	17	17	–	17	–	5	–	8	4	–
Biomethanation in Saint-Hyacinthe .....	11	11	–	11	11	–	–	–	–	–

Table 11.3

## Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Prince Edward Island Energy Corporation</b>										
Northumberland Strait Submarine Transmission System Umbrella Agreement.....	69	69	48	21	21	–	–	–	–	–
<b>Investing in Canada Infrastructure Program</b>										
Government of British Columbia .....	3,917	3,917	–	3,917	28	193	545	850	617	1,684
Government of New Brunswick .....	673	673	–	673	67	67	68	67	67	337
Government of the Northwest Territories .....	571	571	–	571	19	35	52	82	92	291
Government of Ontario .....	10,371	10,371	–	10,371	238	321	472	598	765	7,977
<b>New Building Canada Fund—National Infrastructure Component</b>										
<b>Fort McMurray Airport Authority</b>										
Fort McMurray International Airport Expansion .....	25	25	1	24	–	2	5	8	6	3
<b>Government of British Columbia</b>										
Kicking Horse Canyon Project Phase 4.....	215	215	–	215	3	44	55	59	43	11
<b>Montreal Port Authority</b>										
Optimization of port capacity.....	44	44	20	24	3	5	3	13	–	–
<b>Saint John Port Authority</b>										
Port Saint John West Side Terminals Modernization Project.....	68	68	1	67	20	15	14	11	7	–
<b>New Building Canada Fund—Provincial- National and Regional Projects— Provincial-Territorial Infrastructure Component</b>										
Aggregate.....	227	227	73	154	117	32	4	1	–	–
<b>Assiniboine Park Conservancy</b>										
Canada's Diversity Gardens .....	35	35	6	29	18	8	3	–	–	–
<b>British Columbia Ferry Services Inc</b>										
British Columbia Ferries Umbrella Agreement .....	60	60	9	51	24	20	6	1	–	–
<b>City of Calgary</b>										
Flood Mitigation Projects .....	10	10	–	10	1	4	5	–	–	–
<b>City of Edmonton</b>										
Edmonton Valley Line (Stage 1) Southeast Light Rail Transit .....	150	150	39	111	81	15	15	–	–	–
<b>City of Greater Sudbury</b>										
Maley Drive Extension, phase 1 .....	27	27	5	22	13	5	4	–	–	–
<b>City of Moncton</b>										
City of Moncton Umbrella Agreement.....	12	12	2	10	4	6	–	–	–	–
<b>City of Ottawa</b>										
Combined Sewage Storage Tunnel.....	62	62	15	47	30	11	6	–	–	–
<b>City of Selkirk</b>										
Wastewater treatment facility .....	12	12	–	12	4	6	2	–	–	–
<b>City of St. John's</b>										
City of St. John's Umbrella Agreement.....	14	14	–	14	10	2	1	1	–	–
<b>City of Winnipeg</b>										
Waverley Street Underpass at CN Mainline .....	46	46	8	38	27	11	–	–	–	–
<b>Government of British Columbia</b>										
British Columbia Highways Umbrella Agreement .....	442	442	71	371	163	109	56	29	13	1
<b>Government of Manitoba</b>										
Manitoba Projects Umbrella Agreement.....	46	46	11	35	20	12	2	1	–	–
<b>Government of New Brunswick</b>										
National Regional Projects in New Brunswick Umbrella Agreement..	284	284	43	241	40	55	63	70	8	5

Table 11.3

## Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Government of Newfoundland and Labrador</b>										
Newfoundland and Labrador Umbrella Agreement.....	47	47	25	22	7	15	—	—	—	—
<b>Government of the Northwest Territories</b>										
Highway rehabilitation in the Northwest Territories Umbrella Agreement.....	72	72	54	18	17	1	—	—	—	—
<b>Government of Nova Scotia</b>										
National Regional Projects in Nova Scotia Umbrella Agreement.....	52	52	9	43	15	13	10	5	—	—
<b>Government of Nunavut</b>										
Nunavut Marine Infrastructure Umbrella Agreement.....	94	94	4	90	52	37	1	—	—	—
<b>Government of Prince Edward Island</b>										
Prince Edward Island Umbrella Agreement.....	44	44	10	34	16	9	9	—	—	—
<b>Government of Saskatchewan</b>										
National and regional highway projects in Saskatchewan Umbrella Agreement.....	113	113	43	70	52	17	1	—	—	—
<b>Greater Moncton Wastewater Commission</b>										
Wastewater Treatment Facility Upgrade and Modernization Project.....	23	23	3	20	6	8	5	1	—	—
<b>Greater Vancouver Sewage and Drainage District</b>										
Lions Gate Secondary Wastewater Treatment Project.....	212	212	1	211	1	46	74	57	12	21
<b>Memorial University of Newfoundland</b>										
Core science facility.....	100	100	14	86	37	36	6	7	—	—
<b>St. Francis Xavier University</b>										
The Xaverian Commons.....	30	30	—	30	9	4	4	13	—	—
<b>Town of Canmore</b>										
Cougar Creek Long Term Flood Mitigation.....	14	14	—	14	7	5	1	1	—	—
<b>New Building Canada Fund—Small Communities Fund—Provincial-Territorial Infrastructure Component</b>										
Government of Alberta.....	94	94	38	56	22	34	—	—	—	—
Government of British Columbia.....	109	109	42	67	21	19	10	10	7	—
Government of Manitoba.....	47	47	25	22	7	4	2	2	7	—
Government of New Brunswick.....	39	39	19	20	15	2	3	—	—	—
Government of Newfoundland and Labrador..	35	35	7	28	11	10	7	—	—	—
Government of the Northwest Territories.....	186	186	24	162	29	38	27	25	15	28
Government of Nova Scotia.....	42	42	6	36	13	12	5	1	2	3
Government of Nunavut.....	226	226	5	221	35	42	64	52	20	8
Government of Ontario.....	272	272	65	207	56	75	44	21	7	4
Government of Prince Edward Island.....	28	28	3	25	—	5	5	5	5	5
Government of Quebec.....	177	177	1	176	30	58	45	35	8	—
Government of Saskatchewan.....	44	44	14	30	3	8	7	6	4	2
Government of Yukon.....	257	257	24	233	50	50	40	35	30	28
<b>Provincial-Territorial Infrastructure Base Funding Program</b>										
Government of Alberta.....	175	175	162	13	13	—	—	—	—	—
Government of Manitoba.....	175	175	165	10	10	—	—	—	—	—
Government of Nova Scotia.....	175	175	160	15	15	—	—	—	—	—
Government of Ontario.....	175	175	157	18	18	—	—	—	—	—
Government of Quebec.....	175	175	150	25	25	—	—	—	—	—



**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Public Transit Infrastructure</b>										
<b>Fund</b>										
Government of Alberta.....	347	347	26	321	189	132	—	—	—	—
Government of British Columbia .....	461	461	80	381	214	167	—	—	—	—
Government of Manitoba .....	83	83	1	82	54	28	—	—	—	—
Government of Nova Scotia .....	32	32	17	15	6	9	—	—	—	—
Government of Ontario .....	1,487	1,487	149	1,338	441	897	—	—	—	—
Government of Quebec .....	924	924	—	924	178	746	—	—	—	—
Government of Saskatchewan .....	29	29	—	29	2	27	—	—	—	—
	31,179	31,179	6,207	24,972	4,019	4,706	1,913	2,128	1,792	10,414
<b>Innovation, Science and Economic Development</b>										
<b>Department of Industry</b>										
<b>Affordable Access Initiative</b>										
Computers for Success Canada Inc .....	12	12	1	11	2	4	3	2	—	—
<b>Automotive Innovation</b>										
<b>Fund</b>										
Ford Motor Company of Canada Limited.....	102	102	19	83	29	21	33	—	—	—
Honda of Canada Manufacturing.....	42	42	11	31	15	16	—	—	—	—
<b>Automotive Supplier Innovation</b>										
<b>Program</b>										
Aggregate.....	25	25	9	16	14	2	—	—	—	—
<b>Bombardier Inc</b>										
Research and development for C Series .....	470	470	435	35	16	19	—	—	—	—
<b>Canadian Institute for Advanced Research</b>										
Support core activities.....	35	35	7	28	7	7	7	7	—	—
<b>CANARIE Inc</b>										
Operation of ultra-high speed research and education network.....	105	105	57	48	22	26	—	—	—	—
<b>CanCode Program</b>										
Aggregate.....	47	47	18	29	29	—	—	—	—	—
<b>Centre for Drug Research and Development</b>										
Support research and development in drug technology .....	32	32	16	16	16	—	—	—	—	—
<b>Connect to Innovate Program</b>										
Northwest Inc .....	50	50	7	43	27	8	8	—	—	—
<b>Connecting Canadians Program</b>										
Aggregate.....	53	53	35	18	18	—	—	—	—	—
<b>Genome Canada</b>										
Support research for genomic science and technology.....	237	237	35	202	48	61	38	30	20	5
<b>Milacs Inc</b>										
Delivery of industrial research and development internships .....	356	356	59	297	65	74	78	80	—	—
<b>Northern Ontario Development Program</b>										
Aggregate.....	106	106	52	54	35	18	1	—	—	—
<b>Perimeter Institute for Theoretical Physics</b>										
Research, training, and education in theoretical physics .....	50	50	10	40	10	10	10	10	—	—
<b>Post-Secondary Institutions Strategic Investment Fund</b>										
Aggregate.....	145	145	114	31	31	—	—	—	—	—
Government of Alberta.....	227	227	199	28	28	—	—	—	—	—
Government of British Columbia .....	256	256	189	67	67	—	—	—	—	—
Government of Manitoba .....	79	79	40	39	39	—	—	—	—	—
Government of Newfoundland and Labrador ..	34	34	19	15	15	—	—	—	—	—
Government of Ontario .....	787	787	618	169	169	—	—	—	—	—
Government of Quebec .....	390	390	244	146	146	—	—	—	—	—
Government of Saskatchewan .....	66	66	51	15	15	—	—	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Strategic Aerospace and Defence</b>										
<i>Initiative</i>										
Aggregate.....	107	107	72	35	17	12	4	2	—	—
Bombardier Inc .....	253	253	216	37	37	—	—	—	—	—
CAE Inc .....	250	250	227	23	23	—	—	—	—	—
Héroux-Devtek Inc.....	49	49	30	19	11	8	—	—	—	—
Wescam Inc.....	75	75	36	39	18	21	—	—	—	—
<b>Strategic Innovation Fund</b>										
Aggregate.....	76	76	32	44	30	13	1	—	—	—
Advantech Wireless Inc.....	11	11	—	11	5	4	2	—	—	—
Innovation ENCQOR .....	67	67	1	66	16	14	16	20	—	—
Linamar Corporation.....	49	49	—	49	29	9	8	3	—	—
STEMCELL Technologies Canada Inc .....	23	23	2	21	9	5	3	4	—	—
<b>Technology Demonstration Program</b>										
Bombardier Inc .....	54	54	18	36	14	11	11	—	—	—
MDA Systems Ltd.....	54	54	30	24	14	7	3	—	—	—
<b>Canada Foundation for Innovation</b>										
Grants.....	7,784	7,229	6,576	653	189	150	111	98	105	—
<b>Economic Development Agency of Canada for the Regions of Quebec</b>										
<i>Community Futures Program</i>										
57 Community Futures Development Corporations and 10 Community Business Development Corporations .....										
	86	86	57	29	29	—	—	—	—	—
<i>Economic Development of Quebec Program</i>										
National Optics Institute.....	50	50	20	30	10	10	10	—	—	—
Montréal International.....	69	69	34	35	4	3	4	2	2	20
Small and medium-sized enterprises (SME), SME groups and associations and non-profit organizations.....	382	382	174	208	139	53	13	3	—	—
Société du Parc Jean-Drapeau .....	97	97	16	81	6	6	6	6	7	50
<b>Federal Economic Development Agency for Southern Ontario</b>										
<i>Advanced Manufacturing Fund</i>										
Aggregate.....	81	81	68	13	13	—	—	—	—	—
<i>Community Futures Program</i>										
Aggregate.....	47	47	36	11	11	—	—	—	—	—
<b>Southern Ontario Prosperity Initiatives</b>										
Aggregate.....	292	292	198	94	94	—	—	—	—	—
<b>National Research Council of Canada</b>										
<i>Canada Accelerator and Incubator Program</i>										
Aggregate.....	17	17	—	17	17	—	—	—	—	—
<i>Industrial Research Assistance Program</i>										
Aggregate.....	100	100	—	100	87	12	1	—	—	—
<b>Triumph</b>										
Joint venture by a consortium of universities to manage the TRIUMF Facility in British Columbia.....										
	269	269	159	110	55	55	—	—	—	—
<b>Natural Sciences and Engineering Research Council</b>										
<i>Funding Natural Sciences and Engineering Research and Training</i>										
Aggregate.....	4,472	4,472	1,958	2,514	953	657	448	268	136	52
<i>Canada First Research Excellence Fund</i>										
Dalhousie University .....	75	75	16	59	12	12	11	11	13	—
École Polytechnique de Montréal .....	23	23	5	18	4	3	4	3	4	—
Laurentian University .....	49	49	11	38	8	7	8	7	8	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
McGill University .....	17	17	4	13	3	2	3	2	3	—
Queen's University .....	64	64	14	50	10	10	10	9	11	—
Université de Montréal .....	56	56	12	44	9	9	9	8	9	—
Université de Sherbrooke .....	34	34	12	22	5	4	7	6	—	—
Université Laval .....	59	59	16	43	9	11	11	12	—	—
University of Alberta .....	70	70	12	58	12	12	11	11	12	—
University of British Columbia .....	67	67	21	46	10	10	13	13	—	—
University of Calgary .....	56	56	10	46	9	9	9	9	10	—
University of Guelph .....	61	61	10	51	10	10	10	10	11	—
University of Saskatchewan .....	76	76	20	56	13	13	11	12	7	—
University of Toronto .....	28	28	10	18	5	5	4	4	—	—
University of Waterloo .....	76	76	16	60	12	12	12	11	13	—
Western University .....	22	22	4	18	4	5	3	3	3	—
York University .....	22	22	5	17	3	3	4	3	4	—
<b>Social Sciences and Humanities Research Council</b>										
<b>Funding Social Sciences and Humanities Research and Training</b>										
Aggregate .....	1,408	1,408	654	754	266	204	131	81	45	27
<b>Canada First Research Excellence Fund</b>										
Dalhousie University .....	19	19	4	15	3	3	3	3	3	—
McGill University .....	17	17	3	14	3	3	3	3	2	—
University of Calgary .....	15	15	3	12	2	3	2	2	3	—
University of Saskatchewan .....	27	27	5	22	4	4	5	5	4	—
<b>Western Economic Diversification</b>										
<b>Community Futures Program</b>										
Aggregate .....	82	82	—	82	28	27	27	—	—	—
<b>Western Diversification Program</b>										
Aggregate .....	88	88	—	88	59	21	6	2	—	—
<b>Women's Enterprise Initiative</b>										
Aggregate .....	12	12	—	12	4	4	4	—	—	—
	21,043	20,488	13,072	7,416	3,200	1,722	1,140	765	435	154
<b>Justice</b>										
<b>Department of Justice</b>										
<b>Access to Justice Services to the Territories</b>										
Government of the Northwest Territories .....	13	13	2	11	2	3	3	3	—	—
Government of Nunavut .....	14	14	2	12	3	3	3	3	—	—
<b>Canadian Family Justice Fund</b>										
Aggregate .....	77	77	16	61	16	15	15	15	—	—
<b>Indigenous Courtwork Program</b>										
Aggregate .....	18	18	8	10	2	2	2	2	2	—
<b>Indigenous Justice Program Fund</b>										
Aggregate .....	41	41	13	28	10	10	4	4	—	—
<b>Operation of legal aid systems</b>										
Aggregate .....	14	14	2	12	3	3	3	3	—	—
Government of Alberta .....	71	71	12	59	13	14	16	16	—	—
Government of British Columbia .....	83	83	15	68	16	16	18	18	—	—
Government of Manitoba .....	34	34	6	28	6	7	8	7	—	—
Government of New Brunswick .....	13	13	2	11	2	3	3	3	—	—
Government of Nova Scotia .....	20	20	4	16	4	4	4	4	—	—
Government of Ontario .....	247	247	47	200	47	49	52	52	—	—
Government of Quebec .....	131	131	25	106	25	26	28	27	—	—
Government of Saskatchewan .....	31	31	5	26	6	6	7	7	—	—
<b>Victims Fund</b>										
Aggregate .....	78	78	27	51	26	14	10	1	—	—
	885	885	186	699	181	175	176	165	2	—

Table 11.3

## Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Natural Resources</b>										
<b>Department of Natural Resources</b>										
<i>EcoENERGY for Renewable Power</i>										
<i>Program—Increase renewable power</i>										
Aggregate.....	876	876	669	207	91	78	38	—	—	—
Dokie General Partnership .....	33	33	21	12	4	3	5	—	—	—
Kruger Energy Chatham LP .....	31	31	21	10	3	3	4	—	—	—
St Joseph WindFarm Inc .....	42	42	30	12	4	4	4	—	—	—
Talbot Windfarm LP .....	30	30	17	13	3	3	7	—	—	—
Toba Montrose General Partnership .....	73	73	51	22	7	7	8	—	—	—
<i>Energy Innovation Program</i>										
Aggregate.....	23	23	9	14	13	1	—	—	—	—
<i>Expanding Market Opportunities Program</i>										
Aggregate.....	13	13	—	13	13	—	—	—	—	—
<i>Forest Innovation Program—Investing in Canada's Forest Sector</i>										
FPInnovations .....	21	21	—	21	21	—	—	—	—	—
<i>Government of Saskatchewan</i>										
Clean-up of the Gunnar uranium mining facilities .....	12	12	1	11	9	—	1	—	1	—
	1,154	1,154	819	335	168	99	67	—	1	—
<b>Public Safety and Emergency Preparedness</b>										
<b>Department of Public Safety and Emergency Preparedness</b>										
<i>First Nations Policing Program</i>										
Aggregate.....	109	109	85	24	19	1	1	1	2	—
Nishnawbe-Aski Police Service Board .....	48	48	—	48	16	16	16	—	—	—
Six Nations of the Grand River .....	15	15	—	15	3	3	3	3	3	—
Treaty Three Police Service Board .....	42	42	—	42	8	8	8	9	9	—
Wikwemikong Police Service Board .....	10	10	—	10	2	2	2	2	2	—
<i>Major International Events Security Cost Framework</i>										
Government of Quebec .....	72	72	8	64	64	—	—	—	—	—
<i>National Disaster Mitigation Program</i>										
Aggregate.....	33	33	15	18	16	2	—	—	—	—
<i>Safer Communities Initiative</i>										
Aggregate.....	142	142	41	101	33	30	21	14	3	—
<b>Royal Canadian Mounted Police</b>										
<i>Canadian Firearms Program</i>										
Aggregate.....	89	89	58	31	14	8	9	—	—	—
	560	560	207	353	175	70	60	29	19	—
<b>Transport</b>										
<b>Department of Transport</b>										
<i>Airport Capital Assistance Program</i>										
Aggregate.....	26	26	9	17	17	—	—	—	—	—
<i>Ferry Services Contribution Program</i>										
C.T.M.A. Traversier Ltée .....	33	33	—	33	17	16	—	—	—	—
Northumberland Ferries Limited .....	29	29	—	29	14	15	—	—	—	—
Bay Ferries Limited.....	20	20	—	20	10	10	—	—	—	—
<i>Gateways and Border Crossings Fund</i>										
Aggregate.....	188	187	163	24	14	9	1	—	—	—
Government of Ontario .....	764	764	742	22	9	12	1	—	—	—
<i>Nunavut Fisheries and Maritime Training Consortium</i>										
Expand marine education programs for underrepresented groups.....	12	12	1	11	6	5	—	—	—	—

Table 11.3

## Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Outaouais Roads Development</b>										
Ministère des Transports, de la Mobilité durable et de l'Électrification des transports, Québec .....	183	183	144	39	2	2	6	1	26	2
<b>Provision of Ferry, Coastal Freight and Passenger Services in British Columbia</b>										
British Columbia Ministry of Transportation and Infrastructure .....	700	700	517	183	30	31	30	31	30	31
	1,955	1,954	1,576	378	119	100	38	32	56	33
<b>Total transfer payment agreements.....</b>	<b>131,671</b>	<b>131,115</b>	<b>56,978</b>	<b>74,137</b>	<b>23,416</b>	<b>15,981</b>	<b>9,382</b>	<b>7,458</b>	<b>5,615</b>	<b>12,285</b>
<b>Capital assets and purchases</b>										
<b>Capital assets</b>										
<b>Canadian Heritage</b>										
<b>Canadian Broadcasting Corporation</b>										
La Nouvelle Maison LP .....	76	76	—	76	63	13	—	—	—	—
<b>National Arts Centre Corporation</b>										
Production renewal .....	115	111	30	81	81	—	—	—	—	—
<b>National Museum of Science and Technology Pomerleau</b>										
Collection storage facility.....	150	120	42	78	58	20	—	—	—	—
	341	307	72	235	202	33	—	—	—	—
<b>Environment and Climate Change</b>										
<b>Department of the Environment</b>										
<b>Selex ES GmbH</b>										
Replacement of radars at multiple Canadian sites.....	72	72	10	62	15	18	21	3	5	—
<b>Parks Canada Agency</b>										
<b>Avalanche mitigation of the Trans-Canada Highway, Alberta</b>										
Aggregate.....	93	64	48	16	16	—	—	—	—	—
	165	136	58	78	31	18	21	3	5	—
<b>Fisheries, Oceans and the Canadian Coast Guard</b>										
<b>Department of Fisheries and Oceans</b>										
<b>Acquisition of helicopters for the Canadian Coast Guard</b>										
<b>Bell Helicopter Textron Canada Limited</b>										
Medium-lift helicopters .....	138	138	124	14	14	—	—	—	—	—
<b>CAE Inc</b>										
Full flight simulator .....	22	22	7	15	7	8	—	—	—	—
<b>Acquisition of Offshore Fisheries Science Vessels</b>										
Vancouver Shipyards Co. Ltd .....	494	494	445	49	25	18	6	—	—	—
<b>Acquisition of Offshore Oceanographic Science Vessel</b>										
Vancouver Shipyards Co. Ltd .....	68	68	31	37	37	—	—	—	—	—
<b>Procurement of fifteen Canadian Coast Guard Search and Rescue Lifeboats</b>										
Chantier Naval Forillon Inc .....	40	40	16	24	8	14	2	—	—	—
Hike Metal Products Ltd .....	38	38	17	21	7	13	1	—	—	—
	800	800	640	160	98	53	9	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Infrastructure and Communities</b>										
<b>Office of Infrastructure of Canada</b>										
<i>Signature on the St. Lawrence Group</i>										
New bridge for the St. Lawrence corridor Project <sup>1</sup> .....	2,714	2,714	1,971	743	743	—	—	—	—	—
<b>Windsor-Detroit Bridge Authority</b>										
Contracts to support bridge construction .....	162	162	—	162	100	15	14	14	13	6
Michigan Department of Transportation .....	125	125	—	125	87	29	8	1	—	—
	<b>3,001</b>	<b>3,001</b>	<b>1,971</b>	<b>1,030</b>	<b>930</b>	<b>44</b>	<b>22</b>	<b>15</b>	<b>13</b>	<b>6</b>
<b>Innovation, Science and Economic Development</b>										
<b>Canadian Space Agency</b>										
<i>RADARSAT Constellation Mission</i>										
Aggregate .....	6	6	5	1	1	—	—	—	—	—
MacDonald, Dettwiler and Associates Ltd .....	985	985	910	75	71	4	—	—	—	—
	<b>991</b>	<b>991</b>	<b>915</b>	<b>76</b>	<b>72</b>	<b>4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>National Defence</b>										
<b>Department of National Defence</b>										
<i>Airbus Defence and Space SA, Madrid, Spain</i>										
Purchase of 16 Fixed Wing Search and Rescue Aircraft .....	2,390	2,390	178	2,212	199	485	362	252	246	668
<i>Boeing, Ridley Park, Pennsylvania</i>										
15 Medium to Heavy Lift Helicopters (Chinooks) .....	1,295	1,277	1,265	12	12	—	—	—	—	—
<i>Bondfield Construction Company Limited</i>										
Construct Healthcare Services Centre, Petawawa, Ontario .....	32	32	21	11	9	2	—	—	—	—
<i>Cegerco Inc</i>										
Rationalizing transport, electrical and mechanical engineering infrastructure, Chicoutimi, Quebec .....	51	51	14	37	18	19	—	—	—	—
<i>Decarel Inc</i>										
Construct training facilities, Westmount, Quebec .....	34	34	4	30	24	6	—	—	—	—
<i>Dexter Construction Company Limited</i>										
Replace jetty and dockyard, Halifax, Nova Scotia .....	93	85	73	12	12	—	—	—	—	—
<i>Flensburger Fahrzeugbau Gesellschaft mbH, Flensburg, Germany</i>										
Armoured Engineer Vehicles .....	187	187	168	19	19	—	—	—	—	—
<i>General Dynamics Canada Ltd</i>										
CP-140 Aurora Aircraft Data Management System Project .....	746	741	572	169	87	54	16	7	5	—
Design and build of Mercury Global Anchor Stations .....	53	53	34	19	12	7	—	—	—	—
Land Command Support										
System Engineering and Integration Long Term Support Contract .....	770	750	717	33	33	—	—	—	—	—
Light Armoured Vehicles III										
Upgrade Implementation Contract .....	1,639	1,621	1,209	412	247	163	2	—	—	—
Light Armoured Vehicle: Reconnaissance Surveillance Suite .....	323	323	50	273	32	114	118	9	—	—
<i>General Dynamics Canada Mission Systems Canada Ltd</i>										
Acquisition of 67 Strategic Deployable Terminals and in service support .....	28	28	—	28	11	11	3	1	1	1
<i>Integrated Distribution Systems Limited</i>										
Replacement of generator, St-Germain-de-Grantham, Ontario .....	14	14	—	14	4	3	3	4	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Irving Shipbuilding Inc</b>										
Arctic Offshore Patrol Ship Build										
Contract .....	2,743	2,267	1,156	1,111	369	366	130	125	100	21
Canadian Surface Combatant Ancillary										
Definition Support Contract .....	124	100	72	28	28	—	—	—	—	—
<b>Israel Ministry of Defence</b>										
The Stand-Off Detection										
System .....	49	42	32	10	10	—	—	—	—	—
<b>Lockheed Martin Canada</b>										
Combat Systems Integration .....	1,639	1,602	1,584	18	18	—	—	—	—	—
<b>MacDonald, Dettwiler and Associates Ltd</b>										
CP-140 Aurora Aircraft Imaging Radar										
Acquisition .....	344	344	323	21	15	6	—	—	—	—
<b>Mack Defense LLC, Pennsylvania</b>										
Standard Military Pattern Vehicle .....	707	707	14	693	260	350	83	—	—	—
<b>MDA Systems Limited</b>										
Delivery of components of the Radar Satellite										
Constellation Mission Capability .....	58	58	22	36	12	6	10	8	—	—
<b>Milestone Environmental Contracting West</b>										
Jetty C deconstruction, dredging, onshore										
facilities and site construction, Surrey,										
British Columbia .....	33	33	—	33	33	—	—	—	—	—
<b>Pomerleau Inc</b>										
Construct building, Sainte-Foy, Quebec .....	42	42	7	35	21	9	5	—	—	—
Jetty B deconstruction, dredging, onshore										
facilities and site construction, Surrey,										
British Columbia .....	60	60	18	42	42	—	—	—	—	—
<b>Rheinmetall Canada</b>										
Satellite Communications on the										
Move .....	21	21	7	14	14	—	—	—	—	—
<b>Sikorsky International Operations Inc</b>										
Stratford, Connecticut										
Acquisition of 28 maritime helicopters .....	1,936	1,703	1,181	522	174	132	149	67	—	—
<b>Site Energy Services Inc</b>										
Upgrade utilities and roads,										
Cold Lake, Alberta .....	34	34	21	13	11	2	—	—	—	—
<b>Textron Systems Canada Inc</b>										
Tactical Armoured Patrol Vehicle										
Acquisition Contract .....	740	740	658	82	82	—	—	—	—	—
<b>Thales Canada Inc</b>										
Land Command Support System										
Software Long Term Support										
Contract .....	362	362	330	32	28	4	—	—	—	—
<b>United States Department of the Air Force</b>										
Directed Infra-Red Counter Measures .....	90	90	58	32	19	13	—	—	—	—
<b>United States Department of the Navy</b>										
Acquisition of VINSON/Advanced										
Narrowband Digital Voice Terminal										
Cryptographic Modernization Devices .....	41	41	1	40	2	23	15	—	—	—
Protected Military Satellite										
Communications .....	109	109	80	29	3	4	4	4	3	11
<b>Vancouver Shipyards Co. Ltd</b>										
Joint support ship, design production and										
engineering contract .....	137	137	86	51	51	—	—	—	—	—
	16,924	16,078	9,955	6,123	1,911	1,779	900	477	355	701

Table 11.3

## Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Public Services and Procurement</b>										
<b>Department of Public Works and Government Services</b>										
<i>Center Block Program, Ottawa, Ontario</i>										
Aggregate.....	488	51	20	31	22	3	5	1	—	—
Colliers Project Leaders Inc .....	13	13	1	12	3	2	5	2	—	—
PCL Constructors Canada Inc .....	44	44	15	29	29	—	—	—	—	—
WSP Canada Inc .....	110	110	14	96	16	15	35	30	—	—
<i>East Block Program, Ottawa, Ontario</i>										
Aggregate.....	47	31	28	3	3	—	—	—	—	—
Pomerleau Inc .....	33	33	2	31	31	—	—	—	—	—
<i>Government Conference Centre, Ottawa, Ontario</i>										
Aggregate.....	123	68	50	18	17	1	—	—	—	—
PCL Constructors Canada Inc .....	146	146	119	27	26	1	—	—	—	—
<i>Green Timbers Limited Partnership (paid through Computershare Investor Services Inc)</i>										
Construction of RCMP "E" Division Forensic lab, Surrey, British Columbia .....	59	59	28	31	30	1	—	—	—	—
<i>Postal Station B Envelope Rehabilitation, Ottawa, Ontario</i>										
Aggregate.....	27	14	13	1	1	—	—	—	—	—
EllisDon Corporation .....	40	40	24	16	16	—	—	—	—	—
<i>Société d'habitation et de développement de Montréal</i>										
National Film Board of Canada lease, Quartier des spectacles, Montréal, Quebec <sup>2</sup> .....	65	65	—	65	—	3	3	3	3	53
<i>Visitor Welcome Centre, Ottawa, Ontario</i>										
Aggregate.....	34	29	25	4	1	3	—	—	—	—
PCL Constructors Canada Inc .....	95	95	77	18	18	—	—	—	—	—
<i>West Block Program, Ottawa, Ontario</i>										
Aggregate.....	562	490	455	35	28	7	—	—	—	—
PCL Constructors Canada Inc .....	609	609	562	47	34	13	—	—	—	—
<b>Shared Services Canada</b>										
<i>IBM Canada Ltd</i>										
Supercomputer renewal, Dorval, Quebec.....	64	64	38	26	—	13	—	—	13	—
	2,559	1,961	1,471	490	275	62	48	36	16	53
<b>Transport</b>										
<b>Canadian Air Transport Security Authority</b>										
Greater Toronto Airports Authority .....	94	94	69	25	17	5	3	—	—	—
Smiths Detection LLC / Morpho Detection Inc.....	16	16	—	16	16	—	—	—	—	—
Vancouver International Airport Authority .....	113	113	54	59	28	29	2	—	—	—
	223	223	123	100	61	34	5	—	—	—
Total capital assets .....	25,004	23,497	15,205	8,292	3,580	2,027	1,005	531	389	760



**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Purchases</b>										
<b>Canadian Heritage</b>										
<b>Canadian Broadcasting Corporation</b>										
<i>Programming rights</i>										
CARAS .....	15	15	—	15	3	3	3	3	3	—
ITV Global Entertainment .....	33	33	—	33	10	10	10	3	—	—
International Olympic Committee .....	112	112	—	112	11	11	36	24	11	19
Brookfield Global Integrated Solutions .....	169	169	100	69	34	35	—	—	—	—
Hunter Communications .....	13	13	—	13	3	2	3	3	2	—
Rogers—Transmission and distribution .....	35	35	17	18	7	6	5	—	—	—
SAP Canada .....	14	14	1	13	1	2	1	1	2	6
	391	391	118	273	69	69	58	34	18	25
<b>Environment and Climate Change</b>										
<b>Department of the Environment</b>										
<i>Randle Reef Contaminated Sediment Remediation Project</i>										
Aggregate .....	132	93	60	33	19	7	5	—	—	2
<b>Families, Children and Social Development</b>										
<b>Department of Employment and Social Development</b>										
<i>Davis + Henderson Limited Partnership</i>										
Student loans management services .....	774	774	748	26	26	—	—	—	—	—
<i>Quantum Management Services Ltd</i>										
Provide and manage a team of information centre specialists to support the delivery of Government of Canada general enquiry services .....	100	100	72	28	18	10	—	—	—	—
	874	874	820	54	44	10	—	—	—	—
<b>Fisheries, Oceans and the Canadian Coast Guard</b>										
<b>Department of Fisheries and Oceans</b>										
<i>Provincial Airlines Ltd</i>										
Air surveillance services .....	159	159	131	28	17	11	—	—	—	—
<b>Global Affairs</b>										
<b>Canadian Commercial Corporation</b>										
Contracts with Canadian exporters .....	15,892	15,892	6,517	9,375	1,150	629	1,757	3,022	1,427	1,390
<b>Health</b>										
<b>Public Health Agency of Canada</b>										
<i>GlaxoSmithKline Inc</i>										
Health science consultants .....	94	94	65	29	10	10	9	—	—	—
<b>Immigration, Refugees and Citizenship</b>										
<b>Department of Citizenship and Immigration</b>										
<i>Canadian Bank Note Company Ltd</i>										
Purchase of passport materials .....	237	237	208	29	29	—	—	—	—	—
<i>VF Worldwide Holdings Limited, Mauritius</i>										
Global Network of Visa Application Centres including biometric collection functions .....	67	67	55	12	12	—	—	—	—	—
	304	304	263	41	41	—	—	—	—	—
<b>Indigenous Services</b>										
<b>Department of Indigenous Services Canada</b>										
<i>Express Scripts Inc</i>										
Management and administration of the Health information claims processing system .....	236	236	172	64	32	32	—	—	—	—
<i>Venture Health Care Inc</i>										
Nursing services .....	52	52	11	41	20	21	—	—	—	—
	288	288	183	105	52	53	—	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31						
					2019	2020	2021	2022	2023	2024 and subsequent	
<b>Infrastructure and Communities</b>											
<b>Office of Infrastructure of Canada</b>											
<i>Signature on the St. Lawrence Group</i>											
New bridge for the St. Lawrence corridor											
Project .....	1,435	1,435	5	1,430	4	20	35	37	38	1,296	
<b>Innovation, Science and Economic Development</b>											
<b>Department of Industry</b>											
<i>LS Telecom Ltd</i>											
Software maintenance support.....	20	20	1	19	4	4	4	4	3	—	
<b>Canadian Space Agency</b>											
<i>MacDonald, Dettwiler and Associates Ltd</i>											
Logistics and Sustaining Engineering											
Support for the International Space											
Station Mobile Servicing System.....	237	237	200	37	35	2	—	—	—	—	
<b>National Research Council of Canada</b>											
<i>ATCO Structures &amp; Logistics Ltd</i>											
Building maintenance.....	34	34	—	34	7	7	7	7	6	—	
	291	291	201	90	46	13	11	11	9	—	
<b>National Defence</b>											
<b>Department of National Defence</b>											
<i>ABS Americas, Houston, Texas</i>											
Non-Combatant Ship Class Society											
services.....	60	11	—	11	1	1	2	7	—	—	
<i>ADGA Group Consultants Inc</i>											
Land Command Support System											
Weapon System											
Management .....	251	176	162	14	14	—	—	—	—	—	
<i>Allied Wings Limited Partnership</i>											
Primary rotary wing and											
multi-engine pilot training,											
Portage la Prairie, Manitoba.....	1,828	1,764	936	828	86	85	85	85	87	400	
<i>AMEC Foster Wheeler (Dartmouth), Nordlys Environmental Limited Partnership and others</i>											
Goose Bay Remediation Project,											
Newfoundland and Labrador .....	105	105	84	21	15	6	—	—	—	—	
<i>ATCO Group</i>											
Facilities maintenance, Calgary, Alberta .....	157	157	75	82	31	17	17	17	—	—	
<i>Babcock Canada Inc</i>											
HMCS Cornerbrook extended docking											
work period .....	455	281	248	33	33	—	—	—	—	—	
Victoria Class in service support											
contract.....	1,400	902	868	34	34	—	—	—	—	—	
<i>Bell Helicopter Textron Canada Limited</i>											
Optimized Weapon System Support,											
CH-146 Griffon .....	610	610	517	93	65	28	—	—	—	—	
<i>BMT Fleet Technology Limited</i>											
Engineering, logistics and management											
support services to ship design.....	72	72	54	18	15	3	—	—	—	—	
<i>Boeing, Pennsylvania</i>											
In service support for the CH-147F Chinooks .	2,027	2,027	1,485	542	542	—	—	—	—	—	
<i>CAE Inc</i>											
Aircrew operational training services											
in support of the CC-130J Hercules											
and CH-147F Chinook aircrafts .....	608	608	352	256	21	15	17	13	15	175	
<i>CAE Military Aviation Training Inc</i>											
NATO flying training in Canada,											
Moose Jaw and Cold Lake .....	2,583	2,226	1,622	604	124	120	123	126	111	—	
<i>Calian Ltd</i>											
Managing and recruiting health care											
providers.....	275	275	—	275	68	69	69	69	—	—	

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Canadian Base Operators Meaford</b>										
Base and logistical services, Collingwood, Ontario .....	199	199	141	58	14	14	15	15	—	—
<b>Carillion Canada Inc</b>										
Canadian Forces Housing Agency maintenance services contract .....	20	20	—	20	7	6	7	—	—	—
<b>Cascade Aerospace Inc</b>										
CC-130 Hercules Avionics Optimized Weapon System Management .....	44	44	19	25	11	10	2	2	—	—
CC-130 Hercules Primary Air Vehicle Optimized Weapon System Management .....	755	755	719	36	36	—	—	—	—	—
<b>Corporation Fort Saint-Jean</b>										
Support to Royal Military College St-Jean .....	370	370	178	192	24	24	25	25	26	68
<b>Discovery Air Defence Services Inc</b>										
Combat Support Services for Operational Training and Readiness Requirements .....	418	418	—	418	—	19	47	47	48	257
<b>DRS Sustainment Systems, Missouri</b>										
Manportable surveillance target acquisition radar .....	22	22	8	14	8	3	3	—	—	—
<b>Elbit Systems EW and SIGINT-Elisra Ltd, Holom, Israel</b>										
Electronic surveillance measures spares .....	37	37	17	20	11	9	—	—	—	—
<b>Emergent Biosolutions Canada Inc</b>										
Procurement of therapeutic doses of Anthrasil .....	10	10	—	10	9	—	—	—	—	1
<b>Federal Fleet Services Inc</b>										
Provision of services .....	540	540	60	480	99	111	110	110	50	—
<b>Fleetway Inc</b>										
In service support for Halifax and Iroquois Class vessels .....	191	191	149	42	21	21	—	—	—	—
<b>General Dynamics Canada Ltd</b>										
Combat Net Radio / Vehicle Interface Unit upgrade .....	147	147	118	29	29	—	—	—	—	—
Wheeled Light Armoured Vehicles Optimized Weapon Systems Support, phase 2 .....	944	819	764	55	20	14	11	10	—	—
<b>General Dynamics Land Systems Canada Corporation</b>										
Buffalo and Cougar repair and overhaul .....	34	12	—	12	3	3	3	3	—	—
<b>General Dynamics Ordnance and Tactical Systems Canada</b>										
Ammunition .....	259	259	133	126	111	8	7	—	—	—
<b>General Electric Canada Inc</b>										
In service support of LM2500 gas turbines .....	101	101	79	22	7	15	—	—	—	—
<b>IMP Group Ltd, Aerospace Division</b>										
CH-124 Sea King Helicopter Third Line Support Contract .....	432	432	400	32	1	31	—	—	—	—
CH-149 Cormorant Helicopter in Service Support Contract .....	1,726	1,607	1,348	259	102	85	72	—	—	—
CP-140 Aurora Aircraft Optimized Weapon Systems Support .....	1,262	763	689	74	55	19	—	—	—	—
<b>Irving Shipbuilding Inc</b>										
Halifax Class modernization .....	1,126	833	721	112	89	23	—	—	—	—
<b>Kelowna Flightcraft</b>										
Repair and overhaul Primary Air Vehicle .....	38	38	8	30	12	9	2	7	—	—
<b>Kongsberg Digital Simulation Ltd</b>										
In service support for naval simulators .....	15	15	2	13	1	1	1	2	2	6

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Krauss-Maffei Wegmann GmbH &amp; Co KG, Munich, Germany</b>										
Leopard 2 engineering services .....	37	37	6	31	6	6	6	6	7	—
<b>L-3 Communications Electronic Systems</b>										
CP-140 Aurora Aircraft Avionics, Optimized Weapon System Support .....	399	399	387	12	12	—	—	—	—	—
<b>L-3 Communications MAS Canada Inc</b>										
CF-18 Hornet Aircraft System Engineering Support .....	1,393	1,264	1,194	70	70	—	—	—	—	—
<b>Lloyd's Register Canada Limited</b>										
Classification Society Support for Combatants .....	88	17	4	13	3	3	7	—	—	—
<b>Lockheed Martin Canada</b>										
Combat Systems Integration .....	548	446	166	280	80	80	80	40	—	—
Repair and overhaul of the Reprogrammable Advanced Electronic Countermeasure Multimode Shipborne System .....	83	64	—	64	15	15	15	2	1	16
<b>Lockheed Martin Corporation, Georgia</b>										
In service support for the CC130J Hercules fleet .....	3,965	3,965	3,334	631	136	155	172	168	—	—
<b>Lockheed Martin Overseas Services</b>										
<b>Manassas, Virginia</b>										
Victoria Class CCS876 Submarine Fire Control System .....	27	25	3	22	22	—	—	—	—	—
<b>Logistik Unicorp Inc</b>										
Consolidated Clothing Contract .....	607	607	550	57	57	—	—	—	—	—
<b>Mack Defense LLC, Allentown, Pennsylvania</b>										
In service support of the Standard Military Pattern Vehicle .....	43	43	1	42	36	3	3	—	—	—
<b>Meggitt Training Systems Inc</b>										
In service support of the Small Arms Trainer and Indirect Fire Trainer .....	35	35	22	13	13	—	—	—	—	—
<b>Montfort Health Services</b>										
Provide medical and dental facility and professional services .....	112	112	80	32	9	10	9	4	—	—
<b>NATO Seasparrow</b>										
Evolved Seasparrow Missile—in service support contract, block 1 .....	167	167	111	56	56	—	—	—	—	—
<b>Orenda Aerospace Corporation</b>										
F404 Propulsion Group interim support .....	47	47	17	30	10	10	10	—	—	—
<b>Peraton Canada Corp</b>										
CF-18 Hornet Avionics Optimized Weapon System Support .....	261	223	188	35	35	—	—	—	—	—
<b>Pomerleau Inc</b>										
Contaminated site remediation, Surrey, British Columbia .....	23	23	12	11	11	—	—	—	—	—
<b>Raytheon Canada Limited</b>										
North Warning System operation and maintenance .....	231	231	149	82	56	26	—	—	—	—
Repair and overhaul of the Phalanx Close-in Weapon System .....	671	330	7	323	23	59	66	31	27	117
<b>Rheinmetal Canada Ltd</b>										
Medium range radar acquisition .....	139	139	68	71	59	10	2	—	—	—
Leopard 2 turret electro-optics repair and overhaul .....	30	30	16	14	14	—	—	—	—	—
<b>Serco Facilities Management Inc</b>										
Provision of services at Goose Bay, Newfoundland and Labrador .....	211	100	45	55	55	—	—	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b><i>SigmaPoint Technologies Inc</i></b>										
Production of vehicle interface panel										
Mark 25 .....	11	11	—	11	9	2	—	—	—	—
<b><i>Sikorsky International Operations Inc, Stratford, Connecticut</i></b>										
In service support contract for maritime helicopters .....	5,778	5,747	744	5,003	208	183	109	114	172	4,217
<b><i>SNC Lavalin Defence Programs Inc</i></b>										
In service support contract for Maritime Coastal Defence Vessel .....	451	451	407	44	44	—	—	—	—	—
<b><i>Southwest Research Institute, Texas</i></b>										
Repair and overhaul of the radio direction finder set .....	31	31	—	31	6	6	6	6	7	—
<b><i>Standard Aero Limited</i></b>										
Repair and overhaul of CC-130 Hercules and CP-140 Aurora T56 engines .....	45	35	25	10	10	—	—	—	—	—
<b><i>Textron Systems Canada Inc</i></b>										
In service support contract for Tactical Armoured Patrol Vehicle .....	106	106	67	39	18	5	5	5	6	—
<b><i>Thales Canada Inc</i></b>										
Arctic Offshore Patrol Ship and Joint Support Ship In Service Support .....	800	800	1	799	26	45	75	92	112	449
<b><i>Toromont Cat Limited</i></b>										
Diesel generator set replacement and in service support .....	93	59	33	26	7	3	2	2	2	10
<b><i>United States Department of Defense</i></b>										
Automated data processing software .....	13	13	2	11	3	3	3	2	—	—
Iridium secure communication equipment and service .....	39	39	11	28	7	7	7	7	—	—
Operations and support of Advanced Extremely High Frequency Military Satellite Communications System .....	88	83	41	42	6	6	7	7	8	8
<b><i>United States Department of the Air Force</i></b>										
F117 engine sustainment support .....	64	64	1	63	3	14	15	15	16	—
In service support for the CC-177 Globemaster III fleet .....	1,002	1,002	724	278	107	57	58	56	—	—
The international C-130J joint user group capability upgrades .....	13	13	3	10	2	5	2	1	—	—
Wideband Global Satellite Communications System .....	393	340	317	23	—	1	1	1	2	18
<b><i>United States Department of the Navy</i></b>										
Aircraft simulator components and software ...	19	19	1	18	6	8	4	—	—	—
Aircraft structural components .....	55	55	20	35	11	9	8	5	2	—
Heavy weight torpedo upgrade .....	220	220	82	138	34	36	27	26	15	—
Lightweight torpedoes .....	24	19	—	19	17	2	—	—	—	—
Radar warning system with repairable option for CF-18 support .....	13	13	—	13	3	2	3	2	3	—
Repair and overhaul MK-48 torpedo .....	106	106	71	35	6	7	6	7	6	3
Repair and overhaul sonar systems .....	71	71	2	69	7	18	21	16	5	2
<b><i>Victoria Shipbuilding Limited</i></b>										
Halifax Class modernization .....	755	581	498	83	83	—	—	—	—	—
<b><i>Weatherhaven Global Resources Inc</i></b>										
Headquarters shelter systems .....	134	134	2	132	6	61	65	—	—	—
In service support of the Headquarters shelter systems .....	12	12	—	12	—	3	9	—	—	—
<b><i>Weir Canada Inc</i></b>										
Maritime systems and engineering .....	600	490	271	219	54	55	55	55	—	—

Table 11.3

## Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Communications Security Establishment</b>										
<i>Plenary Properties</i>										
Public-private partnership arrangement to design, build, finance and maintain (35 years), Ottawa, Ontario.....	3,110	3,110	434	2,676	121	110	102	108	106	2,129
	42,284	38,774	22,073	16,701	3,301	1,794	1,578	1,316	836	7,876
<b>Natural Resources</b>										
<b>Atomic Energy of Canada Limited</b>										
Purchase orders.....	841	841	526	315	315	—	—	—	—	—
<b>Privy Council</b>										
<b>Office of the Chief Electoral Officer</b>										
<i>Compugen Inc</i>										
Voting services modernization.....	69	69	2	67	7	55	3	2	—	—
<i>IBM Canada Limited</i>										
Corporate and events hosting and operations management.....	79	79	1	78	17	12	13	13	13	10
Information technology and telecommunications consultants.....	46	46	20	26	9	8	9	—	—	—
	194	194	23	171	33	75	25	15	13	10
<b>Public Safety and Emergency Preparedness</b>										
<b>Canada Border Services Agency</b>										
<i>Corbel Management Corporation</i>										
Detention facility management services.....	86	86	—	86	5	6	6	7	6	56
<i>Securiguard Services Limited</i>										
Security guard services.....	14	14	—	14	7	7	—	—	—	—
<b>Correctional Service of Canada</b>										
<i>ADGA Group Consultants Incorporated</i>										
Maintenance services for security systems.....	60	60	46	14	8	6	—	—	—	—
<i>Community residential facilities</i>										
Aggregate.....	264	264	105	159	129	13	10	7	—	—
<b>Royal Canadian Mounted Police</b>										
<i>Airbus Helicopters Canada</i>										
Twin Engine Light Helicopter.....	14	14	2	12	12	—	—	—	—	—
<i>Motorola Solutions Canada Inc</i>										
Radio communication system.....	24	24	9	15	15	—	—	—	—	—
<i>RCMP Fleet Vehicles</i>										
Aggregate.....	88	88	47	41	41	—	—	—	—	—
<i>Services of guards and matrons</i>										
Aggregate.....	25	25	—	25	25	—	—	—	—	—
	575	575	209	366	242	32	16	14	6	56
<b>Public Services and Procurement</b>										
<b>Department of Public Works and Government Services</b>										
<i>BIRD Construction Group</i>										
Wabush ATB renovation, Wabush Airport, Newfoundland and Labrador.....	12	12	1	11	9	2	—	—	—	—
<i>Build in Canada Innovation Program</i>										
Aggregate.....	92	92	76	16	16	—	—	—	—	—
<i>Brookfield Global Integrated Solutions Canada LP</i>										
Building maintenance services.....	9,950	9,950	2,240	7,710	1,992	1,992	1,992	1,734	—	—
<i>Card acceptance services</i>										
Amex Bank of Canada.....	22	22	7	15	6	9	—	—	—	—
Moneris Solutions Corporation.....	185	185	65	120	40	80	—	—	—	—
<i>Chandos Construction LP</i>										
Construction management services, Abattoir in Lacombe, Alberta.....	12	12	—	12	6	6	—	—	—	—
<i>Dragage Océan DS Inc</i>										
Maintenance dredging, St Lawrence Seaway.....	31	31	—	31	—	5	5	5	5	11

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>EllisDon Civil Ltd, Chant Limited</b>										
Rehabilitation of earth dams (dykes), Talbot River dykes and locks 39, 40 & 41, Ontario .....	33	33	16	17	10	7	—	—	—	—
<b>Giant Mine Remediation</b>										
Nahanni Construction Ltd .....	17	17	—	17	17	—	—	—	—	—
Parsons Canada Ltd .....	31	31	1	30	5	25	—	—	—	—
<b>Green Timbers Limited Partnership</b>										
Public-Private Partnership Relocation Project—RCMP "E" Division relocation, Surrey, British Columbia .....	740	740	158	582	30	31	31	31	13	446
<b>Hewlett-Packard (Canada) Company</b>										
Pension Modernization .....	351	341	326	15	15	—	—	—	—	—
<b>IBM Canada Ltd</b>										
Design, building, implementation and support of the Government of Canada pay system .....	76	74	45	29	29	—	—	—	—	—
<b>J.W. Lindsay Enterprises Limited</b>										
Canadian Coast Guard Atlantic Regional Headquarters, Southside base reconstruction, phase 3 .....	23	23	12	11	11	—	—	—	—	—
<b>LEC Engineering Contracting Ltd</b>										
Construction of a new CBSA Immigration Holding Centre .....	24	24	8	16	16	—	—	—	—	—
<b>Maple Reinders Constructors Ltd</b>										
Construction and rehabilitation of Port Severn and Northern area dams .....	26	26	1	25	18	7	—	—	—	—
<b>Maple Reinders Constructors Ltd, Construction Demathieu et Bard Inc (joint venture)</b>										
Rehabilitation and reconstruction of dams, dykes and locks of the Trent Severn Waterway Infrastructure, Ontario .....	267	267	18	249	89	160	—	—	—	—
<b>Milestone Environmental Contracting Inc</b>										
Randle Reef Sediment Remediation Project, stage 2—Dredging .....	33	33	8	25	18	7	—	—	—	—
<b>Moriyama &amp; Teshima Architects, Kasian Architecture Design &amp; Planning Ltd, in joint venture</b>										
West Memorial Building Rehabilitation Ottawa, Ontario .....	12	12	—	12	5	7	—	—	—	—
<b>North Alaska Highway maintenance and repair services, British Columbia</b>										
Aggregate .....	208	208	126	82	82	—	—	—	—	—
<b>Nuna East Ltd</b>										
Runway and tarmac rehabilitation and construction of new tarmac, Eureka, Nunavut .....	28	28	13	15	15	—	—	—	—	—
<b>PCL Constructors Canada Inc</b>										
Construction management services, Province House Conservation .....	26	26	1	25	11	10	4	—	—	—
<b>Pomerleau Inc</b>										
Canadian Centre for Advanced Material Manufacturing .....	17	17	4	13	13	—	—	—	—	—
Canadian Centre for Inland Waters Laboratory Modernization .....	20	20	1	19	7	7	4	1	—	—
Construction management services, Maurice-Lamontagne Institute and Quebec Base .....	20	20	5	15	12	3	—	—	—	—
<b>Sani-Sable L B Inc</b>										
Saint-Maxime-du-Mont-Louis wharf enrockment .....	12	12	1	11	6	5	—	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Scansa Construction Ltd</b>										
Replace Main North Substation, Victoria, British Columbia .....	16	16	3	13	13	–	–	–	–	–
<b>Tax and operation and maintenance portion on leases</b>										
<b>131 Queen Street Limited and Morguard Corporation</b>										
Trusco Building, 131 Queen Street, Ottawa, Ontario .....	141	141	67	74	8	8	8	9	9	32
<b>2237800 Ontario Ltd</b>										
395 Terminal Avenue, Ottawa, Ontario .....	65	65	17	48	4	4	5	5	5	25
<b>4345177 Canada Inc</b>										
Fontaine Building, 200 Sacré-Cœur Boulevard, Gatineau, Quebec .....	46	46	29	17	3	3	4	4	3	–
<b>6149625 Canada Inc</b>										
Place Vincent Massey, 351 Saint-Joseph Boulevard, Gatineau, Quebec .....	23	23	4	19	1	1	1	1	1	14
<b>6149626 Canada Inc</b>										
Place Vincent Massey, 351 Saint-Joseph Boulevard, Gatineau, Quebec .....	108	108	23	85	4	4	4	4	4	65
<b>8424934 Canada Inc</b>										
2 Victoria Street, Miramichi, New Brunswick .....	39	39	–	39	2	2	1	2	2	30
<b>Broccolini Construction</b>										
455 de la Carrière Boulevard, Gatineau, Quebec .....	215	215	31	184	8	8	8	8	8	144
<b>Computershare Trust Company of Canada</b>										
Canada Place Building, 9700 Jasper Avenue, Edmonton, Alberta .....	386	386	125	261	12	12	13	13	13	198
Harry Hays Building, 220 - 4th Avenue, Calgary, Alberta .....	203	203	76	127	8	8	8	8	8	87
Joseph Shepard Building, 4900 Yonge Street, Toronto, Ontario .....	281	281	103	178	11	11	11	11	12	122
RCMP Building, 4225 Dorchester Boulevard West, Westmount, Quebec .....	103	103	37	66	4	4	4	4	4	46
Revenue Canada Building, 305 René-Lévesque Boulevard West, Montréal, Quebec .....	129	129	40	89	5	5	6	6	6	61
Skyline Complex, 1400 Merivale Road, Ottawa, Ontario .....	469	469	151	318	19	20	20	20	21	218
Thomas D'Arcy McGee Building, 90 Sparks Street, Ottawa, Ontario .....	268	268	90	178	11	11	11	11	12	122
<b>Consortium GM Développement, OGESCO Construction, Pierre Martin &amp; Associés, Design &amp; Architecture</b>										
1550 d'Estimauville Avenue, Québec, Quebec .....	66	66	19	47	3	3	3	3	3	32
<b>M P N Holdings Ltd</b>										
111 Lombard Avenue, Winnipeg, Manitoba .....	13	13	2	11	1	–	1	–	1	8
<b>Minto Commercial Properties Inc</b>										
Mercury Centre, 3000 Merivale Road, Ottawa, Ontario .....	372	372	89	283	14	14	15	16	17	207
<b>Morguard Corporation and 3683249 Canada Inc</b>										
181 Queen Street, Ottawa, Ontario .....	66	66	43	23	4	4	4	4	4	3
<b>Pomerleau, Kevlar et Québec Inc</b>										
2575 Ste-Anne Boulevard, Québec, Quebec .....	41	41	6	35	2	2	2	2	2	25



**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Société d'habitation et de développement de Montréal</b>										
National Film Board of Canada lease, Quartier des spectacles, Montréal, Quebec <sup>3</sup> .....	54	54	—	54	—	2	2	3	2	45
<b>Société en commandite Montcalm</b>										
Montcalm Place, Phase II, 200 Montcalm Street, Gatineau, Quebec .....	23	23	8	15	2	1	2	1	2	7
<b>The Canada Life Assurance Company</b>										
Judicial Complex, 180 Queen Street West, Toronto, Ontario .....	93	93	50	43	5	5	5	5	6	17
<b>The Great-West Life Assurance Company</b>										
James Michael Flaherty Building, 90 Elgin Street, Ottawa, Ontario .....	308	308	42	266	12	12	12	12	12	206
<b>The Great-West Life Assurance Company of Canada and London Life Insurance Company</b>										
269 Laurier Street West, Ottawa, Ontario ..	80	80	65	15	6	6	3	—	—	—
<b>Shared Services Canada</b>										
<b>Bell Canada</b>										
Data centre co-location services .....	81	65	22	43	7	7	6	7	7	9
Government cabling services .....	150	150	62	88	30	30	28	—	—	—
Government of Canada Network wide area network international services, stream 3 .....	120	120	—	120	12	18	18	18	18	36
Local access service .....	674	674	544	130	65	65	—	—	—	—
NPS Net wide area network .....	172	172	137	35	28	7	—	—	—	—
Wide area network services / Networking equipment and services .....	120	120	92	28	19	9	—	—	—	—
<b>Bell Mobility</b>										
Government cellular services .....	322	322	11	311	44	51	56	60	61	39
<b>BMC Software Canada</b>										
Software maintenance and support .....	11	11	—	11	11	—	—	—	—	—
<b>Computer Associates Canada Company</b>										
Software licences, maintenance and support .....	71	71	7	64	40	24	—	—	—	—
<b>IBM Canada Ltd</b>										
Assess Data Center facility to identify areas of vulnerability and opportunities to enhance facility's security .....	26	26	4	22	3	3	4	3	4	5
IBM mainframe .....	315	315	41	274	88	85	66	35	—	—
Supercomputer renewal, Dorval, Quebec .....	105	105	9	96	12	14	20	20	13	17
<b>Inmarsat Solutions Canada Inc</b>										
Inmarsat satellite services .....	50	50	34	16	16	—	—	—	—	—
<b>Microsoft Corporation, Washington</b>										
Email Transformation Initiative Bridge Contract .....	10	10	—	10	10	—	—	—	—	—
Microsoft Enterprise agreement .....	321	321	246	75	75	—	—	—	—	—
<b>Oracle Canada ULC</b>										
Software update and licences support .....	36	36	25	11	11	—	—	—	—	—
<b>Rogers Communications Canada Inc</b>										
Toll-free network services .....	47	47	1	46	5	6	5	6	5	19
<b>Telus Communications Company</b>										
GC Net and WCS project migration .....	349	349	275	74	25	24	20	5	—	—
Government enterprise network services .....	129	129	98	31	22	9	—	—	—	—
Government of Canada Network wide area network services, stream 1 .....	213	58	9	49	17	16	16	—	—	—

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Unisys Canada Inc</b>										
Maintenance and support services for Unisys mainframe.....	21	21	5	16	4	4	4	4	—	—
<b>VMWare Inc, California</b>										
Renewal of VMWare software maintenance and support.....	14	14	4	10	10	—	—	—	—	—
<b>Zayo Canada Inc</b>										
Government of Canada Network wide area network services, stream 2.....	213	20	2	18	5	7	6	—	—	—
	19,446	19,070	5,881	13,189	3,199	2,892	2,438	2,081	283	2,296
<b>Transport</b>										
<b>Canadian Air Transport Security Authority</b>										
Garda Security Screening Inc—Central.....	1,504	1,504	834	670	159	170	171	170	—	—
Garda Security Screening Inc—Prairies.....	1,049	1,049	587	462	109	118	117	118	—	—
G4S Secure Solutions (Canada) Ltd.....	943	943	541	402	95	102	102	103	—	—
L3 Communications.....	62	62	44	18	5	4	5	4	—	—
NAV Canada.....	98	98	70	28	9	10	9	—	—	—
Securitas Transport Aviation Security Ltd.....	1,129	1,129	619	510	121	130	129	130	—	—
Smiths Detection LLC / Morpho Detection Inc....	187	187	133	54	11	11	12	11	9	—
Sun Life Assurance Company of Canada.....	31	31	17	14	14	—	—	—	—	—
	5,003	5,003	2,845	2,158	523	545	545	536	9	—
<b>Treasury Board</b>										
<b>Treasury Board Secretariat</b>										
<b>Sun Life Assurance Company of Canada</b>										
Public Service Health Care Plan (Administrative services).....	328	328	213	115	36	44	35	—	—	—
Total purchases.....	88,531	84,606	40,133	44,473	9,101	6,204	6,512	7,066	2,639	12,951
<b>Total capital assets and purchases.....</b>	<b>113,535</b>	<b>108,103</b>	<b>55,338</b>	<b>52,765</b>	<b>12,681</b>	<b>8,231</b>	<b>7,517</b>	<b>7,597</b>	<b>3,028</b>	<b>13,711</b>
<b>Operating leases</b>										
<b>Canadian Heritage</b>										
<b>Canada Council for the Arts</b>										
Office accommodation, 150 Elgin Street, Ottawa, Ontario.....	75	72	3	69	4	4	4	4	4	49
<b>Canadian Broadcasting Corporation</b>										
Cominar REIT.....	18	18	3	15	1	1	1	1	1	10
Eurofax Properties.....	17	17	3	14	1	1	2	1	1	8
Morguard.....	144	144	101	43	7	7	7	7	8	7
Société en commandite La Nouvelle Maison.....	669	669	—	669	—	15	22	22	22	588
<b>Canadian Museum of Immigration at Pier 21</b>										
1055 Marginal Road, Halifax, Nova Scotia.....	69	69	9	60	2	1	2	1	2	52
<b>National Capital Commission</b>										
Chambers Building, Ottawa, Ontario.....	144	144	18	126	7	6	5	5	5	98
	1,136	1,133	137	996	22	35	43	41	43	812
<b>Environment and Climate Change</b>										
<b>Department of the Environment</b>										
<b>Capilano Indian Reserve No. 5, Squamish First Nation, Vancouver, British Columbia</b>										
Lease of land—Pacific Environmental Center.....	562	562	215	347	13	13	13	13	13	282

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Global Affairs</b>										
<b>Department of Foreign Affairs, Trade and Development</b>										
<i>237 Park Owner LLC.</i>										
Chancery, New York, United States .....	170	170	3	167	8	7	8	8	8	128
<i>AG Insurance S.A.</i>										
Chancery, Brussels, Belgium.....	16	16	2	14	1	1	1	1	1	9
<i>BTG Pactual Servicos Financeiros D</i>										
Chancery, Sao Paulo, Brazil .....	16	16	2	14	2	2	2	2	2	4
<i>Fifteen-O-One Fourth Ave Ltd</i>										
Chancery, Seattle, United States.....	13	13	1	12	1	1	1	1	2	6
<i>Main Business Administration for Services to the Diplomatic Corps (GlavUpDK)</i>										
Chancery, Moscow, Russia .....	66	66	30	36	2	3	3	3	3	22
<i>Shanghai JinAn Century Property Development Co Ltd</i>										
Chancery, Shanghai, China .....	17	17	3	14	3	3	3	5	–	–
<i>Spanish Space Tower, S.A.U. (Torre Espacio Castellana, S.A.U.)</i>										
Chancery, Madrid, Spain.....	40	40	17	23	1	2	1	2	2	15
<b>Canadian Commercial Corporation</b>										
Office space .....	38	38	16	22	1	2	1	2	1	15
<b>International Development Research Centre</b>										
Head office, 150 Kent Street, Ottawa, Ontario.....	32	32	6	26	5	6	6	6	3	–
	408	408	80	328	24	27	26	30	22	199
<b>Indigenous and Northern Affairs</b>										
<b>Department of Indian Affairs and Northern Development</b>										
<i>Residential housing leases</i>										
Aggregate.....	17	17	1	16	1	1	–	1	1	12
<b>Public Safety and Emergency Preparedness</b>										
<b>Royal Canadian Mounted Police</b>										
<i>Government of Alberta</i>										
Alberta First Responders Radio Communications System .....	385	385	48	337	24	24	24	24	24	217
<b>Public Services and Procurement</b>										
<b>Department of Public Works and Government Services</b>										
<i>0957333 BC Ltd</i>										
3991 Gladys Avenue, Abbotsford, British Columbia .....	24	24	9	15	2	1	2	1	2	7
<i>1252065 Ontario Inc</i>										
2265 St-Laurent Boulevard, Ottawa, Ontario ..	14	14	4	10	1	1	2	1	1	4
<i>1823175 Ontario Inc</i>										
Pinecrest Office Park, 2745 Iris Street, Ottawa, Ontario .....	26	26	7	19	2	2	2	2	3	8
<i>389288 BC Limited</i>										
1188 West Georgia Street, Vancouver, British Columbia .....	20	20	2	18	2	2	2	2	2	8
<i>3934381 Canada Inc</i>										
1138 Melville Street, Vancouver, British Columbia .....	108	73	54	19	7	7	5	–	–	–
<i>927094 Alberta Ltd</i>										
9240 - 49th Street, Edmonton, Alberta .....	105	49	15	34	3	3	4	3	3	18
<i>Aspen Properties GP Inc</i>										
Bell Tower, 10104 - 103rd Avenue North West, Edmonton, Alberta.....	22	15	–	15	–	–	2	1	2	10
<i>BANC Properties Limited</i>										
263 Susie Lake Crescent, Halifax, Nova Scotia .....	11	11	–	11	–	1	1	1	1	7

Table 11.3

## Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>bcIMC Realty Corporation</b>										
105 Hôtel-de-Ville Street, Gatineau, Quebec...	33	33	3	30	5	5	5	5	5	5
130 Colonnade Road, Ottawa, Ontario .....	26	26	16	10	3	2	3	2	—	—
<b>Beatty Street General Partnership</b>										
Pivotal Building, 877 Expo Boulevard, Vancouver, British Columbia .....	21	21	10	11	2	2	2	2	2	1
<b>Bona Building &amp; Management Company Ltd</b>										
333 and 335 North River Road, Ottawa, Ontario .....	98	72	45	27	12	12	3	—	—	—
<b>BPO (Ontario Core) Ltd, Ontari Holdings Ltd and CREHOY Inc</b>										
Jean Edmonds Building, North Tower, 300 Slater Street, Ottawa, Ontario .....	100	100	22	78	10	10	10	10	10	28
Jean Edmonds Building, South Tower, 365 Laurier Avenue West, Ottawa, Ontario .....	95	65	20	45	9	9	10	10	7	—
Place de Ville - Towers A, B and C, 320 Queen Street, Ottawa, Ontario .....	482	413	172	241	41	39	35	15	16	95
Place de Ville Parking - Tower A, 320 Queen Street, Ottawa, Ontario .....	14	14	1	13	1	1	1	1	2	7
<b>Capital City Shopping Centre Limited</b>										
Billings Bridge Office Tower, 2323 Riverside Drive, Ottawa, Ontario .....	25	25	3	22	2	3	2	3	2	10
<b>City Centre Equities Inc, c/o Harvard Developments Inc</b>										
1870 Hamilton Street, Regina, Saskatchewan .....	26	26	13	13	3	3	3	2	2	—
<b>Cominar Real Estate Investment Trust</b>										
3400 Jean-Béraud Avenue, Laval, Quebec .....	40	40	18	22	4	4	4	4	4	2
Place de la Cité, 550 de la Cité Boulevard, Gatineau, Quebec .....	21	21	—	21	2	7	7	5	—	—
<b>Développements Hautes-Plaines S.E.N.C.</b>										
200 de la Technologie Boulevard, Gatineau, Quebec .....	12	12	1	11	2	2	1	1	1	4
<b>Dream Office LP</b>										
74 Victoria Street, Toronto, Ontario .....	30	30	—	30	3	8	7	8	4	—
<b>Dream Office Management Corp</b>										
T & T Towers, 340 - 3rd Avenue North, Saskatoon, Saskatchewan .....	14	10	—	10	—	—	1	2	2	5
<b>Export Development Canada</b>										
Export Development Canada Building, 150 Slater Street, Ottawa, Ontario .....	18	18	1	17	1	2	1	2	1	10
<b>H&amp;R Real Estate Investment Trust</b>										
Place Bell, 160 Elgin Street, Ottawa, Ontario .....	26	26	3	23	4	3	4	3	4	5
<b>Holdings 1506 Enterprises Ltd</b>										
4321 Still Creek Drive, Burnaby, British Columbia .....	16	16	2	14	2	1	2	1	2	6
<b>I G Investment Management, Ltd</b>										
1980 Matheson Boulevard East, Mississauga, Ontario .....	17	17	1	16	3	3	3	3	3	1
<b>KS 400 Cumberland Street Inc</b>										
Cumberland Building, 400 Cumberland Street, Ottawa, Ontario .....	21	21	—	21	4	4	5	4	4	—
<b>Larco Investments Limited</b>										
1 Front Street, Toronto, Ontario .....	101	71	17	54	14	14	15	11	—	—
<b>Lord Realty (Quebec) Limited Partnership</b>										
Canada Economic Development, 800 René-Lévesque Boulevard West, Montréal, Quebec .....	18	18	—	18	2	2	1	2	2	9

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—continued**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Lord Realty Holdings Limited and Privest Properties Ltd</b>										
555 West Hastings Street, Vancouver, British Columbia .....	29	29	7	22	3	3	3	3	3	7
<b>Manulife 3250 Lapinière Property Inc</b>										
Central and Southern Quebec Tax Services Office, 3250 Lapinière Boulevard, Brossard, Quebec .....	15	15	4	11	1	2	1	2	1	4
<b>Manulife Ontario Property Portfolio Inc</b>										
5343 Dundas Street West, Toronto, Ontario ....	28	18	1	17	2	2	2	3	2	6
<b>Minto Commercial Properties Inc</b>										
Canada Building, 344 Slater Street and Enterprise Building, 427 Laurier Avenue West, Ottawa, Ontario .....	160	120	57	63	12	12	13	13	13	—
<b>Morguard Investments Limited in trust</b>										
Standard Life Centre, 280 Slater Street, Ottawa, Ontario .....	63	63	28	35	6	6	7	7	7	2
<b>Morguard Investments Limited in trust for Cordova Equities Inc</b>										
Standard Life Centre II, 333 Laurier Avenue West, Ottawa, Ontario .....	27	27	7	20	5	6	5	4	—	—
<b>Morguard Investments Ltd</b>										
10044 - 108st Street, Edmonton, Alberta.....	16	11	—	11	—	1	1	2	2	5
Heritage Place Building, 155 Queen Street, Ottawa, Ontario .....	25	25	1	24	1	2	2	2	2	15
<b>Morguard Real Estate Investment Trust</b>										
7575 - 8th Street North-East, Calgary, Alberta .....	30	30	12	18	3	3	3	3	3	3
<b>MTCC GP Inc</b>										
277 Front Street West, Toronto, Ontario .....	22	22	6	16	4	4	5	3	—	—
<b>Nadjam Holdings Inc</b>										
360 Lisgar Avenue, Ottawa, Ontario .....	20	20	1	19	1	2	1	2	2	11
<b>Omers Realty Corporation and CPP Investment Board Real Estate Holdings Inc</b>										
Constitution Square, 350-360 Albert Street, Ottawa, Ontario .....	93	93	57	36	10	10	10	6	—	—
<b>OMNI Property Management Inc</b>										
1611 Main Street, Vancouver, British Columbia .....	93	68	17	51	4	5	4	5	4	29
<b>OPB (Centre 10) Inc</b>										
517 - 10th Avenue South West, Calgary, Alberta .....	174	70	32	38	7	7	7	7	7	3
<b>Orlando Corporation</b>										
5800 Hurontario Street, Mississauga, Ontario .	63	63	45	18	7	7	4	—	—	—
<b>Outcore Equities Inc and Slate Asset Management GP Inc</b>										
Sir Richard Scott Building, 191 Laurier Avenue, Ottawa, Ontario .....	54	54	8	46	5	6	5	6	6	18
<b>Oxford Properties Group Inc and 231867 Ontario Limited</b>										
800 Burrard Street, Vancouver, British Columbia .....	80	66	—	66	8	11	11	11	11	14
<b>Oxford Properties Group Inc and OREC (RAC) Holdings Inc</b>										
120 Adelaide Street West and 101 Richmond Street West, Toronto, Ontario .....	167	81	—	81	6	8	8	8	8	43
<b>Pensionfund Realty Limited</b>										
59 Camelot Drive, Ottawa, Ontario .....	29	29	6	23	3	3	2	3	3	9
99 Metcalfe Street, Ottawa, Ontario .....	38	38	26	12	4	4	3	1	—	—
250 Albert Street, Ottawa, Ontario .....	19	19	—	19	2	4	4	4	4	1

**Table 11.3**  
**Transfer payment agreements, capital assets, purchases and operating leases as at March 31, 2018—concluded**

(in millions of dollars)

	Total estimated cost	Amount contracted	Amount disbursed	Outstanding obligation	Outstanding obligations to be disbursed by March 31					
					2019	2020	2021	2022	2023	2024 and subsequent
<b>Place Bonaventure Property Management Inc</b>										
Place Bonaventure, 800 de la Gauchetière Street West, Montréal, Quebec .....	20	20	—	20	2	2	2	2	2	10
<b>RIZE Alliance (Terminal Building) Inc</b>										
Canada Revenue Agency Tax Services Office, 468 Terminal Avenue, Vancouver, British Columbia .....	78	78	5	73	5	5	5	5	5	48
<b>Slate Office II</b>										
365 Hargrave Street, Winnipeg, Manitoba .....	15	15	4	11	2	1	2	1	2	3
<b>Station Lands Ltd</b>										
Epcor Tower, 10423 - 101st Street, Edmonton, Alberta.....	139	75	48	27	8	7	8	4	—	—
<b>Sun Life Assurance Company of Canada and Ontari Holdings Limited</b>										
Sun Life Financial Centre, 50 O'Connor Street, Ottawa, Ontario .....	42	42	1	41	4	4	4	4	4	21
Sun Life Financial Centre, East Tower, 50 O'Connor Street, Ottawa, Ontario .....	71	53	10	43	5	5	5	5	6	17
<b>Surrey CC Properties Inc</b>										
13450 - 102nd Avenue, Surrey, British Columbia .....	31	31	7	24	3	2	3	3	3	10
<b>TNC 340 Laurier Ltd</b>										
Sir Wilfrid Laurier Building, 304 Laurier Avenue West, Ottawa, Ontario .....	17	17	1	16	5	6	5	—	—	—
<b>The Chambers Equities Limited</b>										
Chambers Building, 40 Elgin Street, Ottawa Ontario .....	15	13	1	12	1	1	1	1	1	7
<b>The Great-West Life Assurance Company</b>										
255 Albert Street, Ottawa, Ontario .....	14	14	1	13	3	3	3	3	1	—
1600 Star Top Road, Ottawa, Ontario .....	29	17	—	17	—	4	6	6	1	—
Centennial Towers, 200 Kent Street, Ottawa, Ontario .....	235	183	62	121	15	15	15	16	16	44
<b>The Typhon Group (Richmond Hill) Ltd</b>										
5 Via Renzo Drive, Richmond Hill, Ontario .....	18	14	—	14	1	1	1	1	2	8
<b>West Corr Holdings Ltd</b>										
3427 Faithfull Avenue, Saskatoon, Saskatchewan .....	24	24	5	19	2	1	2	1	2	11
<b>Whiterock 219 Laurier Avenue West Inc</b>										
219 Laurier Avenue West, Ottawa, Ontario.....	61	61	2	59	4	4	4	4	4	39
<b>Winnipeg Square Leaseco Inc</b>										
Commodity Exchange and Winnipeg Square, 360 Main Street, Winnipeg, Manitoba .....	41	41	—	41	—	—	1	4	4	32
	3,679	2,986	901	2,085	300	322	313	262	218	670
<b>Transport</b>										
<b>Canadian Air Transport Security Authority</b>										
Sun Life Assurance Company of Canada.....	50	50	29	21	4	5	4	5	3	—
<b>VIA Rail Canada Inc.</b>										
<b>City of Toronto</b>										
Union Station .....	211	211	49	162	4	4	4	4	4	142
<b>SITQ</b>										
Place Ville Marie, Montréal .....	32	32	15	17	3	3	4	3	4	—
	293	293	93	200	11	12	12	12	11	142
<b>Total operating leases .....</b>										
	6,480	5,784	1,475	4,309	395	434	431	383	332	2,334
<b>Grand total.....</b>	<b>251,686</b>	<b>245,002</b>	<b>113,791</b>	<b>131,211</b>	<b>36,492</b>	<b>24,646</b>	<b>17,330</b>	<b>15,438</b>	<b>8,975</b>	<b>28,330</b>

<sup>1</sup> The amount disbursed relates to the reduction of contractual obligations for assets under construction through a public-private partnership arrangement.

<sup>2</sup> The amounts shown relate to a future capital lease obligation.

<sup>3</sup> The amounts shown relate to interest and executory costs associated with a future capital lease obligation.

## International contractual obligations

International contractual obligations reported in this table include transfer payments, and loans and advances to international organizations as well as loans for the development of export trade (administered by Export Development Canada), if any, which Canada has agreed to disburse in the future. Future paid-in share capital represents commitments made by Canada for future purchases of non-budgetary share capital in international organizations. The amounts reported in Table 11.4 as undisbursed loans and advances and as future paid-in share capital exclude notes that have been issued and that are still unpaid as at March 31, 2018.

Table 11.4 presents information that is summarized in Note 18 to the consolidated financial statements in Section 2 of this volume.

**Table 11.4**  
**International contractual obligations**

(in millions of dollars)<sup>1</sup>

	Transfer payments	Undisbursed loans and advances	Future paid-in share capital	Total
<b>Non-budgetary share capital and loans</b>				
Global Affairs				
Department of Foreign Affairs, Trade and Development				
Inter-American Investment Corporation .....	–	–	46	46
<b>Budgetary transfer payments, loans and advances</b>				
Environment and Climate Change				
Department of the Environment				
Contributions in support of Climate Change and Clean Air				
Aggregate .....	17	–	–	17
Montreal Protocol on Substances that Deplete the Ozone Layer				
United Nations Environment Programme .....	11	–	–	11
	28	–	–	28
Finance				
Department of Finance				
African Development Fund—Multilateral Debt Relief Initiative .....	402	–	–	402
International Development Association				
Multilateral Debt Relief Initiative .....	1,003	–	–	1,003
Subscriptions and contributions .....	883	–	–	883
	2,288	–	–	2,288
Global Affairs				
Department of Foreign Affairs, Trade and Development				
International development .....	2,826	–	–	2,826
International humanitarian assistance .....	468	–	–	468
International security and democratic development .....	173	–	–	173
African Development Bank .....	–	217	–	217
Asian Development Fund .....	–	99	–	99
Caribbean Development Bank—Special Development Fund .....	–	53	–	53
Global Environment Facility Trust Fund .....	–	25	–	25
International Fund for Agricultural Development .....	–	75	–	75
International Development Research Centre				
African Institute for Mathematical Sciences .....	18	–	–	18
	3,485	469	–	3,954
Health				
Canadian Institutes of Health Research				
Grants for research projects and personnel support .....	11	–	–	11

**Table 11.4**  
**International contractual obligations—concluded**

(in millions of dollars)<sup>1</sup>

	Transfer payments	Undisbursed loans and advances	Future paid-in share capital	Total
Innovation, Science and Economic Development				
Department of Industry				
International Telecommunication Union .....	29	–	–	29
Canadian Space Agency				
European Space Agency.....	106	–	–	106
National Research Council of Canada				
Canada-France-Hawaii Telescope Corporation .....	27	–	–	27
The National Science Foundation				
Atacama Large Millimetre/Submillimetre Array.....	7	–	–	7
Gemini Twin Telescope Project.....	27	–	–	27
TMT International Observatory LLC .....	186	–	–	186
	382	–	–	382
Natural Resources				
Department of Natural Resources				
The Alliance for Sustainable Energy, LLC.....	1	–	–	1
	6,195	469	–	6,664
<b>Total .....</b>	<b>6,195</b>	<b>469</b>	<b>46</b>	<b>6,710</b>

<sup>1</sup> Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2018 (\$1 USD = \$1.2884 CAD; 1 SDR = \$1.8729 CAD; 1 EUR = \$1.5853 CAD).



## Contractual rights

Contractual rights are rights to economic resources arising from contracts or agreements that will result in both an asset and revenue in the future. These contractual rights can be classified into four categories: sales of goods and services, leases of property, royalties and revenue/profit-sharing arrangements and others.

All outstanding contractual rights of \$10 million or more per contract at year-end are reported. In some cases portfolios of contractual rights of \$10 million or more have been reported.

In accordance with the Government's significant accounting policies, the contractual rights of consolidated Crown corporations are included with those of the Government.

**Table 11.5**

### Sales of goods and services, leases of property and other contractual rights as at March 31, 2018

(in millions of dollars)

	Outstanding revenue to be earned by March 31						2024 and subsequent
	Outstanding revenue <sup>1</sup>	2019	2020	2021	2022	2023	
<b>Sales of goods and services</b>							
Environment and Climate Change							
Department of the Environment .....	52	15	14	14	9	–	–
Global Affairs							
Canadian Commercial Corporation .....	9,441	1,156	633	1,769	3,045	1,437	1,401
Public Safety and Emergency Preparedness							
Royal Canadian Mounted Police .....	41,668	2,491	2,518	2,593	2,671	2,750	28,645
<b>Total sales of goods and services .....</b>	<b>51,161</b>	<b>3,662</b>	<b>3,165</b>	<b>4,376</b>	<b>5,725</b>	<b>4,187</b>	<b>30,046</b>
<b>Leases of property</b>							
Canadian Heritage							
Canadian Broadcasting Corporation .....	439	9	9	10	10	10	391
National Capital Commission .....	68	1	2	1	2	1	61
Environment and Climate Change							
Parks Canada Agency <sup>2</sup> .....	62	1	1	2	1	2	55
Global Affairs							
Department of Foreign Affairs, Trade and Development .....	15	3	4	4	4	–	–
Public Services and Procurement							
Department of Public Works and Government Services .....	11	1	–	1	–	1	8
Transport							
Department of Transport <sup>2</sup> .....	2,010	378	389	401	417	425	–
<b>Total leases of property .....</b>	<b>2,605</b>	<b>393</b>	<b>405</b>	<b>419</b>	<b>434</b>	<b>439</b>	<b>515</b>
<b>Other</b>							
Environment and Climate Change							
Parks Canada Agency <sup>3</sup> .....	6	1	1	1	1	2	–
Families, Children and Social Development							
Department of Employment and Social Development .....	336	336	–	–	–	–	–
Innovation, Science and Economic Development							
Department of Industry .....	167	13	15	15	15	14	95
National Defence							
Department of National Defence .....	31	–	–	–	–	–	31
Natural Resources							
Department of Natural Resources .....	340	15	14	15	14	14	268
<b>Total other .....</b>	<b>880</b>	<b>365</b>	<b>30</b>	<b>31</b>	<b>30</b>	<b>30</b>	<b>394</b>
<b>Total .....</b>	<b>54,646</b>	<b>4,420</b>	<b>3,600</b>	<b>4,826</b>	<b>6,189</b>	<b>4,656</b>	<b>30,955</b>

<sup>1</sup> The amounts reflected in Outstanding revenue are incomplete because of the degree of uncertainty surrounding a number of contracts. Estimates of future revenue have been provided where the degree of certainty allows for reasonable estimates to be made.

<sup>2</sup> There are agreements where the department or Crown corporation is entitled to future revenue based on a percentage of revenue or profits of the other party to the agreement, or based on receiving an amount for each unit of goods sold. Estimates of future revenue have been provided where the degree of certainty allows for reasonable estimates to be made.

<sup>3</sup> There are agreements that are perpetual in nature, i.e. there is no end date. Five years' future revenues have been estimated; revenues beyond that have not been estimated due to uncertainty.

In addition to the contractual rights presented in Table 11.5, the Department of National Defence, the Department of Natural Resources and the Parks Canada Agency have agreements that entitle them to future revenue based on a percentage of revenue or profits of the other party to the agreement, or based on receiving an amount for each unit of goods sold. Revenues have not been estimated due to uncertainty.

## Contingent liabilities

The contingent liabilities of the Government are grouped into: guarantees provided by the Government, international organizations, claims and pending and threatened litigation, and insurance programs of agent enterprise Crown corporations. Additional information regarding each category is provided below.

For details of contingent liabilities of consolidated Crown corporations, refer to Table 4.4 in Section 4 of this volume. Particulars of contingent liabilities of enterprise Crown corporations and other government business enterprises are not consolidated with those of the Government but details of these contingencies may be found in Table 9.7 of Section 9 of this volume.

## Guarantees

Losses on guarantees are recorded in the accounts when it is likely that a payment will be made to honour a guarantee and when the amount of the anticipated loss can be reasonably estimated. The amount of the allowance is determined by taking into consideration the nature of the guarantee, loss experience and the use of other measurement techniques. Borrowings of enterprise Crown corporations and other government business enterprises are recorded as liabilities for the portion not expected to be repaid directly by these corporations.

Table 11.6 lists the outstanding guarantees and is summarized in Note 6 to the consolidated financial statements in Section 2 of this volume. The authorized limits indicated in Table 11.6 represent the aggregate total of various types of authorities of Government bodies as stipulated in legislation, legal agreements or other documents that may be in force at any one time.

**Table 11.6**  
**Guarantees provided by the Government as at March 31, 2018**

(in millions of dollars)

	Authorized limit (where applicable)	Principal amount outstanding
Guaranteed borrowings of enterprise Crown corporations and other government business enterprises		
Agent enterprise Crown corporations .....		291,469 <sup>1</sup>
Other guarantees provided by the Government		
Loan guarantees		
Agriculture and Agri-Food		
Department of Agriculture and Agri-Food		
Advance Payments Program— <i>Agricultural Marketing Programs Act</i> .....	5,000	1,270
<i>Farm Improvement Loans Act</i> and <i>Canadian Agricultural Loans Act</i> .....	3,000	101
Families, Children and Social Development		
Department of Employment and Social Development		
<i>Canada Student Loans Act</i> .....	10,782	3
Finance		
Department of Finance		
International Bank for Reconstruction and Development .....	152	152
Indigenous Services		
Department of Indigenous Services		
Indian Economic Development Guarantee Program .....	60	<sup>2</sup>
On-Reserve Housing Guarantee Program .....	2,200	
Canada Mortgage and Housing Corporation .....		1,454
Other approved lenders .....		296
Innovation, Science and Economic Development		
Department of Industry		
<i>Canada Small Business Financing Act</i> .....	2,464	869
Regional Aircraft Credit Facility .....	1,500	30
Natural Resources		
Department of Natural Resources		
Lower Churchill Hydro Electric Projects .....	9,200	7,801
Total—Loan guarantees .....	34,358	11,976

**Table 11.6**  
**Guarantees provided by the Government as at March 31, 2018—concluded**

(in millions of dollars)

	Authorized limit (where applicable)	Principal amount outstanding
Insurance programs managed by the Government		
Canadian Heritage		
Department of Canadian Heritage		
<i>Canada Travelling Exhibitions Indemnification Act</i> .....	3,000	—
Finance		
Department of Finance		
Mortgage or Hypothecary Insurance Protection .....	350,000	249,580
Global Affairs		
Department of Foreign Affairs, Trade and Development		
Accounts administered for the Government by Export Development Canada .....	20,000	108
Natural Resources		
Department of Natural Resources		
Nuclear Liability Account .....		—
Total—Insurance programs managed by the Government .....	373,000	249,688
Other explicit guarantees		
Agriculture and Agri-Food		
Department of Agriculture and Agri-Food		
National Biomass Ethanol Program .....	140	—
Price Pooling Program— <i>Agricultural Marketing Programs Act</i> .....		—
Total—Other explicit guarantees .....	140	—
Total—Gross guarantees .....	407,498	553,133
Less: allowance for guarantees .....		278
Net exposure under guarantees .....		552,855

This table excludes insurance programs operated by agent enterprise Crown corporations. Information on these programs is disclosed in Note 6 to the consolidated financial statements in Section 2 of this volume and additional information is provided in Table 11.8 of this section.

<sup>1</sup> Details can be found in Table 9.5, Section 9 of this volume.

<sup>2</sup> Less than \$500,000.

### **Advance Payments Program—*Agricultural Marketing Programs Act***

The Advance Payments Program (APP) provides producers with a cash advance on the value of their agricultural products during a specified period. By improving their cash flow throughout the year, the APP helps crop and livestock producers meet their financial obligations and benefit from the best market conditions.

Under the APP, the federal government guarantees repayment of cash advances issued to farmers by the producer organization. These guarantees help the producer organization borrow money from financial institutions at lower interest rates and issue producers a cash advance on the anticipated value of their farm product that is being produced or that is in storage. The maximum cash advance of the program is \$0.4 million and the loans generally have a repayment term of 18-24 months.

### ***Farm Improvement Loans Act and Canadian Agricultural Loans Act***

The *Canadian Agricultural Loans Act* (CALA) program is a financial loan guarantee program that gives farmers easier access to credit. Farmers can use these loans to establish, improve, and develop farms; while Agricultural co-operatives may also access loans to process, distribute, or market the products of farming.

The CALA program builds on and replaces the previous *Farm Improvement and Marketing Co-operative Loans Act* program, which has helped farming operations grow their businesses by guaranteeing loans issued through financial institutions since 1988.

Through the CALA, the Government of Canada is supporting the renewal of the agricultural sector and enabling co-operatives to better seize market opportunities. This program guarantees 95% of the value of loans provided to farms and cooperatives by financial institutions. For individual applicants, including corporations, the maximum amount for a CALA loan is \$0.5 million. Most loans are repayable within ten years; for loans on land purchases, the repayment period is 15 years.

### **Canada Student Loans Act**

Loans provided by financial institutions between 1964 and August 1995, under the *Canada Student Loans Act*, are fully guaranteed by the Department of Employment and Social Development (ESDC) to the lenders. ESDC reimburses the lenders for the outstanding principal, accrued interest and costs in the event of default, permanent disability or death of the borrower. ESDC bears all risks associated with guaranteed loans.

### **International Bank for Reconstruction and Development**

Pursuant to section 8.3(1) of the *Bretton Woods and Related Agreements Act*, the Minister of Finance, by order of the Governor in Council, authorized a partial loan guarantee in the amount of \$118 million USD to the International Bank for Reconstruction and Development (IBRD) in respect to a \$1,443.82 million USD loan entered into between the IBRD and the Republic of Iraq.

Under this guarantee, the Minister would make payment to the IBRD in the event that the Republic of Iraq is more than six months late in meeting a scheduled interest or principal payment to the IBRD. The Minister would only be required to pay a pro-rata share of the loan repayment that is past due, up to a fixed aggregate amount of \$118 million USD. In the event that any portion of the guarantee is called, Canada would receive a claim from the IBRD against the Republic of Iraq, and would have the option to pursue recovery. At this point, no losses are anticipated with respect to this guarantee and no provision has been made.

### **Indian Economic Development Guarantee Program**

This program authorizes the Department of Indigenous Services Canada to guarantee loans for non-incorporated Indian businesses on a risk-sharing basis with commercial lenders because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. Guarantees are provided for various types of borrowers whose activities contribute to the economic development of Indians and enable them to develop long-term credit relationships with mainstream financial institutions.

Loans issued under this program cannot exceed a term of 15 years and the line of credit must be renewed every year. Interest rates on guaranteed loans are consistent with rates provided by lending institutions to commercial businesses, which are usually based on a spread from the prime lending rate. Any security pledged for a guaranteed loan may not be released by the lending institution without the prior approval of the Minister of Indigenous Services Canada.

### **On-Reserve Housing Guarantee Program**

This program authorizes the Department of Indigenous Services Canada to guarantee loans to individuals and Indian bands to assist in the purchase of housing on reserves because security restrictions in the *Indian Act* prevent the mortgage and seizure of property located on reserves. These loan guarantees enable status Indians residing on reserves, Band councils, or their delegated authorities, to secure housing loans without giving the lending institution rights to the property.

Loans under this program are issued by registered lending institutions and Canada Mortgage and Housing Corporation. Payments of principal and interest for loans issued under this program are amortized over a period of 25 years. The interest rates on the guaranteed loans are consistent with conventional mortgage interest rates offered by the major banks.

### **Canada Small Business Financing Act**

The *Canada Small Business Financing Act* includes loans registered since April 1, 1999. In collaboration with financial institutions, the programs offered under this Act is designed to help Canadian small and medium-sized enterprises (SMEs) get access to loans that would not otherwise have been available, or would only have been available under less favourable terms. In the event a registered loan defaults, the Government pays 85% of the net eligible losses. To be eligible, SMEs must be for-profit businesses with revenues not exceeding \$10 million per year.

### **Regional Aircraft Credit Facility**

The Regional Aircraft Credit Facility Program was established in 2004 to provide sales financing assistance in the form of loan guarantees to enable domestic air carriers to acquire Canadian-built fixed-wing commercial jets.

The guarantees are provided on commercial terms and are secured by the aircraft financed by private lenders. These guarantees have a life of 15 years. This program expired on March 31, 2008.

## Lower Churchill Hydroelectric Projects

The Government of Canada provided loan guarantee support for the construction of the Lower Churchill Hydroelectric Projects, including two projects sponsored by Nalcor Energy ((a) Muskrat Falls and Labrador Transmission Assets and (b) Labrador-Island Link) and one project sponsored by Emera Inc. (Maritime Link). In December 2013, the financing was completed for the Nalcor-led projects, raising \$5 billion of guaranteed debt in the form of a bond financing. These bonds have a life varying from about 15 years to 40 years. In April 2014, the bond financing was completed for the Maritime Link, raising \$1.3 billion of guaranteed debt for a life of about 39 years. Further to an announcement made by the Minister of Natural Resources in November 2016, in May 2017, the Minister of Natural Resources signed two additional Guarantee Agreements to provide additional loan guarantee support to the Nalcor-sponsored projects. On May 25, 2017, the financing was completed, raising \$2.9 billion of guaranteed debt in the form of a bond financing. These bonds have terms varying from 3½ years to 40 years. As per the terms of the bonds that were issued under both the original guarantees and the additional guarantees, initially, only interest payments are being made on the guaranteed debt. The commencement of principal payments on the guaranteed debt has been scheduled to begin shortly after the expected commissioning dates of the projects, with the schedule of these payments depending on the specific terms and conditions of each of the guaranteed bonds. Among the many safeguards put in place to protect Canada's interests, all of the project entities' shares, assets and agreements have been pledged as security to Canada. The Maritime Link project has successfully completed all construction activities and was commissioned on February 9, 2018. As per the terms of the loan guarantee agreements, principal repayments will begin on December 1, 2020. These principal and interest payments will be made on a semi-annual basis until maturity date of December 1, 2052. As of March 31, 2018, \$7,800,749,792 of guaranteed debt has been released to the project entities.

## Canada Travelling Exhibitions Indemnification Act

Pursuant to s. 3(1) of the *Canada Travelling Exhibitions Indemnification Act* (the Act) the Minister of Canadian Heritage is authorized to enter into indemnification agreements with owners of objects or appurtenances on loan to travelling exhibitions in Canada. Under the Act, maximum levels of liability are established including: no more than \$600 million in respect of each travelling exhibition and; no more than \$3 billion at any given time in respect of all travelling exhibitions. The Canada Travelling Exhibitions Indemnification Regulations set out specific requirements to be met when owners are seeking indemnification agreements with the Minister. The Regulations also set limitations on the scope of indemnity, establish deductibles, define maximums for and period of coverage, set requirements for condition reporting, outline a claims procedure and provide for dispute resolution, among other things. Applicants may include institutions organizing or participating in travelling exhibitions who apply on behalf of owners. Upon approval of an application by the Minister, the owner of an object or appurtenance included in the particular travelling exhibition may enter into an indemnification agreement with the Minister.

## Mortgage or Hypothecary Insurance Protection

The *Protection of Residential Mortgage or Hypothecary Insurance Act* (PRMHIA) received Royal Assent on June 26, 2011, and came into force on January 1, 2013.

The PRMHIA authorizes the Minister of Finance to provide protection in respect of certain mortgage or hypothecary insurance contracts written by approved mortgage insurers. Under the PRMHIA, a payment in respect of this guarantee would only be made if a winding-up order were made in respect of an approved mortgage insurer that had written an insurance contract guaranteed under the PRMHIA. In that case, the Minister would honour lender claims for insured mortgages in default, subject to: (a) any proceeds the beneficiary has received from the underlying property or the insurer's liquidation, and (b) a deductible of 10% of the original principal amount of the insured mortgage.

As at March 31, 2018, the aggregate outstanding principal amount of loans that are guaranteed under the PRMHIA is estimated at \$281.9 billion (\$291.2 billion in 2017). Any payment by the Minister is subject to a deductible equal to 10% of the original principal amount of these loans, or \$32.3 billion (\$32.9 billion in 2017). The principal amount outstanding presented within Table 11.6 does not refer to anticipated losses or payments in respect of the guarantee. No provision has been made in these accounts for payments under the guarantee.

As at March 31, 2018, there are two approved mortgage insurers under the PRMHIA: Genworth Financial Mortgage Insurance Company Canada, and Canada Guaranty Mortgage Insurance Company.

## Accounts administered for the Government by Export Development Canada

The Government of Canada has authorized support for insurance and guarantee programs which, on the basis of Export Development Canada's (EDC) risk management practices, could not be supported under EDC's Corporate Account but are in the national interest. Canada Account transactions consist of activities undertaken by EDC pursuant to Section 23 of the *Export Development Act*.

## **Nuclear Liability Account**

Under the *Nuclear Liability and Compensation Act* (NLCA), which entered into force on January 1, 2017, and replaced the *Nuclear Liability Act* (NLA), operators of designated nuclear installations are required to maintain financial security against the liability imposed on them by the NLCA.

The NLCA establishes that the operator's liability for damages resulting from a nuclear incident is limited to \$1 billion, an amount to be phased in over four years with \$650 million applying in 2017, \$750 million in 2018, \$850 million in 2019 and \$1 billion in 2020. This amount applies to the "Power Reactor Class" of nuclear installations prescribed in the Nuclear Liability and Compensation Regulations (NLCR). Lower liability amounts for lower-risk installations, based on their commensurate risk, are prescribed in the NLCR. The Minister of Natural Resources is required to review the operator's liability limit at least once every five years, and the Government may increase the limit by regulation.

Financial security covers all the categories of damage that are compensable under the NLCA, with the exception of damage arising from normal emissions, and bodily injury occurring 10 to 30 years after a nuclear incident. Through the indemnity agreement, entered into with 16 operators, the federal government covers the liability associated with the two exceptions. It also covers the difference between the lower liability amount prescribed in NLCR for lower-risk installations and the \$750 million liability amount assigned in the NLCA in 2018. The federal government charges each operator an annual fee for providing this indemnity coverage.

The Department of Natural Resources administers the Nuclear Liability Account (Account) on behalf of the federal government through a consolidated specified purpose account. This Account is a continuation of the Nuclear Liability Reinsurance Account under the previous NLA. All fees paid by the operators of nuclear installations are credited to this Account. The closing balance of this Account as at March 31, 2018, is \$4,298,981. Any claims under an indemnity agreement could be up to the level of the liability amount assigned in the NLCA; however, there is no limit to the number of incidents to which the indemnity could apply. There have been no claims against – or payments out of – the Account since its creation under the NLA.

## **National Biomass Ethanol Program**

By Agreement dated March 30, 2001 (and amended in September 1, 2003), Her Majesty the Queen in Right of Canada as represented by the Minister of Agriculture and Agri-Food and Farm Credit Canada (FCC) entered into the National Biomass Ethanol Program. The purpose of the program is to encourage new biomass fuel ethanol production in Canada. Guarantees are provided in relation to the Line of Credit Agreements entered into by FCC.

## **Price Pooling Program—*Agricultural Marketing Programs Act***

The Price Pooling Program provides a price guarantee that protects marketing agencies and producers against unanticipated declines in the market price of their products. Program participants use the price guarantee as security in obtaining credit from lending institutions. This credit allows the marketing agency to improve cash flow of producers through an initial payment for products delivered. It also provides equal returns to producers for products of like grades, varieties and types. This program is designed to assist and encourage cooperative marketing of eligible agricultural products, including processed products.

## International organizations

Within contingent liabilities, callable share capital represents the portion of Canada's capital subscriptions that has not yet been paid-in. Callable capital is subject to call by offshore banks in the event that they were unable to meet their obligations.

Table 11.7 details the contingent liabilities for international organizations and is summarized in Note 6 to the consolidated financial statements in Section 2 of this volume.

**Table 11.7**  
**International organizations—Contingent liabilities**

(in millions of dollars)<sup>1</sup>

	2018	2017
<b>Non-budgetary share capital and loans</b>		
Callable share capital		
Finance		
Department of Finance		
Asian Infrastructure Investment Bank.....	1,026	–
European Bank for Reconstruction and Development.....	1,280	1,146
International Bank for Reconstruction and Development (World Bank).....	8,512	8,786
Multilateral Investment Guarantee Agency.....	59	61
	<u>10,877</u>	<u>9,993</u>
Global Affairs		
Department of Foreign Affairs, Trade and Development		
African Development Bank.....	4,282	4,386
Asian Development Bank.....	8,205	8,462
Caribbean Development Bank.....	158	163
Inter-American Development Bank.....	8,508	8,776
	<u>21,153</u>	<u>21,787</u>
<b>Total</b> .....	<u>32,030</u>	<u>31,780</u>

<sup>1</sup> Foreign currencies were translated into Canadian dollars using the closing rates of exchange at March 31, 2018 (\$1 USD = \$1.2884 CAD; 1 SDR = \$1.8729 CAD; 1 EUR = \$1.5853 CAD).

## Claims and pending and threatened litigation

Please refer to Note 6 to the consolidated financial statements in Section 2 of this volume for information on claims and pending and threatened litigation.

## Insurance programs of agent enterprise Crown corporations

An insurance program is a program where the insured, an outside party, pays an insurance fee which is credited to an insurance fund or provision. The amount of the fee is based on the estimated amount of insurance fund or provision needed to meet future claims. The Canada Deposit Insurance Corporation, Canada Mortgage and Housing Corporation, Export Development Canada and Farm Credit Canada currently operate insurance programs as agents of Her Majesty. Insurance programs operated by private corporations such as employee group insurance, dental plans, etc., are not included in this definition.

The insurance programs are intended to operate on a self-sustaining basis. However, in the event the corporations have insufficient funds, the Government will have to provide financing. The Government expects that all four corporations will cover the cost of both current claims and possible future claims.

**Table 11.8**  
**Summary of insurance programs of agent enterprise Crown corporations**  
**for the year ended March 31, 2018**

(in millions of dollars)

	Canada Deposit Insurance Corporation <sup>1</sup>		Canada Mortgage and Housing Corporation <sup>2</sup>				Export Development Canada <sup>3</sup>		Farm Credit Canada <sup>4</sup>	
	2018	2017	Mortgage Insurance Fund	2018	2017	Mortgage-Backed Securities Guarantee Fund	2018	2017	2018	2017
Insurance in force as at reporting date...	773,568	741,328	472,000	502,000	481,000	457,000	21,937	22,112	5,952	5,872
Opening balance of Fund .....	2,236	2,116	18,316	17,070	2,136	1,898	<sup>3</sup>	<sup>3</sup>	18	14
Revenues for the period										
Premiums and fees .....	535	421	1,533	1,515	410	300	201	194	26	26
Investment income .....	46	40	657	668	49	45	–	–	1	–
Other revenues .....	–	–	2	(1)	6	6	–	–	–	–
Total revenues .....	581	461	2,192	2,182	465	351	201	194	27	26
Expenses for the period										
Loss on/provision for claims .....	450	300	135	310	–	–	–	–	5	6
Administrative expenses.....	45	41	316	270	45	38	–	–	7	7
Other expenses (includes taxes).....	–	–	423	393	105	78	146	57	3	9
Total expenses .....	495	341	874	973	150	116	146	57	15	22
Net income or (loss) for the period.....	86	120	1,318	1,209	315	235	55	137	12	4
Adjustments .....	–	–	(5,339)	37	(57)	3	–	–	–	–
Closing balance of Fund .....	2,322	2,236	14,295	18,316	2,394	2,136	<sup>3</sup>	<sup>3</sup>	30	18
Net claims during the period <sup>5</sup> .....			320	352			153	82	5	6
Five year average of net claims paid .....			364	409			98	134	7	8

<sup>1</sup> The Canada Deposit Insurance Corporation (CDIC) provides insurance on deposits placed with member banks and trust and loan companies for up to \$100,000 per depositor, per institution. The Corporation is funded by premiums assessed against its member institutions.

<sup>2</sup> Canada Mortgage and Housing Corporation (CMHC) administers two funds: the Mortgage Insurance Fund (MIF) and the Mortgage-Backed Securities Guarantee Fund (MBSGF). The MIF provides insurance for a fee, to lending institutions to cover mortgage lending on Canadian housing. Besides establishing a framework of confidence for mortgage lending by lending institutions, the Fund facilitates an adequate supply of mortgage funds by reducing the risk to lenders and by encouraging the secondary market trading of mortgages, to make housing more accessible for Canadians. An actuarial study of the MIF is produced as of September 30 of each year. The Corporation determines provisions for claims and unearned premiums at December 31 using valuation factors taking into account new business, claims and interest for the last quarter. The MBSGF supports two CMHC guarantee products: *National Housing Act* (NHA) Mortgage-Backed Securities and Canada Mortgage Bonds.

The Mortgage-Backed Securities (MBS) program was implemented in 1987. For a guarantee fee paid by approved financial institutions, CMHC and ultimately the Government guarantee timely payment of monthly principal and interest to MBS investors who participate in a pool of insured residential mortgages which have been repackaged by the financial institution into investments which can be sold to investors in denominations as low as \$1,000. The Canada Mortgage Bond (CMB) program was implemented in 2001. Under this program, bonds are issued by a special purpose trust known as Canada Housing Trust and sold to investors in denominations as low as \$1,000. The proceeds of the bonds are used to purchase mortgages packaged into newly issued NHA MBS. Canada Mortgage Bonds of \$233,981 million (\$225,306 million in 2017) including accrued interest, issued by the Trust carry the full faith and credit of the Government of Canada. The timely payment of semi-annual interest and principal at maturity is guaranteed by the Government of Canada through CMHC.

<sup>3</sup> Export Development Canada (EDC) provides export and foreign investment insurance to Canadian businesses to facilitate and develop export trade. The insurance program has been adequate to provide for the full cost of claims experienced to date and for the cost of future claims established based on previous claims experience. The Corporation does not maintain a separate fund for its insurance program and therefore the balance of the fund is not available. EDC maintains an allowance for claims on insurance which is based on an actuarial review of net loss experience and potential net losses. The balance of the allowance is \$540 million (\$530 million in 2017).

<sup>4</sup> Farm Credit Canada sells group creditor life and accident insurance to its customers through a program administered by a major insurance provider.

<sup>5</sup> Refers to the difference between claims and amounts received from sales of related assets and other recoveries.

Additional financial information relating to these corporations may be found in the annual *Inventory of Federal Organizations and Interests*. This information is also summarized in Note 6 to the consolidated financial statements in Section 2 of this volume.



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# Section 12

*Public Accounts of Canada*  
2017–2018

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