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Debt Management
Report

2013–2014

Canada

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Foreword

by the Minister of Finance

Prudent and sound fiscal management has been the cornerstone of the Government's unflagging commitment to strengthening the resilience of the Canadian economy. This approach has served Canadians well.

The Government is on track to balance the budget in 2015 and, this year, the deficit was reduced to $5 billion. Over the past fiscal year, the stock of market debt declined $19.3 billion, bringing the total stock to $648.7 billion.

On the world economic stage, Canada remains an example to be followed. For the seventh year in a row, the World Economic Forum rated Canada's banking system the world's soundest. Canada's net debt-to-GDP ratio is less than half the average of our G-7 partners. The major credit rating agencies continue to accord Canada a top triple-A rating with a stable outlook, one shared by very few countries.

Turning to recent developments in debt management, strong demand for Government of Canada debt securities continued this year. Treasury bill and bond auctions were well-covered and well-bid, testifying to the strength of Canadian capital markets. Since 2012–13, the Government has pursued a temporary tactical strategy of reallocating short-term issuance towards long-term bonds. With long-term rates remaining near historic lows, it has been advantageous and prudent to continue to lock in additional long-term funding, primarily through a temporary increase in the issuance of 10- and 30-year bonds. In addition, in this fiscal year alone, the Government has issued a total of $3.5 billion in 50-year bonds. Overall, this contributes to a reduction in refinancing risk at a low cost, which is consistent with the key objectives of the medium-term debt strategy.

A liquid, well-functioning government securities market has played a key role in the ongoing success of Canada's Economic Action Plan. I invite you to review this year's *Debt Management Report*, and our Government's continuing commitment to prudent fiscal management that benefits all Canadians.

The Honourable Joe Oliver, P.C., M.P.
Minister of Finance
Ottawa, December 2014

Purpose

of This Publication

This edition of the *Debt Management Report* provides a detailed account of the Government of Canada's borrowing and debt management activities for the fiscal year ending March 31, 2014.

As required under Part IV (Public Debt) of the *Financial Administration Act*, this publication ensures transparency and accountability regarding these activities. It reports on actual borrowing and uses of funds compared to those forecast in the *Debt Management Strategy for 2013–14*, published on March 21, 2013 as Annex 1 of Budget 2013 (http://www.budget.gc.ca/2013/doc/plan/budget2013-eng.pdf). It also discusses the environment in which the debt was managed, the composition of the debt, changes in the debt during the year, strategic policy initiatives and performance outcomes.

Other Information

Additional information about the federal debt can be found in the *Public Accounts of Canada*. Information on the management of Canada's foreign reserves is provided in the *Report on the Management of Canada's Official International Reserves*. The *Debt Management Strategy*, the *Debt Management Report* and the *Report on the Management of Canada's Official International Reserves* are tabled annually in Parliament and are available on the Department of Finance website (www.fin.gc.ca/). Additionally, monthly updates on cash balances and foreign exchange assets are available through *The Fiscal Monitor,* which is also available on the Department of Finance website.

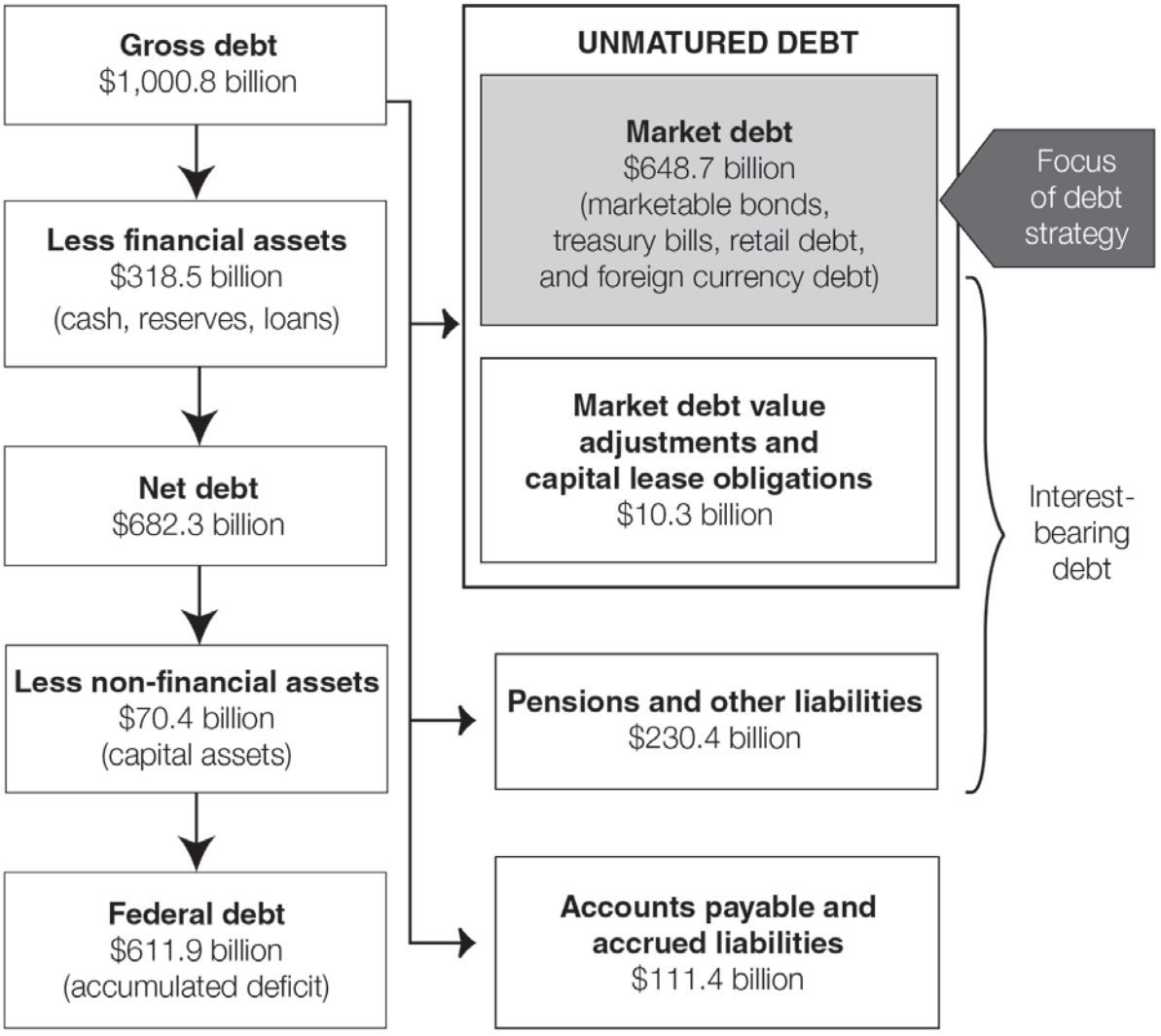
Introduction

Federal Debt Management

This publication focuses on two major activities: (i) the management of federal market debt (the portion of the debt that is borrowed in financial markets); and (ii) the investment of cash balances in liquid assets until needed for operations.

With total liabilities of $1,000.8 billion, financial assets of $318.5 billion and non-financial assets of $70.4 billion, the federal debt (accumulated deficit) stood at $611.9 billion as at March 31, 2014, while the Government of Canada's market debt totalled $648.7 billion (see Chart 1).

Chart 1
Composition of the Federal Debt, as at March 31, 2014



Note: Numbers may not add due to rounding.

There are two types of market debt: domestic debt, which is denominated in Canadian dollars, and foreign currency debt. Funding in Canadian dollars is done through both wholesale and retail channels. Domestic wholesale funding is conducted through the issuance of marketable securities, which consist of nominal bonds, Real Return Bonds (RRBs) and treasury bills, including cash management bills. These securities are sold via auction. Retail funding is raised through sales of Canada Savings Bonds and Canada Premium Bonds to Canadian residents. Cross-currency swaps of domestic obligations and issuance of foreign currency debt are used to fund foreign reserve assets held in the Exchange Fund Account.

Highlights of 2013–14

Lower Stock of Market Debt

The stock of market debt decreased by $19.3 billion in 2013–14, bringing the total stock to $648.7 billion. The change in the stock was mainly comprised of a $4.3 billion increase in domestic marketable bonds, a $27.7 billion decrease in treasury and cash management bills, a $5.2 billion increase in foreign currency debt and a $1.2 billion decrease in retail debt outstanding.

Strong Demand for Government of Canada Debt Securities

In 2013–14, the relative strength of Canadian capital markets continued to promote primary and secondary market demand for Government of Canada securities. Accordingly, treasury bill and bond auctions remained well-covered and well-bid.

The Government has pursued a temporary tactical strategy of reallocating short-term issuance towards long-term bonds since 2012–13. With long-term rates remaining near historic lows, it was advantageous and prudent for the Government to continue to lock in additional long-term funding in 2013–14, primarily through a temporary increase in the issuance of 10- and 30-year bonds. Overall, the additional long-term issuance contributes to a reduction in refinancing risk at a low cost, which is consistent with the key objectives of the medium-term debt strategy. Accordingly, the weighted average rate of interest on market debt was 2.37 per cent in 2013–14, down from 2.45 per cent in 2012–13.

Global Bonds and Medium Term Notes

In February 2014, a 5-year US$3 billion global bond was issued at a cost of 3-month US$ London Interbank Offered Rate (LIBOR) less 1 basis point. This was the tightest pricing versus Treasuries for a 5-year global bond since Canada's last issue in February 2012. This transaction was met with very strong demand, with interest from over 150 high-quality investors from around the globe.

The Government of Canada successfully launched a medium-term note pilot program in November 2013. This program provides the Government with additional flexibility to raise foreign currency. The program allows for issuance in a number of currencies, including the US dollar, euro and pound sterling, using either a US or euro medium-term note prospectus. In 2013–14, US$675 million of medium-term notes was issued at an average funding cost of 3-month US$ LIBOR less 5 basis points.

Insured Mortgage Purchase Program Assets Mature

During the financial crisis, the Insured Mortgage Purchase Program (IMPP) was introduced as a temporary measure to help address the liquidity crisis and make funds available for consumers, businesses and homebuyers. About $42 billion in mortgage-backed assets purchased by the Government under the IMPP matured between October 15, 2013 and March 15, 2014. The large cash inflows resulting from these asset maturities helped reduce the stock of treasury bills, which fell from $180.7 billion at the start of the year to $153 billion at year end. As at March 31, 2014, approximately $10 billion in IMPP assets remained outstanding with a final maturity in March 2015.

Prudential Liquidity Plan Fully Funded

The Prudential Liquidity Plan was fully implemented on June 21, 2013, well in advance of the original target date of March 2014. The plan includes a $20 billion demand deposit at the Bank of Canada, an increase in deposits held with financial institutions, and a commitment to maintain foreign reserves at or above 3 per cent of nominal GDP. The increase in the Government's overall liquidity levels ensures that the Government is able to cover at least one month (or 20 business days) of net projected cash flows, including coupon payments and debt refinancing needs.

Risks Reduced on Receiver General Cash Balances Invested With Financial Institutions

Changes to the *Terms and Conditions Governing the Morning Auction of Receiver General Cash Balances* (the Terms) were announced in August 2013 and became effective on April 1, 2014. The Terms set forth procedures for the auctioning of Receiver General (RG) excess cash balances, which allow the Government to earn a competitive market-driven rate of return on these balances. The revisions include a move to a fully collateralized basis for the morning auction of RG cash balances, which reflects evolving market practices and will serve to reduce the Government's exposure to counterparty credit risk.

Government of Canada Credit Rating Profile

The Government of Canada continued to receive the highest possible ratings, with a stable outlook, on both short- and long-term debt from the five rating agencies that evaluate Canada's debt (see Table 1).

Rating agencies indicated that Canada's extremely effective, stable and predictable policymaking and political institutions, the resilience of the economy, better-than-average fiscal and external indicators, and the strength of monetary and fiscal flexibility supported the country's ongoing triple-A credit rating. The rating agencies indicated that Canada's debt position would remain favourable, which provides investors of Canadian debt with a sense of security.

Table 1
Government of Canada Credit Ratings

Rating Agency	Term	Domestic Currency	Foreign Currency	Outlook	Last Rating Action
Moody's Investors Service	Long-term Short-term	Aaa P-1	Aaa P-1	Stable	May 2002
Standard & Poor's	Long-term Short-term	AAA A–1+	AAA A–1+	Stable	July 2002
Fitch Ratings	Long-term Short-term	AAA F1+	AAA F1+	Stable	August 2004
Dominion Bond Rating Service	Long-term Short-term	AAA R-1 (High)	AAA R-1 (High)	Stable	n/a
Japan Credit Rating Agency	Long-term	AAA	AAA	Stable	n/a

Part I

2013–14 Debt Management Context

Composition of Federal Debt

Total market debt decreased by $19.3 billion (or about 3 per cent) to $648.7 billion, mainly due to a decrease in the stock of treasury bills (see Table 2). For additional information on the financial position of the Government, see the 2013–14 *Annual Financial Report of the Government of Canada* (www.fin.gc.ca/purl/afr-eng.asp).

Table 2
Change in the Composition of Federal Debt, as at March 31
$ billions

	2014	2013 (Restated)	Change
Payable in Canadian currency			
Marketable bonds	473.3	469.0	4.3
Treasury and cash management bills	153.0	180.7	-27.7
Retail debt	6.3	7.5	-1.2
Total payable in Canadian currency	632.6	657.2	-24.6
Payable in foreign currencies	16.0	10.8	5.2
Total market debt	**648.7**	**668.0**	**-19.3**
Market debt value adjustment, capital lease obligations and other unmatured debt	10.3	4.4	5.9
Total unmatured debt	**659.0**	**672.4**	**-13.4**
Pension and other accounts	230.4	225.0	5.4
Total interest-bearing debt	**889.4**	**897.4**	**-8.0**
Accounts payable, accruals and allowances	111.4	118.7	-7.3
Gross debt	**1,000.8**	**1,016.1**	**-15.3**
Total financial assets	-318.5	-337.8	19.3
Total non-financial assets	-70.4	-68.9	-1.5
Federal debt (accumulated deficit)	**611.9**	**609.4**	**2.5**

Note: Numbers may not add due to rounding.
Source: *Public Accounts of Canada.*

Sources and Uses of Borrowing

The key reference point for debt management is the financial source/requirement, which represents net cash needs for the fiscal year. This measure differs from the budgetary balance (i.e., the surplus or deficit) by the amount of non-budgetary transactions, which can be significant. Non-budgetary transactions include changes in federal employee pension accounts; changes in non-financial assets; loans, investments and advances; changes in other financial assets and liabilities; and foreign exchange activities. Anticipated borrowing and planned uses of funds are set out in the *Debt Management Strategy*, while actual borrowing and uses of funds compared to those forecast are reported in this publication (see Table 3).

With a budgetary deficit of $5 billion and non-budgetary cash inflows of $23 billion, there was a financial source of $18 billion in 2013–14. This compares to a financial requirement of $30 billion in 2012–13. The financial source was approximately $4 billion lower than the projection in the *Debt Management Strategy for 2013–14*. Although largely offset by improvements in the budgetary balance, the primary driver for the lower-than-expected financial source was higher than projected accounting adjustments, which are included in other transactions.

Authority to borrow in financial markets is provided by Part IV of the *Financial Administration Act*, which authorizes the Minister of Finance to issue securities and undertake related activities, including entering into financial contracts and derivatives transactions. On the recommendation of the Minister of Finance, the Governor in Council approved an aggregate borrowing limit of $300 billion for 2013–14.[1]

Total actual borrowings in 2013–14 were $251 billion, $49 billion below the authorized borrowing authority limit, but $9 billion higher than the plan set out in the *Debt Management Strategy for 2013–14* (Table 3). The higher level of actual over planned borrowing was mainly due to larger-than-expected refinancing needs. These higher needs were primarily driven by higher-than-anticipated cash management buybacks on bonds which had less than 18 months to maturity.[2]

In 2013–14, loans to the Business Development Bank of Canada, Canada Mortgage and Housing Corporation and Farm Credit Canada under the Crown Borrowing Program were $2 billion lower than the planned $4 billion. Since the inception of the program in 2007–08, the consolidated borrowings of these Crown corporations have grown to account for $45 billion of federal market debt. It is important to note that activity under the Crown Borrowing Program does not affect the federal debt (accumulated deficit), since increased federal borrowing is matched by assets in the form of loans to the Crown corporations.

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[1] Approved Orders in Council (OIC) are available on the Privy Council Office website (www.pco-bcp.gc.ca/oic-ddc.asp?lang=eng&page=secretariats). The reference number for the 2013–14 OIC is 2013-0325.

[2] For more information, see the section "Cash Management Bond Buyback Program" in Part III.

Table 3

Planned/Actual Sources and Uses of Borrowings, Fiscal Year 2013–14

$ billions

	Planned[1]	Actual	Difference
Sources of borrowings			
Payable in Canadian currency			
Treasury bills	149	153	4
Bonds	88	91	3
Retail debt	2	2	0
Total payable in Canadian currency	238	246	8
Payable in foreign currencies	4	5	1
Total cash raised through borrowing activities	242	251	9
Uses of borrowings[2]			
Refinancing needs			
Payable in Canadian currency			
Treasury bills	181	181	0
Bonds	75	87	12
Of which:			
Regular bond buybacks	1	1	0
Cash management bond buybacks	24	33	9
Retail debt	3	3	0
Total payable in Canadian currency	259	271	12
Payable in foreign currencies	0	0	0
Total refinancing needs	259	271	12
Financial source/requirement			
Budgetary balance	19	5	-14
Non-budgetary transactions			
Pension and other accounts	-7	-5	2
Non-financial assets	2	2	0
Loans, investments and advances	-37	-40	-3
Of which:			
Loans to Crown corporations	4	2	-2
Other transactions[3]	1	21	20
Total non-budgetary transactions	-41	-23	18
Total financial source/requirement	**-22**	**-18**	**4**
Total uses of borrowings	237	253	16
Change in other unmatured debt transactions[4]	0	-6	-6
Net increase or decrease (-) in cash	5	4	-1

Note: Numbers may not add due to rounding.

1 Planned numbers are from Budget 2013 and the *Debt Management Strategy for 2013–14*.

2 A negative sign denotes a financial source.

3 Primarily includes the conversion of accrual adjustments into cash, such as tax and other account receivables; provincial and territorial tax collection agreements; and tax payables and other liabilities.

4 Includes cross-currency swap revaluation, unamortized discounts on debt issues, obligations related to capital leases and other unmatured debt.

Part II

Report on Objectives and Principles

Objectives and Principles

The fundamental objective of debt management is to raise stable and low-cost funding to meet the needs of the Government of Canada. An associated objective is to maintain a well-functioning market in Government of Canada securities, which helps to keep debt costs low and stable and is generally to the benefit of a wide array of domestic market participants.

In support of these objectives, the design and implementation of the domestic debt program are guided by the key principles of transparency, regularity and liquidity, which support a well-functioning government securities market. Towards this end, the Government publishes strategies and plans and consults regularly with market participants to ensure the integrity and attractiveness of the market for dealers and investors. The principle of prudence also guides all debt management activities. The structure of the debt is managed conservatively in a cost-risk framework, preserving access to diversified sources of funding and supporting a broad investor base.

Raising Stable, Low-Cost Funding

In general, achieving stable, low-cost funding involves striking a balance between debt costs and various risks in the debt structure. This selected balance between cost and risk, or preferred debt structure, is mostly achieved through the deliberate allocation of issuance between various debt instruments.

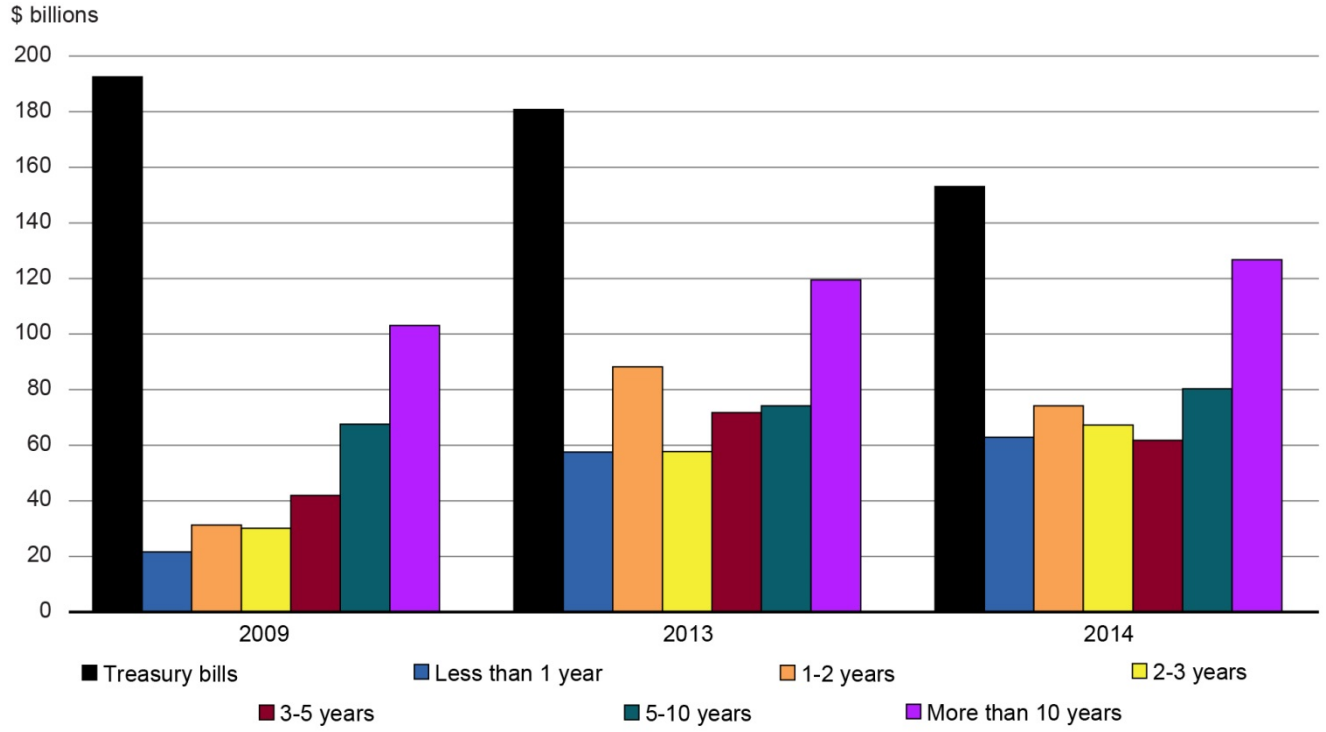
Composition of Market Debt

The composition of the stock of market debt is a reflection of past debt issuance choices. The effects of changes in the issuance patterns of short-term instruments are visible relatively quickly, while the full effect of issuance changes in longer-term maturities will take their full maturity periods to be fully appreciated. A well-distributed maturity profile ensures a controlled exposure to changes in interest rates over time and provides liquidity across different maturity sectors.

In 2013–14, there was a further transition towards a more even distribution of market debt by remaining term to maturity to help reduce exposure to debt rollover risk. As projected in the *Debt Management Strategy for 2013–14*, the stock of treasury bills declined mainly as a result of about $42 billion of mortgage-backed securities purchased under the IMPP maturing in the latter half of 2013–14. The increase in the stock of bonds with remaining terms to maturity of 10 years or more reflects the temporary increase in longer-term issuance first announced in Budget 2012 and confirmed again in Budget 2013 (see Chart 2).

Chart 2

Composition of Market Debt by Remaining Term to Maturity, as at March 31[1]



[1] Includes Consumer Price Index adjustment.

Sources: *Public Accounts of Canada* and Bank of Canada.

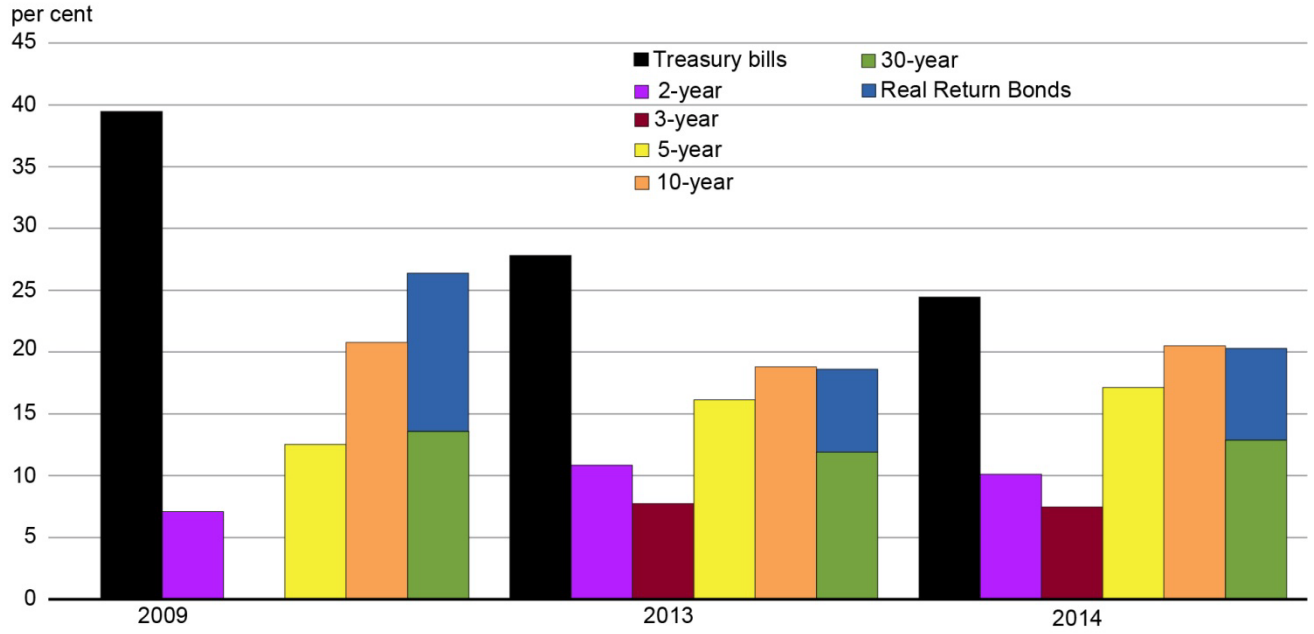
Medium-Term Debt Structure

The Government's medium-term debt strategy is informed by modelling analysis that reflects a wide range of economic and interest rate scenarios drawn from historical experience. As noted above, the medium-term debt strategy is aimed at gradually transitioning the debt structure towards a more even distribution, which improves its cost-risk characteristics.

Since September 2012, the Government has pursued a tactical strategy by reallocating some shorter-term issuance towards long-term issuance to take advantage of long-term interest rates that remain near historically low levels. In 2013–14, the share of bonds with original terms to maturity of 10 and 30 years increased by 3.4 percentage points to 40.8 per cent of the stock of market debt outstanding (see Chart 3).

Chart 3

Composition of Market Debt by Original Term of Issuance, as at March 31

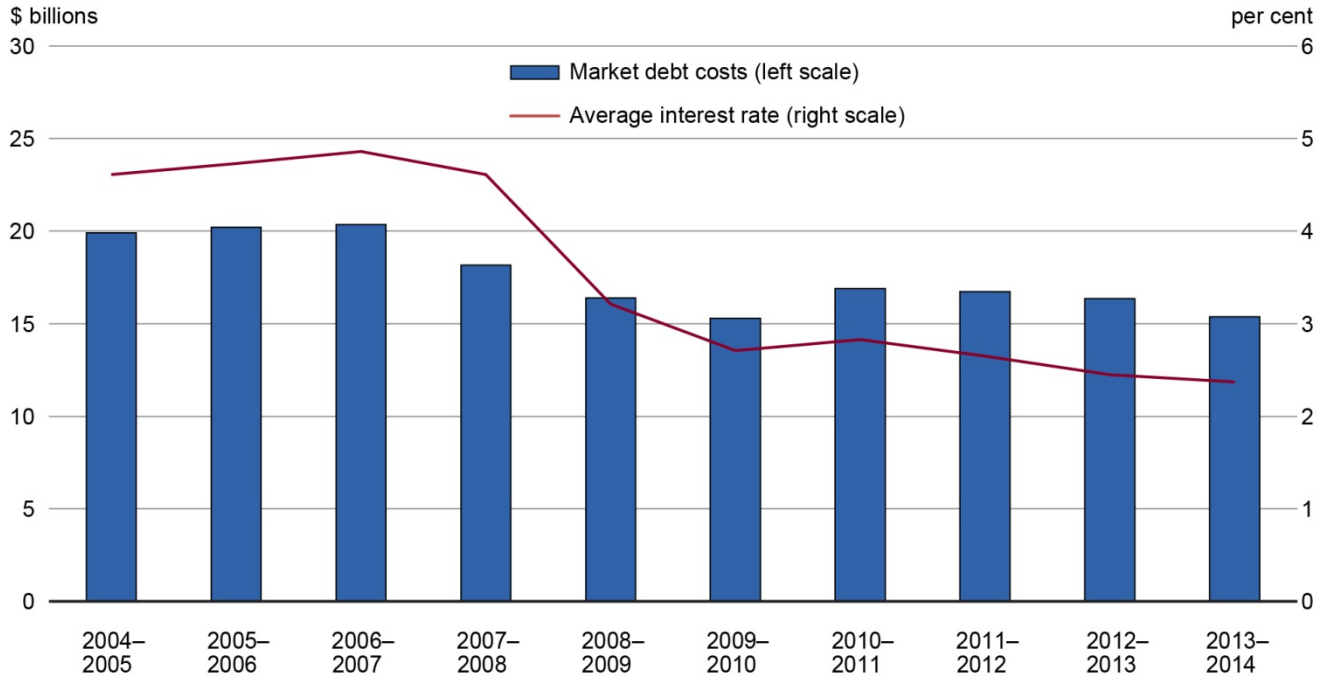


Source: Bank of Canada.

Cost of Market Debt

Market debt costs are the largest component of public debt charges (public debt charges also include interest expenses on non-market liabilities).[3] The weighted average rate of interest on market debt was 2.37 per cent in 2013–14, down from 2.45 per cent in 2012–13. As such, the cost of market debt decreased from $16.4 billion in 2012–13 to $15.4 billion in 2013–14, reflecting the lower weighted average rate of interest on market debt and a lower stock of market debt (see Chart 4).

Chart 4
Market Debt Costs and Average Effective Interest Rate



Source: *Public Accounts of Canada.*

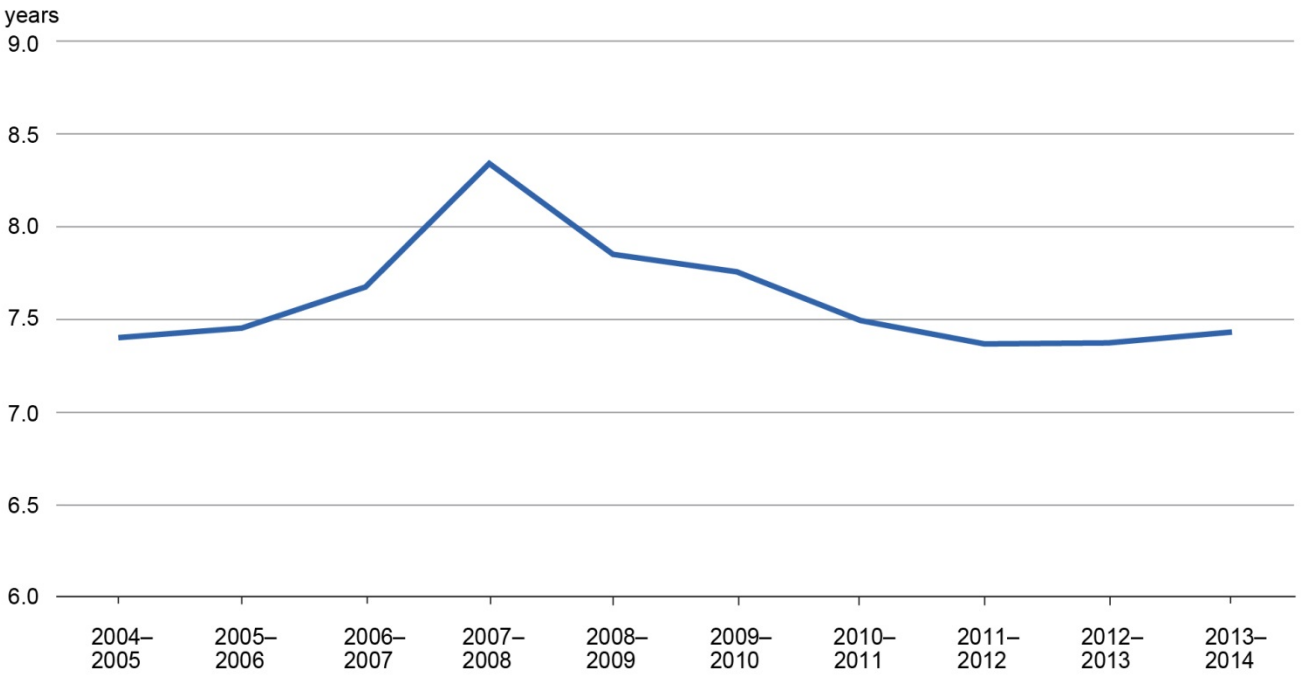
[3] Non-market liabilities include pensions, other employee and veteran future benefits, and other liabilities.

Average Term to Maturity and Refixing Share of Market Debt, Net of Financial Assets

The average term to maturity (ATM) of market debt (net of financial assets) declined between 2007–08 and 2011–12, primarily due to a large increase in the issuance of treasury bills and 2-, 3- and 5-year bonds relative to longer-term bonds. In 2013–14, the ATM was 7.43 years, which was slightly longer than the recent low of 7.37 years reached in 2011–12, reflecting the plan to gradually lengthen the term of the portfolio and lock in low interest rates (see Chart 5).

Chart 5

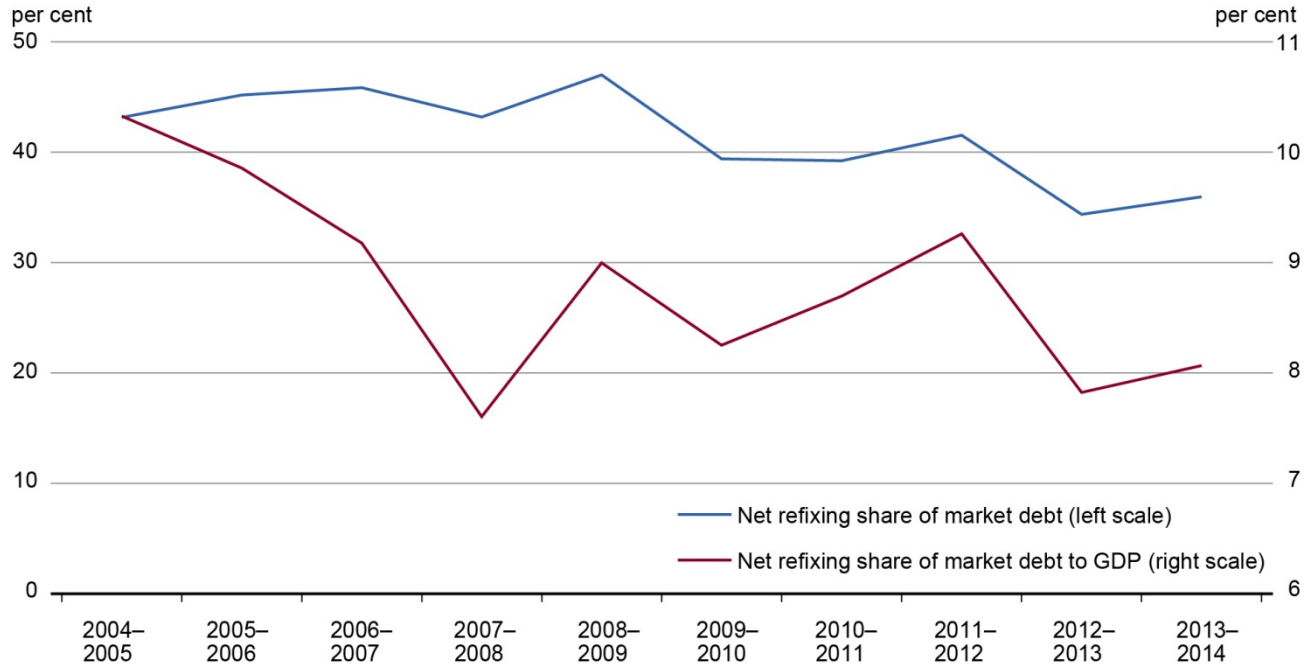
Average Term to Maturity of Government of Canada Market Debt, Net of Financial Assets



Source: Bank of Canada.

The net refixing share of market debt measures the proportion of all market debt that matures or needs to be repriced within one year. In 2013–14, the net refixing share of market debt increased by 1.6 percentage points to 36 per cent (see Chart 6). The net refixing share of market debt to gross domestic product (GDP) measures the amount of market debt that matures or needs to be repriced within one year relative to nominal GDP for that year. The net refixing share of market debt to GDP had been relatively steady since 2004–05 and in 2013–14 it was 8.1 per cent, up 0.3 percentage points from 2012–13. The refixing share net-of-assets is used rather than the gross refixing share because the net-of-assets measure better reflects the risk exposure to the Government.

Chart 6
Net Refixing Share of Market Debt and Market Debt to GDP



Source: Bank of Canada.

Prudential Liquidity Management

The Government holds liquid financial assets in the form of domestic cash deposits and foreign exchange reserves to promote investor confidence and safeguard its ability to meet payment obligations in situations where normal access to funding markets may be disrupted or delayed. This also supports investor confidence in Canadian government debt. In Budget 2011, the Government announced its intention to increase its liquidity position. Under the new liquidity plan, the Government's overall liquidity levels will cover at least one month (or 20 business days) of net projected cash flows, including coupon payments and debt refinancing needs.

The prudential liquidity plan includes a $20 billion deposit at the Bank of Canada, an increase in deposits with financial institutions and a commitment to maintain foreign reserves at or above 3 per cent of nominal GDP. The prudential liquidity plan was fully implemented on June 21, 2013, well in advance of the original target date of March 2014. The Government's overall liquidity levels now cover at least one month (20 business days) of net projected cash flows, including coupon payments and debt refinancing needs.

Maintaining a Well-Functioning Government Securities Market

A well-functioning wholesale market in Government of Canada securities is important as it benefits the Government as a borrower as well as a wide range of market participants. For the Government as a debt issuer, a well-functioning market attracts investors and contributes to keeping funding costs low and stable over time, and provides flexibility to meet changing financial requirements. For market participants, a liquid and transparent secondary market in government debt provides risk-free assets for investment portfolios, a pricing benchmark for other debt issues and derivatives, and a primary tool for hedging interest rate risk. The following actions promoted a well-functioning Government of Canada securities market in 2013–14.

Providing regular and transparent issuance: The Government of Canada conducts treasury bill auctions on a bi-weekly basis, announces the bond auction schedule prior to the start of each quarter and provides details for each operation in a call-for-tender in the week leading up to the auction.[4] In 2013–14, there were regular auctions for 2-, 3-, 5-, 10- and 30-year nominal bonds, as well as for 30-year RRBs. Regular and pre-announced issuance provided certainty for dealers and investors, allowing them to plan their investment activities, and supported participation and competitive bidding at auctions. Bond issuance schedules were communicated through the Bank of Canada website on a timely basis.

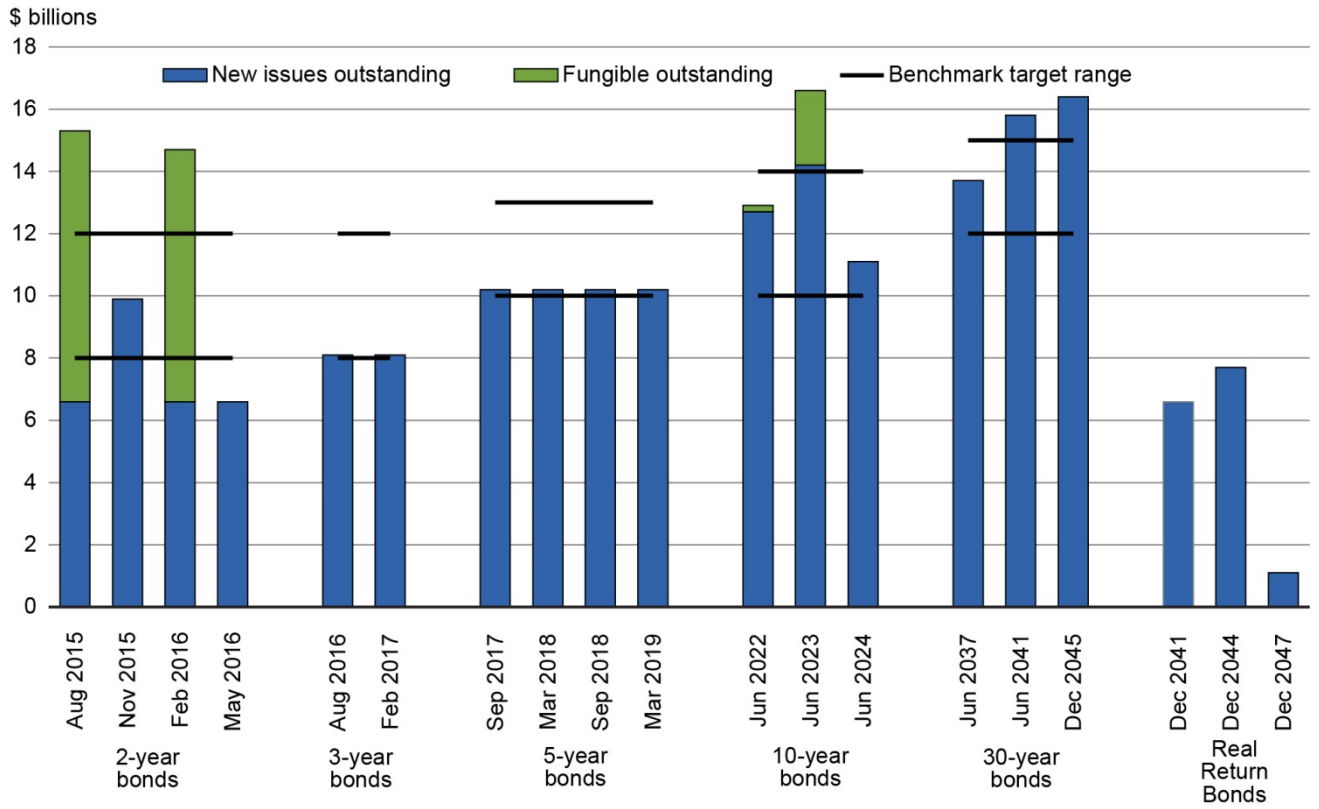
[4] See the Bank of Canada website (www.bankofcanada.ca/stats/cars/f/bd_auction_schedule.html).

Concentrating on key benchmarks: Consistent with the medium-term debt strategy and market participant recommendations, benchmark target range sizes remained the same in 2013–14 compared to the previous year:

- 2-year sector: $8 billion to $12 billion
- 3-year sector: $8 billion to $12 billion
- 5-year sector: $10 billion to $13 billion
- 10-year sector: $10 billion to $14 billion
- 30-year nominal sector: $12 billion to $15 billion

As in recent years, all benchmark bonds in 2013–14 continued to reach or exceed minimum benchmark size targets (see Chart 7).[5]

Chart 7
Size of Gross Bond Benchmarks, as at March 31, 2014



Note: Some bonds listed above are building to benchmark and have not yet reached full benchmark size.
Source: Bank of Canada.

[5] Non-fungible securities do not share the same maturity dates with outstanding bond issues. The benchmark size for bonds that are fungible with existing bonds is deemed attained once the total amount of outstanding bonds for that maturity exceeds the minimum benchmark size.

Using the regular bond buyback program: Bond buyback operations on a cash basis and on a switch basis involve the purchase of bonds with a remaining term to maturity of 12 months to 25 years. Bond buyback operations on a cash basis involve the exchange of a bond for cash. Bond buyback operations on a switch basis, on the other hand, involve the exchange of one bond for another, on a duration-neutral basis (e.g., an off-the-run bond for the building benchmark bond).[6]

In 2013–14, regular bond buybacks on a switch basis were used to promote liquidity in bonds that are being built to become benchmark bonds. The two switch operations that occurred amounted to $1.0 billion, $0.5 billion lower than in 2012–13. Regular bond buybacks on a cash basis were not used in 2013–14.

Consulting with market participants: Formal consultations with market participants are held at least once a year in order to obtain their views on the design of the borrowing program and on the liquidity and efficiency of the Government of Canada securities market. In 2013–14, debt management strategy consultations were held with 38 organizations. The focus of the consultations was on obtaining feedback regarding the effectiveness of the Government's debt distribution framework. Additionally, market participants' views were sought regarding trends affecting the Government of Canada securities market, retail investor demand for securities and access to wholesale Government of Canada securities.

In general, market participants reported that Government of Canada securities markets continue to function well across all maturity sectors. Participants noted that demand for bonds with maturities of 40 years or longer from insurance companies, pension funds and other investors had softened. Participants indicated that they were well aware of the reduction in the stock of treasury bills planned for the last half of 2013–14. Market participants expressed concerns about the ongoing tightness in the repurchase agreement (repo) markets for Government of Canada securities, which they characterized as a structural issue. While dealers reported that Government of Canada debt securities auctions function well, they noted that the terms governing the auctions could be updated to ensure their continued relevance. In terms of retail debt, retail asset brokers and managers indicated that less than 2 per cent of retail investment assets are in Government of Canada securities and that investors have access to a number of different fixed-income products that offer more attractive rates than these Government of Canada investments.[7]

Supporting broad participation in Government of Canada operations: As the Government's fiscal agent, the Bank of Canada distributes Government of Canada marketable bills and bonds through auction to government securities distributors (GSDs) and customers. GSDs that maintain a certain threshold of activity in the primary and secondary market for Government of Canada securities may become primary dealers, which form the core group of distributors for Government of Canada securities.

To maintain a well-functioning securities distribution system, government securities auctions are monitored to ensure that GSDs abide by the terms and conditions.[8] A review of the terms of participation for government securities auctions commenced in 2013–14 to ensure their continued relevance.

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6 The amount of new bonds issued through buybacks on a switch basis does not necessarily equal the amount of old bonds bought back through those operations because the exchange is not based on par value, but rather is on a duration-neutral equivalent basis.

7 More details on the subjects of discussion and views expressed during the consultations can be found on the Bank of Canada website (www.bankofcanada.ca/publications-research/market-notices/).

8 See the Bank of Canada website (www.bankofcanada.ca/markets/government-securities-auctions/).

Quick turnaround times enhance the efficiency of the auction and buyback process, and encourage participation by reducing market risk for participants. In 2013–14, the turnaround time for treasury bill and bond auctions averaged 2 minutes 5 seconds. Buyback operations averaged 4 minutes 30 seconds. Both of these times were slower than the 2012–13 times, which were 1 minute 40 seconds and 1 minute 48 seconds, respectively. The average times were slower due to a buyback operation that took over 120 minutes and three auctions that took between 8 and 22 minutes. Without these outliers, the average turnaround times would have been quicker than last year.[9]

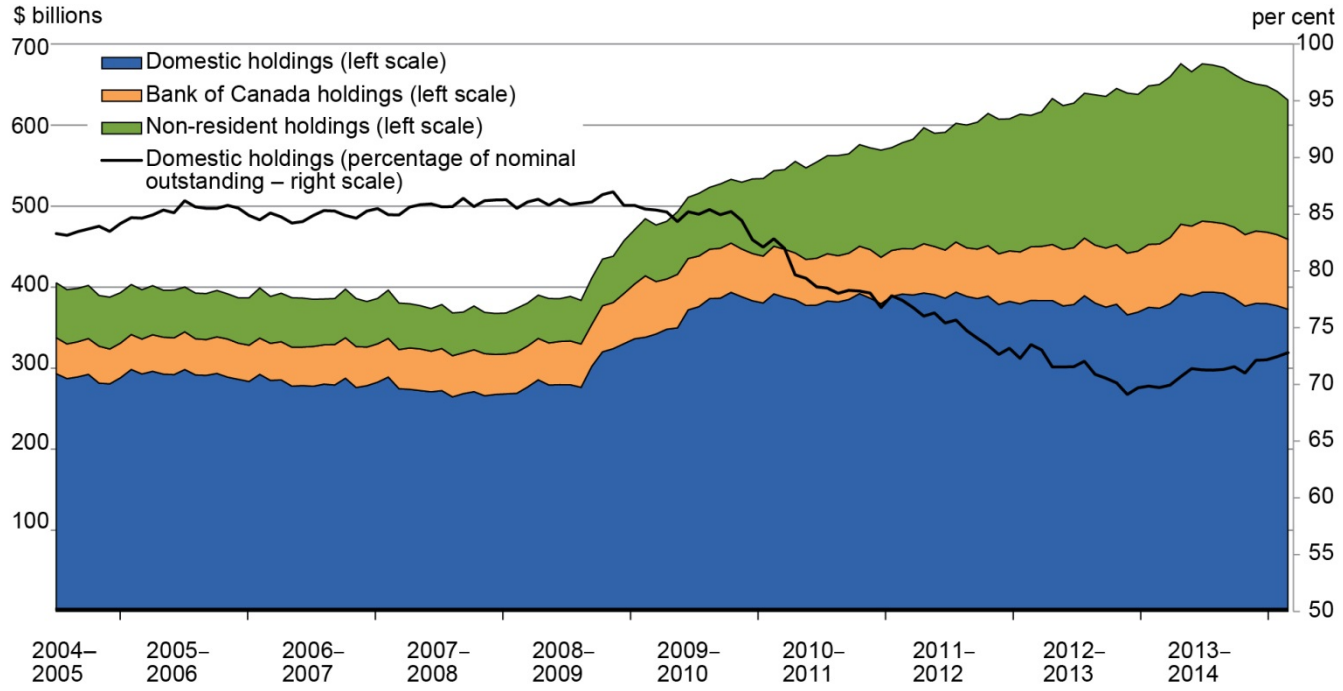
Ensuring a broad investor base in Government of Canada securities: A diversified investor base supports an active secondary market for Government of Canada securities, thereby helping to keep funding costs low and stable. Diversification of the investor base is pursued by maintaining a domestic debt program that issues securities in a wide range of maturity sectors which meet the needs of many different types of investors.

[9] The turnaround time is the time taken between the submission of a bid and the return of the complete output to the auction participant. The Bank of Canada targets an average turnaround time of less than 3 minutes for auctions and less than 5 minutes for buyback operations. Maximum turnaround times are 5 minutes for auctions and 10 minutes for buyback operations.

As at March 31, 2014, domestic investors held about 73 per cent of Government of Canada securities (see Chart 8). Thus, the majority of the national debt is money that the Government of Canada owes to Canadians. Among domestic investors, insurance companies and pension funds held the largest share of Government of Canada securities (28.8 per cent), followed by financial institutions (25.9 per cent) and the Bank of Canada (13.7 per cent). Taken together, these three categories accounted for about two thirds of outstanding Government of Canada securities.

Chart 8

Distribution of Holdings of Government of Canada Securities



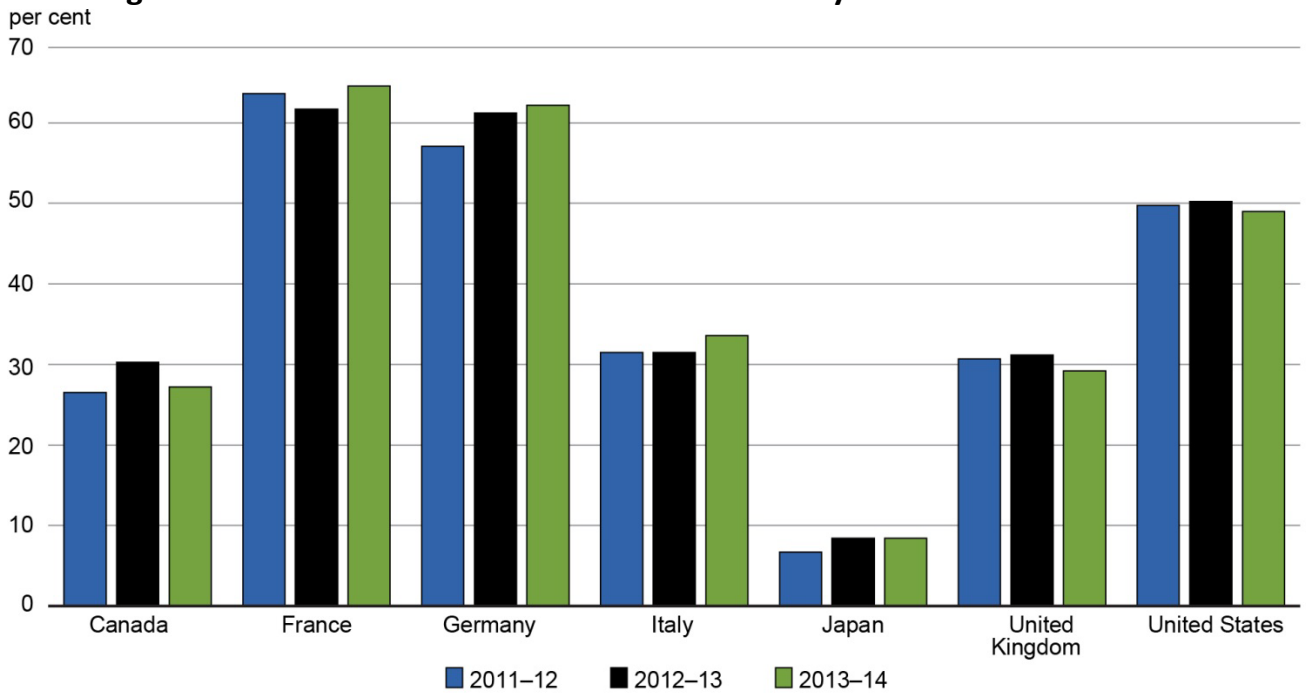
Source: Statistics Canada.

Non-resident investors held close to 27 per cent of Government of Canada marketable securities, down about 3 percentage points from 2012–13.

At 27 per cent, the level of non-resident holdings of Government of Canada debt remains in the mid to low range compared to other sovereigns in the G-7 (see Chart 9).

Chart 9

Percentage of Total Marketable Debt of G-7 Countries Held by Non-Residents

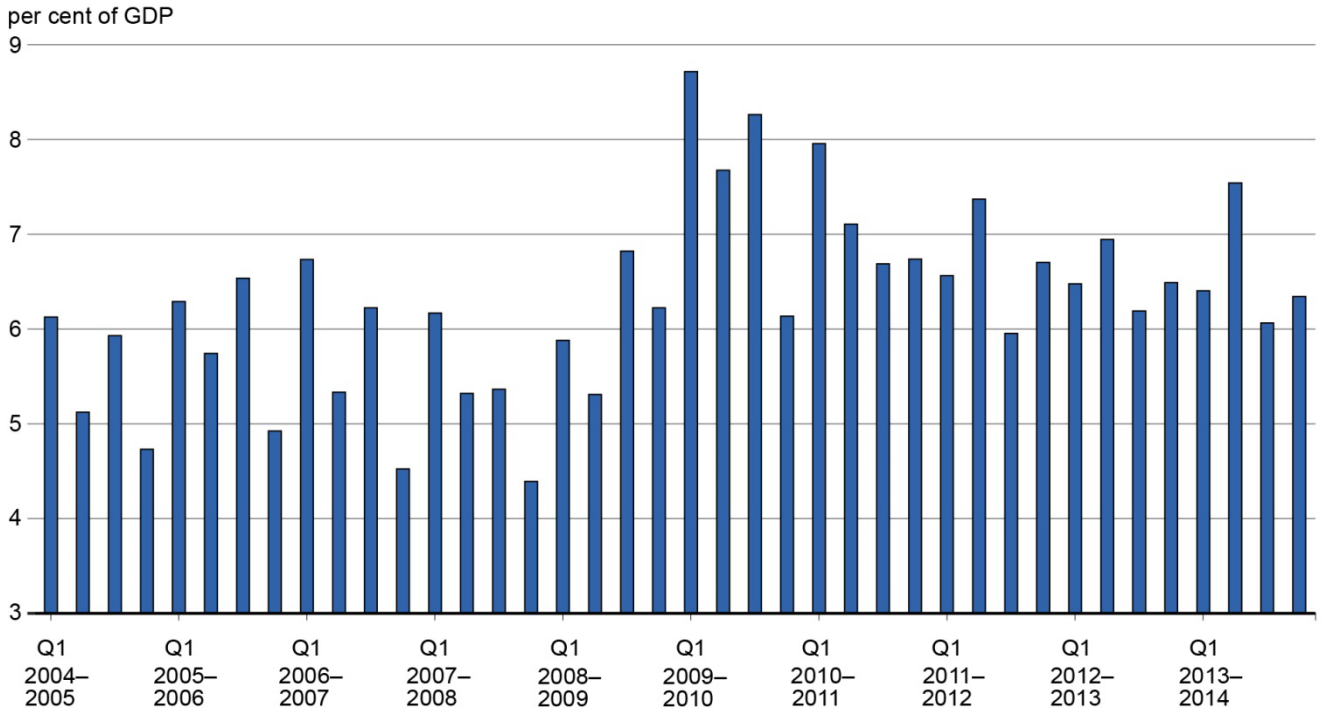


Sources: Statistics Canada; Agence France Trésor; Deutsche Bundesbank; Bank of Italy; Ministry of Finance Japan; United Kingdom Debt Management Office; United States Department of the Treasury

Maintaining debt rollover within acceptable parameters: Prudent management of debt refinancing needs promotes investor confidence and strives to minimize the impact of market volatility or disruptions on the funding program.

The amount of maturing debt rose to an average of 7.7 per cent of GDP per quarter during 2009–10 due to an increased stock of treasury bills, but it has since declined to an average of 6.6 per cent of GDP per quarter in 2013–14 (see Chart 10).

Chart 10
Quarterly Maturities of Domestic Market Debt



Source: Bank of Canada.

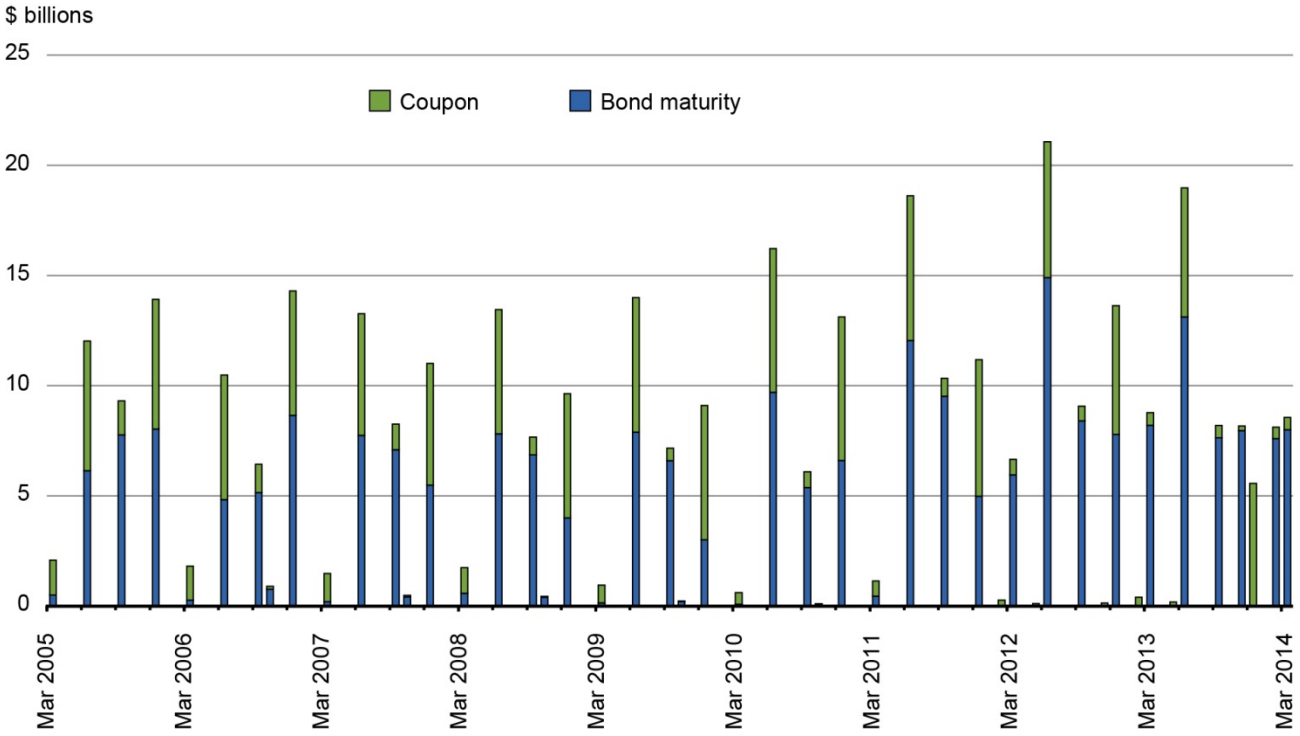
As a result of higher debt issuance since the financial crisis, the magnitude of single-day cash flow maturities has increased. At $19 billion, the June 1, 2013 maturity and coupon payment was the second largest on record (see Chart 11).

The four additional maturity dates—February 1, May 1, August 1 and November 1—introduced in 2011–12 allow the debt program to absorb potential increases in funding requirements and help smooth the cash flow profile of upcoming maturities over the medium term. The smoothing effect of these additional maturity dates on the cash profile will become more apparent over time. The benchmark maturity date profile is as follows:

- 2-year sector: February 1 – May 1 – August 1 – November 1
- 3-year sector: February 1 – August 1
- 5-year sector: March 1 – September 1
- 10-year sector: June 1
- 30-year sector: December 1, alternating years with RRB maturities

Chart 11

Single-Day Bond Maturities Plus Coupon Payments, Net of Buyback Operations



Source: Bank of Canada.

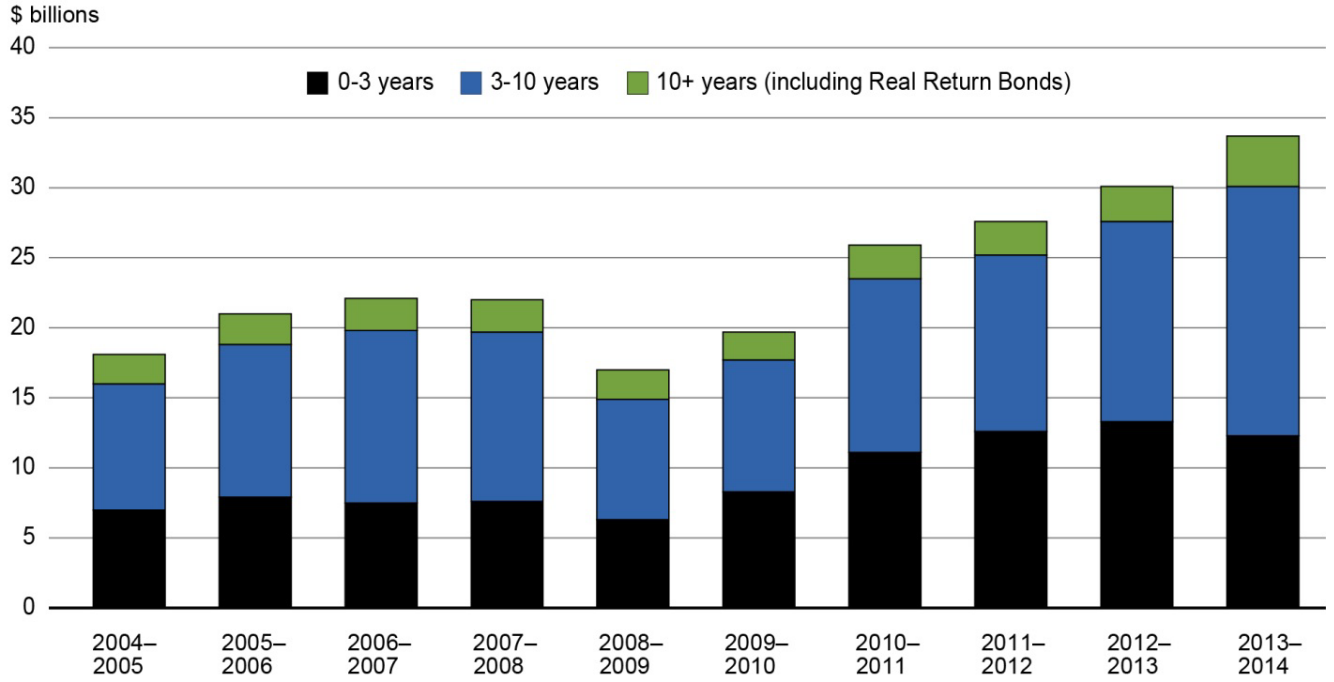
Monitoring secondary market trading in Government of Canada securities: The two conventional measures of liquidity and efficiency in the secondary market for Government of Canada securities are trading volume and turnover ratio.

Trading volume represents the amount of securities traded during a specific period (e.g., daily). Large trading volumes typically allow participants to buy or sell in the marketplace without a substantial impact on the price of the securities and generally imply lower bid-offer spreads.

Turnover ratio, which is the ratio of securities traded relative to the amount of securities outstanding, measures market depth. High turnover implies that a large amount of securities changes hands over a given period of time.

The average daily trading volume in the secondary market for Government of Canada bonds during 2013–14 was $33.7 billion, an increase of $3.6 billion from 2012–13. Since 2008–09, average daily bond trading volumes have increased by more than 14 per cent per year (see Chart 12).

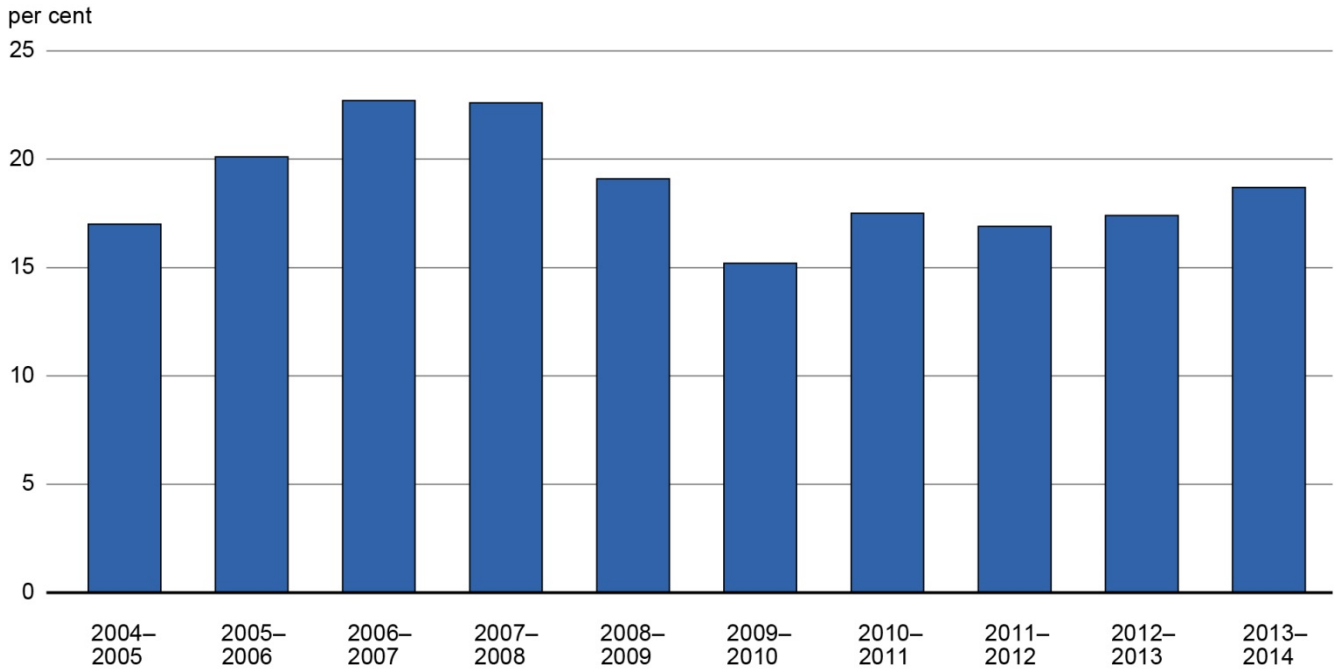
Chart 12
Government of Canada Bond Average Daily Trading Volumes



Source: Bank of Canada.

With an annual debt stock turnover ratio increasing to 18.7 in 2013–14 from 15.2 in 2009–10, the Government of Canada secondary bond market appears to be on an upward path of annual debt stock turnover ratios since coming out of the recession (see Chart 13).

Chart 13
Canada Bond Turnover Ratios



Note: Turnover ratio is total trading volume in each calendar year/average stock.

Source: Bank of Canada.

Supporting secondary market liquidity: The Bank of Canada operates a securities-lending program to support the liquidity of Government of Canada securities by providing a secondary and temporary source of securities to the market. The program makes available a portion of the Bank of Canada's portfolio of Government of Canada bonds and bills when there is strong demand for these securities in the market. The program offers securities held by the Bank of Canada when market pricing moves beyond a specified point.[10] Throughout 2013–14, a number of Government of Canada bonds experienced tightness in repo markets. A bond is considered "tight" or trading "on special" when the repo rate (i.e., the rate of interest to be paid on the loan) is below the general collateral rate (i.e., the repo rate on general collateral, or in this case, the Bank of Canada's overnight rate). To provide relief for these bonds, the Bank of Canada conducted 169 securities-lending operations in 2013–14, compared to 30 operations in 2012–13.

[10] For bonds, the minimum bid rate is the lower of 150 basis points or 50 per cent of the Bank's target for the overnight rate (i.e., 150 basis points for target rates of 3 per cent or higher). For treasury bills, the minimum bid rate is the lower of 100 basis points or 50 per cent of the Bank's target for the overnight rate when the target rate is below 2 per cent.

Part III

Report on the 2013–14 Debt Program

In 2013–14, treasury bill and bond auctions continued to perform well. Demand for Government of Canada securities remained strong throughout the fiscal year as a result of persistent demand for fixed-income securities and Canada's strong fiscal and economic position.

Domestic Marketable Bonds

Bond Program

In 2013–14, gross bond issuance was $87.5 billion (including issuance through switch buybacks), about $8.1 billion lower than the $95.6 billion issued in 2012–13, to help absorb maturing assets under the IMPP. Gross issuance consisted of $85.3 billion in nominal bonds (including switch operations) and $2.2 billion in RRBs (see Table 4). When taking into account net issuance and maturities, the stock of outstanding bonds increased by $4.3 billion to $473.3 billion as at March 31, 2014.

Table 4
Annual Bond Program Operations
$ billions

	2009–10	2010–11	2011–12	2012–13	2013–14
Nominal	97.7	88.4	95.3	92.6	84.5
Nominal (switch)	2.3	4.9	2.4	0.8	0.8
Real Return Bonds	2.3	2.2	2.2	2.2	2.2
Total gross issuance	102.2	95.5	99.9	95.6	87.5
Cash buyback	0.0	0.0	-3.0	-0.4	0.0
Switch buyback	-2.1	-4.4	-3.0	-1.1	-1.0
Total buyback	-2.1	-4.4	-5.9	-1.5	-1.0
Net issuance	100.1	91.2	94.0	94.1	86.5

Note: Numbers may not add due to rounding.
Source: Bank of Canada.

Auction Result Indicators for Domestic Bonds

Auction coverage is defined as the total amount of bids received, including bids from the Bank of Canada, divided by the amount auctioned. A higher auction coverage level typically reflects strong demand and therefore should result in a lower average auction yield. Bond auctions in 2013–14 continued to be well-covered across all sectors and were above five-year averages.

The auction tail represents the number of basis points between the highest yield accepted and the average yield of an auction. A small auction tail is preferable as it is generally indicative of better transparency in the pricing of securities.

A total of 29 nominal bond auctions were conducted in 2013–14, three fewer operations than in 2012–13. Low volatility and less uncertainty regarding the economic and interest rate outlooks resulted in small tails for most sectors in 2013–14. The size of the tail and coverage for all domestic bond auctions continues to improve (see Table 5).[11]

Table 5
Performance at Domestic Bond Auctions

		Nominal Bonds					Real Return Bonds
		2-Year	3-Year	5-Year	10-Year	30-Year	30-Year
Tail	2013–14	0.21	0.24	0.25	0.39	0.25	n/a
	5-year average	0.28	0.57	0.40	0.75	0.47	n/a
Coverage	2013–14	2.90	2.93	2.83	2.65	2.73	2.94
	5-year average	2.70	2.64	2.57	2.46	2.64	2.53

Participation at Domestic Bond Auctions

In 2013–14, primary dealers (PDs) were allotted 80 per cent of auctioned nominal debt securities and customers were allotted 11 per cent (see Table 6).[12] The 10 most active participants were in total allotted 83 per cent of these securities. Primary dealers' share of the RRB allotments declined considerably since 2009–10 from 56 per cent to 40 per cent, while over the same period customers increased their share significantly from 43 per cent to 60 per cent in 2013–14.

[11] Tails are not calculated for RRB auctions since successful bidders are allotted bonds at the single-price equivalent of the highest real yield (single-price auction type) of accepted competitive bids. See Section 6 of the *Standard Terms for Auctions of Government of Canada Real Return Bonds* (www.bankofcanada.ca/wp-content/uploads/2010/07/terms-rrb110110.pdf).

[12] A customer is a bidder on whose behalf a government securities distributor (GSD) has been directed to submit a competitive or non-competitive bid for a specified amount of securities at a specific price.

Table 6

Historical Share of Bonds Allotted by Participant Category[1]

Nominal Bonds

Participant Type	2009–10		2010–11		2011–12		2012–13		2013–14	
	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)
PDs	85	87	75	84	80	84	76	82	67	80
Non-PD GSDs	0	0	0	0	0	0	2	2	8	9
Customers	13	13	14	15	15	16	15	16	9	11
Top 5 participants	55	56	46	52	51	53	49	53	49	58
Top 10 participants	81	83	72	81	77	81	75	81	70	83
Total nominal bonds issued	98		88		95		93		85	

Real Return Bonds

Participant Type	2009–10		2010–11		2011–12		2012–13		2013–14	
	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)
PDs	1	56	1	52	1	37	1	36	1	40
Non-PD GSDs	0	1	0	0	0	0	0	1	0	0
Customers	1	43	1	48	1	62	1	64	1	60
Top 5 participants	1	57	1	56	1	48	1	59	1	52
Top 10 participants	2	75	2	75	2	68	2	77	2	75
Total Real Return Bonds issued	2		2		2		2		2	

Note: Numbers may not add due to rounding.

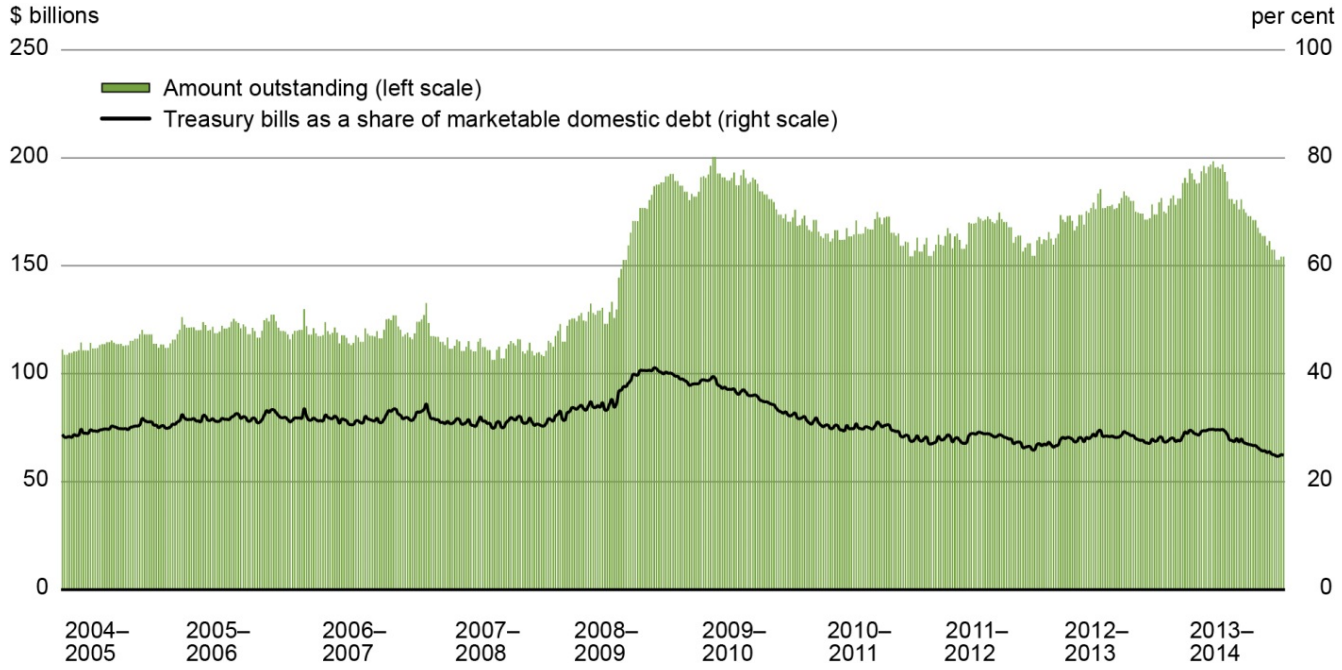
[1] Net of Bank of Canada allotment.

Source: Bank of Canada.

Treasury Bills and Cash Management Bills

During 2013–14, $352.5 billion in 3-, 6- and 12-month treasury bills were issued, a decrease of $20.5 billion from the previous year. There were also 29 cash management bill operations for a total of $66.0 billion in 2013–14, compared to 32 operations and a total of $78.1 billion in 2012–13. Together, treasury bill and cash management bill issuance totalled $418.5 billion. As at March 31, 2014, the combined treasury and cash management bill stock totalled $153.0 billion, a decrease of $27.7 billion from the end of 2012–13 (see Chart 14).

Chart 14
Treasury Bills Outstanding and as a Share of Marketable Debt



Source: Bank of Canada.

In 2013–14, all of the treasury bill and cash management bill auctions were fully covered. Coverage ratios for treasury bill auctions in 2013–14 were slightly higher than the five-year average and were consistent with the trend observed at bond auctions (see Table 7). Continued low interest rates and interest rate volatility also resulted in smaller tails for treasury bill and cash management bill auctions.

Table 7
Performance at Treasury Bill and Cash Management Bill Auctions

		Treasury Bills			
		3-Month	6-Month	12-Month	Cash Management Bills
Tail	2013–14	0.32	0.23	0.28	0.74
	5-year average	0.43	0.43	0.56	1.30
Coverage	2013–14	2.40	2.70	2.66	2.76
	5-year average	2.20	2.51	2.48	2.43

Notes: Tail represents the number of basis points between the highest yield accepted and the average yield of an auction. Coverage is defined as the total amount of bids received, including bids from the Bank of Canada, divided by the amount auctioned.
Source: Bank of Canada.

Participation at Treasury Bill Auctions

In 2013–14, the share of treasury bills allotted to primary dealers increased by 3 percentage points to 78 per cent, while the share allotted to customers decreased by 2 percentage points to 21 per cent (see Table 8). The 10 most active participants were in total allotted 85 per cent of these securities.

Table 8
Historical Share of Amount Allotted to Participants by Type of Auction[1]

Treasury Bills

Participant Type	2009–10		2010–11		2011–12		2012–13		2013–14	
	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)
PDs	324	86	285	84	271	78	279	75	274	78
Non-PD GSDs	6	1	4	1	7	2	10	3	4	1
Customers	46	12	50	15	68	20	84	23	75	21
Top 5 participants	251	67	219	64	206	60	236	63	221	63
Top 10 participants	331	88	287	85	292	85	308	83	301	85
Total treasury bills issued	376		376		339		373		353	

Note: Numbers may not add due to rounding.
1 Net of Bank of Canada allotment.
Source: Bank of Canada.

Foreign Currency Debt

Foreign currency debt is used to fund the Exchange Fund Account (EFA), which represents the largest component of the official international reserves. The EFA is primarily made up of liquid foreign currency securities and special drawing rights (SDRs). Liquid foreign currency securities are composed primarily of the debt securities of highly rated sovereigns, their agencies that borrow on public markets and are supported by a comprehensive government guarantee, and highly rated supranational organizations. SDRs are international reserve assets created by the International Monetary Fund (IMF) whose value is based on a basket of international currencies. The official international reserves also include Canada's reserve position at the IMF. This position, which represents Canada's investment in the activities of the IMF, fluctuates according to drawdowns and repayments from the IMF. The *Report on the Management of Canada's Official International Reserves* (www.fin.gc.ca/purl/efa-eng.asp) provides information on the objectives, composition and performance of the reserves portfolio.

The market value of Canada's official international reserves increased to US$76.5 billion as at March 31, 2014 from US$70.2 billion as at March 31, 2013. The change comprised a US$6.0 billion increase in EFA assets and a US$0.2 billion increase in the reserve position in the IMF. The increase in official international reserves was consistent with the Government's commitment to maintain holdings of liquid foreign exchange reserves at or above 3 per cent of GDP.

The EFA is funded by liabilities of the Government of Canada denominated in, or converted to, foreign currencies. Funding requirements are primarily met through an ongoing program of cross-currency swaps of domestic bond issues. Total cross-currency swap funding and maturities during the reporting period were US$5.4 billion and US$3.4 billion respectively.

In addition to cross-currency swaps of domestic bond issues, the EFA can be funded through a short-term US-dollar paper program (Canada bills), medium-term note (MTN) issuance in various markets (Canada notes, euro medium-term notes (EMTNs)) and international bond issues (global bonds), the use of which depends on funding needs and market conditions (see Table 9).

Table 9
Outstanding Foreign Currency Issues
par value in billions of US dollars

	March 31, 2014	March 31, 2013	Change
Swapped domestic issues	44.8	41.4	3.4
Global bonds	11.8	8.6	3.2
Canada bills	2.0	2.0	0
Euro medium-term notes	0.1	0	0.1
Canada notes	0.6	0	0.6
Total	59.2	51.9	7.3

Note: Liabilities are stated at the exchange rates prevailing on March 31, 2014.
Source: Department of Finance.

In February 2014, the Government of Canada issued a 5-year US$3 billion global bond at a cost of 3-month $US LIBOR less 1 basis point. Priced at 11 basis points over the comparable US Treasury security, this was the tightest pricing versus Treasuries for a 5-year global bond since Canada's last issue in February 2012. This transaction was met with very strong demand, with interest from over 150 high-quality investors from around the globe. As at March 31, 2014, the Government of Canada had four global bonds outstanding (see Table 10). As with all foreign currency borrowing conducted by the Government of Canada, the proceeds from global bond issuance supplement Canada's foreign exchange reserves and further diversify the funding base.

Table 10

Government of Canada Global Bonds Outstanding, as at March 31, 2014

Year of Issuance	Market	Amount in Original Currency	Yield (%)	Term to Maturity (Years)	Coupon (%)	Benchmark Interest Rate—Government Bonds	Spread From Benchmark at Issuance (Basis Points)	Spread Over Swap Curve in Relevant Currency on Issuance Date (Basis Points)
2009	Global	US$3 billion	2.498	5	2.375	US	23.5	LIBOR – 15.0
2010	Global	€2 billion	3.571	10	3.500	Germany	19.4	EURIBOR + 2.0
2012	Global	US$3 billion	0.888	5	0.875	US	8.0	LIBOR – 23.5
2014	Global	US$3 billion	1.658	5	1.625	US	11.0	LIBOR – 1.0

Note: EURIBOR = Euro Interbank Offered Rate.
Source: Department of Finance.

After having been absent from the MTN market for several years, Canada returned to the market to further diversify the sources of funding available for Canada's foreign exchange reserves. The Government of Canada successfully launched a pilot program in November 2013. This program provides the Government with additional flexibility to raise foreign currency. The program allows for issuance in a number of currencies, including the US dollar, euro and pound sterling, using either a US or EMTN prospectus. During 2013–14, US$675 million of MTNs was issued at an average funding cost of 3-month US$ LIBOR less 5 basis points (see Table 11).

Table 11

Government of Canada Medium-Term Notes Outstanding, as at March 31, 2014

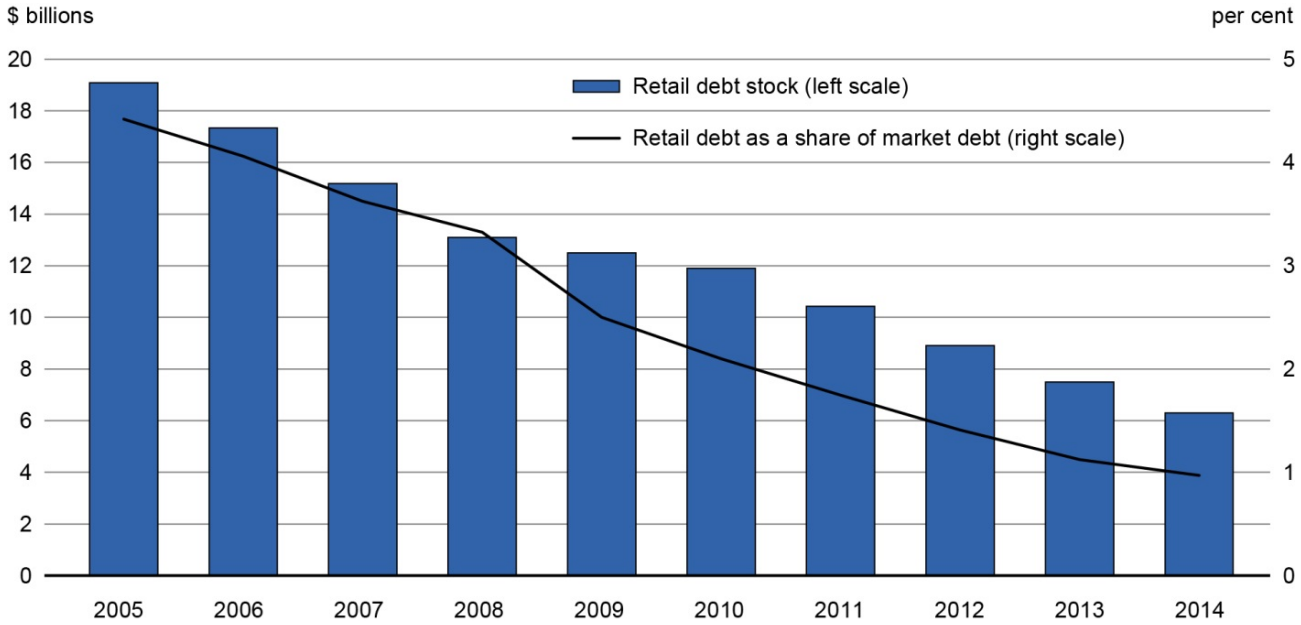
Year of Issuance	Market	Amount (US$ million)	Yield	Term to Maturity (Years)	Fixed/Floating	Interest Rate Basis	Index Maturity	Spread over Swap Curve in Relevant Currency on Issuance Date (Basis Points)
2013	Canada notes	$50	1.86%	6	Fixed			LIBOR – 2
2013	Canada notes	$50		6	Floating	US$ LIBOR	3 month	LIBOR – 2
2013	Canada notes	$50	2.30%	7	Fixed			LIBOR + 0
2014	Canada notes	$400		3	Floating	US$ LIBOR	3 month	LIBOR – 8
2014	EMTN	$125		6	Floating	US$ LIBOR	3 month	LIBOR + 0

Source: Department of Finance.

Retail Debt

In 2013–14, the level of outstanding Canada Savings Bonds and Canada Premium Bonds held by retail investors decreased from $7.5 billion to $6.3 billion. Retail debt represented around 1.0 per cent of total market debt as at March 31, 2014 (see Chart 15).

Chart 15
Evolution of Retail Debt Stock, as at March 31



Source: Bank of Canada.

Gross sales and redemptions were $1.6 billion and $2.7 billion, respectively, for a net reduction of $1.1 billion in the stock of retail debt (see Table 12).

Table 12
Retail Debt Gross Sales and Redemptions, 2013–14
$ billions

	Gross Sales	Redemptions	Net Change
Payroll	1.5	1.5	0.0
Cash	0.2	1.2	-1.1
Total	1.6	2.7	-1.1

Note: Numbers may not add due to rounding.
Source: Bank of Canada.

Cash Management

The Bank of Canada, as the Government's fiscal agent, manages the Receiver General (RG) Consolidated Revenue Fund, from which the balances required for the Government's day-to-day operations are drawn. The core objective of cash management is to ensure that the Government has sufficient cash available at all times to meet its operating requirements.

Cash consists of 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 plan.

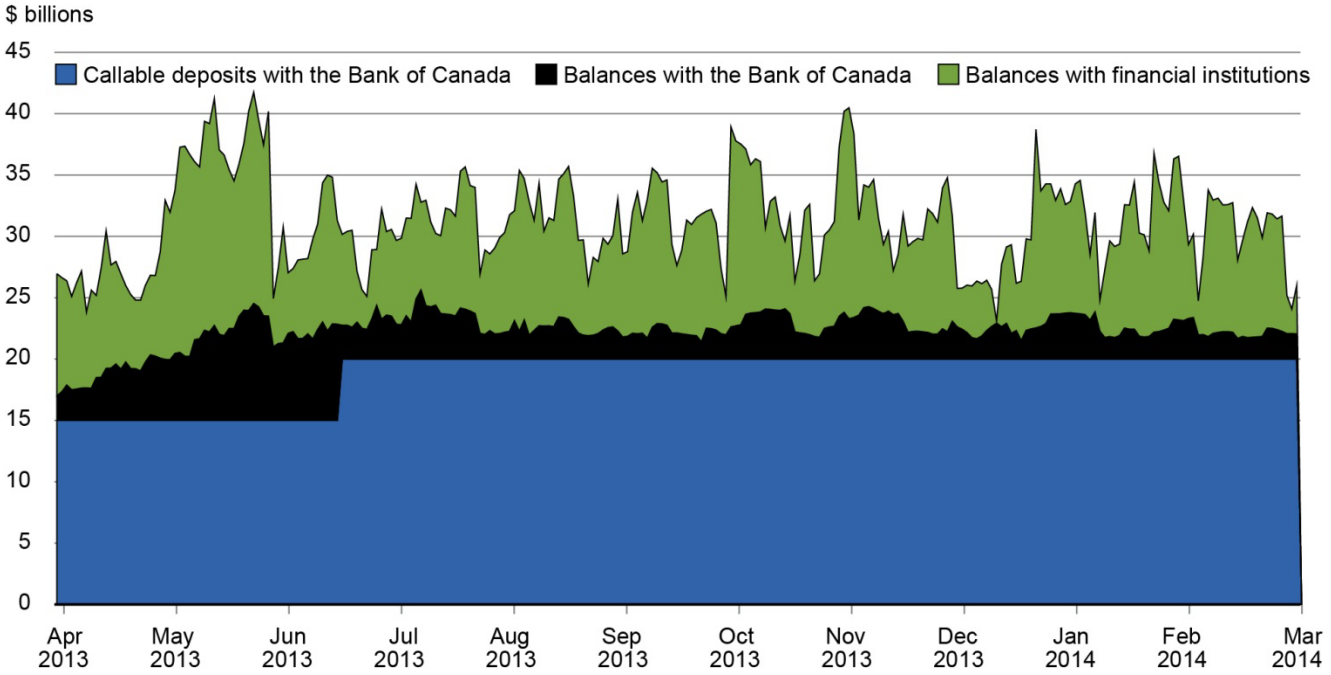
RG cash balances increased from $24.1 billion to $26.1 billion in 2013–14, primarily due to the implementation of the prudential liquidity plan announced in Budget 2011 (see Table 13 and Chart 16).

Table 13
Daily Liquidity Position
$ billions

	March 31, 2013	March 31, 2014	Average	Net Change
Callable deposits with the Bank of Canada	15.0	20.0	18.9	5.0
Balances with the Bank of Canada	3.1	2.1	3.5	-1.0
Balances with financial institutions	6.0	4.0	8.9	-2.0
Total	24.1	26.1	31.3	2.0

Note: Numbers may not add due to rounding.
Source: Bank of Canada.

Chart 16
Daily Liquidity Position for 2013–14



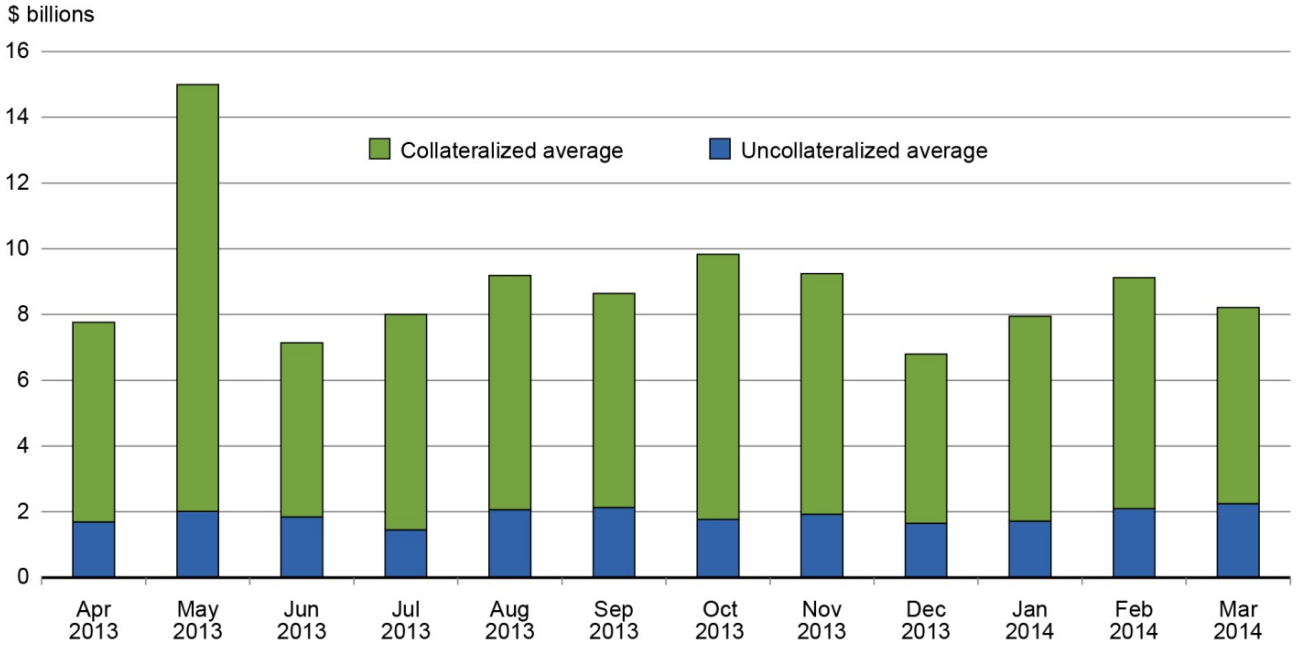
Source: Bank of Canada.

Investment of Receiver General Cash Balances

RG cash balances on deposit with chartered banks and other financial institutions are invested in a prudent and cost-effective manner. Since February 1999, when Canada's electronic funds transfer system—the Large Value Transfer System—was implemented, RG cash balances have been allocated to bidders twice daily through an auction process administered by the Bank of Canada. These auctions serve two main purposes: first, as a treasury management tool, they are the means by which the Government invests its excess short-term Canadian-dollar cash balances; second, the auctions are used by the Bank of Canada in its monetary policy implementation to neutralize the impact of public sector flows on the financial system.

A portion of the morning auction has been offered on a collateralized basis since September 2002, permitting access to a broader group of potential participants, while ensuring that the Government's credit exposure is effectively mitigated. Participants with approval for uncollateralized bidding limits maximize their uncollateralized lines prior to using their collateralized lines (see Chart 17).

Chart 17
Allocation of Cash Balances for Receiver General Auctions
(Average of Daily Balances for Each Month of 2013–14 Fiscal Year)



Source: Bank of Canada.

The Bank of Canada, on behalf of the Government of Canada, announced changes to the *Terms and Conditions Governing the Morning Auction of Receiver General Cash Balances* (the Terms) in August of 2013. These Terms set forth procedures for the auctioning of RG excess cash balances, which allow the Government to earn a competitive market-driven rate of return on these balances. The changes to the morning auction of RG cash balances reflect evolving market practices and will serve to reduce the Government's exposure to counterparty credit risk. The changes, which became effective April 1, 2014, can be viewed on the Bank of Canada website (www.bankofcanada.ca/2013/08/changes-terms-conditions-governing/).

A key measure of the cost to the Government of maintaining cash balances is the net return on these cash balances—the difference between the return on government cash balances auctioned to financial institutions (typically around the overnight rate) and the weighted average yield paid on treasury bills. A normal upward sloping yield curve results in a negative cost of carry for the Government, as financial institutions pay rates of interest for government deposits based on an overnight rate that is lower than the rate paid by the Government to issue treasury bills. Conversely, under an inverted yield curve, short-term deposit rates are higher than the average of 3- to 12-month treasury bill rates, which can result in a net gain for the Government.

In 2013–14, treasury bill yields traded predominantly higher than the overnight rate, resulting in a loss of carrying cash of $0.8 million for the fiscal year, compared to a loss of $2.2 million in 2012–13 and a gain of $0.7 million in 2011–12.

Cash Management Bond Buyback Program

The cash management bond buyback (CMBB) program helps manage cash requirements by reducing the high levels of cash balances needed for key maturity and coupon payment dates. The program also helps smooth variations in treasury bill auction sizes over the year and reduce rollover risk. Securities targeted under this program are Government of Canada bonds with a term to maturity of up to 18 months where the total amount of maturing bonds is greater than $8 billion.

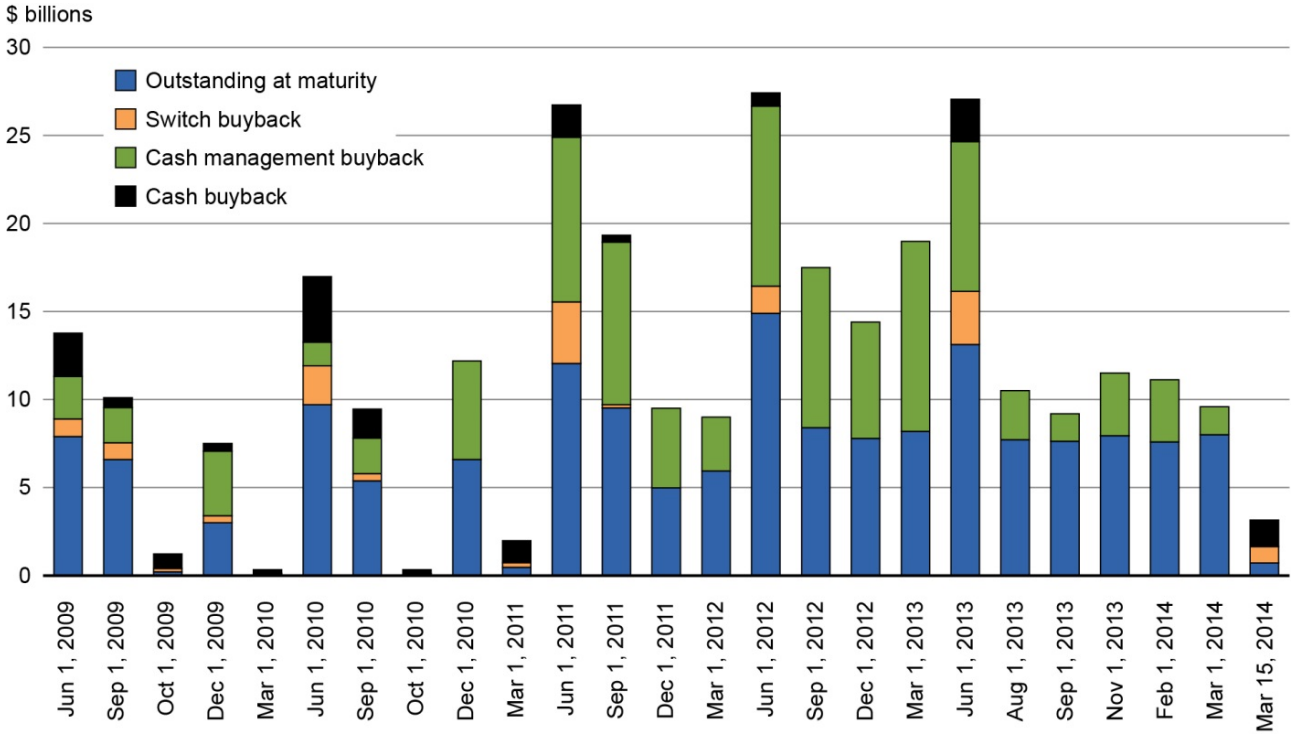
In 2013–14, the total amount of bonds repurchased through the CMBB program was $33.1 billion, compared to $31.3 billion in 2012–13. With the maximum amount of CMBBs allowed for these years being $40.3 billion and $35.5 billion respectively, the program had a success rate of 82 per cent for 2013–14 and 88 per cent for 2012–13. Overall, the CMBB program has contributed to reducing the size of the 2013 June 1, August 1, September 1 and November 1, as well as the 2014 February 1 and March 1 bond maturities by about 29 per cent, from a total of $73.5 billion outstanding when first targeted by the program to $52.0 billion outstanding at time of maturity.

Although the core objective of the regular bond buyback program is to promote liquidity in recently issued bonds, this program has also proven to be a valuable tool in reducing the maturity size of off-the-run bonds in recent years. The regular bond buyback program and the CMBB program have combined to contribute to a 34 per cent reduction in the size of bonds maturing in 2013–14.

Together, the CMBB and regular bond buyback programs have been an important factor in smoothing the amount of bonds outstanding across different maturity dates. This is especially evident for the June maturities in 2011, 2012 and 2013 (see Chart 18).

Chart 18

Impact of Repurchase Operations on Bond Maturities



Source: Bank of Canada.

Annex 1

Completed Treasury Evaluation Reports

In order to inform future decision making and to support transparency and accountability, different aspects of the Government of Canada's treasury activities are reviewed periodically under the Treasury Evaluation Program. The program's purpose is to obtain periodic external assessments of the frameworks and processes used in the management of wholesale and retail market debt, cash and reserves as well as the treasury activities of other entities under the authority of the Minister of Finance.

Reports on the findings of these evaluations and the Government's response to each evaluation are tabled with the House of Commons Standing Committee on Public Accounts by the Minister of Finance. Copies are also sent to the Auditor General of Canada. The reports are posted on the Department of Finance website.

Area	Year
Debt Management Objectives	1992
Debt Structure—Fixed/Floating Mix	1992
Internal Review Process	1992
External Review Process	1992
Benchmarks and Performance Measures	1994
Foreign Currency Borrowing—Canada Bills Program	1994
Developing Well-Functioning Bond and Bill Markets	1994
Liability Portfolio Performance Measurement	1994
Retail Debt Program	1994
Guidelines for Dealing With Auction Difficulties	1995
Foreign Currency Borrowing—Standby Line of Credit and FRN	1995
Treasury Bill Program Design	1995
Real Return Bond Program	1998
Foreign Currency Borrowing Programs	1998
Initiatives to Support a Well-Functioning Wholesale Market	2001
Debt Structure Target/Modelling	2001
Reserves Management Framework[1]	2002
Bond Buybacks[1]	2003
Funds Management Governance Framework[1]	2004
Retail Debt Program[1]	2004
Borrowing Framework of Major Federal Government-Backed Entities[1]	2005
Receiver General Cash Management Program[1]	2006
Exchange Fund Account Evaluation[1]	2006
Risk Management Report[1]	2007
Evaluation of the Debt Auction Process[1]	2010
Evaluation of the Asset Allocation Framework of the Exchange Fund Account[1]	2012
Report of the Auditor General of Canada on Interest-Bearing Debt[2]	2012
Crown Borrowing Program Evaluation[1]	2013

1 Available on the Department of Finance website (www.fin.gc.ca).

2 This audit was conducted outside of the Treasury Evaluation Program.

Annex 2

Debt Management Policy Measures Taken Since 1997

A well-functioning wholesale market in Government of Canada securities is important as it benefits the Government as a borrower as well as a wide range of market participants. For the Government as a debt issuer, a well-functioning market attracts investors and contributes to keeping funding costs low and stable over time. For market participants, a liquid and transparent secondary market in government debt provides risk-free assets for investment portfolios, a pricing benchmark for other debt issues and derivatives, and a primary tool for hedging interest rate risk. The following table lists policy measures that have been taken to ensure a well-functioning Government of Canada securities market.

Measure	Year
Dropped the 3-year bond benchmark	1997
Moved from weekly to bi-weekly treasury bill auctions	1998
Introduced a cash-based bond buyback program	1999
Introduced standardized benchmarks (fixed maturities and increased size)	1999
Started regular cross-currency swap-based funding of foreign assets	1999
Introduced a switch-based bond buyback program	2001
Allowed the reconstitution of bonds beyond the size of the original amount issued	2001
Introduced the cash management bond buyback program	2001
Reduced targeted turnaround times for auctions and buyback operations	2001
Advanced the timing of treasury bill auctions from 12:30 p.m. to 10:30 a.m.	2004
Advanced the timing of bond auctions from 12:30 p.m. to 12:00 p.m.	2005
Reduced the timing between bond auctions and cash buybacks to 20 minutes	2005
Dropped one quarterly 2-year auction	2006
Announced the maintenance of benchmark targets through fungibility (common dates)	2006
Consolidated the borrowings of three Crown corporations	2007
Changed the maturity of the 5-year benchmark and dropped one quarterly 5-year auction	2007
Reintroduced the 3-year bond benchmark	2009
Increased the frequency of cash management bond buyback operations from bi-weekly to weekly	2010
Announced a new medium-term debt management strategy	2011
Announced plans to increase the level of prudential liquidity by $35 billion over 3 years	2011
Added four new maturity dates—February 1, May 1, August 1 and November 1	2011
Increased benchmark target range sizes in the 2-, 3- and 5-year sectors	2011
Announced a temporary increase in longer-term debt issuance	2012
Announced changes to the *Terms and Conditions Governing the Morning Auction of Receiver General Cash Balances*	2013

Annex 3

Glossary

asset-liability management: An investment decision-making framework that is used to concurrently manage a portfolio of assets and liabilities.

average term to maturity: The weighted average amount of time until the securities in the debt portfolio mature.

benchmark bond: A bond that is considered by the market to be the standard against which all other bonds in that term area are evaluated against. It is typically a bond issued by a sovereign, since sovereign debt is usually the most creditworthy within a domestic market. Usually it is the most liquid bond within each range of maturities and is therefore priced accurately.

budgetary deficit: The shortfall between government annual revenues and annual budgetary expenses.

buyback on a cash basis: The repurchase of bonds for cash. Buybacks on a cash basis are used to maintain the size of bond auctions and new issuances.

buyback on a switch basis: The exchange of outstanding bonds for new bonds in the current building benchmark bond.

Canada bill: A promissory note denominated in US dollars, issued for terms of up to 270 days. Canada bills are issued for foreign exchange reserves funding purposes only.

Canada Investment Bond: A non-marketable fixed-term security instrument issued by the Government of Canada.

Canada note: A promissory note usually denominated in US dollars, and available in book-entry form. Canada notes can be issued for terms of nine months or longer, and can be issued at a fixed or a floating rate. Canada notes are issued for foreign exchange reserves funding purposes only.

Canada Premium Bond: A non-marketable security instrument issued by the Government of Canada, which is redeemable once a year on the anniversary date or during the 30 days thereafter without penalty.

Canada Savings Bond: A non-marketable security instrument issued by the Government of Canada, which is redeemable on demand by the registered owner(s), and which, after the first three months, pays interest up to the end of the month prior to cashing.

cross-currency swap: An agreement that exchanges one type of debt obligation for another involving different currencies and the exchange of the principal amounts and interest payments.

duration: Measures the sensitivity of the price of a bond or portfolio to fluctuations in interest rates. It is a measure of volatility and is expressed in years. The higher the duration number, the greater the interest rate risk for bond or portfolio prices.

electronic trading system: An electronic system that provides real-time information about securities and enables the user to execute financial trades.

Exchange Fund Account (EFA): An account that aids in the control and protection of the external value of the Canadian dollar. Assets held in the EFA are managed to provide foreign currency liquidity to the Government and to promote orderly conditions for the Canadian dollar in the foreign exchange markets, if required.

financial source/requirement: The difference between the cash inflows and outflows of the Government's Receiver General account. In the case of a financial requirement, it is the amount of new borrowing required from outside lenders to meet financing needs in any given year.

fixed-rate share of market debt: The proportion of market debt that does not mature or need to be repriced within one year (i.e. the inverse of the refixing share of market debt).

foreign exchange reserves: The foreign currency assets (e.g. interest-earning bonds) held to support the value of the domestic currency. Canada's foreign exchange reserves are held in the Exchange Fund Account.

Government of Canada securities auction: A process used for selling Government of Canada debt securities (mostly marketable bonds and treasury bills) in which issues are sold by public tender to government securities distributors and approved clients.

government securities distributor: An investment dealer or bank that is authorized to bid at Government of Canada auctions and through which the Government distributes Government of Canada treasury bills and marketable bonds.

interest-bearing debt: Debt consisting of unmatured debt, or debt issued on the credit markets, liabilities for pensions and other future benefits, and other liabilities.

Large Value Transfer System: An electronic funds transfer system introduced in February 1999 and operated by the Canadian Payments Association. It facilitates the electronic transfer of Canadian-dollar payments across the country virtually instantaneously.

marketable bond: An interest-bearing certificate of indebtedness issued by the Government of Canada, having the following characteristics: bought and sold on the open market; payable in Canadian or foreign currency; having a fixed date of maturity; interest payable either in coupon or registered form; face value guaranteed at maturity.

marketable debt: Market debt that is issued by the Government of Canada and sold via public tender or syndication. These issues can be traded between investors while outstanding.

money market: The market in which short-term capital is raised, invested and traded using financial instruments such as treasury bills, bankers' acceptances, commercial paper, and bonds maturing in one year or less.

non-market debt: The Government's internal debt, which is, for the most part, federal public sector pension liabilities and the Government's current liabilities (such as accounts payable, accrued liabilities, interest payments and payments of matured debt).

overnight rate; overnight financing rate; overnight money market rate; overnight lending rate: An interest rate at which participants with a temporary surplus or shortage of funds are able to lend or borrow until the next business day. It is the shortest term to maturity in the money market.

primary dealer: A member of the core group of government securities distributors that maintain a certain threshold of activity in the market for Government of Canada securities. The primary dealer classification can be attained in either treasury bills or marketable bonds, or both.

primary market: The market in which issues of securities are first offered to the public.

Real Return Bond (RRB): A bond whose interest payments are based on real interest rates. Unlike standard fixed-coupon marketable bonds, the semi-annual interest payments on Government of Canada RRBs are determined by adjusting the principal by the change in the Consumer Price Index.

refixing share of market debt: The proportion of market debt that matures or needs to be repriced within one year (i.e. the inverse of the fixed-rate share of market debt).

refixing share of market debt to gross domestic product (GDP): The amount of market debt that matures or needs to be repriced within one year relative to nominal GDP for that year.

secondary market: The market where existing securities trade after they have been sold to the public in the primary market.

sovereign market: The market for debt issued by a government.

treasury bill: A short-term obligation sold by public tender. Treasury bills, with terms to maturity of 3, 6 or 12 months, are currently auctioned on a bi-weekly basis.

yield curve: The conceptual or graphic representation of the term structure of interest rates. A "normal" yield curve is upward sloping, with short-term rates lower than long-term rates. An "inverted" yield curve is downward sloping, with short-term rates higher than long-term rates. A "flat" yield curve occurs when short-term rates are the same as long-term rates.

Annex 4

Contact Information

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Reference Tables

Reference Table I

Gross Public Debt, Outstanding Market Debt and Debt Charges, as at March 31

$ billions

	Gross public debt				
Year	Market debt	Market debt value adjustments	Accounts payable and accrued liabilities	Pension and other liabilities	Gross debt
1986	201.2	-0.4	39.4	79.1	319.4
1987	228.6	-0.4	42.1	84.7	355.0
1988	250.8	-0.9	47.2	90.9	388.0
1989	276.3	-2.2	50.2	97.1	421.4
1990	294.6	-2.9	53.2	104.5	449.3
1991	323.9	-3.2	54.9	112.1	487.7
1992	351.9	-2.2	56.1	118.5	524.2
1993	382.7	-3.0	58.4	125.1	563.2
1994	414.0	-1.8	63.7	131.4	607.3
1995	441.0	-3.4	71.3	139.8	648.7
1996	469.5	-1.7	74.9	148.5	691.3
1997	476.9	0.3	75.9	156.3	709.4
1998	466.8	1.4	81.7	160.9	710.8
1999	457.7	2.6	83.7	168.2	712.2
2000	454.2	-0.2	83.9	175.8	713.6
2001	444.9	1.3	88.5	179.0	713.6
2002	440.9	0.9	83.2	177.9	703.0
2003	438.6	-1.1	83.2	178.3	699.0
2004	436.5	-2.5	85.2	180.9	700.1
2005	431.8	-4.3	97.7	179.8	705.0
2006	427.3	-6.1	101.4	179.9	702.5
2007	418.8	-4.7	106.5	185.1	705.8
2008	394.1	-3.4	110.5	191.2	692.3
2009	510.9	3.1	114.0	196.1	824.2
2010	564.4	-5.3	120.5	203.7	883.3
2011	596.8	-5.7	119.1	210.7	920.9
2012	631.0	-4.7	125.0	216.4	967.7
2013	668.0	4.4	118.7	225.0	1,016.1
2014	648.7	10.3	111.4	230.4	1,000.8

Reference Table I

Gross Public Debt, Outstanding Market Debt and Debt Charges, as at March 31

$ billions

	Accumulated deficit and debt charges					
Year	Gross debt	Financial assets	Net debt	Non-financial assets	Accumulated deficit	Gross public debt charges
1986	319.4	70.1	249.2	21.4	227.8	27.7
1987	355.0	73.2	281.8	24.2	257.7	28.7
1988	388.0	75.0	313.0	26.3	286.7	31.2
1989	421.4	77.9	343.6	29.0	314.6	35.5
1990	449.3	74.5	374.8	31.0	343.8	41.2
1991	487.7	76.6	411.1	33.4	377.7	45.0
1992	524.2	78.5	445.7	35.8	410.0	43.9
1993	563.2	76.0	487.2	38.2	449.0	41.3
1994	607.3	79.3	527.9	40.4	487.5	40.1
1995	648.7	81.2	567.5	43.3	524.2	44.2
1996	691.3	92.7	598.6	44.4	554.2	49.4
1997	709.4	100.4	609.0	46.1	562.9	47.3
1998	710.8	103.6	607.2	47.2	559.9	43.1
1999	712.2	109.3	602.9	48.7	554.1	43.3
2000	713.6	123.5	590.1	50.2	539.9	43.4
2001	713.6	141.9	571.7	51.7	520.0	43.9
2002	703.0	137.7	565.3	53.4	511.9	39.7
2003	699.0	139.5	559.6	54.2	505.3	37.3
2004	700.1	149.1	551.0	54.8	496.2	35.8
2005	705.0	155.4	549.6	54.9	494.7	34.1
2006	702.5	165.6	536.9	55.4	481.5	33.8
2007	705.8	181.9	523.9	56.6	467.3	33.9
2008	692.3	176.0	516.3	58.6	457.6	33.3
2009	824.2	298.9	525.2	61.5	463.7	31.0
2010	883.3	300.8	582.5	63.4	519.1	29.4
2011	920.9	304.0	616.9	66.6	550.3	30.9
2012	967.7	317.6	650.1	68.0	582.2	31.0
2013	1,016.1	337.8	678.3	68.9	609.4	28.8
2014	1,000.8	318.5	682.3	70.4	611.9	28.2

Reference Table II

Government of Canada Outstanding Market Debt, as at March 31

$ billions

	Payable in Canadian dollars				
Year	Treasury bills	Marketable bonds[1]	Retail debt	Canada Pension Plan bonds	Total
1986	62.0	81.1	44.2	0.4	187.7
1987	77.0	94.4	44.3	1.8	217.5
1988	81.1	103.9	53.3	2.5	240.8
1989	102.7	115.7	47.8	3.0	269.2
1990	118.6	127.7	40.9	3.1	290.2
1991	139.2	143.6	34.4	3.5	320.7
1992	152.3	158.1	35.6	3.5	349.5
1993	162.1	178.5	34.4	3.5	378.4
1994	166.0	203.4	31.3	3.5	404.3
1995	164.5	225.7	31.4	3.5	425.1
1996	166.1	252.8	31.4	3.5	453.8
1997	135.4	282.6	33.5	3.5	454.9
1998	112.3	294.6	30.5	3.5	440.8
1999	97.0	295.8	28.2	4.1	425.0
2000	99.9	294.4	26.9	3.6	424.7
2001	88.7	295.5	26.4	3.5	414.1
2002	94.2	294.9	24.0	3.4	416.5
2003	104.6	289.2	22.6	3.4	419.8
2004	113.4	279.0	21.3	3.4	417.1
2005	127.2	266.7	19.1	3.4	416.3
2006	131.6	261.9	17.3	3.1	413.9
2007	134.1	257.9	15.2	1.7	408.9
2008	117.0	253.8	13.1	1.0	384.9
2009	192.5	295.3	12.5	0.5	500.8
2010	175.9	367.9	11.8	0.5	556.1
2011	163.0	416.1	10.1	0.0	589.2
2012	163.2	448.1	8.9	0.0	620.3
2013	180.7	469.0	7.5	0.0	657.2
2014	153.0	473.3	6.3	0.0	632.6

[1] Inflation adjusted.

Reference Table II

Government of Canada Outstanding Market Debt, as at March 31

$ billions

	Payable in foreign currencies						
Year	Canada bills	Marketable bonds	Canada notes	Euro medium-term notes	Standby drawings	Term loans	Total
1986	0.0	9.3	0.0	0.0	2.2	2.2	13.8
1987	1.0	8.9	0.0	0.0	0.0	2.0	12.0
1988	1.0	7.9	0.0	0.0	0.0	2.3	11.3
1989	1.1	6.3	0.0	0.0	0.0	0.9	8.3
1990	1.4	4.3	0.0	0.0	0.0	0.0	5.7
1991	1.0	3.6	0.0	0.0	0.0	0.0	4.5
1992	0.0	3.4	0.0	0.0	0.0	0.0	3.4
1993	2.6	2.8	0.0	0.0	0.0	0.0	5.4
1994	5.6	5.0	0.0	0.0	0.0	0.0	10.7
1995	9.0	7.9	0.0	0.0	0.0	0.0	16.9
1996	7.0	9.5	0.3	0.0	0.0	0.0	16.8
1997	8.4	12.5	2.1	0.0	0.0	0.0	23.0
1998	9.4	14.6	1.7	1.5	0.0	0.0	27.2
1999	10.2	19.7	1.3	4.9	0.0	0.0	36.0
2000	6.0	21.4	1.1	4.1	0.0	0.0	32.6
2001	7.2	21.2	1.6	3.7	0.0	0.0	33.7
2002	3.4	19.8	1.2	3.2	0.0	0.0	27.5
2003	2.6	14.5	1.2	3.3	0.0	0.0	21.6
2004	3.4	13.2	1.3	3.0	0.0	0.0	20.8
2005	3.9	9.9	1.1	1.7	0.0	0.0	16.5
2006	4.7	7.6	0.5	1.5	0.0	0.0	14.3
2007	1.8	6.7	0.5	1.6	0.0	0.0	10.6
2008	1.5	6.1	0.5	1.6	0.0	0.0	9.7
2009	8.7	0.3	0.0	1.7	0.0	0.0	10.6
2010	2.5	5.8	0.0	0.0	0.0	0.0	8.2
2011	2.0	5.6	0.0	0.0	0.0	0.0	7.7
2012	2.1	8.6	0.0	0.0	0.0	0.0	10.7
2013	2.1	8.7	0.0	0.0	0.0	0.0	10.8
2014	2.3	13.0	0.6	0.1	0.0	0.0	16.0

Reference Table II

Government of Canada Outstanding Market Debt, as at March 31

$ billions

	Total market debt				
Year	Total payable in Canadian dollars	Total payable in foreign currencies	Less: Government's holdings and consolidation adjustment[1]	Total market debt	Average interest rate (%)
1986	187.7	13.8	-0.3	201.2	10.7
1987	217.5	12.0	-0.9	228.6	9.3
1988	240.8	11.3	-1.2	250.8	9.6
1989	269.2	8.3	-1.2	276.3	10.8
1990	290.2	5.7	-1.3	294.6	11.2
1991	320.7	4.5	-1.3	323.9	10.7
1992	349.5	3.4	-1.0	351.8	8.9
1993	378.4	5.4	-1.1	382.7	7.9
1994	404.3	10.7	-1.0	414.0	6.8
1995	425.1	16.9	-1.0	441.0	8.0
1996	453.8	16.8	-1.0	469.5	7.3
1997	454.9	23.0	-1.1	476.8	6.7
1998	440.8	27.2	-1.2	466.8	6.6
1999	425.0	36.0	-3.3	457.7	6.7
2000	424.7	32.6	-3.1	454.2	6.2
2001	414.1	33.7	-2.9	444.9	6.1
2002	416.5	27.5	-3.1	440.9	5.6
2003	419.8	21.6	-2.7	438.6	5.3
2004	417.1	20.8	-1.5	436.4	4.9
2005	416.3	16.5	-1.1	431.7	4.6
2006	413.9	14.3	-1.0	427.2	4.7
2007	408.9	10.6	-0.7	418.9	4.9
2008	384.9	9.7	-0.5	394.1	4.6
2009	500.8	10.6	-0.6	510.8	3.2
2010	556.1	8.2	-0.1	564.2	2.7
2011	589.2	7.7	-0.1	596.8	2.8
2012	620.3	10.7	-0.1	631.0	2.7
2013	657.2	10.8	-0.0	668.0	2.5
2014	632.6	16.0	-0.3	648.7	2.4

[1] Because certain comparative figures have been restated to reflect the presentation method used in recent years, the numbers presented in this reference table can differ from numbers presented in other sections of the *Debt Management Report*. In the reference table, ''Government's holdings and consolidation adjustment'' is presented separately but in the rest of the report the amount is incorporated into the figures. For more information, please consult table 6.10 and table 6.14 of the *Public Accounts of Canada 2014*.

Reference Table III

Issuance of Government of Canada Domestic Bonds

$ billions

	Gross issuance											
	Nominal[1]						RRB		Buybacks			
Fiscal year	2-year	3-year	5-year	10-year	30-year	Total	30-year	Total	Cash	Switch	Total	Net issuance
1995–96	11.1	5.1	17.0	10.5	5.0	48.7	1.0	49.7			0.0	49.7
1996–97	12.0	11.1	13.3	11.8	5.8	54.0	1.7	55.7			0.0	55.7
1997–98	14.0		9.9	9.3	5.0	38.2	1.7	39.9			0.0	39.9
1998–99	14.0		9.8	9.2	3.3	36.3	1.6	37.9			0.0	37.9
1999–00	14.2		14.0	12.9	3.7	44.8	1.3	46.0	-2.7	0.0	-2.7	43.3
2000–01	14.1		10.5	10.1	3.8	38.5	1.4	39.9	-2.8	0.0	-2.8	37.1
2001–02	14.0		10.0	9.9	6.3	40.2	1.4	41.6	-5.3	-0.4	-5.6	35.9
2002–03	13.9		11.0	12.6	4.8	42.3	1.4	43.7	-7.1	-5.0	-12.1	31.6
2003–04	13.0		10.7	11.5	4.2	39.4	1.4	40.8	-5.2	-5.0	-10.2	30.7
2004–05	12.0		9.6	10.6	3.3	35.5	1.4	36.9	-6.8	-4.7	-11.4	25.5
2005–06	10.0		9.2	10.0	3.2	32.4	1.5	33.9	-5.3	-3.3	-8.6	25.3
2006–07	10.3		7.8	10.4	3.3	31.8	1.6	33.4	-5.1	-4.7	-9.8	23.5
2007–08	11.7		6.3	10.7	3.4	32.0	2.3	34.3	-4.3	-2.4	-6.7	27.6
2008–09	23.2		29.0	15.7	5.1	72.9	2.1	75.0	-3.2	-2.7	-6.0	69.0
2009–10	31.5	20.1	24.0	17.4	7.0	100.0	2.2	102.2	0.0	-2.1	-2.1	100.1
2010–11	36.3	18.8	21.2	12.0	5.0	93.3	2.2	95.5	0.0	-4.4	-4.4	91.2
2011–12	44.0	18.0	21.0	10.0	4.7	97.7	2.2	99.9	-3.0	-3.0	-5.9	94.0
2012–13	35.9	13.9	20.4	16.5	6.7	93.4	2.2	95.6	-0.4	-1.1	-1.5	94.1
2013–14	32.4	13.5	20.4	14.0	5.0	85.3	2.2	87.5	0.0	-1.0	-1.0	86.5

[1] Including nominal issuance through switch buyback operations.

Source: Bank of Canada.

Reference Table IV

Outstanding Government of Canada Domestic Bonds, as at March 31, 2014

Maturity date	Amount ($ millions)	Coupon rate (%)	Inflation adjustment ($ millions)	Outstanding amount ($ millions)
Fixed-coupon bonds				
1-May-2014	7,974	0.75		
1-Jun-2014	6,777	3.00		
1-Jun-2014	7,130	5.00		
1-Aug-2014	10,037	2.25		
1-Nov-2014	7,913	1.00		
1-Dec-2014	9,066	2.00		
1-Feb-2015	14,015	1.00		
1-May-2015	7,575	1.00		
1-Jun-2015	8,359	2.50		
1-Jun-2015	9,919	4.50		
1-Jun-2015	382	11.25		
1-Aug-2015	15,300	1.50		
1-Nov-2015	9,900	1.00		
1-Dec-2015	11,342	3.00		
1-Feb-2016	14,700	1.25		
1-May-2016	6,600	1.00		
1-Jun-2016	9,900	2.00		
1-Jun-2016	10,157	4.00		
1-Aug-2016	8,100	1.00		
1-Sep-2016	10,500	2.75		
1-Feb-2017	8,100	1.50		
1-Mar-2017	10,500	1.50		
1-Jun-2017	10,343	4.00		
1-Sep-2017	10,200	1.50		
1-Mar-2018	10,200	1.25		
1-Jun-2018	10,623	4.25		
1-Sep-2018	10,200	1.25		
1-Mar-2019	10,200	1.75		
1-Jun-2019	17,650	3.75		
1-Jun-2020	13,100	3.50		
15-Mar-2021	567	10.50		
1-Jun-2021	11,500	3.25		
1-Jun-2021	286	9.75		
1-Jun-2022	12,700	2.75		
1-Jun-2022	206	9.25		
1-Jun-2023	14,200	1.50		
1-Jun-2023	2,359	8.00		
1-Jun-2024	11,100	2.50		
1-Jun-2025	2,303	9.00		
1-Jun-2027	4,430	8.00		
1-Jun-2029	11,452	5.75		

Reference Table IV

Outstanding Government of Canada Domestic Bonds, as at March 31, 2014

Maturity date	Amount ($ millions)	Coupon rate (%)	Inflation adjustment ($ millions)	Outstanding amount ($ millions)
Fixed-coupon bonds				
1-Jun-2033	12,796	5.75		
1-Jun-2037	13,684	5.00		
1-Jun-2041	15,800	4.00		
1-Dec-2045	16,400	3.50		
Total	**426,545**			
Real Return Bonds				
1-Dec-2021	5,175	4.25	2,492	7,667
1-Dec-2026	5,250	4.25	2,108	7,358
1-Dec-2031	5,800	4.00	2,012	7,812
1-Dec-2036	5,850	3.00	1,141	6,991
1-Dec-2041	6,550	2.00	699	7,249
1-Dec-2044	7,700	1.50	499	8,199
1-Dec-2047	1,100	1.25	-2	1,098
Total	**37,425**		**8,949**	**46,374**

Note: Outstanding bond amounts reported in this table are in accordance with Bank of Canada reports, which may vary slightly with Government of Canada amounts due to differences in classification methods. See the Bank of Canada website (www.bankofcanada.ca/markets/government-securities-auctions/goc-t-bills-and-bonds-outstanding/) for the current list of outstanding Government of Canada domestic bonds.

Source: Bank of Canada.

Reference Table V

Government of Canada Cross-Currency Swaps Outstanding, as at March 31, 2014

CAD$ millions

	Swaps of domestic obligations						
Maturity date	USD	EUR	JPY	GBP	Foreign exchange swaps	Foreign exchange forwards	Total
2014	1,741	1,850	–	–	66	2,822	6,480
2015	2,598	1,477	–	–	–	–	4,075
2016	1,769	2,863	143	–	–	–	4,775
2017	3,069	1,531	–	–	–	–	4,600
2018	4,367	2,132	107	–	–	–	6,606
2019	2,062	1,523	67	201	–	–	3,853
2020	6,564	76	–	–	–	–	6,640
2021	3,756	3,617	–	–	–	–	7,373
2022	3,312	228	–	–	–	–	3,541
2023	6,653	381	–	–	–	–	7,034
2024	1,959	–	–	–	–	–	1,959
Total	**37,850**	**15,679**	**317**	**201**	**66**	**2,822**	**56,935**

Note: Outstanding transactions converted to Canadian dollars using Bank of Canada closing exchange rates as at March 31, 2014. Numbers may not add due to rounding.

Source: Department of Finance.

Reference Table VI

Crown Corporation Borrowings, as at March 31

$ millions

Borrowings from the market	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Export Development Canada	16,191	13,730	15,533	16,743	26,925	23,001	22,033	24,141	26,613	36,393
Business Development Bank of Canada	7,432	7,898	8,256	8,025	2,354	1,488	897	658	648	507
Farm Credit Canada	10,181	11,133	12,182	9,624	3,949	1,765	1,293	913	691	615
Canada Mortgage and Housing Corporation	9,573	8,953	9,071	8,907	6,153	4,421	3,039	2,221	1,870	1,465
Canada Housing Trust[1]	57,518	77,840	96,547	127,566	160,664	180,440	199,238	213,251	212,639	205,113
Canada Post Corporation	71	64	61	58	93	90	1,051	1,051	1,051	1,051
Other	36	79	132	119	279	248	204	106	106	128
Total	**101,002**	**119,697**	**141,782**	**171,042**	**200,417**	**211,453**	**227,755**	**242,341**	**243,617**	**245,272**

1 The Canada Housing Trust has been included in the government reporting entity effective April 1, 2005 as a result of the application of an accounting standard.

Government's loans and advances in enterprise Crown corporations	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Business Development Bank of Canada	0	0	0	1,000	7,284	12,245	13,223	12,561	13,214	14,320
Canada Mortgage and Housing Corporation[1]	4,999	4,799	4,651	4,393	61,863	72,262	69,569	66,595	63,123	21,173
Farm Credit Canada	0	0	0	3,840	11,450	15,931	17,558	19,326	21,174	22,029
Other	64	131	98	134	139	132	122	92	90	149
Total	**5,063**	**4,930**	**4,749**	**9,367**	**80,736**	**100,570**	**100,472**	**98,574**	**97,602**	**57,670**

1 Includes outstanding lending related to the Insured Mortgage Purchase Program for 2009 to 2014.

Source: *Public Accounts of Canada.*