Department of Finance Canada
Ministère des Finances Canada

2015–2016

Debt Management Report

Canada

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Foreword by the Minister of Finance

Protecting the long-term financial security of Canadians is a cornerstone of the Government of Canada's commitment to help the middle class and those working hard to join it. A key element of this is managing the profile of Canada's debt: when and how much comes due, and on what terms and at which rates the Government renews it. A well-functioning and liquid government securities market has played a key role in the ongoing success of Canada's debt strategy.

I am pleased to table before Parliament the Government of Canada's *Debt Management Report* for fiscal year 2015–16. It provides a full account of how Canada's debt is managed. The choices we make in allocating our debt present us with an historic opportunity to position Canada for a brighter future. All around the world, confident, ambitious countries are investing in their own future. They are investing in their middle class, in their talent, their skills and their creativity. The Government's plan for middle class progress is making smart and necessary investments that put people first and ensure that Canadians have access to the good, well-paying jobs of tomorrow.

This year's *Debt Management Report* shows that Canada continues to follow a prudent debt management strategy, raising stable and low-cost funding to meet its financial requirements. Through effective management of our debt, a commitment to invest in growing our economy and fiscal responsibility, the Government will do everything it can to ensure that Canada's economy remains strong and prosperous.

The Honourable Bill Morneau, P.C., M.P.
Minister of Finance
Ottawa, 2016

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, 2016.

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 2015–16*, published on April 21, 2015 as Annex 4 of Budget 2015 (http://www.budget.gc.ca/2015/docs/plan/budget2015-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 Canada 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 Canada website.

Executive Summary

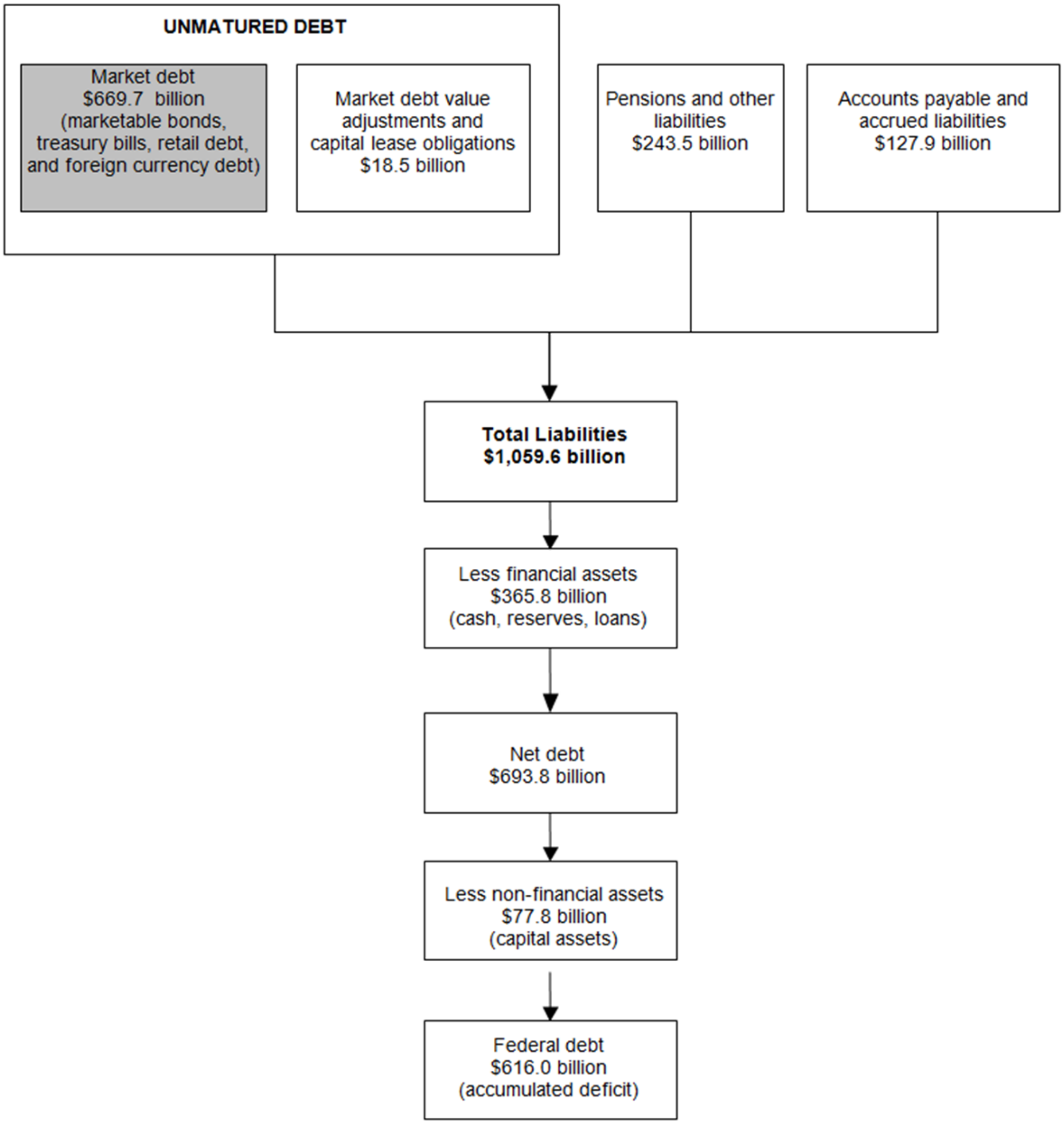
Introduction

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.

The Government's market debt, including marketable bonds, treasury bills, retail debt and foreign currency debt, stood at $669.7 billion at the end of 2015–16 (see shaded area of Chart 1). In addition to market and other types of unmatured debt, other liabilities, including pensions and accounts payable, brought the total liabilities of the Government of Canada to $1,059.6 billion at that time. When financial and non-financial assets are subtracted from total liabilities, the accumulated deficit of the Government of Canada was $616.0 billion as at March 31, 2016 (see Chart 1).

Chart 1

Snapshot of the Federal Balance Sheet, as at March 31, 2016



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

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 and treasury bills, including cash management bills. These securities are sold predominately via auction but occasionally through syndication at the Government's discretion.[1] 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 for 2015–16

Higher Stock of Market Debt

The stock of market debt increased by $20.2 billion in 2015–16, bringing the total stock to $669.7 billion. The change in the stock was mainly comprised of a $16.2 billion increase in domestic marketable bonds, a $2.4 billion increase in treasury and cash management bills, a $2.2 billion increase in foreign currency debt, and a $0.6 billion decrease in retail debt outstanding.

Strong Demand for Government of Canada Debt Securities

In 2015–16, 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 competitively bid, providing an efficient manner for the Government to raise funding. Auctions are also predictable and transparent, helping to promote well-functioning markets for the Government's securities, which in turn support Canada's broader financial markets. Issuance in the 3-year sector was reallocated to other areas of the curve, specifically 2- and 5-year bonds, in order to increase liquidity and promote market well-functioning in these core components of the Government of Canada's debt mix.[2] Overall, the weighted average cost of market debt issued in 2015–16 was 0.63 per cent, down from 1.07 per cent in 2014–15. These lower financial costs have led to a reduction in the weighted average rate of interest on market debt to 2.03 per cent, down from 2.27 per cent in 2014–15.

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1 In 2015–16, there were regular auctions for 2-, 3-, 5-, 10- and 30-year nominal bonds and Real Return Bonds.

2 Issuance in the 3-year sector was reintroduced in the *Debt Management Strategy for 2016–17* due to an increase in financial requirements.

Part I
2015–16 Debt Management Context

Composition of Federal Debt

Total market debt increased by $20.2 billion (or about 3.1 per cent) to $669.7 billion (see Table 1). For additional information on the financial position of the Government, see the 2015–16 *Annual Financial Report of the Government of Canada* (www.fin.gc.ca/purl/afr-eng.asp).

Table 1
Change in the Composition of Federal Debt, as at March 31
$ billions

	2016	2015 (restated)	Change
Payable in Canadian currency			
Marketable bonds	504.1	487.9	16.2
Treasury and cash management bills	138.1	135.7	2.4
Retail debt	5.1	5.7	-0.6
Total payable in Canadian currency	647.2	629.2	18.0
Payable in foreign currencies	22.5	20.3	2.2
Total market debt	669.7	649.5	20.2
Market debt value adjustment, capital lease obligations and other unmatured debt	18.5	15.7	2.8
Total unmatured debt	688.2	665.2	23.0
Pension and other accounts	243.5	234.8	8.7
Total interest-bearing debt	931.7	900.0	31.7
Accounts payable, accruals and allowances	127.9	123.6	4.3
Gross debt	1,059.6	1,023.6	36.0
Total financial assets	-365.8	-336.7	-29.1
Total non-financial assets	-77.8	-74.6	-3.2
Federal debt (accumulated deficit)	616.0	612.3	3.7

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 or surplus for the fiscal year. This measure differs from the budgetary balance (i.e., the surplus or deficit on an accrual basis) 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, which do not affect cash needs or surplus. 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 2).

There was a financial requirement of $20 billion in 2015–16 as a result of $1 billion in cash outflows due to a budgetary deficit and $19 billion due to non-budgetary transactions. The financial requirement was approximately $6 billion higher than the projection in the *Debt Management Strategy for 2015–16*. This compares to a financial requirement of $3 billion in 2014–15.

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 $270 billion for 2015–16.[3] Budget 2016 committed to introduce amendments to the *Financial Administration Act* that will require the Minister of Finance to seek authority to increase the aggregate borrowing limit from Parliament rather than the Governor in Council. These amendments were not introduced by the end of 2015–16.

Total actual borrowings in 2015–16 were $238 billion, $32 billion below the authorized borrowing authority limit, but $7 billion higher than the plan set out in the *Debt Management Strategy for 2015–16* (Table 2). The higher level of actual borrowings was mainly due to increased cash requirements which were funded by additional treasury bill issuance.

In 2015–16, loans to the Business Development Bank of Canada, Canada Mortgage and Housing Corporation and Farm Credit Canada under the Crown Borrowing Program were $2.7 billion lower than the planned $5 billion. Since the inception of the program in 2007–08, the consolidated borrowings of these Crown corporations have grown to account for $49 billion of federal market debt.

[3] 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 2015–16 OIC is 2015-0322.

Table 2

Planned/Actual Sources and Uses of Borrowings, Fiscal Year 2015–16

$ billions

	Planned[1]	Actual	Difference
Sources of borrowings			
Payable in Canadian currency			
Treasury bills	129	138	9
Bonds	90	93	3
Retail debt	2	2	0
Total payable in Canadian currency	221	233	12
Payable in foreign currencies	10	5	-5
Total cash raised through borrowing activities	231	238	7
Uses of borrowings[2]			
Refinancing needs			
Payable in Canadian currency			
Treasury bills	136	136	0
Bonds	70	77	7
Of which:			
Regular bond buybacks	0.4	0.7	0.3
Cash management bond buybacks	23	24	1
Retail debt	2	2	0
Total payable in Canadian currency	208	215	7
Payable in foreign currencies	4	5	1
Total refinancing needs	212	220	8
Financial source/requirement			
Budgetary balance	-1	1	2
Non-budgetary transactions			
Pension and other accounts	0	-8	-8
Non-financial assets	2	3	1
Loans, investments and advances	8	5	-3
Of which:			
Loans to enterprise Crown corporations	5	2	-3
Other	3	1	2
Other transactions[3]	6	19	13
Total non-budgetary transactions	16	19	3
Total financial source/requirement	14	20	6
Total uses of borrowings	226	240	14
Change in other unmatured debt transactions[4]	0	18	18
Net increase or decrease (-) in cash	5	4	-1

Note: Numbers may not add due to rounding.

1 Planned numbers are from Budget 2016 and the *Debt Management Strategy for 2016–17*.

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.

Government of Canada Credit Rating Profile

The Government of Canada continued to receive the highest possible credit ratings, with a stable outlook, on Canadian-dollar and foreign-currency-denominated short- and long-term debt from the five rating agencies that evaluate Canada's debt (see Table 3).

Rating agencies indicated that Canada's effective, stable and predictable policymaking and political institutions, economic resilience and diversity, well-regulated financial markets, 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 3
Government of Canada Credit Ratings

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

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, prudence 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 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.

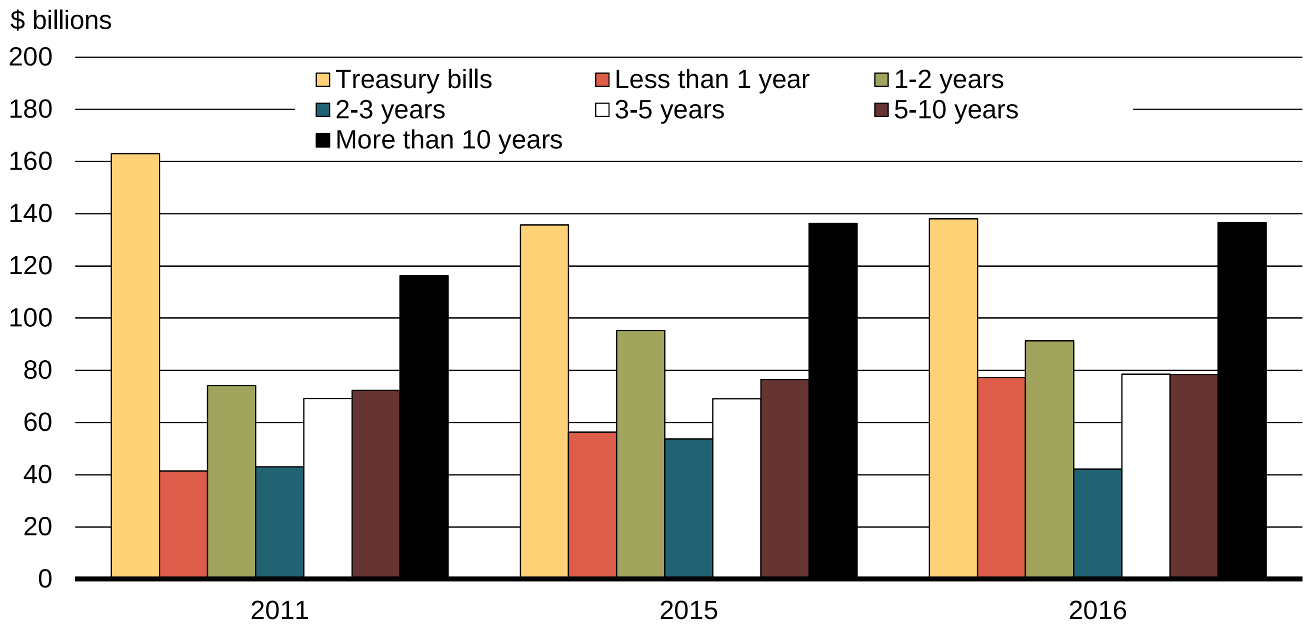
Composition of Market Debt

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 become 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 2015–16, the composition of market debt by remaining term to maturity continued to shift to a more even distribution, which helps to reduce exposure to debt rollover risk. As projected in the *Debt Management Strategy for 2015–16*, the stock of bonds with a remaining term to maturity of 2 to 3 years declined significantly due to the reallocation of issuances in the 3-year sector to the 2- and 5-year sectors. The stock of treasury bills and bonds with a remaining term to maturity of 10 years changed only slightly from last year (see Chart 2).

Chart 2

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



Note: Data includes Consumer Price Index adjustment.

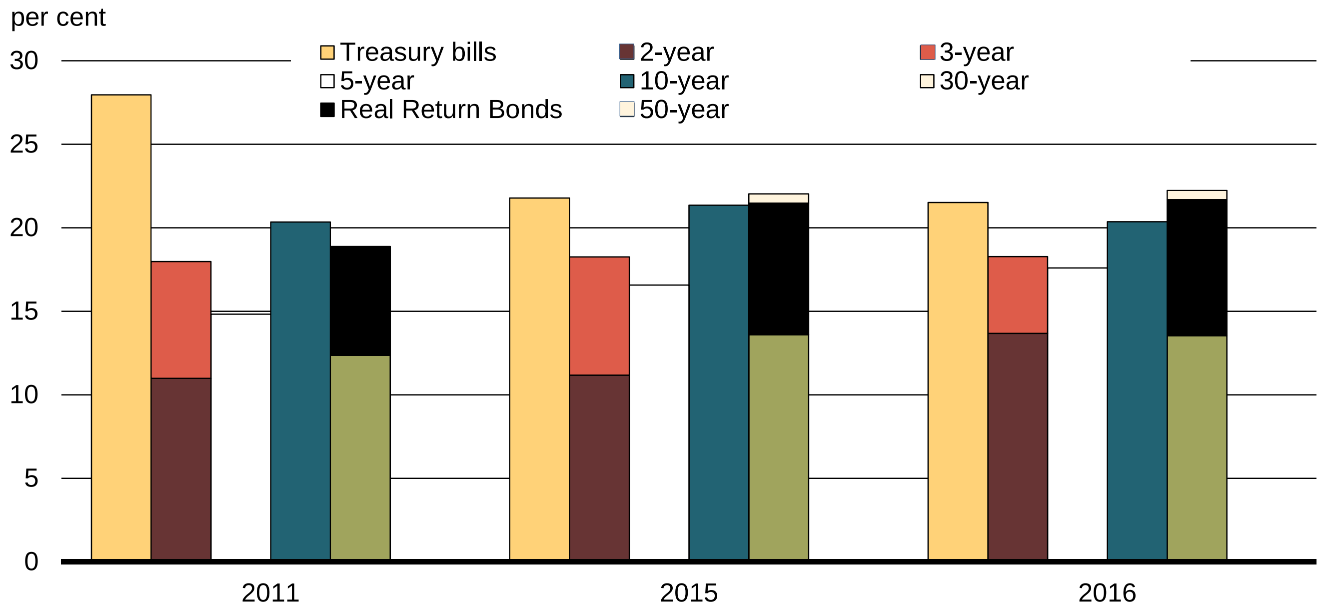
Sources: *Public Accounts of Canada* and Bank of Canada.

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.

In 2015–16, the 3-year sector was reallocated to the 2- and 5-year sectors to increase liquidity and promote well-functioning markets in these core components of the Government's debt mix. As a result, the share of bonds with original terms to maturity of 2 and 5 years increased by 3.4 percentage points to 31.3 per cent of the stock of market debt outstanding (see Chart 3).

Chart 3
Composition of Market Debt by Original Terms of Issuance, as at March 31

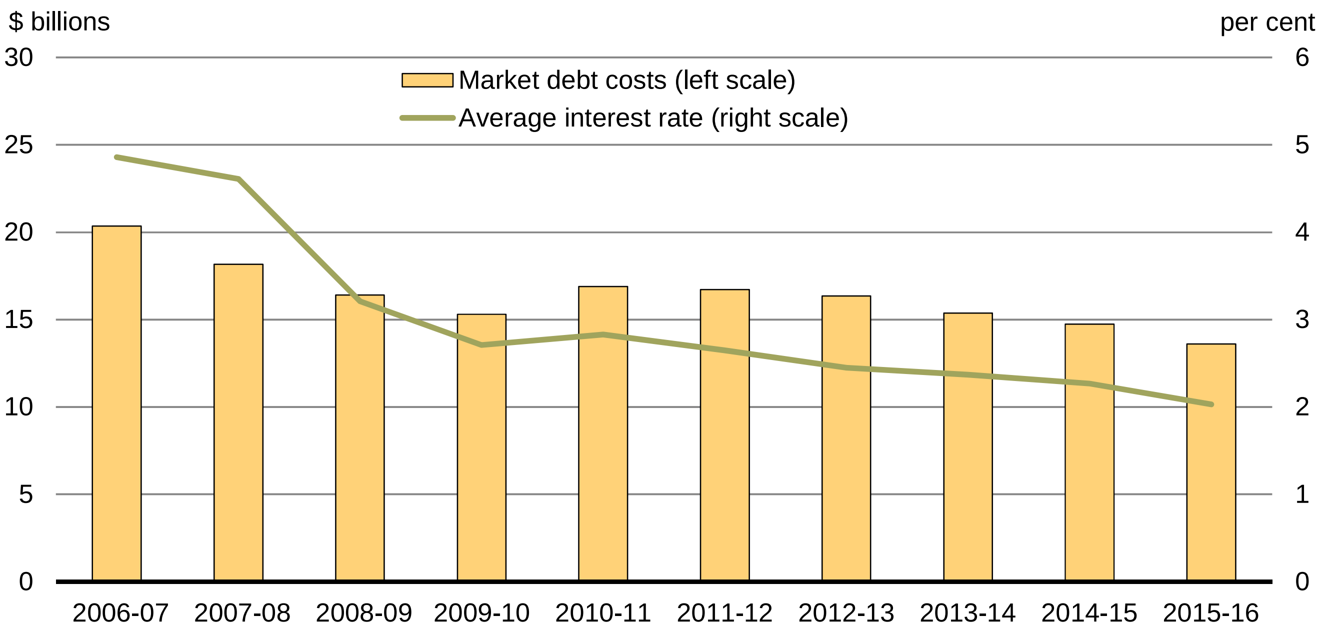


Source: Bank of Canada.

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).[4] The weighted average rate of interest on outstanding market debt was 2.03 per cent in 2015–16, down from 2.27 per cent in 2014–15. As such, the interest rate cost of market debt decreased from $14.7 billion in 2014–15 to a new 10-year low of $13.6 billion in 2015–16, reflecting the lower weighted average rate of interest on market debt and a relatively stable stock of market debt (see Chart 4). The weighted average cost of market debt issued in 2015–16 was 0.63 per cent, down from 1.07 per cent in 2014–15.

Chart 4
Market Debt Costs and Average Effective Interest Rate



Source: *Public Accounts of Canada*.

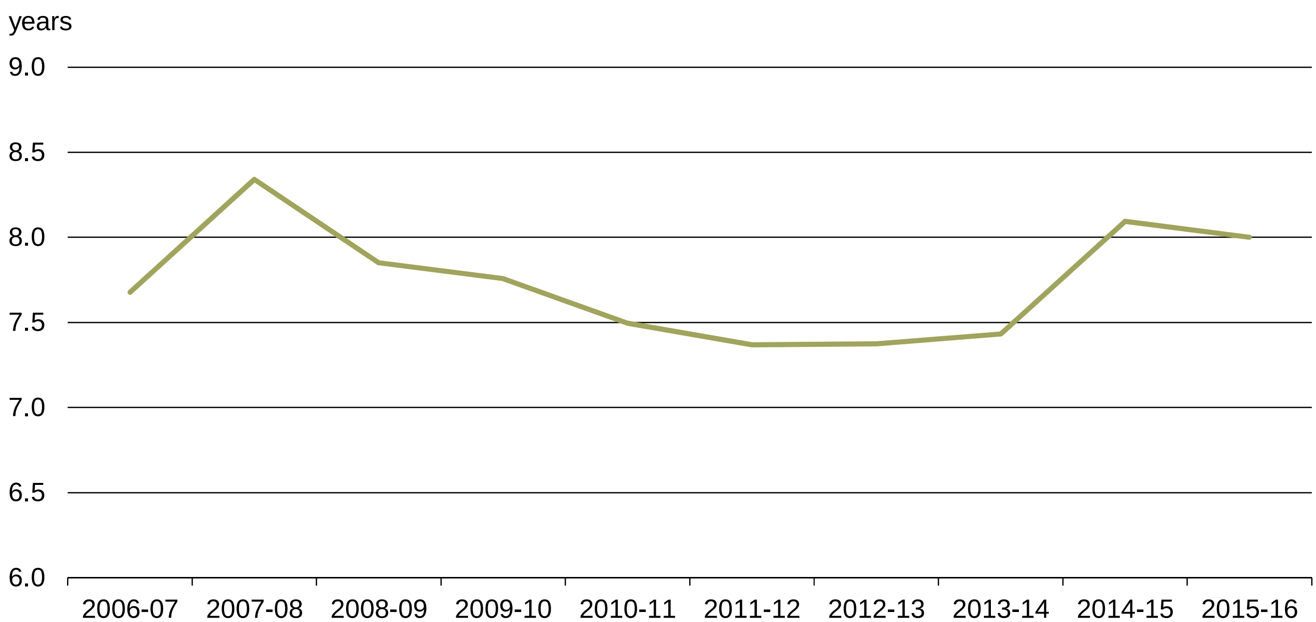
[4] Non-market liabilities include pensions, other employee and veteran future benefits, and other liabilities.

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 2014–15, the ATM increased to 8.1 years, reflecting the decision to reduce risk and provide increased stability to the Government's debt structure by lengthening the term of the portfolio and locking in historically low long-term interest rates. The ATM decreased slightly to 8.0 in 2015–16, reflecting increased issuance in the 2- and 5-year sectors (see Chart 5).

Chart 5

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

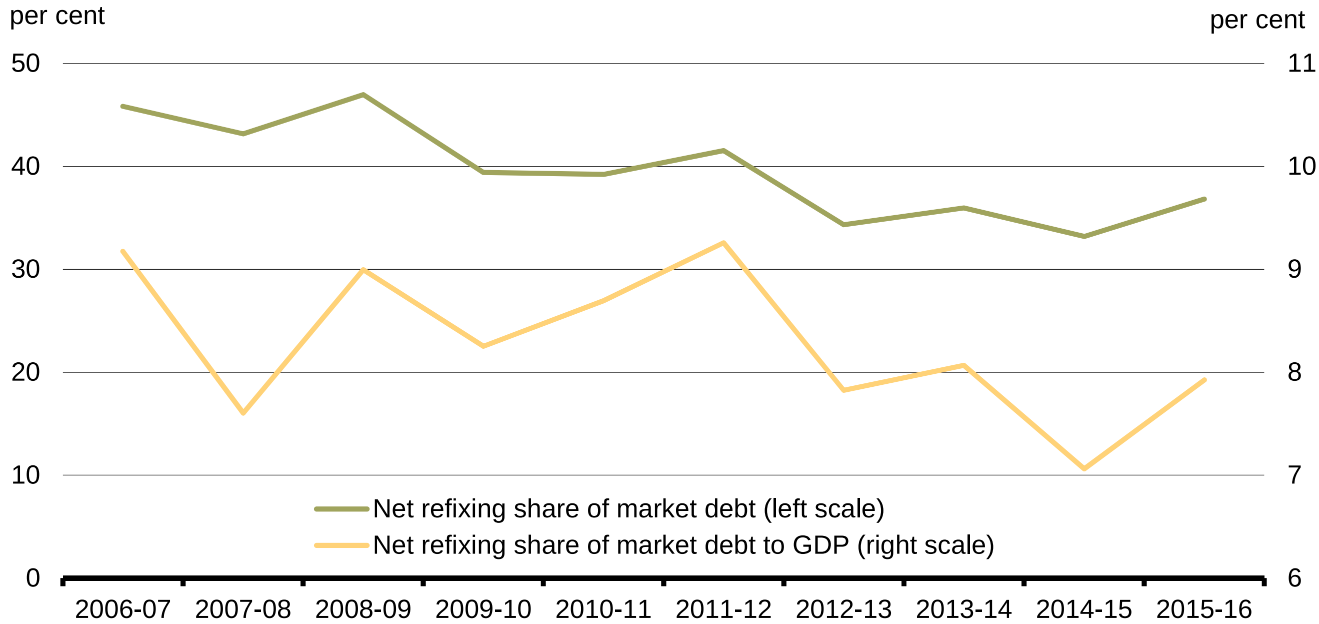


Source: Bank of Canada.

The refixing share of market debt (net of financial assets) measures the proportion of all market debt that matures or needs to be repriced within one year. 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. In 2015–16, the net refixing share of market debt increased by 3.6 percentage points to 36.8 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 increased to 7.9 per cent in 2015–16, up 0.8 percentage point from 2014–15.

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.

Assets held for prudential liquidity totalled $103.0 billion at March 31, 2016, including $72.0 billion in foreign reserve assets, a $20 billion cash deposit at the Bank of Canada, $8.3 billion in cash deposits with financial institutions, and $2.7 billion in operational balances.[5] The Government's overall liquidity levels are maintained to cover at least one month (20 business days) of net projected cash flows, including coupon payments and debt refinancing needs.

5 For more information on Canada's foreign reserves, see the *Report on the Management of Canada's Official International Reserves* at www.fin.gc.ca/purl/efa-eng.asp.

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, 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 2015–16.

Providing regular and transparent issuance: The Government of Canada conducted treasury bill auctions on a bi-weekly basis, announced the bond auction schedule prior to the start of each quarter and provided details for each operation in a call-for-tenders in the week leading up to the auction.[6] In 2015–16, there were regular auctions for 2-, 5-, 10- and 30-year nominal and Real Return Bonds. 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.

Reallocation of 3-year issuance: Given projected financial requirements at the time, the Government of Canada reallocated issuance of 3-year bonds in 2015–16 to allow for the building of larger benchmark sizes in the core 2- and 5-year sectors, which increases liquidity and supports the well-functioning of these core sectors.

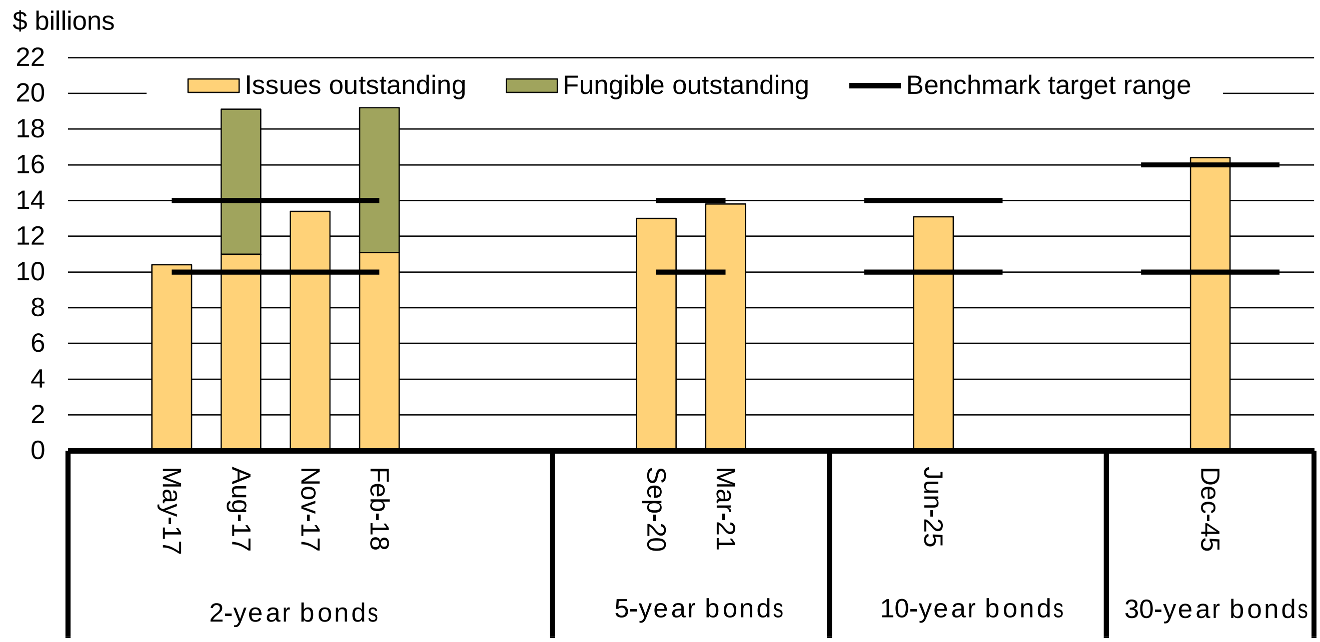
Concentrating on key benchmarks: Benchmark target range sizes were increased in the 2-, 5- and 30-year sectors in 2015–16 to support the well-functioning of these important markets, while the 10-year and Real Return Bond sectors were the same compared to the previous year:

- 2-year sector: $10 billion to $14 billion
- 5-year sector: $10 billion to $14 billion
- 10-year sector: $10 billion to $14 billion
- 30-year nominal sector: $10 billion to $16 billion

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

All benchmark bonds in 2015–16 continued to reach or exceed minimum benchmark size targets (see Chart 7).[7]

Chart 7
Size of Gross Bond Benchmarks in 2015–16



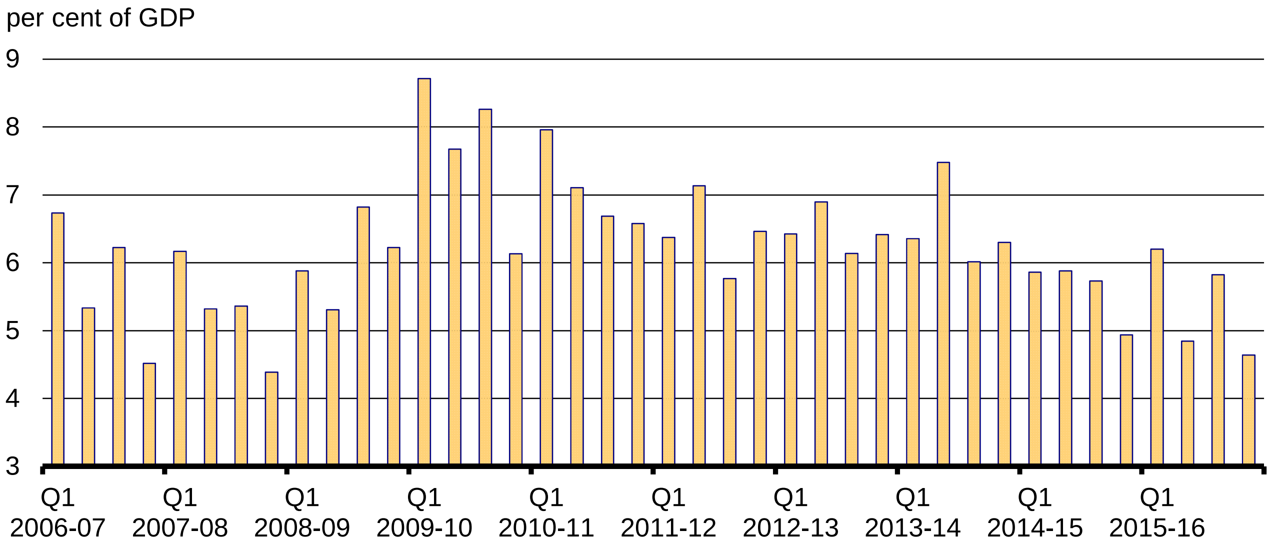
Source: Bank of Canada.

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.

[7] 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.

The amount of debt maturing per quarter as a percentage of GDP rose to an average of 7.7 per cent during 2009–10 due to an increased stock of treasury bills, but it has since declined to an average of 5.4 per cent in 2015–16 (see Chart 8).

Chart 8
Quarterly Maturities of Domestic Market Debt as a Percentage of GDP

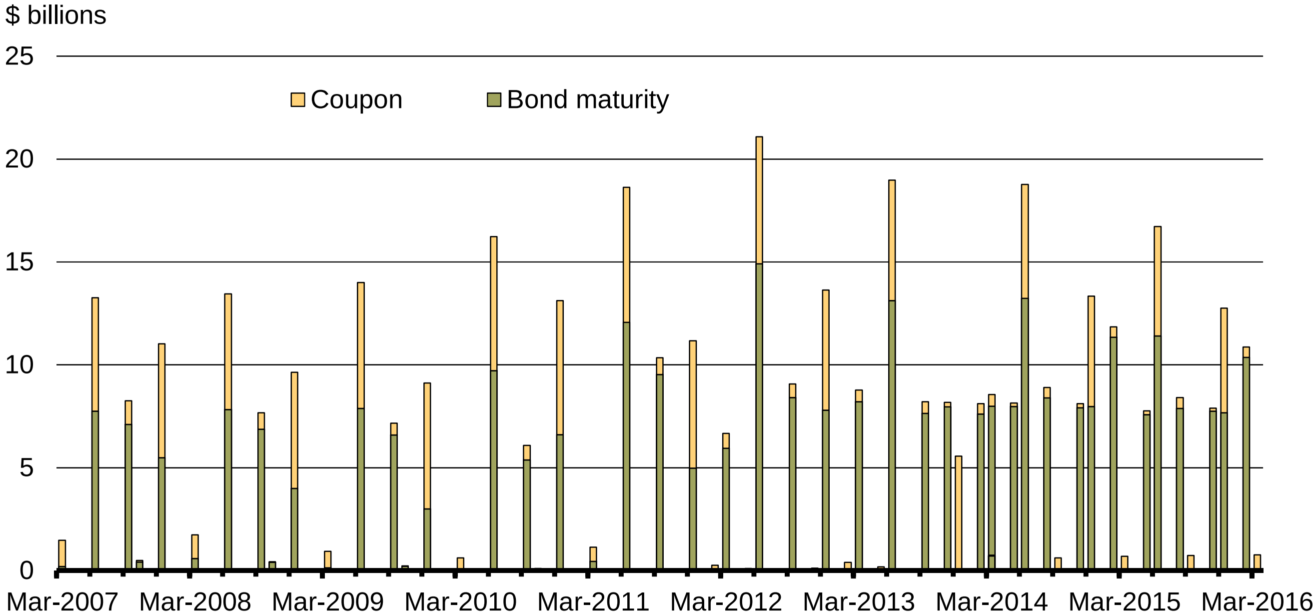


Source: Bank of Canada.

Single-day cash flow maturities had increased as a result of higher debt issuance since the financial crisis, but have been trending downwards since 2012 as a result of the introduction of four new maturity dates—February 1, May 1, August 1 and November 1—in 2011–12 (see Chart 9). The four additional maturity dates have allowed the debt program to absorb increases in funding requirements and have helped smooth the cash flow profile of upcoming maturities over the medium term. Most large single-day maturity dates are now due to principal and coupon payments on bonds that were issued prior to 2011–12; the smoothing effect of these additional maturity dates on the cash profile will become even more apparent over time.

Chart 9

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



Source: Bank of Canada.

The benchmark maturity date profile is as follows:

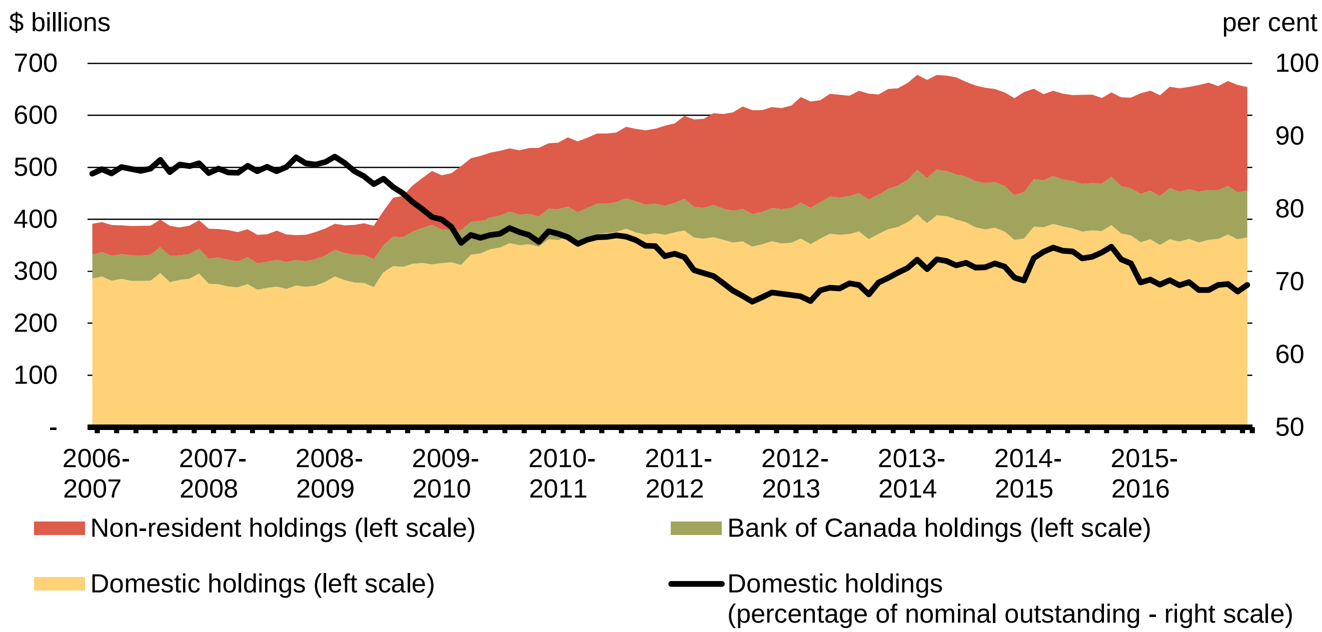
- 2-year sector: February 1, May 1, August 1, November 1
- 5-year sector: March 1, September 1
- 10-year sector: June 1
- 30-year sector: December 1, alternating years with Real Return Bond maturities

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.

As at March 31, 2016, domestic investors (including the Bank of Canada) held about 70 per cent of Government of Canada securities (see Chart 10). Among domestic investors, insurance companies and pension funds held the largest share of Government of Canada securities (28.0 per cent), followed by financial institutions (25.6 per cent) and the Bank of Canada (13.7 per cent). Taken together, the top three categories accounted for over two thirds of outstanding Government of Canada securities.

Chart 10

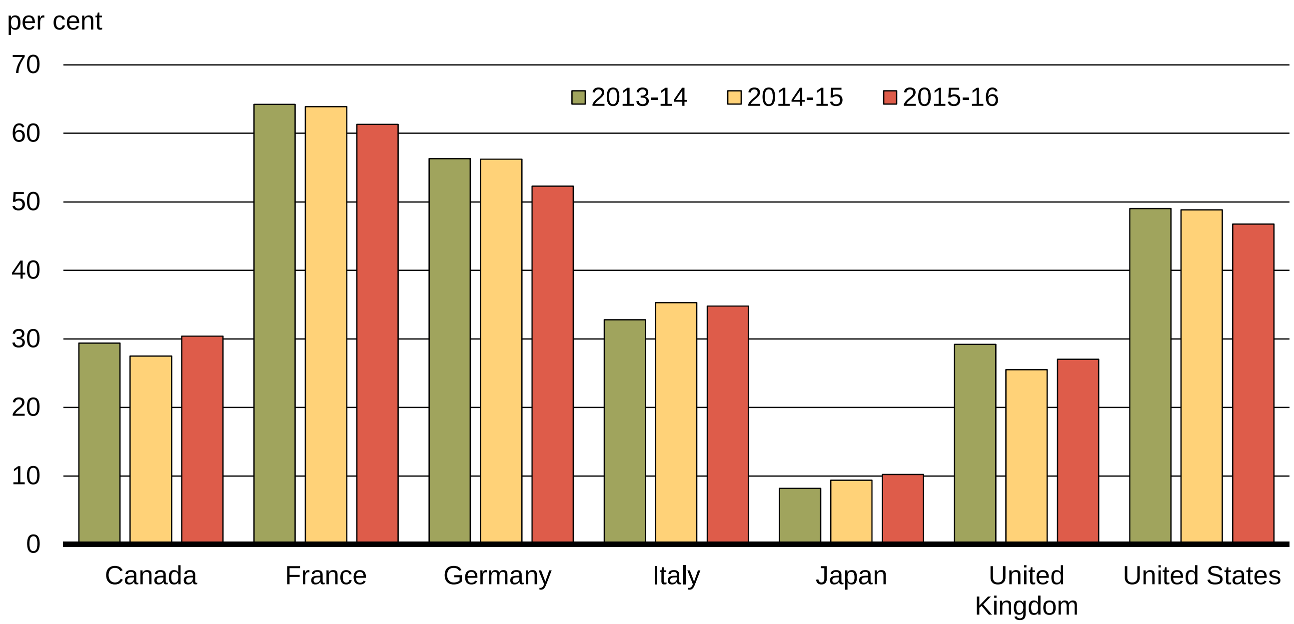
Distribution of Holdings of Government of Canada Securities



Source: Statistics Canada.

Non-resident investors held just over 30 per cent of Government of Canada marketable securities,[8] up almost 3 percentage points from 2014–15. This level of non-resident holdings of Government of Canada debt remains in the mid to low range compared to other sovereigns in the G7 (see Chart 11).

Chart 11
Percentage of Total Marketable Debt of G7 Countries Held by Non-Residents



Sources: Statistics Canada, L'Agence France Trésor, Bundesbank, Bancaimi (Italy Central Bank), Ministry of Finance Japan, United Kingdom Debt Management Office, United States Department of Treasury.

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 markets. In November 2014, the 2015–16 debt management strategy consultations were held with nearly 50 organizations. The consultations sought the views of market participants on the functioning of Government of Canada treasury bill and bond markets, and on the terms of participation in auctions.

In general, market participants reported that Government of Canada securities markets continued to function well, with strong demand across the yield curve. That said, market participants noted that larger benchmark bond sizes could alleviate some of the tightness seen in the repo market for Government of Canada securities. More details on the subjects of discussion and views expressed during the 2015–16 debt management strategy consultations are available on the Bank of Canada's website.[9]

8 Data on foreign holdings of both Canadian-dollar-denominated and foreign currency instruments issued by the Government of Canada is collected by Statistics Canada from the Bank of Canada on new issues and through monthly and quarterly questionnaires of market participants on cross-border transactions.

9 See www.bankofcanada.ca/2015/04/2015-16-debt-management-strategy-consultations/.

Maintaining a well-functioning securities distribution system: As the Government's fiscal agent, the Bank of Canada distributes Government of Canada marketable bills and bonds by 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.[10]

Quick turnaround times enhance the efficiency of the auction and buyback process, and encourage participation by reducing market risk for participants. In 2015–16, the turnaround time for treasury bill and bond auctions averaged 2 minutes 5 seconds. Buyback operations averaged 2 minutes 15 seconds. Both of these times were longer than the averages in 2014–15, which were 1 minute 48 seconds and 1 minute 43 seconds, respectively.[11]

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.

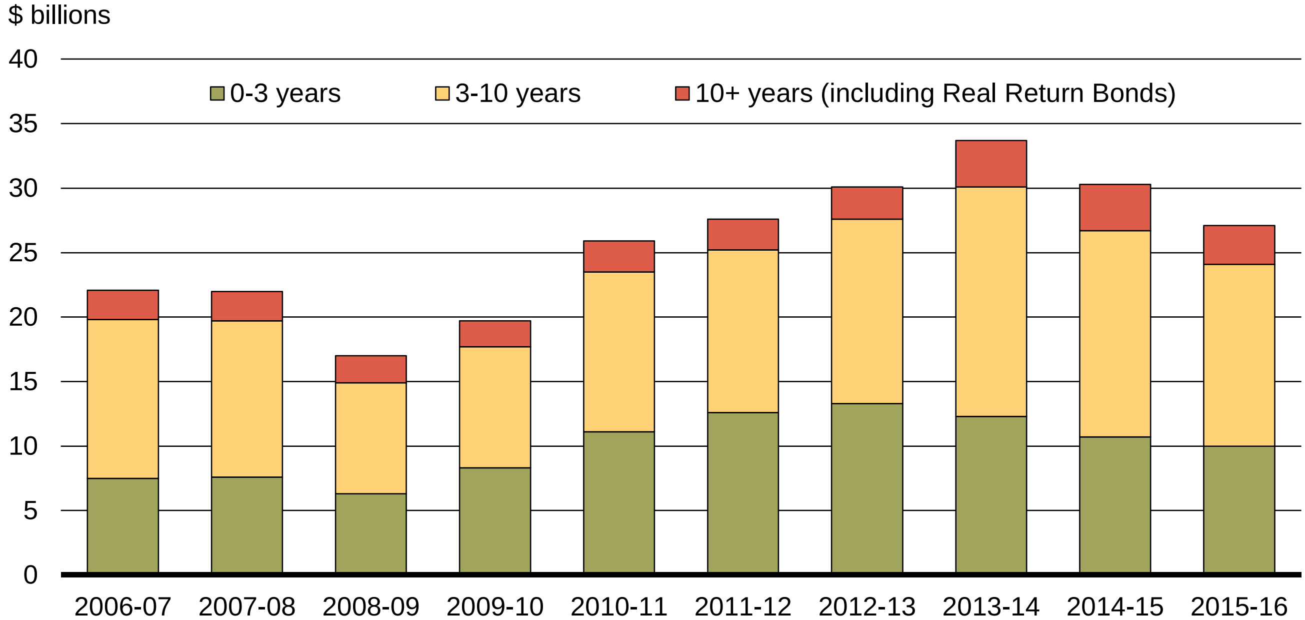
Turnover ratio, which is the ratio of securities traded relative to the amount of securities outstanding, measures market depth. High turnover implies that a large amount of securities changes hands over a given period of time.

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

11 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.

The average daily trading volume in the secondary market for Government of Canada bonds during 2015–16 was $27.1 billion, a decrease of $3.2 billion from 2014–15 (see Chart 12).

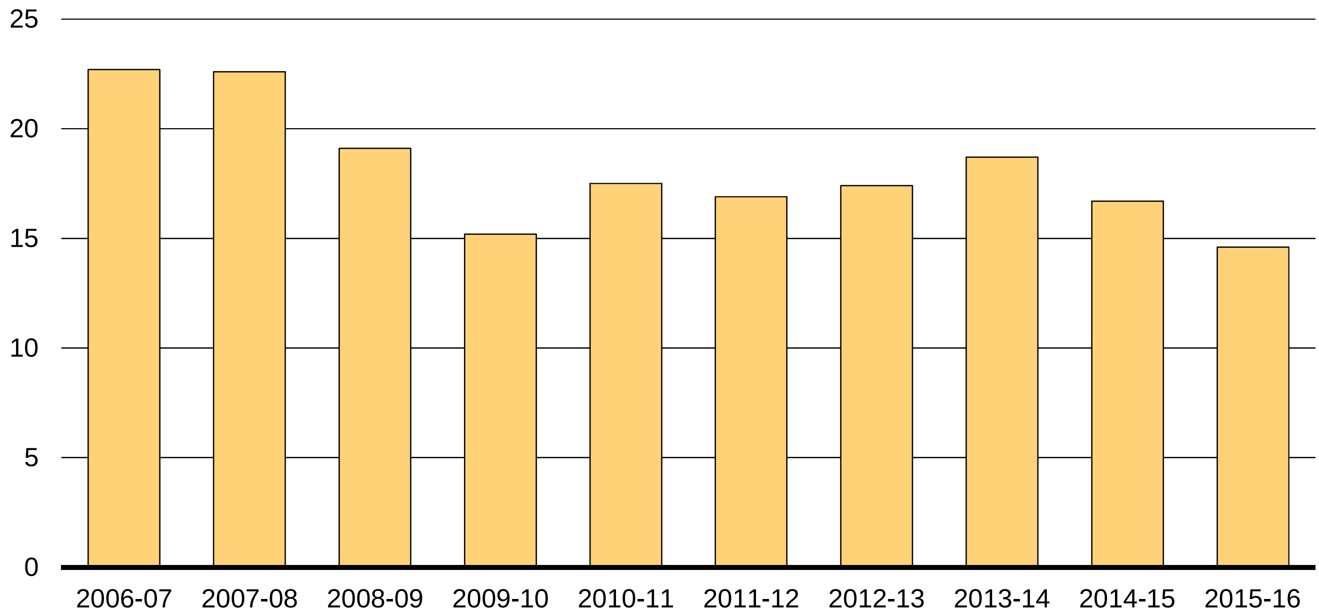
Chart 12
Government of Canada Bond Average Daily Trading Volumes



Source: Bank of Canada.

The annual debt stock turnover ratio in the Government of Canada secondary bond market was 14.6 in 2015–16, the lowest level in the past 10 years (see Chart 13).

Chart 13
Annual Turnover Ratio for Government of Canada Bonds



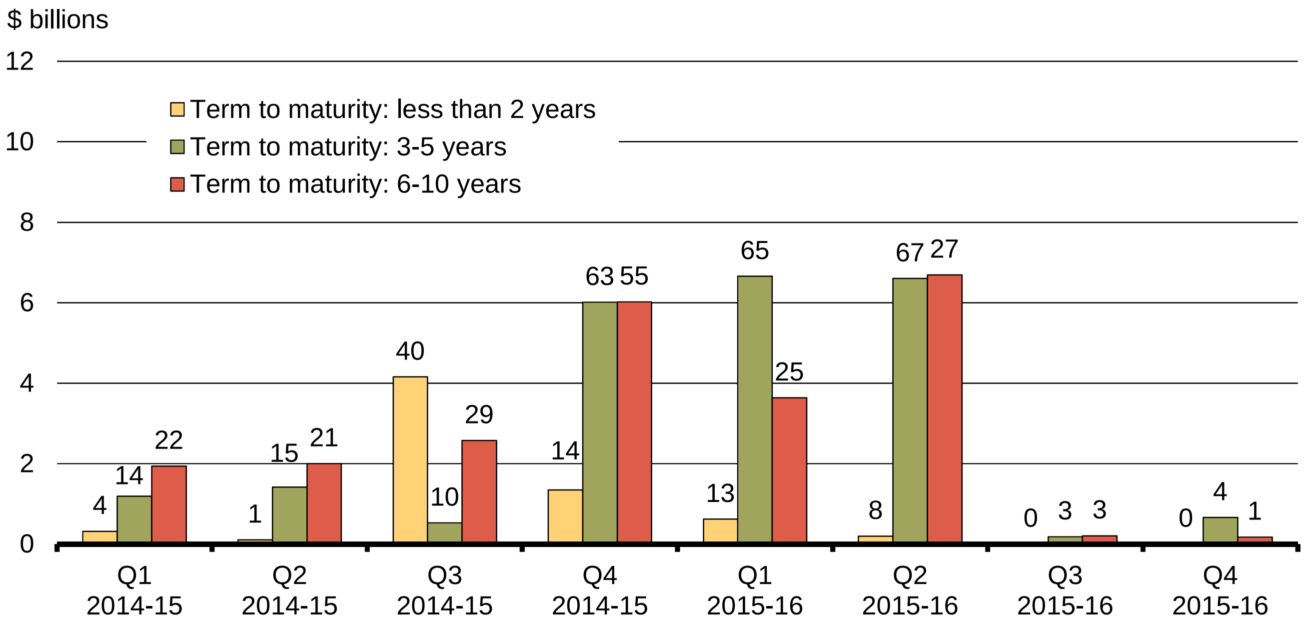
Note: Turnover ratio is total trading volume in each calendar year/average stock.
Source: Bank of Canada.

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 is triggered when market pricing for Government of Canada bonds and bills moves beyond a specified point.[12]

[12] 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.

Throughout 2015–16, the markets for a number of Government of Canada bonds continued to experience tightness, particularly 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 in a repurchase agreement between two parties) 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 216 securities-lending operations in 2015–16, compared to 288 operations in 2014–15 (see Chart 14).

Chart 14
Securities Lending Operations



Source: Bank of Canada.

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).[13]

In 2015–16, there was one regular bond buyback on a switch basis. This operation involved the exchange of an off-the-run bond for another bond that will become the 30-year benchmark. The switch operation amounted to $656 million at par value, which was $142 million higher than the switch operation that occurred in 2014–15. There were no regular bond buybacks on a cash basis in 2015–16.

[13] 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.

Part III
Report on the 2015–16 Debt Program

In 2015–16, 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 high-quality sovereign debt securities, and Canada's strong fiscal and economic position.

Domestic Marketable Bonds

Bond Program

In 2015–16, gross bond issuance was $92.4 billion (including issuance through switch buybacks), about $6.2 billion lower than the $98.6 billion issued in 2014–15. Gross issuance consisted of $90.2 billion in nominal bonds (including switch operations) and $2.2 billion in Real Return Bonds (see Table 4). When taking into account net issuance and maturities, the stock of outstanding bonds increased by $16.2 billion to $504.1 billion, as at March 31, 2015.

Table 4
Annual Bond Program Operations
$ billions

	2011–12	2012–13	2013–14	2014–15	2015–16
Nominal	95.3	92.6	84.5	96.0	89.8
Nominal (switch)	2.4	0.8	0.8	0.4	0.4
Real Return Bonds	2.2	2.2	2.2	2.2	2.2
Total gross issuance	99.9	95.6	87.5	98.6	92.4
Cash buyback	-3.0	-0.4	0.0	0.0	0.0
Switch buyback	-3.0	-1.1	-1.0	-0.5	-0.4
Total buyback	-5.9	-1.5	-1.0	-0.5	-0.4
Net Issuance	94.0	94.1	86.5	98.1	92.0

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 2015–16 continued to be well-covered across all sectors, but were below 5-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. Average auction tails were at or below the 5-year average across all maturities in 2015–16, with the exception of the auction tail for the 30-year sector, which was only slightly above the 5-year average (see Table 5). A total of 28 nominal bond auctions were conducted in 2015–16, 4 fewer than in 2014–15.[14]

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	2015–16	0.19	n/a	0.32	0.42	0.38	n/a
	5-year average	0.22	0.30	0.32	0.47	0.33	n/a
Coverage	2015–16	2.53	n/a	2.43	2.41	2.46	2.55
	5-year average	2.70	2.74	2.61	2.53	2.66	2.59

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. Tail and coverage ratio were calculated as the weighted averages, where the weight assigned to each auction equals the percentage total allotment in the auction's issuance sector.

Source: Bank of Canada.

Participation at Domestic Bond Auctions

In 2015–16, primary dealers (PDs) were allotted 60 per cent of auctioned nominal debt securities and customers were allotted 22 per cent (see Table 6).[15] In aggregate, the 10 most active participants were in total allotted 79 per cent of these securities. Primary dealers' share of the Real Return Bond allotments decreased considerably from 55 per cent in 2014–15 to 23 per cent in 2015–16, while over the same period customers' allocations increased from 44 per cent to 77 per cent.

[14] Tails are not calculated for Real Return Bond 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).

[15] Numbers in text include Bank of Canada allotment. 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]

Participant type	2011–12 ($ billions)	2011–12 (%)	2012–13 ($ billions)	2012–13 (%)	2013–14 ($ billions)	2013–14 (%)	2014–15 ($ billions)	2014–15 (%)	2015–16 ($ billions)	2015–16 (%)
Nominal bonds										
PDs	66	84	61	83	54	79	62	84	54	73
Non-PD GSDs	0	0	2	3	6	9	2	3	0	0
Customers	12	15	12	16	7	10	10	14	20	27
Top 5 participants	52	55	50	54	51	60	60	65	47	57
Top 10 participants	77	80	73	79	70	83	83	90	71	86
Total nominal bonds issued	95		93		85		74		74	
Real Return Bonds										
PDs	1	37	1	36	1	40	1	55	1	23
Non-PD GSDs	0	0	0	0	0	0	0	0	0	0
Customers	1	62	1	64	1	60	1	44	2	77
Top 5 participants	1	48	1	59	1	53	1	54	2	52
Top 10 participants	2	69	2	80	2	77	2	76	2	75
Total Real Return Bonds issued	2		2		2		2		2	

Note: Numbers may not add due to rounding.

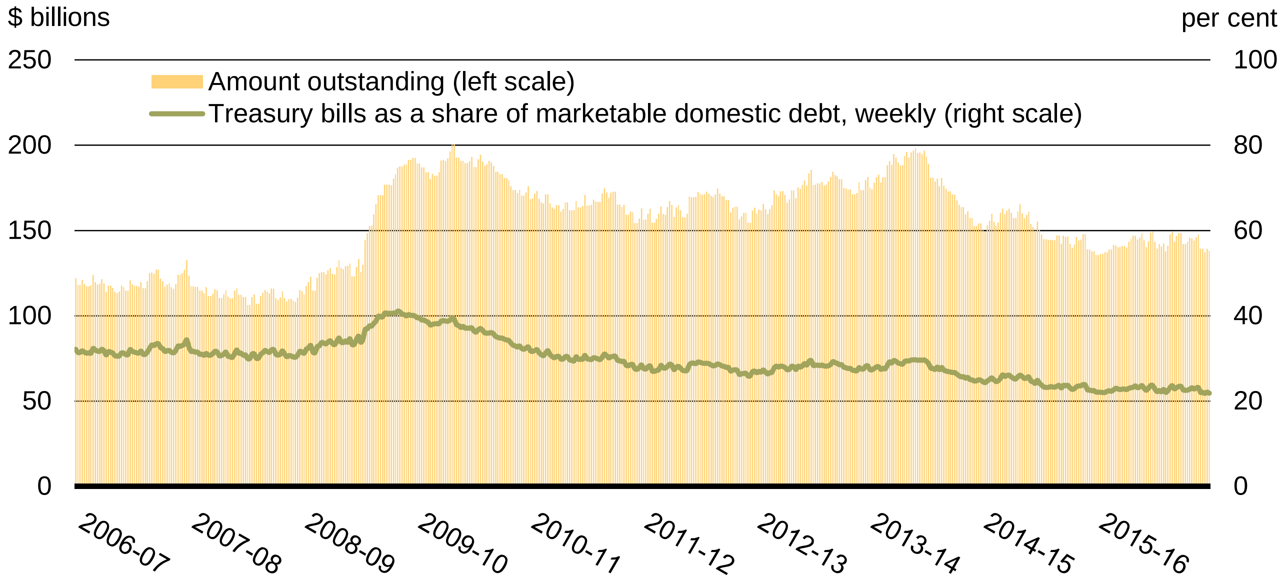
[1] Not including Bank of Canada allotment.

Source: Bank of Canada.

Treasury Bills and Cash Management Bills

During 2015–16, $300.0 billion in 3-, 6- and 12-month treasury bills were issued, a decrease of $4.5 billion from the previous year. There were also 24 cash management bill operations for a total of $57.5 billion in 2015–16, compared to 28 operations and a total of $62.7 billion in 2014–15. Together, treasury bill and cash management bill issuance totalled $357.5 billion. As at March 31, 2016, the combined treasury and cash management bill stock totalled $138.1 billion, an increase of $2.4 billion from the end of 2014–15 (see Chart 15).

Chart 15
Treasury Bills Outstanding and as a Share of Marketable Domestic Debt



Source: Bank of Canada.

In 2015–16, all treasury bill and cash management bill auctions were fully covered. Coverage ratios for treasury bill auctions in 2015–16 were lower than the 5-year average (see Table 7).

Table 7

Performance at Treasury Bill and Cash Management Bill Auctions

		3-month	6-month	12-month	Cash management bills
Tail	2015–16	0.51	0.58	0.40	1.96
	5-year average	0.40	0.39	0.38	1.28
Coverage	2015–16	1.94	2.21	2.23	2.17
	5-year average	2.19	2.49	2.51	2.44

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. Tail and coverage ratio were calculated as the weighted averages, where the weight assigned to each auction equals the percentage total allotment in the auction's issuance sector.

Source: Bank of Canada.

Participation at Treasury Bill Auctions

In 2015–16, the share of treasury bills allotted to primary dealers increased by 1 percentage point to 85 per cent, while the share allotted to customers decreased by 1 percentage point to 15 per cent (see Table 8). The 10 most active participants were in total allotted 87 per cent of these securities.

Table 8

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

Treasury Bills

Participant type	2011–12		2012–13		2013–14		2014–15		2015–16	
	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)	($ billions)	(%)
PDs	271	78	279	75	274	78	307	84	225	85
Non-PD GSDs	7	2	10	3	4	1	0	0	0	0
Customers	68	20	84	23	75	21	60	16	39	15
Top 5 participants	206	60	236	63	221	63	230	63	217	72
Top 10 participants	292	85	308	83	301	85	310	85	264	87
Total treasury bills issued	339		373		353		367		264	

Note: Numbers may not add due to rounding.

1 Including 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 in 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 $82.2 billion as at March 31, 2016 from $77.7 billion as at March 31, 2015. The change comprised a $4.9 billion increase in EFA assets and a $399 million decrease in the reserve position in the IMF. EFA assets, which totalled $79.8 billion as at March 31, 2016, were held at a level that is consistent with the Government's commitment to maintain holdings of liquid foreign exchange reserves at or above 3 per cent of GDP. EFA assets are composed primarily of the debt securities of highly rated sovereigns, agencies and supranational organizations that borrow on public markets.

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. As at March 31, 2016, Government of Canada cross-currency swaps outstanding stood at US$53.1 billion (par value).

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 US$ millions

	March 31, 2016	March 31, 2015	Change
Swapped domestic issues	53,076	47,036	6,040
Global bonds	11,776	11,650	126
Canada bills	2,125	2,991	-866
Euro medium-term notes	1,221	961	260
Canada notes	650	400	250
Total	68,848	63,038	5,810

Note: Liabilities are stated at the exchange rates prevailing on March 31, 2016.

As at March 31, 2016, the Government of Canada had four global bonds outstanding. 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, 2016

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$3.5 billion	1.658	5	1.625	US	11.0	LIBOR - 1.0

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

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 its foreign exchange reserves. 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 British pound sterling, using either a US or EMTN prospectus. During 2015–16, US$500 million of MTNs were issued in US dollars and euros at various terms at an average funding cost equivalent to 3-month US$ LIBOR less 1 basis point.

Table 11

Government of Canada Medium-Term Notes Outstanding, as at March 31, 2016

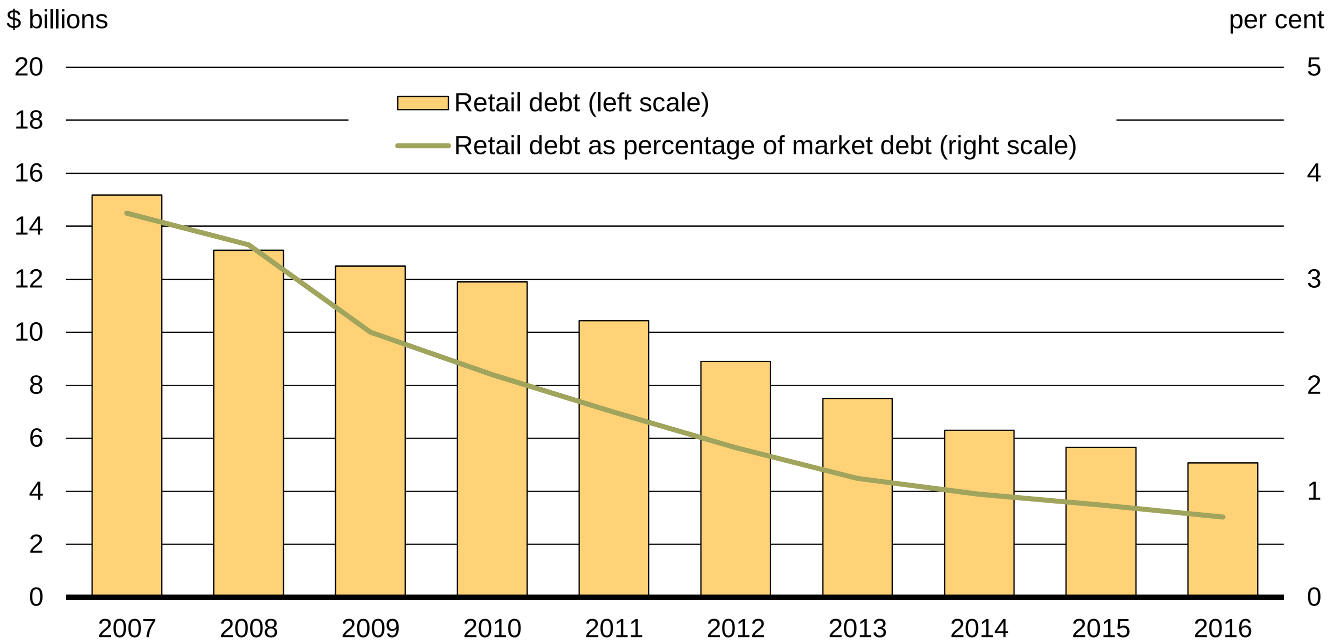
Date of issuance	Date of maturity	Market	Amount	Yield	Term to maturity (years)	Fixed /floating	Interest rate basis	Index maturity	Spread over swap curve in relevant currency on issuance date (basis points)
10-Dec-2013	10-Dec-2019	Canada notes	US$50,000,000	1.86%	6	Fixed			LIBOR - 2
13-Dec-2013	13-Dec-2019	Canada notes	US$50,000,000		6	Floating	US$ LIBOR	3 month	LIBOR - 2
20-Dec-2013	20-Dec-2020	Canada notes	US$50,000,000	2.30%	7	Fixed			LIBOR + 0
27-Jan-2014	27-Jan-2017	Canada notes	US$400,000,000		3	Floating	US$ LIBOR	3 month	LIBOR - 8
19-Mar-2014	19-Mar-2020	EMTN	US$125,000,000		6	Floating	US$ LIBOR	3 month	LIBOR + 0
08-May-2014	08-May-2020	EMTN	US$125,000,000		6	Floating	US$ LIBOR	3 month	LIBOR + 0
10-Jun-2014	10-Jun-2020	Canada notes	US$100,000,000		6	Floating	US$ LIBOR	3 month	LIBOR - 2
10-Sep-2014	10-Sep-2020	Canada notes	US$250,000,000		6	Floating	US$ LIBOR	3 month	LIBOR - 2
15-Sep-2014	15-Sep-2020	Canada notes	US$50,000,000		6	Floating	US$ LIBOR	3 month	LIBOR - 3
15-Jan-2015	15-Jan-2021	EMTN	€150,000,000	0.15%	6	Fixed			6 month EURIBOR - 27.5
24-Aug-2015.	24-Aug-2021	Canada notes	US$50,000,000		6	Floating	US$ LIBOR	3 month	LIBOR + 0
25-Aug-2015	25-Aug-2019	Canada notes	US$50,000,000	1.454%	4	Fixed			LIBOR - 6
27-Aug-2015	27-Aug-2018	EMTN	US$250,000,000		3	Floating	US$ LIBOR	3 month	LIBOR - 10.5
10-Feb-2016	10-Feb-2020	Canada notes	US$150,000,000	1.276%	4	Fixed			LIBOR + 15

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

Retail Debt

In 2015–16, the level of outstanding Canada Savings Bonds and Canada Premium Bonds held by retail investors decreased from $5.7 billion to $5.1 billion. Retail debt represented around 0.8 per cent of total market debt as at March 31, 2016 (see Chart 16).

Chart 16
Evolution of Retail Debt Stock, as at March 31



Source: Bank of Canada.

Gross sales and redemptions were $1.5 billion and $2.1 billion, respectively, for a net reduction of $0.6 billion in the stock of retail debt (see Table 12).

Table 12
Retail Debt Gross Sales and Redemptions, 2015–16
$ billions

	Gross sales	Redemptions	Net change
Payroll	1.4	1.4	0.0
Cash	0.1	0.7	-0.6
Total	1.5	2.1	-0.6

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 money 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 a callable demand deposit held for the prudential liquidity plan.

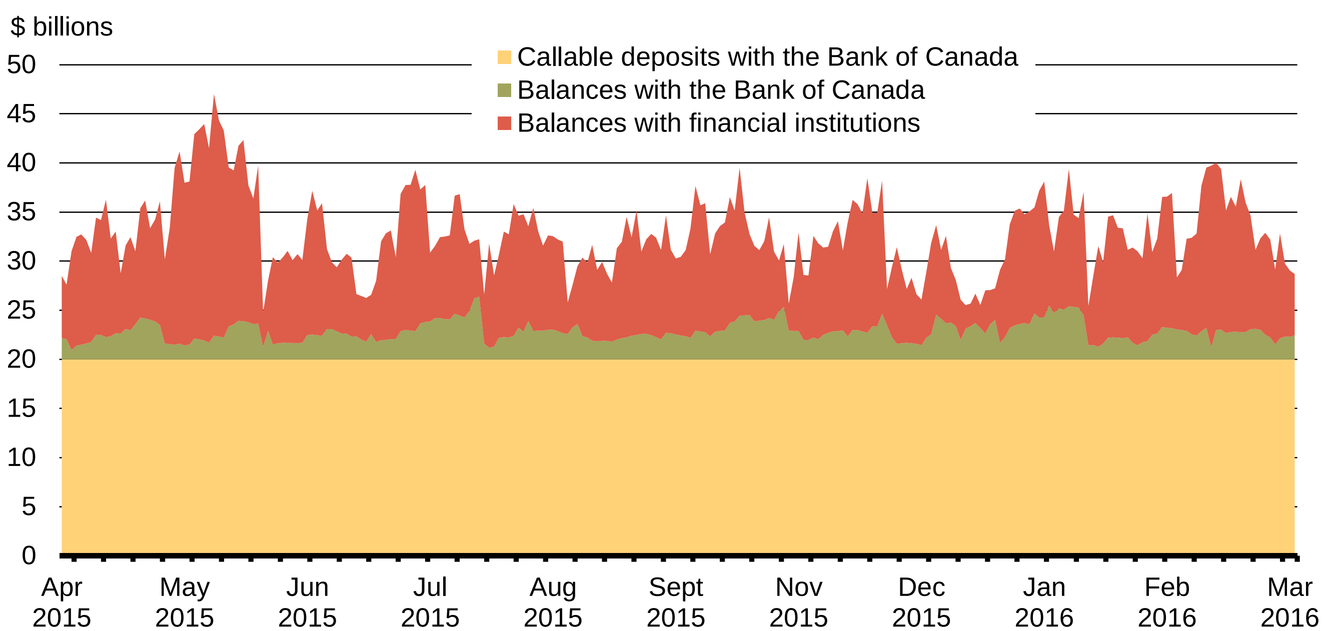
RG cash balances increased by $1.1 billion to $28.7 billion by the end of 2015–16 (see Table 13 and Chart 17).

Table 13
Daily Liquidity Position
$ billions

	March 31, 2015	March 31, 2016	Average	Net change
Callable deposits with the Bank of Canada	20.0	20.0	20.0	0.0
Balances with the Bank of Canada	1.5	2.5	2.0	1.0
Balances with financial institutions	6.2	6.2	6.2	0.0
Total	27.6	28.7	28.2	1.1

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

Chart 17
Daily Liquidity Position for 2015–16



Source: Bank of Canada.

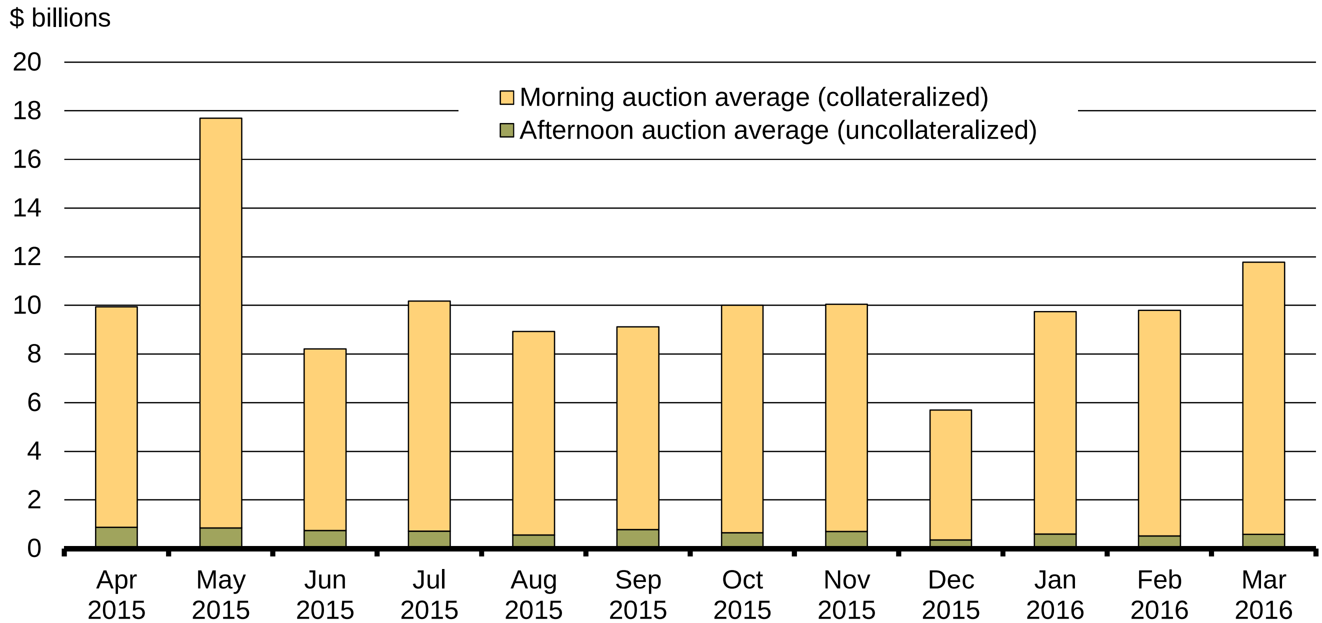
Investment of Receiver General Cash Balances

RG cash balances are invested in a prudent and cost-effective manner via short-term deposits allocated through auctions to chartered banks and other financial institutions. 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. Roughly 90 per cent of daily RG cash balances are auctioned off in the morning auction while the remaining 10 per cent are auctioned off in the afternoon auction. 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.

The morning auction is fully collateralized, which reduces the Government's exposure to counterparty credit risk. The afternoon auction remains completely uncollateralized as the auction process typically takes place late in the day and, as a result, operational constraints do not allow for collateralization before day's end (see Chart 18).

Chart 18

Allocation of Cash Balances for Receiver General Auctions (Average of Daily Balances for Each Month of 2015–16 Fiscal Year)



Source: Bank of Canada

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 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 2015–16, treasury bill yields traded predominantly below the overnight rate, resulting in a gain of carrying cash of $2.2 million for the fiscal year, compared to a gain of $3.2 million in 2014–15 and a loss of $0.8 million in 2013–14.

Cash Management Bond Buyback Program

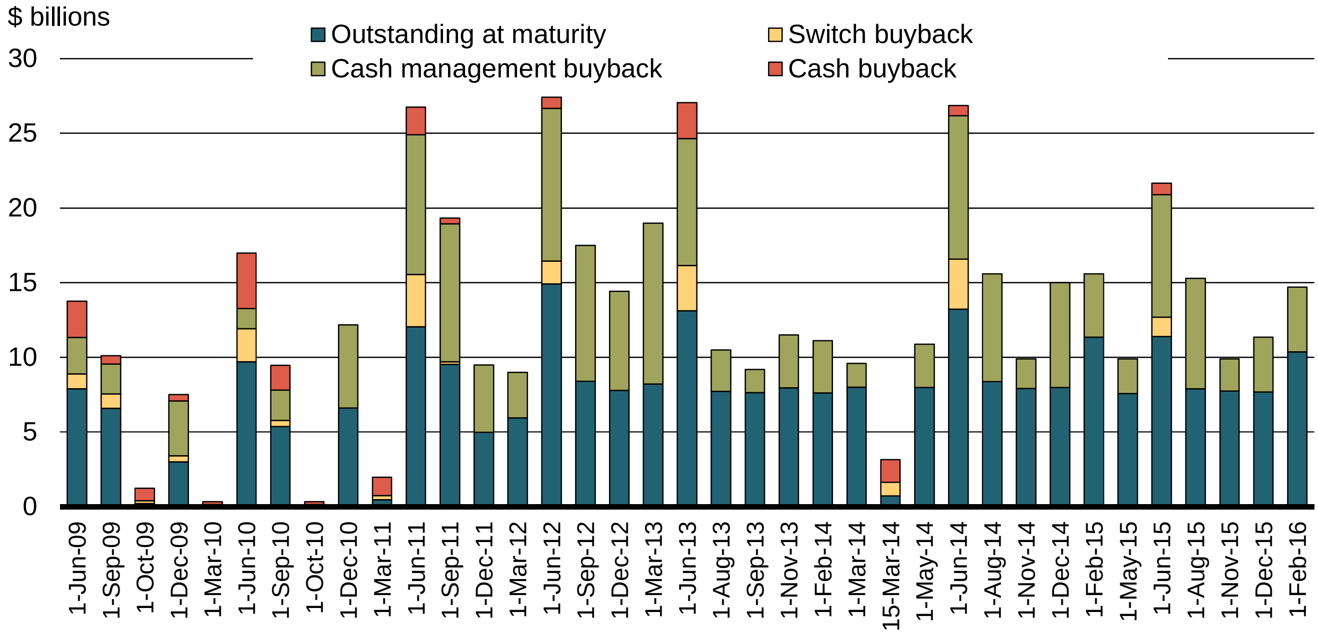
The cash management bond buyback (CMBB) program helps manage cash requirements by reducing the high levels of cash balances needed for key maturity and coupon payment dates. The program also helps smooth variations in treasury bill auction sizes over the year and reduce rollover risk. Securities targeted 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 2015–16, the total amount of bonds repurchased through the CMBB program was $24.0 billion, compared to $27.3 billion in 2014–15. With the maximum amount of CMBBs allowed for these years being $35.0 billion and $33.5 billion respectively, the program had a success rate of 68.4 per cent for 2015–16 and 82 per cent for 2014–15. Overall, the CMBB program, together with the switch buyback and cash buyback programs, has contributed to reducing the size of the 2015 May 1, June 1, August 1, November 1 and December 1, as well as the 2016 February 1, bond maturities by about 28 per cent, from a total of $73.3 billion outstanding when first targeted by the program to $52.6 billion outstanding at time of maturity.

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, 2013, 2014 and 2015 (see Chart 19).

Chart 19

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 Canada 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
Retail Debt Evaluation[1]	2015

[1] Available on the Department of Finance Canada 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

The fundamental objective of debt management is to raise stable and low-cost funding to meet the needs of the Government of Canada. Achieving stable, low-cost funding involves striking a balance between debt costs and various risks in the debt structure, which is mostly achieved through the deliberate allocation of issuance between various debt instruments. An associated objective of debt management is to maintain a well-functioning market in Government of Canada securities, which benefits 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 significant policy measures that have been taken to achieve stable, low-cost funding and ensure a well-functioning Government of Canada securities market.

Measure	Year
Discontinued 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 framework for the 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
Introduced ultra-long bond issuance	2014
Discontinued 3-year issuance	2015
Increased benchmark target range sizes in the 2- and 5-year sectors	2015

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: 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 Real Return Bonds 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.

ultra-long bond: A bond with a maturity of 40 years or longer.

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
2015	649.5	15.7	123.6	234.8	1,023.6
2016	669.7	18.5	127.9	243.5	1,059.6

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
2015	1,023.6	336.7	687.0	74.6	612.3	26.6
2016	1,059.6	365.8	693.8	77.8	616.0	25.6

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
2015	135.7	487.9	5.7	0.0	629.2
2016	138.1	504.1	5.1	0.0	647.2

[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
2015	3.8	14.8	1.2	0.5	0.0	0.0	20.3
2016	4.7	15.3	0.7	1.2	0.0	0.0	22.5

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
2015	629.2	20.3	-0.4	649.5	2.3
2016	647.2	22.5	-0.1	669.7	2.0

[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 6.2 and table 6.3 of the *Public Accounts of Canada 2016*.

Reference Table III

Issuance of Government of Canada Domestic Bonds

$ billions

	Gross issuance								Buybacks			
	Nominal[1]						Real Return Bonds					
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
2014–15	38.4	16.2	20.4	13.3	4.6	92.9	2.2	95.1	0.0	-0.5	-0.5	94.6
2015–16	50.2		26.8	10.0	3.2	90.2	2.2	92.4	0.0	-0.4	-0.4	92.0

[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, 2016

Fixed-coupon bonds

Maturity date	Amount ($ millions)	Coupon rate (%)
1-May-2016	7,979	1.00
1-Jun-2016	7,398	2.00
1-Jun-2016	7,279	4.00
1-Aug-2016	14,072	1.00
1-Sep-2016	7,917	2.75
1-Nov-2016	8,782	1.00
1-Feb-2017	14,168	1.50
1-Mar-2017	9,597	1.50
1-May-2017	10,018	0.25
1-Jun-2017	9,231	4.00
1-Aug-2017	19,100	1.25
1-Sep-2017	10,200	1.50
1-Nov-2017	13,400	0.25
1-Feb-2018	19,200	1.25
1-Mar-2018	10,200	1.25
1-May-2018	11,100	0.25
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-Sep-2019	10,200	1.75
1-Mar-2020	10,200	1.50
1-Jun-2020	13,100	3.50
1-Sep-2020	13,000	0.75
1-Mar-2021	13,800	0.75
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	13,800	2.50
1-Jun-2025	13,100	2.25
1-Jun-2025	2,303	9.00
1-Jun-2026	7,500	1.50
1-Jun-2027	4,036	8.00
1-Jun-2029	10,950	5.75
1-Jun-2033	12,796	5.75
1-Jun-2037	13,517	5.00
1-Jun-2041	15,693	4.00
1-Dec-2045	16,400	3.50
1-Dec-2048	7,800	2.75
1-Dec-2064	3,500	2.75
Fixed-coupon bonds—total	**451,827**	

Real Return Bonds

Maturity date	Amount ($ millions)	Coupon rate (%)	Inflation adjustment ($ millions)	Outstanding amount ($ millions)
1-Dec-2021	5,175	4.25	2,723	7,898
1-Dec-2026	5,250	4.25	2,329	7,579
1-Dec-2031	5,800	4.00	2,247	8,047
1-Dec-2036	5,850	3.00	1,352	7,202
1-Dec-2041	6,550	2.00	917	7,467
1-Dec-2044	7,700	1.50	745	8,445
1-Dec-2047	5,500	1.25	156	5,656
Real Return Bonds—total	**41,825**		**10,469**	**52,294**

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.

Source: Bank of Canada.

Reference Table V

Government of Canada Cross-Currency Swaps Outstanding, as at March 31, 2016

CAD$ millions

	Swaps of domestic obligations				Swaps of foreign obligations	
Maturity date	USD	EUR	JPY	GBP	USD	Total
2016	1,981	2,483	154	0		4,617
2017	3,606	1,485	0	0		5,091
2018	5,130	2,069	115	0		7,314
2019	2,422	1,478	602	1,807		6,309
2020	7,711	1,099	0	616		9,426
2021	4,413	4,278	0	0		8,691
2022	5,412	488	0	0		5,900
2023	8,399	517	0	159		9,075
2024	5,514	1,914	0	243		7,670
2025	1,981	281	0	4,466		6,727
2026	325	148	0	364		836
Total	46,891	16,238	872	7,653		71,654

Notes: Foreign currency swaps converted to Canadian dollars using Bank of Canada closing exchange rates as of March 31, 2016. Table does not include $209.8 million in foreign exchange swaps and $4,641.2 million in foreign exchange forwards that were outstanding as at March 31, 2016. Numbers may not add due to rounding.

Source: Department of Finance Canada.

Reference Table VI

Crown Corporation Borrowings, as at March 31

$ millions

Borrowings from the market	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Export Development Canada	15,533	16,743	26,925	23,001	22,033	24,141	26,613	36,393	41,985	46,687
Business Development Bank of Canada	8,256	8,025	2,354	1,488	897	658	648	507	305	253
Farm Credit Canada	12,182	9,624	3,949	1,765	1,293	913	691	615	669	762
Canada Mortgage and Housing Corporation	9,071	8,907	6,153	4,421	3,039	2,221	1,870	1,465	1,429	282
Canada Housing Trust[1]	96,547	127,566	160,664	180,440	199,238	213,251	212,639	205,113	207,544	217,392
Canada Post Corporation	61	58	93	90	1,051	1,051	1,051	1,051	1,051	997
Other	132	119	279	248	204	106	106	128	137	109
Total	141,782	171,042	200,417	211,453	227,755	242,341	243,617	245,272	253,120	266,482

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

Government's Loans and Advances in Enterprise Crown Corporations

$ millions

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business Development Bank of Canada	0	1,000	7,284	12,245	13,223	12,561	13,214	14,320	15,676	16,942
Canada Mortgage and Housing Corporation[1]	4,651	4,393	61,863	72,262	69,569	66,595	63,123	21,173	10,708	10,531
Farm Credit Canada	0	3,840	11,450	15,931	17,558	19,326	21,174	22,029	22,691	23,438
Other	98	134	139	132	122	92	90	149	333	340
Total	**4,749**	**9,367**	**80,736**	**100,570**	**100,472**	**98,574**	**97,602**	**57,670**	**49,408**	**51,251**

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

Source: *Public Accounts of Canada*.