



Les Ponts Jacques Cartier et Champlain Incorporée
The Jacques Cartier and Champlain Bridges Incorporated

Canada



ANNUAL REPORT
1998 - 1999

MISSION OF THE CORPORATION



To provide the public with a safe and efficient transit across the Jacques Cartier, the Champlain and the Honoré-Mercier Bridges, along the Bonaventure Autoroute and through the Melocheville Tunnel, structures situated in the Greater Montreal region.





Les Ponts Jacques Cartier et Champlain Incorporée
The Jacques Cartier and Champlain Bridges Incorporated

May 31, 1999

The Honorable David Collenette, P.C., M.P.
Minister of Transport

Dear Minister:

In accordance with the provisions of Section 150 of the *Financial Administration Act*, I am pleased to submit the Annual Report of *The Jacques Cartier and Champlain Bridges Incorporated* for the fiscal year ended March 31, 1999.

It is with great pleasure that I am informing you that, in conformity with its objectives of maintaining the structures under its responsibility in good condition, the Corporation has successfully undertaken during the period major maintenance projects amounting to \$14.791 million while providing a safe and efficient transit for more than 121 million users. The Corporation is preparing a major project to replace the deck on the Jacques Cartier Bridge. A schedule has been prepared targeting work on the bridge for 2001 and 2002.

During 1998-99, the Government passed the *Canada Marine Act* which provided for the dissolution of the Corporation's then parent-company, *The St. Lawrence Seaway Authority*. Effective October 1, 1998, the Corporation became a wholly-owned subsidiary of *The Federal Bridge Corporation Limited*, a new Crown corporation named in Part 1 of Schedule III to the *Financial Administration Act*. Concurrently, the administration and control of the Honoré-Mercier Bridge and the Melocheville Tunnel were transferred to the Corporation. These changes will provide the Corporation with new opportunities and challenges as it enters the new millennium.

The Annual Report also contains the financial statements of the Corporation for the fiscal year ending March 31, 1999, as audited by the Auditor General of Canada.

Yours truly,

Michel Fournier
President

Canada

PRESIDENT'S MESSAGE



During the 1997-98 fiscal year, the Government introduced Bill C-9, a new version of the *Canada Marine Act* which provided for the dissolution of the St. Lawrence Seaway Authority, parent company of The Jacques Cartier and Champlain Bridges Incorporated since 1978. It also provided for the transfer of the operations of the Seaway to a new not-for-profit organization, The St. Lawrence Seaway Management Corporation.

The Bill provided that, on the dissolution of the St. Lawrence Seaway Authority, all shares of its subsidiaries were to be transferred and held by the Minister of Transport on behalf of Her Majesty in right of Canada. From a subsidiary of The St. Lawrence Seaway Authority, The Jacques Cartier and Champlain Bridges Incorporated would have become a parent Crown corporation named in Part 1 of Schedule III to the *Financial Administration Act*.

Subsequently, however, a decision was taken to transfer the shares of the Corporation to a new parent crown corporation named in Part 1 of Schedule III to the *Financial Administration Act*. The *Canada Marine Act* was passed in 1998-99 and, effective October 1, 1998, The Jacques Cartier and Champlain Bridges Incorporated became a wholly owned subsidiary of The Federal Bridge Corporation Limited headquartered in Ottawa, Ontario.

Concurrently, on that date, the operation, maintenance and administration of the Honoré-Mercier Bridge and the Melocheville Tunnel, two (2) non-navigational structures previously administered by The St. Lawrence Seaway Authority and situated on the south shore of the St. Lawrence River in the Montreal region were transferred to the Corporation. These changes represent new challenges for the Corporation.

During the current 1998-99 period, the Corporation has successfully undertaken major maintenance projects amounting to more than \$14.791 million. In conformity with its commitment to providing the public with an efficient service, the Corporation carried out repairs while minimizing their impact on traffic. New traffic counts were obtained last fall and revealed that yearly vehicular transits amount to approximately 48 million on the Champlain Bridge and Bonaventure Autoroute, 41 million on the Jacques Cartier Bridge, 28 million on the Honoré-Mercier Bridge and 4 million in the Melocheville Tunnel.

Major maintenance work pertaining to the roadway and overpass repairs program, the bridge cleaning and painting program, the repairs to prestressed concrete beams, to steel structures and to piers programs were undertaken during the fiscal year.

An important project to replace the deck of the Jacques Cartier Bridge was under preparation pending government approval. The Corporation is presently reassessing the methods and costs to replace the deck. A new schedule has been prepared targeting work on the bridge for 2001 and 2002.

CORPORATE PROFILE

a) Legislative Authority

The Jacques Cartier and Champlain Bridges Incorporated was established under the *Canada Business Corporations Act* on November 3, 1978 and is a wholly-owned subsidiary of The Federal Bridge Corporation Limited which is a Crown Corporation named in Part 1 of Schedule III to the *Financial Administration Act*.

b) Organizational Structure

- **Board of Directors**

Michel Fournier
Yvon Bourget
Sylvie Lefebvre
Françoise Van Winden
Clément Côté

- **Management Committee**

Yvon Bourget
Sylvie Lefebvre
Françoise Van Winden

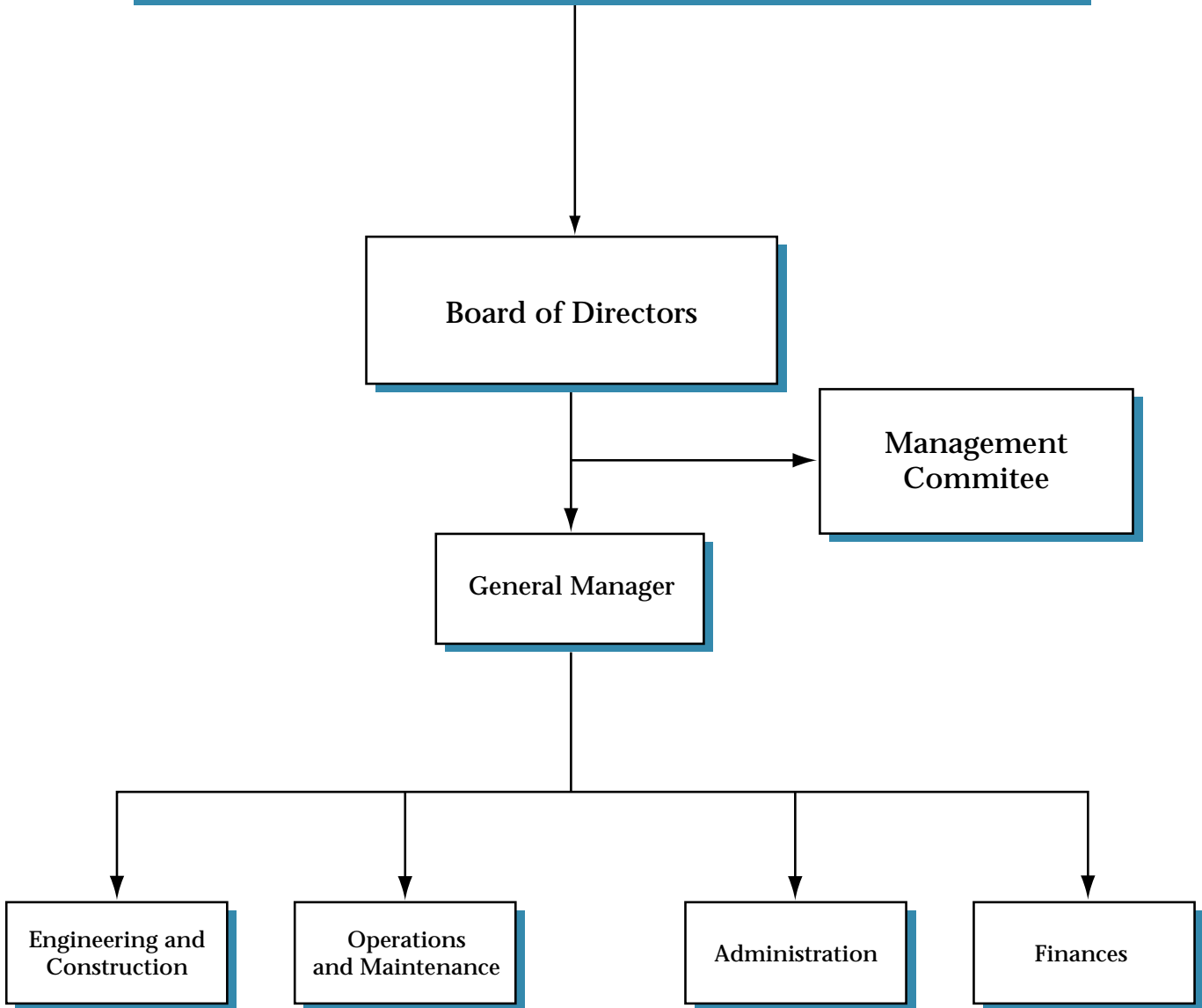
- **Audit Committee**

Yvon Bourget
Sylvie Lefebvre
Françoise Van Winden

- **Officers**

President	Michel Fournier
Vice-president	Yvon Bourget
General Manager	Glen P. Carlin
Counsel and Corporate Secretary	Sylvie Lefebvre
Treasurer	André Richer

The Jacques Cartier and Champlain Bridges Incorporated Organization Chart as at March 31, 1999



As at March 31, 1999, the Corporation had 37 permanent positions and 4 temporary positions, for a total of 41 positions.

MANDATE, HISTORY AND CURRENT ACTIVITIES

a) Mandate

The mandate of The Jacques Cartier and Champlain Bridges Incorporated is to operate and maintain the Jacques Cartier, the Champlain and the Honoré-Mercier bridges, the Bonaventure Autoroute and the Melocheville Tunnel by undertaking regular and major maintenance works and by providing the public with a safe and efficient transit across the structures.

b) History

Effective December 1, 1978, the Corporation assumed the responsibility for the operation, maintenance and administration of the Jacques Cartier Bridge, the Champlain Bridge and of a portion of the Bonaventure Autoroute. This responsibility had previously been assumed by the National Harbours Board.

Effective October 1, 1998, the Corporation also assumed the responsibility for the operation, maintenance and administration of the federally-owned portion of the Honoré-Mercier Bridge and the Melocheville Tunnel which had been previously assumed by The St. Lawrence Seaway Authority (now dissolved).

The Jacques Cartier Bridge

Opened to traffic on May 14, 1930 and officially inaugurated on May 24, 1930, the Harbour Bridge was renamed the Jacques Cartier Bridge in 1934 in honor of the explorer considered as the discoverer of Canada in 1534.

The bridge, of a steel construction with a reinforced concrete deck, has five (5) lanes of traffic. From Longueuil to Montreal, it measures approximately 3 kilometers. With a lane signalization system, traffic in the middle lane can be reversed in order to better accommodate peak traffic hours.



The main span, of a cantilever type, is situated approximately 66 meters above the surface of the St. Lawrence River thus allowing for the passage of vessels to the Port of Montreal. As for the section situated over the St. Lawrence Seaway, it is approximately 49 meters above the surface of the canal.

The Champlain Bridge and Bonaventure Autoroute

The Champlain Bridge, opened to traffic on June 29, 1962, was named in honor of the explorer Samuel de Champlain, founder of Quebec in 1608. The Bonaventure Autoroute, which is part of the north approach to the bridge, was opened to traffic on April 21, 1967.



MANDATE, HISTORY AND CURRENT ACTIVITIES

Linking the municipalities of Brossard and Verdun, the Champlain Bridge measures about 6 kilometers in length. It carries six (6) lanes of traffic separated by a median barrier. The main span is also cantilevered. It was built of steel and supports an orthotropic steel deck with a bituminous asphalt pavement. It provides approximately 49 meters of clearance above the surface of the St. Lawrence Seaway. The remainder of the bridge consists of prestressed concrete beams with a prestressed concrete deck covered with an asphalt pavement.



The Honoré-Mercier Bridge

Inaugurated on July 11, 1934, the Honoré-Mercier Bridge was named after The Right Honorable Honoré Mercier, Premier of the Province of Quebec from 1887 to 1891.



The bridge links the municipality of Ville La Salle on the Island of Montreal and the Kahnawake reservation on the south shore of the St. Lawrence River.

The operation, maintenance and administration of the bridge were initially entirely under the jurisdiction of the Province of Quebec. During the period 1958 to 1959, The St. Lawrence Seaway Authority had the south section of the bridge raised in order to allow the passage of ships through the Seaway. Hence the raised section of the bridge comes under federal jurisdiction. In 1963, the bridge was twinned to accommodate an increase in traffic.

The section of bridge under the Corporation's responsibility measures about 1.4 kilometers. The spans are constructed of steel and support a conventional concrete deck covered with a bituminous asphalt pavement.

The Melocheville Tunnel

The Melocheville Tunnel was built in 1956 during the construction of the Beauharnois Canal.

The tunnel consists of 18 caissons and 3 ventilation shafts. It is approximately 230 meters long and provides for one (1) lane of traffic in each direction to pass under the Beauharnois Canal in Melocheville, Quebec.

c) Current Activities

The structures under the responsibility of the Corporation are inspected on a regular basis and undergo detailed inspections by expert consultants on a yearly basis. Major maintenance work is planned based on the results of these inspections. The use of roadway deicing salt, harsh climatic conditions, and the ever increase in traffic contribute to the deterioration and aging

MANDATE, HISTORY AND CURRENT ACTIVITIES

of the structures. Consequently, annual major maintenance interventions are required.

On a total of \$17.180 million in maintenance expenses for the period 1998-99, the major maintenance program represents \$14.791 million, broken down as follows:

Repairs to piers	\$ 454,000
Repairs to steel structures	833,000
Cleaning and painting program	4,460,000
Repairs to prestressed concrete beams	646,000
Jacques Cartier Bridge deck (Engineering)	704,000
Roadways and overpasses	5,061,000
Others	2,633,000

Police services on the network of roadways and structures are provided by the Sûreté du Québec by virtue of a contract.

Since 1982, a reserved bus lane is present on the Champlain Bridge during rush hours. A provincial government agency, responsible for public transit, operates the reserved bus lane. Based on statistics provided by this agency, approximately 32,000 commuters use this lane every weekday.

Year 2000 project

During the period, the Corporation worked on a project for the installation of electronic variable message sign panels on the Jacques Cartier and Champlain bridges to highlight, among other things, the arrival of the year 2000.

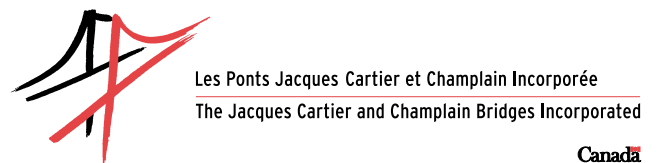
Year 2000 compliance

During the fiscal year, the Corporation examined its systems to ensure compliance with the year 2000 transition.

Measures have been taken to rectify problems uncovered.

New logo

The Corporation adopted the following new logo in 1998:



The aim of this new logo is to better reflect the Corporation's principal role of operating and maintaining federal bridge structures.

Highlights

On October 1, 1998, the Corporation became a wholly-owned subsidiary of The Federal Bridge Corporation Limited.

On that same date, the administration and control of the Honoré-Mercier Bridge and the Melocheville Tunnel were transferred to the Corporation.

THE YEAR IN REVIEW

a) Report on the 1998-99 General Objectives

In its 1998-99 Corporate Plan, the Corporation had identified the following three (3) objectives:

- (1) *To continue the implementation of ongoing maintenance programs to maintain the bridges and autoroute to acceptable and safe standards.*

The Corporation has, during 1998-99, implemented very important ongoing maintenance programs to achieve this objective. Work valued at \$14.791 million was undertaken on these structures during the period.

On the Jacques Cartier Bridge, of note, are the painting and structural steel repair contracts and miscellaneous engineering work pertaining to the deck replacement project.

On the Champlain Bridge and the Bonaventure Autoroute, the most important projects are the roadway and overpass rehabilitation, the prestressed concrete beam repairs, the deck repairs and the repairs to piers.



The Corporation submitted in fiscal 1997-98 a five (5) year rehabilitation program covering the period 1998-99 to 2002-03 to continue with its upgrading of the bridges and autoroute.

In 1998-99, a revised five (5) year major maintenance program covering the period 1999-00 to 2003-04 was submitted to the government for approval.

Excluding the Jacques Cartier Bridge deck replacement project, it amounts to \$141.911 million (in constant 1998-99 dollars).

- (2) *To replace the Jacques Cartier Bridge Deck.*

A revised Treasury Board submission was prepared in late 1998 to obtain approval to call tenders for a three (3) year turn-key deck replacement project for the Jacques Cartier Bridge.

Construction planning and engineering concepts were advanced in fiscal 1998-99. Assessments relating to feasibility and costs are ongoing. Construction on the bridge is planned to start in April 2001 and be completed in November 2002.

- (3) *Reorganize the administrative structure of the Corporation.*

A new computerized accounting program was implemented during the fiscal year to provide the Corporation with an up to date financial system to better respond to its present needs.

The Corporation continued to make use of specialized services provided by the private sector in the areas of management, engineering, legal services and public relations.

THE YEAR IN REVIEW

b) Financial Review

Revenues

Total revenues of \$821,809 are \$26,809 or 3.4% more than the \$795,000 shown in the budget. This favorable net increase is mostly due to higher than anticipated interest revenues during the period.

Expenses

The Corporation had originally budgeted total expenses amounting to \$24,183,000 for the 1998-99 fiscal year.

This amount, however, was further increased by \$1,304,000 to \$25,487,000 to reflect additional expenses anticipated during the period following the transfer to the Corporation of the Honoré-Mercier Bridge and the Melocheville Tunnel on October 1, 1998.

As at March 31, 1999, the Corporation registered total expenses of \$24,454,556 for 1998-99 which is \$1,032,444 or 4.1% less than the \$25,487,000 budgeted for the period.

Of this amount, however, a total of \$389,864 is the result of lower than anticipated expenses pertaining to the Honoré-Mercier Bridge and the Melocheville Tunnel during the period.

Capital Expenditures

Capital expenditures for the year amounted to \$119,168 compared to the \$173,000 budgeted for the same period. This is mostly due to the revision or deferment of certain projects to a subsequent period.

Parliamentary Appropriation

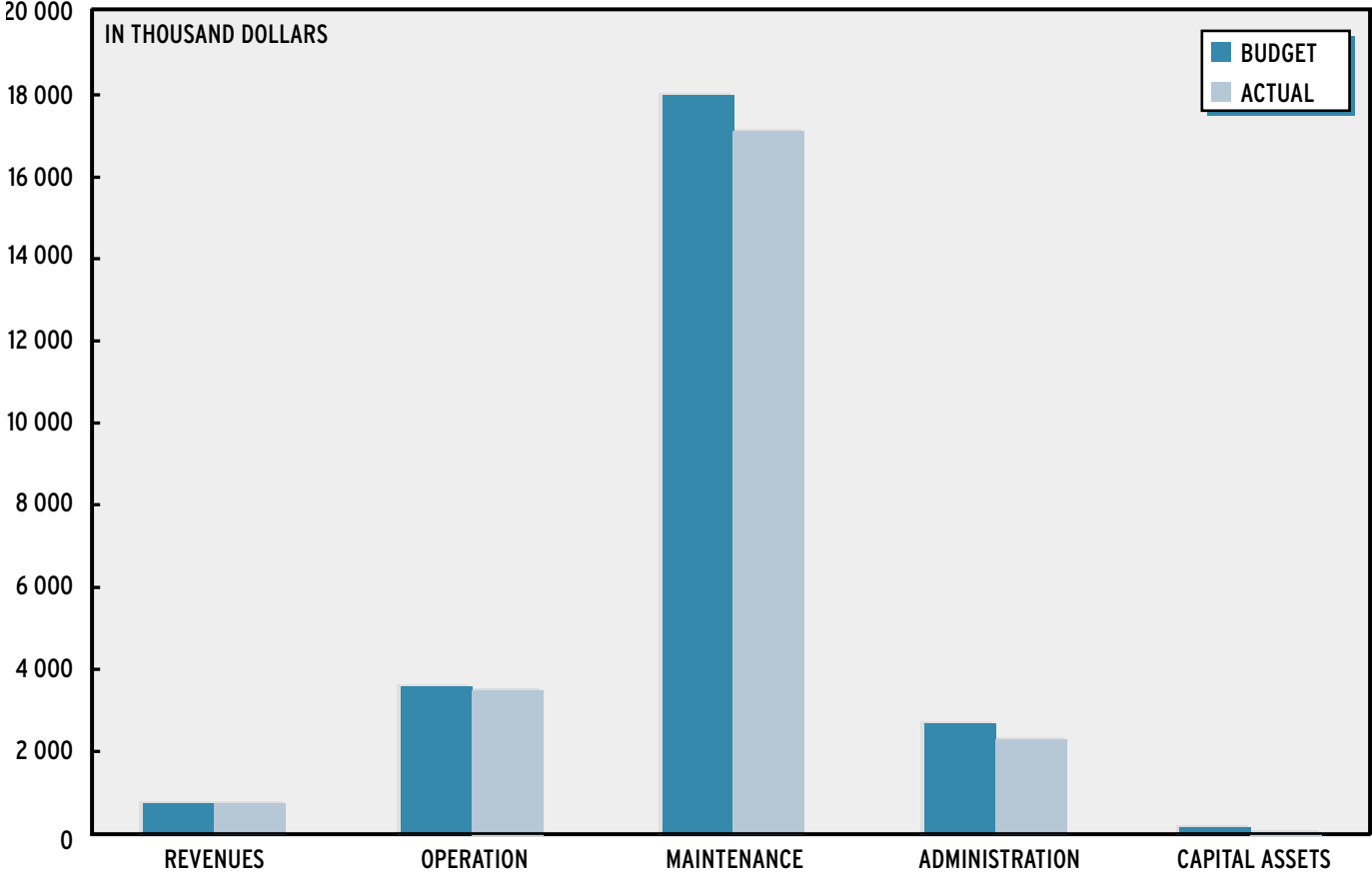
The approved Parliamentary Appropriation for the Corporation for the year 1998-99 originally amounted to \$22,407,000.

As previously mentioned, however, this amount was increased by \$1,304,000 to \$23,711,000 to reflect the transfer to the Corporation of the Honoré-Mercier Bridge and the Melocheville Tunnel.

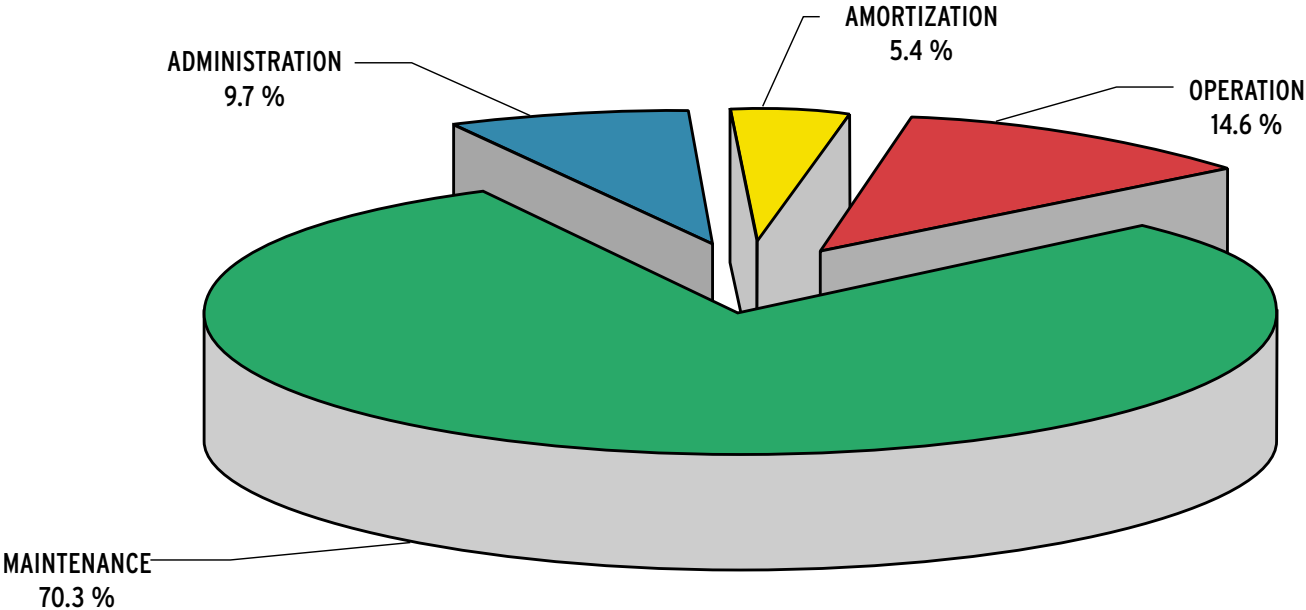
Total actual financial requirements during 1998-99 to cover the deficit of the expenses over the revenues and to finance capital expenditures amounted to \$22,384,481 for a difference of \$1,326,519 or 5.6% of the approved total appropriation.

THE YEAR IN REVIEW

BUDGET - ACTUAL COMPARISON 1998 - 99



DISTRIBUTION OF EXPENSES 1998 - 99

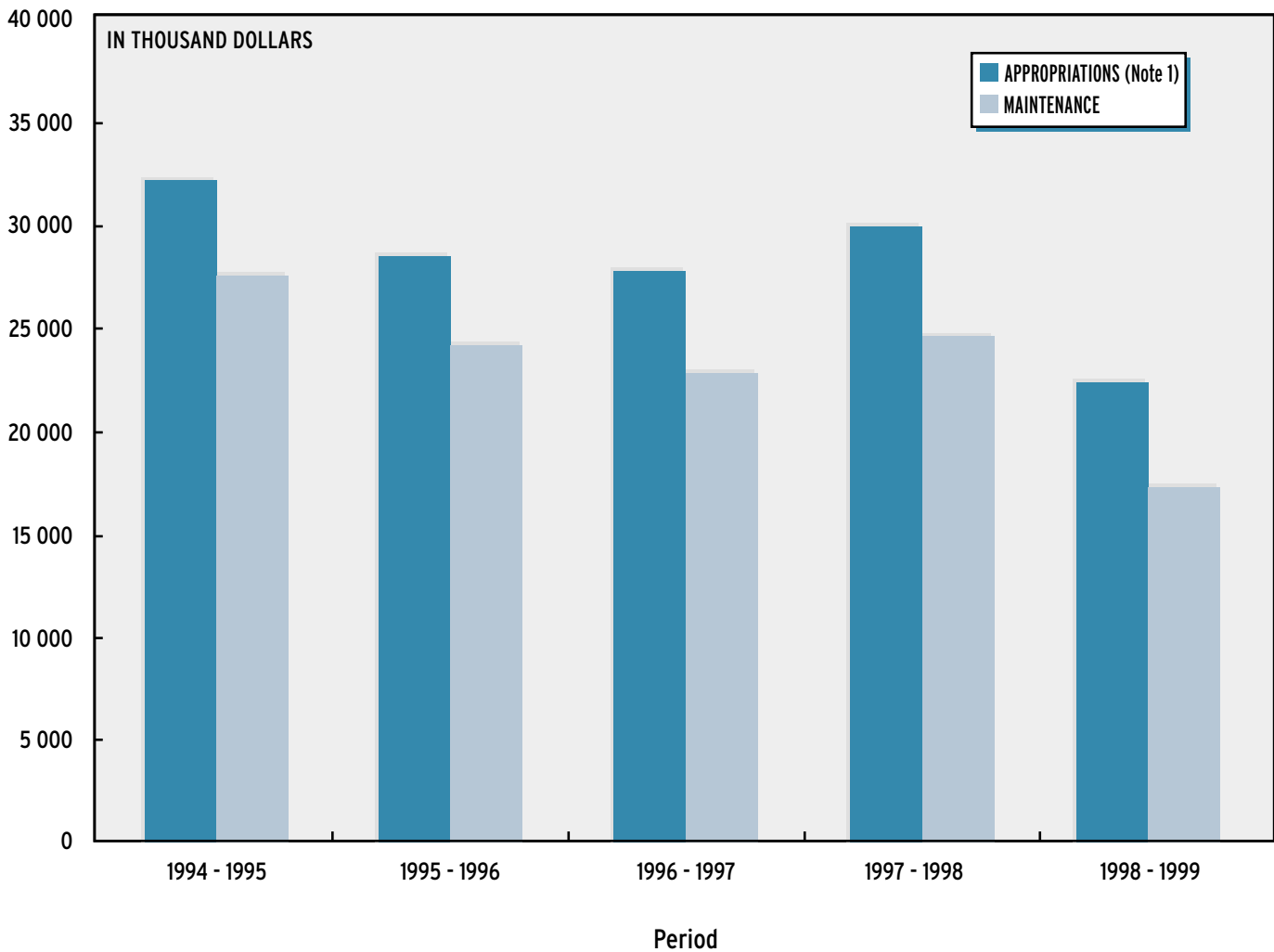


FIVE-YEAR FINANCIAL SUMMARY

<u>DESCRIPTION</u>	<u>1994-95</u>	<u>1995-96</u>	<u>1996-97</u>	<u>1997-98</u>	<u>1998-99</u>
Financial Data (\$000's)					
Revenues					
Leases and licences	438	472	478	460	489
Interest	164	201	125	101	160
Other	<u>238</u>	<u>176</u>	<u>207</u>	<u>177</u>	<u>173</u>
Total	<u>840</u>	<u>849</u>	<u>810</u>	<u>738</u>	<u>822</u>
Expenses					
Maintenance	27,528	24,126	22,901	24,627	17,180
Operation	3,446	3,403	3,470	3,519	3,580
Administration	1,932	1,776	1,987	2,303	2,367
Amortization	<u>1,161</u>	<u>1,167</u>	<u>1,189</u>	<u>1,137</u>	<u>1,324</u>
Total	<u>34,067</u>	<u>30,472</u>	<u>29,547</u>	<u>31,586</u>	<u>24,451</u>
GST and QST reimbursements for 1993 to 1997	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,210</u>	<u>-</u>
Net loss before Government funding and taxes	33,227	29,623	28,737	26,638	23,629
Parliamentary appropriation for operating expenditures	32,096	28,445	27,563	25,477	22,265
Amortization of deferred capital funding	<u>133</u>	<u>138</u>	<u>159</u>	<u>107</u>	<u>73</u>
Net loss before taxes	998	1,040	1,015	1,054	1,291
Large Corporations Tax	<u>40</u>	<u>(5)</u>	<u>5</u>	<u>4</u>	<u>3</u>
Net loss	<u>1,038</u>	<u>1,035</u>	<u>1,020</u>	<u>1,058</u>	<u>1,294</u>
Parliamentary appropriation					
Operations	32,096	28,445	27,563	25,477	22,265
Fixed Assets	<u>(3)</u>	<u>59</u>	<u>222</u>	<u>16</u>	<u>119</u>
Total	<u>32,093</u>	<u>28,504</u>	<u>27,785</u>	<u>25,493</u>	<u>22,384</u>

FIVE-YEAR FINANCIAL SUMMARY

IMPORTANCE OF MAINTENANCE EXPENSES ON PARLIAMENTARY APPROPRIATIONS



Note 1: For the fiscal year 1997-1998, the Parliamentary Appropriations are adjusted to exclude the GST and QST reimbursements received during this period in relation to the fiscal years 1993 to 1997, amounting to \$4.210 millions.

MANAGEMENT'S REPORT

MANAGEMENT REPORT

The accompanying financial statements of The Jacques Cartier and Champlain Bridges Incorporated and all information in this Annual Report are the responsibility of management.

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include some estimates which are based on management's best judgement. Information contained elsewhere in the Annual Report is consistent, where applicable, with that contained in the financial statements.

To meet management's responsibility and to assure the integrity and reliability of financial reporting, the Corporation maintains a system of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded, and that transactions and events are properly recorded.

The system of controls is supplemented by an audit which consists of periodic reviews of different aspects of the Corporation's operations. The external auditor has full and free access to the directors, who oversee management's responsibility for maintaining adequate control systems and the quality of financial reporting.

The Auditor General of Canada is responsible for auditing the financial statements and for issuing his report thereon.



Glen P. Carlin
General Manager

April 30, 1999

AUDITOR'S REPORT



AUDITOR GENERAL OF CANADA

VÉRIFICATEUR GÉNÉRAL DU CANADA

To the Minister of Transport

I have audited the balance sheet of The Jacques Cartier and Champlain Bridges Incorporated as at March 31, 1999 and the statements of operations, deficit, contributed capital and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1999 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied, after giving retroactive effect to the change in the method of accounting for Government funding for depreciable capital assets as explained in Note 3 to the financial statements, on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, the *Canada Marine Act* and the regulations and the by-laws of the Corporation.

SHEILA FRASER, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
April 30, 1999

BALANCE SHEET

As of March 31	<u>1999</u>	<u>1998</u> Restated (Note 3)
ASSETS		
Current		
Cash and term deposits	\$ 3,035,127	\$ 2,998,975
Accounts receivable	238,485	712,276
Due from Canada	<u>3,660,005</u>	<u>4,082,475</u>
	6,933,617	7,793,726
Capital assets		
Land	3,678,846	3,678,846
Bridges (Note 4)	86,259,056	73,321,602
Vehicles and equipment	<u>1,422,722</u>	<u>1,321,640</u>
	91,360,624	78,322,088
Less: accumulated amortization	<u>79,526,013</u>	<u>69,719,733</u>
	<u>11,834,611</u>	<u>8,602,355</u>
	<u>\$ 18,768,228</u>	<u>\$ 16,396,081</u>
LIABILITIES		
Current		
Accounts payable	\$ 3,487,738	\$ 4,318,576
Due to parent company	5,462	70,637
Deferred revenues	<u>248,901</u>	<u>212,997</u>
	3,742,101	4,602,210
Long-term		
Provision for employee termination benefits	419,956	376,369
Deferred capital funding (Note 5)	<u>274,324</u>	<u>228,541</u>
	693,920	604,910
Commitments and contingencies (Notes 8 and 9)		
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized - 50 shares without par value		
Issued and fully paid - 1 share	100	100
Contributed capital	36,109,556	31,672,261
Deficit	<u>(21,777,449)</u>	<u>(20,483,400)</u>
	14,332,207	11,188,961
	<u>\$ 18,768,228</u>	<u>\$ 16,396,081</u>
See accompanying notes to the financial statements		
Approved by the Board:	Director Michel Fournier	Director Yvon Bourget

STATEMENT OF OPERATIONS

For the year ended March 31

	<u>1999</u>	<u>1998</u> Restated (Note 3)
Revenues (Note 6)		
Leases and Licenses	\$ 488,903	\$ 460,256
Interest	159,842	100,996
Other	<u>173,064</u>	<u>176,373</u>
	821,809	737,625
Expenses (Note 6)		
Maintenance	17,179,450	24,627,312
Operation	3,580,442	3,519,012
Administration	2,367,108	2,303,265
Amortization	<u>1,324,207</u>	<u>1,136,956</u>
	24,451,207	31,586,545
GST and QST reimbursements for 1993 to 1997	<u>-</u>	<u>4,210,359</u>
Net loss before Government funding and taxes	23,629,398	26,638,561
Parliamentary appropriation for operating expenditures	22,265,313	25,476,626
Amortization of deferred capital funding (Note 5)	<u>73,385</u>	<u>107,490</u>
Net loss before taxes	1,290,700	1,054,445
Large Corporations Tax	<u>3,349</u>	<u>3,695</u>
Net loss	<u><u>\$ 1,294,049</u></u>	<u><u>\$ 1 058,140</u></u>

See accompanying notes to the financial statements

STATEMENT OF DEFICIT

For the year ended March 31

	<u>1999</u>	<u>1998</u> Restated (Note 3)
Balance at beginning of the year	\$ 20,483,400	\$ 19,425,260
Net loss	<u>1,294,049</u>	<u>1,058,140</u>
Balance at end of the year	<u>\$ 21,777,449</u>	<u>\$ 20,483,400</u>

See accompanying notes to the financial statements

STATEMENT OF CONTRIBUTED CAPITAL

For the year ended March 31

	<u>1999</u>	<u>1998</u> Restated (Note 3)
Balance at beginning of the year	\$ 31,672,261	\$ 31,672,261
Transfer of the Honoré-Mercier Bridge and the Melocheville Tunnel (Note 4)	<u>4,437,295</u>	<u>-</u>
Balance at end of the year	<u>\$ 36,109,556</u>	<u>\$ 31,672,261</u>

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

For the year ended March 31

	<u>1999</u>	<u>1998</u> Restated (Note 3)
Operating activities		
Net loss	\$ (1,294,049)	\$ (1,058,140)
Non-cash items		
Amortization of capital assets	1,324,207	1,136,956
Amortization of deferred capital funding	(73,385)	(107,490)
Increase in provision for employee termination benefits	43,227	28,674
Changes in non-cash working capital items	<u>(386,318)</u>	<u>820,599</u>
	(386,318)	820,599
Investing activities		
Acquisition of capital assets	(120,548)	(16,127)
Proceeds from the disposal of capital assets	<u>1,380</u>	<u>-</u>
	(119,168)	(16,127)
Financing activities		
Parliamentary appropriation for funding the acquisition of capital assets	<u>119,168</u>	<u>16,127</u>
Cash and cash equivalents		
Increase (decrease) for the year	(386,318)	820,599
Balance at beginning of the year	<u>7,081,450</u>	<u>6,260,851</u>
Balance at end of the year*	<u>\$ 6,695,132</u>	<u>\$ 7,081,450</u>
* Cash and term deposits	\$ 3,035,127	\$ 2,998,975
Due from Canada	<u>3,660,005</u>	<u>4,082,475</u>
	<u>\$ 6,695,132</u>	<u>\$ 7,081,450</u>

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS, MARCH 31, 1999

1. Authority and Activities

The Jacques Cartier and Champlain Bridges Incorporated was established under the *Canada Business Corporations Act* on November 3, 1978 and is a wholly-owned subsidiary of The Federal Bridge Corporation Limited, which is a Crown corporation named in Part 1 of Schedule III to the *Financial Administration Act*.

In 1998, the Government passed the *Canada Marine Act* which provides for the dissolution of The St. Lawrence Seaway Authority, parent company of The Jacques Cartier and Champlain Bridges Incorporated since 1978. Effective October 1, 1998, the shares of the Corporation, held by the Authority, were transferred to a new Crown corporation, The Federal Bridge Corporation Limited. As of that date, The Jacques Cartier and Champlain Bridges Incorporated became a wholly-owned subsidiary of the latter corporation.

Effective December 1, 1978, the Corporation assumed the responsibility for the operation, maintenance and control of the Jacques Cartier and Champlain Bridges and of a portion of the Bonaventure Autoroute, situated in the Montreal area. Effective October 1, 1998, the Corporation also assumed the responsibility for the operation, maintenance and control of the federally owned portion of the Honoré-Mercier Bridge and of the Melocheville Tunnel. This responsibility had previously been assumed by The St. Lawrence Seaway Authority.

The Corporation is dependent on the Government of Canada for its financing.

2. Significant Accounting Policies

a) Parliamentary Appropriation

The amount of the parliamentary appropriation used to cover the excess of expenditures over the revenues for the operations is reflected in the statement of operations. In this regard, operating expenses do not include amortization, any change in the provision for employee termination benefits and any gain or loss on disposal of capital assets.

The portion of the parliamentary appropriation used to finance the acquisition of depreciable capital assets is recorded as deferred capital funding on the balance sheet and amortized on the same basis as the related capital assets. The portion used to finance non depreciable capital assets is recorded as contributed capital.

Any balance of the parliamentary appropriation not received at year end is shown as an amount due from Canada.

b) Capital Assets

Capital assets acquired from the National Harbours Board on December 1, 1978 and those transferred from The St. Lawrence Seaway Authority on October 1, 1998, were recorded at their then book values with an offset to contributed capital. Subsequent additions are recorded at cost.

Capital assets are amortized over their estimated economic lives using the straight-line method, at the following rates:

NOTES TO FINANCIAL STATEMENTS, MARCH 31, 1999

Honoré-Mercier Bridge	5.1 %
Jacques-Cartier Bridge	4.8 %
Champlain Bridge	2.5 %
Vehicles and equipment	10 % and 20 %
Software	100 %

The cost of the portion of the Bonaventure Autoroute for which the Corporation is responsible and the initial cost of the Jacques Cartier Bridge are fully amortized.

c) Deferred Revenues

Revenues of leases and licenses collected in advance are recorded as deferred revenues.

d) Employee Termination Benefits

On termination of employment, employees are entitled to certain benefits provided under their collective agreement and their conditions of employment. The cost of these benefits is expensed in the year in which they are earned.

e) Pension Plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the Plan. This contribution represents the total pension obligation of the Corporation. Contributions in respect of current services and of admissible past services are expensed when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

f) Expenses – Bonaventure Autoroute

Expenses incurred with respect to the portion of the Bonaventure Autoroute for which the Corporation is responsible are included with those of the Champlain Bridge.

g) Income Taxes

The Corporation, as a federal Crown corporation, is not subject to any provincial income taxes. The Corporation is, however, subject to the provisions of the federal *Income Tax Act*.

h) Measurement Uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the reporting period. Employee termination benefits, accrued liabilities for major maintenance repairs and estimates pertaining to claims received from suppliers are the most significant items where estimates are used. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS, MARCH 31, 1999

3. Adoption of a New Accounting Policy

Prior to 1999, the portion of parliamentary appropriation used to finance the acquisition of depreciable capital assets was recorded as contributed capital. This funding is now recorded as deferred capital funding on the balance sheet, and is amortized on the same basis and over the same periods as the related capital assets. This is done in order to conform to the recommendation of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants.

The effect of this change in accounting policy, which has been applied retroactively, is a decrease in contributed capital of \$2,068,811 (1998 - \$1,949,643), a decrease in deficit of \$1,794,487 (1998 - \$1,721,102), an increase in deferred capital funding of \$274,324 (1998 - \$228,541) and a decrease in net loss for the year of \$73,385 (1998 - \$107,490).

4. Transfer of the Honoré-Mercier Bridge and the Melocheville Tunnel

As at October 1, 1998, the federally owned portion of the Honoré-Mercier Bridge and the Melocheville Tunnel were transferred from the St. Lawrence Seaway Authority to The Jacques Cartier and Champlain Bridges Incorporated, with no consideration. As of that date, the net book value of these assets was:

	Honoré-Mercier Bridge	Melocheville Tunnel
Cost	\$ 12,937,454	\$ 1
Accumulated amortization	<u>8,500,159</u>	<u>1</u>
Net book value	<u>\$ 4,437,295</u>	<u>\$ -</u>

5. Deferred Capital Funding

	<u>1999</u>	<u>1998</u>
Balance, beginning of year	\$ 228,541	\$ 319,904
Parliamentary appropriation for funding the acquisition of depreciable capital assets	119,168	16,127
Amortization	<u>(73,385)</u>	<u>(107,490)</u>
	<u>\$ 274,324</u>	<u>\$ 228,541</u>

NOTES TO FINANCIAL STATEMENTS, MARCH 31, 1999

6. Revenues and expenses

	Jacques Cartier Bridge	Champlain Bridge	Honoré-Mercier Bridge	Melocheville Tunnel	Total 1999	Total 1998
Revenues	\$ 445,402	\$ 376,407	\$ -	\$ -	\$ 821,809	\$ 737,625
Expenses	<u>9,813,899</u>	<u>13,489,628</u>	<u>880,266</u>	<u>267,414</u>	<u>24,451,207</u>	<u>31,586,545</u>
	9,368,497	13,113,221	880,266	267,414	23,629,398	30,848,920
GST and QST reimbursements for 1993 to 1997	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,210,359</u>
Net loss before Government funding and taxes	<u>\$ 9,368,497</u>	<u>\$ 13,113,221</u>	<u>\$ 880,266</u>	<u>\$ 267,414</u>	<u>\$ 23,629,398</u>	<u>\$ 26,638,561</u>

7. Related Party Transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business. The main related party transactions entered into by the Corporation are administrative and engineering services received from The St. Lawrence Seaway Authority for an amount of \$152,192 (1998 - \$364,019) and its present parent corporation, The Federal Bridge Corporation Limited, for an amount of \$13,683 (1998 - nil).

8. Commitments

a) Operation services

The minimum amount which will be paid in the next fiscal year under an agreement for police services ending on June 30, 1999 is \$840,270.

b) Suppliers

At March 31, 1999, contractual obligations to suppliers amounted to approximately \$2.9 million.

9. Contingencies

- a) Various claims and legal proceedings have been asserted or instituted against the Corporation, including some which demand large monetary damages which could result in significant expenditures. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. A provision for these expenditures has been recorded based on management's best estimate. It is reasonably possible that the Corporation may have to settle some of these claims for amounts in excess of established provisions in the near term.

NOTES TO FINANCIAL STATEMENTS, MARCH 31, 1999

- b) Decontamination could be required for some of the Corporation's properties. To date, the Corporation has not been in a position to determine all the related costs, not having assessed all its properties contamination status. The costs related to the environmental evaluations and to the decontamination are accounted for in the year in which they will be incurred by the Corporation.

10. Major Rehabilitation Works

In its endeavor to fulfill its mission, the Corporation must undertake major rehabilitation works on the roadway deck of the Jacques Cartier Bridge. A revised Treasury Board submission was prepared in late 1998 to obtain approval to call for tenders for the three year turn-key deck replacement project for the Jacques Cartier Bridge. Construction on the bridge is planned to start in April 2001 and be completed in November 2002. Construction planning and engineering concepts were advanced in 1998-99.

11. Fair Value of Financial Instruments

The transactions related to cash and term deposits, accounts receivable, due from Canada, accounts payable and the amount due to the parent company are incurred in the normal course of business. The carrying amounts of each of these accounts approximate their fair values because of their short term maturity. There is no concentration of accounts receivable, consequently, the credit risk is low.

12. Uncertainty due to the year 2000 Issue

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. Date-sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 Issue may be experienced before, on or after January 1, 2000 and, if not addressed, the impact on operations and financial reporting may range from minor error to significant failure which could affect the Corporation's ability to conduct normal business operations. The Corporation reviewed its systems to ensure compliance with the Year 2000 Issue and measures are being taken to rectify problems which were uncovered during this process. However, it is not possible to be certain that all aspects of the Year 2000 Issue affecting the Corporation, including those related to the efforts of customers, suppliers or other third parties, will be fully resolved.

13. Comparative financial data

Certain comparative figures have been reclassified to conform with the presentation adopted in 1999.

