



Department of Finance
Canada

Ministère des Finances
Canada

DEBT MANAGEMENT REPORT

2019-2020

Canada

©Her Majesty the Queen in right of Canada (2021)
All rights reserved

All requests for permission to reproduce this document
or any part thereof shall be addressed to
the Department of Finance Canada.

Cette publication est également disponible en français.

Cat. No.: F1-33E-PDF
ISSN: 1487-0177

Table of Contents

Foreword by the Deputy Prime Minister and Minister of Finance	5
Purpose of This Publication	6
Other Information.....	6
Executive Summary	7
Introduction	7
Highlights for 2019–20	8
Part I 2019–20 Debt Management Context	10
Composition of Federal Debt.....	10
Sources of Borrowings and Uses of Borrowings	11
Borrowing Authorities.....	13
Government of Canada Credit Rating Profile.....	13
Part II Report on Objectives and Principles.....	15
Objectives and Principles.....	15
Raising Stable, Low-Cost Funding	15
Maintaining a Well-Functioning Government Securities Market	22
Part III Report on the 2019–20 Debt Program	28
Domestic Marketable Bonds	28
Treasury Bills and Cash Management Bills	31
Foreign Currency Debt	32
Retail Debt.....	34
Cash Management	35
Investment of Receiver General Cash Balances	37
Cash Management Bond Buyback Program	38
Annex 1 Completed Treasury Evaluation Reports	40
Annex 2 Debt Management Policy Measures Taken Since 1997	41
Annex 3 Glossary.....	42
Annex 4 Contact Information	45
Reference Tables	46

Foreword by the Deputy Prime Minister and Minister of Finance

For over a year, the federal government has worked to combat COVID-19 and mitigate its harm, using every tool available. Eight of every ten dollars spent in Canada to fight the virus and support Canadians has been provided by the federal government. We will continue to do whatever it takes, for as long as it takes, to prevent long-term damage to the Canadian economy and to support Canadians through to the other side of the pandemic.

Every year, the federal government provides a report to Parliament and to Canadians that details the government's domestic debt program. I am pleased to be tabling the Debt Management Report for the 2019-20 fiscal year. This report reflects the main activities of the government's borrowing program as set out in Budget 2019 and is guided by the key principles of transparency, prudence, and regularity. In March 2020, changes were made to the debt program to respond to the COVID-19 pandemic. Therefore, this *Debt Management Report* captures only a fraction of the government's total COVID-19 response to date. The government has consulted dealers and investors as part of the process for developing the debt management strategy as it has done in the past.

This report demonstrates that 2019-20 debt management operations continued to effectively support the administration of the debt management program, contributing to the objective of raising stable and low-cost funding. It also makes clear how stable our debt is, with about 70 per cent domestically held.

Further accounting of the 2020-21 fiscal year will be provided in the next *Debt Management Report*. We continue to be guided by fiscal prudence and responsibility. Canada's fiscal position remains the strongest in the G7, which means the government has sufficient room to borrow as necessary to continue to meet the challenges of COVID-19.

We will continue to do whatever it takes to help Canadians stay healthy, safe, and solvent. We will continue to invest in every necessary public health measure and we will support Canadians and Canadian businesses in a deliberate, responsible, and effective way.

The Honourable Chrystia Freeland, P.C., M.P.
Deputy Prime Minister and Minister of Finance
Ottawa, 2021

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, 2020. For the most part, it does not reflect more recent developments or policies implemented under the borrowing program since the onset of the COVID-19 pandemic.

As required under Part IV (Public Debt) of the *Financial Administration Act*, this publication provides 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 2019–20*, published on March 19, 2019, in Budget 2019 (<https://www.budget.gc.ca/2019/docs/plan/toc-tdm-en.html>). 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

The *Public Accounts of Canada* is tabled annually in Parliament and is available on the Public Services and Procurement Canada website (www.tpsgc-pwgsc.gc.ca). The *Debt Management Strategy* and the *Report on the Management of Canada's Official International Reserves*, which are also tabled annually in Parliament, are available on the Department of Finance Canada website (www.canada.ca/en/departement-finance.html). 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. Under the *Borrowing Authority Act*, the Minister of Finance is required to table a report to Parliament every three years on amounts borrowed by the Minister on behalf of Her Majesty in Right of Canada and by agent Crown corporations. The most recent report was tabled in Parliament on November 23, 2020 and is available on the Department of Finance Canada website.

The *Extraordinary Borrowing Report to Parliament* tabled in Parliament on October 22, 2020, provides a detailed account of amounts borrowed in extraordinary circumstances under section 47 of the *Financial Administration Act* (as enacted by the *COVID-19 Emergency Response Act*). This report provides details on extraordinary borrowings that were undertaken between April 1, 2020 and September 30, 2020, and is available on the Department of Finance Canada website (www.canada.ca/en/departement-finance.html).

Executive Summary

Introduction

This publication reports 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 for operational purposes and contingency planning.

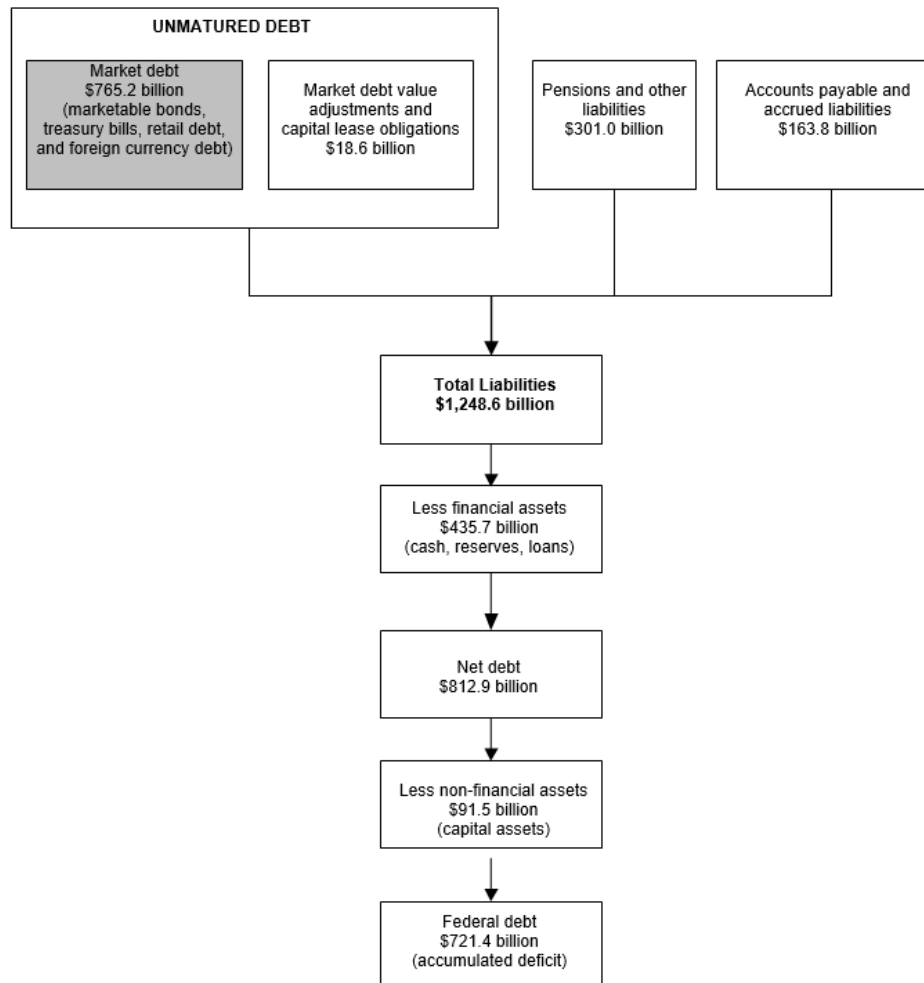
The government's market debt, including marketable bonds, treasury bills, retail debt and foreign currency debt, stood at \$765.2 billion at the end of fiscal year 2019–20 (see boxed area of Chart 1). In addition to market and other types of unmatured debt, other liabilities, including pensions and accounts payable, brought the total liabilities of the Government of Canada to \$1,248.6 billion at that time. When financial and non-financial assets¹ are subtracted from total liabilities, the federal debt or accumulated deficit of the Government of Canada was \$721.4 billion as at March 31, 2020 (see Chart 1).

Domestic 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. 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 (see the section entitled "Foreign Currency Debt").

¹ Financial assets include securities, cash, receivables, advances etc. Non-financial assets include tangible capital assets, inventories and prepaid expenses.

Chart 1

Snapshot of the Federal Balance Sheet, as at March 31, 2020



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

Highlights for 2019–20

The *Debt Management Report* consists of three parts covering the main aspects of the Government of Canada's debt program. "Part I – 2019–20 Debt Management Context" focuses on the state of the federal debt, the year's funding requirements and the sources of borrowings used to raise funds, the federal government's credit ratings and the authorities required to borrow. "Part II – Report on Objectives and Principles" reports on debt management objectives to raise stable and low-cost funding to meet the financial needs of the Government of Canada and to maintain a well-functioning market for Government of Canada securities, and associated principles. "Part III – Report on the 2019–20 Debt Program" reports on the operational aspects of the debt program. This year's debt management operations continue to support the effective execution of the debt management program. The main highlights are as follows:

Strong Demand for Government of Canada Debt Securities

In 2019–20, the relative strength of the Canadian economy and its capital markets continued to support demand for Government of Canada securities in primary and secondary markets. Accordingly, treasury bill and bond auctions remained well-covered and competitively bid, providing an efficient manner for the government to raise funding. The publication of the *Quarterly Bond Schedule* before each quarter and the Call for Tender before each auction helped maintain transparency. This promoted well-functioning markets for the government's securities to the benefit of a wide array of domestic market participants, contributing to the objective of raising stable and low-cost funding.

Stock of Market Debt

The stock of market debt increased by \$44.1 billion in 2019–20, bringing the total stock to \$765.2 billion. The change in the stock was mainly comprised of a \$27.3 billion increase in marketable bonds payable in Canadian dollars, a \$17.6 billion increase in treasury and cash management bills, a \$0.7 billion decrease in retail debt outstanding, and a \$0.1 billion decrease in marketable debt payable in foreign currencies. Notwithstanding the modest increase in its debt stock, Canada's total government net debt-to-GDP (gross domestic product) ratio remains the lowest among the Group of Seven (G7) nations, according to the International Monetary Fund (IMF).

Consistent with an increased issuance at lower interest rate levels for 2019–20, the weighted average rate of interest on market debt decreased to 2.03 per cent, down from 2.18 per cent in 2018–19.

COVID-19 and Debt Management

Towards the end of 2019–20, changes were made to the debt program to respond to the COVID-19 pandemic. In particular, treasury bill issuances increased towards the end of the year in response to the increased borrowing needs stemming from the circumstances of the COVID-19 pandemic. In addition, in March 2020 the Bank of Canada broadened the scope of the bond buyback program as part of its measures to support the continuous functioning of financial markets through the provision of liquidity. Six bond buybacks on a switch basis were held in 2019–20, even though the *Debt Management Strategy for 2019–20* had initially planned for only two operations. Finally, in response to the extraordinary circumstances caused by the COVID-19 pandemic, on March 31, 2020, the Minister of Finance approved for the first time borrowings under extraordinary circumstances, pursuant to section 47 of the *Financial Administration Act*. The *COVID-19 Emergency Response Act* that received Royal Assent on March 25, 2020 enacted these authorities. No monies were borrowed under section 47 of the *Financial Administration Act* during the 2019–20 fiscal year.

Part I

2019–20 Debt Management Context

Composition of Federal Debt

In 2019–20, total market debt increased by \$44.1 billion (or about 6.1 per cent) to \$765.2 billion (see Table 1). For additional information on the financial position of the government, see the 2019–20 *Annual Financial Report of the Government of Canada* (www.canada.ca/en/departement-finance/services/publications/annual-financial-report.html).

Table 1

Change in the Composition of Federal Debt, as at March 31

\$ billions

	2020	2019	Change
Payable in Canadian currency			
Marketable bonds	596.9	569.5	27.3
Treasury and cash management bills	151.9	134.3	17.6
Retail debt	0.5	1.2	-0.7
Total payable in Canadian currency	749.2	705.1	44.2
Payable in foreign currencies	15.9	16.0	-0.1
Total market debt	765.2	721.1	44.1
Market debt value adjustment, capital lease obligations and other unmatured debt	18.6	15.8	2.7
Total unmatured debt	783.8	736.9	46.8
Pension and other accounts	301.0	288.5	12.5
Total interest-bearing debt	1,084.8	1,025.5	59.3
Accounts payable, accruals and allowances	163.8	159.7	4.1
Total liabilities	1,248.6	1,185.2	63.4
Total financial assets	435.7	413.0	22.7
Total non-financial assets	91.5	86.7	4.9
Federal debt (accumulated deficit)	721.4	685.5	35.9

Note: Numbers may not add due to rounding.

Source: *Public Accounts of Canada*.

Sources of Borrowings and Uses of Borrowings

The key reference point for debt management is the financial requirement or financial source, which represents the net cash outflow or inflow for the fiscal year. This measure differs from the budgetary balance (i.e., the deficit or surplus on an accrual basis) by the amount of non-budgetary transactions and the timing of payments on a cash basis, which can be significant. Non-budgetary transactions include changes in federal employee pension liabilities; changes in non-financial assets; investing activities through loans, investments and advances; and changes in other financial assets and liabilities, including foreign exchange activities. Anticipated borrowing and planned uses of borrowings are set out in the *Debt Management Strategy*, while actual borrowing and uses of borrowings compared to those forecast are reported in this publication (see Table 2).

There was a financial requirement of \$47.2 billion in 2019–20, reflecting \$39.4 billion in cash outflows due to a budgetary deficit and a cash outflow of \$7.8 billion due to non-budgetary transactions. The financial requirement was approximately \$15 billion higher than the projection in the *Debt Management Strategy for 2019–20*. For comparison, the financial requirement in 2018–19 was \$12.7 billion.

In 2019–20, loans to the Business Development Bank of Canada, Canada Mortgage and Housing Corporation and Farm Credit Canada under the Crown Borrowing Program were \$3.2 billion higher than the planned \$7 billion. Since the inception of the program in 2007–08, the consolidated borrowings of these Crown corporations have grown to account for \$77 billion of federal market debt.

Table 2

Planned/Actual Borrowings and Uses of Borrowings, Fiscal Year 2019–20

\$ billions

	Planned ¹	Actual	Difference
Sources of borrowings			
Payable in Canadian currency			
Treasury bills	151	152	1
Bonds	119	127	8
Retail debt	0	0	0
Total payable in Canadian currency	270	279	9
Payable in foreign currencies	10	7	-3
Total cash raised through borrowing activities	280	286	6
Uses of borrowings²			
Refinancing needs			
Payable in Canadian currency			
Treasury bills	131	134	3
Bonds	111	101	-10
Of which:			
Switch bond buybacks	1	3	2
Cash management bond buybacks	40	31	-9
Retail debt	1	1	0
Total payable in Canadian currency	243	236	-7
Payable in foreign currencies	7	7	0
Total refinancing needs	250	243	-7
Financial source/requirement			
Budgetary balance	20	39	19
Non-budgetary transactions			
Pension and other accounts	-6	-10	-4
Non-financial assets	3	4.9	2
Loans, investments and advances	8	15	7
Of which:			
Loans to enterprise Crown corporations	7	10	3.2
Other	1	5	4
Other transactions ³	8	-2	-10
Total non-budgetary transactions	12	8	-4
Total financial source/requirement	32	47	15
Adjustment for risk ⁴	-3	0	3
Total uses of borrowings	280	290	10
Change in other unmatured debt transactions ⁵	0	-3	-3
Net increase or decrease (-) in cash	0	0	0

Note: Numbers may not add due to rounding.

¹ Planned numbers are from Budget 2019 and the *Debt Management Strategy for 2019–20*.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 The adjustment included in the planned budgetary deficit for prudent fiscal planning purposes is removed to increase the accuracy of borrowing needs. Debt issuance can be altered during the year to adjust for unexpected changes in financial requirements.⁵ Includes cross-currency swap revaluation, unamortized discounts on debt issues, obligations related to capital leases and other unmatured debt.

Borrowing Authorities

In order to undertake market borrowing activities, the Minister of Finance (the “Minister”) needs authority from Parliament as well as the Governor in Council (the “GIC”).

Under the Parliamentary borrowing authority framework enacted on November 23, 2017, Parliamentary authority is granted through the *Borrowing Authority Act* (the “BAA”) and Part IV of the *Financial Administration Act* (the “FAA”), which together allow the Minister to borrow money up to a maximum overall amount as approved by Parliament. The FAA also authorizes the Minister to borrow in excess of the approved maximum amount under limited circumstances for the specific purposes of refinancing outstanding debt, extinguishing or reducing liabilities, and making payments in extraordinary circumstances, such as natural disasters.

Subject to the noted limited exceptions, Parliament approved in the BAA a maximum stock of borrowings of \$1,168,000 million, which also includes amounts borrowed by agent Crown corporations, and Canada Mortgage Bonds guaranteed by Canada Mortgage and Housing Corporation. As of March 31, 2020, \$1,075,082 million of the Parliamentary-approved borrowing authority was used.

In addition to the new Parliamentary approval, Part IV of the FAA also requires the Minister to receive annual approval from the GIC to carry out borrowing for the Government of Canada for each fiscal year, including issuing securities in financial markets and undertaking related activities subject to a maximum aggregate amount. On the recommendation of the Minister of Finance, the GIC approved \$330 billion to be the maximum aggregate principal amount of money that may be borrowed by the Minister in 2019–20.² The maximum aggregate principal amount is the sum of the following sub-components: (i) the maximum stock of treasury bills anticipated to be outstanding during the year; (ii) the total value of refinanced and anticipated new issuances of marketable bonds; and (iii) amounts to facilitate intra-year management of the debt and foreign exchange accounts.

During 2019–20, \$285 billion of the GIC-approved borrowing authority was used, \$45 billion below the authorized borrowing authority limit and \$5 billion higher than the plan set out in the *Debt Management Strategy for 2019–20* (see Table A4.2 in the *Debt Management Strategy*).

In response to the extraordinary circumstances caused by the COVID-19 pandemic, on March 31, 2020, the Minister of Finance approved for the first time borrowings under extraordinary circumstances, pursuant to section 47 of the *Financial Administration Act*. The *COVID-19 Emergency Response Act* that received Royal Assent on March 25, 2020 enacted these authorities. No monies were borrowed under section 47 of the *Financial Administration Act* during the 2019–20 fiscal year.

Government of Canada Credit Rating Profile

The Government of Canada throughout 2019–20 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 are all reflected in Canada’s strong current credit ratings: Moody’s (Aaa), S&P (AAA), Fitch (AA+).

² Approved Orders in Council (OIC) are available on the Privy Council Office website (<https://www.canada.ca/en/privy-council/services/orders-in-council.html?lang=en>). The reference number for the 2019–20 OIC is 2019-0224.

Table 3

Government of Canada Credit Ratings as at March 31, 2020

Rating agency	Term	Domestic currency	Foreign currency	Outlook	Previous rating action
Moody's Investors Service	Long-term	Aaa	Aaa	Stable	May 2002
	Short-term	-	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 objectives of debt management as of March 2020 were to raise stable and low-cost funding to meet the financial needs of the Government of Canada and to maintain a well-functioning market for Government of Canada securities. 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. 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 is mostly achieved through the deliberate allocation of issuance among various debt instruments and terms.

Composition of Market Debt

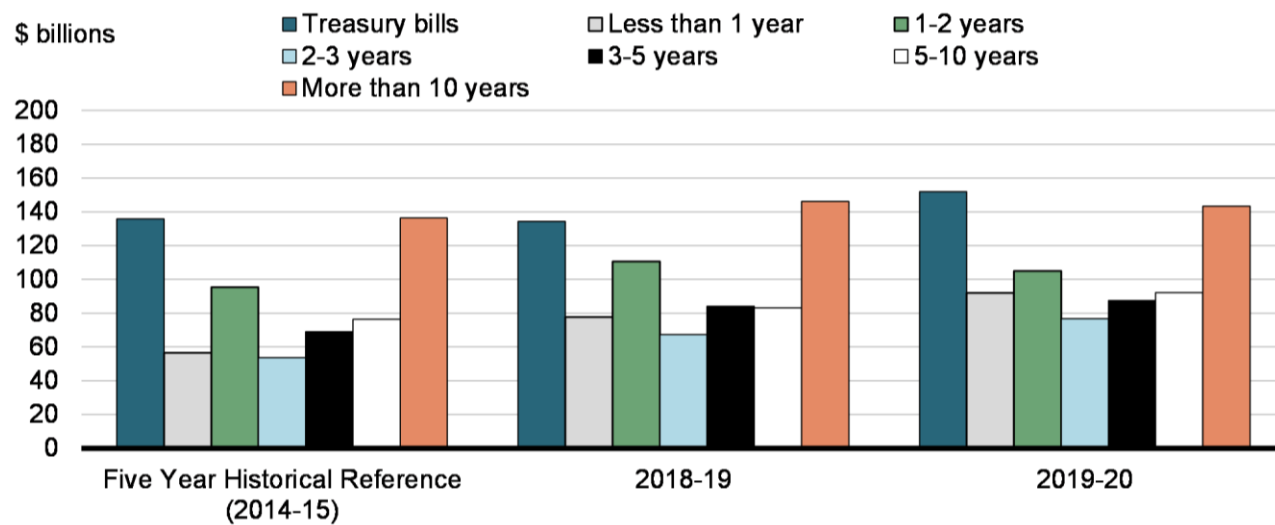
The composition of the stock of market debt is a reflection of past debt issuance choices. The effects of changes in the issuance patterns of short-term instruments become visible relatively quickly, while the full effect of issuance changes in longer-term maturities will take their entire maturity periods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

Composition by Remaining Term to Maturity

Relative to 2018–19, the government increased total issuance of both treasury bills and bonds in the *Debt Management Strategy for 2019–20*. Reflecting this, the composition of market debt by remaining term to maturity shifted to a more even distribution, which helps to reduce debt rollover risk. The increase in the stock of debt with remaining terms to maturity between 2 and 3 years partially reflects the increased issuance in the 3-year sector. The higher stock of treasury bills reflects both the increased issuance of treasury bills as part of the *Debt Management Strategy for 2019–20* and increased treasury bill issuance towards the end of the year in response to the increased borrowing needs stemming from the circumstances of the COVID-19 pandemic (see Chart 2).

Chart 2

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



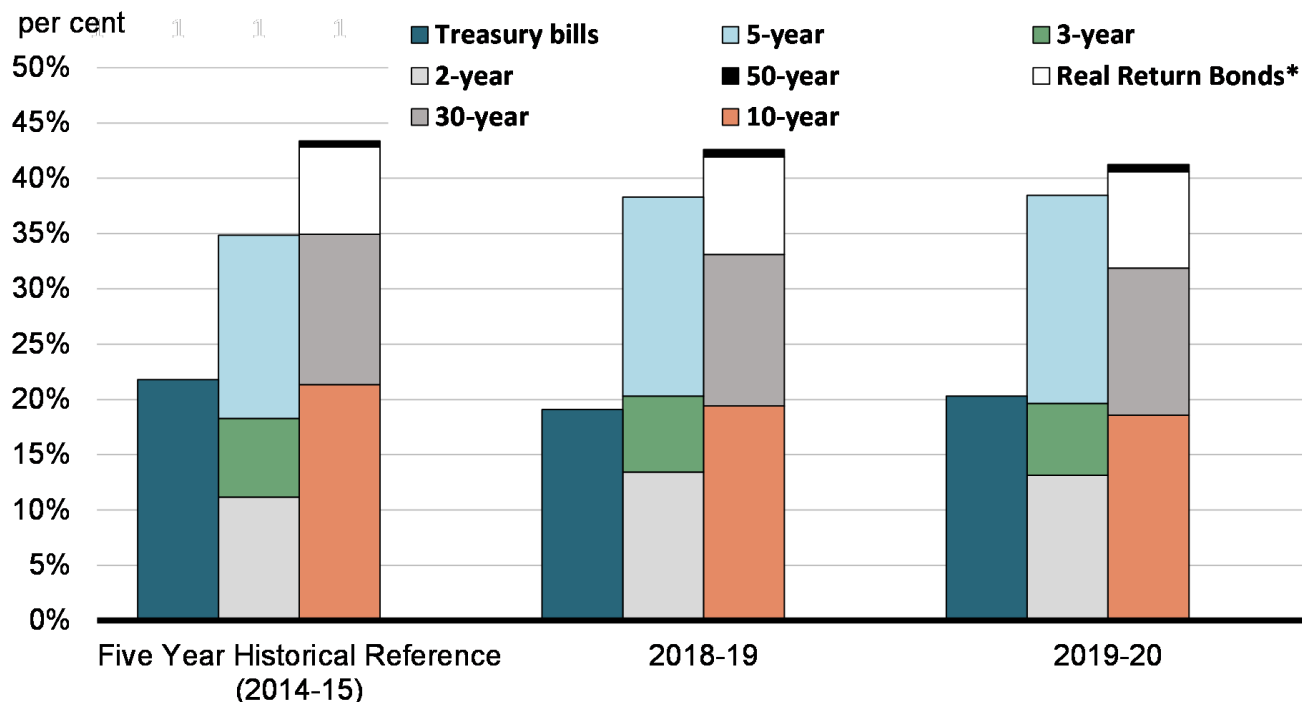
Data includes Consumer Price Index adjustment.
Sources: Public Accounts of Canada and Bank of Canada.

Composition by Original Term of Issuance

In 2019–20, the government increased total issuance of both treasury bills and bonds relative to 2018–19, with treasury bills seeing a larger increase in issuance relative to bonds. In addition, the government decreased Real Return Bond issuance and held 10-year issuance at the same level as 2018–19. As a result, bonds with original terms to maturity of 10 years or more represent 41.2 per cent of the total stock of market debt, compared to 42.6 per cent in 2018–19.

Chart 3

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



Source: Bank of Canada.

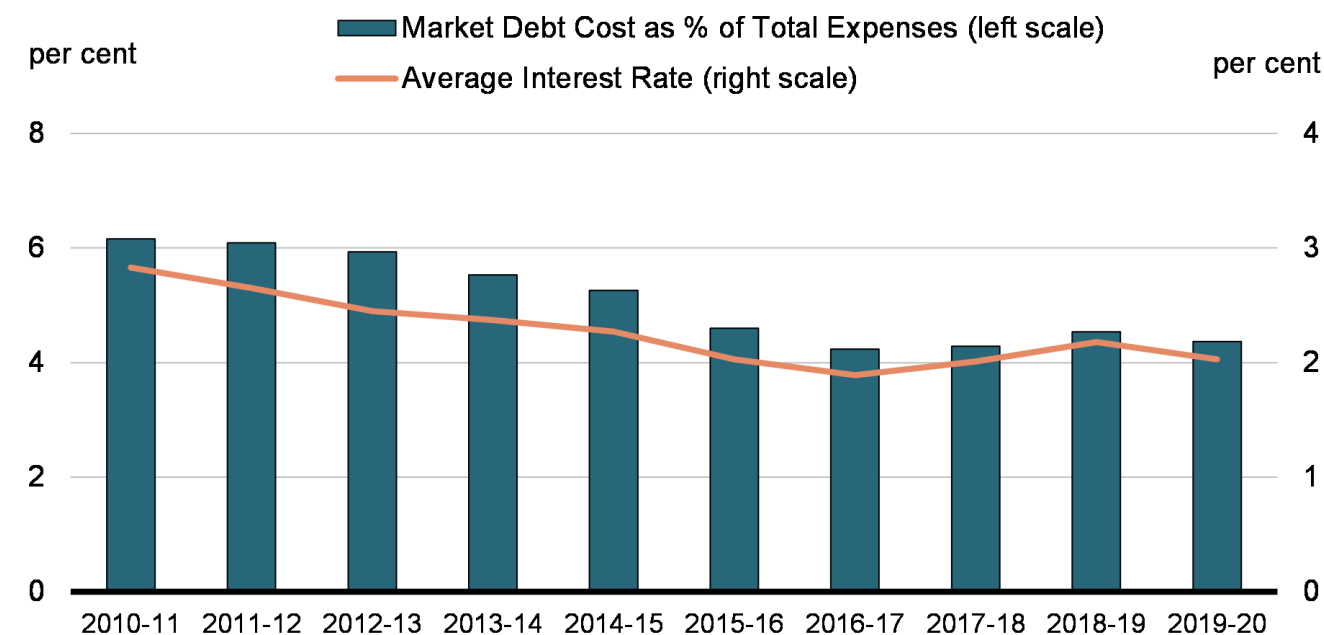
Cost of Market Debt

Market debt costs are the largest component of public debt charges (public debt charges also include interest expenses on non-market liabilities).³ The weighted average rate of interest on outstanding market debt was 2.03 per cent in 2019–20, down from 2.18 per cent in 2018–19. As a result and despite an increase in market debt outstanding, the interest cost of market debt as a share of total government expenses decreased from 4.54 per cent in 2018–19 to 4.37 per cent in 2019–20, reflecting the lower weighted average rate of interest on market debt (see Chart 4).

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

Chart 4

Market Debt Costs and Average Effective Interest Rate



Source: *Public Accounts of Canada*.

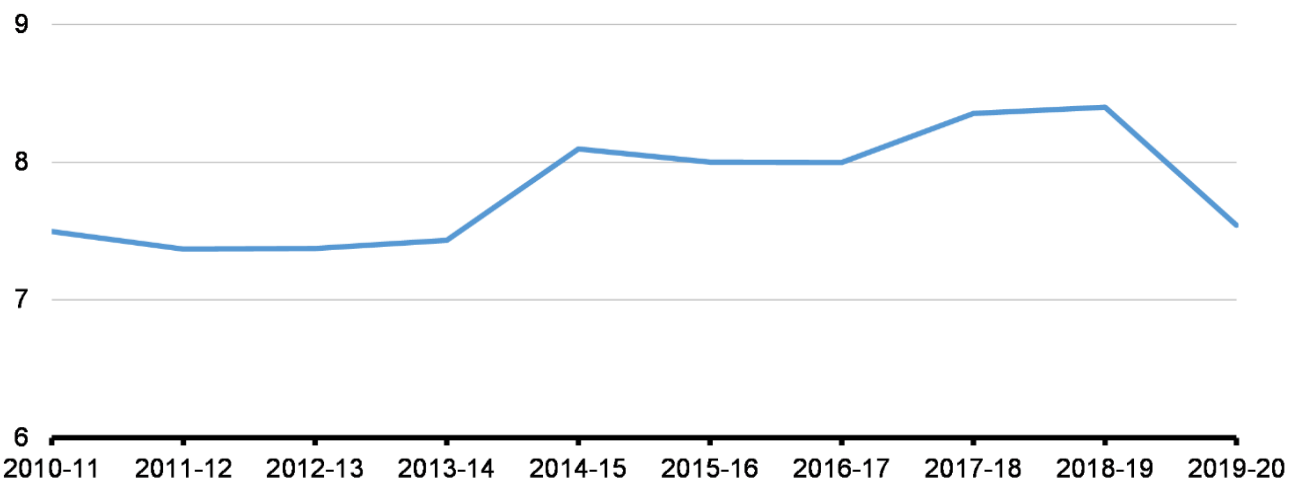
Average Term to Maturity and Refixing Share of Market Debt, Net of Financial Assets

The average term to maturity (ATM) of market debt (net of financial assets) declined between 2008–09 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 following the financial crisis of 2008–2009. In 2014–15, as the Canadian and global financial markets recovered from the crisis and the Insured Mortgage Purchase Program was wound down, the ATM rose steadily to 8.4 years by 2018–19. In 2019–20, the ATM declined to 7.5 years, reflecting the increased issuance of treasury bills in 2019–20 to support a liquid and well-functioning market for Government of Canada treasury bills.

Chart 5

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

years



Source: Bank of Canada.

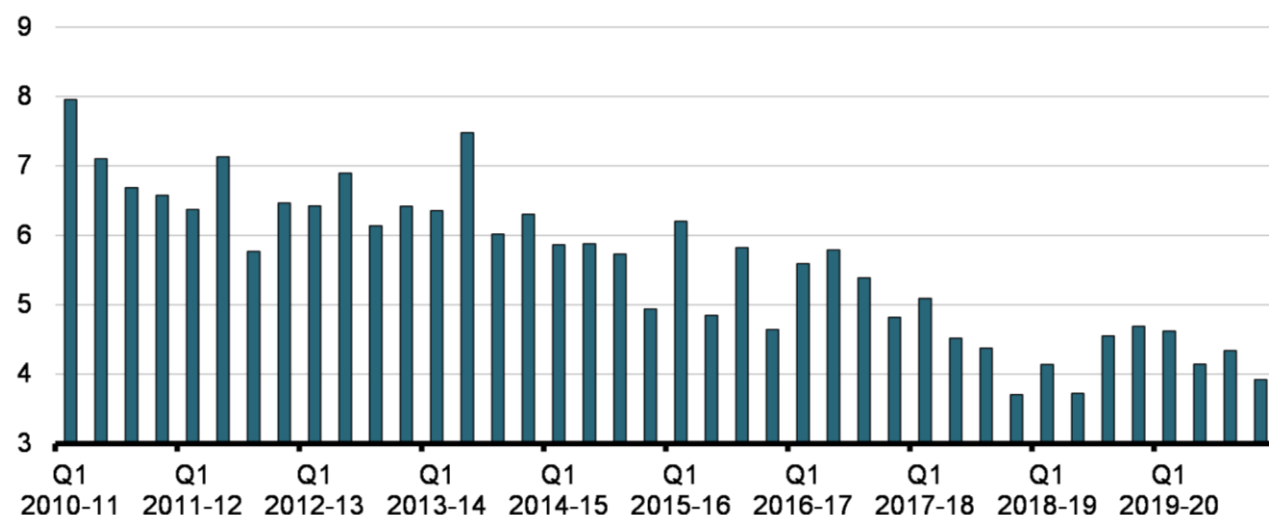
Maintaining debt rollover within acceptable levels: Prudent management of debt refinancing needs promotes investor confidence and strives to minimize the impact of market volatility or disruptions on the funding program. According to a number of measures of rollover (e.g., quarterly maturities as a percentage of GDP, single-day bond maturities plus coupon payments net of buyback operations, net refixing share of market debt and net refixing share of market debt to GDP), risk in the government's debt program has been trending down over recent years.

The amount of debt maturing per quarter as a percentage of GDP rose to an average of 7.1 per cent during 2010–11 due to a higher stock of treasury bills, but has since declined to an average of 4.3 per cent in 2019–20, (see Chart 6). This mainly reflects the decrease in treasury bills as an overall share of market debt, meaning less debt as a share of GDP matures in a given quarter.

Chart 6

Quarterly Maturities of Domestic Market Debt as a Percentage of GDP

per cent of GDP



Source: Bank of Canada.

Single-day cash flow maturities had increased as a result of higher debt issuance since the financial crisis of 2008-2009, but have generally 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. The four additional maturity dates have allowed the debt program to absorb increases in funding requirements and 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 as well as the principal and coupon payments on 3- and 5-year bonds, which share maturity dates. The smoothing effect of these additional four maturity dates on the government's cash flow profile will become even more apparent over time as bonds issued prior to 2011-12 mature.

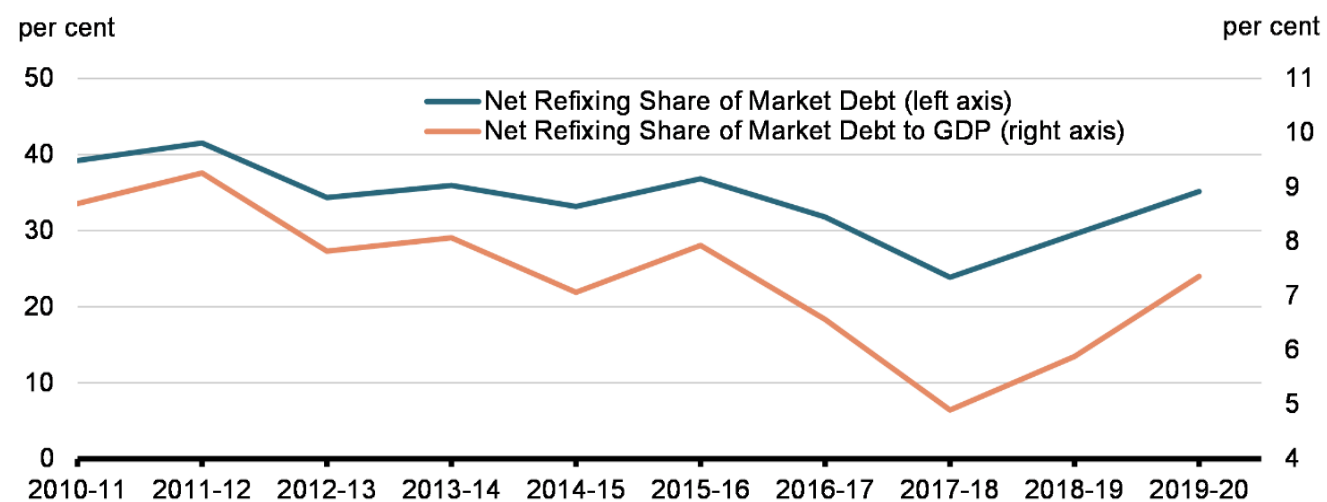
The benchmark maturity date profile is as follows:

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

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 financial assets is used rather than the gross refixing share because the net-of-assets measure better reflects the risk exposure to the government. In 2019-20, the net refixing share of market debt increased by 5.6 percentage points to 35.1 per cent (see Chart 7). The net refixing share of market debt to 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 7.4 per cent in 2019-20, up 1.5 percentage points from 2018-19. The increase in both refixing measures reflects the increase in treasury bill levels in 2019-20, relative to 2018-19.

Chart 7

Net Refixing Share of Market Debt and Market Debt to GDP



Source: Bank of Canada.

Maintaining a Well-Functioning Government Securities Market

A well-functioning 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. A well-functioning market helps the government to have more certain access to funding markets over time, contributes to lower and less volatile pricing for the government, 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, stability to other domestic fixed-income markets for which Government of Canada securities serve as benchmarks (e.g., provinces, municipalities and corporations), and a useful tool for hedging interest rate risk. The following actions promoted a well-functioning Government of Canada securities market in 2019–20.

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 Tender in the week leading up to the auction.⁴ In 2019–20, there were regular auctions for 2-, 3-, 5-, 10- and 30-year nominal and Real Return Bonds. Bond issuance schedules were communicated through the Bank of Canada website on a timely basis.

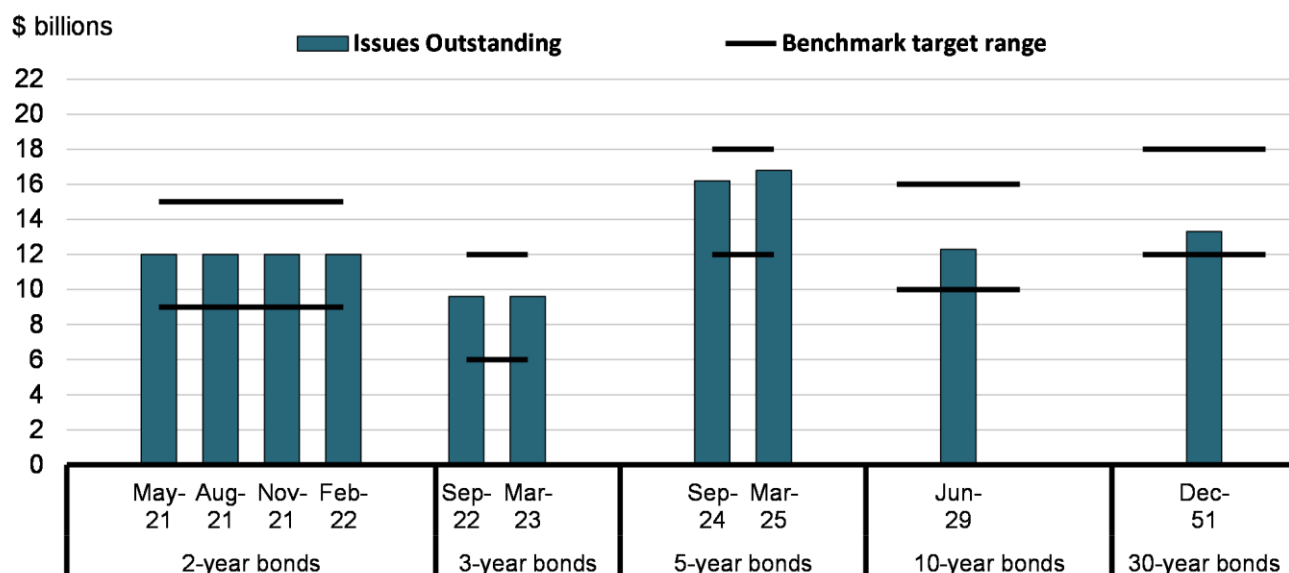
Concentrating on key benchmarks: All benchmark bonds in 2019–20 continued to reach or exceed minimum benchmark size targets (see Chart 8).⁵ Compared to 2018–19, the benchmark target sizes for the 2-year sector and the 30-year Real Return Bond sector were slightly reduced, the 10-year benchmark target size stayed unchanged, and the benchmark target sizes were increased in the 3-, 5-, and 30-year sectors.

- 2-year sector: \$9 billion to \$15 billion
- 3-year sector: \$6 billion to \$12 billion
- 5-year sector: \$12 billion to \$18 billion
- 10-year sector: \$10 billion to \$16 billion
- 30-year nominal sector: \$12 billion to \$18 billion
- 30-year Real Return Bond sector: \$9 billion to \$15 billion

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

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

Chart 8
Size of Gross Bond Benchmarks in 2019–20



Source: Bank of Canada.

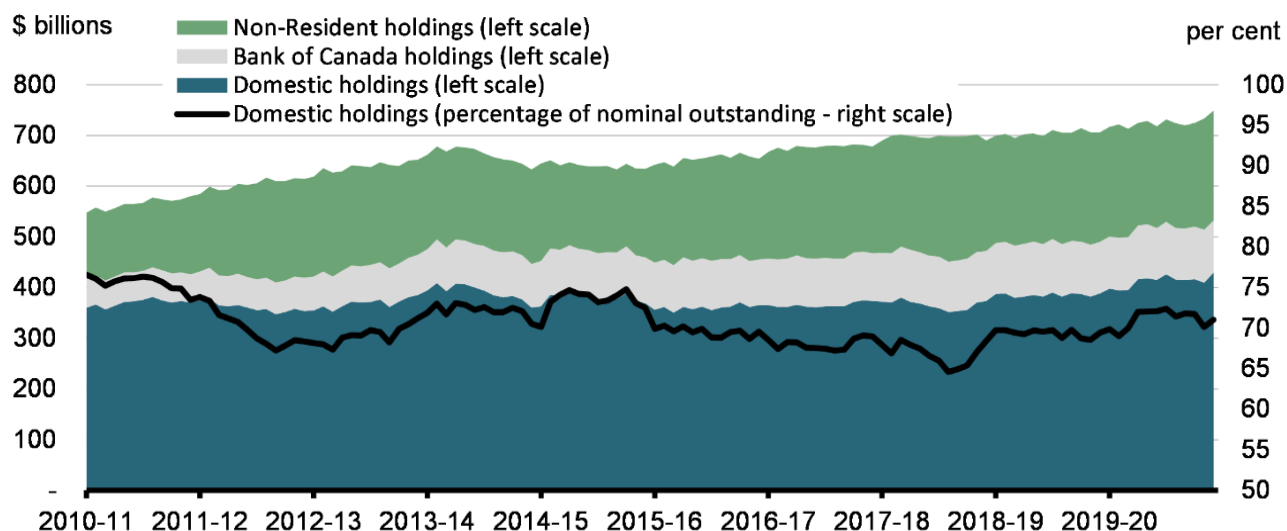
Notes: 3-year bonds are reopenings of older 5-year bonds. Due to the fungible nature of the 3-year and the older 5-year bonds, gross benchmarks are less applicable as a standard of measure.

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, 2020, domestic investors (including the Bank of Canada) held about 71 per cent of Government of Canada securities (see Chart 9). Among domestic investors, insurance companies and pension funds held the largest share of Government of Canada securities (29.1 per cent), followed by financial institutions (25.1 per cent) and the Bank of Canada (13.7 per cent). Taken together, these top three categories accounted for more than two-thirds of outstanding Government of Canada securities.

Chart 9

Distribution of Government of Canada Securities

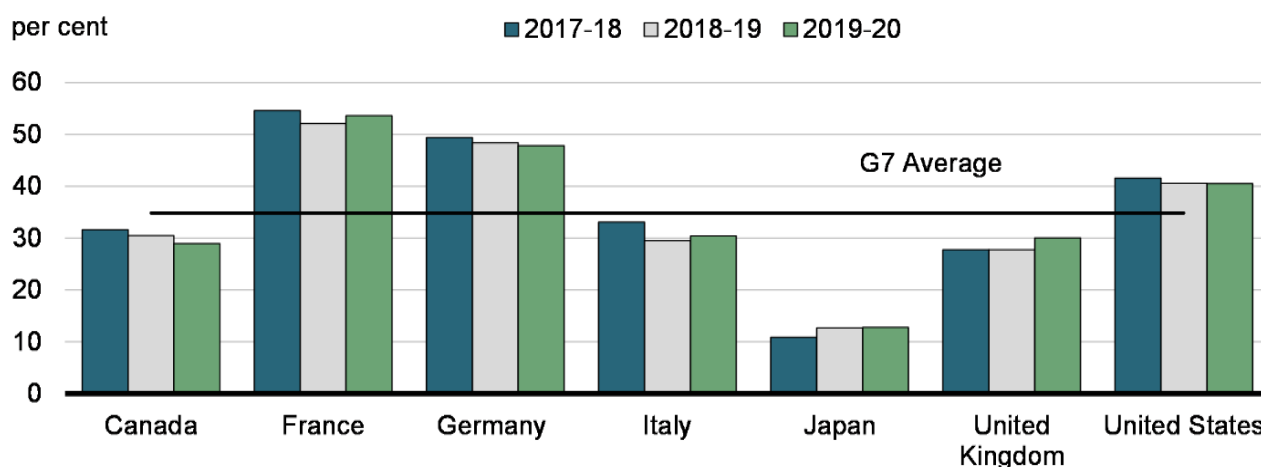


Source: Statistics Canada.

In 2019–20, non-resident investors held 29 per cent of Government of Canada marketable securities,⁶ down approximately one and a half percentage points from 2018–19. This level of non-resident holdings of Government of Canada debt remains in the mid-range compared to other sovereigns in the G7 (see Chart 10).

Chart 10

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.

⁶ 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.

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 October 2018, the Bank of Canada and the Department of Finance Canada held over 30 bilateral meetings with organizations in Toronto, Montréal and New York. These consultations sought the views of market participants on issues related to the design and operation of the Government of Canada's domestic debt program for 2019–20 and beyond.

Market participants reported that the Government of Canada bond market continues to function well with dealers and investors generally able to source desired allocations with minimal impact on price. Participants also noted a desire for more long-duration nominal issuance to satiate ongoing robust investor demand in that sector. Market participants indicated that the treasury bill market functioned well, and that issues related to decreased treasury bill supply experienced in 2018 had dissipated. More details on these discussions are available on the Bank of Canada website.⁷

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.⁸

Quick turnaround times enhance the efficiency of the auction and buyback processes, and reduce market risk for participants. In 2019–20, the turnaround time for treasury bill and bond auctions averaged 2 minutes 6 seconds, while buyback operations averaged 4 minutes 47 seconds. The average turnaround times in 2018–19 were 2 minutes 2 seconds and 2 minutes 30 seconds, respectively.⁹

Monitoring secondary market trading in Government of Canada securities: Two 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 indicate that participants can 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, which is an indication of a liquid market.

⁷ See <https://www.bankofcanada.ca/2019/03/summary-comments-2019-20-debt-management-strategy-consultations/>.

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

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

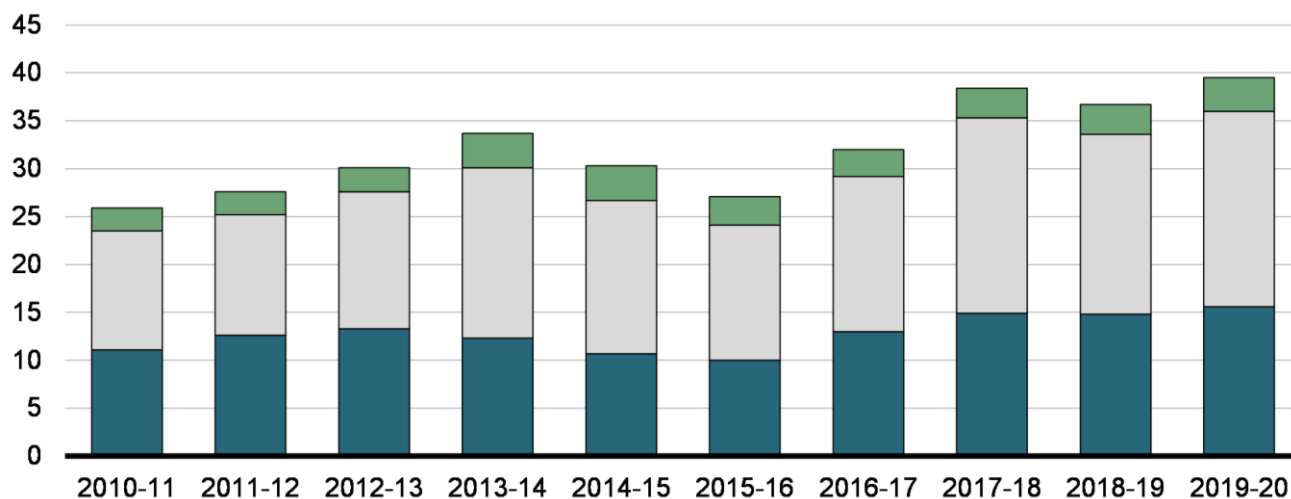
The average daily trading volume in the secondary market for Government of Canada bonds during 2019–20 was \$39.5 billion, an increase of \$2.8 billion from 2018–19 (see Chart 11).

Chart 11

Government of Canada Bond Average Daily Trading Volumes

\$ billions

■ 0-3 years ■ 3-10 years ■ 10+ years (including Real Return Bonds)



Source: Bank of Canada.

The annual debt stock turnover ratio in the Government of Canada secondary bond market was 18.9x in 2019–20, an increase from 18.1x in 2018–19. The sectors with the highest turnover are medium-term bonds with maturities between 3 and 10 years at 29.2x, while Real Return Bonds have the lowest turnover at 0.6x (see Chart 12).

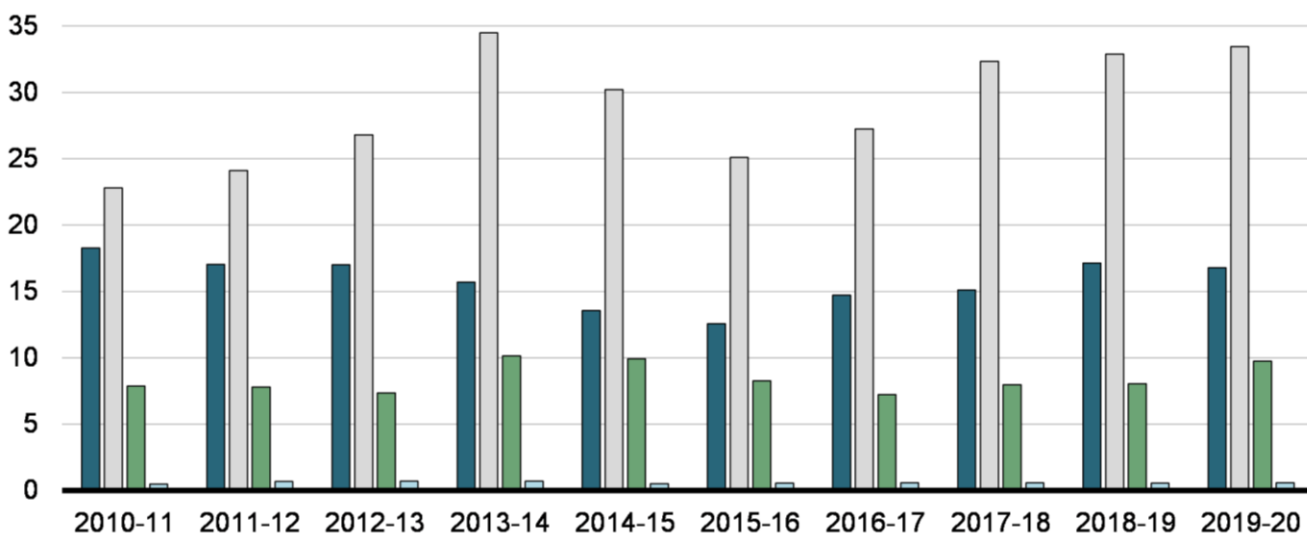
Chart 12

Government of Canada Bond Turnover Ratio by Term to Maturity

Annualized Monthly Trading Volume / Total Bond Stock

Per cent

■ 3Y and under ■ Over 3Y to 10Y ■ Over 10Y ■ RRB



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 in repurchase transactions moves beyond a specified point.¹⁰

The Bank of Canada conducted five securities-lending operations in 2019–20, compared to three operations in 2018–19. Securities-lending operations are generally conducted to alleviate tightness in markets for Government of Canada bonds. 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 Canadian Overnight Repo Rate Average).

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 (e.g., an off-the-run bond for the building-to-benchmark bond), on a duration-neutral basis.¹¹

In 2019–20, there were six regular bond buybacks on a switch basis. Three operations involved the exchange of an off-the-run bond for the 30-year building-to-benchmark bond, while single operations were held in each of the 10-year, 5-year and 3-year sectors. The *Debt Management Strategy for 2019–20* had initially planned for two bond buyback operations on a switch basis in the 30-year sector. However, in March 2020 the Bank of Canada broadened the scope of the bond buyback program as part of its measures to support the continuous functioning of financial markets through the provision of liquidity.¹² Switch operations amounted to \$3,284 million at par value issued, which was \$2,399 million higher than the switch operations that occurred in 2018–19. There were no regular bond buybacks on a cash basis in 2019–20.

¹⁰ See www.bankofcanada.ca/2015/10/securities-lending-program/.

¹¹ 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.

¹² See www.bankofcanada.ca/2020/03/expansion-bond-buyback-term-repo/.

Part III

Report on the 2019–20 Debt Program

In 2019–20, 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 2019–20, gross bond issuance was \$127.0 billion (including issuance through switch buybacks), \$27.3 billion higher than the \$99.7 billion issued in 2018–19. Gross issuance consisted of \$125.2 billion in nominal bonds (including switch operations) and \$1.8 billion in Real Return Bonds (see Table 4).

Table 4

Annual Bond Program Operations

\$ billions

	2015–16	2016–17	2017–18	2018–19	2019–20
Nominal (auction)	89.8	130.4	134.2 ¹	96.7	122.4
Nominal (switch)	0.4	0.8	0.8	0.8	2.8
Real Return Bonds	2.2	2.2	2.2	2.2	1.8
Total gross issuance	92.4	133.4	137.2	99.7	127.0
Cash buyback	0.0	0.0	0.0	0.0	0.0
Switch buyback	-0.4	-0.8	-0.8	-0.8	-2.8
Total buyback	-0.4	-0.8	-0.8	-0.8	-2.8
Net issuance	92.0	132.6	136.4	98.9	124.2

Note: Numbers may not add due to rounding.

¹ This table includes ultra-long bond auctions of \$1.25 billion that took place in fiscal year 2017–18, resulting in nominal issuance for the fiscal year of \$134.15 billion (number has been rounded up to \$134.2 billion). Excluding ultra-long issuance would result in nominal issuance of \$132.9 billion for the fiscal year.

Source: Bank of Canada.

Auction Result Indicators for Domestic Bonds

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. Excluding the 30-year sector, average auction tails were above the 5-year average across all maturities in 2019–20.¹³ A total of 40 nominal bond auctions were conducted in 2019–20, four more than in 2018–19. This increase in nominal bond auctions was largely the result of a planned increase of the number of 3-year auctions from four to eight as part of the *Debt Management Strategy for 2019–20*.

Auction coverage is defined as the total amount of bids received, including bids from the Bank of Canada, divided by the amount auctioned. All else being equal, a higher auction coverage level typically reflects strong demand and therefore should result in a lower average auction yield. Bond auctions in 2019–20 continued to be well-covered, with ratios above the 5-year average in all sectors except for the 5- and 10-year sectors.

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 (basis points)	2019–20	0.21	0.25	0.45	0.54	0.28	n/a
	5-year average	0.16	0.21	0.29	0.41	0.32	n/a
Coverage	2019–20	2.69	2.60	2.46	2.31	2.58	2.37
	5-year average	2.64	2.58	2.48	2.35	2.54	2.33

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

Source: Bank of Canada.

¹³ 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 5 of the *Standard Terms for Auctions of Government of Canada Securities* (www.bankofcanada.ca/wp-content/uploads/2016/08/standard-terms-securities180816.pdf).

Participation at Domestic Bond Auctions

In 2019–20, primary dealers (PDs) were allotted 61 per cent of auctioned nominal bonds, and customers were allotted 39 per cent (see Table 6), excluding the Bank of Canada's allotment.¹⁴ In aggregate, the 10 most active participants were in total allotted 80 per cent of these securities. Primary dealers' share of the Real Return Bond allotments decreased from 40 per cent in 2018–19 to 38 per cent in 2019–20, with customer allocations increasing from 60 per cent to 62 per cent.

Table 6

Historical Share of Bonds Allotted by Participant Category¹

Nominal Bonds

Participant type	2015–16		2016–17		2017–18		2018–19		2019–20	
	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)
PDs	66	73	96	74	94	70	61	63	75	61
Non-PD GSDs	0	0	0	0	0	0	0	0	0	0
Customers	24	27	34	26	40	30	36	37	47	39
Top 5 participants	51	57	72	55	75	56	46	48	68	55
Top 10 participants	77	86	111	85	114	85	74	77	98	80
Total nominal bonds issued	90		130		134		97		122	

Real Return Bonds

Participant type	2015–16		2016–17		2017–18		2018–19		2019–20	
	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)
PDs	1	23	1	38	1	54	1	40	1	38
Non-PD GSDs	0	0	0	0	0	0	0	0	0	0
Customers	2	77	1	62	1	46	1	60	1	62
Top 5 participants	1	52	1	66	1	59	1	46	1	40
Top 10 participants	2	75	2	87	2	82	1	68	1	65
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.

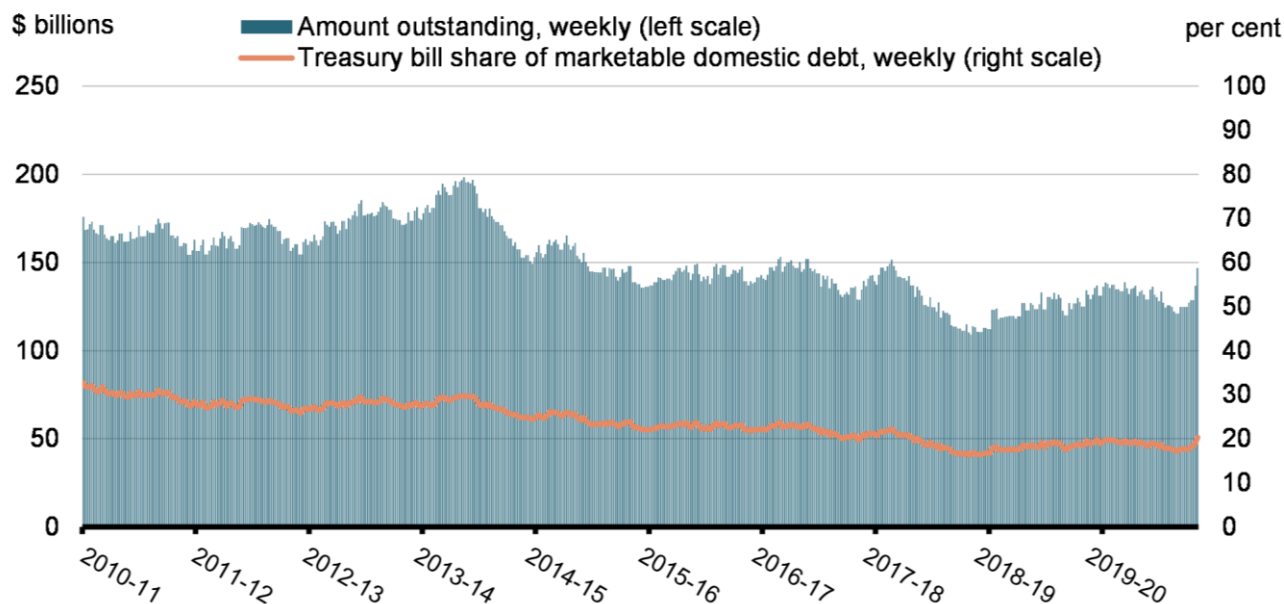
¹⁴ The Bank of Canada purchased 13 per cent of the amount issued at each nominal bond auction in 2019–20. A customer is a bidder on whose behalf a government securities distributor (GSD) has been directed to submit a competitive or non-competitive bid for a specified amount of securities at a specific price.

Treasury Bills and Cash Management Bills

During 2019–20, \$276 billion in 3-, 6- and 12-month treasury bills were issued, an increase of \$4.0 billion from the previous year. There were also 24 cash management bill operations for a total of \$67.6 billion in 2019–20, compared to 24 operations and a total of \$68.4 billion in 2018–19. Together, treasury bill and cash management bill issuance totaled \$343.6 billion. As at March 31, 2020, the combined treasury and cash management bill stock totaled \$151.9 billion, an increase of \$17.6 billion from the end of 2018–19 (see Chart 13).

Chart 13

Treasury Bills Outstanding and as a Share of Marketable Domestic Debt



Source: Bank of Canada.

In 2019–20, all treasury bill and cash management bill auctions were fully covered. Auction tails were higher than the 5-year average across treasury bill maturity sectors. Coverage ratios for treasury bill auctions in 2019–20 were lower than the 5-year average for all treasury bill maturity sectors (see Table 7).

Table 7

Performance at Treasury Bill and Cash Management Bill Auctions

		3-month	6-month	12-month	Cash management bills
Tail	2019–20	0.90	1.02	0.91	5.00
	5-year average	0.60	0.70	0.59	2.35
Coverage	2019–20	2.04	2.21	2.25	2.19
	5-year average	2.08	2.25	2.28	2.53

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 2019–20, the share of treasury bills allotted to primary dealers decreased by 4 percentage points to 84 per cent from 88 per cent in 2018–19, while the share allotted to customers increased by 4 percentage points to 16 per cent (see Table 8). The 10 most active participants were in total allotted 85 per cent of these securities.

Table 8

Historical Share of Amount Allotted to Participants by Type of Auction¹

Treasury Bills

Participant type	2015–16		2016–17		2017–18		2018–19		2019–20	
	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)
PDs	255	85	253	87	230	91	239	88	246	84
Non-PD GSDs	0	0	0	0	0	0	0	0	0	0
Customers	45	15	38	13	23	9	33	12	45	16
Top 5 participants	216	72	198	68	174	69	190	70	190	65
Top 10 participants	261	87	262	90	235	93	242	89	246	85
Total treasury bills issued	300		291		253		272		291	

Note: Numbers may not add due to rounding.

¹ Net of Bank of Canada allotment.

Source: Bank of Canada.

Foreign Currency Debt

Foreign currency debt is used to fund the Exchange Fund Account (EFA), which represents the largest component of the official international reserves. The primary objectives of the international reserves are to provide the Government of Canada with liquidity and the ability to intervene in the foreign exchange market to support the Canadian dollar.

The EFA is primarily made up of liquid foreign currency securities and special drawing rights (SDRs). Liquid foreign currency securities are composed primarily of 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 IMF whose value is based on a basket of international currencies. The official international reserves also include Canada's reserve position at the IMF. This position, which represents Canada's investment in the activities of the IMF, fluctuates according to drawdowns and repayments from the IMF. The *Report on the Management of Canada's Official International Reserves* (www.fin.gc.ca/purl/efa-eng.asp) provides information on the objectives, composition and performance of the reserves portfolio.

The market value of Canada's official international reserves increased to US\$86.1 billion as at March 31, 2020 from US\$83.4 billion as at March 29, 2019. The change reflects a US\$427 million increase in the IMF reserve position, and a US\$2,272 million increase in EFA assets. EFA assets, which totaled \$83.0 billion as at March 31, 2020, were held at a level that is consistent with the government's commitment to maintain holdings of liquid foreign currency securities at or above 3 per cent of nominal GDP.

The EFA is funded by liabilities of the Government of Canada denominated in, or converted to, foreign currencies. Funding requirements are primarily met through an ongoing program of cross-currency swaps funded by domestic issuances. As at March 31, 2020, Government of Canada cross-currency swaps outstanding stood at US\$62.8 billion (par value).

In addition to cross-currency swaps funded by domestic issuances, the EFA is 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 funding method of choice depends on funding needs, costs, market conditions and funding diversification objectives (see Table 9).

Table 9

Outstanding Foreign Currency Issues

par value in millions of US dollars

	March 31, 2020	March 29, 2019	Change
Swapped domestic issues	62,806	59,275	3,531
Global bonds	9,000	8,244	756
Canada bills	1,534	2,020	-486
Medium-term notes			
Euro medium-term notes	290	568	-278
Canada notes	500	1,150	-650
Total	74,130	71,257	2,873

Note: Liabilities are stated at the exchange rates prevailing on March 31, 2020.

As at March 31, 2020, the Government of Canada had three global bonds outstanding.

Table 10

Government of Canada Global Bonds Outstanding, as at March 31, 2020

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)
2017	Global	US\$3 billion	2.066	5	2.000	US	9.0	LIBOR + 1.5
2019	Global	US\$3 billion	2.633	3	2.625	US	10.0	LIBOR - 4.7
2020	Global	US\$3 billion	1.690	5	1.625	US	6.0	LIBOR - 6.5

Note: LIBOR = London Interbank Offered Rate.

Source: Department of Finance Canada.

The MTN 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 MTN or EMTN prospectus. During 2019–20, no medium-term notes were issued.

Table 11

Government of Canada Medium-Term Notes Outstanding, as at March 31, 2020

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)
20-Dec-2013	20-Dec-2020	Canada notes	US\$50,000,000	2.30%	7	Fixed			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

Notes: LIBOR = London Interbank Offered Rate. EURIBOR = Euro Interbank Offered Rate.

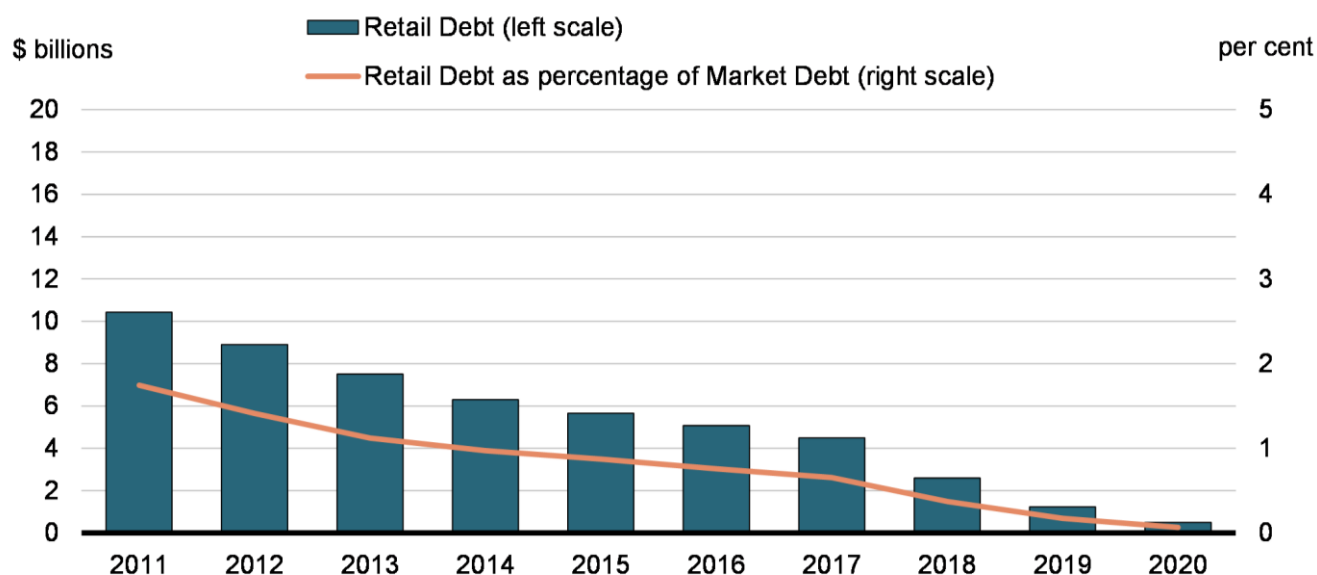
Source: Department of Finance Canada.

Retail Debt

In 2019–20, the level of outstanding Canada Savings Bonds and Canada Premium Bonds held by retail investors decreased from \$1.2 billion to \$0.5 billion. Retail debt represented around 0.1 per cent of total market debt as at March 31, 2020 (see Chart 14).

In Budget 2017, the Government of Canada announced the discontinuation of the Canada Savings Bonds and Canada Premium Bonds program, given that retail debt is no longer a cost-effective source of funds or a preferred investment by Canadians. Following the announcement, Canadians were reassured that all remaining funds in the Payroll Savings Program, the Canada Retirement Savings Plan and the Canada Retirement Income Fund, along with any unredeemed certificated bonds, remain safe and guaranteed by the Government of Canada. The Canada Savings Bonds Program will continue to be wound down until all outstanding bonds have matured by December 1, 2021.

Chart 14

Evolution of Retail Debt Stock, as at March 31

Source: Bank of Canada.

In 2019–20, the stock of retail debt declined by \$0.7 billion (see Table 12).

Table 12

Retail Debt Gross Sales and Redemptions, 2019–20

\$ billions

	Gross sales	Redemptions	Net change
Payroll	0.0	0.4	-0.4
Cash	0.0	0.3	-0.3
Total	0.0	0.7	-0.7

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 RG operating balances and a \$20 billion callable demand deposit held for the prudential liquidity plan.

The year-end daily liquidity position increased by \$1.8 billion to \$33.8 billion by the end of 2019–20 (see Table 13 and Chart 15). The amount of RG balances increased significantly near the end of March as the government began to borrow in preparation to fund its COVID-19 response.

Table 13

Year-End Daily Liquidity Position

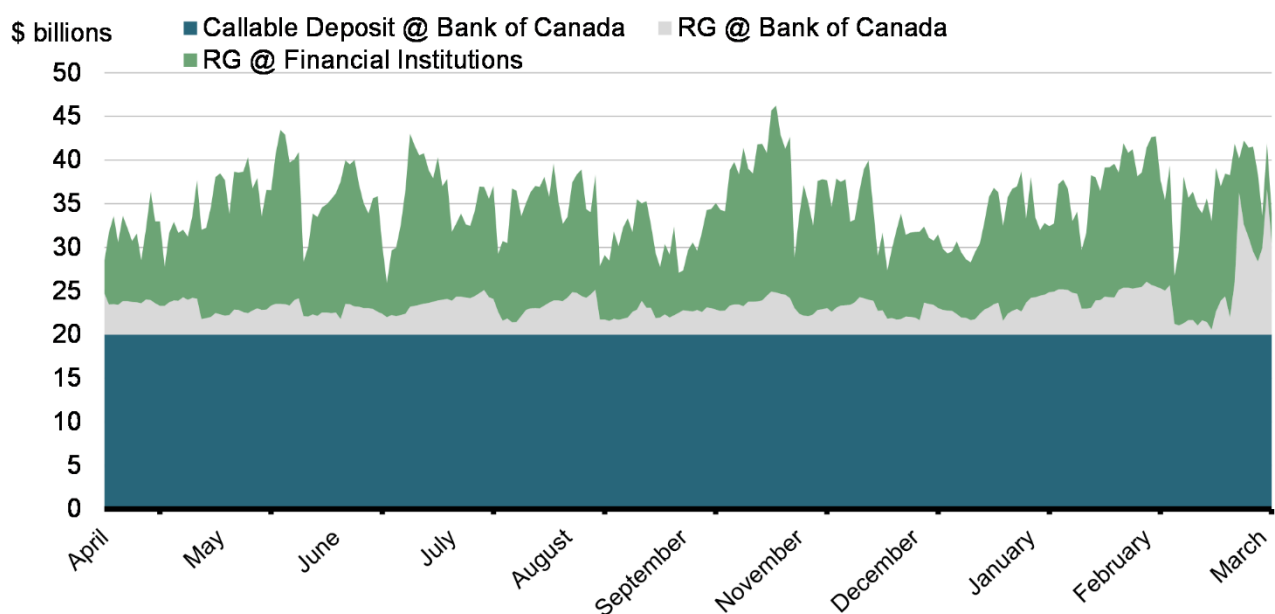
\$ billions

	March 31, 2019	March 31, 2020	Annual average	Net change
Callable deposits with the Bank of Canada	20.0	20.0	20.0	0.0
RG balances with the Bank of Canada	3.5	10.4	7.0	6.9
RG balances with financial institutions	8.4	3.4	5.9	-5.1
Total	32.0	33.8	32.9	1.8

Note: Numbers may not add due to rounding.

Source: Bank of Canada.

Chart 15

Daily Liquidity Position for 2019–20

Source: Bank of Canada.

Prudential Liquidity Management

The government holds liquid financial assets in the form of domestic cash deposits and foreign exchange reserves¹⁵ 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.

¹⁵ The legislative purposes of Canada's foreign exchange reserves are to aid in the control and protection of the external value of the Canadian dollar and to provide a source of liquidity for the government, if required.

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 level of settlement balances available to the financial system.

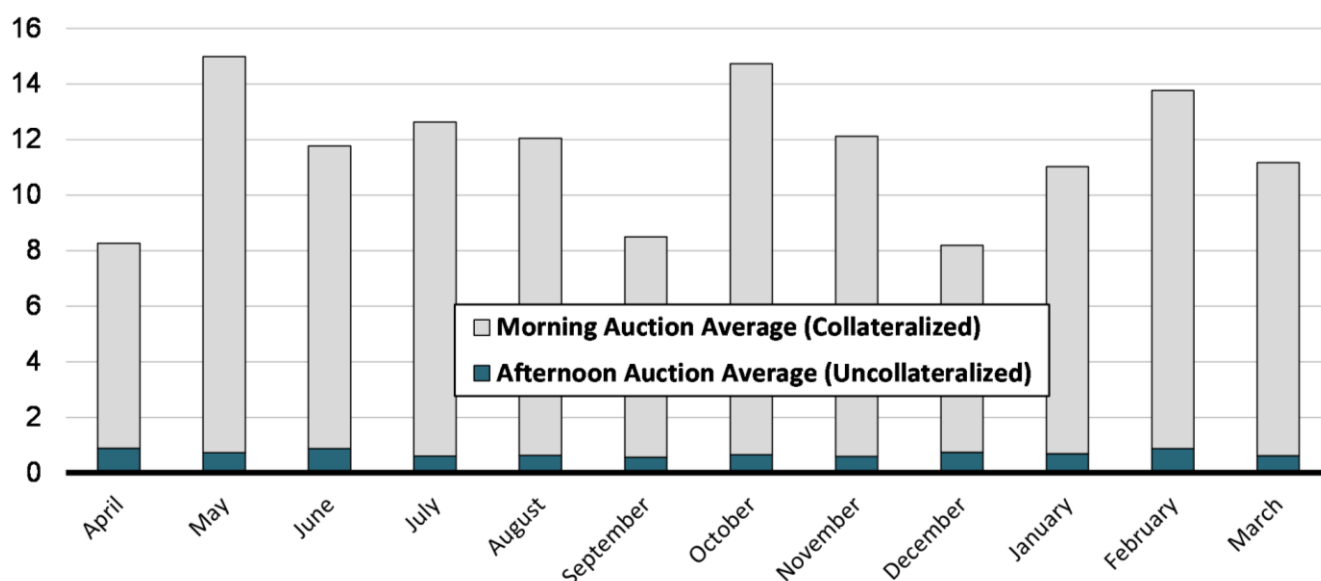
The balances placed via the morning auction are fully collateralized, which reduces the government's exposure to counterparty credit risk. The balances placed via the afternoon auction for a term of one business day (i.e., overnight) remain uncollateralized as the auction process typically takes place late in the day and, as a result, operational constraints do not allow for collateralization before day's end (see Chart 16).

In March 2020, there were fewer RG auctions conducted, in part reflecting increased cash need stemming from the onset of the COVID-19 pandemic, which resulted in fewer instances where excess cash was available for auction.

Chart 16

Allocation of Cash Balances for Receiver General Auctions (Average of Daily Balances for Each Month of 2019–20 Fiscal Year)

\$ billions



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 typically upward sloping yield curve results in a cost of carry for the government, as financial institutions pay rates of interest for government deposits that are 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 2019–20, treasury bill yields traded predominantly lower than the overnight rate, resulting in a gain of carrying cash of \$0.8 million in 2019–20.

Cash Management Bond Buyback Program

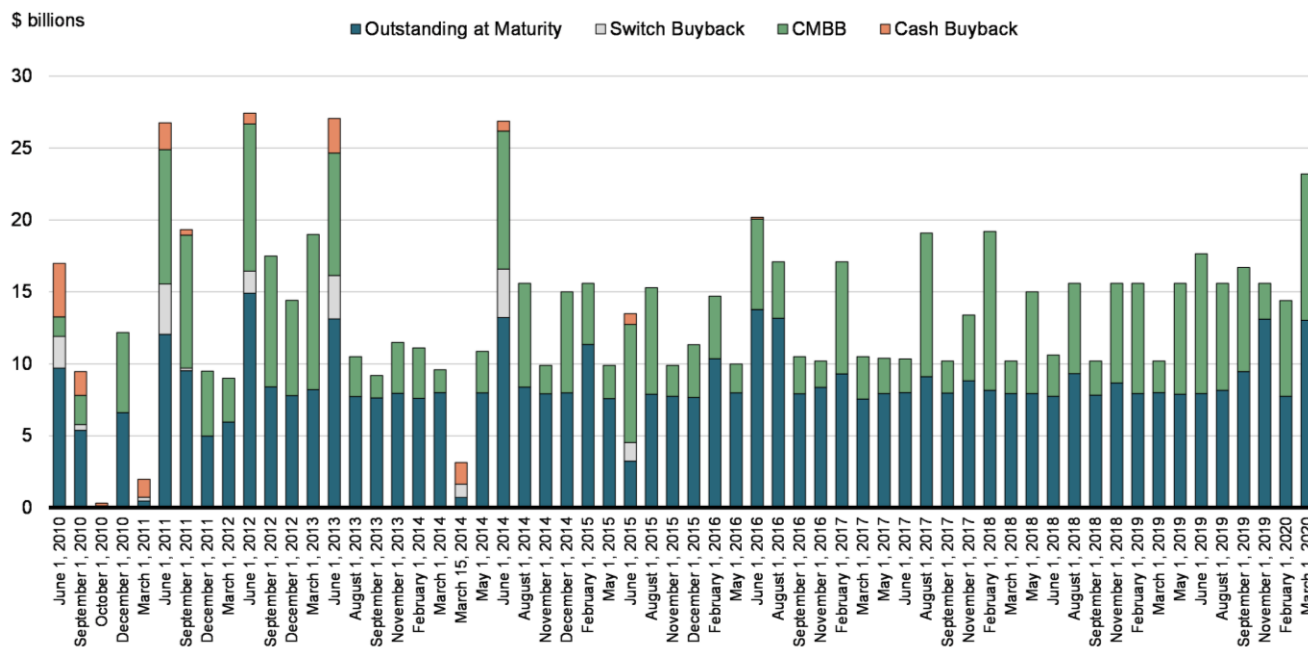
The cash management bond buyback (CMBB) program helps manage cash requirements by reducing the high levels of cash balances needed for key maturity and coupon payment dates. The program also helps smooth variations in treasury bill auction sizes over the year and reduce rollover risk. Securities targeted 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 2019–20, the total amount of bonds repurchased through the CMBB program was \$31.1 billion, compared to \$47.7 billion in 2018–19. The maximum amount of CMBBs allowed for 2019–20 decreased to \$70.0 billion from \$73.7 billion the previous year, mainly due to slightly decreasing the maximum repurchase amount at each operation. A pilot program introduced in January 2017 to increase flexibility in the maximum repurchase amount at each operation was made permanent in November 2018.¹⁶ The CMBB program had a take-up rate of 43.9 per cent for 2019–20 compared to 64.8 per cent in 2018–19. Overall, the CMBB program, together with the switch buyback program, continued to keep bond maturities at reasonable levels in 2019–20.

¹⁶ See press release at www.bankofcanada.ca/2017/01/pilot-government-canada-cash-management-bond-buyback-program/ for more details.

Chart 17

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 objectives of debt management are to raise stable and low-cost funding to meet the financial needs of the Government of Canada and to maintain a well-functioning market for Government of Canada securities. 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
Dropped the 3-year bond benchmark	1997
Moved from weekly to bi-weekly treasury bill auctions	1998
Introduced a cash-based bond buyback program	1999
Introduced standardized benchmarks (fixed maturities and increased size)	1999
Started regular cross-currency swap-based funding of foreign assets	1999
Introduced a switch-based bond buyback program	2001
Allowed the reconstitution of bonds beyond the size of the original amount issued	2001
Introduced the cash management bond buyback program	2001
Reduced targeted turnaround times for auctions and buyback operations	2001
Advanced the timing of treasury bill auctions from 12:30 p.m. to 10:30 a.m.	2004
Advanced the timing of bond auctions from 12:30 p.m. to 12:00 p.m.	2005
Reduced the timing between bond auctions and cash buybacks to 20 minutes	2005
Dropped one quarterly 2-year auction	2006
Announced the maintenance of benchmark targets through fungibility (common dates)	2006
Consolidated the borrowings of three Crown corporations	2007
Changed the maturity of the 5-year benchmark and dropped one quarterly 5-year auction	2007
Reintroduced the 3-year bond benchmark	2009
Increased the frequency of cash management bond buyback operations from bi-weekly to weekly	2010
Announced a new 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
Increased benchmark target range sizes in the 2-, 5- and 10-year sectors	2016
Reintroduced the 3-year bond benchmark	2016
Introduced a pilot program to increase flexibility in the maximum repurchase amount at CMBB operations	2017
Discontinued the sales of new Canada Savings Bonds	2017
Pilot program to increase flexibility of CMBB operations made permanent	2018

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 and which provides a source of liquidity for the Government of Canada. Assets held in the EFA are managed to provide 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

Consultations and Communications Branch
Department of Finance Canada
14th floor
90 Elgin Street
Ottawa, Ontario K1A 0G5

Phone: 613-369-3710
Facsimile: 613-369-4065
TTY: 613-369-3230
E-mail: fin.financepublic-financepublique.fin@canada.ca

Media Enquiries:
613-369-4000

Reference Tables

- I Total Liabilities, Outstanding Market Debt and Debt Charges, as at March 31
- II Government of Canada Outstanding Market Debt, as at March 31
- III Issuance of Government of Canada Domestic Bonds
- IV Outstanding Government of Canada Domestic Bonds, as at March 31, 2020
- V Government of Canada Cross-Currency Swaps Outstanding, as at March 31, 2020
- VI Crown Corporation Borrowings, as at March 31

Reference Table I

Total Liabilities, Outstanding Market Debt and Debt Charges, as at March 31

\$ billions

Year	Liabilities				Total liabilities
	Market debt	Market debt value adjustments	Accounts payable and accrued liabilities	Pension and other liabilities	
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	200.4	828.4
2010	564.4	-5.3	120.5	208.7	888.3
2011	596.8	-5.7	119.1	217.2	927.5
2012	631.0	-4.7	125.0	226.1	977.5
2013	668.0	4.4	118.7	236.2	1,027.4
2014	648.7	10.3	111.4	245.2	1,015.8
2015	649.5	15.7	123.6	251.4	1,040.2
2016	669.7	18.5	127.9	262.0	1,078.0
2017	695.1	18.5	132.5	270.7	1,116.9
2018	704.3	16.9	154.8	281.4	1,157.4
2019	721.1	15.8	159.7	282.6	1,185.2
2020	765.2	18.6	163.8	301.0	1,248.6

Reference Table I

Total Liabilities, Outstanding Market Debt and Debt Charges, as at March 31

\$ billions

Year	Accumulated deficit and debt charges					Gross public debt charges
	Total liabilities	Financial assets	Net debt	Non-financial assets	Accumulated deficit	
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	828.4	298.9	529.4	61.5	467.9	28.3
2010	888.3	300.8	587.5	63.4	524.1	26.6
2011	927.5	304.0	623.5	66.6	556.9	28.6
2012	977.5	317.6	659.9	68.0	591.9	29.0
2013	1,027.4	337.8	689.5	68.9	620.6	25.5
2014	1,015.8	318.5	696.4	70.4	626.0	24.7
2015	1,040.2	336.7	703.5	74.6	628.9	24.2
2016	1,078.0	365.8	712.2	77.8	634.4	21.8
2017	1,116.9	382.8	734.1	82.6	651.5	21.2
2018	1,157.4	397.5	752.9	81.6	671.3	21.9
2019	1,185.2	413.0	772.1	86.7	685.5	23.3
2020	1,248.6	435.7	812.9	91.5	721.4	24.5

Reference Table II

Government of Canada Outstanding Market Debt, as at March 31

\$ billions

Year	Payable in Canadian dollars				Total
	Treasury bills	Marketable bonds ¹	Retail debt	Canada Pension Plan bonds	
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
2017	136.7	536.3	4.5	0.0	677.5
2018	110.7	575.0	2.6	0.0	688.2
2019	134.3	569.5	1.2	0.0	705.1
2020	151.9	596.9	0.5	0.0	749.2

¹ Inflation adjusted.

Reference Table II

Government of Canada Outstanding Market Debt, as at March 31

\$ billions

Year	Payable in foreign currencies						Total
	Canada bills	Marketable bonds	Canada notes ¹	Euro medium-term notes ¹	Standby drawings	Term loans	
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	1.6	0.9	0.0	0.0	22.5
2017	3.5	11.5	1.7	0.9	0.0	0.0	17.6
2018	2.6	10.9	1.7	0.9	0.0	0.0	16.0
2019	2.7	11.0	1.7	0.6	0.0	0.0	16.0
2020	2.2	12.7	0.7	0.4	0.0	0.0	15.9

¹ Amounts for 2016 and 2017 and have restated following historical revisions.

Reference Table II

Government of Canada Outstanding Market Debt, as at March 31

\$ billions

Year	Total market debt				Average interest rate (%)
	Total payable in Canadian dollars	Total payable in foreign currencies	Less: Government's holdings and consolidation adjustment ¹	Total market debt	
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
2017	677.5	17.6	-0.4	695.1	1.9
2018	688.3	16.0	0.9	704.3	2.0
2019	705.1	16.0	-0.4	721.1	2.2
2020	749.2	15.9	-0.3	765.2	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 2020*.

Reference Table III

Issuance of Government of Canada Domestic Bonds

\$ billions

Fiscal year	Gross issuance										Net issuance	
	Nominal ¹						Real Return Bonds		Buybacks			
	2-year	3-year	5-year	10-year	30-year	Total	30-year	Total	Cash	Switch		Total
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
2016–17	62.4	19.5	30.0	15.0	4.3	131.2	2.2	133.4	0.0	-0.8	-0.8	132.6
2017–18	59.1	24.7	30.6	15.0	4.3	133.7	2.2	135.9	0.0	-0.8	-0.8	135.1
2018–19	48.0	8.2	24.0	13.5	3.8	97.5	2.2	99.7	0.0	-0.8	-0.8	98.9
2019–20	53.0	19.7	33.5	13.5	5.5	125.2	1.8	127.0	0.0	-2.8	-2.8	124.2

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, 2020

Fixed-coupon bonds

Maturity date	Amount (\$ millions)	Coupon rate (%)
1-May-2020	7,996	1.75
1-Jun-2020	9,533	3.50
1-Aug-2020	9,208	1.75
1-Sep-2020	20,024	0.75
1-Nov-2020	8,576	2.00
1-Feb-2021	11,706	2.25
1-Mar-2021	24,426	0.75
15-Mar-2021	567	10.50
1-May-2021	10,867	1.75
1-Jun-2021	11,185	3.25
1-Jun-2021	286	9.75
1-Aug-2021	11,967	1.50
1-Sep-2021	19,065	0.75
1-Nov-2021	12,000	1.25
1-Feb-2022	12,000	1.50
1-Mar-2022	19,000	0.50
1-May-2022	14,000	1.50
1-Jun-2022	12,700	2.75
1-Jun-2022	206	9.25
1-Sep-2022	25,200	1.00
1-Mar-2023	24,600	1.75
1-Jun-2023	14,200	1.50
1-Jun-2023	2,359	8.00
1-Sep-2023	12,000	2.00
1-Mar-2024	11,908	2.25
1-Jun-2024	13,700	2.50
1-Sep-2024	16,065	1.50
1-Mar-2025	17,300	1.25
1-Jun-2025	13,100	2.25
1-Jun-2025	2,134	9.00
1-Jun-2026	13,472	1.50
1-Jun-2027	14,915	1.00
1-Jun-2027	3,821	8.00
1-Jun-2028	13,500	2.00
1-Jun-2029	12,300	2.25
1-Jun-2029	10,675	5.75
1-Jun-2030	10,200	1.25
1-Jun-2033	12,059	5.75
1-Jun-2037	11,731	5.00
1-Jun-2041	13,838	4.00
1-Dec-2045	16,300	3.50
1-Dec-2048	14,900	2.75
1-Dec-2051	10,817	2.00
1-Dec-2064	4,750	2.75
Fixed-coupon bonds—total	531,156	

Real Return Bonds

Maturity date	Amount (\$ millions)	Coupon rate (%)	Inflation adjustment (\$ millions)	Outstanding amount (\$ millions)
1-Dec-2021	5,175	4.25	3,346	8,521
1-Dec-2026	5,250	4.25	2,927	8,177
1-Dec-2031	5,800	4.00	2,882	8,682
1-Dec-2036	5,850	3.00	1,920	7,770
1-Dec-2041	6,550	2.00	1,506	8,056
1-Dec-2044	7,700	1.50	1,411	9,111
1-Dec-2047	7,700	1.25	843	8,543
1-Dec-2050	6,200	0.50	325	6,525
Real Return Bonds—total	50,225		15,159	65,384

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, 2020

CAD\$ millions

Maturity date	Swaps of domestic obligations				Total
	USD	EUR	JPY	GBP	
2020	6,261	1,155	0	0	7,416
2021	4,890	5,704	0	0	10,594
2022	5,655	512	615	0	6,782
2023	7,949	543	2,409	149	11,050
2024	4,710	2,010	1,505	227	8,453
2025	3,589	295	732	4,186	8,803
2026	7,573	660	0	813	9,046
2027	2,991	1,863	0	2,465	7,319
2028	9,466	1,242	0	0	10,708
2029	4,786	2,518	0	0	7,304
2030	0	931	0	0	931
Total	57,870	17,433	5,262	7,840	88,405

Note: Foreign currency swaps converted to Canadian dollars using Bank of Canada closing exchange rates as of March 31, 2020. Includes cross-currency swaps related to IMF transactions. Table does not include \$3,237 million in foreign exchange forwards and \$1,077 million in foreign exchange swaps that were outstanding as at March 31, 2020. Totals 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	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Export Development Canada	22,033	24,141	26,613	36,393	41,985	46,687	49,226	55,470	55,217	63,249
Business Development Bank of Canada	897	658	648	507	305	253	163	139	137	142
Farm Credit Canada	1,293	913	691	615	669	762	815	833	818	833
Canada Mortgage and Housing Corporation	3,039	2,221	1,870	1,465	1,429	282	0	0	0	0
Canada Housing Trust ¹	199,238	213,251	212,639	205,113	207,544	217,392	225,306	233,981	237,516	244,643
Canada Post Corporation	1,051	1,051	1,051	1,051	1,051	997	997	997	997	997
Other	204	106	106	128	137	109	52	48	49	45
Total	227,755	242,341	243,617	245,272	253,120	266,482	276,559	291,469	294,734	309,909

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 to Enterprise Crown Corporations

\$ millions

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Business Development Bank of Canada	13,223	12,561	13,214	14,320	15,676	16,942	18,811	20,470	22,235	23,405
Canada Mortgage and Housing Corporation ¹	69,569	66,595	63,123	21,173	10,708	10,531	9,811	8,687	8,095	14,377
Farm Credit Canada	17,558	19,326	21,174	22,029	22,691	23,438	25,684	28,009	29,862	32,654
Other	122	92	90	149	333	340	455	468	5,244 ²	6,687 ²
Total	100,472	98,574	97,602	57,670	49,408	51,251	54,761	57,633	65,436	77,122

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

² Includes lending to Canada Development Investment Corporation for the purchase of entities that own and operate the Trans Mountain pipeline.

Source: *Public Accounts of Canada*.