



Department of Finance  
Canada

Ministère des Finances  
Canada



# Debt Management Report

## 2020-2021

Canada 



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# Foreword by the Deputy Prime Minister and Minister of Finance

For nearly two years, Canadians have been grappling with COVID-19. Since the outset, our government understood the need to provide unprecedented support so that we could save lives, protect our economy, and support Canadian workers and Canadian businesses. The federal government has provided eight out of every ten dollars spent in Canada to fight COVID-19.

Every year, the federal government provides a report to Parliament and to Canadians that details the government's domestic debt program. This report reflects the main activities of the government's borrowing program as set out in the 2020-21 Debt Management Strategy and is guided by the key principles of transparency, regularity, prudence, and liquidity. As in the past, the government has consulted dealers and investors as part of the process for developing the debt management strategy.

This report demonstrates that Canada's debt management operations continue to support the effective execution of the debt management program, contributing to the objectives of raising stable and low-cost funding and to maintain a well-functioning market for Government of Canada securities, and to implement the government's strategic direction to maximize the financing of the COVID-19-related debt through long-term issuance. It also shows that there remains strong demand for Government of Canada debt securities, contributing to the stability of Canada's debt, with about 76 per cent domestically held.

Our government remains committed to the fiscal anchors that we outlined in last spring's budget, to reducing the federal debt-to-GDP ratio, and to unwinding COVID-19-related deficits. Canada's total government net debt-to-GDP (gross domestic product) ratio remains the lowest in the G7 and our government will continue to be a responsible and careful fiscal manager.

As we look to the years ahead, jobs and economic growth must be our priority. We will continue our work to make life more affordable and build an even stronger economy for the future by investing in 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, 2022

# 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, 2021, and reflects developments and 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* (the "FAA"), 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 2020-21*, published on July 8, 2020, in the *Economic and Fiscal Snapshot 2020* ([www.canada.ca/en/department-finance/services/publications/economic-fiscal-snapshot/debt-management-strategy-2020-21.html](http://www.canada.ca/en/department-finance/services/publications/economic-fiscal-snapshot/debt-management-strategy-2020-21.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. Finally, this publication discusses the government's activities in relation to any money borrowed under paragraphs 47(b) and 46.1(c) of the FAA, which enacts the government's extraordinary borrowing authority.

## 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/recgen/cpc-pac/2021/index-eng.html](http://www.tpsgc-pwgsc.gc.ca/recgen/cpc-pac/2021/index-eng.html)).

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/department-finance/services/publications.html](http://www.canada.ca/en/department-finance/services/publications.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 "BAA"), the Minister of Finance (the "Minister") 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 ([www.canada.ca/en/department-finance/services/publications/borrowing-authority-act-report-parliament-2020.html](http://www.canada.ca/en/department-finance/services/publications/borrowing-authority-act-report-parliament-2020.html)).

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 FAA (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/department-finance/services/publications/extraordinary-borrowing-report-parliament.html](http://www.canada.ca/en/department-finance/services/publications/extraordinary-borrowing-report-parliament.html)). Furthermore, the *2021-22 Extraordinary Borrowing Report to Parliament* was tabled in Parliament on May 25, 2021. This report provides details on extraordinary borrowings that were undertaken between March 23, 2021 to May 6, 2021, and is available on the Department of Finance Canada website ([www.canada.ca/en/department-finance/services/publications/extraordinary-borrowing-report-parliament/2021-22-extraordinary-borrowing-report-parliament.html](http://www.canada.ca/en/department-finance/services/publications/extraordinary-borrowing-report-parliament/2021-22-extraordinary-borrowing-report-parliament.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 \$1,109.8 billion at the end of fiscal year 2020-21 (see boxed area of Chart 1). In addition to market and other types of unmatured debt, other liabilities, brought the total liabilities of the Government of Canada to \$1,652.2 billion at that time. When financial and non-financial assets<sup>1</sup> are subtracted from total liabilities, the federal debt or accumulated deficit of the Government of Canada was \$1,048.7 billion as at March 31, 2021 (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 through competitive auctions (occasionally through a syndication process at the government's discretion) to government securities distributors, a group of banks and investment dealers in the Canadian market. These government securities distributors then resell these securities to their wholesale and retail clients in the secondary market.

Government of Canada marketable securities are widely held and can be found in retail and institutional investment portfolios, insurance companies and pension funds, central banks (including the Bank of Canada), as well as a variety of other investment vehicles. Overall, about 76 per cent of Government of Canada market debt was held by Canadian investors, such as insurance companies and pension funds, and financial institutions and governments. The participation of international investors in Government of Canada securities markets is of benefit to Canadians, as they serve to increase competition, increase the diversity of the government's investor base, and ultimately reduce borrowing costs for Canadian taxpayers.

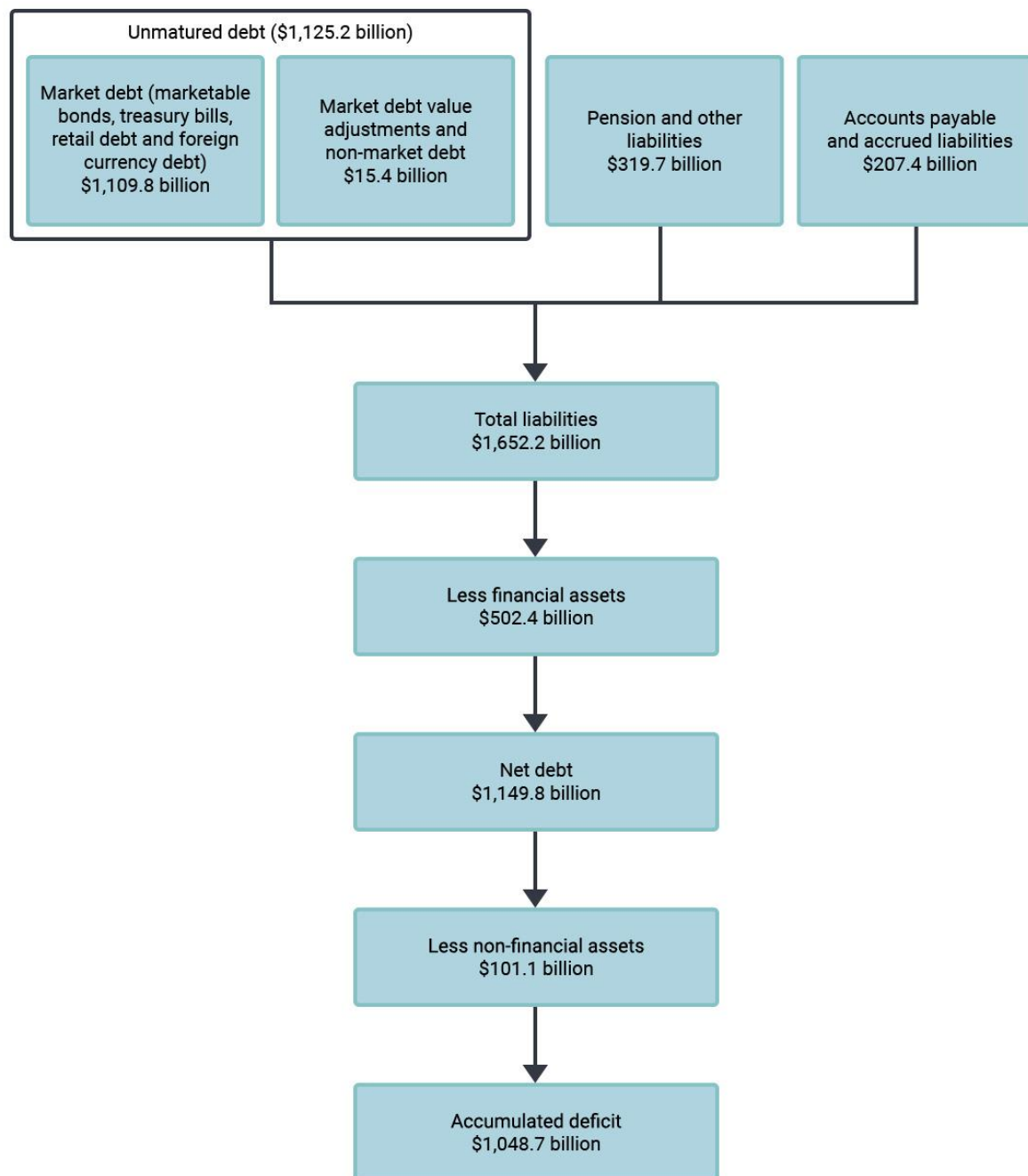
Cross-currency swaps of domestic obligations and issuance of foreign currency debt are used to fund foreign reserve assets held in the Exchange Fund Account (see the section entitled "Foreign Currency Debt").

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

Chart 1

**Federal Balance Sheet, as at March 31, 2021**



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



## Highlights for 2020-21

The *Debt Management Report* consists of three parts covering the main aspects of the Government of Canada's debt program. "Part I – 2020-21 Debt Management Context" focuses on the state of the accumulated deficit (i.e., federal debt), the year's financial requirement 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, Strategic Direction, and Principles" reports on debt management objectives to implement the government's strategic direction to maximize the financing of the COVID-19-related debt through long-term issuance, 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. "Part III – Report on the 2020-21 Debt Program" reports on the operational aspects of the market 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:

### COVID-19 and Debt Management

The *Debt Management Strategy* sets out the objectives, strategy, and borrowing plans for the government's domestic debt program, and in particular, underscored issuing a historic level of long-term bonds to finance the emergency support to Canadians and Canadian businesses through the pandemic. In 2020-21, the debt program involved many changes to respond to the COVID-19 pandemic, most notably a significant increase in borrowing. In particular, this environment presented a unique opportunity to issue a historic level of long-term bonds to manage the significant increase in debt resulting from the response to COVID-19. The objective was to provide security and stability to the government balance sheet by lowering debt rollover and providing more predictability in the cost of servicing debt. The government issued a combined \$105.5 billion in 10-year and 30-year bonds in 2020-21, compared to \$19.0 billion in 2019-20.

In response to the extraordinary circumstances caused by the COVID-19 pandemic, on March 31, 2020, the Minister approved for the first time borrowings under extraordinary circumstances, pursuant to section 47 of the FAA. The *COVID-19 Emergency Response Act* that received Royal Assent on March 25, 2020 enacted these authorities. Under section 47 of the FAA, \$285.3 billion was borrowed during the 2020-21 fiscal year. Furthermore, on March 23, 2021, the Administrator of the Government of Canada in Council authorized the Minister to borrow money under paragraph 46.1(c) of the FAA. Under section 46.1(c), \$6.6 billion was borrowed during the 2020-21 fiscal year. These COVID-19 extraordinary borrowings were the largest contributor to the rise in the government's market debt from \$765.2 billion as of March 2020 to \$1,109.8 billion as of March 2021.

### Stock of Domestic Market Debt

Accounting for a \$154.4 billion lower financial requirement than what was projected at the time of the *Economic and Fiscal Snapshot 2020*, the stock of domestic market debt increased by \$344.6 billion in 2020-21, bringing the total stock to \$1,109.8 billion. The change in the stock was mainly comprised of a \$278.4 billion increase in marketable bonds payable in Canadian dollars, a \$66.9 billion increase in treasury and cash management bills, a \$0.2 billion decrease in retail debt stock, and a \$0.5 billion decrease in marketable debt payable in foreign currencies. Notwithstanding the increase in 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 2020-21, the weighted average rate of interest on market debt decreased to 1.35 per cent, down from 2.03 per cent in 2019-20.

## Strong Demand for Government of Canada Debt Securities

In 2020-21, despite the unprecedented increases in borrowing and initial market stresses experienced at the onset of the COVID-19 pandemic, market participants indicated that early and transparent changes to the debt program and the Bank of Canada's various financial market support programs were paramount in successfully stabilizing financial markets. These programs supported the absorption of a record amount of federal government debt, especially in longer-term sectors.

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 Tenders 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.

# Part I

## 2020-21 Debt Management Context

### Composition of Federal Debt

In 2020-21, total market debt increased by \$344.6 billion (or about 45 per cent) to \$1,109.8 billion (see Table 1). For additional information on the financial position of the government, see the 2020-21 *Annual Financial Report of the Government of Canada* ([www.canada.ca/en/departement-finance/services/publications/annual-financial-report.html](http://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

	2021	2020	Change
<b>Payable in Canadian currency</b>			
Marketable bonds	875.3	596.9	278.4
Treasury and cash management bills	218.8	151.9	66.9
Retail debt	0.3	0.5	-0.2
<b>Total payable in Canadian currency</b>	1,094.4	749.2	345.2
<b>Payable in foreign currencies</b>	15.4	15.9	-0.5
<b>Total market debt</b>	1,109.8	765.2	344.6
Market debt value adjustment, capital lease obligations and other unmatured debt	15.4	18.6	-3.2
<b>Total unmatured debt</b>	1,125.2	783.8	341.4
Pension and other accounts	319.7	301.0	18.6
<b>Total interest-bearing debt</b>	1,444.8	1,084.8	360.1
Accounts payable, accruals and allowances	207.4	163.8	43.6
Total liabilities	1,652.2	1,248.6	403.6
Total financial assets	502.4	435.7	66.7
Total non-financial assets	101.1	91.5	9.5
<b>Accumulated deficit (i.e., federal debt)</b>	1,048.7	721.4	327.4

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 \$314.6 billion in 2020-21, reflecting \$327.7 billion in cash outflows due to a budgetary deficit and a cash inflow of \$13.2 billion due to non-budgetary transactions. The financial requirement was \$154.4 billion lower than the projection in the *Debt Management Strategy for 2020-21*. For comparison, the financial requirement in 2019-20 was \$47.2 billion.

In 2020-21, loans to the Business Development Bank of Canada, Canada Mortgage and Housing Corporation and Farm Credit Canada under the Crown Borrowing Program declined by \$3 billion or was \$50.6 billion lower than the planned \$48.0 billion increase. Since the inception of the program in 2007-08, the consolidated borrowings of these Crown corporations have accumulated to account for \$78.3 billion of federal market debt.

Table 2

**Sources of Borrowings and Uses of Borrowings, Fiscal Year 2020-21: Planned/Actual**

\$ billions

	Planned <sup>1</sup>	Actual	Difference
<b>Sources of borrowings</b>			
Payable in Canadian currency			
Treasury bills	294	219	-75
Bonds	409	370	-39
Retail debt	0	0	0
Total payable in Canadian currency	703	589	-114
Payable in foreign currencies	10	4	-6
<b>Total sources of borrowings</b>	<b>713</b>	<b>593</b>	<b>-120</b>
<b>Uses of borrowings<sup>2</sup></b>			
Refinancing needs			
Payable in Canadian currency			
Treasury bills	152	152	0
Bonds	92	93	1
Of which:			
<i>Bonds that mature</i>	92	93	1
<i>Switch bond buybacks</i>	0	0	0
<i>Cash management bond buybacks</i>	0	0	0
Retail debt	0	0	0
Total payable in Canadian currency	244	245	1
Payable in foreign currencies	1	5	4
Total refinancing needs	245	250	5
Financial requirement or source			
Budgetary balance	343	328	-15
Non-budgetary transactions			
Pension and other accounts	-15	-17	-2
Non-financial assets	5	10	5
Loans, investments and advances	139	26	-113
Of which:			
<i>Loans to enterprise Crown corporations<sup>3</sup></i>	48	-3	-51
<i>Insured Mortgage Purchase Program</i>	51	1	-50
<i>Other</i>	41	28	-13
Other transactions <sup>4</sup>	-4	-32	-28
Total non-budgetary transactions	126	-13	-139
Total financial source/requirement	469	315	-154
<b>Total uses of borrowings</b>	<b>713</b>	<b>564</b>	<b>-149</b>
Change in other unmatured debt transactions <sup>5</sup>	0	3	3
<b>Net increase or decrease (-) in cash</b>	<b>0</b>	<b>27</b>	<b>27</b>

Note: Numbers may not add due to rounding.

<sup>1</sup> Planned numbers are from the *Economic and Fiscal Snapshot 2020* and the *Debt Management Strategy for 2020-21*.<sup>2</sup> A negative sign denotes a financial source.<sup>3</sup> Loans to enterprise Crown corporations represent corporations under the Crown Borrowing Program.<sup>4</sup> 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.<sup>5</sup> 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 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 BAA and Part IV of 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, the maximum stock of borrowings approved by Parliament in effect during the 2020-21 fiscal year was \$1,168 billion, which also includes amounts borrowed by agent Crown corporations, and Canada Mortgage Bonds guaranteed by Canada Mortgage and Housing Corporation. As of March 31, 2021, \$1,133 billion of the Parliamentary-approved borrowing authority was used. Section 15 of the *Economic Statement Implementation Act, 2020* adjusted the maximum amount of borrowing approved by Parliament to \$1,831 billion effective as of May 6, 2021.

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, the GIC approved \$550 billion to be the maximum aggregate principal amount of money that may be borrowed by the Minister in 2020-21.<sup>2</sup> 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 2020-21, \$315 billion of the GIC-approved borrowing authority was used, \$235 billion below the authorized borrowing authority limit. The amount borrowed in 2021 pursuant to the *COVID-19 Emergency Response Act* is excluded from the calculation of the annual borrowing authority approved by the GIC. However, including borrowings pursuant to the *COVID-19 Emergency Response Act*, the aggregate principal amount borrowed was \$593 billion, \$120 billion lower than the plan set out in the *Debt Management Strategy for 2020-21* (see Table 2).

## Contingency and Extraordinary Borrowing Authorities

There are two sets of contingency and extraordinary borrowing authorities under the FAA. The first set under section 46.1 was enacted in 2016 under the new borrowing authority framework. The second set under section 47 was enacted through the *COVID-19 Emergency Response Act* that Parliament passed on March 25, 2020. Borrowings under both provisions are exempt from the overall maximum borrowing amount as set out in the BAA.

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<sup>2</sup> 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 2020-21 OIC is 2020-0989.

In response to the extraordinary circumstances caused by the COVID-19 pandemic, on March 31, 2020, the Minister authorized borrowings under section 47 of the FAA. This unprecedented provision authorized the Minister to conduct new and necessary borrowings to fund the Government of Canada through this crisis. From April 1, 2020 to September 30, 2020, the total amount borrowed under paragraph 47(b) was \$285.3 billion. Additional information in the *Extraordinary Borrowing Report to Parliament* for these borrowings is available on the Department of Finance Canada website ([www.canada.ca/en/departement-finance.html](http://www.canada.ca/en/departement-finance.html)).

On March 23, 2021, in response to further extraordinary circumstances, the Administrator of the Government of Canada in Council authorized the Minister to borrow money under paragraph 46.1(c) of the FAA. This provision authorized the Minister to conduct necessary borrowings to continue to fund the Government of Canada through the crisis.

The Administrator of the Government of Canada in Council approved two Orders in Council on March 23, 2021:

1. Order in Council P.C. 2021-177 authorized the Minister to borrow money in extraordinary circumstances beginning on March 23, 2021 and ending on March 31, 2021.
2. Order in Council PC. 2021-179 authorized the Minister to borrow money in extraordinary circumstances beginning on April 1, 2021 and ending on May 6, 2021.

The total sum borrowed from March 23, 2021 to March 31, 2021, inclusive, under paragraph 46.1(c) as authorized under Order in Council P.C. 2021-177 was \$6.6 billion. From April 1, 2021 to May 6, 2021, inclusive, the total amount borrowed under paragraph 46.1(c) as authorized under Order in Council P.C. 2021-179 was \$1.6 billion. These funds were to address the government's financial requirement, including to fund a variety of COVID-19 related programs and policies. Additional information on the *2021-22 Extraordinary Borrowing Report* is available on the Department of Finance Canada website ([www.canada.ca/en/departement-finance.html](http://www.canada.ca/en/departement-finance.html)).

The domestic borrowing activities from March 23, 2021 to May 6, 2021 consisted of a combination of treasury bills and nominal bonds. During this period, \$92.0 billion was issued, and of this amount, \$8.2 billion was raised under the extraordinary borrowing authority. Most of these issuances are still outstanding.

## Government of Canada Credit Rating Profile

The Government of Canada throughout 2020-21 continued to receive the highest possible credit ratings amongst most rating agencies, with a stable outlook, on Canadian-dollar and foreign-currency-denominated short- and long-term debt (see Table 3).

In June 2020, Fitch downgraded Canada to 'AA+' from 'AAA' citing the deterioration of Canada's public finances resulting from the pandemic response, in particular, the rise of the general government gross debt-to-GDP. The four other rating agencies are generally focusing on general government net debt-to-GDP and have indicated that Canada's sound macroeconomic policy frameworks, economic resilience and diversity, stability of its financial system, and the strength of monetary and fiscal flexibility are all reflected in Canada's strong current credit ratings: Moody's (Aaa), S&P (AAA), DBRS (AAA) and JCRA (AAA).

Table 3

**Government of Canada Credit Ratings as at March 31, 2021**

<b>Rating agency</b>	<b>Term</b>	<b>Domestic currency</b>	<b>Foreign currency</b>	<b>Outlook</b>	<b>Previous rating action</b>
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	AA+	AA+	Stable	June 2020
	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, Strategic Direction and Principles

## Objectives, Strategic Direction and Principles

### Objectives

The debt management objectives 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.

### Strategic Direction

In light of the unique situation posed by the COVID-19 crisis, in its *Debt Management Strategy for 2020-21* published in the *Economic and Fiscal Snapshot 2020*, the government announced its intent to issue a historic level of long-term bonds to manage the significant increase in debt resulting from the response to COVID-19.

In the *Update on the 2020-21 Debt Management Strategy* published in the *Fall Economic Statement 2020*, the government indicated that the debt strategy will continue to follow a prudent approach and will take steps where possible to continue to increase the proportion of bond issuance occurring at the long-end.

### Principles

In support of these objectives and a prudent strategic direction, 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 market debt is managed conservatively in a cost-risk framework, preserving access to diversified sources of funding and supporting a broad investor base.

## Raising Stable and Low-Cost Funding, and Strategic Direction

In general, achieving stable and 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.

### Market Debt Issuance in 2020-21

In 2020-21, to support government actions during COVID-19, the government significantly increased total issuance to \$369.9 billion, from \$127.0 billion in 2019-20. Debt instruments across all terms experienced a significant increase in issuance, with longer-term bonds (i.e., 10-year+) seeing the largest increase on a percentage basis. In particular, 10-year issuance increased to \$73.5 billion, from \$13.5 billion in 2019-20, and 30-year issuance increased to \$32.0 billion, from \$5.5 billion in 2019-20 (see Table 4.1). Overall, \$106.9 billion in long-term bonds were issued (including Real Return Bonds), up from \$20.8 billion in 2019-20 (see Table 4.2).

During 2020-21, the allocation of long bond issuance was 29 per cent, 13 percentage points higher than the previous fiscal year (see Table 4.2) and 3 percentage points higher than the plan set out in the *Debt Management Strategy for 2020-21* (see Table 4.3). As the financial requirement came in \$154.4 billion lower than projected, the planned issuance in longer-term sectors was maintained, and the issuance of treasury bills and short-term bonds decreased.

Table 4.1

**Gross Issuance of Bonds and Bills for 2020-21**

billions of dollars, end of fiscal year

	2019-20 Previous Year	2020-21 Planned	2020-21 Actual	Difference between Actual and Planned	2020-21 Actual vs 2019-20 % change
<b>Treasury bills</b>	<b>152</b>	<b>294</b>	<b>219</b>	<b>-75</b>	<b>44%</b>
2-year	53	150	129	-21	143%
3-year	20	65	57	-8	187%
5-year	34	88	78	-10	131%
10-year	14	74	74	0	444%
30-year	6	32	32	0	480%
Real Return Bonds	1.8	1.4	1.4	0	-22%
<b>Total bonds</b>	<b>127</b>	<b>409</b>	<b>370</b>	<b>-39</b>	<b>191%</b>
<b>Total gross issuance</b>	<b>279</b>	<b>713</b>	<b>589</b>	<b>-114</b>	<b>111%</b>

Table 4.2

**Allocation of Gross Bond Issuance, 2019-20 vs. 2020-21**

	2019-20 Previous Year		2020-21 Actual	
	Issuance (\$ billions)	Share of Bond Issuance	Issuance (\$ billions)	Share of Bond Issuance
Short (2, 3, 5-year sectors)	106.2	84%	263.0	71%
Long (10-year+)	20.8	16%	106.9	29%
<b>Gross bond issuance</b>	<b>127.0</b>	<b>100%</b>	<b>369.9</b>	<b>100%</b>

Table 4.3

**Allocation of Gross Bond Issuance, 2020-21 Planned vs. Actual**

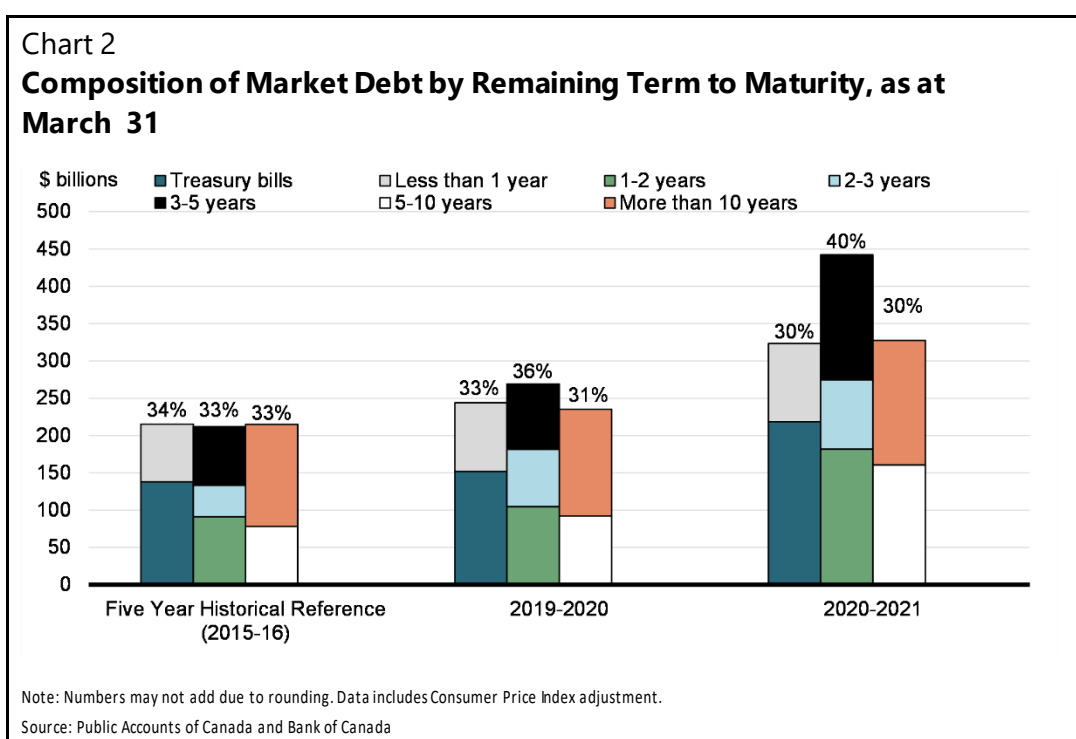
	2020-21 Planned		2020-21 Actual	
	Issuance (\$ billions)	Share of Bond Issuance	Issuance (\$ billions)	Share of Bond Issuance
Short (2, 3, 5-year sectors)	302.0	74%	263.0	71%
Long (10-year+)	106.9	26%	106.9	29%
<b>Gross bond issuance</b>	<b>408.9</b>	<b>100%</b>	<b>369.9</b>	<b>100%</b>

## Market Debt Composition

The composition of the stock of market debt is a reflection of past debt issuance choices (e.g., over the last 30 years for the 30-year sector). The effects of changes in issuance patterns of short-term debt instruments become visible relatively quickly, while the full effect of issuance changes in longer-term debt instruments takes their entire maturity periods to be fully appreciated. A well-distributed maturity profile helps maintain a prudent risk exposure to changes in interest rates over time at an affordable cost, while promoting well-functioning markets by providing liquidity across different maturity sectors.

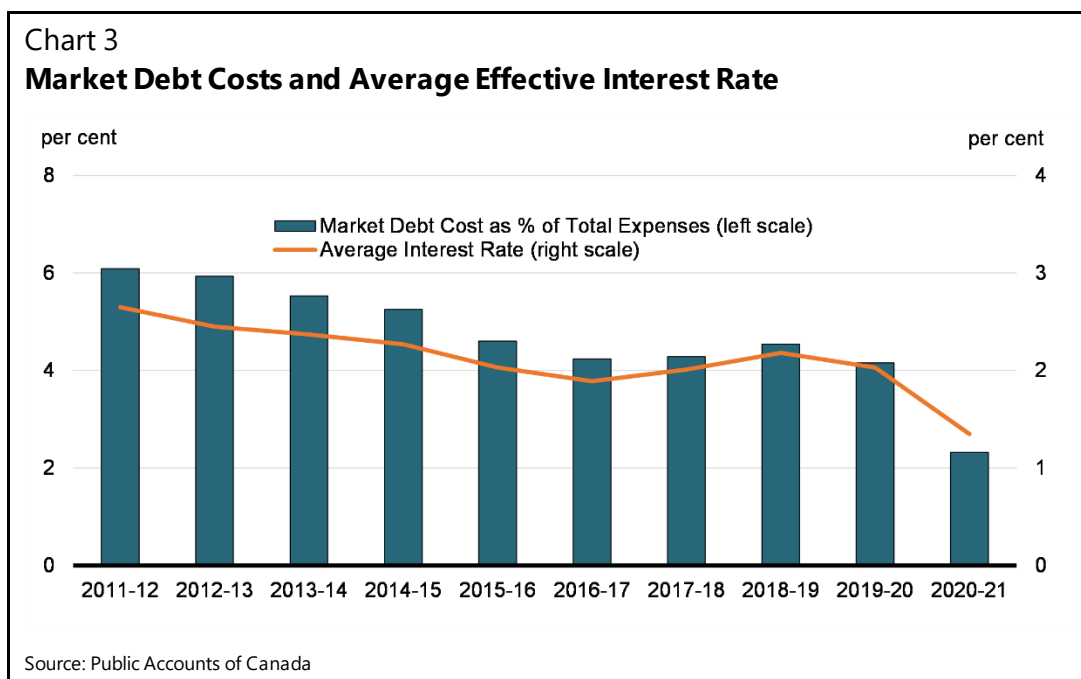
### Composition of Market Debt by Remaining Term to Maturity

In terms of the composition of the market debt, short-term bonds experienced the highest increase at the beginning of the pandemic, as they can absorb larger borrowing needs in volume more rapidly than long-term bonds. With the significant increase in long-term bond issuance during 2020-21, the effect on the composition of the debt will become more pronounced in the coming years as shorter-term bonds mature (see Chart 2).



## Cost of Market Debt

Annual interest rate cost on the market debt is the largest component of public debt charges (public debt charges also include interest expenses on non-market liabilities).<sup>3</sup> The weighted average rate of interest on the stock of market debt was 1.35 per cent in 2020-21, down from 2.03 per cent in 2019-20. Despite the unprecedented increase in the stock of market debt, the interest rate cost on the market debt as a share of total government expenses continued to decrease from 4.16 per cent in 2019-20 to 2.33 per cent in 2020-21, the lowest to date (see Chart 3).



## Market Debt: Average Term to Maturity and Debt Rollover

Prudent management of debt refinancing needs promotes investor confidence and strive to minimize the impact of market volatility or disruptions on the funding program. According to a number of common measures of market debt refinancing risks, including average term to maturity (ATM) and debt rollover, the Government of Canada market debt remained prudent through the COVID-19 pandemic.

### Average Term to Maturity

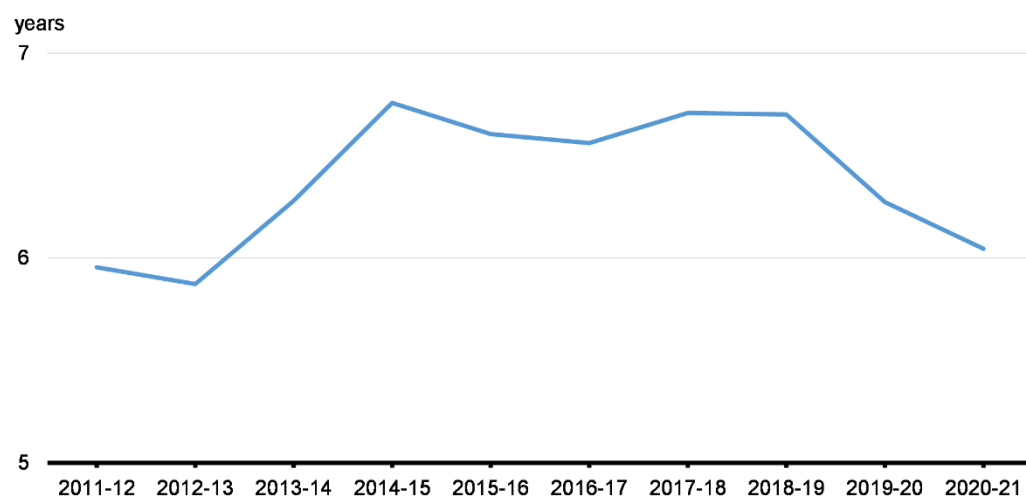
The ATM of market debt tends to rise and fall mostly with the stock of treasury bills. This can be seen in the period from 2013-14 to 2014-15 when cash inflows from maturing insured mortgages bought during 2008-09, led to a peak ATM of 6.8 years by the end of 2014-15.

The ATM declined from 6.7 years in 2018-19 to 6.3 years by the end of 2019-20, reflecting the increased issuance of treasury bills to support a liquid and well-functioning market for Government of Canada treasury bills. By the end of 2020-21, the ATM declined slightly to 6.0 years, due to the increased proportion of short-term bonds where there are generally more opportunities to increase issuance in volume (see Chart 4.1).

<sup>3</sup> Non-market liabilities include pensions, other employee and veteran future benefits, and other liabilities.

Chart 4.1

### Average Term to Maturity of Government of Canada Market Debt

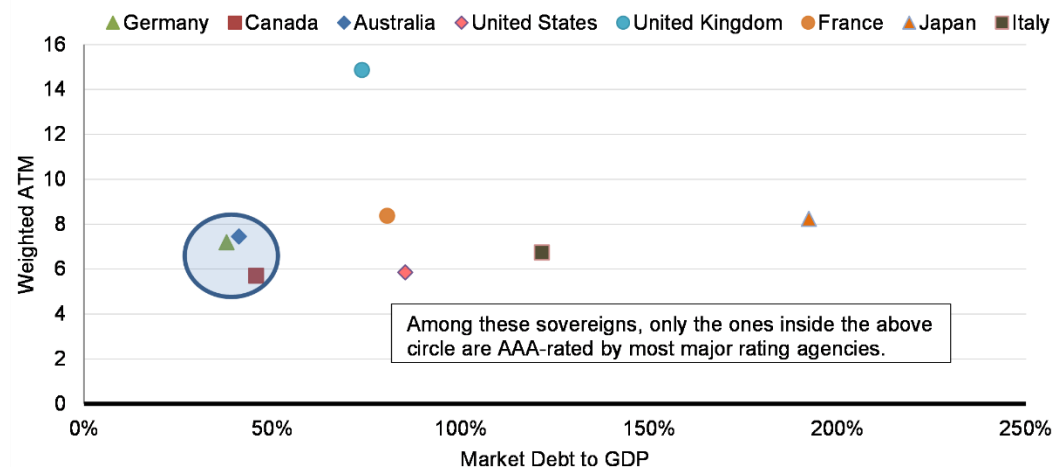


Source: Bank of Canada

Canada has successfully built a prudent debt structure relative to GDP over the last 30 years. In general, low debt-to-GDP countries can choose a higher risk level (i.e., lower ATM) in exchange for lower interest rate costs. Overall, Canada is in line with other AAA countries (see Chart 4.2).

Chart 4.2

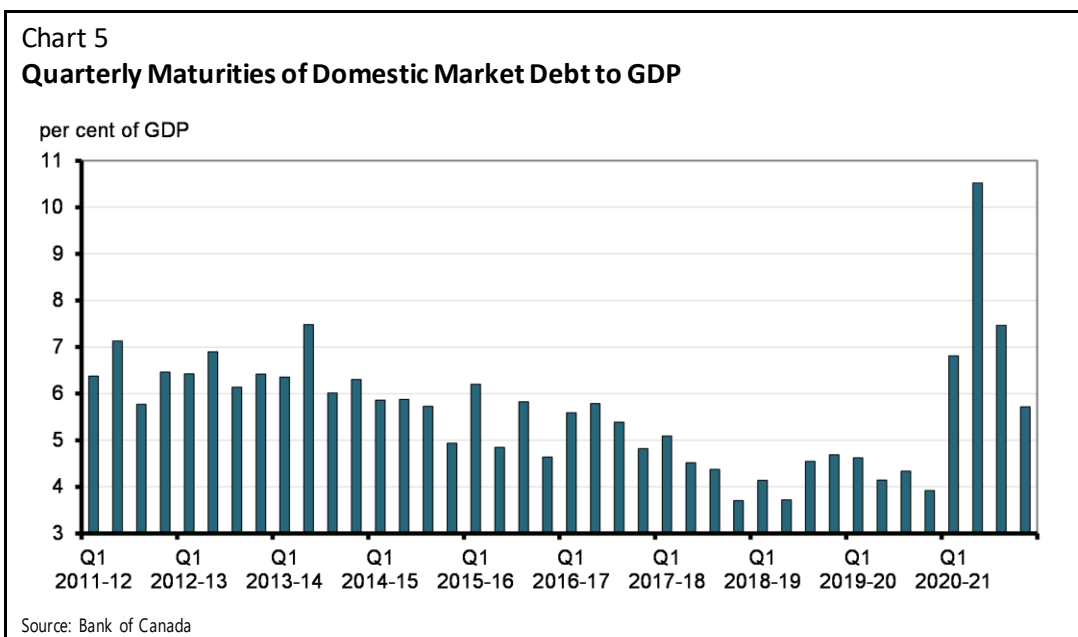
### Weighted ATM vs Market Debt-to-GDP



Source: Bloomberg (as of December 2020)

## Debt Rollover: Quarterly Maturities to GDP

As market debt increased significantly through the COVID-19 pandemic to support Canadians and the economy, the debt rollover, as measured by the amount of debt maturing per quarter as a percentage of GDP, also increased. Quarterly maturities to GDP rose as a result of a significant increase in treasury bills issued early in 2020-21 given the rapid increase in the cash requirement to support government actions. By mid-fiscal year, maturing treasury bills were successfully recycled into bonds, and therefore, quarterly maturities to GDP started to decline. Accordingly, debt maturities to GDP declined from a peak of 10.5 per cent to a more prudent 5.7 per cent, compared to an average of 4.3 per cent in 2019-20 (see Chart 5).



## Debt Rollover: Single-Day Maturities

In pursuing higher bond issuance and to help smooth future cash flow profiles, in 2020-21 the government added a December 1 maturity date in the 10-year sector and two new maturity dates in the 3-year bond sector: April 1 and October 1 (previously fungible with 5-year bonds). Accordingly, the government now has 10 maturity dates.

The benchmark maturity date profile is as follows:

- 2-year bonds: February 1, May 1, August 1, November 1
- 3-year bonds: **April 1, October 1**
- 5-year bonds: March 1, September 1
- 10-year bonds: June 1, **December 1**
- 30-year bonds: December 1 – although Real Return Bonds and nominal 30-year bonds mature on December 1, they do not mature in the same year.

# Maintaining a Well-Functioning Government Securities Market

A well-functioning market in Government of Canada securities benefits the government as a borrower as it directly supports the fundamental objective of raising stable, low-cost funding, while also benefiting 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 interest rate costs for the government, and provides flexibility to meet changing financial requirements. For market participants, a liquid and transparent secondary market in government debt instruments 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 useful tool for hedging interest rate risk.

In supporting a liquid and well-functioning market through this year's extreme uncertainty, the Government of Canada promoted transparency and consistency regarding the management of its debt program through continuous communications and outreach. The following actions promoted a well-functioning Government of Canada securities market in 2020-21.

## Providing Regular and Transparent Issuance

During 2020-21, the Government of Canada continued announcing bond auction schedules prior to the start of each quarter, and provided details for each operation in a Call for Tender in the week leading up to an auction.<sup>4</sup> In 2020-21, 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

Compared to 2019-20, as a result of the increased financial requirement due to the COVID-19 pandemic, all the bond benchmark ranges were increased to unprecedented levels in 2020-21. In the most part, building benchmarks reached the new and increased ranges with few exceptions (see Chart 6).<sup>5</sup>

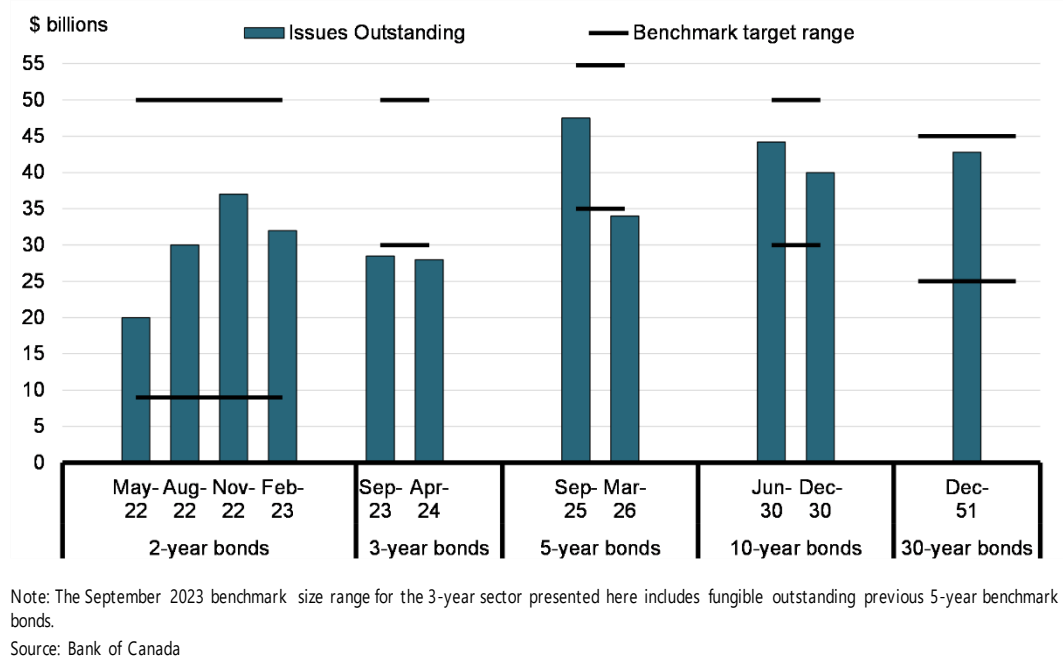
- 2-year bonds: \$9 billion to \$50 billion
- 3-year bonds: \$30 billion to \$50 billion
- 5-year bonds: \$35 billion to \$55 billion
- 10-year bonds: \$30 billion to \$50 billion
- 30-year nominal bonds: \$25 billion to \$45 billion

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<sup>4</sup> See the Bank of Canada website ([www.bankofcanada.ca/stats/cars/f/bd\\_auction\\_schedule.html](http://www.bankofcanada.ca/stats/cars/f/bd_auction_schedule.html)).

<sup>5</sup> 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 6  
Size of Bond Benchmarks in 2020-2021



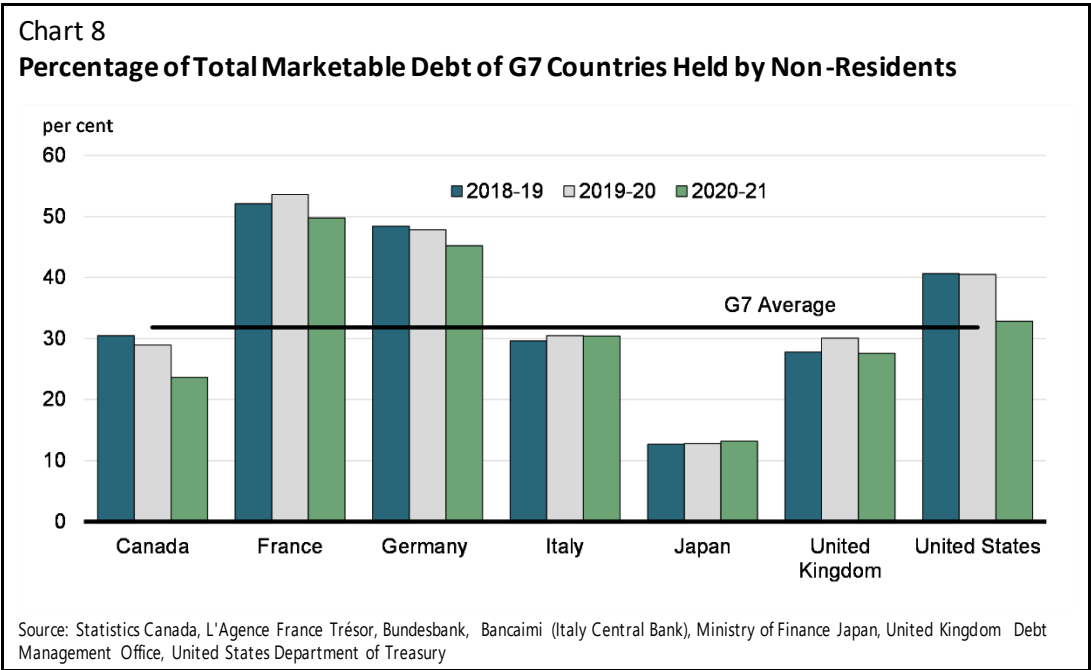
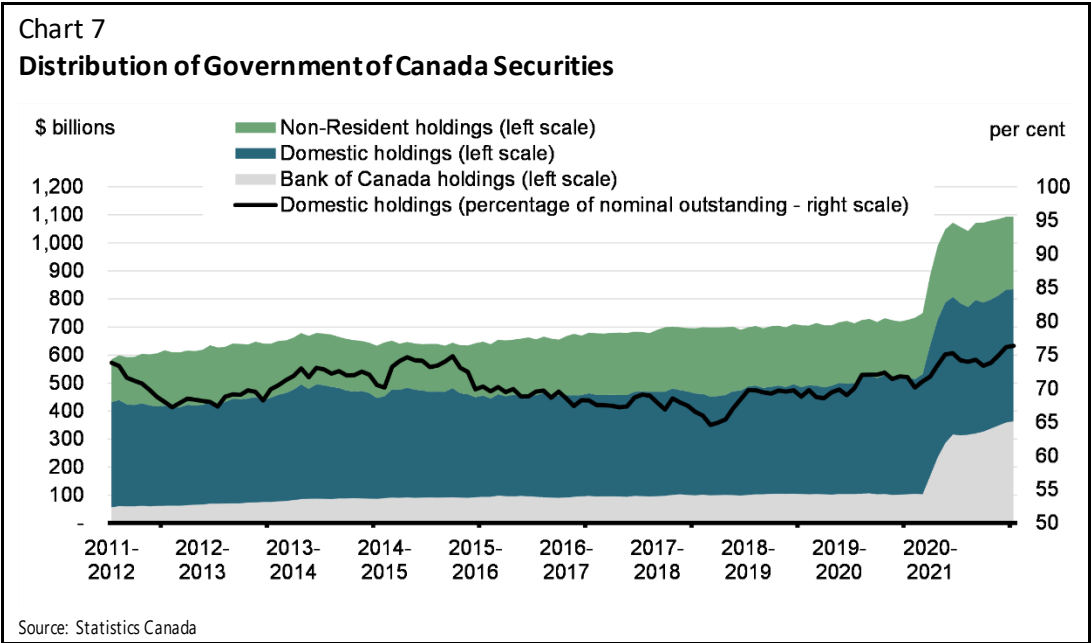
## Ensuring a Broad Investor Base in Government of Canada Securities

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.

In 2020-21, following an unprecedented increase in market debt due to COVID-19, domestic investors (including the Bank of Canada) held about 76 per cent of Government of Canada securities (see Chart 7). Among domestic investors, the Bank of Canada held the largest share of Government of Canada securities (33 per cent), followed by insurance companies and pension funds (18 per cent) and financial institutions (17 per cent). Taken together, these top three categories accounted for more than two-thirds of outstanding Government of Canada securities.



Despite this significant increase in market debt, non-resident investors held 24 per cent of Government of Canada securities,<sup>6</sup> down about five percentage points from 2019-20. This share of non-resident holdings of Government of Canada securities remains in the mid-range compared to other sovereigns in the G7 (see Chart 8).



<sup>6</sup> 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's securities markets. The consultations conducted in fall 2019 aimed to inform the *Debt Management Strategy for 2020-21*. However, due to extraordinary circumstances, the fall 2020 consultations also focused on the *Debt Management Strategy for 2020-21*.

The Bank of Canada and the Department of Finance Canada conducted market consultations in fall 2019 and fall 2020, with organizations in Toronto, Montréal and New York, holding over 30 bilateral meetings during each consultation. 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 2020-21 and beyond.

### **2020-21 Debt Management Strategy Consultations and Government of Canada Real Return Bond Consultations – Fall 2019 (i.e., Pre-COVID-19)**

Given extraordinary circumstances leading to the postponement of Budget 2020, and in the interest of maintaining regularity and transparency with market participants, the *2020-21 Debt Management Strategy Consultations and Government of Canada Real Return Bond Consultations Summaries* were published on March 27, 2020, as standalone documents on the Bank of Canada website.<sup>7</sup>

### **Fall 2020 Debt Management Strategy Consultations**

Given ongoing extraordinary circumstances and in the interest of maintaining regularity and transparency with market participants, the *Fall 2020 Debt Management Strategy Consultations Summaries* was published in conjunction with the *Fall Economic Statement 2020* on November 30, 2020 ([www.budget.gc.ca/fes-eea/2020/report-rapport/anx2-en.html](http://www.budget.gc.ca/fes-eea/2020/report-rapport/anx2-en.html)).<sup>8</sup>

## 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 markets for Government of Canada securities may become primary dealers, which form a select 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.<sup>9</sup>

Quick turnaround times enhance the efficiency of auctions, and reduce market risk for participants. In 2020-21, the turnaround time for treasury bill and bond auctions averaged 1 minutes 57 seconds, while there were no buyback operations conducted. This compares to an average turnaround time in 2019-20 of 2 minutes 6 seconds.<sup>10</sup>

## 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.

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<sup>7</sup> See the Bank of Canada website ([www.bankofcanada.ca/2020/03/2020-21-debt-management-strategy-consultations/](http://www.bankofcanada.ca/2020/03/2020-21-debt-management-strategy-consultations/))

<sup>8</sup> See the Bank of Canada website ([www.bankofcanada.ca/2020/11/summary-comments-fall-2020-debt-management-strategy-consultations/](http://www.bankofcanada.ca/2020/11/summary-comments-fall-2020-debt-management-strategy-consultations/))

<sup>9</sup> See the Bank of Canada website ([www.bankofcanada.ca/markets/government-securities-auctions/](http://www.bankofcanada.ca/markets/government-securities-auctions/)).

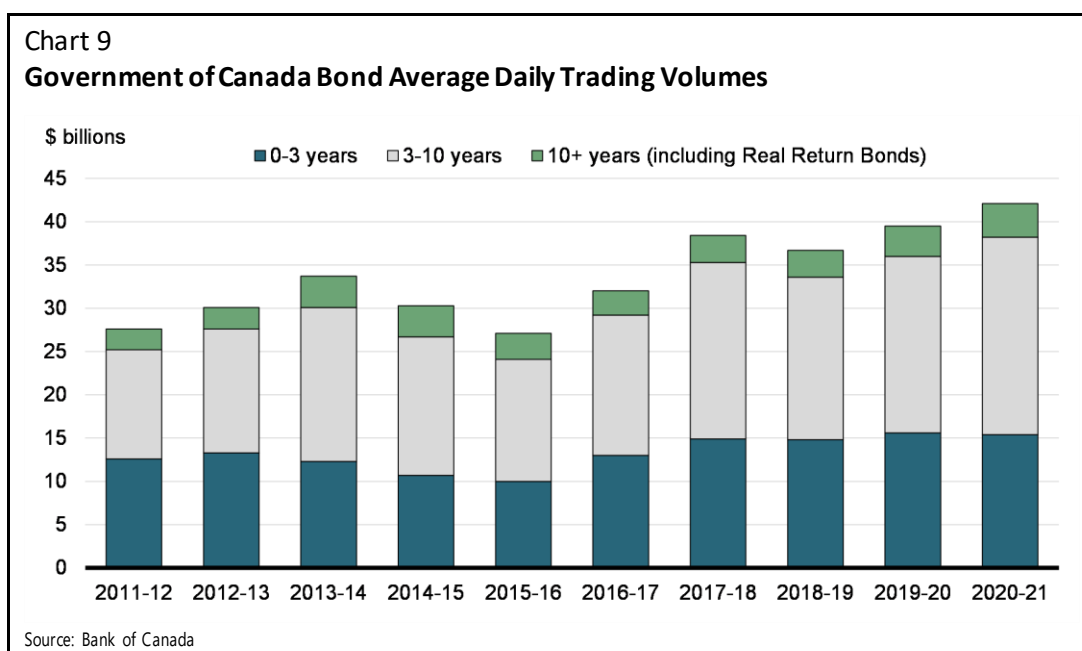
<sup>10</sup> The turnaround time is the time taken between the submission of a bid and the return of the complete output to the auction participant. The Bank of Canada targets an average turnaround time of less than 3 minutes for auctions and less than 5 minutes for buyback operations. Maximum turnaround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

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.

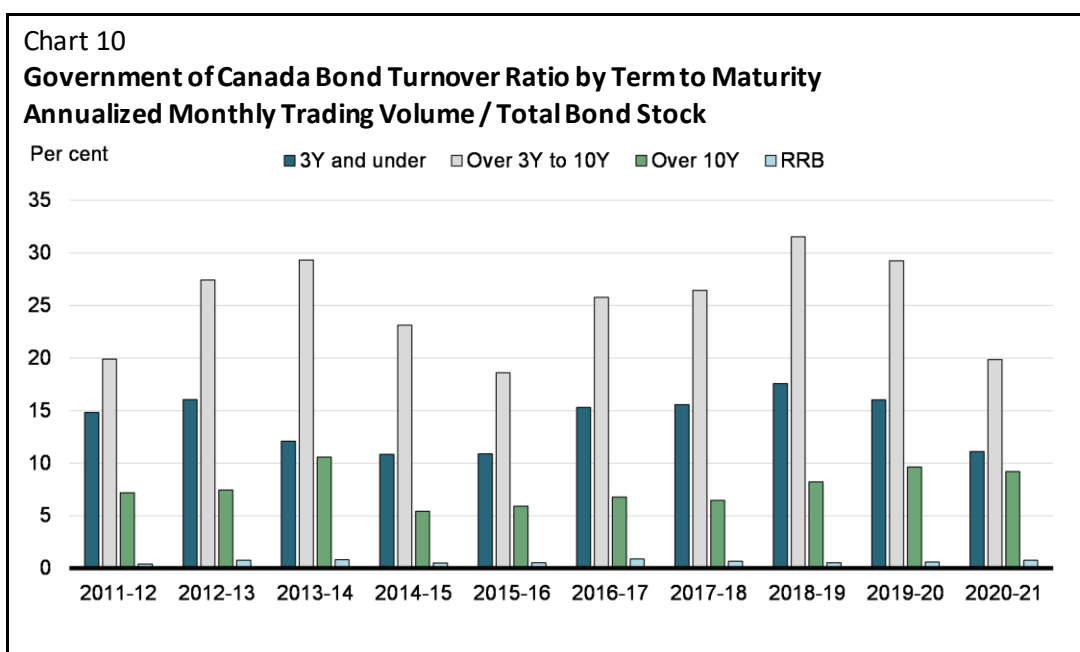
Turnover ratio, which is the ratio of securities traded relative to the amount of securities outstanding, measures market depth. High turnover implies that a large amount of securities change hands over a given period of time, which is an indication of a liquid market.

The average daily trading volume in the secondary market for Government of Canada's bonds during 2020-21 was \$42.1 billion, an increase of \$2.6 billion from 2019-20 (see Chart 9).

Despite the unprecedented increase in issuance, the market continued to function/trade well, in large part due to the Bank of Canada's various financial market support programs.



Given the unprecedented increase in issuance in 2020-21, the annual debt stock turnover ratio in the Government of Canada secondary bond market decreased to 14.0x in 2020-21 from 18.9x in 2019-20. The sectors with the highest turnover were medium-term bonds with maturities between 3 and 10 years at 19.9x, while Real Return Bonds had the lowest turnover at 0.7x (see Chart 10).



## Supporting Secondary Market Liquidity

The Bank of Canada launched a number of measures and facilities to promote the efficient and continuous functioning of funding markets, including increasing the amount of Government of Canada securities it purchased at treasury bill auctions and introducing a secondary market bond purchase program.

As announced on March 27, 2020, the Bank of Canada launched the Government of Canada Bond Purchase Program (GBPP), a program to purchase Government of Canada securities in the secondary market – as part of the Bank of Canada quantitative easing program. The GBPP was established to address strains in the Government of Canada bond market and to enhance the effectiveness of all other actions taken to support core funding markets. The program began with purchases of a minimum of \$5 billion per week across the yield curve with operations conducted daily.

On October 28, 2020, the GBPP program was recalibrated to shift purchases towards longer-term bonds, which has a more direct influence on the borrowing rates that are most important for households and businesses. At the same time, total purchases were gradually reduced to at least \$4 billion a week and continued at this pace until the end of the fiscal year. The Bank of Canada's purchases totaled \$246 billion taking into account all operations conducted between April 1, 2020 and March 31, 2021.

Also, in July 2020, the Bank of Canada announced the introduction of securities repo operations (SROs) to replace the securities lending program<sup>11</sup>. The SROs provided a temporary source of Government of Canada nominal bonds and treasury bills to primary dealers to support liquidity in the securities financing market. The Bank of Canada made a portion of its holdings of these securities available on an overnight basis through daily repurchase operations.

<sup>11</sup> See the Bank of Canada website ([www.bankofcanada.ca/2020/07/bank-canada-announces-new-securities-repo-operations/](http://www.bankofcanada.ca/2020/07/bank-canada-announces-new-securities-repo-operations/))

## 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.<sup>12</sup>

There were no government regular buyback operations in 2020-21.

## Part III

# Report on the 2020-21 Debt Program

Treasury bill and bond auctions performed well and demand for Government of Canada securities remained strong throughout the fiscal year, in part due to the Bank of Canada's GBPP, the persistent demand for high-quality sovereign debt securities, and Canada's strong fiscal and economic position.

## Domestic Marketable Bonds

### Bond Program

In 2020-21, gross bond issuance was \$369.9 billion, \$242.9 billion higher than the \$127.0 billion issued in 2019-20. Gross issuance consisted of \$368.5 billion in nominal bonds and \$1.4 billion in Real Return Bonds (see Table 5).

Table 5

#### Annual Bond Program Operations

\$ billions

	2016-17	2017-18	2018-19	2019-20	2020-21
Nominal (auction)	130.4	134.2 <sup>1</sup>	96.7	122.4	368.5
Nominal (switch)	0.8	0.8	0.8	2.8	0.0
Real Return Bonds	2.2	2.2	2.2	1.8	1.4
Total gross issuance	133.4	137.2	99.7	127.0	369.9
Cash buyback	0.0	0.0	0.0	0.0	0.0
Switch buyback	-0.8	-0.8	-0.8	-2.8	0.0
Total buyback	-0.8	-0.8	-0.8	-2.8	0.0
Net issuance	132.6	136.4	98.9	124.2	369.9

Note: Numbers may not add due to rounding.

<sup>1</sup> 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.

<sup>12</sup> 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.

## Auction Result Indicators for Domestic Bonds

Despite the unprecedented increase in bond issuance in 2020-21, bond auctions were well-covered, with ratios above the 5-year average in all sectors, except for the 30-year (see Table 6). 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.

Similarly, despite an unprecedented large increase in issuance, auction tails compared well to the 5-year average in 2020-21 for all sectors.<sup>13</sup> The auction tail represents the number of basis points between the highest yield accepted and the average yield of an auction. A small auction tail is preferable as it is generally indicative of better transparency in the pricing of securities. A total of 76 nominal bond auctions were conducted in 2020-21, 36 more than in 2019-20. This increase in nominal bond auctions was largely the result of a significant additional financial requirement as a result of government initiatives to respond to the COVID-19 pandemic.

Table 6

### 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)	2020-21	0.14	0.25	0.28	0.45	0.46	n/a
	5-year average	0.15	0.23	0.28	0.43	0.42	n/a
Coverage	2020-21	2.71	2.60	2.71	2.38	2.44	2.42
	5-year average	2.68	2.59	2.58	2.36	2.48	2.30

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

Source: Bank of Canada.

## Participation at Domestic Bond Auctions

In 2020-21, Primary Dealers (PDs) were allotted 64 per cent of auctioned nominal bonds, and customers were allotted 36 per cent (see Table 7), excluding the Bank of Canada's allotment.<sup>14</sup> 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 increased from 38 per cent in 2019-20 to 45 per cent in 2020-21, with customer allocations decreasing from 62 per cent to 55 per cent.

<sup>13</sup> 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](http://www.bankofcanada.ca/wp-content/uploads/2016/08/standard-terms-securities180816.pdf)).

<sup>14</sup> The Bank of Canada purchased 13 per cent of the amount issued at each nominal bond auction in 2020-21. A customer is a bidder on whose behalf a government securities distributor (GSD) has been directed to submit a competitive or non-competitive bid for a specified amount of securities at a specific price.

Table 7

**Historical Share of Bonds Allotted by Participant Category<sup>1</sup>****Nominal Bonds**

Participant type	2016-17		2017-18		2018-19		2019-20		2020-21	
	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)
PDs	96	74	94	70	61	63	75	61	237	64
Customers	34	26	40	30	36	37	47	39	135	36
Top 5 participants	72	55	75	56	46	48	68	55	207	56
Top 10 participants	111	85	114	85	74	77	98	80	299	80
Total nominal bonds issued	130		134		97		122		373	

**Real Return Bonds**

Participant type	2016-17		2017-18		2018-19		2019-20		2020-21	
	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)
PDs	1	38	1	54	1	40	1	38	1	45
Customers	1	62	1	46	1	60	1	62	1	55
Top 5 participants	1	66	1	59	1	46	1	40	1	60
Top 10 participants	2	87	2	82	2	68	1	65	1	81
Total Real Return Bonds issued	2		2		2		2		1	

Note: Numbers may not add due to rounding.

<sup>1</sup> Not including Bank of Canada allotment.

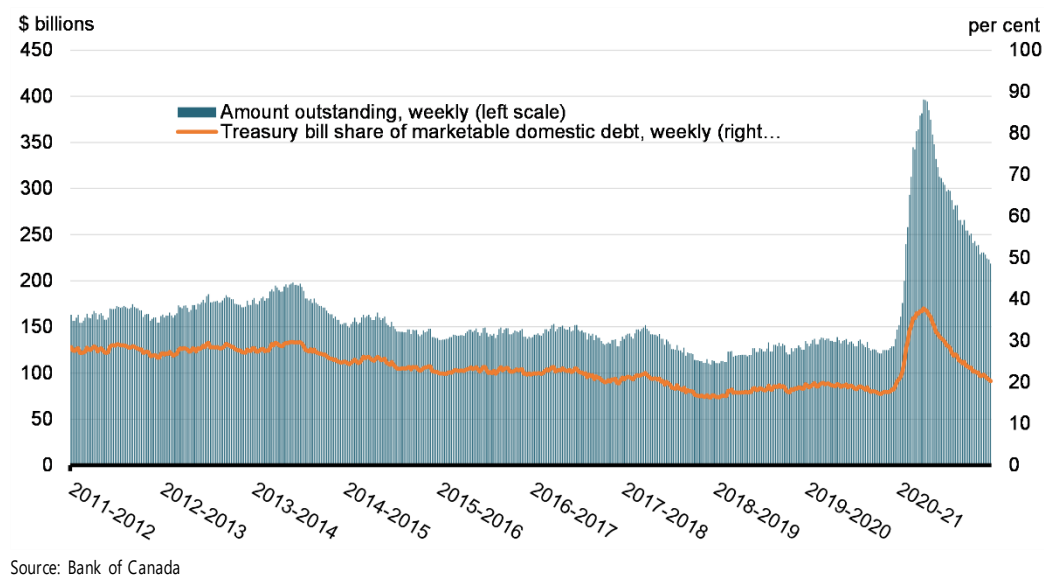
Source: Bank of Canada.

## Treasury Bills and Cash Management Bills

During 2020-21, \$646.0 billion in 3-, 6- and 12-month treasury bills were issued, an increase of \$370.0 billion from the previous year. There were also five cash management bill operations for a total of \$25.5 billion in 2020-21, compared to 24 operations and a total of \$67.6 billion in 2019-20. Together, treasury bill and cash management bill issuance totaled \$671.5 billion. As at March 31, 2021, the combined treasury bill and cash management bill stock totaled \$218.8 billion, an increase of \$66.9 billion from the end of 2019-20 (see Chart 11).

At the onset of the pandemic, treasury bills auction sizes were augmented significantly and the frequency of auctions were changed from bi-weekly auctions to weekly auctions to absorb rapidly increasing COVID-19-related spending. Weekly auctions were reverted to bi-weekly auctions and auction sizes declined later in the fiscal year as short-term treasury bills (i.e., 3-month and 6-month terms) matured and were replaced by issuance across bond sectors.

Chart 11

**Treasury Bills Outstanding and as a Share of Marketable Domestic Debt**

In 2020-21, all treasury bill and cash management bill auctions were fully covered. Excluding 6-month treasury bills, auction tails were modestly higher than the 5-year average across treasury bill maturity sectors. Coverage ratios for treasury bill auctions in 2020-21 were higher than the 5-year average for all treasury bill maturity sectors (see Table 8).

Table 8

**Performance at Treasury Bill and Cash Management Bill Auctions**

		3-month	6-month	12-month	Cash management bills
Tail	2020-21	0.92	0.66	0.70	1.75
	5-year average	0.73	0.70	0.66	2.37
Coverage	2020-21	2.29	2.68	2.74	2.78
	5-year average	2.18	2.41	2.46	2.63

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 2020-21, the share of treasury bills allotted to primary dealers remained unchanged at 84 per cent compared to 2019-20, while the share allotted to customers also remained unchanged at 16 per cent (see Table 9). The 10 most active participants were in total allotted 89 per cent of these securities.

Table 9

### Historical Share of Amount Allotted to Participants by Type of Auction<sup>1</sup>

#### Treasury Bills

Participant type	2016-17		2017-18		2018-19		2019-20		2020-21	
	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)	(\$ billions)	(%)
PDs	253	87	230	91	239	88	246	84	543	84
Customers	38	13	23	9	33	12	45	16	103	16
Top 5 participants	198	68	174	69	190	70	190	65	431	67
Top 10 participants	262	90	235	93	242	89	246	85	577	89
Total treasury bills issued	291		253		272		291		646	

Note: Numbers may not add due to rounding.

<sup>1</sup> 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 aid in the control and protection of the external value of the Canadian dollar and provide a source of liquidity to the Government of Canada.

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, the value of which 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.canada.ca/en/department-finance/services/publications/official-international-reserves.html](http://www.canada.ca/en/department-finance/services/publications/official-international-reserves.html)) provides information on the objectives, composition and performance of the reserves portfolio.

The market value of Canada's official international reserves decreased to US\$83.4 billion as at March 31, 2021 from US\$86.1 billion as at March 31, 2020. EFA assets, which totaled \$78.9 billion as at March 31, 2021, 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, 2021, Government of Canada cross-currency swaps outstanding stood at US\$55.2 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), a medium-term note (MTN) program (Canada notes and euro medium-term notes), and a global bond program. The funding method of choice depends on funding needs, costs, market conditions and funding diversification objectives (see Table 10).

Table 10

**Outstanding Foreign Currency Issues**

par value in millions of US dollars

	March 31, 2021	March 31, 2020	Change
Swapped domestic issues	55,175	62,806	-7,631
Global bonds	9,000	9,000	0
Canada bills	3,226	1,534	1,692
Medium-term notes			
Euro medium-term notes	0	165	-165
Canada notes	50	625	-575
<b>Total</b>	<b>67,451</b>	<b>74,130</b>	<b>-6,679</b>

Note: Liabilities are stated at the exchange rates prevailing on March 31, 2021.

As at March 31, 2021, the Government of Canada had three global bonds outstanding (see Table 11).

Table 11

**Government of Canada Global Bonds Outstanding, as at March 31, 2021**

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 2020-21, no medium-term notes were issued.

As at March 31, 2021, the Government of Canada had one medium-term note outstanding (see Table 12).

Table 12

**Government of Canada Medium-Term Notes Outstanding, as at March 31, 2021**

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)
24-Aug-2015	24-Aug-2021	Canada notes	US\$50,000,000		6	Floating	US\$ LIBOR	3 month	LIBOR + 0

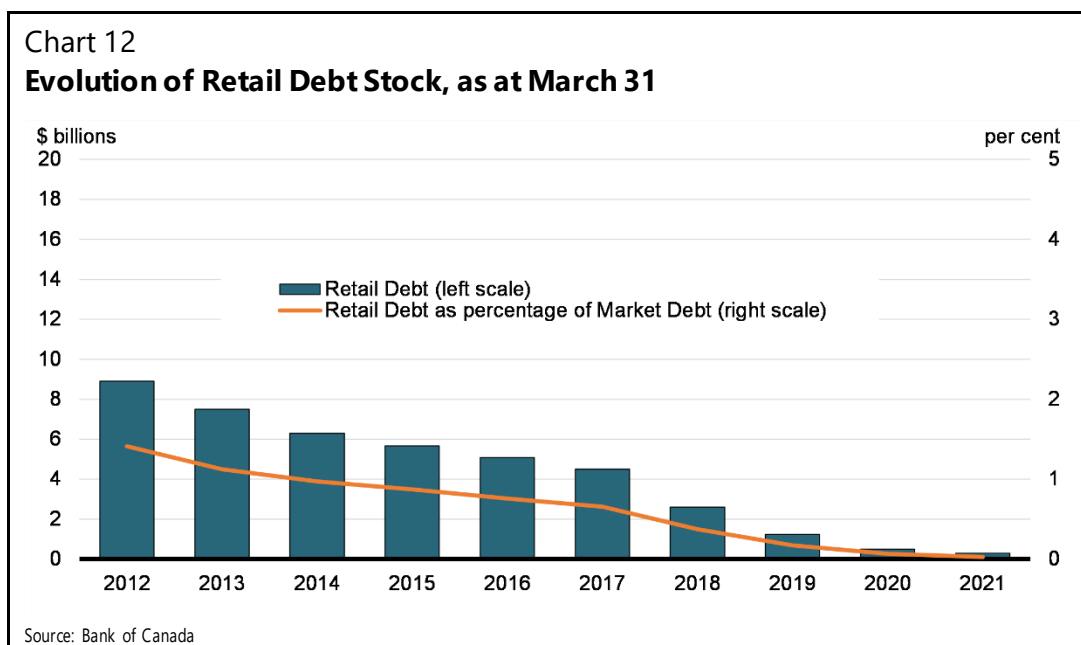
Note: LIBOR = London Interbank Offered Rate.

Source: Department of Finance Canada.

## Retail Debt

In 2020-21, the stock of Canada Savings Bonds and Canada Premium Bonds held by retail investors decreased from \$0.5 billion to \$0.3 billion. Retail debt represented a negligible percentage of total market debt as at March 31, 2021 (see Chart 12).

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 last maturity date was December 1, 2021 and therefore all outstanding bonds have now matured.



In 2020-21, the stock of retail debt declined by \$0.2 billion (see Table 13).

Table 13

### Retail Debt Gross Sales and Redemptions, 2020-21

\$ billions

	Gross sales	Redemptions	Net change
Payroll	0.0	0.1	-0.1
Cash	0.0	0.1	-0.1
Total	0.0	0.2	-0.2

Note: Numbers may not add due to rounding.

Source: Bank of Canada.

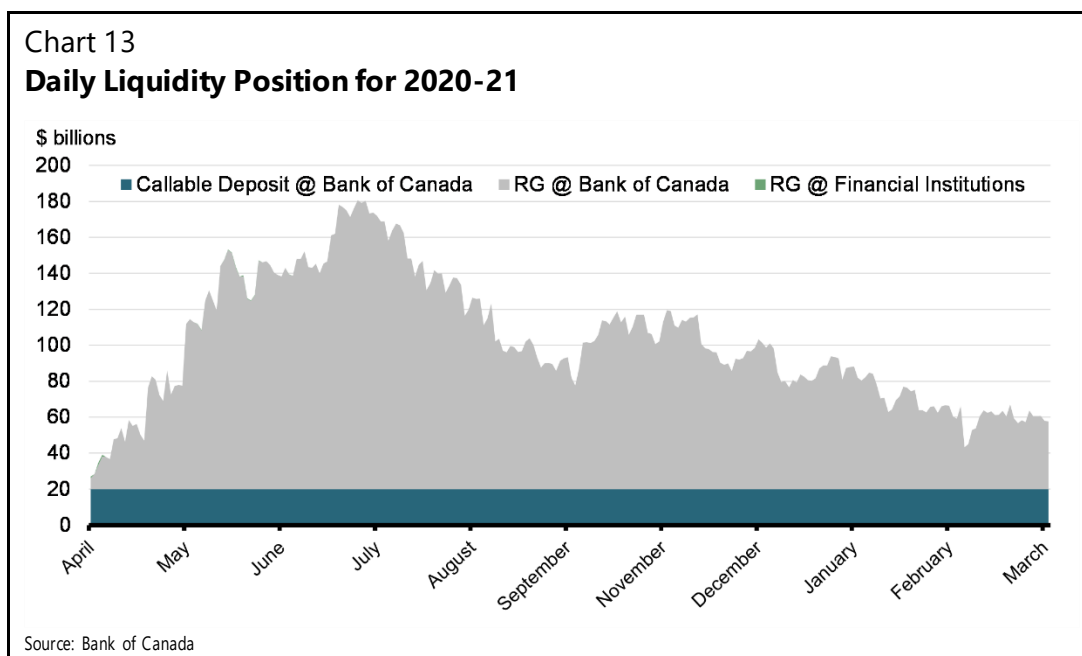
# Cash Management

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 RG 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 (PLP).

Since the beginning of the COVID-19 crisis, the government built a significantly larger cash position in advance of making the necessary investments to stabilize the Canadian economy amidst the COVID-19 pandemic, and for contingency purposes. As government initiatives responding to the COVID-19 pandemic started to materialize, cash balances were expended to make the necessary investments in stabilizing the Canadian economy. Cash balances started to decline in June, as expenditure requirements became more predictable.

The year-end daily liquidity position increased by \$23.7 billion to \$57.5 billion by the end of 2020-21 (see Chart 13 and Table 14).



**Table 14**  
**Year-End Daily Liquidity Position**  
\$ billions

	March 31, 2020	March 31, 2021	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	10.4	37.5	24.0	27.1
RG balances with financial institutions	3.4	0.0	1.7	-3.4
<b>Total</b>	<b>33.8</b>	<b>57.5</b>	<b>45.7</b>	<b>23.7</b>

Note: Numbers may not add due to rounding.

Source: Bank of Canada.

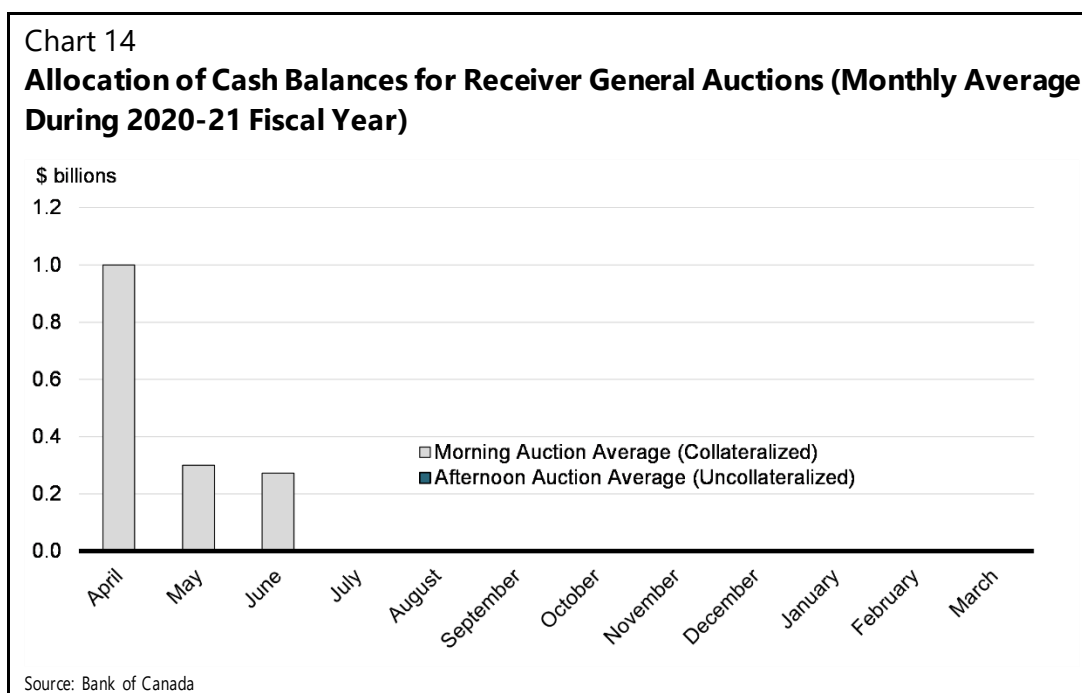
## Prudential Liquidity Management

The government holds liquid financial assets in the form of domestic cash deposits and foreign exchange reserves<sup>15</sup> 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. The government's overall liquidity levels are managed to normally cover at least one month (i.e., 23 business days) of net projected cash flows, including coupon payments and debt refinancing needs. The 23-day PLP requirement is a forward-looking measure that changes daily due to daily actual cash balances and new projected cash requirements.

Due to the COVID-19 pandemic and related Government of Canada support programs, there were significant increases to projected funding needs and to the debt program. As a result, early forecasts projected that certain days in February and March would not meet the 23-day PLP requirement. However, as borrowing operations ramped up quickly, cash balances throughout fiscal year 2020-21 were found to be at sufficient levels and the callable deposit or the EFA assets were never drawn on to meet payment obligations.

## Investment of Receiver General Cash Balances

There were only a few RG auctions conducted early in 2020-21 (see Chart 14). RG morning AM and PM auctions ceased during the COVID-19 crisis since financial system liquidity was high and participants did not need additional funds. Cash balances were then held at the Bank of Canada and used to partially fund the Bank of Canada purchases under the GBPP.

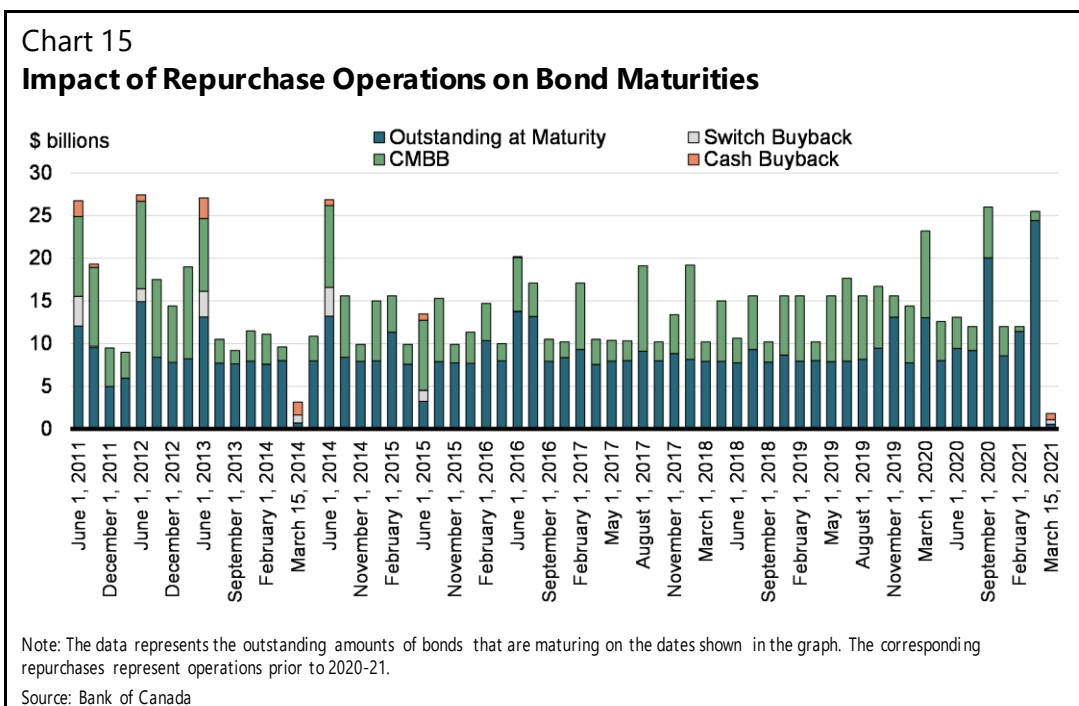


<sup>15</sup> The legislative purposes of Canada's foreign exchange reserves are to aid in the control and protection of the external value of the Canadian dollar and to provide a source of liquidity for the government, if required.

# Cash Management Bond Buyback Program

The cash management bond buyback (CMBB) program was designed to manage cash requirements by reducing the high levels of cash balances needed for key maturity and coupon payment dates. The program also aimed to 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 2020-21, there were no bonds repurchased through the CMBB program, compared to \$31.1 billion in 2019-20. In 2020-21, the Bank of Canada launched a number of measures and facilities to support well-functioning markets, including increasing the amount of Government of Canada securities it purchases at treasury bill auctions and introducing the GBPP, which purchased Government of Canada bonds on the secondary market. Reflecting the Bank of Canada's secondary market purchases, the CMBB program was temporarily ceased and the government did not conduct CMBB operations in 2020-21 (see Chart 15).



## 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.

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. 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 <sup>1</sup>	2002
Bond Buybacks <sup>1</sup>	2003
Funds Management Governance Framework <sup>1</sup>	2004
Retail Debt Program <sup>1</sup>	2004
Borrowing Framework of Major Federal Government-Backed Entities <sup>1</sup>	2005
Receiver General Cash Management Program <sup>1</sup>	2006
Exchange Fund Account Evaluation <sup>1</sup>	2006
Risk Management Report <sup>1</sup>	2007
Evaluation of the Debt Auction Process <sup>1</sup>	2010
Evaluation of the Asset Allocation Framework of the Exchange Fund Account <sup>1</sup>	2012
Report of the Auditor General of Canada on Interest-Bearing Debt <sup>2</sup>	2012
Crown Borrowing Program Evaluation <sup>1</sup>	2013
Retail Debt Evaluation <sup>1</sup>	2015

<sup>1</sup> Available on the Department of Finance Canada website ([www.canada.ca/en/department-finance.html](http://www.canada.ca/en/department-finance.html)).

<sup>2</sup> 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
Discontinued the 3-year bond benchmark	1997
Moved from weekly to bi-weekly treasury bill auctions	1998
Introduced a cash-based bond buyback program	1999
Introduced standardized benchmarks (fixed maturities and increased size)	1999
Started regular cross-currency swap-based funding of foreign assets	1999
Introduced a switch-based bond buyback program	2001
Allowed the reconstitution of bonds beyond the size of the original amount issued	2001
Introduced the cash management bond buyback program	2001
Reduced targeted turnaround times for auctions and buyback operations	2001
Advanced the timing of treasury bill auctions from 12:30 p.m. to 10:30 a.m.	2004
Advanced the timing of bond auctions from 12:30 p.m. to 12:00 p.m.	2005
Reduced the timing between bond auctions and cash buybacks to 20 minutes	2005
Dropped one quarterly 2-year auction	2006
Announced the maintenance of benchmark targets through fungibility (common dates)	2006
Consolidated the borrowings of three Crown corporations	2007
Changed the maturity of the 5-year benchmark and dropped one quarterly 5-year auction	2007
Reintroduced the 3-year bond benchmark	2009
Increased the frequency of cash management bond buyback operations from bi-weekly to weekly	2010
Announced a new framework for the medium-term debt management strategy	2011
Announced plans to increase the level of prudential liquidity by \$35 billion over 3 years	2011
Added four new maturity dates—February 1, May 1, August 1 and November 1	2011
Increased benchmark target range sizes in the 2-, 3- and 5-year sectors	2011
Announced a temporary increase in longer-term debt issuance	2012
Announced changes to the Terms and Conditions Governing the Morning Auction of Receiver General Cash Balance	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
<b>Ceased all buyback operations and RG auctions</b>	<b>2020</b>
<b>Added a second 10-year benchmark bond per year—December 1</b>	<b>2020</b>
<b>Increased the frequency of treasury bills auctions from bi-weekly to weekly (i.e., first half of the fiscal year)</b>	<b>2020</b>
<b>Reduced the frequency of treasury bills auctions from weekly to bi-weekly (i.e., second half of the fiscal year)</b>	<b>2020</b>



## 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  
14<sup>th</sup> floor  
90 Elgin Street  
Ottawa, Ontario K1A 0G5

Phone: 613-369-3710  
Facsimile: 613-369-4065  
TTY: 613-369-3230  
E-mail: [financepublic-financepublique@fin.gc.ca](mailto:financepublic-financepublique@fin.gc.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, 2021
- V Government of Canada Cross-Currency Swaps Outstanding, as at March 31, 2021
- 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
2021	1,109.8	15.4	207.4	319.7	1,652.2

## 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
2021	1,652.2	502.4	1,149.8	101.1	1,048.8	20.4

Reference Table II

**Government of Canada Outstanding Market Debt, as at March 31**

\$ billions

Year	Payable in Canadian dollars				Total
	Treasury bills	Marketable bonds <sup>1</sup>	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
2021	218.8	875.3	0.3	0.0	1,109.8

<sup>1</sup> 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 <sup>1</sup>	Euro medium-term notes <sup>1</sup>	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
2021	4.1	11.3	0.1	0.0	0.0	0.0	15.4

<sup>1</sup> 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 <sup>1</sup>	Total market debt	
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
2021	1,094.4	15.4	-0.3	1,109.8	1.4

<sup>1</sup> 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 2021*.

Reference Table III

**Issuance of Government of Canada Domestic Bonds**

\$ billions

Fiscal year	Gross issuance											Net issuance
	Nominal <sup>1</sup>						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
2020-21	129.0	56.5	77.5	73.5	32.0	368.5	1.4	369.9	0.0	0.0	0.0	369.9

<sup>1</sup> Including nominal issuance through switch buyback operations.

Source: Bank of Canada.

## Reference Table IV

**Outstanding Government of Canada Domestic Bonds, as at March 31, 2021**

## Fixed-coupon bonds

<b>Maturity date</b>	<b>Amount (\$ millions)</b>	<b>Coupon rate (%)</b>
1-May-2021	10,767	1.75
1-Jun-2021	11,175	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	20,000	1.50
1-Jun-2022	12,700	2.75
1-Jun-2022	206	9.25
1-Aug-2022	30,000	0.25
1-Sep-2022	25,200	1.00
1-Nov-2022	37,000	0.25
1-Feb-2023	32,000	0.25
1-Mar-2023	24,600	1.75
1-May-2023	24,000	0.25
1-Jun-2023	14,200	1.50
1-Jun-2023	2,359	8.00
1-Sep-2023	40,500	2.00
1-Mar-2024	11,908	2.25
1-Apr-2024	28,000	0.25
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-Sep-2025	47,500	0.50
1-Mar-2026	30,000	0.25
1-Jun-2026	13,472	1.50
1-Jun-2027	14,740	1.00
1-Jun-2027	3,621	8.00
1-Jun-2028	13,500	2.00
1-Jun-2029	12,300	2.25
1-Jun-2029	10,599	5.75
1-Jun-2030	44,200	1.25
1-Dec-2030	40,000	0.50
1-Jun-2033	11,989	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	42,817	2.00
1-Dec-2064	4,750	2.75
<b>Fixed-coupon bonds—total</b>	<b>807,487</b>	

## Real Return Bonds

<b>Maturity date</b>	<b>Amount (\$ millions)</b>	<b>Coupon rate (%)</b>	<b>Inflation adjustment (\$ millions)</b>	<b>Outstanding amount (\$ millions)</b>
1-Dec-2021	5,175	4.25	3,432	8,607
1-Dec-2026	5,250	4.25	3,010	8,260
1-Dec-2031	5,800	4.00	2,970	8,770
1-Dec-2036	5,850	3.00	1,998	7,848
1-Dec-2041	6,550	2.00	1,588	8,138
1-Dec-2044	7,700	1.50	1,504	9,204
1-Dec-2047	7,700	1.25	930	8,630
1-Dec-2050	7,600	0.50	480	8,080
<b>Real Return Bonds—total</b>	<b>51,625</b>		<b>15,911</b>	<b>67,536</b>

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, 2021**

CAD\$ millions

Maturity date	Swaps of domestic obligations				Total
	USD	EUR	JPY	GBP	
2021	1,086	4,634	0	0	5,721
2022	5,049	486	533	0	6,069
2023	7,097	516	2,088	147	9,848
2024	4,205	1,908	1,305	225	7,644
2025	3,204	280	1,543	4,147	9,175
2026	6,761	626	0	806	8,193
2027	2,670	1,768	0	2,443	6,881
2028	8,451	1,179	0	0	9,630
2029	4,273	2,390	0	0	6,663
2030	2,513	4,060	0	0	6,573
<b>Total</b>	<b>45,310</b>	<b>17,848</b>	<b>5,470</b>	<b>7,768</b>	<b>76,395</b>

Note: Foreign currency swaps converted to Canadian dollars using Bank of Canada closing exchange rates as of March 31, 2021. Includes cross-currency swaps related to IMF transactions. Table does not include \$4,191 million in foreign exchange forwards and \$454 million in foreign exchange swaps that were outstanding as at March 31, 2021. Totals may not add due to rounding.

Source: Department of Finance Canada.

## Reference Table VI

**Crown Corporation Borrowings, as at March 31**

\$ millions

<b>Borrowings from the market</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Export Development Canada	22,033	24,141	26,613	36,393	41,985	46,687	49,226	55,470	55,217	63,249	47,532
Business Development Bank of Canada	897	658	648	507	305	253	163	139	137	142	128
Farm Credit Canada	1,293	913	691	615	669	762	815	833	818	833	852
Canada Mortgage and Housing Corporation	3,039	2,221	1,870	1,465	1,429	282	0	0	0	0	0
Canada Housing Trust <sup>1</sup>	199,238	213,251	212,639	205,113	207,544	217,392	225,306	233,981	237,516	244,643	265,191
Canada Post Corporation	1,051	1,051	1,051	1,051	1,051	997	997	997	997	997	997
Other	204	106	106	128	137	109	52	48	49	45	27
<b>Total</b>	<b>227,755</b>	<b>242,341</b>	<b>243,617</b>	<b>245,272</b>	<b>253,120</b>	<b>266,482</b>	<b>276,559</b>	<b>291,469</b>	<b>294,734</b>	<b>309,909</b>	<b>314,727</b>

<sup>1</sup> 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

	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
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	18,226
Canada Mortgage and Housing Corporation <sup>1</sup>	69,569	66,595	63,123	21,173	10,708	10,531	9,811	8,687	8,095	14,377	15,284
Farm Credit Canada	17,558	19,326	21,174	22,029	22,691	23,438	25,684	28,009	29,862	32,654	34,342
Other	122	92	90	149	333	340	455	468	5,244 <sup>2</sup>	6,687 <sup>2</sup>	10,419 <sup>2</sup>
<b>Total</b>	<b>100,472</b>	<b>98,574</b>	<b>97,602</b>	<b>57,670</b>	<b>49,408</b>	<b>51,251</b>	<b>54,761</b>	<b>57,633</b>	<b>65,436</b>	<b>77,122</b>	<b>78,271</b>

<sup>1</sup> Includes outstanding lending related to the Insured Mortgage Purchase Program for 2009 to 2014.<sup>2</sup> 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*.