



Ponts  
JACQUES CARTIER +  
CHAMPLAIN  
Bridges  
Canada



QUARTERLY  
FINANCIAL REPORT

**3<sup>rd</sup> QUARTER (Q3)**

For nine months ended December 31, 2018

# TABLE OF CONTENTS

<b>1. STATUS.....</b>	<b>3</b>
1.1 MANDATE .....	4
1.2 MISSION, VISION AND VALUES.....	4
1.3 ADMINISTRATIVE PROFILE AND FUNDING.....	5
1.4 RESEARCH AND APPLICATIONS DIVISION.....	5
<b>2. Q3 OF 2018-2019 IN REVIEW .....</b>	<b>8</b>
2.1 SUMMARY .....	8
2.2 OUTLOOK .....	9
<b>3. ANALYSIS OF FINANCIAL RESULTS.....</b>	<b>11</b>
3.1 RESULTS OF OPERATIONS .....	11
3.2 CASH FLOW.....	13
3.3 STRATEGIC ISSUES AND RISKS.....	13
3.4 REPORT ON THE USE OF APPROPRIATIONS .....	21
<b>4. JCCBI'S UNAUDITED INTERIM FINANCIAL STATEMENTS .....</b>	<b>23</b>
4.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION .....	23
4.2 STATEMENT OF FINANCIAL POSITION .....	24
4.3 STATEMENT OF OPERATIONS FOR THE NINE (9) MONTHS ENDED DECEMBER 31, 2018 .....	25
4.4 STATEMENT OF CHANGE IN NET DEBT FOR THE NINE (9) MONTHS ENDED DECEMBER 31, 2018.....	26
4.5 STATEMENT OF CASH FLOW FOR THE NINE (9) MONTHS ENDED DECEMBER 31, 2018.....	27
4.6 NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS.....	28



三三

# + SECTION 1

STATUS

# 1. STATUS

JCCBI was incorporated on November 3, 1978, under the *Canada Business Corporations Act*. JCCBI was, until September 30, 1998, a Crown corporation wholly owned by the St. Lawrence Seaway Authority (SLSA).

On October 1, 1998, it became a wholly owned subsidiary of The Federal Bridge Corporation Limited (FBCL), a parent agent Crown corporation listed under Part I of Schedule III of the *Financial Administration Act* (FAA).

On February 13, 2014, JCCBI became a parent Crown corporation listed under Part I of Schedule III of the FAA. As a Crown corporation, JCCBI is subject to Part X of the FAA.

Furthermore, JCCBI is an agent Crown corporation of Her Majesty under *The Jacques Cartier and Champlain Bridges Inc. Regulations* (SOR/98-568).

## 1.1 MANDATE

JCCBI manages most bridges and tunnels under federal jurisdiction located in the Greater Montreal metropolitan Area, namely the original Champlain Bridge, the Jacques Cartier Bridge, Île des Sœurs Bypass Bridge, the federal portion of the Honoré Mercier Bridge as well as the approaches, the Melocheville Tunnel and two (2) related infrastructures, namely the federal portion of the Bonaventure Expressway and the Champlain Bridge Ice Control Structure.

For each of these infrastructures, JCCBI assumes responsibility for:

- + Operations;
- + Inspections;
- + Maintenance;
- + Repairs and/or rehabilitation;
- + Safety;
- + Coordination with municipal and provincial stakeholders;
- + Management of contaminated sites.

## 1.2 MISSION, VISION AND VALUES

### **Our mission**

Ensure the mobility of users, the safety and the longevity of infrastructure using a systemic management approach based on sustainable development.

### **Our vision**

Become a leader in major infrastructure management as an innovative expert, a mobility leader and a social and urban contributor.

### **Our values**

Teamwork, transparency, thoroughness, innovation, and commitment are the values JCCBI has adopted to accomplish its mission.

## 1.3 ADMINISTRATIVE PROFILE AND FUNDING

JCCBI's main activities are divided into two (2) specific areas, namely the operations and the administrative departments. The operations include planning, engineering, inspection and expertise, environment and sustainable development, the Champlain Project Office, construction, as well as operations and maintenance. These groups are supported by both a project management team and an occupational health and safety team. The Champlain Project Office is responsible for carrying out the major maintenance program for the original Champlain Bridge, and provides INFC with support as part of the New Samuel De Champlain Bridge Corridor (NSDCBC) project. Administrative departments such as Legal Affairs, Procurement, Finance, Information Technology, Human Resources and Communications support these sectors.

The Planning, Environment and Sustainable Development, Engineering, Expertise, Projects and Construction departments plan and manage the activities pertaining to asset management and major construction, rehabilitation and repair projects related to the components of civil and road engineering structures, such as piers, girders, decks, steel structures, tunnels, foundations, paving and painting as well as the mechanical and electrical components associated with these structures.

The Operations and Maintenance department oversees and manages contracts for snow removal and spreading of abrasives, road cleaning and maintenance, landscaping, replacement of guardrails, sealing cracks and lubricating bearings, repairing potholes in the pavement and bridge decks, as well as maintenance and operations of lane control signal systems and surveillance cameras, electrical distribution and road lighting.

The specialized professionals on JCCBI's team have extensive know-how and experience in bridge and highway infrastructure management as well as in engineering. The strong partnerships JCCBI has established over the years play a key role in the management of its infrastructures and in the execution of its projects.

JCCBI must ensure the safety of its infrastructures at all times. The Corporation has put in place inspection programs combined with detailed surveys and additional investigations, thus ensuring the availability of relevant and up-to-date information for informed decision-making on the short, medium and long-term maintenance and rehabilitation programs.

JCCBI operates in a complex environment where many external factors can affect its planning. On the financial front, JCCBI continues to be vigilant with regard to the use of public funds.

JCCBI is mainly funded through parliamentary appropriations from the Government of Canada. Revenue from other sources, namely leases and permits, contributes to its funding, but very minimally. JCCBI must optimize the maintenance and rehabilitation of ageing infrastructures in order to maximize their lifespan and safety.

## 1.4 RESEARCH AND APPLICATIONS DIVISION

Since its creation in 2015, the Research and Applications Division (RAD) has been working with JCCBI's various departments as well as in partnership with the academic research groups to develop tools that will enable JCCBI to develop its expertise to ensure the sustainability of its structures and the optimization of their life cycle.

The RAD supports JCCBI in the development and integration of innovative technical solutions and construction materials. It relies on specialized expertise and on comprehensive and sustainable strategies related to the management and maintenance of major infrastructures with the objective of extending their useful life.

## The Work

During the third quarter of the current fiscal year, the RAD's activities have continued to progress through the development of new projects, the conduct of new studies and the transfer of knowledge, with a view to integrating the results of completed projects into pilot applications or into engineering studies specific to certain assets. The projects currently underway are divided into two (2) parts:

### 1. Research and Development (R&D) Projects

The research project carried out in collaboration with Université Laval on the environmental monitoring of the Jacques Cartier Bridge lighting has been completed. The final reports on the human and biological components have been received and the results have been transferred to the teams responsible for operations.

The Jacques Cartier Bridge and Clement Bridge seismic performance evaluation studies have been completed. The Jacques Cartier Bridge earthquake-resistant retrofit preliminary project study is underway. Experts are working in conjunction with JCCBI's engineers to define the seismic performance levels to be targeted.

The following three (3) internal studies are ongoing: one regarding the opportunities to extend the service life of the Jacques Cartier Bridge, one regarding the improvement of the structural protection systems and one regarding alternatives to de-icing salts. The first phase of the study on alternatives to de-icing salts has been completed and a new experimental study and pilot application phase is in the process of being launched. The economic study of the potential benefits of the alternatives is conclusive, reinforcing the importance of working to identify such alternatives to de-icing salts.

In addition, two (2) research projects in collaboration with the National Research Council Canada (NRCC) are underway, namely a project on the loads and behaviour of the ice around the piers of the Champlain Bridge Ice Control Structure and a project to study the sensitivity of the hydrogeological basin of the Champlain Bridge area in relation to past and future work and modifications in that sector.

### 2. Applications and Knowledge Transfer

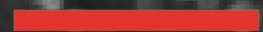
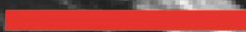
The results of the research projects on the ultra-high performance fibre-reinforced concrete (UHPC) carried out by the RAD in collaboration with various industry stakeholders and, notably, with the academic experts, are conclusive. The first pilot application on the use of UHPC to repair bridge components was successfully carried out in the fall of 2018 on the structure of the Bonaventure Expressway.

The collaboration tools and mechanisms that foster both innovation and the reduction of uncertainties on the structures' behaviour data have been identified and are gradually being put in place to ensure a better integration of innovation. The R&D project management process has been finalized and deployment thereof is underway. An integrated planning of the R&D projects with the asset management projects has been completed and an annual update is scheduled.



# + SECTION 2

Q3 OF 2018-2019 IN REVIEW



## 2. Q3 OF 2018-2019 IN REVIEW

This quarterly financial report has been prepared in accordance with the requirements of the FAA and with the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board of Canada Secretariat. It provides an assessment of JCCBI's operations and financial position for the quarter ended December 31, 2018 (T3). It must be read in conjunction with the unaudited Interim Financial Statements and accompanying notes contained in this document, as well as with the audited Annual Financial Statements and supporting notes contained in JCCBI's 2017-2018 Annual Report.

All amounts are in Canadian dollars and are mainly derived from the Corporation's unaudited Interim Financial Statements, which were prepared in accordance with the Canadian Public Sector Accounting Standards (CPSAS).

The following table reflects the travel, hospitality and conference expenses for the third quarter of fiscal year 2018-2019:

(In thousands of dollars)	Nine Months Ended			
	December 31, 2018		December 31, 2017	
	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
Travel	10.6	29.9	11.4	31.3
Hospitality	3.3	9.1	3.0	9.5
Conferences	15.9	56.8	23.7	55.0
<b>TOTAL</b>	<b>29.8</b>	<b>95.8</b>	<b>38.1</b>	<b>95.8</b>

### 2.1 SUMMARY

JCCBI declares a surplus of \$5.6 M for the nine (9) months ended December 31, 2018 (\$34.1 M in 2017). The deficit before public funding was \$125.3 M as at December 31, 2018 (\$101.0 M in 2017).

For the current fiscal year, the combined total revenue was \$1.3 M (\$1.1 M in 2017). Revenue remained stable overall.

During the same period, the net debt increased by \$0.9 M for a total of \$23.5 M. Financial assets decreased by \$17.9 M. The change is related to the level of achievement of investment activities.

The acquisitions of gross capital assets in the first three quarters of the current fiscal year totalled \$32.7 M (\$39.8 M in 2017). They mainly consist of expenses of \$20.6 M for the Jacques Cartier Bridge, \$9.0 M for the Honoré Mercier Bridge and \$2.8 M for the Champlain Bridge Ice Control Structure.



## 2.2 OUTLOOK

The expenses to maintain the bridges and related infrastructures remain high. With the delay in the commissioning of the Samuel De Champlain Bridge, the repairs to the Champlain Bridge will continue to mobilize significant expenditures in order to keep it operational. The other government-funded projects are continuing, including the rehabilitation work that is currently underway at the Jacques Cartier Bridge, at the Honoré Mercier Bridge, on the Bonaventure Expressway and at the Champlain Bridge Ice Control Structure.

To maintain the Jacques Cartier Bridge in a long-term perspective, JCCBI must pursue its major rehabilitation plan on the various components of the structure. A redevelopment is planned at the approaches to the bridge to promote traffic flow, taking into consideration the future needs arising from the different modes of transportation. Such redevelopments must be developed according to an urban integration approach. Further, a study is currently underway to assess the potential of the Île Sainte-Hélène pavilion.

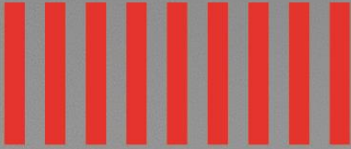
As for the Jacques Cartier Bridge, JCCBI must pursue its major rehabilitation work on the Honoré Mercier Bridge to maintain the asset.

The section of the Bonaventure Expressway consisting of non-elevated lanes is at the end of its service life. To ensure urban integration with the City of Montreal, an urban boulevard vision was selected for the reconstruction and reconfiguration of the expressway.

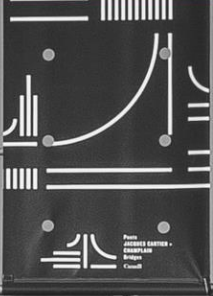
Before continuing to invest in the structure, a questioning is currently underway to establish the potential future value of the Champlain Bridge Ice Control Structure.

In addition, the Corporation has set up the team responsible for the management of the Champlain Bridge deconstruction project, and undertaken the technical studies to finalize the project planning. A market survey was also undertaken.

JCCBI is proud of its workforce, whose strength lies in its absolute commitment to the achievement of its strategic outcome. The funding provided by the government until 2022-2023 makes it possible to maintain the infrastructures that play a vital role for mobility, the population and the economy.



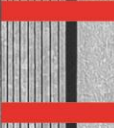
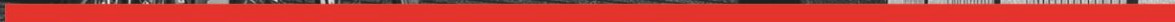
JacquesCartierChamplain.ca



CANADA 150  
FIER DE CÉLÉBRER  
PROUD TO CELEBRATE  
#CANADA150

# + SECTION 3

## ANALYSIS OF FINANCIAL RESULTS



## 3. ANALYSIS OF FINANCIAL RESULTS

### 3.1 RESULTS OF OPERATIONS

#### 3.1.1 Statement of Financial Position

##### **Financial Assets**

During the nine (9) months ended December 31, 2018, the total financial assets decreased by \$17.9 M, to amount to \$54.6 M, compared to \$72.5 M as at March 31, 2018. As in previous fiscal years, a determining factor in the variation in financial assets is the date on which the federal appropriations, which include the funding for the major capital projects and the operating expenses, are received.

JCCBI's net cash position decreased by \$22.7 M, to amount to \$37.8 M as at December 31, 2018 (\$60.5 M as at March 31, 2018). This decrease during the first three (3) quarters is notably due to a variation in accounts payable.

##### **Liability**

Accounts payable and accrued liabilities decreased by \$13.8 M, from \$57.6 M as at March 31, 2018 to \$43.8 M as at December 31, 2018. This decrease is largely due to the variation of activities of the various ongoing construction projects.

To carry out its major projects, JCCBI entered into construction contracts which provide for the withholding of a portion of the payment until certain work is completed and until the contractual warranties have expired in compliance with the performance requirements. These contractual holdbacks have decreased by \$4.2 M, to amount to \$8.0 M as at December 31, 2018 (\$12.2 M as at March 31, 2018). These amounts will become payable when the work is completed and the warranties have expired.

During the last three (3) quarters, JCCBI reviewed the assumptions underlying environmental obligations. A \$4.6 M increase in liability related to the review of assumptions was recognized. In addition, the work planned in the West and East Sectors of the Bonaventure Expressway has generated expenditures in the order of \$1.8 M, reducing the environmental liability by the same amount. As a result of these charges and reviews, the environmental obligations increased by \$1.1 M amounting to \$25.5 M as at December 31, 2018 (\$24.4 M as at March 31, 2018).

##### **Non-Financial Assets**

The amortization's net tangible capital assets increased by \$6.6 M to total \$587.9 M relative to the March 31, 2018 financial statements (\$581.3 M). This total includes \$32.7 M of purchases of gross capital assets, less charges for amortization of \$26.1 M. The major works concerned by these acquisitions include those of the Jacques Cartier Bridge (\$20.6 M), the Honoré Mercier Bridge (\$9.0 M), and the Champlain Bridge Ice Control Structure (\$2.8 M).

Prepaid expenses as at December 31, 2018 decreased by \$0.1 M compared to March 31, 2018. This decrease is notably due to the materialization of expenses paid during the previous period.

## Government Funding

The following table summarizes the public funding for the third quarter of the current fiscal year as well as the cumulative as at December 31, 2018:

(In thousands of dollars)	Third Quarter		Cumulative (9 Months)	
	2018-2019	2017-2018	2018-2019	2017-2018
Public funding for operating expenses	29,716	31,606	98,137	95,277
Public funding for tangible capital assets	11,066	6,664	32,736	39,826
<b>TOTAL</b>	<b>40,782</b>	<b>38,270</b>	<b>130,873</b>	<b>135,103</b>

Section 3.4 presents the results of the use of parliamentary appropriations.

### 3.1.2 Expenses

#### Maintenance

Maintenance costs during the first three (3) quarters represent 87.1% (86.0% in 2017) of the total cumulative expenses.

For the nine (9) months ended December 31, 2018, the maintenance costs, including amortization, totalled \$110.2 M and are mainly distributed as follows:

- + \$5.0 M for work for Île des Sœurs Bypass Bridge;
- + \$11.1 M for work for the Honoré Mercier Bridge;
- + \$40.0 M for work for the Champlain Bridge;
- + \$24.1 M for work for the Jacques Cartier Bridge;
- + \$10.6 M for work for the Bonaventure Expressway;
- + \$1.8 M for work for the Melocheville Tunnel;
- + \$4.2 M for work for the Champlain Bridge Ice Control Structure;
- + \$10.0 M for salaries and employee benefits;
- + \$3.4 M for various other projects and equipment.

#### Operations

Operating expenses during the first nine (9) months totalled \$2.3 M (\$2.3 M in 2017). These figures represent 1.8% of total expenses (2.2% in 2017).

## Administration

The administrative expenses of the first nine (9) months total \$11.2 M and represent a \$1.0 M increase compared to the same period of the previous fiscal year (\$10.2 M in 2017). This variance is mainly due to the professional services required for the deployment of technology projects and for the staffing of positions. During the first three (3) quarters, administrative expenses represented 7.0% of total expenses (including capital asset acquisitions). This rate also varies in function of the major maintenance expenditures. The Corporation's objective is not to exceed 6%.

## 3.2 CASH FLOW

Compared to March 31, 2018, the cash balance decreased by \$22.7 M, amounting to \$37.8 M (\$60.5 M as at March 31, 2018).

## 3.3 STRATEGIC ISSUES AND RISKS

As a parent Crown corporation, JCCBI must meet the requirements of and comply with the obligations set out in the various legislations applicable to Crown corporations.

### 3.3.1. Safety and Sustainability of Infrastructures

JCCBI's priority is to ensure the mobility of users, which involves the continued safety of all the structures under its responsibility. The age of the infrastructures and the funding required for both their maintenance and their rehabilitation are real risks that the Corporation must pay attention to in order to ensure the safety of its infrastructures, as well as that of daily users.

Indeed, the bridges and other structures managed by the Corporation are old and have been subjected to years of heavy traffic, harsh weather conditions and extensive use of road salt. In order to determine the actual condition of its structures and their damage level, JCCBI has developed a management and inspection plan. Inspections, load capacity studies and monitoring are the main sources of information that enable JCCBI to manage the risks associated with the safety of structures, prioritize interventions and prepare an investment plan over a ten-year period. The work is determined from a longer-term perspective, aimed at ensuring the longevity of the structures and extending their useful life, up to 150 years for the Jacques-Cartier Bridge and 125 years for the federal portion of the Honoré Mercier Bridge, according to the vision established for each structure.

### 3.3.2. Sustainable Funding

In its decision making, JCCBI must constantly consider how best to use available resources in order to protect the assets under its management and achieve its mission to ensure the mobility of users and the safety and longevity of infrastructures.

JCCBI has received funding for its projects until 2022-2023, thus mitigating the risks associated with the deterioration of bridges and structures. However, this medium-term financing has an impact on its ability to forecast and award medium and long-term contracts.

For the projects relating to the Bonaventure Expressway sector (East and West Sectors) contaminated groundwater, despite the funding received for years 2018-2019 to 2022-2023 and the Federal Contaminated Sites Action Plan (FCSAP) funding, the need for long-term funding over a 15-year period (calculated as of 2016-2017) is imperative.

### 3.3.3. Human Resources Management

JCCBI works in partnership with all employees and managers to improve its performance. The implementation of several initiatives related to project-based management, asset management, risk management and standardized process management is ongoing to optimize the organizational performance. Thus, JCCBI wishes to develop both an increased capacity and rigorous management to achieve its strategic objectives.

With the support of a firm specializing in organizational development management, JCCBI has, for the fourth consecutive year, identified action learning strategies that make it possible to develop and support the teams in the execution of their operational plan.

Business analyses have made it possible to assist the different departments' management in identifying the main issues thereby faced on a daily basis and in targeting solutions aimed at reducing the impacts of such issues. The exercise aims at taking a proactive approach in managing these issues, notably those related to human resources.

To mitigate the vulnerabilities of expertise caused by the actual or announced departure of a key individual in the organization, JCCBI implements professional development and succession actions, which are aligned with the corporate commitment plan.

The prevention of mental health at work was selected by the management team as one of the key initiatives for 2018-2019. The health and well-being initiative has been approved and an implementation plan has been developed and deployed, based on the "Healthy Enterprise" standard.

October 17, 2018 marked the coming into force of federal Bill C-45, which legalizes the purchase, sale and use of cannabis in Canada. JCCBI's expectations in this regard have been clearly communicated to all employees.

JCCBI has also initiated the development of a program on diversity in the workplace as well as a multi-year implementation plan. A deployment committee has been set up to support these activities.

### 3.3.4. Information Technologies (IT)

Training on IT security policies and administrative information management was given to all employees. During these sessions, the computer security awareness campaign, which will run throughout 2019 for all employees, was also presented.

The deployment of the Sharepoint tool for the management of contract- and project-related documents was completed during the quarter as part of the project to implement Electronic Document Management (EDM). The next phases will allow for the inclusion of team and committee collaborative spaces. Needs analysis sessions will be held early in the next fiscal year.

A mandate to begin the drafting of the IT succession plan, which is based on good business practices and standards and references, also began during the third quarter. A list of recommendations concerning the technological environment will be tabled and an action plan for the deployment of the selected solutions will follow in the spring of 2019.

### 3.3.5. Health and Safety (OHS)

As part of the OHS initiative and in connection with the 2017-2020 strategic orientations, the OHS department continues to update the Corporation's OHS management program. Such program allows the setting up of the processes that make it possible for JCCBI to create an integrated OHS culture in its activities.

During the third quarter of 2018-2019, the OHS department completed the update of the documentation concerning the control of dangerous energy as well as the management of confined space entry. The implementation of the new lockout process has begun, while that of confined spaces will soon follow. The development of the program specific to ergonomic risks is completed and employee training is scheduled in the fourth quarter of 2018-2019.

The collaboration of all personnel facilitates the adherence to the ultimate goal of "Zero Injury by Choice" and meets the objectives set by JCCBI. This philosophy also logically and naturally integrates into the Corporation's sustainable development approach.

With the participation of the local OHS committee members, the OHS department determines the best OHS practices and accompanies both the Corporation's employees and the stakeholders on its work places, with a view to an ongoing integration of OHS in all its activities.

### 3.3.6. Environmental Obligations

JCCBI participates in the FCSAP, administered by Environment and Climate Change Canada (ECCC), to implement the mitigation measures to contain and treat the contaminated groundwater on lands in the Bonaventure Expressway sector (East and West Sectors) along the St. Lawrence River.

The operation of the East Sector system is underway.

As for the West Sector containment and treatment system, the operation continues and is the subject of a partnership with the Quebec government (*ministère de l'Environnement et de la Lutte contre les changements climatiques* (MELCC)). JCCBI Environment and Sustainable Development (ESD) department is responsible for the management thereof.

In order to manage the environmental risks, a series of initiatives have continued, that include the planning of the following:

- Comprehensive characterization of Section 10 of the Bonaventure Expressway;
- Management of the Melocheville Tunnel seepage water;
- Implementation of mitigation measures for the cliff swallows;
- Assets' social and environmental enhancement; and
- Assessment of the resilience of infrastructures to climate change.

The ESD department also collaborates with owners and stakeholders to share knowledge.

The development of an internal decision support tool continued during the third quarter. Such tool aims at implementing, in a systemic and repeatable manner, a process to integrate sustainable development into the Corporation's various projects and investments.

### 3.3.7. Asset Management

In the third quarter of 2018-2019, the asset management team continued to improve the project fact sheets for the preparation of the 2020-2025 Corporate plan. A new template was developed to ensure that all aspects of asset management and project-based management are included (constraints and opportunities, working assumptions, traffic management scenarios, scope of required preliminary project studies, needs assessment in terms of environmental effects assessment and workforce plan).

The exercise to identify the risks related to a structure is underway. The objective is to refine the process and to put in place a method that will make it possible to assess the risks for each structure and determine the priorities for each project to be carried out, with a view to facilitating the investment choices. With the implementation of integrated asset management contracts to take place in 2018-2019 for certain structures, the risk identification and mitigation measures exercise will be carried out through the structure diagnostics and the development of master plans. Two (2) master plans will be deployed in the coming years, namely the Asset Maintenance Plan (AMP) and the Asset Development Plan (ADP). These plans will assist the internal teams in the choice and prioritization of investments by proposing different investment scenarios.

Within the current asset management team structure, the unit dedicated to asset information, whose objective is to update, on an ongoing basis, the data specific to the structures and to combine and process such information for the entire organization, has begun the development of an action plan. One objective of this team is to optimize the use and exploitation of the data generated by the Corporation. The staffing process for the group was completed during the third quarter.

### 3.3.8. Major Projects

JCCBI is currently carrying out major work on the bridges and related structures under its responsibility. The following is a description of the main achievements during the third quarter:

#### **Jacques Cartier Bridge**

In order to maintain the Jacques Cartier Bridge in a long-term perspective, a retrofit plan has been developed, including the following work for the current fiscal year:

- + Two (2) contracts, the first one for the rehabilitation of the steel towers and the second one for the reinforcement of the steel structure at sections 4, 6 and 8 continued during the third quarter. In addition, two (2) contracts for the repair and reinforcement of the steel structure, the first in section 2 in Longueuil and the second in section 8 in Montreal, were successfully completed during the third quarter. The execution of work of similar nature in the past helped to better understand and mitigate the issues related to work carried out in an urban environment comprising residences nearby. Innovative measures have been put in place to reduce the noise generated by the work on steel, including rivet removal and bolting, with the goal of minimizing work-related inconveniences to the residents;
- + The taking over of the Jacques Cartier Bridge Illumination Project by the Operations and Maintenance team is now completed. Therefore, this project is now in the operation phase. An agreement for support services was concluded with Moment Factory;
- + The project to rehabilitate and reinforce the wing walls and abutment walls of the Jacques Cartier Bridge upstream and downstream ramps leading to Île Ste-Hélène continues. Most of the work was completed during the third quarter; deficiencies will be corrected and the work will be finalized in the first quarter of 2019-20;



- + Considering the demand to keep the bike path operational during the winter, a preliminary project study was launched during the second quarter of 2017-2018 to study the safety measures to be put in place to safely respond to such a request. The Corporation has retained the services of a consultant to document and analyze a pilot project for the winter maintenance of the bike path through conventional methods and heating systems. The findings were presented to JCCBI and the final report was released in the fall of 2018. As a result of this study, the Corporation decided to keep the bike path closed during the winter of 2018-2019 as the level of risk remains too high;
- + During the third quarter, the engineering phase of the project to rehabilitate the steel components and paint the splash zone and underside of section 7 deck continued. A first construction contract, which consisted in rehabilitating the paint on a portion of section 7 on the Montreal side, was completed during the third quarter. This paint contract required constant coordination with Moment Factory, as it required the removal and reinstallation of several components of the lightning system equipment . A second construction contract, this one consisting in the rehabilitation of steel components and painting of the area located between Piers 23 and 24, is expected to begin in the fourth quarter of 2018-2019;
- + A project was launched in the second quarter of 2017-2018, which comprises two (2) components, namely the milling and paving of the entire bridge and approaches thereto, which are planned in 2019-2020, as well as the management of the drained water and the development of the lands underneath section 8 of the bridge, which are planned in 2020-2021. Such work will make it possible to ensure the integrity of the existing deck waterproofing membrane and of the expansion joints. It will also make it possible to bring the management of the drained water under the bridge up to environmental standards in addition to enhancing the lands through developments underneath and in the vicinity of the bridge on the Montreal side. The design is underway and close coordination with the City of Montreal is required with respect to the future development of the sector;
- + An architectural contract was awarded during the third quarter regarding the construction of a new building and the optimization of the adjacent yard layout for the Corporation's Operations and Maintenance team. Considering the studies that showed the poor condition of the existing buildings, a preliminary project study was conducted to analyze the different scenarios. The optimal solution adopted consists in constructing a new building that will house the garage and the administrative offices;
- + A project to improve the Corporation's mobility management tools is underway. The project includes the construction of a fibre optic loop to ensure the redundancy of the existing network, the creation and integration of an intelligent traffic management system (ITMS), and an enhancement of the vehicle counting systems across JCCBI's network. The contract for the construction of the fibre optic loop was awarded during the second quarter. Design continued in the third quarter of 2018-2019 for the integrated traffic management system component. The contract for the enhancement of the counting system had to be canceled for budgetary reasons;
- + A preliminary project study was launched during the third quarter of 2017-2018 to develop the pavilion and the surrounding grounds. The project focuses on ensuring the sustainability of the pavilion. A request for proposals was issued in the first quarter to retain the services of a consultant to complete the detailed preliminary project study. This contract was awarded during the second quarter and the design work, carried out by an architectural firm assisted by an engineering firm, is underway.

## Honoré Mercier Bridge

Pier rehabilitation work has begun and will continue over several years. During the third quarter, the work on five (5) piers continued. A new contract for the rehabilitation of six (6) additional piers is scheduled to start during the first quarter of 2019-2020.

Painting work has begun during 2017-2018 and will also continue over several years. Four (4) spans were completed during the third quarter and the work on three (3) new spans will begin in the first quarter of 2019-2020.

A first replacement lot of the inspection walkways that began in the fourth quarter of 2017-2018 was completed in the first quarter of 2018-2019. The design of the second lot was completed and a new contract was awarded in the third quarter.

A preliminary project study was initiated during the third quarter to define the design orientations, the schedule and the scope of the work required to progressively revitalize lands located in the vicinity of the bridge. The study will focus on putting in place a memorial circuit dedicated to the history and culture of the Mohawk community. This study is scheduled to start in the fourth quarter of 2018-2019.

Another preliminary project study was initiated during the third quarter of 2018-2019 to define the design orientations, the schedule and the scope of the work required for the paving of the ramps, stabilization of the banks and extension of the Honoré-Mercier Bridge bike path. Two (2) separate construction contracts are planned, which are expected to be awarded in the fourth quarter of 2018-2019.

## Champlain Bridge

In order to maintain its overall maintenance strategy for the bridge until decommissioning thereof, JCCBI, on an ongoing basis, carries out inspections and performs real-time monitoring of the critical components as well as monitoring of the entire structure's load capacity. Such strategy must ensure that the crossing between the South Shore and the Island of Montreal remains safe and efficient until the opening of the Samuel De Champlain Bridge. Major work to the structure, on components such as girders, pier caps, pier shafts and pier footings as well as repairs to the steel components of the main span structure must be carried out on an ongoing basis to ensure both the availability of traffic lanes and road user safety.

The timetable announced for the replacement of the bridge by the end of June 2019 requires the major maintenance program to continue as well as the implementation of the mitigation measures required to manage the risks related, among others, to the wear of the components of a structure at the end of its life.

During the third quarter of 2018-2019, JCCBI's consultant responsible for the structural integrity of the Champlain Bridge issued the final version of the report entitled "Impacts due to Possible Delays of New Bridge Opening". In this report, the consultant draws up a list of five (5) recommendations to closely monitor the structural integrity of the bridge and ensure the safety of the bridge for road users. These five (5) recommendations are detailed as follows:

- + Award of a contract for the installation, upon request, of a superbeam
  - o The Corporation has already put in place a contract for the installation, upon request and if necessary, of a superbeam;

- + Award of a contract for the installation of either a universal modular truss on an interior girder or a super diaphragm
  - o A call for tenders is in progress for such installation work. It should be noted that JCCBI has already had the universal modular truss and the super diaphragm fabricated and that they are stored;
- + Increased frequency of inspection of the sensitive elements (interior girders, pier caps and diaphragms) and revision of the frequency in function of the inspection results
  - o Quarterly inspections are already scheduled. The inspection conducted in the fall of 2018 involved about fifty interior girders and a number of pier caps and diaphragms. The Corporation is planning the spring 2019 inspection based on the fall inspection results;
- + Instrumentation of the thirty (30) most critical interior girders and revision of the prioritization of the girders
  - o The Corporation has installed all the sensors on the thirty (30) girders and the work is being revised on a constant basis according to the prioritization of the girders. The results obtained are analyzed by our consultants and experts;
- + Design and installation of a footing reinforcement system if the work currently in progress on the footings demonstrates the need thereof
  - o During the third quarter, the Corporation carried out work to reinforce five (5) of the Champlain Bridge footings, as recommended in a previous consultants' report. Crack sealing and concrete repair work was also carried out on the footings. In addition, cores were collected from the footings and subjected to a detailed analysis. JCCBI's consultant responsible for the structural integrity concluded that there was no need for further reinforcement work on the footings.


JCCBI is reinforcing the structure of the bridge so that it remains in service until December 2019 in the event of a delay in the commissioning of the Samuel De Champlain Bridge, which is scheduled around June 2019.

With this in mind and in addition to maintaining in place JCCBI's resources responsible for contract management, JCCBI has extended several professional services contracts (engineering, inspection, structural behavior monitoring and construction contract management) in order to continue to effectively manage all activities related to the Champlain Bridge. The Champlain Project Office thus comprises:

- + A firm responsible for the structural integrity of the bridge;
- + A firm responsible for supervising the construction work and quality control;
- + A consortium of consulting engineering firms responsible for inspecting the bridge;
- + A firm responsible for monitoring.

In February 2017, a consultant retained by JCCBI issued its final report on the preliminary project study on the deconstruction of the original Champlain Bridge in accordance with the sustainable development principles. The purpose of this preliminary project study was to develop various scenarios and recommend the optimum scenario for the deconstruction of the bridge. The scenarios developed should help define direction, and ensure a smooth transition to the project.

In May 2018, the bridge deconstruction project was entrusted to JCCBI. The project is now in the detailed preliminary project study phase, and to achieve this, a consultant was selected to provide services as "Owner's Engineer". This mandate comprises several components including the environmental assessment, the definition of the scope and constraints of the project, the



support for the preparation of both the request for qualifications and the request for proposals for the selection of the contractor responsible for the deconstruction, and the monitoring of the deconstruction work. Considering that an environmental assessment had been conducted in 2013 as part of the planning of the construction of the Samuel De Champlain Bridge, JCCBI, in July 2018, undertook a coordination with the Canadian Environmental Assessment Agency as to the latter's expectations regarding the deconstruction project. Consequently, targeted environmental assessments are currently in the process of being prepared to meet the expectations of the relevant authorities (Transport Canada, Fisheries and Oceans Canada and ECCC).

During the third quarter of 2018-2019, JCCBI undertook the preparation of the technical studies required to finalize the project planning. In addition, JCCBI undertook the planning of a market survey to be conducted in the private sector to obtain feedback from organizations engaged in bridge construction and deconstruction activities. The stages of the call for qualifications and of the call for proposals to select the contractor that will be responsible for the deconstruction work are scheduled for 2019-2020. The overall project budget was approved during the third quarter of fiscal year 2018-2019.

### **Champlain Bridge Ice Control Structure**

During the third quarter, JCCBI completed the repair of Pier 18. Such work formed part of a pilot project to repair the piers (footings and shafts), girders and bearings that began in the fall of 2016. The results of this pilot project will be used to develop a master plan for the rehabilitation of the structure of the Champlain Bridge Ice Control Structure.

### **Bonaventure Expressway**

The construction of a containment wall for the retention of contaminated groundwater, located along the Bonaventure Expressway in the East Sector and which started in the summer of 2016, was completed in December 2017. A contract for the operation of the system until March 2020 was awarded during the second quarter.

Part of the maintenance work on the Bonaventure Expressway began in the first quarter and was completed in the third quarter. The design of the remainder of the work, which is planned to be performed until 2020-2021, was also completed in the third quarter of 2018-2019, and a construction contract is expected to be awarded in the fourth quarter.

A preliminary project study on the reconfiguration of sections 10, 11, 12 and 13 was also initiated during the third quarter of 2018-2019. This study is the first step in a major development project aimed at rebuilding this sector of the expressway connected to the city entrance recently reconfigured by the City of Montreal.

### **Melocheville Tunnel**

A project to improve the configuration of the electrical distribution systems and of the electromechanical and automation equipment is underway at the tunnel. In addition to ensuring the network reliability, these improvements will result in substantial savings in terms of power consumption. The construction contract has been awarded and the construction work has begun in the third quarter of 2018-2019.

### 3.4 REPORT ON THE USE OF APPROPRIATIONS

According to planning, the parliamentary appropriations available for the current fiscal year total \$355 M.

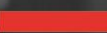
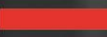
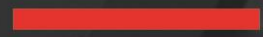
(In thousands of dollars)	Nine Months Ended					
	December 31, 2018			December 31, 2017		
	Operations	Capital	Total	Operations	Capital	Total
Main Estimates	277,184	78,100	355,284	213,476	111,483	324,959
<b>Available Funding</b>	<b>277,184</b>	<b>78,100</b>	<b>355,284</b>	<b>213,476</b>	<b>111,483</b>	<b>324,959</b>
Parliamentary Appropriations <sup>(1)</sup>						
+ Used	98,137	32,736	130,873	95,277	39,826	135,103
+ Required	179,047	45,364	224,411	118,199	71,657	189,856
<b>Total Parliamentary Appropriations</b>	<b>277,184</b>	<b>78,100</b>	<b>355,284</b>	<b>213,476</b>	<b>111,483</b>	<b>324,959</b>

<sup>(1)</sup> Generally, JCCBI receives its funding only once the expenses have been incurred.



# + SECTION 4

JCCBI'S UNAUDITED INTERIM  
FINANCIAL STATEMENTS



## 4. JCCBI'S UNAUDITED INTERIM FINANCIAL STATEMENTS

For the nine (9) months ended December 31, 2018, JCCBI's unaudited Interim Financial Statements have been prepared by management, reviewed by the Audit Committee and approved by JCCBI's Board of Directors. JCCBI's external auditors have not audited or reviewed these unaudited Interim Financial Statements.

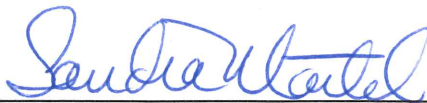
### 4.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

Management of The Jacques Cartier and Champlain Bridges Incorporated ("the Corporation") is responsible for preparing the Financial Statements in accordance with the Canadian Public Sector Accounting Standards. This responsibility requires the selection of appropriate accounting principles and the ability to exercise judgment in establishing reasonable estimates.

Management maintains appropriate financial systems and internal controls. These systems and practices are designed to provide reasonable assurance as to the reliability of financial information and to ensure that the Corporation's assets are adequately safeguarded, that its resources are managed economically and efficiently, and that its transactions are conducted efficiently. These systems and practices are also designed to provide reasonable assurance that the Corporation's transactions are duly authorized and carried out in accordance with the directions issued under section 89 and Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, The *Jacques Cartier and Champlain Bridges Inc. Regulations*, the *Canada Marine Act*, and the articles and by-laws of the Corporation.

The Board of Directors is made up of six (6) Directors and the Acting Chief Executive Officer of the Corporation. The Board, through the Audit Committee, ensures that management fulfills its responsibilities for financial reporting and internal control. The Audit Committee meets with management and the auditors to review the manner in which these groups are fulfilling their responsibilities as well as to discuss the audit, internal controls and other relevant financial issues. The Financial Statements are reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

The Auditor General of Canada audits the Corporation's Financial Statements and his report indicates the scope of his audit and his opinion on the Financial Statements.



Sandra Martel, Eng.  
Acting Chief Executive Officer



Claude Lachance, CPA-CMA, MBA, ASC  
Senior Director, Administration

February 17, 2019

## 4.2 STATEMENT OF FINANCIAL POSITION

(Unaudited – in Canadian Dollars)


	December 31, 2018	March 31, 2018
	\$	\$
<b>Financial Assets</b>		
Cash	37,836,281	60,525,063
Accounts receivable (Note 4.6.4)	16,734,607	11,963,366
<b>Total Financial Assets</b>	<b>54,570,888</b>	<b>72,488,429</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4.6.5)	43,799,782	57,634,156
Employee future benefits	441,202	517,070
Contractual holdbacks (Note 4.6.10)	7,999,060	12,240,687
Deferred revenue	328,442	268,481
Environmental obligations (Note 4.6.6)	25,456,118	24,401,859
<b>Total Liabilities</b>	<b>78,024,604</b>	<b>95,062,253</b>
<b>Net Debt</b>	<b>(23,453,716)</b>	<b>(22,573,824)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 4.6.7)	587,883,340	581,282,329
Prepaid expenses	479,225	621,169
<b>Total Non-Financial Assets</b>	<b>588,362,565</b>	<b>581,903,498</b>
<b>Accumulated Surplus</b>	<b>564,908,849</b>	<b>559,329,674</b>


### CONTINGENCIES

(Note 4.6.9)

*The accompanying notes form an integral part of the unaudited Interim Financial Statements.*

Approved by the Board of Directors

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director



## 4.3 STATEMENT OF OPERATIONS FOR THE NINE (9) MONTHS ENDED DECEMBER 31, 2018

(Unaudited – in Canadian Dollars)

	Twelve Months Ended	Nine Months Ended			
	March 31, 2019	December 31, 2018		December 31, 2017	
	Budget	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	\$	\$	\$	\$	\$
<b>Revenues</b>					
Leases and permits	607,000	145,604	433,661	150,354	445,009
Interest	572,000	271,300	792,300	255,204	589,777
Other sources	-	2,093	32,572	29,742	34,566
<b>Total Revenues</b>	<b>1,179,000</b>	<b>418,997</b>	<b>1,258,533</b>	<b>435,300</b>	<b>1,069,352</b>
<b>Expenses (Note 4.6.12)</b>					
Maintenance	289,478,000	33,582,214	110,186,246	27,585,782	87,814,034
Operations	3,431,000	782,845	2,300,949	756,440	2,267,549
Administration	16,814,000	3,936,692	11,192,579	3,604,177	10,242,586
Environmental obligations	(2,318,000)	3,775,318	2,872,763	966,645	1,731,818
<b>Total Expenses</b>	<b>307,405,000</b>	<b>42,077,069</b>	<b>126,552,537</b>	<b>32,913,044</b>	<b>102,055,987</b>
Deficit before Government of Canada funding	(306,226,000)	(41,658,072)	(125,294,004)	(32,477,744)	(100,986,635)
Portion of parliamentary appropriations for operating expenses (Note 4.6.13)	277,184,000	29,715,834	98,136,969	31,605,895	95,277,180
Portion of of parliamentary appropriations for tangible capital assets (Note 4.6.13)	78,100,000	11,065,942	32,736,210	6,663,984	39,826,028
<b>Operating Surplus (Deficit)</b>	<b>49,058,000</b>	<b>(876,296)</b>	<b>5,579,175</b>	<b>5,792,135</b>	<b>34,116,573</b>
<b>Accumulated Operating Surplus, Beginning of the Year</b>	<b>559,330,000</b>		<b>559,329,674</b>		<b>517,572,889</b>
<b>Accumulated Operating Surplus, End of the Year</b>	<b>608,388,000</b>		<b>564,908,849</b>		<b>551,689,462</b>

*The accompanying notes form an integral part of the unaudited Interim Financial Statements.*

## 4.4 STATEMENT OF CHANGE IN NET DEBT FOR THE NINE (9) MONTHS ENDED DECEMBER 31, 2018

(Unaudited – in Canadian Dollars)

	Twelve Months Ended	Nine Months Ended			
	March 31, 2019	December 31, 2018		December 31, 2017	
	Budget	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	\$	\$	\$	\$	\$
<b>Annual Operating Surplus (Deficit)</b>	<b>49,058,000</b>	<b>(876,296)</b>	<b>5,579,175</b>	<b>5,792,135</b>	<b>34,116,573</b>
Acquisition of tangible capital assets (Note 4.6.7)	(78,100,000)	(11,065,942)	(32,736,210)	(6,663,984)	(39,826,028)
Amortization of tangible capital assets (Note 4.6.7)	31,379,000	8,824,947	26,135,199	4,825,146	22,245,307
<b>Total Variation Due to Total Tangible Capital Assets</b>	<b>(46,721,000)</b>	<b>(2,240,995)</b>	<b>(6,601,011)</b>	<b>(1,838,838)</b>	<b>(17,580,721)</b>
Acquisition of prepaid expenses	-	(292,703)	(736,349)	(122,349)	(566,454)
Use of prepaid expenses	-	290,232	878,293	293,875	861,814
<b>Total Variation Due to Prepaid Expenses</b>	<b>-</b>	<b>(2,471)</b>	<b>141,944</b>	<b>171,526</b>	<b>295,360</b>
<b>Decrease (Increase) in Net Debt</b>	<b>2,337,000</b>	<b>(3,119,762)</b>	<b>(879,892)</b>	<b>4,124,823</b>	<b>16,831,212</b>
<b>Net Debt, Beginning of the Year</b>	<b>(22,574,000)</b>		<b>(22,573,824)</b>		<b>(44,736,781)</b>
<b>Net Debt, End of the Year</b>	<b>(20,237,000)</b>		<b>(23,453,716)</b>		<b>(27,905,569)</b>

*The accompanying notes form an integral part of the unaudited Interim Financial Statements.*

## 4.5 STATEMENT OF CASH FLOW FOR THE NINE (9) MONTHS ENDED DECEMBER 31, 2018

(Unaudited – in Canadian Dollars)

	Nine Months Ended			
	December 31, 2018		December 31, 2017	
	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	\$	\$	\$	\$
<b>OPERATING TRANSACTIONS</b>				
Annual Operating Surplus (Deficit)	(876,296)	5,579,175	5,792,135	34,116,573
Non-cash items				
Amortization of tangible capital assets (Note 4.6.7)	8,824,947	26,135,199	4,825,146	22,245,307
(Decrease) Increase in employee future benefits	1,292	(75,868)	(127,653)	(141,227)
Decrease in environmental obligations	-	-	(3,978,752)	(16,531,613)
Changes in non-cash working capital items				
(Increase) decrease in accounts receivable	2,615,461	(4,771,241)	14,567,962	44,940,737
Decrease in accounts payable and accrued liabilities	(646,449)	(15,489,766)	(17,595,617)	(39,149,703)
(Decrease) increase in contractual holdbacks	(2,077,064)	(4,241,627)	341,877	(5,703,864)
Decrease in deferred revenue	172,641	59,961	163,738	97,262
Decrease (Increase) in prepaid expenses	(2,471)	141,944	171,525	295,360
Increase in environmental obligations	3,116,000	1,054,259	-	-
<b>Cash Flow Provided by Operating Transactions</b>	<b>11,128,061</b>	<b>8,392,036</b>	<b>4,160,361</b>	<b>40,168,832</b>
<b>Tangible Capital Asset Investment Activities</b>				
Cash used to acquire tangible capital assets	(12,974,987)	(31,080,818)	(3,839,243)	(25,546,679)
Cash flow used for capital transactions	(12,974,987)	(31,080,818)	(3,839,243)	(25,546,679)
<b>(Decrease) Increase in Cash</b>	<b>(1,846,926)</b>	<b>(22,688,782)</b>	<b>321,118</b>	<b>14,622,153</b>
<b>Cash, Beginning of the Year</b>		<b>60,525,063</b>		<b>40,360,557</b>
<b>Cash, End of the Year</b>		<b>37,836,281</b>		<b>54,982,710</b>

*The accompanying notes form an integral part of the unaudited Interim Financial Statements.*

## 4.6. NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

### 4.6.1. Authority and Activity

The Jacques Cartier and Champlain Bridges Incorporated (“the Corporation”) was incorporated on November 3, 1978, under the *Canada Business Corporations Act*, as a wholly owned subsidiary of the St. Lawrence Seaway Authority. On October 1, 1998, it became a wholly owned subsidiary of The Federal Bridge Corporation Limited (FBCL). On February 13, 2014, pursuant to an Order in Council from the Governor in Council, FBCL transferred all its shares in The Jacques Cartier and Champlain Bridges Incorporated to the Minister of Infrastructure, Communities and Intergovernmental Affairs on behalf of Her Majesty in right of Canada. After this transfer, the Corporation became a parent Crown corporation listed under Part I, Schedule III of the *Financial Administration Act*.

Since December 1, 1978, the Corporation has been responsible for the management, maintenance and control of the Jacques Cartier and Champlain Bridges and a portion of the Bonaventure Expressway. On October 1, 1998, in accordance with a directive issued by the Minister of Transport under the *Canada Marine Act*, the Corporation became responsible for managing the federal portion of the Honoré Mercier Bridge and the Melocheville Tunnel. The management of the Champlain Bridge Ice Control Structure was transferred to the Corporation from the Minister of Transport on December 2, 1999. On April 1, 2015, the south and north approaches to the Champlain Bridge were transferred by Order in Council, meaning the Corporation is no longer responsible for the management and maintenance of the lands and structures constituting the transferred assets.

In July 2015, the Corporation received a directive (P.C. 2015-1112) under section 89 of the *Financial Administration Act* to harmonize its travel, hospitality, conference and event expenditure policies, guidelines and practices with the Treasury Board of Canada’s policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations and to report on the implementation of this directive in its next corporate plan. The Corporation confirms that it has met the requirements of this directive since December 2015.

The Corporation is not subject to income tax under the provisions of the *Income Tax Act*.

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

### 4.6.2. Significant Accounting Policies

These Financial Statements have been prepared by management in accordance with the Canadian Public Sector Accounting Standards (CPSAS).

The main accounting policies followed by the Corporation are the following:

#### **Government Transfers**

Government transfer payments are recognized as revenue when the transfer is authorized and eligibility criteria are met, except to the extent that the stipulations give rise to an obligation that meets the definition of a liability.

The transfers are recognized as deferred revenue when stipulations lead to the creation of a liability.

The revenue is recognized in the Statement of Operations as the stipulations are met. Any portion of government transfers to which the Corporation is entitled, but has not yet received, is recognized under “Due from the Government of Canada”.

## **Tangible Capital Assets**

Tangible capital assets are recognized at cost. Replacements and major improvements that extend the service life of existing assets are capitalized. Repair and maintenance costs are charged to operations when they are incurred. Costs that increase their service capacity, safety or effectiveness are capitalized.

Amounts related to projects in progress are transferred to the appropriate tangible capital assets category when the project is completed and are amortized in accordance with the Corporation’s policy.

Capital assets received as contribution from departments, agencies and Crown corporations within the jurisdiction of the Government of Canada are recognized at their fair market value at the date of transfer.

Tangible capital assets are amortized based on the estimated useful life of the components, on a straight-line basis, over the following periods:

- + Bridges and roads – between 5 and 48 years;
- + Vehicles and equipment – between 3 and 10 years.

When the conditions indicate that a tangible capital asset no longer contributes to the ability of the Corporation to provide services, or that the value of future economic benefits associated with the tangible capital asset is less than its net carrying value, the cost of the tangible capital asset is reduced to reflect the impairment. Net write-downs on tangible capital assets are recorded as expenses in the Statement of Operations.

## **Revenue Recognition**

Revenue from leases and permits, interest and other sources are recognized in the fiscal year in which they are earned. Revenue from leases and permits collected in advance are recorded as “Deferred revenue” in the Statement of Financial Position.

## **Employee Future Benefits**

### **Pension Plan**

All employees of the Corporation are covered by the Public Service Pension Plan (the “Plan”). This is a contributory-defined benefit plan established by law and sponsored by the Government of Canada. Employees and the Corporation must contribute to the Plan to cover the cost of services rendered during the fiscal year. Under current legislation, the Corporation has no legal or constructive obligation to pay additional contributions to cover past services or to fund deficiencies of the Plan. Consequently, contributions are charged to expenses in the fiscal year during which the employees render the services and these contributions represent the total pension obligation of the Corporation. The Corporation is not required by law to make up for the actuarial deficiencies of the Plan.

## Post-Employment Benefits and Compensated Absences

Employees are entitled to days of sick leave and compensation for work injuries, as provided for under their conditions of employment. Employees of the Corporation are subject to the *Government Employees Compensation Act*. Every year, they are paid the unused portion of their days of sick leave. These annual payments are recognized directly in current costs for the fiscal year. Before December 9, 2016, unionized employees accumulated their unused days of sick leave, which were redeemable at the end of their employment with the Corporation. Following the renewal of their collective agreement in December 2016, unionized workers can no longer accumulate unused sick leave days and redeem them at the time of their departure. Employees with a banked leave balance were offered either to keep the balance until they leave or redeem the balance. Moreover, the Corporation recognizes the cost of compensation for work injuries payable at the time the event obligating the Corporation occurs. The liability that these benefits represent is determined based on management's best assumptions in terms of salary increases, age of employees, years of service, the probability of employees leaving, and average life expectancy. These assumptions are reviewed annually. Post-employment benefits and compensated absences are recognized at present value.

## Environmental Obligations

Whenever the Corporation accepts responsibility for sites where contamination exceeds environmental standards, when it plans to abandon future economic benefits to that effect, and when the amount involved can be reasonably estimated, an obligation for the clean-up of the contaminated sites is recognized as a liability in the Statement of Financial Position. The estimated future costs are recognized as a liability and are based on the present value of the estimated cash flows of costs that are most likely to be incurred. If it proves impossible to make a reasonable estimate of the amount, the situation will be disclosed through a note to the Financial Statements. Other expenses related to environmental measures are recognized as expenditures as they are incurred.

## Financial Instruments

The Corporation identifies, assesses, and manages the financial risks to minimize the impact thereof on its results and financial position. The Corporation neither engages in speculative transactions nor uses derivatives.

The accounting of financial instruments depends on their classification as presented in the following table:

CATEGORIES	FINANCIAL INSTRUMENTS	MEASUREMENT
Financial assets	+ Cash + Accounts receivable (other than taxes receivable)	Cost or amortized cost
Financial liabilities	+ Accounts payable and accrued liabilities + Contractual holdbacks	Cost or amortized cost

## Contingencies

Contingencies result from uncertain situations whose outcome depends on one or more future events. Contingencies include contingent liabilities and contingent assets.

Contingent liabilities are possible liabilities which could become actual liabilities if one or more future events occur. If it is likely that an event could occur, and a reasonable estimate of the liability can be made, a provision is recognized and an expense is recorded. If the likelihood of the event cannot be determined or if the amount involved cannot be reasonably estimated, a contingency is disclosed in the notes to the Financial Statements.

Contingent assets are possible assets that could become assets if one or more future events occur. If it is likely that the future event will occur, the existence of the contingent asset is disclosed in the notes to the Financial Statements.

## Measurement Uncertainty

In preparing the Financial Statements in accordance with the CPSAS, management must use estimates and assumptions that affect the reported amounts of assets and liabilities and the presentation of assets and contingent liabilities at the date of the Financial Statements, as well as the amounts of the revenue and expenses recognized during the period covered by the Financial Statements. Actual results could differ significantly from these estimates.

The significant estimates used in the preparation of these Financial Statements relate, in particular, to the useful life of tangible capital assets, accrued liabilities for major rehabilitation work and claims received from suppliers, the liability for employee future benefits, expected costs for liabilities arising from environmental obligations as well as contingencies.

## Budgetary Data

Budgetary data included in the Financial Statements have been provided for comparison purposes and approved by the Board of Directors.

### 4.6.3. Adoption of Accounting Standards

As required by the Canadian Public Sector Accounting Standards, on April 1, 2017, the Corporation undertook the implementation, on a prospective basis, of five (5) new accounting standards: PS 3210 Assets, PS 3320 Contingent Assets, PS 3380 Contractual Rights, PS 2200 Related Party Disclosures and PS 3420 Inter-Entity Transactions. The adoption of these standards had no impact on the Corporation's operations and financial position.

#### 4.6.4. Accounts Receivable

The Corporation's accounts receivable consist of the following:

	December 31, 2018	March 31, 2018
	\$	\$
Due from the Government of Canada	10,967,880	7,307,204
Taxes receivable	1,950,155	1,899,508
Re-invoicing of work to business partners	3,116,530	2,308,379
Other accounts receivable	700,042	448,275
<b>Total Accounts Receivable</b>	<b>16,734,607</b>	<b>11,963,366</b>

#### 4.6.5. Accounts Payable and Accrued Liabilities

The Corporation's accounts payable and accrued liabilities consist of the following:

	December 31, 2018	March 31, 2018
	\$	\$
Suppliers and accrued liabilities	42,655,432	55,726,186
Salaries and employee benefits	1,144,350	1,907,970
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>43,799,782</b>	<b>57,634,156</b>


#### 4.6.6. Environmental Obligations

The Corporation periodically compiles an inventory of all its properties in order to classify their environmental condition for the purposes of prioritizing any required interventions. The Corporation has a number of properties whose soil is contaminated beyond the acceptable criteria. The properties concerned are located under the Jacques Cartier Bridge and along the Bonaventure Expressway.

With respect to the lands under the Jacques Cartier Bridge, water and/or soil contamination has been identified during classification exercises, but environmental monitoring and further analysis are required to determine whether the water table may be affected and whether a decontamination exercise is required. To this end, work was carried out during fiscal year 2015-2016 and the results indicate that the level of contamination, the impact and the actions to be taken could not be determined, but that the risk of migration of contaminants to nearby sites was weak. Currently, the finding of this study remains unchanged and no environmental liability has been recorded.

As at December 31, 2018, the priority environmental issue for the Corporation remains that of the lands located in the Bonaventure Expressway sector in Montreal. These lands, which have been managed by the Corporation since 1978, are located on a portion of and close to a former landfill site operated by the City of Montreal between 1866 and 1966. This former landfill site covers several tracts of land belonging to different owners. Since 2003, the Corporation has conducted studies and toxicity tests on the groundwater in this location. The tests revealed that the groundwater is contaminated beyond acceptable criteria. Given the complexity of the issue, the involvement of numerous owners and the significant costs involved, the federal government





has focused on integrated solutions to the environmental issues at this site. This site can be divided into two sectors: the east sector and the west sector.

#### a) East Sector

The containment and pumping operations have begun in 2018. The contract for the operation of the containment and pumping system was awarded in August 2018. The liability estimate is based on the following main characteristics and assumptions:

- + The duration of the containment and pumping operations is estimated at fifteen (15) years. The duration of the project will extend beyond this period, but it is impossible, at this time, to determine the costs beyond fifteen (15) years;
- + There is no residual value to the project.

#### b) West Sector

Both the plant operation and the water containment began in 2017. The Corporation is managing this project. The portion of the costs incurred by the Corporation is 50% of the total costs to be incurred. The liability estimate is based on the following main characteristics and assumptions:

- + The duration of the containment operations is estimated at fifteen (15) years. The duration of the project will extend beyond this period, but it is impossible, at this time, to determine the costs beyond fifteen (15) years;
- + There is no residual value to the project.

<b>Main assumptions</b>		<b>East Sector</b>	<b>West Sector</b>
<b>As at December 31, 2018</b>			
<b>Discount Rate</b> (Note 1)			
<b>Inflation Rate – NRBCPI</b> (Note 2)			
<b>Accuracy Factor</b>		<b>+/- 10%</b>	<b>-</b>
<b>Undiscounted Range to which the Inflation Rate was Applied:</b>			
As at March 31, 2018	Minimum	\$18,407,000	\$10,228,000
	Maximum	\$21,144,000	\$10,228,000
As at December 31, 2018	Minimum	\$20,152,000	\$9,879,000
	Maximum	\$24,188,000	\$9,879,000
<b>Discounted Range to which the Inflation Rate was Applied:</b>			
As at March 31, 2018	Minimum	\$15,547,000	\$8,854,000
	Maximum	\$17,849,000	\$8,854,000
As at December 31, 2018	Minimum	\$17,030,000	\$8,426,000
	Maximum	\$20,386,000	\$8,426,000
<b>Provision for Environmental Obligations</b>		<b>\$17,030,000</b>	<b>\$8,426,000</b>

Since 2016, there is no range to be considered for the obligation relating to the West sector, as it is based on the financial terms of the contract awarded for the decontamination solution. For the East Sector, the Corporation has, in August 2018, awarded a two-year contract. The 10% range of variability for the operation component is therefore applied to subsequent years (as at March 31, 2018, the accuracy factor used for the operation component was 10%).

As at December 31, 2018, the Corporation estimates an amount of \$25,456,118 (\$24,401,859 as at March 31, 2018) for the East and West Sectors. This amount is recorded as Environmental obligations in the Statement of Financial Position as at December 31, 2018.

Note 1: The discount rates are determined based on the actual zero-coupon yield curve for Government of Canada bond market issued by the Bank of Canada. The discount rate for the year 2020 is 1.92% (1.63% as at March 31, 2018). The rates for subsequent years range from 1.89% to 2.10% (1.79% to 2.19% as at March 31, 2018).

Note 2: Based on the Non-Residential Building Construction Price Index. For fiscal year 2018-2019, the rate is 2.98% (2.99% as at March 31, 2018).

#### 4.6.7. Tangible Capital Assets

(Unaudited – in Canadian Dollars)

	Lands	Bridges and Roads	Vehicles and Equipment	Projects in Progress	Total
	\$	\$	\$	\$	\$
<b>COST</b>					
April 1, 2017	5,250,117	698,939,378	4,428,890	64,234,292	772,852,677
Acquisitions	-	36,429,161	1,134,929	15,241,796	52,805,886
Disposals	-	-	(21,728)	-	(21,728)
Transfers	-	62,803,242	-	(62,803,242)	-
<b>March 31, 2018</b>	<b>5,250,117</b>	<b>798,171,781</b>	<b>5,542,091</b>	<b>16,672,846</b>	<b>825,636,835</b>
Acquisitions	-	13,424,360	406,629	18,905,221	32,736,210
Disposals	-	-	-	-	-
Transfers	-	7,924,725	-	(7,924,725)	-
<b>December 31, 2018</b>	<b>5,250,117</b>	<b>819,520,866</b>	<b>5,948,720</b>	<b>27,653,342</b>	<b>858,373,045</b>
<b>ACCUMULATED AMORTIZATION</b>					
April 1, 2017	-	207,507,694	3,533,362	-	211,041,056
Amortization	-	33,029,325	305,853	-	33,335,178
Disposals	-	-	(21,728)	-	(21,728)
<b>March 31, 2018</b>	<b>-</b>	<b>240,537,019</b>	<b>3,817,487</b>	<b>-</b>	<b>244,354,506</b>
Amortization	-	25,816,103	319,096	-	26,135,199
<b>December 31, 2018</b>	<b>-</b>	<b>266,353,122</b>	<b>4,136,583</b>	<b>-</b>	<b>270,489,705</b>
<b>NET BOOK VALUE</b>					
<b>March 31, 2018</b>	<b>5,250,117</b>	<b>557,634,762</b>	<b>1,724,604</b>	<b>16,672,846</b>	<b>581,282,329</b>
<b>December 31, 2018</b>	<b>5,250,117</b>	<b>553,167,744</b>	<b>1,812,137</b>	<b>27,653,342</b>	<b>587,883,340</b>

As at December 31, 2018, “Accounts Payable and Accrued Liabilities” includes acquisitions related to tangible capital assets of \$23,561,277 (\$21,905,884 as at March 31, 2018).

#### 4.6.8. Share Capital

The authorized share capital is 50 shares without par value and the Corporation has issued and fully paid one (1) share in the amount of \$100.

#### 4.6.9. Contingencies

##### **Legal Proceedings and Claims**

In the normal course of its operations, the Corporation is subject to claims or lawsuits, the outcome of which cannot be predicted with certainty. Management has made, in the affected accounts, provisions which it deems sufficient, and believes that the resolution of such contingencies should not have any material adverse effect on the Corporation's financial position.

As at December 31, 2018, there are contingent assets whose estimated amount cannot be determined. Access to ownership of these assets depends on the progress of the negotiations with a business partner. The contingent assets are not recognized in the Financial Statements.

##### **Other Contingencies**

- a) The Corporation was granted a permit to install, maintain and use a cable for closed circuit television signals on lands that it does not own. In the event of termination of this permit, the Corporation will have to remove its facilities, at its expense. As at December 31, 2018, neither the owner of the lands nor the Corporation has indicated its intention to terminate the permit. Therefore, no contingent liabilities related to this capital asset has been recognized.
- b) The Corporation holds structures erected on land whose owner has transferred the management and administration thereof to the Government of Canada. The owner of the land could take back the land in the event of a change in the use thereof, without any indemnity for the structures erected, provided they are in satisfactory condition, at the convenience of the owner. At present, the Corporation has no intention of changing the current use of these structures. Therefore, no liabilities related to these capital assets has been recognized.

#### 4.6.10. Contractual Holdbacks

Contractual holdbacks (including performance holdbacks and warranty holdbacks) represent the total amount that the Corporation temporarily retains on amounts due to contractors during the performance of the work, to guarantee that the latter fulfil their obligations pertaining to the warranties of rectification and correction of defects and poor workmanship in the work performed. The warranty periods applicable to each contract begin following the issuance of the Interim Certificate of Completion for the work concerned. The Corporation then pays the 5% contractual holdback (designated as "performance holdback") and retains a new amount equal to 2.5% as contractual holdback (designated as "warranty holdback").

The contracts provide that the Corporation will pay the second portion of 2.5% of the performance holdback less, where applicable, any amount owed by the contractor under the terms of the contract once the warranty period has expired.

#### 4.6.11. Related Party Transactions

The Corporation is related in terms of common ownership to all departments, agencies, and Crown corporations created by the Government of Canada, as well as to its key management personnel, close family members thereof and entities subjected to the control of said individuals. The Corporation enters into transactions with these entities in the normal course of business. These transactions are recognized at the exchange amount, except for the cost of the audit of the Financial Statements, which is carried out without consideration and not recognized in the Statement of Operations.

#### 4.6.12 Expenses by Type

	December 31, 2018	December 31, 2017
	\$	\$
Regular and major maintenance	71,315,903	53,551,713
Environmental obligations	2,872,763	1,731,818
Amortization of tangible capital assets	26,135,199	22,245,307
Salaries and employee benefits	14,836,827	13,745,072
Professional services	7,135,879	6,514,803
Goods and services	4,255,966	4,267,274
<b>Total Expenses</b>	<b>126,552,537</b>	<b>102,055,987</b>

#### 4.6.13. Parliamentary Appropriations

	December 31, 2018	December 31, 2017
	\$	\$
Parliamentary appropriations requested	135,041,775	139,778,642
Change in long-term contractual holdbacks	(4,168,596)	(4,675,434)
<b>Total Parliamentary Appropriations Recognized as Revenue</b>	<b>130,873,179</b>	<b>135,103,208</b>
<b>Distribution</b>		
Portion of parliamentary appropriations for operating expenses	98,136,969	95,277,180
Portion of parliamentary appropriations for tangible capital assets	32,736,210	39,826,028
<b>Total Parliamentary Appropriations Recognized as Revenue</b>	<b>130,873,179</b>	<b>135,103,208</b>

#### 4.6.14. Subsequent Event

The Minister of Infrastructure and Communities has confirmed the deconstruction of the original Champlain Bridge following the commissioning of the new Samuel De Champlain Bridge, which is scheduled for June 2019. By letter dated May 3, 2018, the Minister confirmed that the Corporation was mandated to undertake the deconstruction of the Champlain Bridge, in accordance with the sustainable development principles upheld by the Corporation. The Corporation is in the process of developing a deconstruction strategy that will involve a precise scheduling of the methods used for deconstruction as well as ongoing transportation and material recovery planning to minimize the environmental effects and the impacts on surrounding residents. Since the deconstruction method has not yet been determined, the financial implications of the deconstruction project cannot be estimated.



Join the conversation

[JacquesCartierChamplain.ca](http://JacquesCartierChamplain.ca)

Twitter | LinkedIn | Facebook | YouTube

