# Debt Management Report

1998-99

Department of Finance Canada
Ministère des Finances Canada

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## *Foreword by the Minister of Finance*

I am very pleased to table for the first time before Parliament the Debt Management Report (DMR) of the Government of Canada for fiscal year 1998-99.

The DMR provides a comprehensive accounting of federal debt operations for 1998-99, including the composition of the debt, its distribution, and the mechanisms and activities through which it is prudently managed in the interests of Canadians. Although interest costs on the federal debt have fallen in recent years, they still constitute the largest spending program of the federal government. Therefore, it is vitally important that Canadians receive timely and transparent reports on the outcomes of debt management operations.

To that end, and to demonstrate its commitment to strengthening the accountability and reporting framework of federal debt management, the Government recently introduced several amendments to the debt management sections of the *Financial Administration Act*. One of these changes mandates that the DMR be tabled in both Houses of Parliament shortly after the tabling of the Public Accounts of Canada – the Government's financial statements.

In this respect, through the efforts of all Canadians, the Government has presided over a significant and historic turnaround in federal finances. Indeed, as detailed in the Public Accounts of Canada, the federal government posted a surplus of $3.5 billion in 1997-98. This was followed up with a surplus of $2.9 billion in 1998-99, marking the first back-to-back surpluses in nearly half a century.

What these surpluses mean for Canadians is that the absolute stock of net public debt declined in both 1997-98 and 1998-99. Further, the share of Canadians' tax dollars devoted to servicing the debt also declined – in 1995, 36 cents of every dollar of revenue collected by the Government was used to pay interest costs on the debt; in 1998-99 this was down to 27 cents. Moreover, with a reduced revenue share directed to debt servicing, Canadians can expect continued tax reductions and greater investments in priority areas such as education, the environment, health care or child poverty.

Canadians can expect the Government to continue to manage its debt prudently to provide stable, low-cost financing for the Government. Indeed, as explained in the DMR, the Government has recently undertaken a series of initiatives to achieve these objectives and to modernize the federal government's debt and risk management capabilities.

I am confident that the information provided herein will enable all Canadians – taxpayers and Parliamentarians alike – to gain a better understanding and heightened appreciation of our shared fiscal triumphs in the past and will provide certainty and confidence that, together, we will overcome those fiscal challenges that face us now.

The Honourable Paul Martin, P.C., M.P.
Minister of Finance
Ottawa, November 30, 1999

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## Highlights of 1998-99

*The federal government recorded its second consecutive budgetary surplus in 1998-99, the first back-to-back surpluses since 1951-52.*

- The federal government recorded its second consecutive budgetary surplus in 1998-99, the first back-to-back surpluses since 1951-52. In 1998-99, there was a budgetary surplus of $2.9 billion, while in 1997-98 the federal government recorded a surplus of $3.5 billion.
- As of March 31, 1999, the federal government's market debt totalled $460.4 billion (see Table 1). During 1998-99, the federal government retired $6.9 billion of its market debt.
  - Domestic debt declined by $16.3 billion in 1998-99, largely through a decline in the Treasury bill stock, while Canada Pension Plan bonds rose by $0.6 billion.
  - Foreign debt increased by $8.8 billion. The increase in foreign debt was to replenish foreign reserves used during the year to maintain order in the Canadian dollar market and to bring the level of Canada's international reserves more in line with comparable sovereigns. Canada's foreign-currency debt represents less than 8 per cent of its total outstanding market debt.

**Table 1**
*1998-99 market debt program*

| | March 31, 1998 | Net new issuance | March 31, 1999 |
|---|---|---|---|
| | | (billions of C$) | |
| Domestic debt | 436.7 | -16.3 | 420.4 |
| Foreign debt | 27.2 | 8.8 | 36.0 |
| Canada Pension Plan bonds | 3.5 | 0.6 | 4.1 |
| **Total market debt** | **467.3** | **-6.9** | **460.4** |

Numbers may not add due to rounding.

*The prudent debt structure was reinforced to achieve greater stability of debt servicing costs.*

*The Government has recently taken a number of actions to maintain liquidity and market integrity.*

- The federal government's prudent debt structure was reinforced by increasing the fixed-rate share of the Government's gross debt (the portion that does not mature or get repriced within a year) to two thirds at October 31, 1998. A prudent debt structure is essential to protect the Government's fiscal position from unexpected increases in interest rates and to moderate refinancing risk.
- Continuing its efforts to improve liquidity, transparency and efficiency in the market for Government of Canada securities, the Government took a number of further steps in 1998-99, including:
  - launching a pilot bond buyback program to help maintain primary bond market liquidity;
  - implementing new auction rules for Government of Canada securities to enhance the integrity of the primary market and collaborating in the development of the Investment Dealers Association of Canada (IDA) Code of Conduct to reinforce integrity of the secondary market; and
  - modernizing the federal government's debt and risk management capabilities through the amendment of the *Financial Administration Act* (FAA).

## *Debt Management Environment*

### Fiscal Developments in 1998-99

After recording uninterrupted deficits from 1970-71 to 1996-97, the federal government posted a budgetary surplus of $3.5 billion in 1997-98. This was followed up with a surplus of $2.9 billion in 1998-99, marking the first back-to-back surpluses in nearly half a century. This achievement – remarkable in itself – is all the more impressive in light of the $42-billion deficit recorded in 1993-94.

With a budgetary surplus of $2.9 billion and a net source of funds from non-budgetary transactions of $8.6 billion, the financial surplus (excluding foreign exchange transactions) for 1998-99 was $11.5 billion, following a financial surplus of $12.7 billion 1997-98. 1998-99 marked the third consecutive year that the federal government recorded a financial surplus (excluding foreign exchange transactions). Including foreign exchange transactions, primarily relating to borrowing to supplement foreign exchange reserves, the net financial surplus stood at $5.8 billion for 1998-99.

Financial requirements/surplus is a measure of the Government's financial position that is broadly comparable to the measure of budgetary balance used by other major industrialized countries, including the United States. On this basis, Canada, the United States and the United Kingdom were the only G-7 countries in surplus positions in 1998-99 (measured in terms of their respective fiscal years).

***The Budgetary Balance and Financial Requirements/ Surplus***

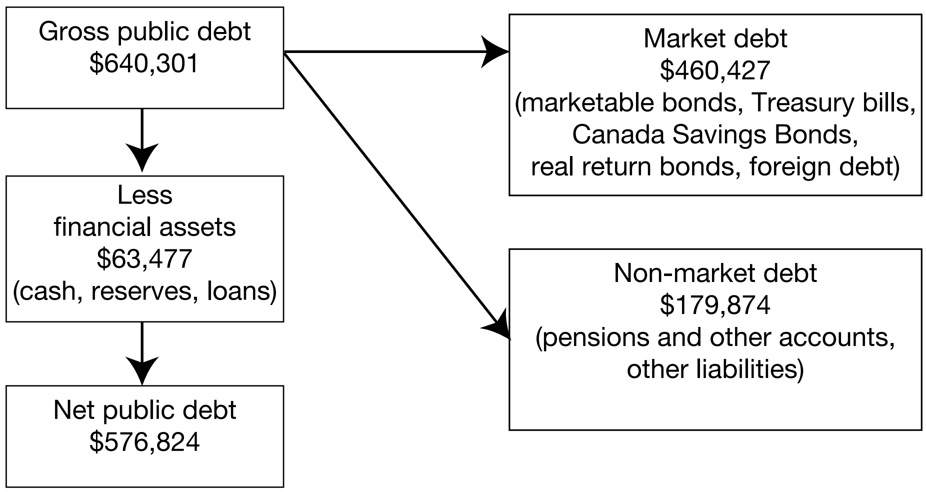
| | (billions of dollars) |
|---|---|
| Budgetary balance | 2.9 |
| Net source of funds from non-budgetary transactions | 8.6 |
| Financial surplus (excluding foreign exchange transactions) | 11.5 |
| Net requirement of funds from foreign exchange transactions | (5.7) |
| Net financial surplus | 5.8 |

The budgetary balance is presented on a modified accrual basis of accounting, recording government liabilities when they are incurred, regardless of when the cash payment is made.

In contrast, financial requirements/surplus measures the difference between cash coming in to the Government and cash going out. It differs from the budgetary balance in that it includes transactions in loans, investments and advances, federal employees' pension accounts, other specified purpose accounts, and changes in other financial assets and liabilities. These activities are included as part of non-budgetary transactions.

In 1998-99, the federal government's net public debt was $576.8 billion, down $6.4 billion from the 1996-97 level. Further, the level of market debt declined by $6.9 billion to $460.4 billion. Over the last two fiscal years, $16.4 billion of market debt has been retired.

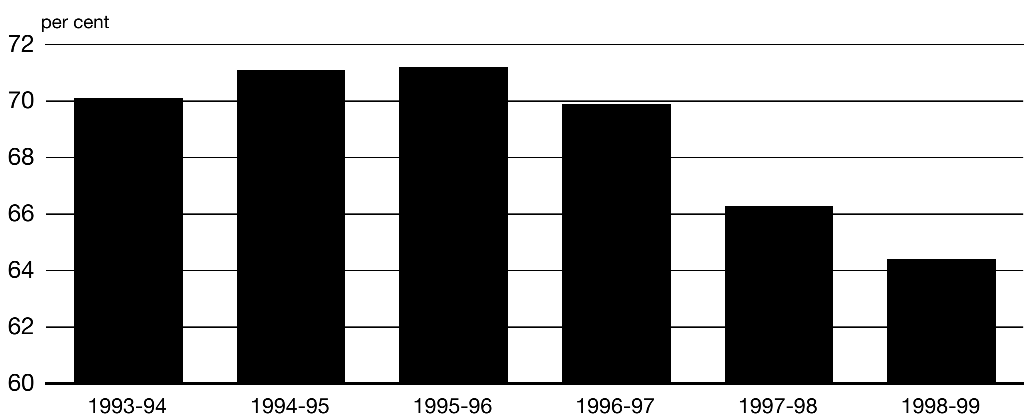
**Total Public Debt as at March 31, 1999**
(in millions of dollars)




*The net debt-to-GDP ratio declined to 64.4 per cent in 1998-99 from its peak of 71.2 per cent in 1995-96.*

The best indicator of the burden of debt is not the absolute level of debt but its relation to the size of the economy (the net debt-to-gross domestic product (GDP) ratio). The net debt-to-GDP ratio provides a measure of the ability of the economy to service the debt. The net debt-to-GDP ratio declined to 64.4 per cent in 1998-99 from its peak of 71.2 per cent in 1995-96 (see Chart 1).

Chart 1
**Net debt-to-GDP ratio**




Source: Department of Finance

*The amount of every dollar of revenue the Government spends on interest on the public debt has dropped from 36 cents in 1995-96 to 27 cents in 1998-99.*

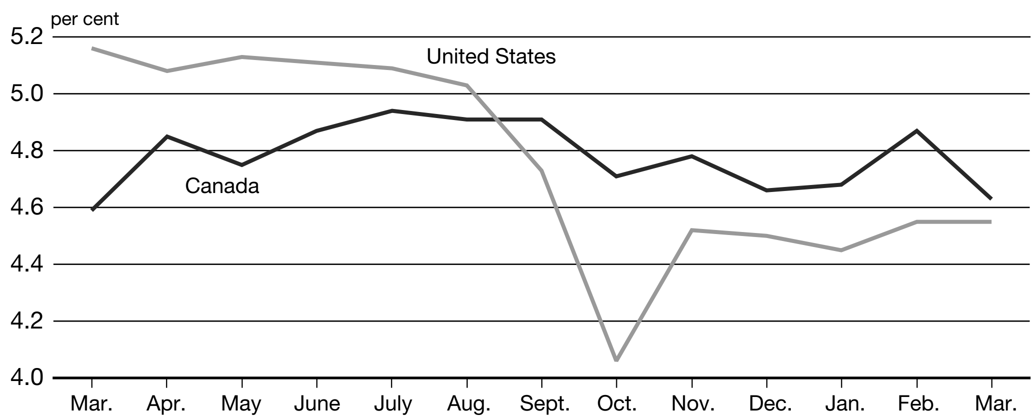
Public debt charges as a percentage of budgetary revenues – the interest ratio – was 27 per cent in 1998-99, down significantly from the peak of 36 per cent in 1995-96. Thus, the Government spent about 27 cents of every revenue dollar in 1998-99 on interest on the public debt. The cost of debt service underscores how important prudent management of the public debt is to all Canadians.

### Market Developments in 1998-99

*Canada's success in eliminating the deficit and keeping inflation low has reduced the cost of federal government borrowing.*

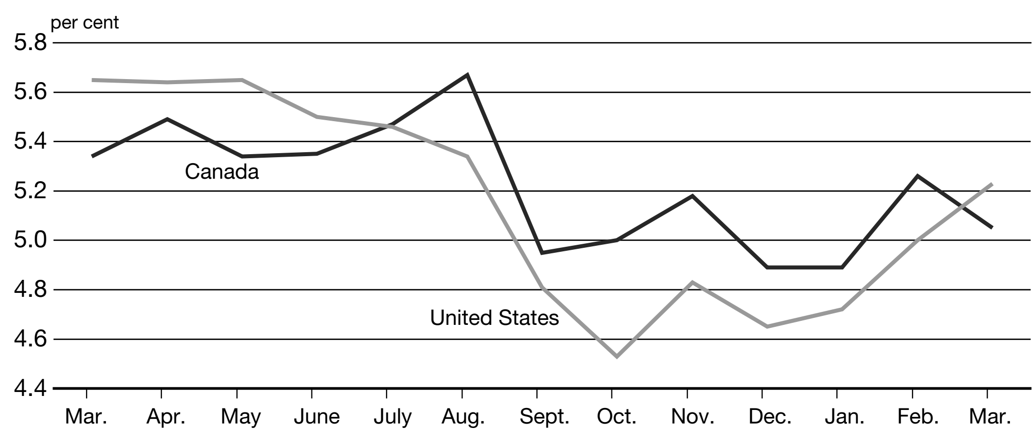
A favourable economic environment has lessened the cost of federal government borrowing in recent years. Canada's success in eliminating the deficit and keeping inflation low has helped keep interest rates near historically low levels. In the first quarter of 1998-99, short-term interest rates, which had been much lower than those in the US, started to increase (see Chart 2). By August, when the bank rate increased by 100 basis points, Canadian short-term rates had moved above those in the US. By the end of the year, short-term interest rates had retraced their increase, declining to virtually the same level as similar US rates. Long-term rates continued to decline over 1998-99 to historically low levels, rising modestly at fiscal year-end (see Chart 3).

Chart 2
**3-month Treasury bill rates, 1998-99**




Sources: Bank of Canada and Federal Reserve.

Chart 3
**10-year government bond rates, 1998-99**



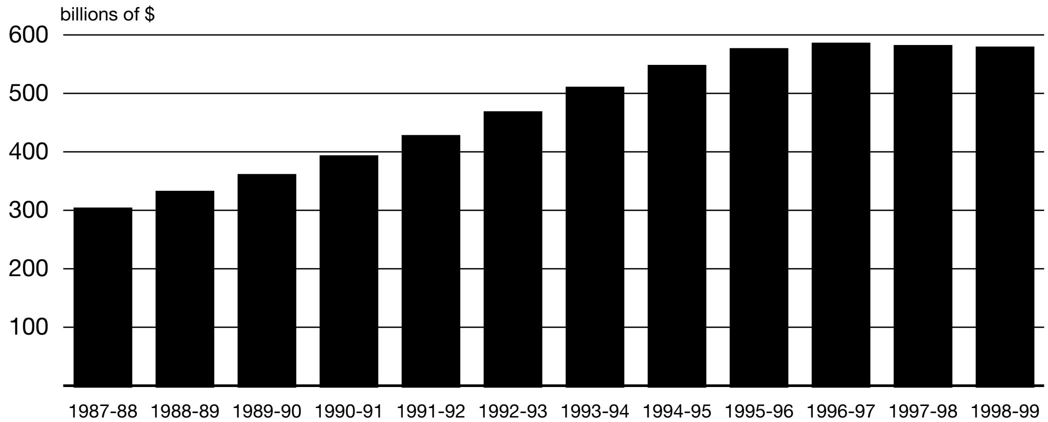

Sources: Bank of Canada and Federal Reserve.

## Composition of the Federal Debt

*Net public debt has declined by $6.4 billion in two years.*

The 1998-99 budgetary surplus brought the federal government's net public debt – gross public debt net of the Government's financial assets (primarily cash and international reserves) – down to $576.8 billion from $579.7 billion in 1997-98 (see Chart 4).

Chart 4
**Evolution of net public debt**




Source: Public Accounts of Canada.

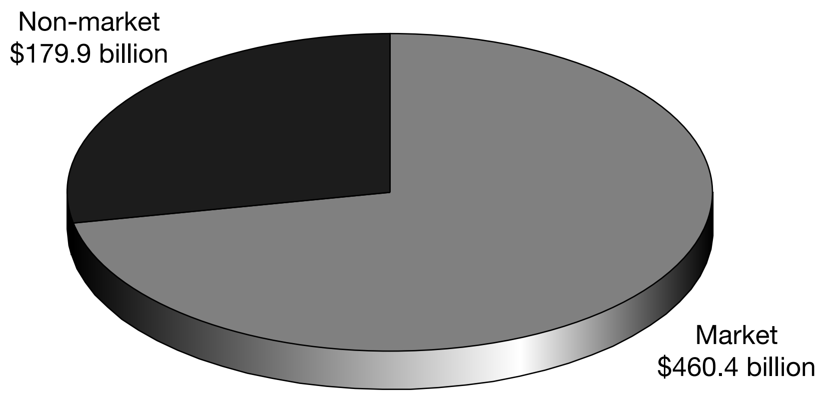
Gross public debt at the end of March 1999 totalled $640.3 billion (see Chart 5). Gross public debt is made up of two major components: market debt and non-market debt. Market debt is the portion of debt that is funded in the public markets and includes marketable bonds, Treasury bills, Canada Savings Bonds (CSBs) and Canada Premium Bonds (CPBs), foreign-currency-denominated bonds and bills, and bonds issued by the federal government to the Canada Pension Plan (CPP). At March 31, 1999, market debt outstanding was $460.4 billion. Non-market debt includes federal public sector pension liabilities, which are not funded in the public markets, and the Government's current liabilities (such as accounts payable, accrued liabilities, interest and payment of matured debt). At March 31, 1999, non-market debt totalled $179.9 billion.

At March 31, 1999, outstanding market debt was comprised of $284.1 billion of fixed-coupon nominal bonds, $11.7 billion of real return bonds (RRBs), $97.0 billion of Treasury bills, $27.7 billion of CSBs and CPBs, $4.1 billion of CPP bonds and $36.0 billion of foreign-currency-denominated securities (see Chart 6). In addition, the Government had $19.8 billion of interest-rate and cross-currency swaps outstanding as of March 31, 1999.

Chart 5

**Gross public debt as at March 31, 1999**

(Total $640.3 billion)

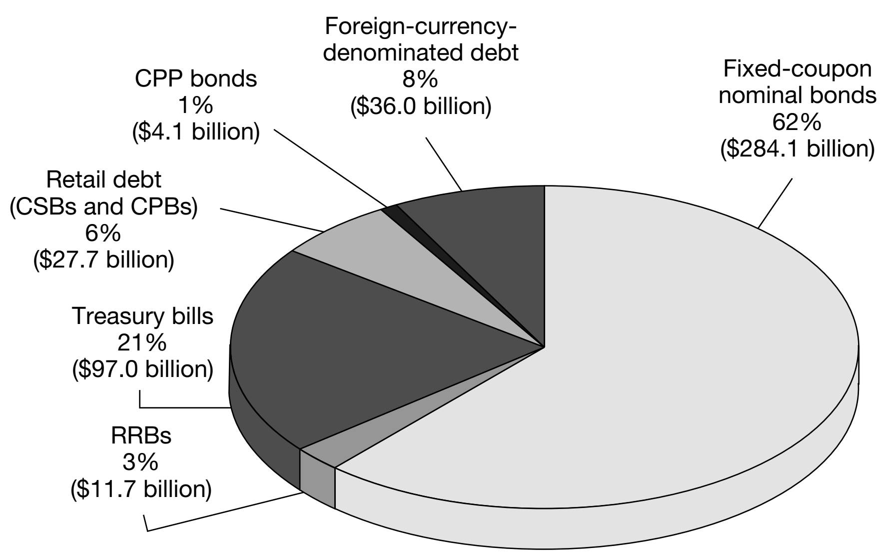



Source: Public Accounts of Canada.

Chart 6

**Composition of federal market debt as at March 31, 1999**

(Total $460.4 billion)




Note: Based on outstanding stock as at March 31, 1999.
Excludes effect of interest-rate and cross-currency swap agreements.
Numbers may not add due to rounding.

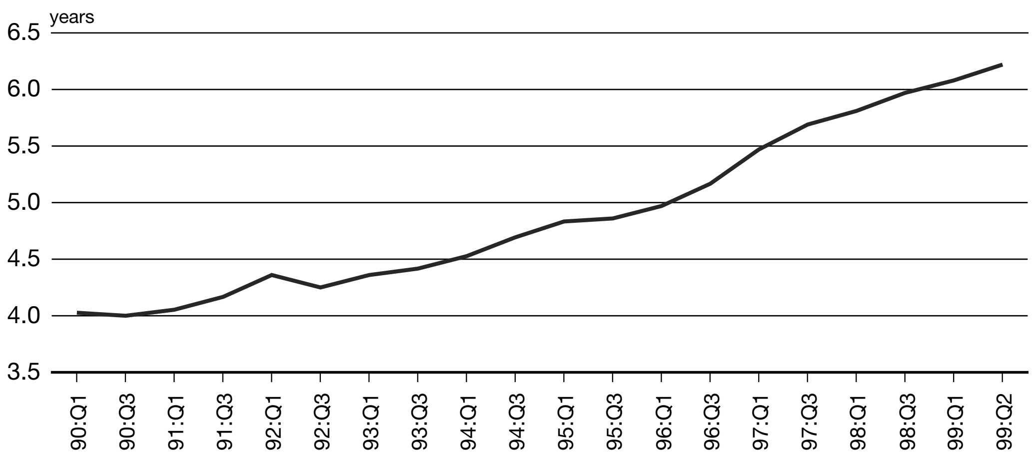
Source: Public Accounts of Canada.

*The Government has pursued the objective of greater stability of debt costs by reducing the exposure to changes in interest rates and moderating refinancing risk.*

Since 1990, the Government has pursued the objective of greater stability of debt costs by increasing the fixed-rate share of its gross debt (debt which is maturing or being repriced in more than one year), thereby reducing the exposure to unexpected increases in interest rates and moderating refinancing risk.

The gradual change in the composition of the debt has led to a significant increase in the average term to maturity of marketable debt, from 4.0 years in January 1990 to 6.2 years in the second quarter of 1999 (see Chart 7).

Chart 7
**Average term to maturity of marketable debt**




Source: Bank of Canada.

## Federal Debt Management Strategy 1998-99 Initiatives

The fundamental debt management objective is to raise stable, low-cost funding for the Government. A key strategic objective is the maintenance of a well-functioning domestic capital market. The federal government has taken a series of initiatives, outlined in *Debt Management Strategy 1998-99* (available on the Department of Finance Web site at: www.fin.gc.ca), to achieve these objectives.

***Debt Management Strategy – Key Commitments***

- Maintaining a prudent debt structure and broad investor base
- Maintaining a well-functioning Government of Canada securities market

### Maintaining a Prudent Debt Structure and Broad Investor Base

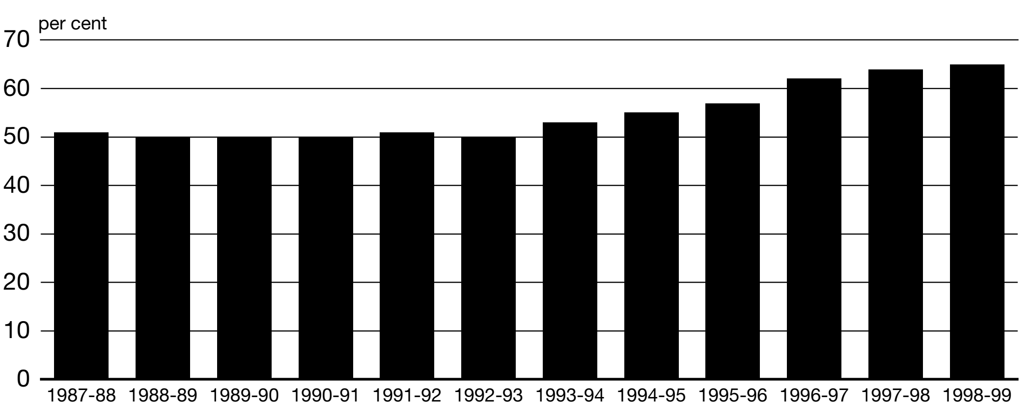
#### *Prudent Debt Structure*

*Maintaining a prudent debt structure remains a priority.*

As noted earlier, a major strategic focus for the past several years has been achieving greater stability of debt servicing costs, and minimizing the impact of unexpected market disruptions and refinancing risk by establishing a prudent debt structure. In 1998-99, the federal government continued to restructure its debt stock to ensure that it is less sensitive to changes in interest rates. It has achieved this by increasing the fixed-rate share of the Government's gross debt to two thirds in 1998-99 from 53 per cent in 1993-94 (see Chart 8). As a result, the impact of a 100-basis-point increase in interest rates on the budget balance in the first year of the increase is about $900 million lower today than at the time of the 1995 budget (i.e. $0.9 billion compared to $1.8 billion).

In order to maintain stable debt costs, the Government manages the fixed-rate portion of the debt to preserve an average target level of two thirds.

Chart 8
**Fixed-rate share of gross debt as at March 31**




Source: Department of Finance.

### *Diversified Investor Base*

*A diversified investor base helps reduce funding costs.*

A diversified investor base helps reduce funding costs. The federal government pursues diversification of its investor base by maintaining a liquid and transparent domestic wholesale debt program that is attractive to investors, and internationally through the use of a broad array of sources of funds. In addition, Canada Investment and Savings (CI&S), the Government's retail debt agency, provides diversification by offering savings products designed to suit the needs of individual Canadians. In 1998-99, CI&S successfully introduced the Canada Premium Bond, which features longer-term pricing but has less cashability than the traditional Canada Savings Bond. The retail debt share, including both non-marketable and marketable debt, of the Government of Canada's total market debt increased to 23 per cent last year, thereby contributing to the Government's goal of maintaining a diversified investor base.

## Maintaining a Well-Functioning Market

*The federal government will continue to maintain the principles of liquidity, transparency and regularity.*

A well-functioning Government of Canada securities market provides low-cost financing for the federal government by promoting broader participation in the market. Liquidity, transparency and regularity are the principles underlying the maintenance of a well-functioning market. Borrowing in the domestic market on a regular, pre-announced basis and building bond benchmarks reflects these principles. Initiatives to maintain market integrity are also key factors in keeping the cost of federal government borrowing low. The Government has already made structural adjustments to enhance the liquidity of the Government of Canada securities market and to ensure it continues to function well. For example, the weekly cycle of Treasury bill auctions was replaced by a biweekly cycle in September 1997 and the frequency of issuance of 30-year bonds was reduced to two times per year in April 1998. These types of initiatives, which continued through 1998-99, are detailed below.

Given the key role played by federal government securities in Canada's fixed-income market, adjustments to the domestic debt programs are made in consultation with market participants, and this was the case through 1998-99.

### *Buyback Program*

*A pilot bond buyback program was implemented in 1998-99 to help support a liquid primary market.*

To enhance the liquidity of Government of Canada securities, a pilot bond buyback program was implemented in 1998-99. The purpose of this pilot program is to buy back existing, less liquid bonds to support the maintenance of a liquid primary bond market. By buying back less liquid outstanding bonds, the Government helps support a liquid primary market by being able to continue building large benchmark bonds at key maturities.

*A number of initiatives have been pursued to ensure the integrity of the Government of Canada securities market is maintained.*

### *New Auction Rules*

Following extensive consultations with market participants, new auction rules and terms of participation relating to the primary distribution of Government of Canada securities were introduced on October 14, 1998. The new rules, which govern participation at auctions of Government of Canada securities, were designed to reinforce the integrity of the auction process and encourage broad participation in it.

### *IDA Code of Conduct*

Parallel to the development of the revised auction rules, the federal government participated in the development of the Investment Dealers Association of Canada (IDA) Code of Conduct, establishing standards for the trading of debt securities in the secondary market. IDA Code of Conduct (Policy No. 5) was approved in September 1998. Together with the new auction rules, the integrity of the Government of Canada securities market has been significantly reinforced.

### *Treasury Bill Program Review*

In the fall of 1998, the Government commenced consultations with market participants regarding the liquidity of the Treasury bill program. These consultations were completed in May of the current fiscal year. The Government and market participants were generally of the view that the existing structure of the Treasury bill program is working well, given current issuance levels, and that no changes are required.

### *Amendments to the* Financial Administration Act

*Amendments to the FAA were passed to modernize the federal government's debt and risk management capabilities.*

In addition, amendments relating to the debt management sections of the *Financial Administration Act* (FAA) were passed through 1999 budget legislation. The relevant sections of the FAA, which date back to the 1950s, were amended to modernize the federal government's debt and risk management capabilities and clarify borrowing authority and the authority for setting the terms of distribution of federal government securities. These amendments are consistent with the changes in the auction rules made in 1998-99.

## Government of Canada Securities Market

*Canada's fixed-income market continues to be one of the most efficient in the world.*

Canada's fixed-income market continues to be one of the most efficient in the world. Indicators of the efficiency, liquidity and depth of the market include tight bid-offer spreads for the various instruments, the large volume of transactions and high turnover ratios.

An efficient Government of Canada securities market is also of general benefit to the domestic capital market, where federal securities are key benchmarks for pricing and act as hedging tools.

Important complements to an efficient Government of Canada securities market are the availability of futures contracts, as well as the ability to strip and reconstitute bonds and enter into repurchase agreements.

### Transparency System

A joint initiative of the IDA member firms and the Inter-Dealer Brokers Association, CanPX was announced in April 1999. On May 1, 1999, the CanPX transparency system was introduced to market participants, providing real time prices and quotes for key benchmark issues of government bonds and Treasury bills to all market participants. Future refinements of the CanPX system are under development.

### Futures

In Canada, the trading volume of futures contracts has risen sharply over the past few years. There is an active futures contract based on 3-month bankers' acceptance rates (the BAX contract), as well as 5- and 10-year Government of Canada bond futures contracts (the CGF and CGB contracts). The futures contract on 3-month bankers' acceptances, which is the most actively traded contract on The Montreal Exchange, has become a highly liquid security. In 1997, the value of BAX open interest surpassed the amount of Treasury bills outstanding. Daily BAX trading volume rose 68 per cent to 27,104 contracts between 1996 and 1998, with an average daily open interest of 236,531 contracts. In addition, the open interest of the futures contract on 10-year Government of Canada bonds almost quadrupled from 1993 to 1998.

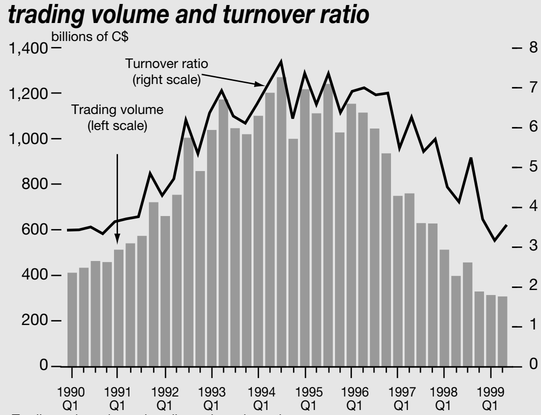
### Stripping and Reconstitution

The Government also assists the Government of Canada strip bond market by allowing the Debt Clearing Service to provide separate CUSIP (Committee on Uniform Security Identification Procedures) numbers for each cash flow and allowing the reconstitution of cash flows back into conventional bonds. As of July 31, 1999, approximately 10 per cent of the par value of Government of Canada bonds outstanding had been stripped.

### *Government of Canada Securities Market*

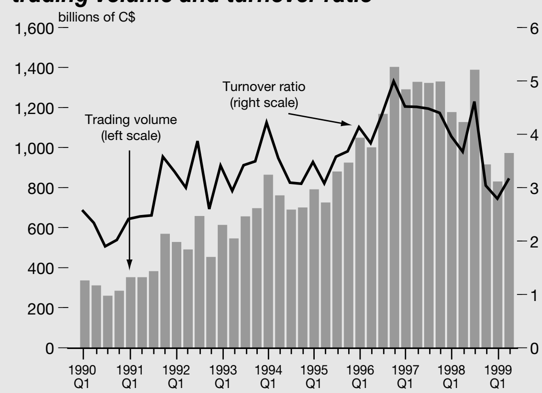
The volume of transactions in the Government of Canada bond market has grown significantly since 1990, but has dropped over the past year. The volume of transactions in the Treasury bill market increased sharply from 1990 to 1995, but has since declined as the stock of Treasury bills outstanding has fallen. In the second quarter of 1999, total Treasury bill turnover was $301.1 billion. The quarterly turnover ratio was 3.6 in 1999Q2 (see Chart 9). Total marketable bond turnover was $967.5 billion in the second quarter of 1999, a 193-per-cent increase from the first quarter of 1990. The quarterly turnover ratio was 3.2 in 1999Q2 compared to 2.6 in the first quarter of 1990 (see Chart 10).

Chart 9
***Government of Canada Treasury bills trading volume and turnover ratio***




Trading volume is total trading volume in each quarter.
Turnover ratio is total trading volume in each quarter/stock.
Source: Bank of Canada.

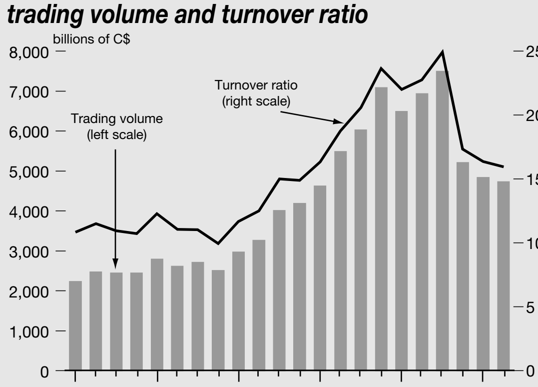
Chart 10
***Government of Canada bonds trading volume and turnover ratio***




Trading volume is total trading volume in each quarter.
Turnover ratio is total trading volume in each quarter/stock.
Source: Bank of Canada.

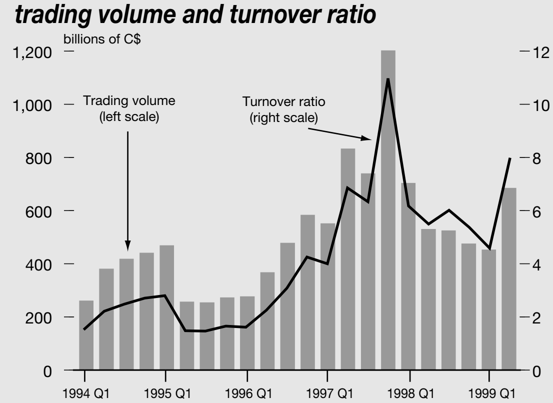
The significant growth in the trading volume and turnover ratios in the repo market over the past four years provides further evidence of an extremely efficient Canadian government securities market. The total quarterly turnover for Government of Canada bond repos has increased from $2,194 billion in the first quarter of 1994 to $4,671 billion in the second quarter of 1999. Furthermore, the quarterly turnover ratio for bond repos in 1999Q2 was 15.9, up from about 11 in early 1994 (see Chart 11). The Treasury bill repo market is less active than the bond repo market; nevertheless, it is quite efficient, with total quarterly turnover in 1999Q2 at $675.8 billion and a quarterly turnover ratio of 8.0 (see Chart 12).

Chart 11
***Government of Canada bond repos trading volume and turnover ratio***




Trading volume is total trading volume in each quarter.
Turnover ratio is total trading volume in each quarter/stock.
Source: Bank of Canada.

Chart 12
***Government of Canada Treasury bill repos trading volume and turnover ratio***




Trading volume is total trading volume in each quarter.
Turnover ratio is total trading volume in each quarter/stock.
Source: Bank of Canada.

### *Federal Debt Managers*

The Department of Finance, in conjunction with the Bank of Canada and Canada Investment & Savings (CI&S), the Government's retail debt agency, manages federal market debt. The Financial Markets Division of the Department of Finance provides analysis and develops policies and recommendations for the federal government's borrowing programs, including borrowings for official reserve purposes and the management of financial risks.

The Division works in partnership with the Bank of Canada, the Government's fiscal agent, on all aspects of debt management. As fiscal agent, the Bank of Canada is specifically responsible for the operational aspects of debt management, e.g. conducting the auctions of government debt, issuing debt instruments, making interest payments and foreign-currency-borrowing operations. The Bank also has responsibility for monitoring market activities and advising on debt management policy issues, as well as operating the Government's Risk Management Unit.

Primary responsibility for the management of the retail debt portion of federal market debt is carried out by CI&S. CI&S is a special operating agency of the Government and is responsible for achieving the fundamental debt management objective of stable, low-cost funding by developing and implementing the retail component of the federal government's domestic debt program.

## *1998-99 Debt Management Operations by Program*

As a result of the budgetary surplus achieved in 1998-99, the federal government retired $6.9 billion of its market debt during this period. Total domestic debt alone declined by $16.3 billion. The share of market debt held in short-term instruments, primarily Treasury bills, decreased while the share held in longer-term instruments increased slightly.

**Table 2**
*Composition of federal market debt, 1998-99*

| | March 31, 1998 | March 31, 1999 | Change |
|---|---|---|---|
| | | (billions of C$) | |
| **C$-denominated** | | | |
| Fixed-coupon bonds | 284.7 | 284.1 | -0.6 |
| Real return bonds* | 9.9 | 11.7 | 1.8 |
| Treasury bills | 112.3 | 97.0 | -15.3 |
| Canada Saving Bonds and Canada Premium Bonds | 29.8 | 27.7 | -2.1 |
| Total domestic debt | 436.7 | 420.4 | -16.3 |
| **Foreign-currency-denominated** | | | |
| Canada Bills | 9.4 | 10.2 | 0.8 |
| Foreign bonds | 14.7 | 19.6 | 4.9 |
| Canada Notes | 1.7 | 1.3 | -0.4 |
| Euro Medium-Term Notes | 1.5 | 4.9 | 3.4 |
| Total foreign debt | 27.2 | 36.0 | 8.8 |
| CPP bonds | 3.5 | 4.1 | 0.6 |
| **Total market debt** | 467.3 | 460.4 | -6.9 |

* Includes CPI adjustment.

Note: As at March 31, 1999, the total amount of interest-rate and cross-currency swaps outstanding stood at $19.8 billion.

Numbers may not add due to rounding.

### Domestic Debt

A key principle of domestic debt management is that the funding required for the Government's domestic operations is raised in the domestic market.

#### *Fixed-Coupon Marketable Bonds and Bond Repurchase Transactions*

Fixed-coupon marketable Government of Canada bonds are issued in Canadian dollars and pay interest semi-annually.

Net new issuance of fixed-coupon marketable bonds during the year totalled -$0.6 billion (gross issuance less maturing issues), bringing the stock of outstanding marketable bonds down to $284.1 billion as at March 31, 1999. This includes two bond repurchase operations of $500 million each. The first took place in December 1998 for selected bonds in the 5-year maturity sector, with the second bond repurchase held in February 1999 in the 10-year sector.

In 1998-99, gross issuance of marketable bonds consisted of $14.0 billion of 2-year bonds, $9.8 billion of 5-year bonds, $9.2 billion of 10-year bonds and $3.3 billion of 30-year bonds (issuance of 3-year bonds ceased in 1997-98). Marketable bonds represent the largest component (62 per cent) of the federal government's outstanding market debt.

The distribution of the outstanding stock of fixed-coupon marketable bonds at the end of 1998-99 is shown in the following table.

**Table 3**
*Outstanding fixed-coupon marketable bonds as at March 31, 1999*

| | (billions of C$) |
|---|---|
| 0-2 years | 78.9 |
| 2-5 years | 77.7 |
| 5-10 years | 66.6 |
| 10-30 years | 60.9 |
| **Total** | **284.1** |

### *Real Return Bonds (RRBs)*

Real return bonds, introduced in 1991, provide cost-effective diversification of the marketable bond program for the Government as the implied real rates on comparable nominal bonds generally exceed the real rate offered on RRBs. RRBs serve the needs of investors such as indexed pension funds, and are issued via quarterly single-price auctions.

Issuance of RRBs in 1998-99 totalled $1.6 billion through four issues, bringing the level of outstanding RRBs to $11.7 billion as at March 31, 1999 (this includes $0.9 billion in consumer price index adjustment).

### *Treasury Bills*

Treasury bills with terms to maturity of 3, 6 and 12 months are offered on a biweekly basis. Cash management bills of shorter maturity than typical Treasury bills are issued from time to time to facilitate the management of the Government's cash balances.

The stock of outstanding Treasury bills decreased by $15.3 billion during the 1998-99 fiscal year to a level of $97.0 billion at March 31, 1999.

### *Retail Debt*

Retail debt is broadly defined as Government of Canada securities held by individual Canadians, and includes both non-marketable and marketable debt.

In 1998-99, the Canada Savings Bond (CSB) and the Canada Premium Bond (CPB) were on sale concurrently for a six-month pilot. The CSB featured 1-year pricing and cashability at any time. The CPB featured longer-term pricing but with reduced cashability. Both bonds have Registered Retirement Savings Plan (RRSP) and Registered Retirement Income Fund (RRIF) options. The introduction of the CPB was very successful, with sales accounting for almost half of total sales.

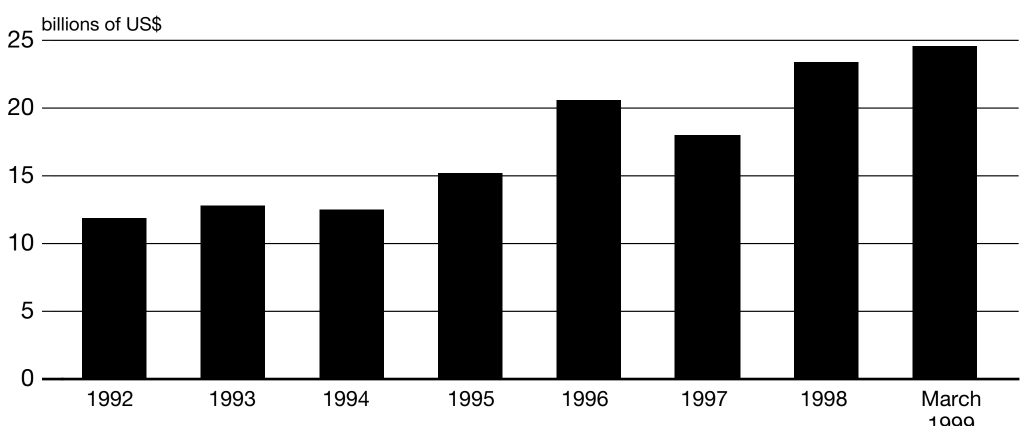
The retail debt share, including both non-marketable and marketable debt, of the Government of Canada total market debt increased to 23 per cent last year, thereby contributing to the Government's goal of maintaining a diversified investor base. The non-marketable component of retail debt decreased by $2.1 billion in 1998-99, in line with lower Government funding requirements. The decline in non-marketable debt was offset by an increase in the individual holdings of marketable debt. In addition, the rollout of the new Payroll Savings Program continued in 1998-99 and now accounts for about 50 per cent of total payroll sales.

### Foreign-Currency Debt

The Government of Canada borrows in foreign currencies to raise foreign exchange reserves for the Exchange Fund Account (EFA). The EFA is a pool of assets used to promote order and stability of the Canadian dollar in the foreign exchange market. Foreign exchange reserves are also held for general liquidity purposes. The major objectives of Canada's reserve program are to ensure an appropriate level of reserves is maintained while minimizing the cost of carrying reserves and prudently managing risk.

The Government has made a steady effort to increase Canada's international reserves to bring the level more in line with comparable sovereigns. This is consistent with announcements made in the 1996 and 1998 budgets. Reserves have been increased from US$11.9 billion at December 31, 1992 to US$24.6 billion at March 31, 1999 (see Chart 13). Specifically, for 1998-99 alone, international reserves increased by US$2.5 billion, while foreign debt rose by US$4.7 billion. The increased foreign borrowing was in part to replenish foreign reserves used during the year to maintain order in the Canadian dollar market.

Chart 13
**Canada's international reserves: December 1992 to March 1999**




On a calendar year basis.
Sources: Department of Finance, International Monetary Fund, *International Financial Statistics.*

As of March 31, 1999, foreign-currency liabilities stood at US$33.8 billion – (US$23.8 billion in foreign-currency debt and US$10.0 billion in cross-currency swaps). Canada's direct foreign currency debt represents less than 8 per cent of its total outstanding market debt; taking the effect of swaps into account, this proportion is 11 per cent.

Foreign-currency debt outstanding consists of Canada Bills, Canada Notes, Euro Medium-Term Notes and foreign bonds. The Government of Canada also obtains foreign-denominated funding through cross-currency swaps of domestic obligations. Annex 2 provides further details on Canada's foreign currency debt, with 1998-99 highlights by program outlined below.

**Table 4**
*Foreign-currency liabilities as at March 31, 1999*

| | (billions of US$) |
|---|---|
| Canada Bills | 6.7 |
| Canada Notes | 0.8 |
| Euro Medium-Term Notes | 3.3 |
| Foreign bonds | 13.0 |
| **Total foreign-currency debt** | **23.8** |
| Cross-currency swaps | 10.0 |
| **Total foreign-currency liabilities** | **33.8** |

Numbers may not add due to rounding.

### *Canada Bills and Canada Notes*

Canada Bills, which are short-term promissory notes denominated in US dollars, are issued in the US market as a source of low-cost US dollar funding. The level of outstanding Canada Bills increased from US$6.6 billion to US$6.7 billion during 1998-99. Net issuance decreased compared to 1997-98 levels.

Canada Notes are used as required to raise fixed- and floating-rate funding for terms longer than nine months. The stock of outstanding Canada Notes, which the Government began to issue in March 1996, decreased from US$1.2 billion to US$0.8 billion during 1998-99. In addition, an inaugural JPY 50 billion 10-year note was issued in March 1999 (see Annex 1 for details).

### *Euro Medium-Term Notes (EMTNs)*

The EMTN program, introduced in March 1997, diversifies the sources of cost-effective funding for Canada's foreign exchange reserves. Notes issued under the new program can be denominated in a range of currencies and structured to meet investor demand. Obligations are usually swapped to US dollars, the primary currency held in the foreign exchange reserves. In 1998-99, the federal government executed 10 transactions under the EMTN program (see Annex 1 for details).

### *Foreign-Currency-Denominated Bonds*

At the end of 1998-99, Canada had US$13.0 billion equivalent in fixed-rate bonds outstanding (of which US$3.3 billion was issued in 1997-98 and US$4.7 was issued in 1998-99). The US$4.7 billion equivalent of fixed-rate bonds issued in 1998-99 consisted of two global bonds (see Annex 1 for details).

### *Cross-Currency Swaps*

A cross-currency swap is an agreement that exchanges one type of return for another (e.g. a fixed for a floating rate of interest) and also exchanges the principal amount for the term of the swap. Cross-currency swaps of domestic obligations are a cost-effective alternative to foreign-currency-denominated bond issues, as a means of meeting the Government's targets for longer-term foreign-currency funding. In 1998-99, the federal government raised US$4.7 billion in foreign exchange reserves at cost-effective funding levels by entering into 59 cross-currency swaps. This is an increase from the previous fiscal year, when the Government had entered into 13 cross-currency swaps to raise US$3.6 billion in foreign exchange reserves. The total amount of cross-currency swaps outstanding as at March 31, 1999 stood at US$10.0 billion.

## Management of the Government’s Cash Balances

Management of the Government’s cash balances requires forecasting and monitoring of the Government’s daily receipt and disbursement flows, as well as an ongoing borrowing program to refinance maturing debt and maintain the balances at or above targeted levels. There are inherent and large uncertainties in forecasting daily changes in cash balances, owing to the scope of the Government’s financial operations, the operations of the Bank of Canada and changes in market conditions. An adequate level of cash balances must be maintained at all times to meet these operational requirements and provide an appropriate liquidity cushion for the Government’s financial operations.

The level of the Government’s daily cash balances averaged $7.1 billion in fiscal 1998-99, down from $8.1 billion in 1997-98.

Cash balances are invested as term deposits with participants of the recently established Large Value Transfer System. These deposits are placed with the institutions through an auction process in order to earn competitive market rates of return. In 1998-99, earnings on term deposits averaged 5.06 per cent versus 3.96 per cent the previous year. Increased earnings on term deposits reflect the general increase in interest rates.

# Distribution of Holdings of Government of Canada Debt

## Domestic Holdings of Government of Canada Debt

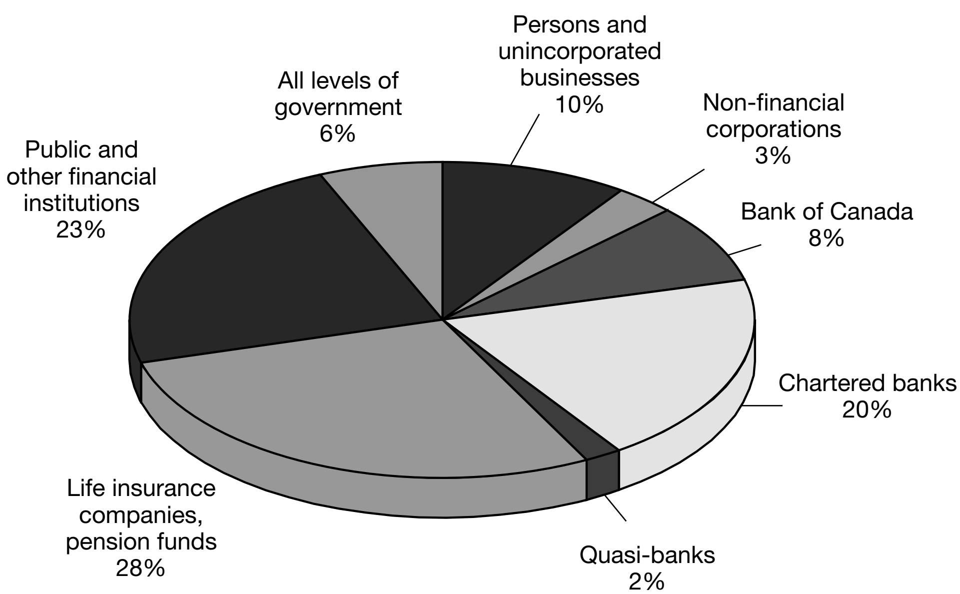
In 1998 (the latest year for which figures are available) life insurance companies and pension funds accounted for the largest share of domestic holdings of Government of Canada market debt (28 per cent), followed closely by public and other financial institutions such as investment dealers and mutual funds (see Chart 14). Taken together, they accounted for 51 per cent of domestic holdings.

Bonds and bills held by public and other financial institutions increased sharply over the 1990-1998 period – from 8 per cent in 1990 to 23 per cent in 1998. Much of the increase can be attributed to a significant increase in holdings by mutual funds.

Chartered banks' share of holdings of market debt more than doubled, from 9 per cent in 1990 to 20 per cent in 1998, while the share of persons and unincorporated businesses decreased by almost 25 percentage points since 1990 to 10 per cent of domestic holdings.

Reference Table IV shows the evolution of the distribution of domestic holdings of Government of Canada debt since 1976.

Chart 14
**Distribution of domestic holdings of Government of Canada market debt, 1998**



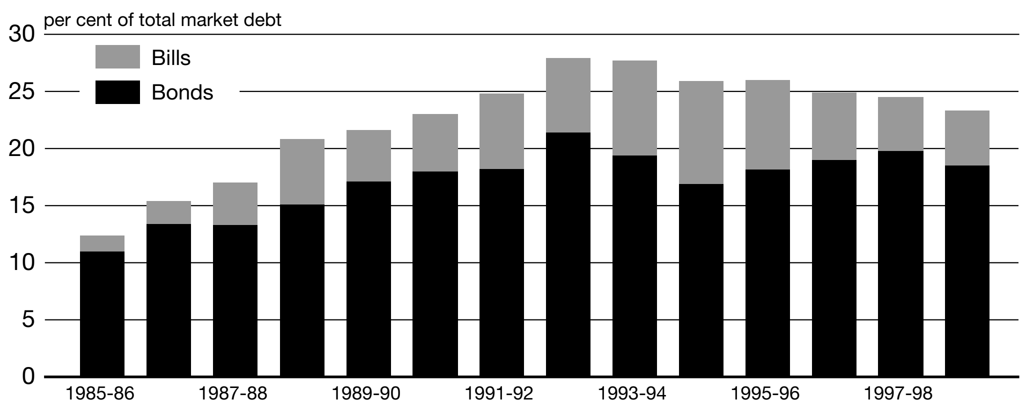

Total: $346.0 billion at December 31, 1998.
Source: Statistics Canada, *The National Balance Sheet Accounts.*

### Non-Resident Holdings of Government of Canada Debt

Non-resident holdings of the Government of Canada's total market debt decreased by $8.2 billion in fiscal year 1998-99. Total non-resident holdings were estimated to be $107.1 billion at the end of March 1999, representing about 23.3 per cent of the Government of Canada's total market debt. Since 1992-93, the share of total market debt held by non-residents has been steadily declining (see Chart 15).

Non-residents held $85.3 billion in government bonds in 1998-99, a decrease of $7.6 billion from the previous year. Non-resident holdings of bills (Treasury bills and Canada Bills) amounted to 4.8 per cent of total market debt at March 31, 1999. Non-resident holdings of bills declined by $0.5 billion over the fiscal year (see Reference Table V).

Chart 15
**Non-resident holdings of Government of Canada market debt**




Source: Statistics Canada, *Canada's International Transactions in Securities.*

# Annex 1

## Details on Canada's Foreign-Currency Debt

### *Foreign-Currency-Denominated Bonds*

At the end of 1998-99, Canada had US$13.0 billion equivalent of fixed-rate bonds outstanding (of which US$3.3 billion was issued in 1997-98 and US$4.7 billion was issued in 1998-99).

The US$4.7 billion equivalent of fixed-rate bonds issued in 1998-99 consisted of two global bonds:

- in June, a DM4.0-billion 4⅞-per-cent 10-year global bond due July 7, 2008; and
- in October, a US$2.5-billion 5¼-per-cent 10-year global bond due November 5, 2008, Canada's largest issue ever in US dollars, was issued (it received public recognition as the second-best US-dollar bond deal of 1998).

### *Cross-Currency Swaps*

In 1998-99, the federal government raised US$4.7 billion in foreign exchange reserves at attractive funding levels by entering into 59 cross-currency swaps, bringing the total of cross-currency swaps to US$10.0 billion.

### *Euro Medium-Term Notes (EMTNs) and Canada Notes*

In 1998-99, the federal government executed 10 transactions under the EMTN program and 1 transaction under the Canada Notes program:

- in May 1998, Hong Kong dollar 200-million 9.14-per-cent 3-year notes (privately placed);
- in June 1998, Greek drachma 20-billion 7½-per-cent 5-year notes due July 16, 2003;
- in August 1998, US$75-million 5.337-per-cent 1-year notes due August 27, 1999 (privately placed);
- in September 1998, US$200-million 4.991-per-cent 1-year notes due September 23, 1999;
- in October 1998, British pound 300-million 6¼-per-cent notes due November 26, 2004; reopened for another GBP200 million, raising the total outstanding to GBP500 million. This transaction marked the first time that Canada reopened a public Eurobond issue;
- also in October 1998, inaugural French franc 4-billion 10-year notes due April 28, 2009 (the issue received public recognition as the best French franc bond issue of 1998) – re-denominated into EUR610 million on April 28, 1999; fungible with the Euro Note issued in March 1999;

- in January 1999, US$300-million 5.125-per-cent 3-year notes due January 22, 2002;
- in January 1999, Hong Kong dollar 200-million 7.05-per-cent 1-year notes due February 9, 2000 (privately placed);
- in March 1999, Norwegian kronor 700-million 5.40-per-cent 5-year notes due November 30, 2004;
- in March 1999, a EUR390-million 4 1/2-per-cent 10-year notes due April 28, 2009; and
- also in March 1999, Japanese yen 50-billion 1.9-per-cent 10-year Canada Notes due March 23, 2009.

# *Annex 2*

## Government of Canada Market Debt Instruments

### *Fixed-Coupon Marketable Bonds*

Effective October 1995, Government of Canada marketable bonds are issued in global certificate form only whereby a global certificate for the full amount of the bonds is issued in fully registered form in the name of CDS & Co., a nominee of the Canadian Depository for Securities Limited (CDS). The bonds must be purchased, transferred or sold, directly or indirectly, through a participant of the Debt Clearing System (DCS), which is operated by the CDS, and only in integral multiples of $1,000 (face value). Prior to December 1993, Government of Canada bonds were issued in coupon-bearer and fully registered form, and were available in denominations ranging from $1,000 to $1,000,000. Between December 1993 and September 1995, Government of Canada bonds were only issued in fully registered form. All Canadian dollar marketable bonds are non-callable. All Canadian dollar marketable bonds pay a fixed rate of interest semi-annually.

Issues of government bonds are sold via public tender, with the Bank of Canada acting as the Government's fiscal agent, to primary distributors made up of securities dealers that operate in Canada and are members of the Investment Dealers Association of Canada, and a small number of Canadian chartered banks. These sales are via multiple-price auction.

### *Government of Canada Real Return Bonds (RRBs)*

Government of Canada real return bonds pay semi-annual interest based upon a real interest rate. Unlike standard fixed-coupon marketable bonds, interest payments on RRBs are adjusted for changes in the consumer price index (CPI). The CPI, for the purposes of RRBs, is the all-items CPI for Canada, not seasonally adjusted, published monthly by Statistics Canada. The semi-annual nominal coupon payments are calculated as follows:

coupon $\text{payment}_i$ = real coupon rate/2 * (principal + inflation $\text{compensation}_i$)

where inflation $\text{compensation}_i$ = ((principal * reference $\text{CPI}_i$/reference $\text{CPI}_{base}$) - principal).

Reference CPI for the first day of any calendar month is the CPI for the third preceding calendar month. The reference CPI for any other day in a month is calculated by linear interpolation between the reference CPI applicable to the first day of the month in which such day falls and the reference CPI applicable to the first day of the month immediately following. The reference $\text{CPI}_{base}$ for a series of bonds is the reference $\text{CPI}_i$ applicable to the original issue date for the series.

At maturity, bondholders will receive, in addition to a coupon interest payment, a final payment equal to the sum of the principal amount and the inflation compensation accrued from the original issue date – i.e. final payment = principal + ((principal * reference $\text{CPI}_{maturity}$/reference $\text{CPI}_{base}$) - principal).

These bonds must be purchased, transferred or sold, directly or indirectly, through a participant of the DCS and only in integral multiples of $1,000 (face value). New issue distribution is through single-price auction to primary distributors.

### *Canada Savings Bonds (CSBs)*

Canada Savings Bonds are currently offered for sale by most financial institutions in Canada. Additionally, some 15,000 organizations sponsor the payroll program, thus allowing many Canadians to purchase CSBs through payroll deductions.

Except in certain specific circumstances, CSBs can only be registered in the name of residents of Canada and are available in both regular interest and compound interest forms. For those CSBs which are certificated, denominations range from $100 to $10,000. All CSBs are non-callable and, except in certain limited circumstances, non-transferable.

CSBs pay a competitive rate of interest which is guaranteed for one or more years. New issues currently offer a 10-year maturity. CSBs may be cashed at any time and, after the first three months, pay interest up to the end of the month prior to encashment.

### *Canada Premium Bonds (CPBs)*

The Canada Premium Bond is a new retail investment and savings product introduced by the Government of Canada in 1997 (known then as the Canada RRSP Bond).

The CPB offers a higher interest rate at the time of issue compared to the CSB on sale at the same time and is only redeemable once a year on the anniversary of the issue date or during the 30 days thereafter without penalty.

### *Treasury Bills*

Effective November 1995, all new issues of Treasury bills are issued is global certificate form only whereby a global certificate for the full amount of the Treasury bills is issued in fully registered form in the name of CDS & Co., a nominee of the Canadian Depository for Securities Limited (CDS). Treasury bills must be purchased, transferred or sold, directly or indirectly, through a participant of the Debt Clearing Service, which is operated by the CDS, and only in integral multiples of $1,000 (face value). Prior to November 1995, Treasury bills were issued in bearer form and were available in denominations ranging from $1,000 to $1,000,000.

Treasury bills are sold by public tender on a discount basis to primary distributors of Government of Canada securities. Treasury bills with terms to maturity of approximately 3, 6, or 12 months are currently auctioned on a biweekly basis, generally on Tuesday for delivery Thursday. Under the biweekly issuance pattern, new 3-month (98 days) Treasury bills are issued at each biweekly auction. New 6- and 12-month Treasury bills are offered in the same week and then reopened once at the next regular auction two weeks later.

Cash management bills (CMBs) are also periodically issued by the Government of Canada. CMBs are Treasury bills with maturities of less than three months (they can be as short as one day) used as a source of short-term financing for the Government. CMB auctions can take place on any business day, typically for next-day delivery, but on some occasions for same-day delivery.

### *Canada Bills*

Canada Bills are promissory notes denominated in US dollars and issued only in book-entry form. They mature not more than 270 days from their date of issue and are discount obligations with a minimum order size of US$1,000,000 and a minimum denomination of US$1,000. Delivery and payment for Canada Bills occur in same-day funds through Chase Manhattan Bank in New York City.

Primary distribution of Canada Bills occurs through five dealers in New York: CIBC Wood Gundy Inc., CS First Boston, Goldman, Sachs & Co., Lehman Brothers and RBC Dominion Securities Inc. Rates on Canada Bills are posted daily for terms of one to six months.

Canada Bills are issued for foreign exchange reserve funding purposes only.

### *Canada Notes*

Canada Notes are promissory notes usually denominated in US dollars and available in book-entry form. Canada Notes are issued in denominations of US$1,000 and integral multiples thereof. At present, the aggregate principal amount outstanding issued under the program is limited to US$10.0 billion. Notes can be issued for terms of nine months or longer, and can be issued at a fixed or a floating rate.

The interest rate or interest rate formula, the issue price, stated maturity, redemption or repayment provisions, and any other terms are established by Canada at the time of issuance of the notes and will be indicated in the Pricing Supplement. Delivery and payment for Canada Notes occur through the Bank of Montreal Trust Company in New York City.

The notes are offered on a continuous basis by Canada through five dealers: CS First Boston, Goldman, Sachs & Co., Lehman Brothers, Nesbitt Burns Inc. and Scotia Capital Markets. Canada may also sell notes to other dealers or directly to investors.

Canada Notes are issued for foreign exchange reserve funding purposes only.

***Euro Medium-Term Notes (EMTNs)***

EMTNs are medium-term notes issued outside the United States and Canada. They are issued with fixed or floating interest rates, include embedded options, make coupon payments in one currency and the principal payment in another currency, and maturities can range from short-term to long-term. Canada EMTNs are sold either by dealers in the dealer group, or by dealers who are not in the dealer group but who are acting as Canada's agent for the particular transaction (called reverse inquiry). Canada EMTNs are sold on a bought-deal basis (i.e. the dealer purchasing EMTNs from Canada is responsible for the sale of the notes) and on an intermittent basis.

The Arranger for Canada's EMTN program is Morgan Stanley Dean Witter. The London-based dealer group includes CIBC Wood Gundy Oppenheimer, Deutsche Bank, Merrill Lynch International, Morgan Stanley Dean Witter, RBC DS Global Markets, Daiwa Europe Limited, Goldman Sachs International, J.P. Morgan Securities Ltd., Nomura International and Warburg Dillon Read.

The EMTN program further diversifies the sources of cost-effective funding for Canada's foreign exchange reserves. Notes issued under this program can be denominated in a range of currencies and structured to meet investor demand.

# Annex 3

## New Auction Rules/Terms of Participation

Following extensive consultation with market participants, new auction rules and terms of participation relating to the primary distribution of Government of Canada securities were introduced on October 14, 1998. The new rules, which govern the participation of financial intermediaries and end-investors eligible to bid at auctions of Government of Canada securities, were designed to reinforce the integrity of the auction process and to encourage broad participation in it.

Under the new rules and terms of participation, there are 25 government securities distributors that participate in the primary distribution of bonds and Treasury bills. All government securities distributors must: (i) be members, or affiliates of members, of the Investment Dealers Association of Canada (IDA), and (ii) have their core trading and sales operations for Government of Canada securities resident in Canada.

Those government securities distributors that reach a specific threshold level of primary and secondary market activity in Government of Canada securities become a primary dealer, with commensurate responsibilities, and form part of the core group of distributors of Government of Canada securities. There are, at present, 15 primary dealers. The primary dealer designation can be attained for either Treasury bills or bonds, or both.

Primary dealers assume a number of responsibilities with respect to Government of Canada securities. They must comply with minimum bidding requirements for every Treasury bill and bond auction so as to provide coverage of auctions as a group, and consistently make two-sided markets in Treasury bills and bonds to a broad customer base. All government securities dealers have ongoing reporting requirements and special requirements to provide the Bank of Canada, on request, with market information (including trade activity and position reports) involving Government of Canada securities. In addition, all bidders at auctions of Government of Canada securities (including customers) must abide by IDA Policy No. 5 governing standards for trading of debt securities in Canada.

There are bidding limits for government securities distributors and end-investors (or customers) at Treasury bill and bond auctions. For Treasury bill auctions, a primary dealer has a bidding limit for its own account of 25 per cent of each tranche being auctioned, while a government securities distributor has a limit of 10 per cent. The bidding limits for Government of Canada bond auctions vary by distributor depending on the firm's relative activity in the primary and secondary markets for these securities. Primary dealers have bond-bidding limits for their own account of between 10 per cent and 25 per cent of the amount of bonds being tendered, while government securities distributors have bond-bidding limits of between 1 per cent and 9 per cent.

The bidding limits for a customer for both Treasury bill and bond auctions are 25 per cent of the amount auctioned. Customer bids are submitted through government securities distributors.

The new rules feature several measures to ensure that the auction process cannot be used to help accumulate a controlling position in a Government of Canada security: each auction participant's bidding limit is reduced by the bidder's excess net long position (i.e. its net long position in excess of the product of its bidding limit and the par value of the outstanding stock of the security being auctioned); and the aggregate limit for the sum of bids submitted by a primary dealer for its own account and on behalf of its customers cannot exceed 40 per cent of the tender less the dealer's excess net long position.

More information on the new auction rules and terms of participation is available at the Bank of Canada's Web site: www.bank-banque-canada.ca.

# Annex 4

## Selected News Service Pages of Interest to Government of Canada Debt Market Participants

### Bloomberg

| | |
|---|---|
| WCR | – Exchange rates |
| PXCA | – Government of Canada benchmark bonds |
| PXCB | – Government of Canada bonds |
| CND | – Summary page of benchmark Canadian securities |

### Telerate

| | |
|---|---|
| 261 | – Exchange rates |
| 3105 | – US/Canada capital markets |
| 3109 | – Quarterly bond auction schedule |
| 3110 | – Latest marketable bond auction results |
| 3111 | – Treasury bill auction results |
| 3112 | – Cumulative excess settlement balances/overnight rate |
| 3143 | – Multicontributor page – Government of Canada bonds |
| 3144 | – Multicontributor page – Canadian money markets |
| 3159 | – Canadian yield curve/spread differentials to US |
| 3190 | – Canadian money markets |
| 3193 | – Cash management bill auction results |
| 3195 | – Latest RRB auction results |
| 3196 | – Government of Canada and provincial government bonds |
| 3197 | – 10:00 a.m. fixing – Canadian BA rates |
| 3198 | – 10:00 a.m. fixing – Government of Canada Treasury bills |
| 9728 | – 10:30 a.m. Bank of Canada jobber averages – money market instruments |
| 27455 | – 10-year CGB futures (Montreal Exchange) |
| 27456 | – BAX futures (Montreal Exchange) |
| 27458 | – 10-year bond cheapest-to-deliver (CGB futures) implied repo rate |

### Reuters

| | |
|---|---|
| WRLD | – Exchange rates |
| BOFC | – Canadian dollar exchange rates |
| CRRBONDS | – Benchmark Government of Canada bonds and money markets |
| CAACTIVE= <F3> | – Government of Canada bonds and Treasury bills |
| CDMM | – Canadian money markets |
| CDBN | – Canadian bonds |
| CABONDT | – US/Canada capital markets |
| CDOR | – 10:00 a.m. fixing – Canadian BA rates |
| CDOS | – 10:00 a.m. fixing – Canadian Treasury bill rates |
| FPRH | – Swap quotes |
| MON/FUTEX1 | – Montreal Exchange futures contracts (BAX, CGF, CGB) |

**Department of Finance – Government of Canada Securities Internet Address**
http://www.fin.gc.ca/secur/gocsec_e.html
**Bank of Canada Home Page Internet Address**
http://www.bank-banque-canada.ca

## Annex 5

### Glossary

**budgetary surplus:** Occurs when government annual revenues exceed budgetary expenditures. A deficit is the shortfall between government revenues and budgetary spending.

**Contingency Reserve:** Is included in the budget projections primarily to cover risks arising from unavoidable inaccuracies in the models used to translate economic assumptions into detailed budget forecasts, and unpredictable events. The Contingency Reserve also provides an extra measure of backup against adverse errors in the economic forecast. It is not a source of funding for new policy initiatives.

**Exchange Fund Account:** A fund maintained by the Government of Canada for the purpose of promoting order and stability of the Canadian dollar on the foreign exchange market. This function is fulfilled by purchasing foreign exchange (selling Canadian dollars) when there is upward pressure on the value of the Canadian dollar and selling foreign exchange (buying Canadian dollars) when there is downward pressure on the currency.

**financial requirements/surplus:** Measure the difference between the cash coming in to the Government and the cash going out. In the case of a financial requirement, it is the amount of new borrowing required from outside lenders to meet the Government's financing needs in any given year.

**foreign exchange reserves:** Stocks of foreign exchange assets (e.g. interest-earning bonds) held by sovereign states to support the value of the domestic currency. Canada's foreign exchange reserves are held in a special account called the Exchange Fund Account.

**gross public debt**: Total amount the Government owes. It consists both of market debt in the form of outstanding securities such as Treasury bills and Canada Savings Bonds, and internal debt owed mainly to the superannuation fund for government employees and other current liabilities.

**interest-bearing debt:** Consists of unmatured debt, or market debt, and the Government's liabilities to internally held accounts such as federal employees' pension plans.

**market debt:** For debt management purposes, market debt is defined as the portion of debt that is funded in the public markets, and includes marketable bonds, Treasury bills, retail debt (primarily Canada Savings Bonds), foreign-currency-denominated bonds and bills, as well as bonds issued to the Canada Pension Plan.

**marketable debt:** A marketable debt instrument is issued by the Government of Canada and sold via public tender or syndication. These issues can be traded between investors while outstanding.

**net public debt:** Consists of interest-bearing debt and other liabilities, net of financial assets.

**non-market debt:** Includes 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 and payment of matured debt).

## *Reference Tables*

**Reference Table I**

*Gross public debt, outstanding market debt and debt charges*

| Fiscal year ending March 31 | Gross public debt: Outstanding | Gross public debt: Fixed-rate portion[1] | Gross public debt: Average fixed-rate portion[2] | Gross public debt: Total debt charges | Outstanding market debt: Outstanding | Outstanding market debt: Fixed-rate portion | Outstanding market debt: Total debt charges | Outstanding market debt: Average interest rate |
|---|---|---|---|---|---|---|---|---|
| | ($ billions) | (per cent) | (per cent) | ($ billions) | ($ billions) | (per cent) | ($ billions) | (per cent) |
| 1985-86 | 274.8 | 51.9 | – | 25.4 | 201.2 | 36.7 | 20.7 | 10.66 |
| 1986-87 | 308.9 | 50.9 | – | 26.7 | 228.6 | 36.9 | 21.5 | 9.34 |
| 1987-88 | 340.1 | 51.2 | – | 29.0 | 250.8 | 38.2 | 23.1 | 9.61 |
| 1988-89 | 371.5 | 49.6 | – | 33.2 | 276.3 | 37.2 | 26.5 | 10.82 |
| 1989-90 | 397.2 | 49.9 | – | 38.8 | 294.6 | 38.1 | 31.4 | 11.20 |
| 1990-91 | 433.3 | 50.4 | – | 42.6 | 323.9 | 38.5 | 34.3 | 10.72 |
| 1991-92 | 467.4 | 50.7 | – | 41.2 | 351.9 | 38.9 | 32.4 | 8.86 |
| 1992-93 | 503.9 | 50.4 | – | 38.8 | 382.7 | 39.0 | 29.4 | 7.88 |
| 1993-94 | 546.4 | 53.3 | – | 38.0 | 414.0 | 42.7 | 28.0 | 6.75 |
| 1994-95 | 584.8 | 55.1 | – | 42.0 | 441.0 | 44.4 | 31.4 | 7.97 |
| 1995-96 | 624.7 | 56.9 | – | 46.9 | 469.5 | 47.9 | 35.3 | 7.34 |
| 1996-97 | 640.7 | 61.7 | – | 45.0 | 476.9 | 53.8 | 33.0 | 6.66 |
| 1997-98 | 638.5 | 63.7 | – | 40.9 | 467.3 | 56.8 | 31.0 | 6.64 |
| 1998-99 | 640.3 | 64.5 | 66.6 | 41.4 | 460.4 | 58.5 | 30.8 | 6.70 |

[1] After adjusting for non-interest-bearing liabilities. Definition of fixed debt may vary slightly from year to year to accommodate changes in the debt structure.

[2] Comparative figures for prior years not available.

Note : Variances in the maturity structure of the debt will cause the fixed ratio to vary modestly on a monthly basis.

Sources: *Public Accounts of Canada, Bank of Canada Review*, Department of Finance estimates.

**Reference Table II**
*Government of Canada outstanding market debt*[1]

| | Payable in Canadian dollars | | | | | Payable in foreign currencies | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Treasury bills | Marketable bonds | Retail debt | CPP bonds | Total | Marketable bonds | Canada Bills | Canada Notes[2] | Standby drawings | Terms loans | Total | Total market |
| | | | | | (millions of Canadian dollars) | | | | | | | |
| Fiscal years ending March 31 | | | | | | | | | | | | |
| 1977-78 | 11,295 | 21,645 | 18,036 | 84 | 51,060 | 181 | 0 | 0 | 850 | 0 | 1,031 | 51,664 |
| 1978-79 | 13,535 | 26,988 | 19,443 | 96 | 60,062 | 3,319 | 0 | 0 | 2,782 | 1,115 | 7,216 | 66,640 |
| 1979-80 | 16,325 | 33,387 | 18,182 | 113 | 68,007 | 3,312 | 0 | 0 | 359 | 1,030 | 4,701 | 72,021 |
| 1980-81 | 21,770 | 40,976 | 15,966 | 136 | 78,848 | 3,236 | 0 | 0 | 355 | 1,046 | 4,637 | 83,138 |
| 1981-82 | 19,375 | 43,605 | 25,108 | 154 | 88,242 | 3,867 | 0 | 0 | 0 | 550 | 4,417 | 93,167 |
| 1982-83 | 29,125 | 48,473 | 32,753 | 171 | 110,522 | 4,872 | 0 | 0 | 0 | 362 | 5,234 | 116,562 |
| 1983-84 | 41,700 | 56,976 | 38,403 | 189 | 137,268 | 4,306 | 0 | 0 | 510 | 398 | 5,214 | 142,901 |
| 1984-85 | 52,300 | 69,354 | 42,167 | 205 | 164,026 | 4,972 | 0 | 0 | 1,909 | 1,172 | 8,053 | 172,719 |
| 1985-86 | 61,950 | 81,163 | 44,607 | 445 | 188,165 | 9,331 | 0 | 0 | 2,233 | 2,247 | 13,811 | 201,229 |
| 1986-87 | 76,950 | 94,520 | 43,854 | 1,796 | 217,120 | 9,120 | 1,045 | 0 | 0 | 2,047 | 12,212 | 228,611 |
| 1987-88 | 81,050 | 103,899 | 52,558 | 2,492 | 239,999 | 8,438 | 1,045 | 0 | 0 | 2,257 | 11,740 | 250,809 |
| 1988-89 | 102,700 | 115,748 | 47,048 | 3,005 | 268,501 | 6,672 | 1,131 | 0 | 0 | 934 | 8,737 | 276,301 |
| 1989-90 | 118,550 | 127,681 | 40,207 | 3,072 | 289,510 | 4,364 | 1,446 | 0 | 0 | 0 | 5,810 | 294,562 |
| 1990-91 | 139,150 | 143,601 | 33,782 | 3,492 | 320,025 | 3,555 | 1,008 | 0 | 0 | 0 | 4,563 | 323,903 |
| 1991-92 | 152,300 | 158,059 | 35,031 | 3,501 | 348,891 | 3,535 | 0 | 0 | 0 | 0 | 3,535 | 351,885 |
| 1992-93 | 162,050 | 178,436 | 33,884 | 3,505 | 377,875 | 2,926 | 2,552 | 0 | 0 | 0 | 5,478 | 382,741 |
| 1993-94 | 166,000 | 203,373 | 30,866 | 3,497 | 403,736 | 5,019 | 5,649 | 0 | 0 | 0 | 10,668 | 413,975 |
| 1994-95 | 164,450 | 225,513 | 30,756 | 3,488 | 424,207 | 7,875 | 9,046 | 0 | 0 | 0 | 16,921 | 440,998 |
| 1995-96 | 166,100 | 252,411 | 30,801 | 3,478 | 452,790 | 9,514 | 6,986 | 310 | 0 | 0 | 16,810 | 469,547 |
| 1996-97 | 135,400 | 282,059 | 32,911 | 3,468 | 453,838 | 12,460 | 8,436 | 2,121 | 0 | 0 | 23,017 | 476,852 |
| 1997-98 | 112,300 | 293,987 | 30,302 | 3,456 | 440,045 | 14,590 | 9,356 | 3,176 | 0 | 0 | 27,122 | 467,291 |
| 1998-99 | 96,950 | 294,914 | 28,810 | 4,063 | 424,737 | 19,655 | 10,171 | 6,182 | 0 | 0 | 36,008 | 460,427 |

[1] Subcategorization of Government of Canada debt is in accordance with Bank of Canada reports, which may vary slightly from Public Accounts categories due to differences in classification methods. The total outstanding market debt may not equal the sum of the parts due to slight differences between the Bank of Canada's and Department of Finance's numbers.

[2] Includes EMTNs.

Sources: *Bank of Canada Review,* Department of Finance.

**Reference Table III**

*Average weekly domestic market trading in Government of Canada securities, April 1998 to March 1999*

| | Treasury bills | Marketable bonds | | | | | Total |
|---|---|---|---|---|---|---|---|
| | | 3 years and under | 3 to 10 years | Over 10 years | Real return bonds | Total marketable bonds | |
| | | | | (millions of dollars) | | | |
| April 1998 | 30,104 | 32,633 | 32,488 | 14,470 | 263 | 79,855 | 109,958 |
| May 1998 | 29,718 | 33,115 | 33,037 | 14,416 | 302 | 80,870 | 110,588 |
| June 1998 | 28,527 | 40,501 | 46,409 | 12,487 | 253 | 99,650 | 128,177 |
| July 1998 | 27,392 | 28,379 | 37,933 | 9,735 | 158 | 76,205 | 103,597 |
| August 1998 | 32,936 | 36,532 | 46,830 | 14,638 | 279 | 98,279 | 131,215 |
| September 1998 | 36,441 | 53,111 | 54,681 | 13,688 | 234 | 121,714 | 158,155 |
| October 1998 | 25,646 | 31,225 | 46,076 | 14,299 | 175 | 91,775 | 117,421 |
| November 1998 | 23,659 | 23,191 | 33,474 | 12,344 | 198 | 69,207 | 92,866 |
| December 1998 | 25,048 | 19,569 | 25,578 | 7,733 | 175 | 53,055 | 78,103 |
| January 1999 | 21,095 | 21,781 | 21,871 | 8,993 | 134 | 52,779 | 73,874 |
| February 1999 | 21,213 | 23,068 | 29,938 | 10,329 | 148 | 63,483 | 84,696 |
| March 1999 | 27,710 | 28,540 | 31,743 | 10,961 | 248 | 71,492 | 99,202 |

Source: *Bank of Canada Banking and Financial Statistics.*

**Reference Table IV**

*Distribution of domestic holdings of Government of Canada securities*

PART A – Treasury bills, Canada Bills, bonds[1] and Canada Savings Bonds

| Year end | Persons and unincorporated business | Non-financial corporations | Bank of Canada | Chartered banks | Quasi-banks[2] | Life insurance and pension funds | Public and other financial institutions[3] | All levels of government[4] | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | (millions of dollars) | | | | | |
| 1976 | 17,944 | 395 | 8,242 | 8,666 | 716 | 1,436 | 2,261 | 730 | 40,390 |
| 1977 | 20,302 | 306 | 10,268 | 9,601 | 1,048 | 2,271 | 3,104 | 1014 | 47,914 |
| 1978 | 22,736 | 418 | 12,001 | 9,896 | 1,537 | 3,738 | 4,006 | 1,721 | 56,053 |
| 1979 | 23,140 | 372 | 13,656 | 10,156 | 1,684 | 6,716 | 4,108 | 2,878 | 62,710 |
| 1980 | 24,253 | 555 | 15,858 | 10,002 | 2,771 | 9,274 | 5,561 | 4,248 | 72,522 |
| 1981 | 33,125 | 520 | 17,100 | 10,003 | 2,452 | 10,569 | 5,342 | 4,194 | 83,305 |
| 1982 | 42,320 | 2,267 | 15,428 | 11,233 | 3,288 | 13,151 | 9,177 | 4,654 | 101,518 |
| 1983 | 50,306 | 5,502 | 16,859 | 15,107 | 5,529 | 17,816 | 9,984 | 5,321 | 126,424 |
| 1984 | 60,748 | 6,783 | 17,184 | 15,164 | 4,887 | 24,039 | 11,978 | 7,166 | 147,949 |
| 1985 | 74,332 | 7,387 | 15,668 | 15,198 | 5,706 | 31,068 | 15,086 | 10,106 | 174,551 |
| 1986 | 71,073 | 6,259 | 18,374 | 17,779 | 7,277 | 34,887 | 18,414 | 11,293 | 185,356 |
| 1987 | 83,711 | 8,591 | 20,201 | 16,012 | 6,400 | 38,870 | 19,547 | 13,918 | 207,250 |
| 1988 | 86,539 | 8,634 | 20,606 | 21,115 | 7,527 | 42,460 | 19,028 | 17,186 | 223,095 |
| 1989 | 84,650 | 11,402 | 21,133 | 19,804 | 9,853 | 46,037 | 23,850 | 17,840 | 234,569 |
| 1990 | 81,554 | 11,933 | 20,325 | 23,224 | 10,413 | 52,984 | 26,051 | 19,543 | 246,027 |
| 1991 | 75,304 | 11,655 | 22,370 | 35,792 | 12,069 | 55,846 | 33,054 | 21,015 | 267,105 |
| 1992 | 73,163 | 13,647 | 22,607 | 44,555 | 12,440 | 60,042 | 39,396 | 20,223 | 286,073 |
| 1993 | 63,843 | 10,359 | 23,498 | 60,242 | 11,073 | 69,930 | 45,077 | 16,397 | 300,419 |
| 1994 | 52,704 | 12,039 | 24,902 | 70,063 | 10,051 | 78,563 | 52,599 | 25,449 | 326,370 |
| 1995 | 47,737 | 11,974 | 23,590 | 76,560 | 10,900 | 87,284 | 58,955 | 24,742 | 341,742 |
| 1996 | 47,532 | 10,539 | 25,556 | 74,789 | 10,521 | 88,005 | 83,212 | 22,758 | 362,912 |
| 1997 | 36,037 | 12,028 | 27,198 | 67,715 | 7,359 | 95,875 | 80,028 | 24,534 | 350,774 |
| 1998 | 33,453 | 10,593 | 27,911 | 67,715 | 6,444 | 98,048 | 79,561 | 22,283 | 346,008 |

**Reference Table IV** *(cont'd)*
*Distribution of domestic holdings of Government of Canada securities*
PART B – Treasury bills, Canada Bills, bonds[1] and Canada Savings Bonds

| Year end | Persons and unincorporated business | Non-financial corporations | Bank of Canada | Chartered banks | Quasi-banks[2] | Life insurance and pension funds | Public and other financial institutions[3] | All levels of government[4] | Total[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (per cent) | | | | |
| 1976 | 44.43 | 0.98 | 20.41 | 21.46 | 1.77 | 3.56 | 5.60 | 1.81 | 100.00 |
| 1977 | 42.37 | 0.64 | 21.43 | 20.04 | 2.19 | 4.74 | 6.48 | 2.12 | 100.00 |
| 1978 | 40.56 | 0.75 | 21.41 | 17.65 | 2.74 | 6.67 | 7.15 | 3.07 | 100.00 |
| 1979 | 36.90 | 0.59 | 21.78 | 16.20 | 2.69 | 10.71 | 6.55 | 4.59 | 100.00 |
| 1980 | 33.44 | 0.77 | 21.87 | 13.79 | 3.82 | 12.79 | 7.67 | 5.86 | 100.00 |
| 1981 | 39.76 | 0.62 | 20.53 | 12.01 | 2.94 | 12.69 | 6.41 | 5.03 | 100.00 |
| 1982 | 41.69 | 2.23 | 15.20 | 11.07 | 3.24 | 12.95 | 9.04 | 4.58 | 100.00 |
| 1983 | 39.79 | 4.35 | 13.34 | 11.95 | 4.37 | 14.09 | 7.90 | 4.21 | 100.00 |
| 1984 | 41.06 | 4.58 | 11.61 | 10.25 | 3.30 | 16.25 | 8.10 | 4.84 | 100.00 |
| 1985 | 42.58 | 4.23 | 8.98 | 8.71 | 3.27 | 17.80 | 8.64 | 5.79 | 100.00 |
| 1986 | 38.34 | 3.38 | 9.91 | 9.59 | 3.93 | 18.82 | 9.93 | 6.09 | 100.00 |
| 1987 | 40.39 | 4.15 | 9.75 | 7.73 | 3.09 | 18.76 | 9.43 | 6.72 | 100.00 |
| 1988 | 38.79 | 3.87 | 9.24 | 9.46 | 3.37 | 19.03 | 8.53 | 7.70 | 100.00 |
| 1989 | 36.09 | 4.86 | 9.01 | 8.44 | 4.20 | 19.63 | 10.17 | 7.61 | 100.00 |
| 1990 | 33.15 | 4.85 | 8.26 | 9.44 | 4.23 | 21.54 | 10.59 | 7.94 | 100.00 |
| 1991 | 28.19 | 4.36 | 8.37 | 13.40 | 4.52 | 20.91 | 12.37 | 7.87 | 100.00 |
| 1992 | 25.57 | 4.77 | 7.90 | 15.57 | 4.35 | 20.99 | 13.77 | 7.07 | 100.00 |
| 1993 | 21.25 | 3.45 | 7.82 | 20.05 | 3.69 | 23.28 | 15.00 | 5.46 | 100.00 |
| 1994 | 16.15 | 3.69 | 7.63 | 21.47 | 3.08 | 24.07 | 16.12 | 7.80 | 100.00 |
| 1995 | 13.97 | 3.50 | 6.90 | 22.40 | 3.19 | 25.54 | 17.25 | 7.24 | 100.00 |
| 1996 | 13.10 | 2.90 | 7.04 | 20.61 | 2.90 | 24.25 | 22.93 | 6.27 | 100.00 |
| 1997 | 10.27 | 3.43 | 7.75 | 19.30 | 2.10 | 27.33 | 22.81 | 6.99 | 100.00 |
| 1998 | 9.67 | 3.06 | 8.07 | 19.57 | 1.86 | 28.34 | 22.99 | 6.44 | 100.00 |

**Reference Table IV** *(cont'd)*
*Distribution of domestic holdings of Government of Canada securities*
PART C – Treasury bills and Canada Bills

| Year end | Persons and unincorporated business | Non-financial corporations | Bank of Canada | Chartered banks | Quasi-banks[2] | Life insurance and pension funds | Public and other financial institutions[3] | All levels of government[4] | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | (millions of dollars) | | | | | |
| 1976 | 186 | 125 | 1,964 | 4,219 | 52 | 44 | 500 | 193 | 7,283 |
| 1977 | 413 | 121 | 2,461 | 4,949 | 143 | 98 | 1,016 | 311 | 9,512 |
| 1978 | 570 | 213 | 3,567 | 5,517 | 193 | 261 | 1,545 | 519 | 12,385 |
| 1979 | 797 | 163 | 4,345 | 6,690 | 65 | 245 | 1,540 | 843 | 14,688 |
| 1980 | 1,493 | 288 | 5,317 | 7,500 | 619 | 460 | 2,431 | 1,512 | 19,620 |
| 1981 | 1,019 | 369 | 5,431 | 8,597 | 343 | 560 | 2,187 | 1,082 | 19,588 |
| 1982 | 1,237 | 1,930 | 2,483 | 10,034 | 1,357 | 1,244 | 5,008 | 1,199 | 24,492 |
| 1983 | 3,766 | 5,146 | 2,595 | 12,879 | 3,158 | 2,587 | 5,376 | 1,286 | 36,793 |
| 1984 | 7,454 | 6,275 | 3,515 | 12,997 | 2,792 | 3,876 | 6,544 | 2,498 | 45,951 |
| 1985 | 13,340 | 6,517 | 3,985 | 12,629 | 3,651 | 3,924 | 8,129 | 4,136 | 56,311 |
| 1986 | 16,158 | 4,875 | 7,967 | 15,161 | 4,709 | 3,592 | 10,164 | 3,416 | 66,042 |
| 1987 | 17,712 | 7,232 | 9,682 | 11,498 | 3,725 | 4,806 | 9,589 | 5,002 | 69,246 |
| 1988 | 20,186 | 7,414 | 9,945 | 15,224 | 5,624 | 7,648 | 9,133 | 7,726 | 82,900 |
| 1989 | 32,639 | 9,668 | 11,124 | 16,410 | 8,115 | 7,664 | 12,408 | 9,251 | 107,279 |
| 1990 | 37,730 | 10,816 | 10,574 | 16,841 | 8,929 | 11,737 | 12,998 | 9,388 | 119,013 |
| 1991 | 32,321 | 10,483 | 13,093 | 24,382 | 9,080 | 10,386 | 17,636 | 10,417 | 127,798 |
| 1992 | 34,864 | 11,215 | 14,634 | 27,989 | 9,661 | 11,639 | 19,907 | 8,726 | 138,635 |
| 1993 | 29,561 | 9,657 | 16,876 | 29,901 | 9,097 | 17,050 | 22,336 | 5,151 | 139,629 |
| 1994 | 17,358 | 8,499 | 18,973 | 30,415 | 6,898 | 14,402 | 22,021 | 10,713 | 129,279 |
| 1995 | 14,306 | 9,204 | 18,298 | 30,865 | 7,645 | 15,422 | 25,183 | 10,078 | 131,001 |
| 1996 | 13,034 | 8,289 | 17,593 | 23,470 | 5,366 | 11,385 | 32,657 | 4,859 | 116,653 |
| 1997 | 39 | 8,535 | 14,233 | 19,448 | 3,261 | 9,557 | 33,402 | 4,388 | 92,863 |
| 1998 | 5 | 7,382 | 10,729 | 15,713 | 2,458 | 4,000 | 34,095 | 1,170 | 75,552 |

**Reference Table IV** *(cont'd)*

*Distribution of domestic holdings of Government of Canada securities*

PART D – Treasury bills and Canada Bills

| Year end | Persons and unincorporated business | Non-financial corporations | Bank of Canada | Chartered banks | Quasi-banks[2] | Life insurance and pension funds | Public and other financial institutions[3] | All levels of government[4] | Total[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (per cent) | | | | |
| 1976 | 2.55 | 1.72 | 26.97 | 57.93 | 0.71 | 0.60 | 6.87 | 2.65 | 100.00 |
| 1977 | 4.34 | 1.27 | 25.87 | 52.03 | 1.50 | 1.03 | 10.68 | 3.27 | 100.00 |
| 1978 | 4.60 | 1.72 | 28.80 | 44.55 | 1.56 | 2.11 | 12.47 | 4.19 | 100.00 |
| 1979 | 5.43 | 1.11 | 29.58 | 45.55 | 0.44 | 1.67 | 10.48 | 5.74 | 100.00 |
| 1980 | 7.61 | 1.47 | 27.10 | 38.23 | 3.15 | 2.34 | 12.39 | 7.71 | 100.00 |
| 1981 | 5.20 | 1.88 | 27.73 | 43.89 | 1.75 | 2.86 | 11.16 | 5.52 | 100.00 |
| 1982 | 5.05 | 7.88 | 10.14 | 40.97 | 5.54 | 5.08 | 20.45 | 4.90 | 100.00 |
| 1983 | 10.24 | 13.99 | 7.05 | 35.00 | 8.58 | 7.03 | 14.61 | 3.50 | 100.00 |
| 1984 | 16.22 | 13.66 | 7.65 | 28.28 | 6.08 | 8.44 | 14.24 | 5.44 | 100.00 |
| 1985 | 23.69 | 11.57 | 7.08 | 22.43 | 6.48 | 6.97 | 14.44 | 7.34 | 100.00 |
| 1986 | 24.47 | 7.38 | 12.06 | 22.96 | 7.13 | 5.44 | 15.39 | 5.17 | 100.00 |
| 1987 | 25.58 | 10.44 | 13.98 | 16.60 | 5.38 | 6.94 | 13.85 | 7.22 | 100.00 |
| 1988 | 24.35 | 8.94 | 12.00 | 18.36 | 6.78 | 9.23 | 11.02 | 9.32 | 100.00 |
| 1989 | 30.42 | 9.01 | 10.37 | 15.30 | 7.56 | 7.14 | 11.57 | 8.62 | 100.00 |
| 1990 | 31.70 | 9.09 | 8.88 | 14.15 | 7.50 | 9.86 | 10.92 | 7.89 | 100.00 |
| 1991 | 25.29 | 8.20 | 10.25 | 19.08 | 7.10 | 8.13 | 13.80 | 8.15 | 100.00 |
| 1992 | 25.15 | 8.09 | 10.56 | 20.19 | 6.97 | 8.40 | 14.36 | 6.29 | 100.00 |
| 1993 | 21.17 | 6.92 | 12.09 | 21.41 | 6.52 | 12.21 | 16.00 | 3.69 | 100.00 |
| 1994 | 13.43 | 6.57 | 14.68 | 23.53 | 5.34 | 11.14 | 17.03 | 8.29 | 100.00 |
| 1995 | 10.92 | 7.03 | 13.97 | 23.56 | 5.84 | 11.77 | 19.22 | 7.69 | 100.00 |
| 1996 | 11.17 | 7.11 | 15.08 | 20.12 | 4.60 | 9.76 | 27.99 | 4.17 | 100.00 |
| 1997 | 0.04 | 9.19 | 15.33 | 20.94 | 3.51 | 10.29 | 35.97 | 4.73 | 100.00 |
| 1998 | 0.01 | 9.77 | 14.20 | 20.80 | 3.25 | 5.29 | 45.13 | 1.55 | 100.00 |

**Reference Table IV** *(cont'd)*
*Distribution of domestic holdings of Government of Canada securities*
PART E – Bonds[1]

| Year end | Persons and unincorporated business | Non-financial corporations | Bank of Canada | Chartered banks | Quasi-banks[2] | Life insurance and pension funds | Public and other financial institutions[3] | All levels of government[4] | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | (millions of dollars) | | | | |
| 1976 | 1,274 | 270 | 6,278 | 4,447 | 664 | 1,392 | 1,761 | 537 | 16,623 |
| 1977 | 1,696 | 185 | 7,807 | 4,652 | 905 | 2,173 | 2,088 | 703 | 20,209 |
| 1978 | 1,931 | 205 | 8,434 | 4,379 | 1,344 | 3,477 | 2,461 | 1,202 | 23,433 |
| 1979 | 3,721 | 209 | 9,311 | 3,466 | 1,619 | 6,471 | 2,568 | 2,035 | 29,400 |
| 1980 | 4,890 | 267 | 10,541 | 2,502 | 2,152 | 8,814 | 3,130 | 2,736 | 35,032 |
| 1981 | 6,759 | 151 | 11,669 | 1,406 | 2,109 | 10,009 | 3,155 | 3,112 | 38,370 |
| 1982 | 7,374 | 337 | 12,945 | 1,199 | 1,931 | 11,907 | 4,169 | 3,455 | 43,317 |
| 1983 | 6,813 | 356 | 14,264 | 2,228 | 2,371 | 15,229 | 4,608 | 4,035 | 49,904 |
| 1984 | 9,906 | 508 | 13,669 | 2,167 | 2,095 | 20,163 | 5,434 | 4,668 | 58,610 |
| 1985 | 11,483 | 870 | 11,683 | 2,569 | 2,055 | 27,144 | 6,957 | 5,970 | 68,731 |
| 1986 | 9,827 | 1,384 | 10,407 | 2,618 | 2,568 | 31,295 | 8,250 | 7,877 | 74,226 |
| 1987 | 10,959 | 1,359 | 10,519 | 4,514 | 2,675 | 34,064 | 9,958 | 8,916 | 82,964 |
| 1988 | 11,476 | 1,220 | 10,661 | 5,891 | 1,903 | 34,812 | 9,895 | 9,460 | 85,318 |
| 1989 | 8,313 | 1,734 | 10,009 | 3,394 | 1,738 | 38,373 | 11,442 | 8,589 | 83,592 |
| 1990 | 8,306 | 1,117 | 9,751 | 6,383 | 1,484 | 41,247 | 13,053 | 10,155 | 91,496 |
| 1991 | 5,676 | 1,172 | 9,277 | 11,410 | 2,989 | 45,460 | 15,418 | 10,598 | 102,000 |
| 1992 | 2,417 | 2,432 | 7,973 | 16,566 | 2,779 | 48,403 | 19,489 | 11,497 | 111,556 |
| 1993 | 1,659 | 702 | 6,622 | 30,341 | 1,976 | 52,880 | 22,741 | 11,246 | 128,167 |
| 1994 | 1,834 | 3,540 | 5,929 | 39,648 | 3,153 | 64,161 | 30,578 | 14,736 | 163,579 |
| 1995 | 1,072 | 2,770 | 5,292 | 45,695 | 3,255 | 71,862 | 33,772 | 14,664 | 178,382 |
| 1996 | 108 | 2,250 | 7,963 | 51,319 | 5,155 | 76,620 | 50,555 | 17,899 | 211,869 |
| 1997 | 4,710 | 3,493 | 12,965 | 48,267 | 4,098 | 86,318 | 46,626 | 20,146 | 226,623 |
| 1998 | 5,118 | 3,211 | 17,182 | 52,002 | 3,986 | 94,048 | 45,466 | 21,113 | 242,126 |

**Reference Table IV** *(cont'd)*

*Distribution of domestic holdings of Government of Canada securities*

PART F – Bonds[1]

| Year end | Persons and unincorporated business | Non-financial corporations | Bank of Canada | Chartered banks | Quasi-banks[2] | Life insurance and pension funds | Public and other financial institutions[3] | All levels of government[4] | Total[5] |
|---|---|---|---|---|---|---|---|---|---|
| | | | | (per cent) | | | | | |
| 1976 | 7.66 | 1.62 | 37.77 | 26.75 | 3.99 | 8.37 | 10.59 | 3.23 | 100.00 |
| 1977 | 8.39 | 0.92 | 38.63 | 23.02 | 4.48 | 10.75 | 10.33 | 3.48 | 100.00 |
| 1978 | 8.24 | 0.87 | 35.99 | 18.69 | 5.74 | 14.84 | 10.50 | 5.13 | 100.00 |
| 1979 | 12.66 | 0.71 | 31.67 | 11.79 | 5.51 | 22.01 | 8.73 | 6.92 | 100.00 |
| 1980 | 13.96 | 0.76 | 30.09 | 7.14 | 6.14 | 25.16 | 8.93 | 7.81 | 100.00 |
| 1981 | 17.62 | 0.39 | 30.41 | 3.66 | 5.50 | 26.09 | 8.22 | 8.11 | 100.00 |
| 1982 | 17.02 | 0.78 | 29.88 | 2.77 | 4.46 | 27.49 | 9.62 | 7.98 | 100.00 |
| 1983 | 13.65 | 0.71 | 28.58 | 4.46 | 4.75 | 30.52 | 9.23 | 8.09 | 100.00 |
| 1984 | 16.90 | 0.87 | 23.32 | 3.70 | 3.57 | 34.40 | 9.27 | 7.96 | 100.00 |
| 1985 | 16.71 | 1.27 | 17.00 | 3.74 | 2.99 | 39.49 | 10.12 | 8.69 | 100.00 |
| 1986 | 13.24 | 1.86 | 14.02 | 3.53 | 3.46 | 42.16 | 11.11 | 10.61 | 100.00 |
| 1987 | 13.21 | 1.64 | 12.68 | 5.44 | 3.22 | 41.06 | 12.00 | 10.75 | 100.00 |
| 1988 | 13.45 | 1.43 | 12.50 | 6.90 | 2.23 | 40.80 | 11.60 | 11.09 | 100.00 |
| 1989 | 9.94 | 2.07 | 11.97 | 4.06 | 2.08 | 45.91 | 13.69 | 10.27 | 100.00 |
| 1990 | 9.08 | 1.22 | 10.66 | 6.98 | 1.62 | 45.08 | 14.27 | 11.10 | 100.00 |
| 1991 | 5.56 | 1.15 | 9.10 | 11.19 | 2.93 | 44.57 | 15.12 | 10.39 | 100.00 |
| 1992 | 2.17 | 2.18 | 7.15 | 14.85 | 2.49 | 43.39 | 17.47 | 10.31 | 100.00 |
| 1993 | 1.29 | 0.55 | 5.17 | 23.67 | 1.54 | 41.26 | 17.74 | 8.77 | 100.00 |
| 1994 | 1.12 | 2.16 | 3.62 | 24.24 | 1.93 | 39.22 | 18.69 | 9.01 | 100.00 |
| 1995 | 0.60 | 1.55 | 2.97 | 25.62 | 1.82 | 40.29 | 18.93 | 8.22 | 100.00 |
| 1996 | 0.05 | 1.06 | 3.76 | 24.22 | 2.43 | 36.16 | 23.86 | 8.45 | 100.00 |
| 1997 | 2.08 | 1.54 | 5.72 | 21.30 | 1.81 | 38.09 | 20.57 | 8.89 | 100.00 |
| 1998 | 2.11 | 1.33 | 7.10 | 21.48 | 1.65 | 38.84 | 18.78 | 8.72 | 100.00 |

Note: Because of timing and valuation differences, the *National Balance Sheet* data contained in this table are not necessarily on the same basis as other data elsewhere in this publication (most of the data in this report is on a par value basis – that is, outstanding securities are valued at par). For this reason, although the two sets of data yield very similar information, the data in this table are not strictly comparable with other data in this publication.

[1] Includes bonds denominated in foreign currencies.

[2] Includes Quebec savings banks, credit unions and caisses populaires, trust companies and mortgage loan companies.

[3] Includes investment dealers, mutual funds, property and casualty insurance companies, sales, finance and consumer loan companies, accident and sickness branches of life insurance companies, other private financial institutions (not elsewhere included), federal public financial institutions, and provincial financial institutions.

[4] Includes federal government holdings of its own debt, as well as provincial, municipal and hospital holdings, and holdings of the Canada Pension Plan and the Quebec Pension Plan.

[5] May not add due to rounding.

Source: Statistics Canada, *The National Balance Sheet Accounts.*

**Reference Table V**
*Non-resident holdings of Government of Canada debt*

| As at March 31 | Marketable bonds[1] | Treasury bills and Canada Bills | Total | Total as per cent of total market debt |
|---|---|---|---|---|
| | (billions of Canadian dollars) | | | |
| 1979 | 5.0 | 0.9 | 5.9 | 8.9 |
| 1980 | 5.6 | 0.7 | 6.3 | 8.7 |
| 1981 | 6.8 | 1.1 | 7.9 | 9.5 |
| 1982 | 8.8 | 1.1 | 9.9 | 10.6 |
| 1983 | 10.0 | 1.6 | 11.6 | 10.0 |
| 1984 | 10.3 | 2.6 | 12.9 | 9.0 |
| 1985 | 14.5 | 4.6 | 19.1 | 11.1 |
| 1986 | 22.1 | 3.0 | 25.1 | 12.5 |
| 1987 | 30.3 | 4.7 | 35.0 | 15.3 |
| 1988 | 33.0 | 9.3 | 42.3 | 16.9 |
| 1989 | 41.3 | 15.7 | 57.0 | 20.6 |
| 1990 | 49.9 | 13.3 | 63.2 | 21.5 |
| 1991 | 57.6 | 16.1 | 73.7 | 22.8 |
| 1992 | 63.6 | 23.0 | 86.6 | 24.6 |
| 1993 | 80.9 | 24.8 | 105.7 | 27.6 |
| 1994 | 79.3 | 34.0 | 113.3 | 27.4 |
| 1995 | 73.6 | 39.2 | 112.8 | 25.6 |
| 1996 | 84.1 | 37.7 | 121.8 | 25.9 |
| 1997 | 91.4 | 28.8 | 120.1 | 25.2 |
| 1998 | 92.9 | 22.4 | 115.3 | 24.7 |
| 1999 | 85.3 | 21.9 | 107.1 | 23.3 |

[1] Includes bonds denominated in foreign currencies.

Source: Statistics Canada, *Canada's International Transactions in Securities.*

Numbers may not add due to rounding.

**Reference Table VI**
*Fiscal 1998-99 Treasury bill program*

| Date | Maturing | | | | | New issues | | | | | Net increment | | | Average tender yields | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | CMB | 3 mo | 6 mo | 12 mo | Total | CMB | 3 mo | 6 mo | 12 mo | Total | Total | Cumulative | O/S | CMB | 3 mo | 6 mo | 12 mo |
| | (millions of dollars) | | | | | | | | | | | | | (per cent) | | | |
| 2-Apr-98 | 5,000 | 3,400 | 0 | 2,300 | 10,700 | 0 | 3,700 | 1,900 | 1,700 | 7,300 | -3,400 | -3,400 | 108,900 | | 4.57 | 4.71 | 4.93 |
| 9-Apr-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -3,400 | 108,900 | | – | – | – |
| 16-Apr-98 | 2,500 | 4,000 | 4,000 | 2,300 | 12,800 | 3,000 | 3,600 | 1,800 | 1,600 | 10,000 | -2,800 | -6,200 | 106,100 | 4.62 | 4.55 | 4.73 | 4.94 |
| 23-Apr-98 | 0 | 0 | 0 | 0 | 0 | 1,500 | 0 | 0 | 0 | 1,500 | 1,500 | -4,700 | 107,600 | 4.76 | – | – | – |
| 30-Apr-98 | 0 | 4,000 | 0 | 2,200 | 6,200 | 0 | 3,500 | 1,700 | 1,500 | 6,700 | 500 | -4,200 | 108,100 | | 4.83 | 4.97 | 5.12 |
| 7-May-98 | 4,500 | 0 | 0 | 0 | 4,500 | 0 | 0 | 0 | 0 | 0 | -4,500 | -8,700 | 103,600 | | – | – | – |
| 14-May-98 | 0 | 4,200 | 4,200 | 2,100 | 10,500 | 0 | 3,200 | 1,600 | 1,400 | 6,200 | -4,300 | -13,000 | 99,300 | | 4.74 | 4.97 | 5.17 |
| 21-May-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -13,000 | 99,300 | | – | – | – |
| 28-May-98 | 0 | 4,000 | 0 | 2,100 | 6,100 | 0 | 3,200 | 1,500 | 1,300 | 6,000 | -100 | -13,100 | 99,200 | | 4.75 | 4.97 | 5.16 |
| 4-Jun-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -13,100 | 99,200 | | – | – | – |
| 11-Jun-98 | 0 | 4,200 | 3,800 | 2,100 | 10,100 | 0 | 3,200 | 1,500 | 1,300 | 6,000 | -4,100 | -17,200 | 95,100 | | 4.68 | 4.93 | 5.15 |
| 18-Jun-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -17,200 | 95,100 | | – | – | – |
| 25-Jun-98 | 0 | 4,200 | 0 | 2,200 | 6,400 | 0 | 3,200 | 1,500 | 1,300 | 6,000 | -400 | -17,600 | 94,700 | | 4.88 | 5.07 | 5.24 |
| 2-Jul-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -17,600 | 94,700 | | – | – | – |
| 9-Jul-98 | 0 | 3,700 | 4,200 | 2,100 | 10,000 | 0 | 3,300 | 1,500 | 1,400 | 6,200 | -3,800 | -21,400 | 90,900 | | 4.80 | 4.93 | 5.16 |
| 16-Jul-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -21,400 | 90,900 | | – | – | – |
| 23-Jul-98 | 0 | 3,600 | 0 | 2,100 | 5,700 | 0 | 3,300 | 1,600 | 1,500 | 6,400 | 700 | -20,700 | 91,600 | | 4.93 | 5.07 | 5.25 |
| 30-Jul-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -20,700 | 91,600 | | – | – | – |
| 6-Aug-98 | 500 | 3,500 | 4,300 | 2,000 | 10,300 | 0 | 3,400 | 1,600 | 1,600 | 6,600 | -3,700 | -24,400 | 87,900 | | 5.07 | 5.21 | 5.33 |
| 13-Aug-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -24,400 | 87,900 | | – | – | – |
| 20-Aug-98 | 0 | 3,200 | 0 | 2,000 | 5,200 | 0 | 3,500 | 1,700 | 1,600 | 6,800 | 1,600 | -22,800 | 89,500 | | 4.88 | 5.17 | 5.36 |
| 27-Aug-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -22,800 | 89,500 | | – | – | – |
| 3-Sep-98 | 0 | 3,200 | 4,200 | 2,000 | 9,400 | 0 | 3,400 | 1,600 | 1,500 | 6,500 | -2,900 | -25,700 | 86,600 | | 5.64 | 5.81 | 5.83 |
| 10-Sep-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -25,700 | 86,600 | | – | – | – |
| 17-Sep-98 | 0 | 3,200 | 0 | 3,700 | 6,900 | 0 | 3,200 | 1,600 | 1,400 | 6,200 | -700 | -26,400 | 85,900 | | 5.15 | 5.17 | 5.25 |
| 24-Sep-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -26,400 | 85,900 | | – | – | – |
| 1-Oct-98 | 0 | 3,200 | 3,700 | 0 | 6,900 | 0 | 3,100 | 1,500 | 1,400 | 6,000 | -900 | -27,300 | 85,000 | | 4.94 | 5.07 | 5.04 |
| 8-Oct-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -27,300 | 85,000 | | – | – | – |
| 15-Oct-98 | 0 | 3,300 | 0 | 3,800 | 7,100 | 0 | 3,300 | 1,500 | 1,400 | 6,200 | -900 | -28,200 | 84,100 | | 4.67 | 4.86 | 4.78 |
| 22-Oct-98 | 0 | 0 | 0 | 0 | 0 | 3,000 | 0 | 0 | 0 | 3,000 | 3,000 | -25,200 | 87,100 | 5.03 | – | – | – |
| 29-Oct-98 | 0 | 3,300 | 3,300 | 0 | 6,600 | 0 | 3,300 | 1,500 | 1,400 | 6,200 | -400 | -25,600 | 86,700 | | 4.74 | 4.79 | 4.74 |
| 5-Nov-98 | 0 | 0 | 0 | 0 | 0 | 1,000 | 0 | 0 | 0 | 1,000 | 1,000 | -24,600 | 87,700 | 4.96 | – | – | – |
| 12-Nov-98 | 0 | 3,400 | 0 | 3,800 | 7,200 | 0 | 3,300 | 1,500 | 1,400 | 6,200 | -1,000 | -25,600 | 86,700 | | 4.86 | 4.96 | 4.93 |
| 19-Nov-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -25,600 | 86,700 | | – | – | – |
| 26-Nov-98 | 3,000 | 3,500 | 3,000 | 0 | 9,500 | 3,000 | 3,100 | 1,500 | 1,400 | 9,000 | -500 | -26,100 | 86,200 | 4.82 | 4.82 | 4.93 | 4.97 |
| 3-Dec-98 | 0 | 0 | 0 | 0 | 0 | 2,500 | 0 | 0 | 0 | 2,500 | 2,500 | -23,600 | 88,700 | 4.85 | – | – | – |
| 10-Dec-98 | 1,000 | 3,400 | 0 | 3,400 | 7,800 | 0 | 3,300 | 1,500 | 1,400 | 6,200 | -1,600 | -25,200 | 87,100 | | 4.69 | 4.79 | 4.84 |
| 17-Dec-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -25,200 | 87,100 | | – | – | – |

**Reference Table VI** *(cont'd)*
*Fiscal 1998-99 Treasury bill program*

| | Maturing | | | | | New issues | | | | | Net increment | | | Average tender yields | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Date | CMB | 3 mo | 6 mo | 12 mo | Total | CMB | 3 mo | 6 mo | 12 mo | Total | Total | Cumulative | O/S | CMB | 3 mo | 6 mo | 12 mo |
| | (millions of dollars) | | | | | | | | | | | | | (per cent) | | | |
| 23-Dec-98 | 0 | 3,200 | 3,000 | 0 | 6,200 | 0 | 3,300 | 1,500 | 1,400 | 6,200 | 0 | -25,200 | 87,100 | | 4.70 | 4.76 | 4.83 |
| 31-Dec-98 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -25,200 | 87,100 | | – | – | – |
| 7-Jan-99 | 5,500 | 3,100 | 0 | 3,800 | 12,400 | 0 | 3,600 | 1,500 | 1,500 | 6,600 | -5,800 | -31,000 | 81,300 | | 4.61 | 4.71 | 4.71 |
| 14-Jan-99 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -31,000 | 81,300 | | – | – | – |
| 21-Jan-99 | 0 | 3,300 | 3,200 | 0 | 6,500 | 0 | 3,800 | 1,600 | 1,600 | 7,000 | 500 | -30,500 | 81,800 | | 4.66 | 4.77 | 4.86 |
| 28-Jan-99 | 0 | 0 | 0 | 0 | 0 | 2,000 | 0 | 0 | 0 | 2,000 | 2,000 | -28,500 | 83,800 | 5.02 | – | – | – |
| 4-Feb-99 | 2,000 | 3,300 | 0 | 3,800 | 9,100 | 0 | 4,000 | 1,800 | 1,700 | 7,500 | -1,600 | -30,100 | 82,200 | | 4.74 | 4.85 | 4.90 |
| 11-Feb-99 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | -30,100 | 82,200 | | – | – | – |
| 18-Feb-99 | 0 | 3,300 | 3,300 | 0 | 6,600 | 0 | 4,200 | 1,900 | 1,800 | 7,900 | 1,300 | -28,800 | 83,500 | | 4.84 | 4.93 | 5.01 |
| 25-Feb-99 | 0 | 0 | 0 | 0 | 0 | 2,500 | 0 | 0 | 0 | 2,500 | 2,500 | -26,300 | 86,000 | 4.93 | – | – | – |
| 4-Mar-99 | 0 | 3,100 | 0 | 3,800 | 6,900 | 2,500 | 4,400 | 2,100 | 2,000 | 11,000 | 4,100 | -22,200 | 90,100 | 4.97 | 4.99 | 5.08 | 5.23 |
| 11-Mar-99 | 0 | 0 | 0 | 0 | 0 | 1,750 | 0 | 0 | 0 | 1,750 | 1,750 | -20,450 | 91,850 | 4.98 | – | – | – |
| 18-Mar-99 | 0 | 3,300 | 3,100 | 0 | 6,400 | 2,500 | 4,400 | 2,100 | 2,000 | 11,000 | 4,600 | -15,850 | 96,450 | 4.97 | 4.89 | 4.98 | 5.07 |
| 25-Mar-99 | 0 | 0 | 0 | 0 | 0 | 500 | 0 | 0 | 0 | 500 | 500 | -15,350 | 96,950 | 4.97 | – | – | – |
| **Total** | **24,000** | **91,100** | **47,300** | **51,600** | **214,000** | **25,750** | **90,800** | **42,600** | **39,500** | **198,650** | **-15,350** | **–** | **96,950** | | **–** | **–** | **–** |

Source: Bank of Canada.

**Reference Table VII**
*Fiscal 1998-99 Canadian-dollar marketable bond program*

| Offering date | Delivery date | Maturity date | Maturing | Gross | Net |
|---|---|---|---|---|---|
| | | | (millions of dollars) | | |
| **Fixed-coupon bonds** | | | | | |
| **1998** | **1997** | | | | |
| April 22 | May 1 | June 1, 2029 | | 1,600 | 1,600 |
| May 6 | May 15 | June 1, 2008 | | 2,300 | 2,300 |
| May 27 | June 1 | September 1, 2003 | | 2,400 | 2,400 |
| June 10 | June 15 | December 1, 2000 | | 3,500 | 3,500 |
| August 12 | August 17 | June 1, 2009 | | 2,300 | 2,300 |
| August 26 | September 1 | September 1, 2003 | 6,800 | 2,400 | -4,400 |
| September 9 | September 15 | December 1, 2000 | 6,000 | 3,500 | -2,500 |
| — | October 1* | — | 3,100 | 0 | -3,100 |
| October 28 | November 2 | June1, 2029 | 5,100 | 1,700 | -3,400 |
| November 4 | November 16 | June 1, 2009 | | 2,300 | 2,300 |
| November 25 | December 1 | September 1, 2003 | 2,275 | 2,500 | 225 |
| December 1 | December 4 | — | | -500** | -500 |
| December 9 | December 15 | June 1, 2001 | | 3,500 | 3,500 |
| **1999** | **1999** | | | | |
| February 10 | February 15 | June 1, 2009 | | 2,300 | 2,300 |
| February 11 | February 16 | — | | -500** | -500 |
| February 24 | March 1 | September 1, 2004 | 6,700 | 2,500 | -4,200 |
| March 10 | March 15 | June 1, 2001 | 6,000 | 3,500 | -2,500 |
| **Real return bonds** | | | | | |
| **1998** | **1998** | | | | |
| June 3 | June 8 | December 1, 2026 | | 400 | 400 |
| September 2 | September 8 | December 1, 2026 | | 400 | 400 |
| December 2 | December 7 | December 1, 2026 | | 400 | 400 |
| **1999** | **1999** | | | | |
| March 3 | March 8 | December 1, 2031 | | 400 | 400 |
| **Total fiscal year 1998-99** | | | **35,975** | **36,900** | **925** |

* Maturing date
** Bond repurchase

Source: Bank of Canada.

**Reference Table VIII**
*Outstanding Government of Canada Canadian-dollar marketable bonds as at March 31, 1999*

| Maturity date | Amount | Coupon rate | Maturity date | Amount | Coupon rate |
|---|---|---|---|---|---|
| | (millions of dollars) | (per cent) | | (millions of dollars) | (per cent) |
| **Fixed-coupon** | | | | | |
| 01-Aug-1999 | 5,600.0 | 6.50 | 01-Feb-2002 | 213.0 | 8.75 |
| 01-Sep-1999 | 8,500.0 | 7.75 | 15-Mar-2002 | 350.0 | 15.50 |
| 15-Sep-1999 | 7,000.0 | 4.75 | 01-Apr-2002 | 5,450.0 | 8.50 |
| 15-Oct-1999 | 527.5 | 9.00 | 01-May-2002 | 1,850.0 | 10.00 |
| 01-Dec-1999 | 2,825.0 | 9.25 | 01-Sep-2002 | 10,200.0 | 5.50 |
| 01-Dec-1999 | 400.0 | 13.50 | 15-Dec-2002 | 1,439.7 | 11.25 |
| 01-Feb-2000 | 5,500.0 | 5.50 | 01-Feb-2003 | 2,626.7 | 11.75 |
| 01-Mar-2000 | 6,500.0 | 8.50 | 01-Jun-2003 | 6,900.0 | 7.25 |
| 15-Mar-2000 | 7,000.0 | 5.00 | 01-Sep-2003 | 9,700.0 | 5.25 |
| 15-Mar-2000 | 1,050.0 | 13.75 | 01-Oct-2003 | 644.7 | 9.50 |
| 01-May-2000 | 1,575.0 | 9.75 | 01-Dec-2003 | 8,800.0 | 7.50 |
| 01-Jul-2000 | 2,900.0 | 10.50 | 01-Feb-2004 | 1,985.4 | 10.25 |
| 01-Jul-2000 | 175.0 | 15.00 | 01-Jun-2004 | 7,900.0 | 6.50 |
| 01-Sep-2000 | 7,600.0 | 7.50 | 01-Jun-2004 | 549.0 | 13.50 |
| 01-Sep-2000 | 1,200.0 | 11.50 | 01-Sep-2004 | 2,500.0 | 5.00 |
| 01-Dec-2000 | 7,000.0 | 5.00 | 01-Oct-2004 | 875.0 | 10.50 |
| 15-Dec-2000 | 500.0 | 9.75 | 01-Dec-2004 | 7,700.0 | 9.00 |
| 01-Feb-2001 | 425.0 | 15.75 | 01-Mar-2005 | 1,775.0 | 12.00 |
| 01-Mar-2001 | 9,400.0 | 7.50 | 01-Sep-2005 | 1,375.0 | 12.25 |
| 01-Mar-2001 | 3,175.0 | 10.50 | 01-Dec-2005 | 8,000.0 | 8.75 |
| 01-May-2001 | 1,325.0 | 13.00 | 01-Mar-2006 | 975.0 | 12.50 |
| 01-Jun-2001 | 7,000.0 | 4.50 | 01-Oct-2006 | 1,025.0 | 14.00 |
| 01-Jun-2001 | 3,550.0 | 9.75 | 01-Dec-2006 | 9,100.0 | 7.00 |
| 01-Sep-2001 | 10,600.0 | 7.00 | 01-Mar-2007 | 325.0 | 13.75 |
| 01-Oct-2001 | 1,232.8 | 9.50 | 01-Jun-2007 | 9,500.0 | 7.25 |
| 01-Dec-2001 | 3,850.0 | 9.75 | 01-Oct-2007 | 700.0 | 13.00 |

**Reference Table VIII** *(cont'd)*
*Outstanding Government of Canada Canadian-dollar marketable bonds as at March 31, 1999*

| Maturity date | Amount | Coupon rate | Maturity date | Amount | Coupon rate |
|---|---|---|---|---|---|
| | (millions of dollars) | (per cent) | | (millions of dollars) | (per cent) |
| **Fixed-coupon** | | | **Real return bonds** | | |
| 01-Mar-2008 | 750.0 | 12.75 | 01-Dec-2021 | 5,175.0 | 4.25 |
| 01-Jun-2008 | 9,200.0 | 6.00 | 01-Dec-2026 | 5,250.0 | 4.25 |
| 01-Jun-2008 | 3,257.9 | 10.00 | 01-Dec-2031 | 400.0 | 4.00 |
| 01-Oct-2008 | 644.8 | 11.75 | **Total**[1] | **10.8** | |
| 01-Mar-2009 | 400.0 | 11.50 | | | |
| 01-Jun-2009 | 6,900.0 | 5.50 | | | |
| 01-Jun-2009 | 868.3 | 11.00 | | | |
| 01-Oct-2009 | 1,224.1 | 10.75 | | | |
| 01-Mar-2010 | 325.0 | 9.75 | | | |
| 01-Jun-2010 | 2,880.0 | 9.50 | | | |
| 01-Oct-2010 | 325.0 | 8.75 | | | |
| 01-Mar-2011 | 1,975.0 | 9.00 | | | |
| 01-Jun-2011 | 750.0 | 8.50 | | | |
| 15-Mar-2014 | 3,150.0 | 10.25 | | | |
| 15-Jun-2015 | 2,350.0 | 11.25 | | | |
| 15-Mar-2021 | 1,800.0 | 10.50 | | | |
| 01-Jun-2021 | 4,650.0 | 9.75 | | | |
| 01-Jun-2022 | 2,550.0 | 9.25 | | | |
| 01-Jun-2023 | 8,200.0 | 8.00 | | | |
| 01-Jun-2025 | 8,900.0 | 9.00 | | | |
| 01-Jun-2027 | 9,600.0 | 8.00 | | | |
| 01-Jun-2029 | 4,500.0 | 5.75 | | | |
| **Total** | **284.1** | | | | |

[1] Real return bond figures show gross issue amount only – the CPI adjustment is not shown here.

Source: Bank of Canada.

**Reference Table IX**

*Government of Canada swaps outstanding as at March 31, 1999*

### Domestic interest-rate swaps

| Maturity date | Coupon[1] | Notional amount |
|---|---|---|
| | (per cent) | (millions of dollars) |
| 01-Sep-99 | 7.75 | 100 |
| 01-Mar-00 | 8.50 | 400 |
| 01-Jun-01 | 9.75 | 250 |
| 01-Feb-04 | 10.25 | 50 |
| **Total** | | **800** |

### Foreign interest-rate swaps

| Maturity date | Coupon[1] | Notional amount |
|---|---|---|
| | (per cent) | (millions of US dollars) |
| 22-Jan-02 | 5.125 | 300 |
| 19-Nov-07 | 4.0 | 25 |
| 5-Nov-08 | 5.25 | 500 |
| 5-Nov-08 | 5.25 | 500 |
| 5-Nov-08 | 5.25 | 200 |
| 5-Nov-08 | 5.25 | 200 |
| **Total** | | **1,525** |

### Foreign cross-currency swaps

| Maturity date | Notional amount |
|---|---|
| | (millions of US dollars) |
| 09-Feb-00 | 26 |
| 02-Oct-00 | 3 |
| 02-Oct-00 | 3 |
| 02-Oct-00 | 3 |
| 02-Oct-00 | 3 |
| 02-Oct-00 | 3 |
| 02-Oct-00 | 3 |
| 12-Jun-01 | 26 |
| 16-Jul-03 | 65 |
| 26-Nov-04 | 495 |
| 26-Nov-04 | 341 |
| 30-Nov-04 | 63 |
| 30-Nov-04 | 25 |
| 22-Dec-04 | 76 |
| 03-Oct-07 | 319 |
| 31-Jan-08 | 44 |
| **Total** | **1,498** |

### Domestic cross-currency swaps

| Maturity date | Notional amount |
|---|---|
| | (millions of U.S. dollars) |
| 01-Mar-00 | 286 |
| 04-Sep-01 | 1,000 |
| 01-Apr-02 | 50 |
| 01-May-02 | 100 |
| 01-Sep-02 | 1,000 |
| 03-Sep-02 | 250 |
| 15-Dec-02 | 600 |
| 01-Jun-03 | 75 |
| 01-Sep-03 | 150 |
| 01-Oct-03 | 65 |
| 01-Dec-03 | 520 |
| 01-Feb-04 | 525 |
| 30-Mar-04 | 100 |
| 01-Jun-04 | 250 |
| 01-Oct-04 | 50 |
| 23-Nov-04 | 100 |
| 01-Mar-05 | 565 |
| 01-Sep-05 | 100 |
| 23-Nov-05 | 150 |
| 01-Dec-05 | 650 |
| 01-Oct-06 | 100 |
| 30-Oct-06 | 250 |
| 23-Nov-06 | 150 |
| 01-Jun-07 | 750 |
| 01-Mar-08 | 475 |
| 01-Jun-08 | 800 |
| 30-Sep-08 | 50 |
| 01-Oct-08 | 190 |
| 01-Mar-09 | 535 |
| 01-Jun-09 | 120 |
| **Total** | **10,006** |

[1] Refers to the coupon of the underlying bond that was swapped.

Source: Bank of Canada.

**Reference Table X**
*Canada Savings Bonds, fiscal 1982-83 to fiscal 1998-99*

| Fiscal year | Gross sales during campaign[1] | Net sales during campaign[1] | Outstanding at fiscal year end[2] |
|---|---|---|---|
| | | (millions of dollars) | |
| 1982-83 | 11,229 | 9,567 | 32,753 |
| 1983-84 | 11,584 | 8,761 | 38,403 |
| 1984-85 | 12,743 | 9,768 | 42,167 |
| 1985-86 | 15,107 | 10,157 | 44,607 |
| 1986-87 | 9,191 | 5,177 | 43,854 |
| 1987-88 | 17,450 | 14,913 | 52,558 |
| 1988-89 | 14,962 | 6,454 | 47,048 |
| 1989-90 | 9,338 | 3,121 | 40,207 |
| 1990-91 | 6,720 | 1,660 | 33,781 |
| 1991-92 | 9,588 | 4,733 | 35,031 |
| 1992-93 | 9,235 | 3,275 | 33,884 |
| 1993-94 | 5,364 | 842 | 30,866 |
| 1994-95 | 7,506 | 5,709 | 30,756 |
| 1995-96 | 4,612 | 3,352 | 30,801 |
| 1996-97[3] | 5,747 | 4,404 | 32,911 |
| 1997-98[3] | 4,951 | -57 | 30,302 |
| 1998-99[3] | 4,977 | -157 | 28,810 |

[1] The figures shown are for the CSB campaign period, not the entire fiscal period; net sales are gross sales less redemptions during the period.

[2] Figures are in accordance with Bank of Canada reports, which may vary slightly from Public Accounts categories due to differences in classification methods (figures in main text of DMR are shown on Public Accounts basis).

[3] Includes sales and redemptions of Canada Premium Bonds.

Sources: Department of Finance, *Bank of Canada Review.*

**Reference Table XI**
*Crown corporation borrowings as at March 31*

**Borrowings from the market**

| Corporation | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | (millions of dollars) | | | | | |
| Export Development Corporation | 5,685 | 6,220 | 6,983 | 7,793 | 7,515 | 7,673 | 7,820 | 10,077 | 12,967 |
| Canadian Wheat Board | 6,449 | 7,323 | 6,966 | 7,283 | 7,321 | 6,377 | 6,474 | 6,698 | 6,786 |
| Business Development Bank of Canada | 2,271 | 2,249 | 2,352 | 2,602 | 2,723 | 3,045 | 3,371 | 3,839 | 4,223 |
| Farm Credit Corporation | 1,128 | 813 | 797 | 863 | 990 | 1,582 | 1,926 | 3,026 | 4,317 |
| CN[1] | 1,861 | 1,803 | 1,905 | 2,249 | 2,331 | – | – | – | – |
| Canada Mortgage and Housing Corporation | – | 96 | 152 | 1,573 | 3,630 | 5,906 | 7,866 | 9,934 | 10,633 |
| Canada Development Investment Corporation | 612 | 713 | 594 | 473 | – | – | – | – | – |
| Petro-Canada Ltd. | 1,656 | 980 | 455 | 501 | 504 | 490 | 432 | 443 | 471 |
| Petro-Canada[1] | 718 | – | – | – | – | – | – | – | – |
| Canada Ports Corporation | – | 200 | 188 | – | – | – | – | – | 79 |
| Other | 98 | 96 | 97 | 239 | 235 | 297 | 226 | 262 | 222 |
| **Total** | **20,478** | **20,493** | **20,489** | **23,576** | **25,249** | **25,370** | **28,115** | **34,279** | **39,698** |

[1] No longer a Crown corporation.

Source: *Public Accounts of Canada*.

**Borrowings from the Consolidated Revenue Fund**

| Corporation | 1991 | 1992 | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 | 1999 |
|---|---|---|---|---|---|---|---|---|---|
| | | | | (millions of dollars) | | | | | |
| Canada Mortgage and Housing Corporation | 8,484 | 8,419 | 8,181 | 8,075 | 7,835 | 7,263 | 6,938 | 6,708 | 6,298 |
| Canada Deposit Insurance Corporation | 1,225 | 1,785 | 3,085 | 3,151 | 2,160 | 1,627 | 855 | 395 | – |
| Farm Credit Corporation | 2,432 | 2,491 | 2,420 | 2,488 | 2,524 | 2,310 | 2,507 | 1,877 | 1,041 |
| Other | 934 | 975 | 819 | 415 | 307 | 233 | 204 | 179 | 551 |
| **Total** | **13,075** | **13,670** | **14,505** | **14,129** | **12,826** | **11,433** | **10,504** | **9,159** | **7,890** |

Note: Figures do not include “allowance for valuation.”

Source: Public Works and Government Services Canada data.