



Ponts  
JACQUES CARTIER +  
CHAMPLAIN  
Bridges  
Canada

# QUARTERLY FINANCIAL REPORT

**1<sup>st</sup> QUARTER (Q1)**

For three months ended June 30, 2019

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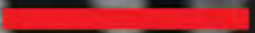
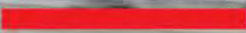
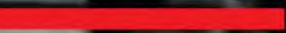
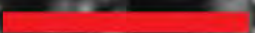
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**+ SECTION 1**  
STATUS



# 1. STATUS

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

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

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

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

## 1.1 MANDATE

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

For each of these infrastructures, JCCBI assumes responsibility for:

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

## 1.2 MISSION, VISION AND VALUES

### **Our mission**

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

### **Our vision**

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

### **Our values**

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





# + SECTION 2

Q1 OF 2019-2020 IN REVIEW



## 2. Q1 OF 2019-2020 IN REVIEW

This quarterly financial report has been prepared in accordance with the requirements of the FAA and with the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board of Canada Secretariat. It provides an assessment of JCCBI's operations and financial position for the quarter ended June 30, 2019 (Q1). It must be read in conjunction with the unaudited Interim Financial Statements and accompanying notes contained in this document, as well as with the audited Annual Financial Statements and supporting notes contained in JCCBI's 2018-2019 Annual Report.

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

The following table reflects the travel, hospitality and conference expenses for the first quarter of fiscal year 2019-2020:

(In thousands of dollars)	Three Months Ended	
	June 30, 2019	June 30, 2018
	Actual Quarter	Actual Quarter
Travel	18.7	10.0
Hospitality	4.6	2.9
Conferences	12.3	23.1
<b>TOTAL</b>	<b>35.6</b>	<b>36.0</b>

### 2.1 SUMMARY

JCCBI declares a surplus of \$0.7 M for the three (3) months ended June 30, 2019 (\$0.9 M in 2018). The deficit before public funding was \$38.1 M as at June 30, 2019 (\$45.0 M in 2018).

For the current fiscal year, the combined total revenue was \$0.4 M (\$0.4 M in 2018). Revenue remained stable overall.

During the same period, the net debt increased by \$0.4 M for a total of \$25.3 M. Financial assets decreased by \$6.3 M. The change is related to the level of achievement of investment activities.

The acquisitions of gross capital assets in the first quarter of the current fiscal year totalled \$11.7 M (\$10.5 M in 2018). They mainly consist of expenses of \$6.4 M for the Jacques Cartier Bridge, \$2.6 M for the Honoré Mercier Bridge and \$2.1 M for the Melocheville Tunnel.

## 2.2 OUTLOOK

The expenses to maintain the bridges and related infrastructures remain high. Despite the opening of the new Samuel De Champlain Bridge, structural monitoring interventions (including inspection and monitoring) of the Champlain Bridge will be required to ensure the safety and structural integrity thereof until the start of deconstruction work. The other government-funded projects are continuing, including the rehabilitation work that is currently underway at the Jacques Cartier Bridge, at the Honoré Mercier Bridge, on the Bonaventure Expressway and at the Champlain Bridge Ice Control Structure.

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

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

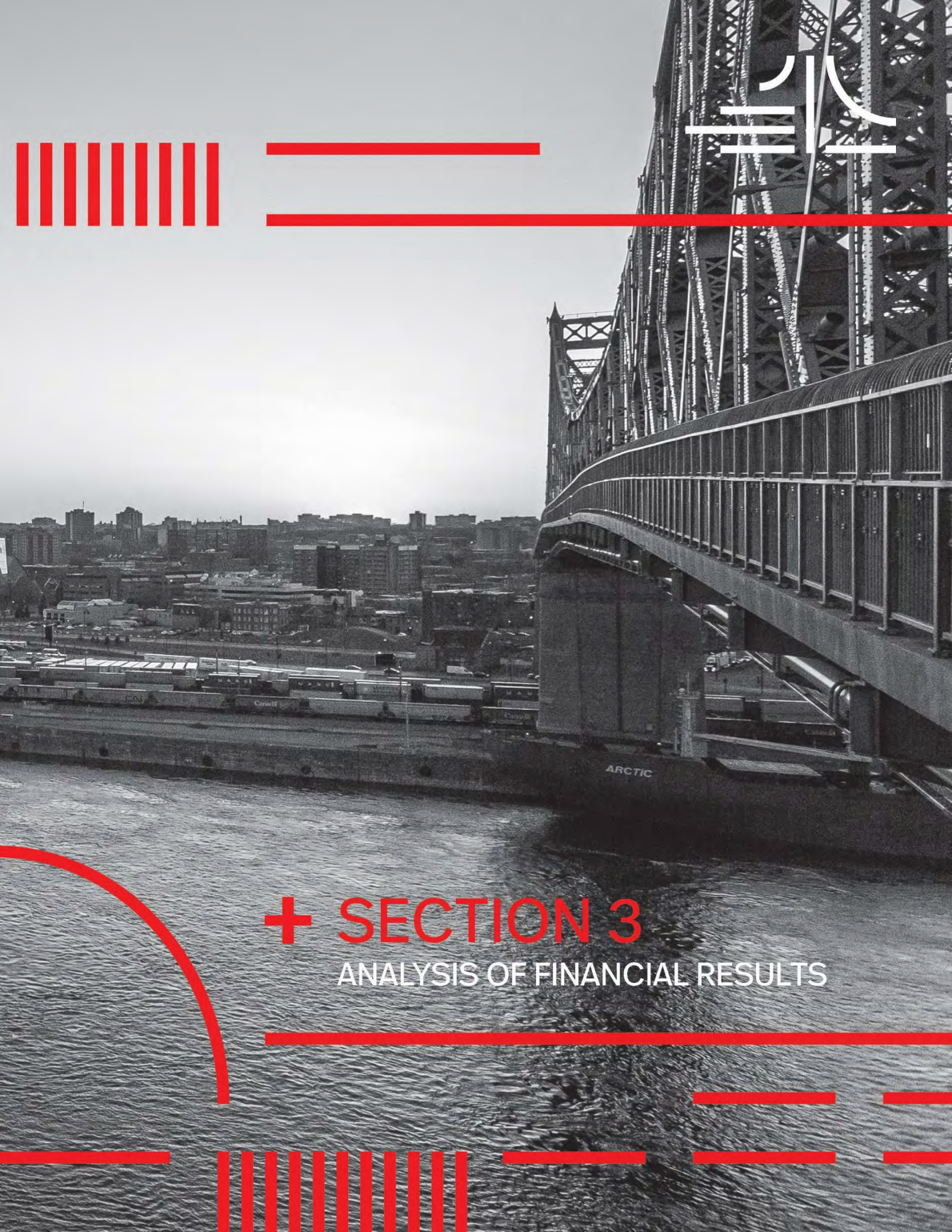
The section of the Bonaventure Expressway consisting of non-elevated lanes is at the end of its service life. To ensure urban integration with the City of Montreal, an urban boulevard vision was selected for its reconfiguration as well as for the reconstruction.

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

Furthermore, most of the technical studies to finalize the planning of the Champlain Bridge deconstruction project were completed during the last quarter. The Request for Qualification for the design-build work is now closed. The successful candidates will be invited to submit a proposal in response to a Request for Proposals that will extend over a period of approximately five (5) months.

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





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**+ SECTION 3**  
ANALYSIS OF FINANCIAL RESULTS



## 3. ANALYSIS OF FINANCIAL RESULTS

### 3.1 RESULTS OF OPERATIONS

#### 3.1.1 Statement of Financial Position

##### Financial Assets

During the three (3) months ended June 30, 2019, the total financial assets decreased by \$6.3 M, to amount to \$46.8 M, compared to \$53.1 M as at March 31, 2019. As in previous fiscal years, a determining factor in the variation in financial assets is the date on which the federal appropriations, which include the funding for the major capital projects and the operating expenses, are received.

JCCBI's net cash position decreased by \$9.5 M, to amount to \$38.3 M as at June 30, 2019 (\$47.8 M as at March 31, 2019). This decrease during the first quarter is notably due to a variation in accounts payable.

##### Liability

Accounts payable and accrued liabilities decreased by \$4.9 M, from \$44.3 M as at March 31, 2019 to \$39.4 M as at June 30, 2019. This decrease is largely due to the variation of activities of the various ongoing construction projects.

To carry out its major projects, JCCBI entered into construction contracts that provide for the withholding of a portion of the payment until certain work is completed and until the contractual warranties have expired in compliance with the performance requirements. These contractual holdbacks have decreased by \$1.4 M, to amount to \$5.0 M as at June 30, 2019 (\$6.4 M as at March 31, 2019). These amounts will become payable when the work is completed and the warranties have expired.

##### Non-Financial Assets

The amortization's net tangible capital assets increased by \$1.1 M to total \$591.1 M relative to the March 31, 2019 financial statements (\$590.0 M). This total includes \$11.7 M of purchases of gross capital assets, less charges for amortization of \$10.6 M. The major works concerned by these acquisitions include those of the Jacques Cartier Bridge (\$6.4 M), the Honoré Mercier Bridge (\$2.6 M), and the Melocheville Tunnel (\$2.1 M).

##### Government Funding

The following table summarizes the public funding for the first quarter of the current fiscal year as at June 30, 2019:

(In thousands of dollars)	First Quarter	
	2019-2020	2018-2019
Public funding for operating expenses	27,073	35,347
Public funding for tangible capital assets	11,748	10,545
<b>TOTAL</b>	<b>38,821</b>	<b>45,892</b>

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

### 3.1.2 Expenses

#### Maintenance

Maintenance costs during the first quarter represent 84.3% (87.1% as at June 30, 2018) of the total cumulative expenses.

For the three (3) months ended June 30, 2019, the maintenance costs, including amortization, totalled \$32.5 M and are mainly distributed as follows:

- + \$1.9 M for work for the Île des Sœurs Bypass Bridge;
- + \$5.5 M for work for the Honoré Mercier Bridge;
- + \$8.0 M for work for the Champlain Bridge;
- + \$9.6 M for work for the Jacques Cartier Bridge;
- + \$1.8 M for work for the Bonaventure Expressway;
- + \$0.7 M for work for the Melocheville Tunnel;
- + \$1.3 M for work for the Champlain Bridge Ice Control Structure;
- + \$3.5 M for salaries and employee benefits;
- + \$0.2 M for various other projects and equipment.

#### Operations

Operating expenses during the first three (3) months totalled \$0.7 M (\$0.8 M as at June 30, 2018). These figures represent 1.9% of total expenses (1.7% as at June 30, 2018).

#### Administration

The administrative expenses of the first three (3) months total \$4.4 M and represent a \$0.7 M increase compared to the same period of the previous fiscal year (\$3.7 M as at June 30, 2018). During the first quarter, administrative expenses represented 8.8% of total expenses (including capital asset acquisitions). This rate varies, notably, in function of the major maintenance expenditures. The Corporation's objective is not to exceed 6%.

## 3.2 CASH FLOW

Compared to March 31, 2019, the cash balance decreased by \$9.5 M, amounting to \$38.3 M (\$47.8 M as at March 31, 2019).



## 3.3 STRATEGIC ISSUES AND RISKS

As a parent Crown corporation, JCCBI must meet the requirements of and comply with the obligations prescribed by the various legislations applicable thereto.

### 3.3.1. Safety and Sustainability of Infrastructures

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

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

### 3.3.2. Sustainable Funding

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

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


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

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

### 3.3.3. Human Resources Management

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

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



Both the prevention of mental health at work and workplace diversity management were selected by the management team as the key initiatives for 2019-2020. The health and well-being initiative based on the “Healthy Enterprise” standard and the multiculturalism initiative are in the process of being carried out. Multidisciplinary deployment committees have been created to develop and carry out the action plan activities.

JCCBI has also initiated the development of its Employer brand. The development and deployment of the action plan will begin shortly.

The goal of these JCCBI’s human resources management initiatives is to position the Corporation as “Best Employer”.

#### 3.3.4. Information Technologies (IT)

Training on computer security policies and on administrative information management is ongoing. A computer security awareness campaign, which will run throughout 2019 for all employees, has been deployed.

As part of the deployment of the Sharepoint tool, which constitutes an important phase of the Electronic Document Management (EDM) implementation project, the setting up of the teams and committees collaborative spaces has started with needs analysis sessions with the different teams.

The contract for the drafting of the IT succession plan, which is based on good business practices, standards and references, is underway. A list of recommendations concerning the technological environment will be tabled and an action plan for the deployment of the selected solutions will follow in the fall of 2019.

#### 3.3.5. Health and Safety (OHS)

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

During the first quarter of 2019-2020, the OHS department completed the update of its program for the acquisition, control and use of personal protective equipment as well as that of its inventory. The putting in place of a record of hazardous substances, comprising a component on the environmental management of substances and spills, is underway. In addition, the general OHS training for employees, based on the OHS training matrix, is progressing according to schedule.

The collaboration of all personnel and primarily, during this first quarter, of the Environment and Sustainable Development department, facilitates the adherence to the ultimate goal of “Zero Injury by Choice” and makes it possible for JCCBI to achieve its goals. This philosophy also logically and naturally integrates into the Corporation’s sustainable development approach.

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



### 3.3.6. Environmental Obligations

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

The operation of the East Sector system is underway.

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

In order to manage the environmental risks, a series of initiatives have continued during the quarter. Said initiatives include the planning of the following:

- + Comprehensive characterization of Section 10 of the Bonaventure Expressway;
- + Implementation of mitigation measures for the cliff swallows and peregrine falcons;
- + Integration of sustainable development programs as part of the Champlain Bridge deconstruction project;
- + Assets' social and environmental development; and
- + Assessment of the resilience of infrastructures to climate change.

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

The development of an internal decision support tool continued. Such tool aims at implementing, in a systemic and repeatable manner, a process to integrate sustainable development into the Corporation's various projects and investments. JCCBI has also begun to align its sustainable development approach with the *Federal Sustainable Development Act* and underlying strategy thereof, to which the Corporation will be subject as of the end of 2020.

### 3.3.7. Asset Management

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

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

Within the current asset management team structure, the unit dedicated to asset information, whose objective is to update, on an ongoing basis, the data specific to the structures and to combine and

process said information for the entire organization, has continued the implementation of its three-year action plan. A summary preliminary project study is underway. Said study constitutes the first deliverable for the development of a new asset information management system.

### 3.3.8. Major Projects

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

#### **Jacques Cartier Bridge**

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

- + Two (2) contracts, the first one for the rehabilitation of the steel towers and the second one for the reinforcement of the steel structure at sections 4, 6 and 8 were completed during the first quarter. The execution of work of similar nature in the past helped to better understand and mitigate the issues related to work carried out in an urban environment comprising residences nearby. Innovative measures have been put in place to reduce the noise generated by the work on steel, including rivet removal and bolting, with the goal of minimizing work-related inconveniences to the residents;
- + The project to rehabilitate and reinforce the wing walls and abutment walls of the Jacques Cartier Bridge upstream and downstream ramps leading to Île Ste-Hélène was completed during the first quarter. The second phase of this project consists in reconstructing masonry Piers 45-46, the pedestals of section 8 and Abutment 0 in Longueuil;  

A call for tenders was issued during the first quarter. The award of the construction contract and the execution of the work are planned during the second and third quarters. It should be noted that this work was planned for 2020, but an opportunity arose to proceed with the work in 2019;
- + Considering the demand to keep the bike path operational during the winter, a preliminary project study was launched during the second quarter of 2017-2018 to study the safety measures to be put in place to safely respond to such a request. The Corporation has retained the services of a consultant to document and analyze a pilot project for the winter maintenance of the bike path through conventional methods and heating systems. The findings were presented to JCCBI and the final report was released in the fall of 2018. As a result of this study, the Corporation decided to keep the bike path closed during the winter of 2018-2019 as the level of risk remained too high. However, during the first quarter, the Corporation decided to conduct, during the winter of 2020, closed-circuit tests on the bike path and sidewalk, the objective being a partial opening thereof in the winter of 2021 if the winter tests prove to be conclusive;
- + During the first quarter, the engineering phase of the project to rehabilitate the steel components and paint the splash zone and underside of section 7 deck continued. A construction contract is expected to begin in the second quarter and will consist in the rehabilitation of steel components and painting of the area located between Piers 25 and 26. A second contract is expected to begin during the third quarter between Piers 23 and 24;
- + Following the launch, in 2017-2018, of a project comprising two (2) components, namely the milling and paving on the entire bridge and approaches thereto, as well as the management of the drained water and development of the lands underneath section 8, the Corporation, during the first quarter, awarded a first contract for the rehabilitation of the North and South approaches to the bridge. The Corporation plans to issue, in the third quarter, calls for tenders for two (2) other contracts: one regarding the paving of the bridge in the spring of 2020, and one regarding the land development and drained water management that will take place during the period extending from the summer of 2020 to the fall of 2021;



- + A project regarding the construction of a new building for the Operations & Maintenance department and the improvement of the adjacent yard was launched in 2017-2018. Considering the studies that showed the poor condition of the existing buildings, the solution adopted consists in constructing a new building that will house the garage and the administrative offices. The detailed design is underway with a view to begin the construction work in early 2020-2021. The commissioning of the new building is planned for the beginning of 2021-2022;
- + A project to improve the mobility management tools is underway. The project includes the construction of a fibre optic loop to ensure the redundancy of the existing network, the creation and integration of an intelligent traffic management system (ITMS), and an enhancement of the vehicle counting systems across JCCBI's network. The contract for the construction of the fibre optic loop was awarded in the fall of 2018 and the work will be completed at the end of the third quarter. The design for the integrated traffic management system component was completed in the first quarter and the contract is planned to be awarded in the third quarter. A call for tenders for a new contract regarding the enhancement of the counting system will be issued during the fourth quarter for the work to be carried out in the summer of 2020. The Corporation is actively collaborating on the project to relocate the Sûreté du Québec's lane management and camera monitoring centre. This component, which began in 2018, will involve detailed engineering during the third and fourth quarters as well as the acquisition of equipment in the course of 2020;
- + A preliminary project study was initiated in 2017-2018 to ensure the sustainability of Île Sainte-Hélène pavilion, including the management of the drained water on the surrounding grounds. The detailed preliminary project study report will be tabled during the third quarter of 2019-2020. Said report is prepared by an architectural firm assisted by a consulting engineering firm. The project is scheduled to be launched in the last quarter of 2019-2020;
- + A preliminary project study was initiated in the first quarter of 2019-2020 to define the design orientations, schedule and scope of the work required to proceed with the demolition of the Plaza Jacques-Cartier building and the development of the surrounding grounds. A request for proposals will be issued during the second quarter of 2019-2020 to engage the services of a consultant for the conduct of the summary and detailed preliminary project studies. The work is scheduled to begin after the commissioning of the new building for the Operations & Maintenance Department.

## **Honoré Mercier Bridge**

Pier rehabilitation work is currently underway and will continue over a period of several years. During the first quarter, the work on five (5) piers continued and a new contract for the rehabilitation of six (6) additional piers was awarded during the first quarter of 2019-2020.

Painting work has begun during 2017-2018 and will also continue over a period of several years. Four (4) spans were completed during the third quarter of 2018-2019 and the work on three (3) new spans has begun in the first quarter of 2019-2020. The work of this first phase of painting is scheduled to be completed in the second quarter of 2019-2020. The work of a second phase of painting will begin in the second quarter of 2019-2020 for six (6) new spans and will be carried out over two (2) fiscal years.

A first phase of replacement of the inspection walkways that began in the fourth quarter of 2017-2018 was completed in the first quarter of 2018-2019. The work of the second phase will be completed during the second quarter of 2019-2020 and the work of the third phase is scheduled to begin in the third quarter.

A preliminary project study was initiated in the first quarter of 2018-2019 to define the design orientations, schedule and scope of the work required to continue the program to rehabilitate the piers, replace the paint surface and maintain the bearings at the Honoré Mercier Bridge. A design contract was awarded during the first quarter for the conduct of the preliminary project study.

A second preliminary project study was initiated during the third quarter of 2018-2019 to define the design orientations, the schedule and the scope of the work required to progressively revitalize lands located in the vicinity of the bridge. The study will focus on putting in place a memorial circuit dedicated to the history and culture of the Mohawk community. This study is scheduled to start in the second quarter of 2019-2020.

A third preliminary project study was initiated during the third quarter of 2018-2019 to define the design orientations, the schedule and the scope of the work required for the paving of the ramps, upgrade of the electrical power supply, stabilization of the banks and extension of the Honoré Mercier Bridge bike path. Two (2) construction contracts are planned; the first one (paving and electricity) was awarded during the first quarter and the second one (banks and bike path) is scheduled to be awarded during the second quarter.

## Champlain Bridge

In order to maintain its overall maintenance strategy for the bridge until decommissioning thereof, JCCBI, on an ongoing basis, carries out inspections and performs real-time monitoring of the critical components as well as monitoring of the entire structure's load capacity. Such strategy must ensure that the crossing between the South Shore and the Island of Montreal remains safe and efficient until the opening of the Samuel De Champlain Bridge. The Champlain Bridge was decommissioned at the end of the first quarter. JCCBI will continue to maintain its monitoring and inspection strategy until the start of deconstruction, which is scheduled in the spring of 2020.

During the first quarter of 2019-2020, JCCBI continued to implement the recommendations issued by its consultant responsible for the structural integrity of the Champlain Bridge as part of the report entitled "Impacts due to Possible Delays of New Bridge Opening". Said recommendations make it possible to closely monitor the structural integrity of the bridge and to ensure the safety of the bridge for road users. Among them, the following recommendations are still current:

- + Award of a contract for the installation, upon request, of a superbeam;
  - o The Corporation has already put in place a contract for the installation, upon request and if necessary, of a superbeam;
- + Award of a contract for the installation of either a universal modular truss on an interior girder or a super diaphragm;
- + Increased frequency of inspection of the sensitive elements (interior girders, pier caps and diaphragms) and revision of the frequency in function of the inspection results;
  - o Quarterly inspections are already scheduled. The inspection conducted in the spring of 2019 involved about fifty (50) interior girders, pier caps and diaphragms. The Corporation has already planned the detailed inspection to be conducted in the summer of 2019, which is expected to start in the second week of July;
- + Instrumentation of the thirty (30) most critical interior girders and revision of the prioritization of the girders;
  - o The instrumentation work is being revised on a constant basis according to the prioritization of the girders. The results obtained are analyzed by our consultants and experts.

After analysis, JCCBI's consultant responsible for the structural integrity of the Champlain Bridge recommends that the above-mentioned recommendations be maintained until the beginning of the bridge deconstruction, which is scheduled to take place in the spring of 2020.



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

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

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

In May 2018, the Corporation received the mandate to manage the Champlain Bridge deconstruction project. In this context, the preparatory studies for this important project have continued, notably through the targeted environmental analysis (TEA) initiated in 2018, which will conclude in the summer of 2019 to meet the expectations of the authorities concerned (Transport Canada, Fisheries and Oceans Canada and ECCC). JCCBI is currently collecting the comments on the TEA, a preliminary version of which was published as part of the public consultations. Citizens had the opportunity to speak in person at the open houses held in May 2019 and online (web platform) on a period extending from May 8 to June 30, 2019.

The public consultation process allowed citizens to learn more about the deconstruction methods, the targeted environmental analysis, the materials recovery programs, Heritage Champlain (asset development) and the applied research projects.


During the first quarter of 2019-2020, JCCBI also completed most of the technical studies, in order to define an orientation and ensure a good transition for the realization of the project.

In order to select the contractor who will be responsible for the design-deconstruction work, the procurement will be carried out in two (2) phases, namely through a request for qualification (RQ) and a request for proposals (RP). The objective of the procurement process is to ensure that the tenderers are able to submit compliant proposals that provide the best value for the Corporation. In order to achieve this objective, the qualified tenderers will have the opportunity to submit questions and make comments and will also be invited to participate in workshops in order to foster a better understanding of the project objectives and a better understanding, by JCCBI, of the approaches contemplated by each tenderer.

Further to the RQ, four (4) applications were received on May 28, 2019. Following a thorough and fair evaluation of all the files, three (3) applicants will be invited to respond to the RP for the execution of the design-deconstruction work. The Corporation plans to select one (1) tenderer at the beginning of 2020.

## **Bonaventure Expressway**

The maintenance work on the Bonaventure Expressway is continuing. A construction contract was awarded during the first quarter for work to be completed in the third quarter of 2019-2020. In addition, the design of work scheduled to be carried out until 2021-2022 is currently being reviewed by the JCCBI team. A call for tenders is planned at the beginning of the third quarter of 2019-2020.



A preliminary project study on the reconfiguration of sections 10, 11, 12 and 13 was also initiated during the third quarter of 2018-2019. This study is the first step in a major development project aimed at rebuilding this sector of the expressway connected to the city entrance recently reconfigured by the City of Montreal. A request for proposals for professional services is expected to be issued in the second quarter of 2019-2020.

### **Melocheville Tunnel**

A project to improve the configuration of the electrical distribution systems and of the electromechanical and automation equipment is underway at the tunnel. In addition to ensuring the network reliability, these improvements will result in substantial savings in terms of power consumption. The construction work is underway and is expected to be completed during the last quarter of 2019-2020.

### **Île des Sœurs Bypass Bridge**

A preliminary project study on the deconstruction of the Île des Sœurs Bypass Bridge was initiated during the first quarter of 2019-2020. The bypass bridge, a temporary structure used to divert traffic from Highway 15 during the deconstruction of the former Île des Sœurs Bridge and the construction of the new one as part of the New Champlain Bridge Corridor project, has completed its mission and is now closed to all traffic. The purpose of this preliminary project study is to develop all the design elements related to the deconstruction of the bridge and its approaches as well as the restoration of the land. A request for proposals for professional services is expected to be issued in the second quarter of 2019-2020.

### **Research and Applications**

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

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


#### **The Work**

During the first quarter of the current fiscal year, the RAD's activities have continued to progress through the development of new projects, the conduct of new studies and the transfer of knowledge with a view to integrating the results of completed projects into pilot applications or into engineering studies specific to certain assets. The projects currently underway are divided into two (2) usual components, to which is added a component specific to the research and development program in connection with the deconstruction of the Champlain Bridge.

#### **1. Research and Development (R&D) Project**

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





The Jacques Cartier Bridge seismic performance evaluation studies have been completed and the results are in the process of being analyzed to define a seismic reinforcement approach adapted to the specific needs and performance of the bridge. Experts are working in conjunction with JCCBI's engineers to define the seismic performance levels to be targeted. Further studies on certain performance aspects of the piers and seismic isolation will be initiated shortly.

As part of the project for alternatives to de-icing salts, the preparation of the second experimental phase has begun, in anticipation of tests scheduled to be conducted during the winter of 2020. An expertise mandate in winter maintenance and weather analysis has begun and comparative analyses of the de-icing products are underway.

In addition, two (2) research projects in collaboration with the National Research Council Canada (NRCC) are completed, namely a project on the loads and behaviour of the ice around the piers of the Champlain Bridge Ice Control Structure and a project to study the sensitivity of the hydrogeological basin of the Champlain Bridge sector in relation to past and future work and modifications in that sector. The results related to the ice loads are very conclusive and their integration into studies on the load capacity of the Ice Control Structure foundations has led to a significant reduction in the reinforcement needs.

## **2. Applications and Knowledge Transfer**

The efforts related to knowledge transfer have been maintained. To this end, the follow-up of pilot applications on ultra-high performance fibre-reinforced concrete (UHPC), implemented in the fall of 2018, continued in collaboration with academic experts and the results are satisfactory.

The preparation of the second pilot application for the use of the UHPC for the repair of bridge piers was carried out with the collaboration of École Polytechnique de Montréal and of a consulting engineering firm. The work will be carried out on a pier of the Bonaventure Expressway structure during the summer of 2019.

The R&D project management process is finalized and has been deployed. Integrated planning of the R&D projects with the asset management projects has been carried out and an annual update is planned.

## **3. Research and Development Program in Connection with the Deconstruction of the Champlain Bridge**

Taking advantage of the opportunity offered by the deconstruction of the Champlain Bridge, this research program aims at using certain components of the bridge for the purposes of conducting research that will focus on the performance of structural reinforcement and repair techniques. During the first quarter, the RAD management team conducted an interest survey of research entities to identify the interests and the needs. In light of the success of the survey, which obtained a very high level of participation from universities across Canada, a public competition for research projects was launched in July 2019. The projects will be awarded on a gradual basis, starting in September 2019.

### 3.4 REPORT ON THE USE OF APPROPRIATIONS

According to planning, the parliamentary appropriations available for the current fiscal year total \$323 M.

(In thousands of dollars)	Three Months Ended					
	June 30, 2019			June 30, 2018		
	Operations	Capital	Total	Operations	Capital	Total
Main Estimates	250,507	72,181	322,688	277,184	78,100	355,284
<b>Available Funding</b>	<b>250,507</b>	<b>72,181</b>	<b>322,688</b>	<b>277,184</b>	<b>78,100</b>	<b>355,284</b>
Parliamentary Appropriations <sup>(1)</sup>						
+ Used	27,073	11,748	38,821	35,347	10,545	45,892
+ Required	223,434	60,433	283,867	241,837	67,555	309,392
<b>Total Parliamentary Appropriations</b>	<b>250,507</b>	<b>72,181</b>	<b>322,688</b>	<b>277,184</b>	<b>78,100</b>	<b>355,284</b>

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





# + SECTION 4

JCCBI'S 2019-2020 UNAUDITED  
INTERIM FINANCIAL STATEMENTS



## 4. JCCBI'S 2019-2020 UNAUDITED INTERIM FINANCIAL STATEMENTS

For the three (3) months ended June 30, 2019, JCCBI's unaudited Interim Financial Statements have been prepared by management, reviewed by the Audit Committee and approved by JCCBI's Board of Directors. JCCBI's external auditors have not audited or reviewed these unaudited Interim Financial Statements.

### 4.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

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

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

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

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



Sandra Martel, Eng.  
Chief Executive Officer



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

August 28, 2019





## 4.2 STATEMENT OF FINANCIAL POSITION

(Unaudited – in Canadian Dollars)

	June 30, 2019	March 31, 2019
	\$	\$
<b>Financial Assets</b>		
Cash	38,296,582	47,832,852
Accounts receivable (Note 4.6.3)	8,490,453	5,269,957
<b>Total Financial Assets</b>	<b>46,787,035</b>	<b>53,102,809</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4.6.4)	39,371,000	44,294,972
Employee future benefits	502,535	495,762
Contractual holdbacks (Note 4.6.5)	4,987,125	6,361,494
Deferred revenue	248,459	269,436
Environmental Obligations (Note 4.6.6)	26,957,000	26,592,000
<b>Total Liabilities</b>	<b>72,066,119</b>	<b>78,013,664</b>
<b>Net Debt</b>	<b>(25,279,084)</b>	<b>(24,910,855)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 4.6.7)	591,078,668	590,018,168
Prepaid expenses	785,823	789,367
<b>Total Non-Financial Assets</b>	<b>591,864,491</b>	<b>590,807,535</b>
<b>Accumulated Surplus</b>	<b>566,585,407</b>	<b>565,896,680</b>

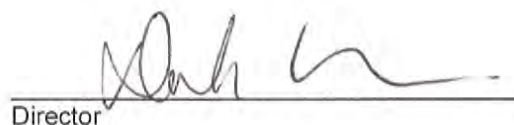
### CONTINGENCIES

(Note 4.6.9)

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

Approved by the Board of Directors

  
Director

  
Director

## 4.3 STATEMENT OF OPERATIONS FOR THE THREE (3) MONTHS ENDED JUNE 30, 2019

(Unaudited – in Canadian Dollars)

	Twelve Months Ended	Three Months Ended	
	March 31, 2020	June 30, 2019	June 30, 2018
	Budget	Actual Quarter	Actual Quarter
	\$	\$	\$
<b>Revenues</b>			
Leases and permits	596,000	148,881	145,110
Interest	934,000	196,003	287,827
Other sources	---	14,510	2,602
<b>Total Revenues</b>	<b>1,530,000</b>	<b>359,394</b>	<b>435,539</b>
<b>Expenses (Note 4.6.11)</b>			
Maintenance	267,285,000	32,460,570	39,538,733
Operations	3,431,000	748,407	764,232
Administration	17,108,000	4,406,947	3,749,553
Environmental obligations	(2,103,000)	875,931	1,339,839
<b>Total Expenses</b>	<b>285,721,000</b>	<b>38,491,855</b>	<b>45,392,357</b>
Deficit before Government of Canada funding	(284,191,000)	(38,132,461)	(44,956,818)
Portion of parliamentary appropriations for operating expenses (Note 4.6.12)	250,507,000	27,073,303	35,346,711
Portion of of parliamentary appropriations for tangible capital assets (Note 4.6.12)	72,181,000	11,747,885	10,545,691
<b>Operating Surplus</b>	<b>38,497,000</b>	<b>688,727</b>	<b>935,584</b>
<b>Accumulated Operating Surplus, Beginning of the Year</b>	<b>604,569,000</b>	<b>565,896,680</b>	<b>559,329,674</b>
<b>Accumulated Operating Surplus, End of the Year</b>	<b>643,066,000</b>	<b>566,585,407</b>	<b>560,265,258</b>

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

## 4.4 STATEMENT OF CHANGE IN NET DEBT FOR THE THREE (3) MONTHS ENDED JUNE 30, 2019

(Unaudited – in Canadian Dollars)

	Twelve Months Ended	Three Months Ended	
	March 31, 2020	June 30, 2019	June 30, 2018
	Budget	Actual Quarter	Actual Quarter
	\$	\$	\$
<b>Annual Operating Surplus</b>	<b>38,497,000</b>	<b>688 727</b>	<b>935,584</b>
Acquisition of tangible capital assets (Note 4.6.7)	(72,181,000)	(11,747,885)	(10,545,691)
Amortization of tangible capital assets (Note 4.6.7)	35,797,000	10,687,385	8,539,432
<b>Total Variation Due to Total Tangible Capital Assets</b>	<b>(36,384,000)</b>	<b>(1,060,500)</b>	<b>(2,006,259)</b>
Acquisition of prepaid expenses	---	(325,670)	201,968
Use of prepaid expenses	---	329,214	(301,112)
<b>Total Variation Due to Prepaid Expenses</b>	<b>---</b>	<b>3,544</b>	<b>(99,144)</b>
<b>Decrease (Increase) in Net Debt</b>	<b>2,113,000</b>	<b>(368,229)</b>	<b>(1,169,819)</b>
<b>Net Debt, Beginning of the Year</b>	<b>(20,436,000)</b>	<b>(24,910,855)</b>	<b>(22,573,824)</b>
<b>Net Debt, End of the Year</b>	<b>(18,323,000)</b>	<b>(25,279,084)</b>	<b>(23,743,643)</b>

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



## 4.5 STATEMENT OF CASH FLOW FOR THE THREE (3) MONTHS ENDED JUNE 30, 2019

(Unaudited – in Canadian Dollars)

	Three Months Ended	
	June 30, 2019	June 30, 2018
	Actual Quarter	Actual Quarter
	\$	\$
<b>Operating Transactions</b>		
Annual Operating Surplus	688,727	935,584
Non-cash items		
Amortization of tangible capital assets (Note 4.6.7)	10,687,385	8,539,432
(Decrease) Increase in employee future benefits	6,773	(12,030)
Increase in environmental obligations	696,000	---
Changes in non-cash working capital items		
Increase in accounts receivable	(3,220,496)	(12,408,898)
Decrease in accounts payable and accrued liabilities	(3,130,177)	(7,835,046)
Decrease in contractual holdbacks	(1,374,369)	(2,180,223)
Decrease in deferred revenue	(20,977)	(20,785)
Decrease (Increase) in prepaid expenses	3,544	(99,144)
(Decrease) Increase in environmental obligations	(331,000)	1,039,260
<b>Cash Flow Provided by Operating Transactions</b>	<b>4,005,410</b>	<b>(12,041,850)</b>
<b>Tangible Capital Asset Investment Activities</b>		
Cash used to acquire tangible capital assets	(13,541,680)	(8,165,481)
Cash flow used for capital transactions	(13,541,680)	(8,165,481)
<b>Decrease in Cash</b>	<b>(9,536,270)</b>	<b>(20,207,331)</b>
<b>Cash, Beginning of the Year</b>	<b>47,832,852</b>	<b>60,525,063</b>
<b>Cash, End of the Year</b>	<b>38,296,582</b>	<b>40,317,732</b>

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

## 4.6. NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

### 4.6.1 Authority and Activity

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

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

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

The Corporation is not subject to income tax legislation.

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

### 4.6.2 Significant Accounting Policies

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

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

#### **Government Transfers**

Government transfer payments are recognized as revenue when the transfer is authorized and eligibility criteria are met, except to the extent that the stipulations give rise to an obligation that meets the definition of a liability. The transfers are recognized as deferred revenue when stipulations lead to the creation of a liability. The revenue is recognized in the Statement of Operations as the stipulations are met. Any portion of government transfers to which the Corporation is entitled, but has not yet received, is recognized under “Due from the Government of Canada”.

## **Tangible Capital Assets**

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

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

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

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

- Bridges and roads – between 5 and 48 years;
- Vehicles and equipment – between 3 and 10 years;
- Leasehold improvements – the lesser of the useful life or the term of the lease.

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

## **Revenue Recognition**

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

## **Employee Future Benefits**

### **PENSION PLAN**

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

### **POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES**

Employees are entitled to days of sick leave and compensation for work injuries, as provided for under their conditions of employment. Employees of the Corporation are subject to the Government Employees Compensation Act. Every year, they are paid the unused portion of their days of sick leave. These annual payments are recognized directly in current costs for the fiscal year. Before December 9, 2016, unionized employees accumulated their unused days of sick leave, which were redeemable at the end of their employment with the Corporation. Following the renewal of their collective agreement in December 2016, unionized workers can no longer accumulate unused sick leave days and redeem them at the time of their departure. Employees with a banked leave balance were offered either to keep the balance until they leave or redeem the balance. Moreover, the Corporation recognizes the cost of compensation for work injuries payable at the time the event



obligating the Corporation occurs. The liability that these benefits represent is determined based on management's best assumptions in terms of salary increases, age of employees, years of service, the probability of employees leaving, and average life expectancy. These assumptions are reviewed annually. Post-employment benefits and compensated absences are recognized at present value.

### Environmental Obligations

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

### Financial Instruments

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

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

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

### Contingencies

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

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

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

## Measurement Uncertainty

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

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

## Budgetary Data

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

### 4.6.3 Accounts Receivable

The Corporation's accounts receivable consist of the following:

	June 30, 2019	March 31, 2019
	\$	\$
Due from the Government of Canada	5,389,762	---
Taxes receivable	2,368,801	1,433,707
Re-invoicing of work to business partners	630,792	2,311,511
Other accounts receivable	101,098	1,524,739
<b>Total Accounts Receivable</b>	<b>8,490,453</b>	<b>5,269,957</b>

### 4.6.4 Accounts Payable and Accrued Liabilities


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

	June 30, 2019	March 31, 2019
	\$	\$
Suppliers and accrued liabilities	38,127,231	40,922,102
Salaries and employee benefits	1,243,769	1,941,444
Due to the Government of Canada	---	1,431,426
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>39,371,000</b>	<b>44,294,972</b>

### 4.6.5 Contractual Holdbacks

Contractual holdbacks (including performance holdbacks and warranty holdbacks) represent the total amount that the Corporation temporarily retains on amounts due to contractors during the performance of the work, to guarantee that the latter fulfil their obligations pertaining to the warranties of rectification and correction of defects and poor workmanship in the work performed.

The warranty periods applicable to each contract begin following the issuance of the Interim Certificate of Completion for the work concerned. The Corporation then pays the 5% contractual



holdback (designated as “performance holdback”) and retains a new amount equal to 2.5% as contractual holdback (designated as “warranty holdback”).

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

#### 4.6.6 Environmental Obligations

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

With respect to the lands under the Jacques Cartier Bridge, the Corporation is conducting characterization studies to classify the contaminated sites and determine whether the Corporation needs to clean up the lands or adopt a risk management strategy to limit the contamination. For one section of these lands, a study confirmed the presence of residual materials and soils contaminated with polycyclic aromatic hydrocarbons (PAHs) and metals (e.g. copper, lead) whose level exceeds the acceptable environmental standards. The lands were contaminated as a result of past commercial and industrial operations. The Corporation estimates that future benefits are likely to be given up. However, additional analyses are required to determine the remediation or risk management strategy to be adopted as well as the costs involved. Therefore, the liability cannot be reasonably estimated at this stage and no environmental liability has been recorded.

As at June 30, 2019, the priority environmental issue for the Corporation remains that of the lands located in the Bonaventure Expressway sector in Montreal. These lands, which have been managed by the Corporation since 1978, are located on a portion of and close to a former landfill site operated by the City of Montreal between 1866 and 1966. This former landfill site covers several tracts of land belonging to different owners. Since 2003, the Corporation has conducted studies and toxicity tests on the groundwater in this location. The tests revealed that the groundwater is contaminated beyond acceptable criteria. Given the complexity of the issue, the involvement of numerous owners and the significant costs involved, the federal government has focused on integrated solutions to the environmental issues at this site. This site can be divided into two sectors: the East sector and the West sector:

For the East sector, the containment and pumping operations have begun in 2018. For the West sector, both the containment of groundwater and the operation of the treatment plant have begun in 2017. The Corporation is managing this project. The portion of the costs borne by the Corporation for the West sector is 50% of the total costs to be incurred.



As at June 30, 2019, the Corporation estimates an amount of \$26,957,000 (\$26,592,000 as at March 31, 2019) as environmental obligations for the East and West sectors.

	East Sector	West Sector	Total
<b>Undiscounted Amount to which the Inflation Rate was Applied:</b>			
As at March 31, 2019	\$22,288,000	\$8,207,000	\$30,495,000
As at June 30, 2019	\$22,291,000	\$8,138,000	\$30,429,000
<b>Discounted Amount to which the Inflation Rate was Applied:</b>			
As at March 31, 2019	\$19,382,000	\$7,210,000	\$26,592,000
As at June 30, 2019	\$19,682,000	\$7,275,000	\$26,957,000

The Environmental Obligations are based on the following assumptions:

- The duration of the operations included in the obligations related to the East and West sectors is estimated at fifteen (15) years. The duration of the operations will extend beyond this period, but it is impossible, at this time, to determine the costs beyond fifteen (15) years;
- The planned expenditures for the containment and pumping operations are based on the costs of the contracts that have already been awarded;
- The discount rates are determined based on the actual zero-coupon yield curve for Government of Canada bond market issued by the Bank of Canada. The discount rate for the year 2021 is 1.71% (1.70% as at March 31, 2019). The rates for subsequent years range from 1.33% to 1.61% (1.52% to 1.83% as at March 31, 2019);
- The inflation rate is based on the Non-Residential Building Construction Price Index. For fiscal year 2019-2020, the rate is 3.09% (3.02% as at March 31, 2019);
- There is no residual value to the projects.

## 4.6.7 Tangible Capital Assets

(Unaudited – in Canadian Dollars)

	Lands	Bridges and Roads	Vehicles and Equipment	Leasehold Improvements	Projects in Progress	Total
	\$	\$	\$	\$	\$	\$
<b>COST</b>						
April 1, 2018	5,250,117	798,171,781	4,717,596	824,495	16,672,846	825,636,835
Acquisitions	-	27,922,968	903,166	441,476	21,006,518	50,274,128
Disposals	-	(11,041,632)	(1,637,840)	(10,327)	-	(12,689,799)
Transfers	-	16,672,845	-	-	(16,672,845)	-
<b>March 31, 2019</b>	<b>5,250,117</b>	<b>831,725,962</b>	<b>3,982,922</b>	<b>1,255,644</b>	<b>21,006,519</b>	<b>863,221,164</b>
Acquisitions	-	1,251,607	115,413	(72,940)	10,453,805	11,747,885
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
<b>June 30, 2019</b>	<b>5,250,117</b>	<b>832,977,569</b>	<b>4,098,335</b>	<b>1,182,704</b>	<b>31,460,324</b>	<b>874,969,049</b>
<b>ACCUMULATED AMORTIZATION</b>						
April 1, 2018	-	240,537,019	3,807,160	10,327	-	244,354,506
Amortization	-	40,431,789	273,529	162,834	-	40,868,152
Disposals	-	(10,371,495)	(1,637,840)	(10,327)	-	(12,019,662)
<b>March 31, 2019</b>	<b>-</b>	<b>270,597,313</b>	<b>2,442,849</b>	<b>162,834</b>	<b>-</b>	<b>273,202,996</b>
Amortization	-	10,534,054	110,626	42,705	-	10,687,385
<b>June 30, 2019</b>	<b>-</b>	<b>281,131,367</b>	<b>2,553,475</b>	<b>205,539</b>	<b>-</b>	<b>283,890,381</b>
<b>NET BOOK VALUE</b>						
<b>March 31, 2019</b>	<b>5,250,117</b>	<b>561,128,649</b>	<b>1,540,073</b>	<b>1,092,810</b>	<b>21,006,519</b>	<b>590,018,168</b>
<b>June 30, 2019</b>	<b>5,250,117</b>	<b>551,846,202</b>	<b>1,544,860</b>	<b>977,165</b>	<b>31,460,324</b>	<b>591,078,668</b>

As at June 30, 2019, "Accounts Payable and Accrued Liabilities" includes acquisitions related to tangible capital assets of \$16,840,646 (\$18,634,441 as at March 31, 2019).

#### 4.6.8 Share Capital

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

#### 4.6.9 Contingencies

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

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

As at June 30, 2019, some contingent assets are under negotiation with business partners and their estimated amount cannot be determined. The contingent assets are not recognized in the Financial Statements.

##### **Other Contingencies**

- a) The Corporation was granted a permit to install, maintain and use a cable for closed circuit television signals on lands that it does not own. In the event of termination of this permit, the Corporation will have to remove its facilities, at its expense. As at June 30, 2019, neither the owner of the lands nor the Corporation has indicated its intention to terminate the permit. Therefore, no contingent liabilities related to this capital asset has been recognized.
- b) The Corporation holds structures erected on land whose owner has transferred the management and administration thereof to the Government of Canada. The owner of the land could take back the land in the event of a change in the use thereof, without any indemnity for the structures erected, provided they are in satisfactory condition, at the convenience of the owner. At present, the Corporation has no intention of changing the current use of this land. Therefore, no liabilities related to these capital assets has been recognized.

#### 4.6.10 Related Party Transactions

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

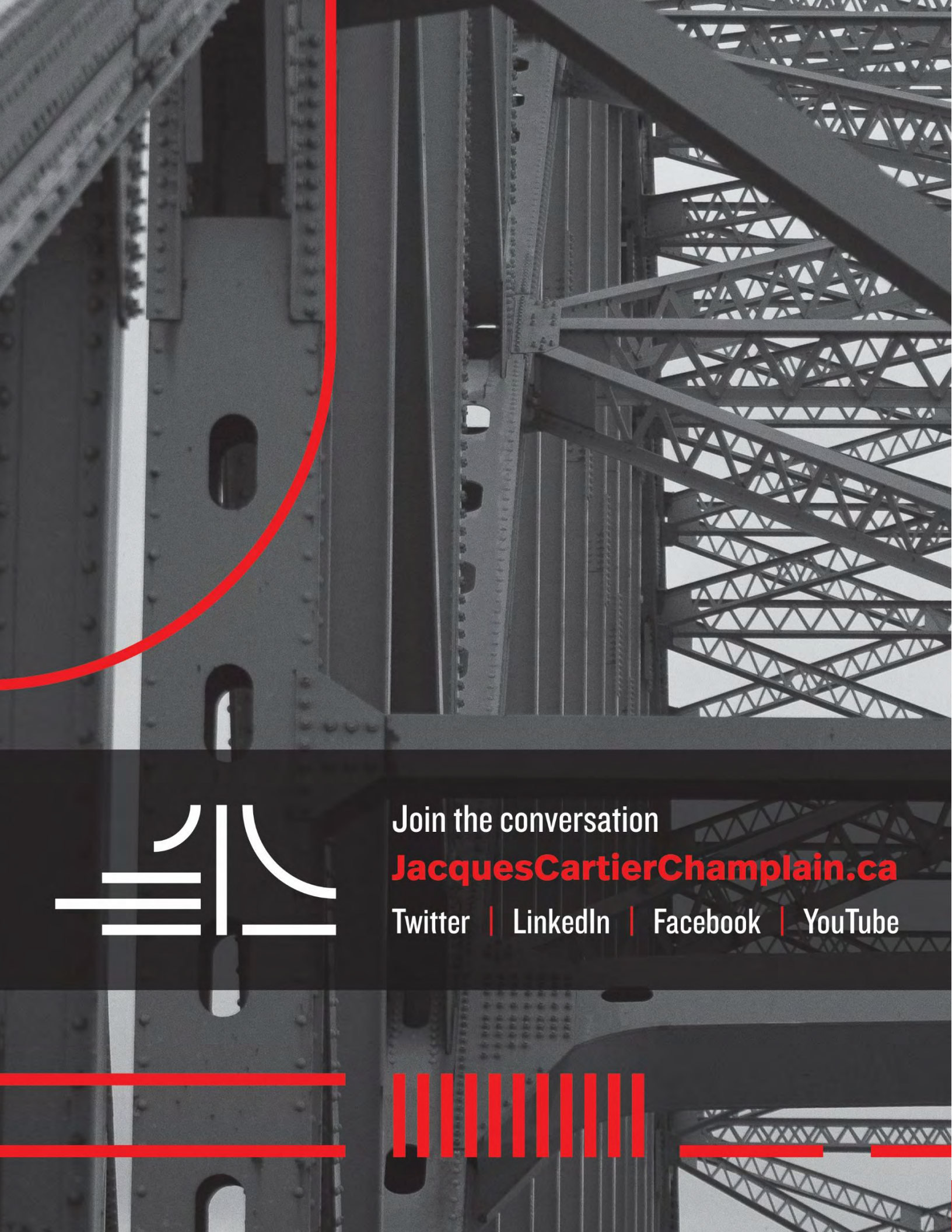


#### 4.6.11 Expenses by Type

	June 30, 2019	June 30, 2018
	\$	\$
Regular and major maintenance	16,820,799	26,852,377
Environmental obligations	875,931	1,339,839
Amortization of tangible capital assets	10,687,385	8,539,432
Salaries and employee benefits	5,442,473	4,961,040
Professional services	2,699,215	2,371,592
Goods and services	1,966,052	1,328,077
<b>Total Expenses</b>	<b>38,491,855</b>	<b>45,392,357</b>

#### 4.6.12 Parliamentary Appropriations

	June 30, 2019	June 30, 2018
	\$	\$
Parliamentary appropriations requested	40,192,014	48,080,969
Change in long-term contractual holdbacks	(1,370,826)	(2,188,567)
<b>Total Parliamentary Appropriations Recognized as Revenue</b>	<b>38,821,188</b>	<b>45,892,402</b>
<b>Distribution</b>		
Portion of parliamentary appropriations for operating expenses	27,073,303	35,346,711
Portion of parliamentary appropriations for tangible capital assets	11,747,885	10,545,691
<b>Total Parliamentary Appropriations Recognized as Revenue</b>	<b>38,821,188</b>	<b>45,892,402</b>



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