



Ponts  
JACQUES CARTIER +  
CHAMPLAIN  
Bridges  
Canada



# QUARTERLY FINANCIAL REPORT

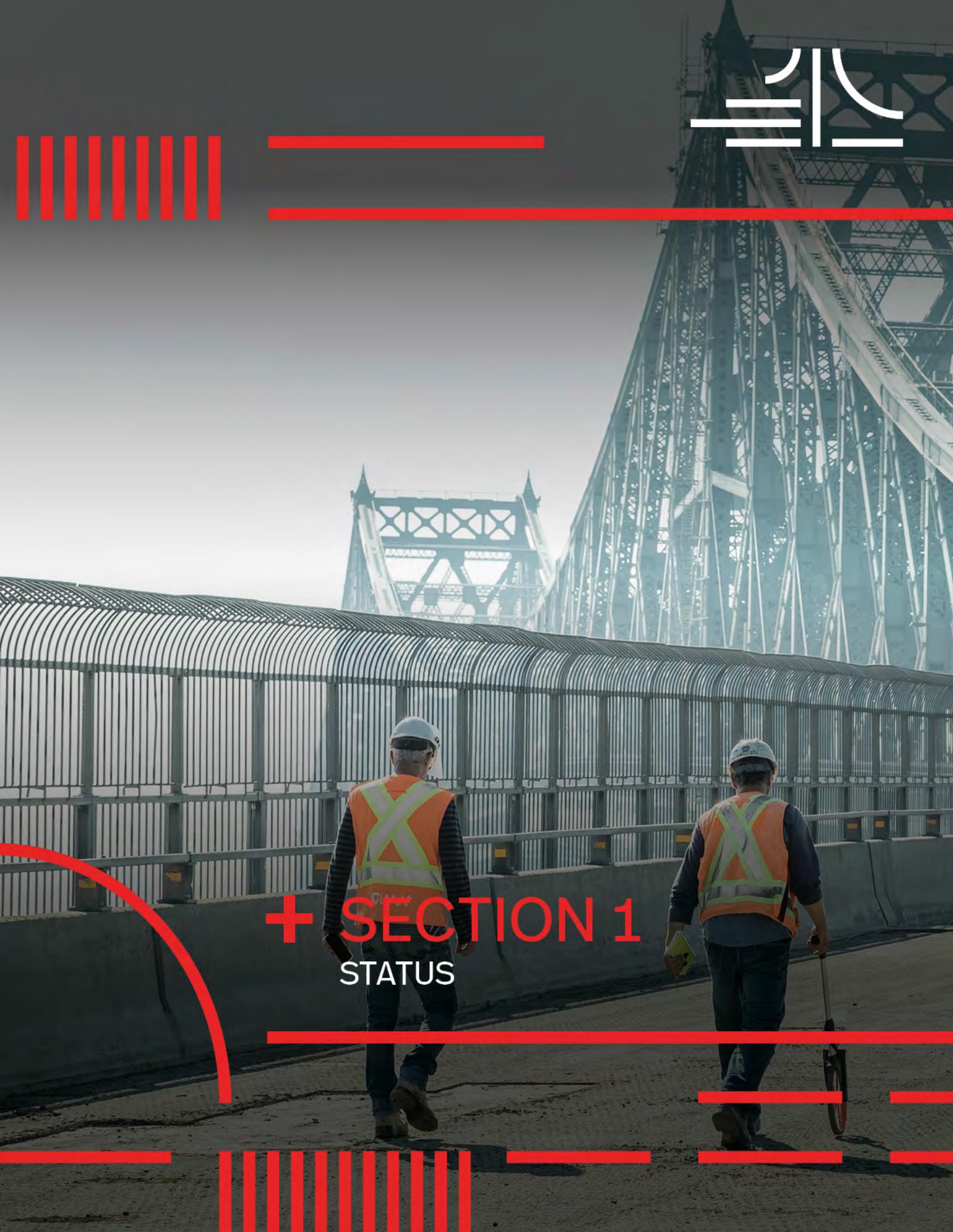


**3<sup>rd</sup> QUARTER (Q3)**

For nine months ended December 31, 2020

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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 several bridges and a tunnel 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 section of the Honoré Mercier Bridge as well as their approaches, the Melocheville Tunnel and two related infrastructures, namely the federal section of the Bonaventure Expressway and the Champlain Bridge Estacade.

For each of these infrastructures, JCCBI assumes responsibility for:

- + Mobility (It should be noted that the original Champlain Bridge has been closed to traffic since the commissioning of the Samuel De Champlain Bridge in the summer of 2019);
- + Operations;
- + Inspections;
- + Maintenance;
- + Repairs and/or rehabilitation;
- + Safety;
- + Coordination with stakeholders (federal, provincial, municipal and others);
- + Management of contaminated sites;
- + Environment.

## 1.2 MISSION, VISION AND VALUES

### **Our Mission**

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

### **Our Vision**

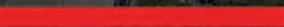
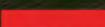
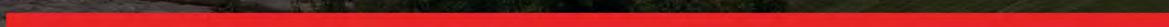
Become a leader in major infrastructure management as an innovative expert, a mobility leader and a social and urban contributor.

### **Our Values**

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



**+ SECTION 2**  
Q3 OF 2020-2021 IN REVIEW



## 2. Q3 OF 2020-2021 IN REVIEW

This quarterly financial report has been prepared in accordance with the requirements of the FAA and the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Report. It provides an assessment of JCCBI's operations and financial position for the quarter ended December 31, 2020 (Q3). 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 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.

### 2.1 SUMMARY

JCCBI declares a \$5.9 M surplus for the nine months ended December 31, 2020 (\$3.1 M in 2019). The deficit before public funding is \$170.0 M as at December 31, 2020 (\$120.1 M in 2019).

For the current fiscal year, the combined total revenue amounts to \$0.7 M (\$1.1 M in 2019), remaining stable overall.

During the same period, the net debt remained stable at \$33.1 M. Financial assets increased by \$56.7 M. This change is related to the terms of payment of the contract for the deconstruction of the original Champlain Bridge, as well as to the level of achievement of investment activities.

During the first nine months of the current fiscal year, the acquisitions of gross capital assets totalled \$28.8 M (\$25.8 M in 2019). They mainly consist of investments of \$22.6 M for the Jacques Cartier Bridge, \$3.3 M for the Honoré Mercier Bridge, \$1.3 M for the Bonaventure Expressway and \$1.1 M for the Melocheville Tunnel.

### 2.2 OUTLOOK

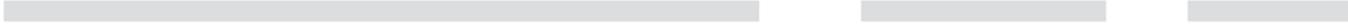
The expenses to maintain the bridges and related infrastructures remain stable. The deconstruction of the original Champlain Bridge by the contractor Nouvel Horizon St-Laurent G.P. (NHSL) is underway. The said contractor is responsible for the structural integrity of the bridge during the work.

The government-funded projects are continuing, including the rehabilitation work currently underway at the Jacques Cartier Bridge, at the Honoré Mercier Bridge, on the Bonaventure Expressway and at the Melocheville Tunnel.

As for the future projects at the Jacques Cartier Bridge, a redevelopment of the approaches to the bridge is planned to promote the flow of traffic, taking into consideration the future needs arising from the different modes of transportation. Such redevelopments must be developed according to an urban integration approach and in coordination with the provincial and municipal authorities, particularly the development plan for Île Sainte-Hélène, which is currently underway. A study is underway to assess the potential for development of the Île Sainte-Hélène pavilion and a business case is under preparation for the future vocation of said pavilion. In addition, following the announcement of a possible *REM de l'Est* project, discussions have been initiated for the coordination of the project in the Jacques Cartier Bridge sector.

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 and reconstruction. The preliminary project study for the development of technical solutions for the construction of the urban boulevard, including a linear park along the St. Lawrence River, is underway in collaboration with the City of Montreal and the stakeholders.

A business case entitled "*Diagnostic et plan directeur de maintien d'actifs : Étape d'une démarche globale de gestion d'actifs*" which presents the overall approach for the long-term maintenance of the assets under JCCBI's responsibility, has been submitted to Infrastructure Canada and is under review.



JCCBI is proud of its workforce, whose strength lies in its commitment to the achievement of its strategic results. The funding that has been approved 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.

## 2.3 IMPORTANT CHANGES

During this third quarter, important changes were made to the organizational structure to better serve the needs of the Corporation.

First, in October 2020, in order to maintain JCCBI's positioning as a leader in major infrastructure management and expert, the structure of the Asset Management Department was reorganized. As a result, the inspection component now falls under the responsibilities of the Planning Division. The roles of Inspection Engineer and Planning Engineer are now combined in an approach of role enhancement and versatility, thus promoting skills development. In addition, a third ECS (Engineer in Charge of Structure) position was created to cover three groups of structures (Jacques Cartier – Bonaventure and Estacade – Honoré Mercier and Tunnel) in order to ensure both the organizational succession and a better distribution of the asset portfolio. A new management position reporting to the Director, Planning was created to ensure the development and optimal functioning of this team.

Second, the Administration Department, which consisted of six divisions, namely Finance, Human Resources, Procurement, Information Technologies, Project-based Management and Legal Affairs, was split into two departments. As a result, the Administration Department now consists of three divisions, namely Finance, Information Technologies and PBM/ SPM, and the newly created Legal Affairs and Human Resources Department consists of the Legal Affairs, Human Resources and Procurement Divisions.

This change aims at ensuring the optimization of resources and the fluidity of activities and allows JCCBI to continue to deploy its agility, to better distribute the responsibilities related to support divisions and to ensure a better balance between the Senior Directors' positions. The new Senior Director will assume his responsibilities on February 1, 2021.

Over the past nine months, JCCBI's management team has remained proactive and has continued to monitor the evolution of the COVID-19 situation and the public health guidelines on a daily basis and to stay abreast of the various issues that may arise for staff members, taking the appropriate initiatives and decisions.

To this end, the offices were closed again on December 16, 2020 in compliance with the public health guidelines, and all employees have been working remotely since that date, except for the essential functions of the Operations and Maintenance team and some essential services that must be maintained in the administrative offices.

In order to keep employees well informed, the Communications Division continues to broadcast, on a regular basis, messages to staff in the special COVID-19 section on the internal communications platform.



**+ SECTION 3**  
ANALYSIS OF FINANCIAL RESULTS

## 3. ANALYSIS OF FINANCIAL RESULTS

### 3.1 RESULTS OF OPERATIONS

#### 3.1.1 Statement of Financial Position

##### Financial Assets

During the nine months ended December 31, 2020, the total financial assets increased by \$56.7 M, to amount to \$92.0 M, compared to \$35.3 M as at March 31, 2020. A determining factor in the variation in financial assets is the date on which the federal appropriations, which include the funding for the capital projects and the operating expenses, are received. In addition, an amount of \$10.4 M is related to the terms of payment provided for in the contract for the deconstruction of the original Champlain Bridge.

##### Liabilities

Accounts payable and accrued liabilities increased by \$55.1 M, from \$29.0 M as at March 31, 2020 to \$84.1 M as at December 31, 2020. This increase 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 in compliance with the performance requirements and the contractual warranties have expired. These contractual holdbacks increased by \$1.4 M to amount to \$5.6 M as at December 31, 2020 (\$4.2 M as at March 31, 2020). These amounts will become payable when the work is completed and the warranties have expired.

##### Non-Financial Assets

The tangible capital assets net of amortization increased by \$6.0 M to total \$612.5 M relative to the March 31, 2020 Financial Statements (\$606.5 M). This total includes gross capital investments of \$28.8 M less the charges for amortization of \$22.8 M. The major works concerned by these acquisitions are those of the Jacques Cartier Bridge (\$22.6 M), the Honoré Mercier Bridge (\$3.3 M), the Bonaventure Expressway (\$1.3 M) and the Melocheville Tunnel (\$1.1 M).

##### Government Funding

The following table summarizes the public funding for the third quarter of the current fiscal year as at December 31, 2020:

(In thousands of dollars)	Third Quarter		Cumulative (nine months)	
	2020-2021	2019-2020	2020-2021	2019-2020
Public funding for operating expenses	61,699	33,575	147,056	97,472
Public funding for tangible capital assets	11,271	10,587	28,828	25,784
<b>TOTAL</b>	<b>72,970</b>	<b>44,162</b>	<b>175,884</b>	<b>123,256</b>

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

### 3.1.2 Expenses

#### Maintenance

Maintenance expenses during the first three quarters represent 90.0% (89.2% as at December 31, 2019) of the total cumulative expenses.

For the nine months ended December 31, 2020, the maintenance expenses, including amortization, totalled \$153.7 M and are mainly distributed as follows:

- + \$56.7 M for work for the Champlain Bridge;
- + \$41.3 M for work for the Jacques Cartier Bridge;
- + \$18.5 M for work for the Honoré Mercier Bridge;
- + \$12.1 M for work for the Bonaventure Expressway;
- + \$6.1 M for work for the Île des Sœurs Bypass Bridge;
- + \$1.9 M for work for the Champlain Bridge Estacade;
- + \$1.1 M for work for the Melocheville Tunnel;
- + \$11.4 M for salaries and employee benefits;
- + \$4.6 M for various other projects and equipment.

#### Operations

Operating expenses during the first nine months totalled \$3.3 M (\$2.6 M as at December 31, 2019). These figures represent 1.9% of total expenses (2.2% as at December 31, 2019).

#### Administration

The administrative expenses of the first nine months of the fiscal year total \$11.7 M and remained relatively stable compared to the same period of the previous fiscal year (\$12.1 M as at December 31, 2019). During the first three quarters, administrative expenses represented 5.9% (8.2% as at December 31, 2019) of total expenses (including capital asset acquisitions). This rate varies, notably in relation to the major maintenance expenditures. The Corporation's objective is not to exceed 6%.

## 3.2 CASH FLOW

JCCBI's cash position increased by \$16.6 M as at December 31, 2020 to amount to \$50.1 M (\$33.5 M as at March 31, 2020) and is closely linked to the payments of the federal parliamentary appropriations. As at December 31, 2020, the net amount receivable from government departments and agencies amounted to \$30.9 M (\$1.2 M as at March 31, 2020).

## 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 Asset Management

JCCBI's priority is to ensure the mobility of users and the sustainability of its assets while ensuring the safety of the structures under its responsibility. The ageing of the assets and the adequate funding required for both their maintenance and their rehabilitation are not only challenges but also create real risks that the Corporation must mitigate in order to ensure the safety of the infrastructures, as well as that of daily users.



The bridges and other structures managed by the Corporation are old and have been subjected to years of heavy and increasing traffic, changing and harsh weather conditions and extensive use of abrasives and road salt.

As the Corporation wishes to ensure its positioning as leader in asset management, a comparative positioning analysis is in the process of being carried out. Based on the preliminary results of this analysis, JCCBI is proactively developing an asset management action plan that will be updated in light of the final report. JCCBI's objective is to integrate the best practices recognized in the field, based on ISO 55000.

### 3.3.2 Major Projects

#### 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:

- + The contract for the construction of the fibre optic loop was awarded in the fall of 2018 and, at the end of fiscal year 2019-2020, most of the work had been completed. Some work that had to be postponed was carried out during the third quarter of fiscal year 2020-2021;
- + The preliminary project study on the increase in the service offer to active transportation users continued in the third quarter. The objective of this study is to allow safe passage for cyclists and pedestrians throughout the year, to reduce the risk of accidents and to improve user-friendliness and safety, all within an approach based on a global vision of the network and sustainable development. During the third quarter, the progress of this study made it possible to evaluate various alternatives in addition to obtaining an estimate of the costs and timelines for each of the solutions. The preliminary project study is expected to be completed in the fall of 2021;
- + A detailed preliminary project study report and a complementary study to further develop the seismic component to ensure the sustainability of the Île Sainte-Hélène pavilion were submitted during the third quarter of 2019-2020. In view of the preliminary conclusions of the seismic analysis and of the costs related thereto, the seismic component will be included in another overall seismic reinforcement project. This project has started in the third quarter of 2020-2021;
- + The construction of the new building and new layout of the adjacent yard for the Operations and Maintenance Division began as scheduled in the second quarter of 2020-2021. Certain issues are currently being analyzed and a mitigation plan will be deployed to limit the impact on the schedule.

#### Champlain Bridge and Estacade

During the third quarter, the contractor responsible for the deconstruction of the original Champlain Bridge continued its mobilization on Île des Sœurs, at the Estacade wharf and in Brossard. Mobilization will be completed when all the main marine equipment is mobilized at the worksite in preparation for the marine deconstruction work by barge that will begin in the spring of 2021.

On Île des Sœurs, the contractor completed the installation of the temporary jetty in the St. Lawrence River and began deconstruction work. In order to ensure compliance with fish migration requirements, migration corridors will be developed in this jetty during the fourth quarter of 2020-2021.

In Brossard, the construction of the temporary jetty has begun in the river and will continue during the fourth quarter of 2020-2021.

In 2019, JCCBI began a consultation process with certain project stakeholders to promote the use of the materials from the original Champlain Bridge on other projects in the Greater Montreal area. During the third quarter of 2020-2021, JCCBI secured the first sites that will be used to store the bridge components to be reclaimed. The delivery of materials has begun and will continue during the fourth quarter of 2020-2021.



With respect to the Estacade, following the launch of the preliminary project study, JCCBI is in the process of establishing the strategy for the professional services required for the studies regarding the repair of foundation units and deck bearings.

### **Bonaventure Expressway**

The milling and paving work was completed in the third quarter. The box girder repair work planned for 2020-2021 has been completed.

The preliminary project studies for the reconfiguration of sections 11 and 12 of the expressway into an urban boulevard are continuing. Given the risk of a delay in the schedule for these studies, a mitigation plan is underway to minimize the impacts thereof on the project.

A preliminary project study for the maintenance of the Clément Bridge and of JCCBI's infrastructures on Île des Sœurs began during the third quarter.

No other new risks or changes are to be reported for the third quarter.

### **Île des Sœurs Bypass Bridge**

The preliminary draft report of the detailed preliminary project study for the deconstruction of the Île des Sœurs Bypass Bridge was received at the end of the third quarter.

No new risks or changes are to be reported for the third quarter.

### **Honoré Mercier Bridge**

The major rehabilitation program to repair the piers and replace the paint coating has been adjusted due to the impacts of the pandemic on the execution of the work. Part of the work planned for 2020-2021 has been postponed to 2021-2022. However, the preparation of the tender documents as well as the calls for tenders have progressed as planned. The launch of the last call for tenders for fiscal year 2020-2021 is scheduled for the fourth quarter.

During the third quarter of 2020-2021, a sustained coordination effort was made with the local authorities to carry out the investigations necessary to complete the preliminary project studies for the connection of the bridge's multifunctional path to the municipal network, the validation of the bank stability, the environmental characterization of the land and the development of a memorial circuit. These investigations will be completed at the beginning of the fourth quarter. The impacts of the pandemic have been significant on the coordination process. Based on the developments, the timelines will be confirmed in the fourth quarter of 2020-2021.

### **3.3.3 Environment and Sustainable Development**

JCCBI participates in the FCSAP administered by Environment and Climate Change Canada for the implementation of mitigation measures to contain/pump or pump/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. This technological solution aims at containing the free phase of hydrocarbons before its migration to the St. Lawrence River.

The West Sector's pumping and treatment system is the subject of a partnership with the Quebec government (*ministère de l'Environnement et de la Lutte contre les changements climatiques*). JCCBI secures the necessary technical support through an external firm for the next three years. Such technical support is to ensure that this complex system, consisting of a hydraulic barrier of 32 capture and pumping wells, and a treatment plant, remains operational at all times.

In order to manage the environmental risks and meet both the corporate and the Government of Canada's environmental and sustainable development objectives, a series of initiatives continued over the past year:

- + The Corporation has developed a comprehensive characterization plan for its lands which, once completed, will make it possible to establish with greater precision all the actions required for the remediation and control of the contaminants during the execution of the projects and thus reduce the risks related to these issues. The terms of reference for the five-year land characterization contract are still under development;
- + The internal communication on the future alignment of the internal sustainable development approach with the *Federal Sustainable Development Act (FSDA)* and underlying strategy thereof was completed. JCCBI prepared, on a voluntary basis, its new 2020 to 2023 sustainable development strategy under the FSDA, which was filed with the relevant authorities in September 2020;
- + The diagnosis of the Corporation's environmental management system was carried out in the fall of 2020. Said diagnosis will enable the Corporation to deploy an action plan in the winter of 2021 to improve and develop management tools adapted to the Corporation's activities. The actions presented in this plan will be implemented between 2021 and 2023;
- + The deconstruction work on the original Champlain Bridge requires rigorous monitoring of the proper management of sediment, soils, water and materials. Such monitoring will be ensured through a comprehensive traceability system. In addition, the biodiversity compensation obligations for habitat loss are in the process of being assessed. This project also opens the door to the development of various programs such as the reuse and recovery of materials, carbon neutrality, in-situ and ex-situ research projects, planning for the development of the assets along the river through consultation and co-design activities with the public, as well as the steps towards external recognition of leadership in sustainable development, which will be carried out in parallel with the deconstruction work.

### 3.3.4 Occupational Health and Safety (OHS)

The OHS Division continues to update the Corporation's OHS management program. This program is evolving and its review and upgrading process has recently begun. An OHS pre-qualification process for consultants and contractors is in the process of being developed and implemented. Safe work procedures have been developed in order to evaluate and manage the risks present in the work environment, notably those related to trenches and excavations as well as lifting equipment. In addition, the guide to the hygiene measures in place in JCCBI's offices as well as the safe work directive that governs workplace visits during a pandemic have been adapted as new information became available. This entire process is carried out in collaboration with the local OHS Committees and with the divisions concerned in order to reflect the vision of the Corporation's OHS reality.

### 3.3.5 Sustainable Funding

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 on a minimal basis. 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 related to contaminated groundwater in the Bonaventure Expressway sector (East and West Sectors), despite the funding received for the years 2018-2019 to 2022-2023 and the FCSAP funding, the need for long-term funding over a 15-year period (calculated as of 2016-2017) remains imperative.

### 3.3.6 Human Resources Management

To remain an attractive and constantly evolving organization, JCCBI implements actions to stimulate the development and commitment of its employees in an innovative environment, while ensuring a climate of goodwill and collaboration.

In order to retain its employees, JCCBI ensures professional development and succession planning by putting their talents to use, all in line with the 2020-2023 strategic plan.

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 have made it possible to consolidate expectations and launch the project, which is scheduled to be carried out over a period of three years.

These human resources management initiatives are aimed at improving the employee experience and stimulating organizational recognition, all in order to position the Corporation as “Best Employer”.

The pandemic caused by COVID-19 forced JCCBI to make numerous adjustments and adapt its activities and programs affecting all employees.

In addition, JCCBI has begun negotiations with the Canadian Union of Public Employees, Local 4102 for the renewal of the collective agreement, which expires on December 31, 2020.

### 3.3.7 Information Technologies (IT)

As part of its IT risk management, JCCBI awarded a contract for business continuity, which comprises the following three phases:

- 1- Management Structure and Framework – completed in the first quarter of 2020-2021;
- 2- Business Impact Analysis (BIA) – completed in the third quarter of 2020-2021;
- 3- Business Continuity Strategy – coming in the last quarter of 2020-2021.

Phase 2 consisted of updating the BIA by re-evaluating the critical functions. Phase 2 made it possible to identify the key functions, the applications and the computer programs that are critical to operations. This phase also made it possible to identify additional elements that are critical to the Corporation’s operations. The critical functions will become the reference base that will support JCCBI’s divisions in the development of a business continuity strategy (Phase 3) to be completed in the next quarter. The continuity strategy will include the drafting of continuity sheets and service agreements for each of the critical functions, as well as a project report.

Phishing tests and employee awareness activities are conducted on a continuous basis.

### 3.4 REPORT ON THE USE OF APPROPRIATIONS

According to planning, the parliamentary appropriations available for the current fiscal year total \$328 M.

(In thousands of dollars)	As at December 31, 2020			As at December 31, 2019		
	Operations	Capital	Total	Operations	Capital	Total
Main Estimates	278,758	48,862	327,620	250,507	72,181	322,688
<b>Available Funding</b>	<b>278,758</b>	<b>48,862</b>	<b>327,620</b>	<b>250,507</b>	<b>72,181</b>	<b>322,688</b>
Parliamentary Appropriations <sup>(1)</sup>						
+ Used	147,056	28,828	175,884	97,472	25,784	123,256
+ Required	131,702	20,034	151,736	153,035	46,397	199,432
<b>Total Parliamentary Appropriations</b>	<b>278,758</b>	<b>48,862</b>	<b>327,620</b>	<b>250,507</b>	<b>72,181</b>	<b>322,688</b>

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



# + SECTION 4

JCCBI'S 2020-2021 UNAUDITED  
INTERIM FINANCIAL STATEMENTS

## 4. JCCBI'S 2020-2021 UNAUDITED INTERIM FINANCIAL STATEMENTS

For the nine months ended December 31, 2020, 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 the preparation and fair presentation of these quarterly Financial Statements in accordance with the Canadian Public Sector Accounting Standards and the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Report. 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 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 Office of the Auditor General of Canada audits the Corporation's Financial Statements and its report indicates the scope of its audit as well as its opinion on the Financial Statements.



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Sandra Martel, Eng.  
Chief Executive Officer



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

March 17, 2021

## 4.2 STATEMENT OF FINANCIAL POSITION

(Unaudited – in Canadian Dollars)

	December 31, 2020	March 31, 2020
	\$	\$
<b>Financial Assets</b>		
Cash	50,061,196	33,506,048
Accounts receivable (Note 4.6.3)	41,942,666	1,841,819
<b>Total Financial Assets</b>	<b>92,003,862</b>	<b>35,347,867</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 4.6.4)	84,084,191	29,003,524
Employee future benefits	513,316	530,545
Contractual holdbacks (Note 4.6.5)	5,621,115	4,214,047
Deferred revenue	269,836	229,907
Environmental obligations (Note 4.6.6)	34,573,000	34,396,000
<b>Total Liabilities</b>	<b>125,061,458</b>	<b>68,374,023</b>
<b>Net Debt</b>	<b>(33,057,596)</b>	<b>(33,026,156)</b>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 4.6.7)	612,493,515	606,449,339
Prepaid expenses	937,554	1,065,886
<b>Total Non-Financial Assets</b>	<b>613,431,069</b>	<b>607,515,225</b>
<b>Accumulated Surplus</b>	<b>580,373,473</b>	<b>574,489,069</b>

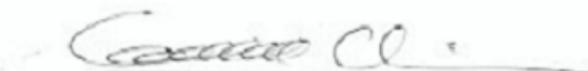
### CONTINGENCIES, DECONSTRUCTION OF THE ORIGINAL CHAMPLAIN BRIDGE

(Notes 4.6.9 and 4.6.13)

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

Approved by the Board of Directors

  
 Director

  
 Director

## 4.3 STATEMENT OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

(Unaudited – in Canadian Dollars)

	Twelve Months Ended	Nine Months Ended			
	March 31, 2021	December 31, 2020		December 31, 2019	
	Budget	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Leases and permits	597,000	126,733	380,976	135,449	433,688
Interest	793,000	104,284	319,568	201,849	619,686
Other sources	---	---	843	8,665	25,180
<b>Total Revenue</b>	<b>1,390,000</b>	<b>231,017</b>	<b>701,387</b>	<b>345,963</b>	<b>1,078,554</b>
<b>Expenses (Note 4.6.11)</b>					
Maintenance	273,669,000	62,952,067	153,666,291	36,065,975	108,077,710
Operations	4,554,000	1,238,071	3,282,956	884,089	2,632,320
Administration	17,879,000	4,346,442	11,745,941	4,041,441	12,115,675
Environmental obligations	(1,585,000)	971,179	2,006,634	(2,713,225)	(1,634,699)
Loss on disposal of tangible capital assets	---	---	---	---	6,366
<b>Total Expenses</b>	<b>294,517,000</b>	<b>69,507,759</b>	<b>170,701,822</b>	<b>38,278,280</b>	<b>121,197,372</b>
Deficit before Government of Canada funding	(293,127,000)	(69,276,742)	(170,000,435)	(37,932,317)	(120,118,818)
Portion of transfer payments for operating expenses (Note 4.6.12)	278,758,000	61,698,849	147,056,409	33,575,382	97,472,488
Portion of transfer payments for tangible capital assets (Note 4.6.12)	48,862,000	11,271,504	28,828,430	10,586,754	25,784,279
<b>Annual Operating Surplus</b>	<b>34,493,000</b>	<b>3,693,611</b>	<b>5,884,404</b>	<b>6,229,819</b>	<b>3,137,949</b>
<b>Accumulated Operating Surplus, Beginning of the Year</b>	<b>604,451,000</b>	---	<b>574,489,069</b>	---	<b>565,896,680</b>
<b>Accumulated Operating Surplus, End of the Year</b>	<b>638,944,000</b>	---	<b>580,373,473</b>	---	<b>569,034,629</b>

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

## 4.4 STATEMENT OF CHANGE IN NET DEBT FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

(Unaudited – in Canadian Dollars)

	Twelve Months Ended	Nine Months Ended		Nine Months Ended	
	March 31, 2021	December 31, 2020		December 31, 2019	
	Budget	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	\$	\$	\$	\$	\$
<b>Annual Operating Surplus</b>	<b>34,493,000</b>	<b>3,693,611</b>	<b>5,884,404</b>	<b>6,229,819</b>	<b>3,137,949</b>
Acquisition of tangible capital assets (Note 4.6.7)	(62,776,000)	(11,271,504)	(28,828,430)	(10,586,754)	(25,784,279)
Amortization of tangible capital assets (Note 4.6.7)	29,868,000	7,651,994	22,784,254	7,429,804	25,445,201
Gain on disposal of tangible capital assets	---	---	---	(7,000)	(21,500)
Proceeds from disposal of tangible capital assets	---	---	---	7,000	21,500
Loss on disposal of tangible capital assets	---	---	---	---	6,366
<b>Total Variation Due to Tangible Capital Assets</b>	<b>(32,908,000)</b>	<b>(3,619,510)</b>	<b>(6,044,176)</b>	<b>(3,156,950)</b>	<b>(332,712)</b>
Acquisition of prepaid expenses	---	(509,689)	(1,273,152)	(92,898)	(919,352)
Use of prepaid expenses	---	458,814	1,401,484	447,844	1,258,104
<b>Total Variation Due to Prepaid Expenses</b>	<b>---</b>	<b>(50,875)</b>	<b>128,332</b>	<b>354,946</b>	<b>338,752</b>
<b>(Increase) decrease in Net Debt</b>	<b>1,585,000</b>	<b>23,226</b>	<b>(31,440)</b>	<b>3,427,815</b>	<b>3,143,989</b>
<b>Net Debt, beginning of the Year</b>	<b>(22,822,000)</b>	<b>---</b>	<b>(33,026,156)</b>	<b>---</b>	<b>(24,910,855)</b>
<b>Net Debt, End of the Year</b>	<b>(21,237,000)</b>	<b>---</b>	<b>(33,057,596)</b>	<b>---</b>	<b>(21,766,866)</b>

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

## 4.5 STATEMENT OF CASH FLOW FOR THE NINE MONTHS ENDED DECEMBER 31, 2020

(Unaudited – in Canadian Dollars)

	Nine Months Ended			
	December 31, 2020		December 31, 2019	
	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	\$	\$	\$	\$
<b>Operating Transactions</b>				
<b>Annual Operating Surplus</b>	<b>3,693,611</b>	<b>5,884,404</b>	<b>6,229,819</b>	<b>3,137,949</b>
<b>Non-Cash Items</b>				
Amortization of tangible capital assets (Note 4.6.7)	7,651,994	22,784,254	7,429,804	25,445,201
Loss on disposal of tangible capital assets	---	---	---	6,366
Gain on disposal of tangible capital assets	---	---	(7,000)	(21,500)
Changes in environmental obligations	385,000	1,271,000	(2,719,600)	(1,866,000)
<b>Changes in Other Items</b>				
Increase in accounts receivable	(3,799,696)	(40,100,847)	(3,530,039)	(7,943,034)
(Increase) decrease in accounts payable and accrued liabilities	15,297,979	44,737,327	(10,436,174)	(7,946,820)
(Increase) decrease in employee future benefits	1,899	(17,229)	(1,864)	(30,232)
Increase (decrease) in contractual holdbacks	1,373,743	1,407,068	930,843	(855,957)
Decrease in deferred revenue	129,068	39,929	115,628	1,754
Decrease (increase) in prepaid expenses	(50,875)	128,332	354,946	338,752
Decrease in environmental obligations	(461,000)	(1,094,000)	(351,400)	(909,000)
<b>Cash Flow Provided by Operating Transactions</b>	<b>24,221,723</b>	<b>35,040,238</b>	<b>(1,985,037)</b>	<b>9,357,479</b>
<b>Tangible Capital Asset Investment Activities</b>				
Proceeds from disposal of tangible capital assets	---	---	7,000	21,500
Cash used to acquire tangible capital assets	(7,637,742)	(18,485,090)	(9,227,298)	(28,064,785)
<b>Cash Flow used for Tangible Capital Asset Investment Activities</b>	<b>(7,637,742)</b>	<b>(18,485,090)</b>	<b>(9,220,298)</b>	<b>(28,043,285)</b>
<b>Increase (Decrease) in Cash</b>	<b>16,583,981</b>	<b>16,555,148</b>	<b>(11,205,335)</b>	<b>(18,685,806)</b>
<b>Cash, Beginning of the Year</b>	<b>---</b>	<b>33,506,048</b>	<b>---</b>	<b>47,832,852</b>
<b>Cash, End of the Year</b>	<b>---</b>	<b>50,061,196</b>	<b>---</b>	<b>29,147,046</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 Bridge, the original Champlain Bridge and a section 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 section of the Honoré Mercier Bridge and the Melocheville Tunnel. The management of the Champlain Bridge Estacade 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. By letter dated May 3, 2018, the Minister of Infrastructure and Communities confirmed that the Corporation was mandated to undertake the deconstruction of the original Champlain Bridge in accordance with the principles of sustainable development upheld by the Corporation.

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 remediation 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 Environmental Obligation expenses 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 the future event is likely to 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:

	December 31, 2020	March 31, 2020
	\$	\$
Due from the Government of Canada	28,970,353	402,327
Taxes receivable	1,932,850	844,759
Re-invoicing of work to business partners	332,126	88,396
Other accounts receivable	347,858	506,337
Contract advance	10,359,479	---
<b>Total Accounts Receivable</b>	<b>41,942,666</b>	<b>1,841,819</b>

### 4.6.4 Accounts Payable and Accrued Liabilities

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

	December 31, 2020	March 31, 2020
	\$	\$
Suppliers and accrued liabilities	82,366,717	27,501,335
Salaries and employee benefits	1,717,474	1,502,189
<b>Total Accounts Payable and Accrued Liabilities</b>	<b>84,084,191</b>	<b>29,003,524</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 conducts an inventory of all the lands under its management in order to classify their environmental condition and prioritize any required interventions. The Corporation's portfolio comprises a number of lands with soil contamination that exceeds the acceptable criteria. The lands concerned are located under the Jacques Cartier Bridge, under the original Champlain Bridge and along the Bonaventure Expressway.

JCCBI has identified a total of 18 sites (16 as at March 31, 2020) that may be contaminated and require assessment, remediation or a risk management strategy, and monitoring. Among these 18 sites, four have been assessed for which remediation measures or risk management strategies are in place or planned, and for which a liability of \$34,573,000 (\$34,396,000 as at March 31, 2020) has been recognized.

No liability has been recognized for the other 14 sites. Some of these 14 sites are in various stages of testing and assessment and if either remediation or a risk management strategy is required, a liability will be recognized as soon as a reasonable estimate can be determined. With respect to the other sites, JCCBI does not expect to forego future economic benefits due to the likely absence of environmental impacts or significant threat to human health.

The following table presents the estimated total environmental liability amounts by sector which are based on the following assumptions:

- 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 ranges from 0.17% to 1.04% (March 31, 2020 – 0.37% to 1.14%);
- The inflation rate of 3.16% (March 31, 2020 – 3.07%) is based on the non-residential building construction price index.

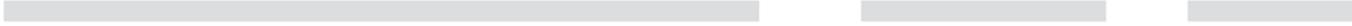
Sectors	December 31, 2020 (\$)		March 31, 2020 (\$)	
	Undiscounted Liability to which the Inflation Rate was Applied	Discounted Liability to which the Inflation Rate was Applied	Undiscounted Liability to which the Inflation Rate was Applied	Discounted Liability to which the Inflation Rate was Applied
Bonaventure Expressway: East Sector <sup>(1)</sup>	21,867,000	<b>20,429,000</b>	21,718,000	<b>20,189,000</b>
Bonaventure Expressway: West Sector <sup>(1)</sup>	7,931,000	<b>7,491,000</b>	8,150,000	<b>7,653,000</b>
Jacques Cartier Bridge <sup>(2)</sup>	2,829,000	<b>2,829,000</b>	2,769,000	<b>2,752,000</b>
Original Champlain Bridge <sup>(3)</sup>	3,843,000	<b>3,824,000</b>	3,836,000	<b>3,802,000</b>
<b>Total</b>	36,470,000	<b>34,573,000</b>	36,473,000	<b>34,396,000</b>

<sup>(1)</sup> East and West Sectors of the Bonaventure Expressway

As at December 31, 2020, 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.

The obligations of the East and West Sectors represent management's best estimate of the expected expenses for the containment and pumping operations and are based on the costs of the contracts already awarded. The duration of the operations included in the obligations related to the East and West Sectors is estimated at 15 years.



The duration of the operations will extend beyond this period, but it is impossible, at this time, to determine the costs beyond 15 years. There is no residual value to the projects.

(2) Lands under the Jacques Cartier Bridge

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 remediate the lands or adopt a risk management strategy to limit the contamination. For a section of these lands, a study confirmed the presence of residual materials and soils contaminated with polycyclic aromatic hydrocarbons (PAHs) and metals whose level exceeds the acceptable environmental standards. The lands were contaminated as a result of past commercial and industrial operations. The obligation represents management's best estimate of the expected costs of carrying out the work required to manage drainage water from the Jacques Cartier Bridge and is based on the projected costs of the contract awarded. The Corporation has begun to carry out certain decontamination work during the summer of 2020. Said work will extend over a period of approximately two years.

(3) Lands under the Original Champlain Bridge

The Corporation assessed the environmental condition of the lands located under the original Champlain Bridge based on the results of characterizations carried out on adjacent lands. Said characterizations confirmed the presence of soils contaminated by metals, polycyclic aromatic hydrocarbons (PAHs) and petroleum hydrocarbons (PHCs) beyond acceptable criteria. The contamination results from backfill soils from unknown sources. The obligation represents management's best estimate of the expected costs of managing the soils that will be excavated under the bridge and is based on the information available at the date of the Interim Financial Statements. The management of the soils to be excavated under the bridge is planned as part of the deconstruction work, which began in the summer of 2020 and will extend over a period of approximately 43 months.



#### 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, 2019	5,250,117	831,725,962	3,982,922	1,255,644	21,006,519	863,221,164
Acquisitions	---	19,314,554	934,194	(63,653)	29,177,587	49,362,682
Disposals	---	---	(196,420)	---	---	(196,420)
Transfers	---	17,870,262	---	---	(17,870,262)	---
<b>March 31, 2020</b>	<b>5,250,117</b>	<b>868,910,778</b>	<b>4,720,696</b>	<b>1,191,991</b>	<b>32,313,844</b>	<b>912,387,426</b>
Acquisitions	---	8,887,334	762,242	128,696	19,050,158	28,828,430
Disposals	---	---	---	---	---	---
Transfers	---	18,126,786	---	---	(18,126,786)	---
<b>December 31, 2020</b>	<b>5,250,117</b>	<b>895,924,898</b>	<b>5,482,938</b>	<b>1,320,687</b>	<b>33,237,216</b>	<b>941,215,856</b>
<b>ACCUMULATED AMORTIZATION</b>						
April 1, 2019	---	270,597,313	2,442,849	162,834	---	273,202,996
Amortization	---	32,281,396	361,555	282,194	---	32,925,145
Disposals	---	---	(190,054)	---	---	(190,054)
<b>March 31, 2020</b>	<b>---</b>	<b>302,878,709</b>	<b>2,614,350</b>	<b>445,028</b>	<b>---</b>	<b>305,938,087</b>
Amortization	---	22,236,682	319,097	228,475	---	22,784,254
Disposals	---	---	---	---	---	---
<b>December 31, 2020</b>	<b>---</b>	<b>325,115,391</b>	<b>2,933,447</b>	<b>673,503</b>	<b>---</b>	<b>328,722,341</b>
<b>NET BOOK VALUE</b>						
<b>March 31, 2020</b>	<b>5,250,117</b>	<b>566,032,069</b>	<b>2,106,346</b>	<b>746,963</b>	<b>32,313,844</b>	<b>606,449,339</b>
<b>December 31, 2020</b>	<b>5,250,117</b>	<b>570,809,507</b>	<b>2,549,491</b>	<b>647,184</b>	<b>33,237,216</b>	<b>612,493,515</b>

As at December 31, 2020, "Accounts Payable and Accrued Liabilities" includes acquisitions related to tangible capital assets of \$19,856,045 (\$9,512,705 as at March 31, 2020).

#### 4.6.8 Share Capital

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

#### 4.6.9 Contingencies

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

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

As at December 31, 2020, some contingent assets are under negotiation with business partners and their estimated amount cannot be determined. The contingent assets are not recognized in the Interim Financial Statements.

##### **Other Contingencies**

The Corporation was granted a permit to install, maintain and use a cable for closed circuit television signals on lands that it does not own. In the event of termination of this permit, the Corporation will have to remove its facilities, at its expense. As at December 31, 2020, 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.

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

	December 31, 2020	December 31, 2019
	\$	\$
Regular and major maintenance	114,531,470	66,620,559
Environmental obligations	2,006,634	(1,634,699)
Amortization of tangible capital assets	22,784,255	25,445,201
Salaries and employee benefits	17,356,434	16,277,549
Professional services	9,480,026	9,397,127
Goods and services	4,543,003	5,085,269
Loss on disposal of tangible capital assets	---	6,366
<b>Total Expenses</b>	<b>170,701,822</b>	<b>121,197,372</b>

#### 4.6.12 Parliamentary Appropriations

	December 31, 2020	December 31, 2019
	\$	\$
Parliamentary appropriations requested	176,709,941	123,773,972
Long-term contractual holdbacks	(825,102)	(517,205)
<b>Total Parliamentary Appropriations Recognized as Revenue</b>	<b>175,884,839</b>	<b>123,256,767</b>
<b>Distribution</b>		
Portion of transfer payments for operating expenses	147,056,409	97,472,488
Portion of transfer payments for tangible capital assets	28,828,430	25,784,279
<b>Total Parliamentary Appropriations Recognized as Revenue</b>	<b>175,884,839</b>	<b>123,256,767</b>

#### 4.6.13 Deconstruction of the Original Champlain Bridge

By letter dated May 3, 2018, the Minister of Infrastructure and Communities confirmed that the Corporation was mandated to undertake the deconstruction of the original Champlain Bridge in accordance with the principles of sustainable development upheld by the Corporation.

On March 5, 2020, the Corporation announced the tenderer selected in the procurement process for the design-build contract. The contract was signed on June 26, 2020 and work has begun.



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