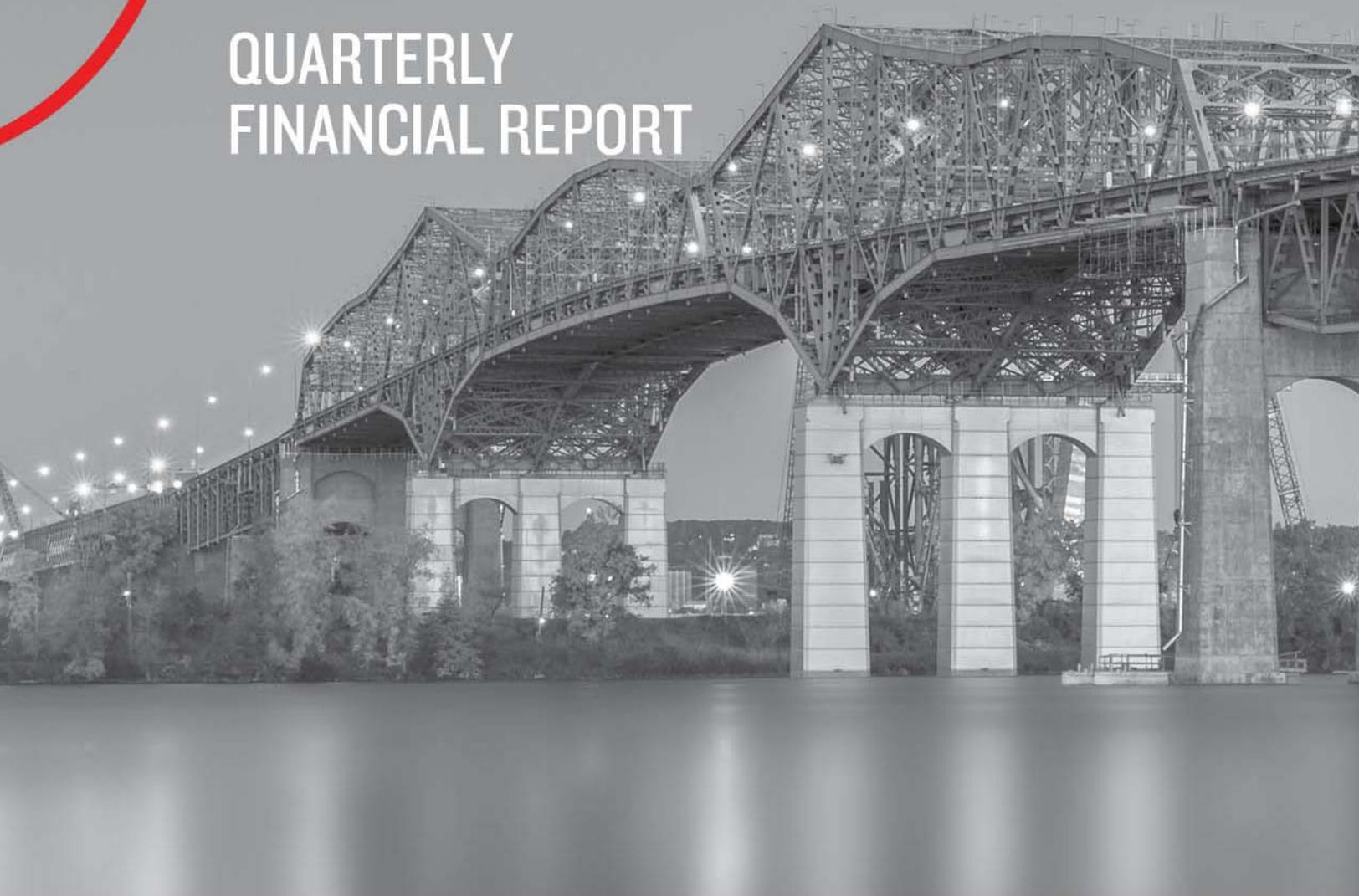


Ponts
JACQUES CARTIER +
CHAMPLAIN
Bridges
Canada



QUARTERLY
FINANCIAL REPORT

2nd QUARTER (Q2)

For six months ended September 30, 2018

TABLE OF CONTENTS

1. STATUS.....	3
1.1 MANDATE	4
1.2 MISSION, VISION AND VALUES.....	4
1.3 ADMINISTRATIVE PROFILE AND FUNDING.....	5
1.4 RESEARCH AND APPLICATIONS DIVISION.....	5
2. Q2 OF 2018-2019 IN REVIEW	9
2.1 SUMMARY	10
2.2 OUTLOOK	10
3. ANALYSIS OF FINANCIAL RESULTS.....	12
3.1 RESULTS OF OPERATIONS	12
3.2 CASH FLOW.....	14
3.3 STRATEGIC ISSUES AND RISKS.....	14
3.4 REPORT ON THE USE OF APPROPRIATIONS	22
4. JCCBI'S UNAUDITED INTERIM FINANCIAL STATEMENTS	24
4.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION	24
4.2 STATEMENT OF FINANCIAL POSITION	25
4.3 STATEMENT OF OPERATIONS FOR THE SIX (6) MONTHS ENDED SEPTEMBER 30, 2018	26
4.4 STATEMENT OF CHANGE IN NET DEBT FOR THE SIX (6) MONTHS ENDED SEPTEMBER 30, 2018.....	27
4.5 STATEMENT OF CASH FLOW FOR THE SIX (6) MONTHS ENDED SEPTEMBER 30, 2018	28
4.6 NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS.....	29



+ 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 Champlain Bridge, the Jacques Cartier Bridge, Ile des Soeurs 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:

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

1.2 MISSION, VISION AND VALUES

Our mission

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

Our vision

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

Our values

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

1.3 ADMINISTRATIVE PROFILE AND FUNDING

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

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

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

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

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

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

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

1.4 RESEARCH AND APPLICATIONS DIVISION

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

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

The Work

During the second quarter of the current fiscal year, the RAD's activities have continued to progress through the development of new projects and start-up thereof as well as with the knowledge transfer and integration of completed project results into pilot applications or engineering studies specific to certain assets. The projects currently underway are divided into two (2) parts:

1. Applied Research Projects

The project carried out at the École Polytechnique de Montréal pertaining to the particular metal components of the Jacques Cartier Bridge's main span is 75% complete, with a phase of in-depth analysis, carried out by an enlarged research group, which continues under four (4) distinct themes.

In addition, the research project carried out in collaboration with Université Laval on the environmental monitoring of the Jacques Cartier Bridge lighting is in the process of being finalized; Phase 3 study reports relating to the human aspect have been finalized and the results have been transferred to the teams responsible for operations. The results obtained represent a quality reference framework for monitoring the impacts of illuminating major structures such as large bridges, as well as for urban lighting.

The Jacques Cartier Bridge and Clement Bridge seismic performance evaluation studies and earthquake-resistant retrofit preliminary project study are in the process of being finalized according to schedule. The Jacques Cartier Bridge seismic performance results are in the process of being finalized. The expert group mandated by JCCBI is currently analyzing the potential approaches for the future seismic reinforcement work to be carried out on the Jacques Cartier Bridge.

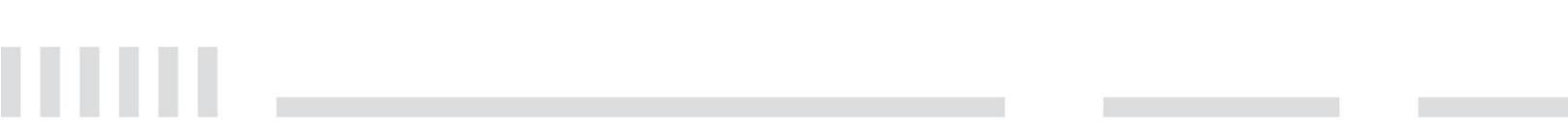
Three (3) internal studies are underway: the first one regarding the opportunities to extend the service life of the Jacques Cartier Bridge, the second one regarding the improvement of the structural protection systems and the third one regarding alternatives to de-icing salts. The preliminary results of the study on alternatives to de-icing salts are in the process of being compiled. The economic study of the potential benefits of the alternatives is underway and a pilot project is planned for the winters of 2018-2019 and 2019-2020.

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

2. Applications and Knowledge Transfer

In collaboration with various industry stakeholders and, notably, with the academic experts, the preliminary results of the research projects on the ultra-high performance fibre-reinforced concrete (UHPC) carried out by the RAD are in the process of being integrated into several pilot projects that will continue during the next work season. To this end, a knowledge transfer program was successfully carried out with different stakeholders.

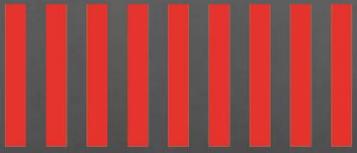
To consolidate its contribution and enrich innovation and application opportunities, the RAD continues to work at developing a collaborative network with public entities and specialized research groups, notably the NRCC. The RAD is also working at developing an experience exchange network with public infrastructure owners such as Public Services and Procurement Canada (PSPC).



The exchanges that took place in recent months have made it possible to identify several sharing and collaboration opportunities within applied research projects, which will gradually be put in place in the coming months.

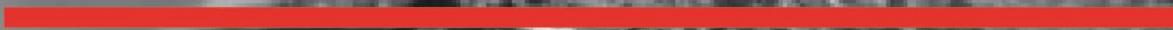
The collaboration tools and mechanisms that foster both innovation and the reduction of uncertainties on the data on the structures' behaviour have been identified and are gradually being put in place to ensure a better integration of innovation. An integrated planning of the research and development projects with the asset management projects is underway.





+ SECTION 2

Q2 OF 2018-2019 IN REVIEW



2. Q2 OF 2018-2019 IN REVIEW

This quarterly financial report has been prepared in accordance with the requirements of the FAA and with the Standard on Quarterly Financial Reports for Crown Corporations issued by the Treasury Board of Canada Secretariat. It provides an assessment of JCCBI's operations and financial position for the quarter ended September 30, 2018 (T2). It must be read in conjunction with the unaudited Interim Financial Statements and accompanying notes contained in this document, as well as with the audited Annual Financial Statements and supporting notes contained in JCCBI's 2017-2018 Annual Report.

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

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

(In thousands of dollars)	2018			2017		
	3 Months	6 Months	Cumulative as at September 30	3 Months	6 Months	Cumulative as at September 30
	Quarter 1	Quarter 2	Cumulative	Quarter 1	Quarter 2	Cumulative
Travel	10.0	9.3	19.3	12.5	7.4	19.9
Hospitality	2.9	2.9	5.8	3.4	3.1	6.5
Conferences	23.1	17.8	40.9	23.4	7.9	31.3
TOTAL	36.0	30.0	66.0	39.3	18.4	57.7

2.1 SUMMARY

JCCBI declares a surplus of \$6.5 M for the six (6) months ended September 30, 2018 (\$28.3 M in 2017). The deficit before public funding was \$83.6 M as at September 30, 2018 (\$68.5 M in 2017).

For the current fiscal year, the combined total revenue was \$0.8 M (\$0.6 M in 2017). Revenue remained stable overall.

During the same period, the net debt decreased by \$2.2 M for a total of \$20.3 M. Financial assets decreased by \$13.5 M. The change is related to the level of achievement of investment activities.

The acquisitions of gross capital assets in the second quarter of the current fiscal year totalled \$21.7 M (\$33.2 M in 2017). They mainly consist of expenses of \$6.0 M for the Honoré Mercier Bridge, \$14.3 M for the Jacques Cartier Bridge and \$1.2 M for the Champlain Bridge Ice Control Structure.

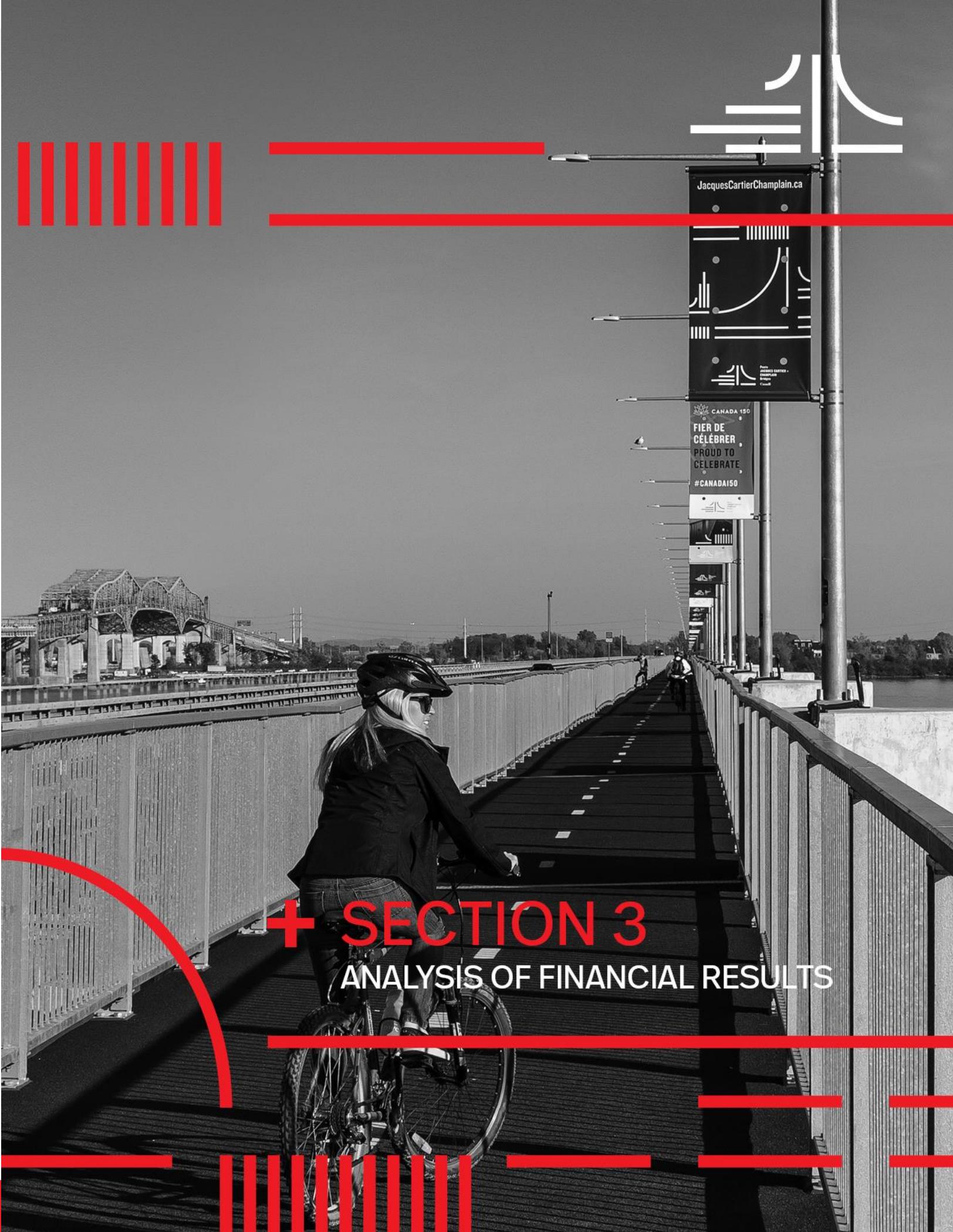
2.2 OUTLOOK

The expenses to maintain the bridges and related infrastructures remain high. Repairs to the Champlain Bridge continue to mobilize significant expenditures to address the findings of the latest inspection reports, load capacity studies and instrumentation results. Other government-funded projects are ongoing, including the rehabilitation work that is currently underway at the Honoré Mercier Bridge, the Bonaventure Expressway, the Champlain Bridge Ice Control Structure and the Jacques Cartier Bridge.

The upcoming maintenance and rehabilitation works are still important:

1. In order to maintain the Jacques Cartier Bridge in a long-term perspective, JCCBI has developed a major rehabilitation plan that covers the various components of the structure, its urban integration, traffic optimization at the approaches and assessment of the development of the Île Sainte-Hélène pavilion;
2. For the Champlain Bridge, the repairs planned until it is decommissioned will continue to be required. To date, all edge girders have been reinforced to mitigate the risks associated with their condition. With regard to the piers, joints and pier caps, the work will continue in 2018-2019. The Champlain Bridge deconstruction project has also begun;
3. Work, both required and necessary to maintain the assets, is planned on the Bonaventure Expressway structures, the Honoré Mercier Bridge, the Melocheville Tunnel and the Champlain Bridge Ice Control Structure;
4. The reconstruction of the non-elevated lanes of a section of the Bonaventure Expressway into an urban boulevard is planned in collaboration with the City of Montreal.

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 six (6) months ended September 30, 2018, the total financial assets decreased by \$13.5 M, to amount to \$59.0 M, compared to \$72.5 M as at March 31, 2018. As in previous fiscal years, a determining factor in the variation in financial assets is the date on which the federal appropriations, which include the funding for the major capital projects and the operating expenses, are received.

During Q2, JCCBI's net cash position has decreased by \$20.8 M, to amount to \$39.7 M as at September 30, 2018 (\$60.5 M as at March 31, 2018). This decrease during the first two (2) quarters is notably due to a payment of accounts payable.

Liability

Accounts payable and accrued liabilities decreased by \$11.3 M, from \$57.6 M as at March 31, 2018 to \$46.3 M as at September 30, 2018. This decrease is largely due to the variation of activities of the various ongoing construction projects.

To carry out its major projects, JCCBI entered into construction contracts which provide for the withholding of a portion of the payment until certain work is completed and until the contractual warranties have expired in compliance with the performance requirements. These contractual holdbacks have decreased by \$2.1 M, to amount to \$10.1 M as at September 30, 2018 (\$12.2 M as at March 31, 2018). These amounts will become payable when the work is completed and the warranties have expired.

During the last two (2) quarters, JCCBI reviewed the assumptions underlying environmental obligations. A \$1.2 M decrease in liability related to the review of assumptions was recognized. In addition, the work planned in the West and East Sectors of the Bonaventure Expressway has generated expenditures in the order of \$1.2 M, reducing the environmental liability by the same amount. As a result of these charges and reviews, the environmental obligations decreased by \$2.1 M amounting to \$22.3 M as at September 30, 2018 (\$24.4 M as at March 31, 2018).

Non-Financial Assets

The amortization's net tangible capital assets increased by \$4.3 M to total \$585.6 M relative to the March 31, 2018 financial statements (\$581.3 M). This total includes \$21.7 M of purchases of gross capital assets, less charges for amortization of \$17.4 M. The major works concerned by these acquisitions include those of the Honoré Mercier Bridge (\$6.0 M), the Jacques Cartier Bridge (\$14.3 M) and the Champlain Bridge Ice Control Structure (\$1.2 M).

Prepaid expenses during the period decreased by \$0.1 M. This decrease is notably due to the materialization of expenses paid during the previous period.

Government Funding

The following table summarizes the public funding for the second quarter of the current fiscal year as well as that of the last fiscal year:

(In thousands of dollars)	Second Quarter		Cumulative (6 Months)	
	2018-2019	2017-2018	2018-2019	2017-2018
Public funding for operating expenses	33,074	33,070	68,421	63,671
Public funding for tangible capital assets	11,124	13,261	21,670	33,162
TOTAL	44,198	46,331	90,091	96,833

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

3.1.2 Expenses

Maintenance

Maintenance costs during the first two (2) quarters represent 90.7% (87.1% in 2017) of the total cumulative expenses.

For the six (6) months ended September 30, 2018, the maintenance costs, including amortization, totalled \$76.6 M and are mainly distributed as follows:

- + \$3.3 M for Île des Soeurs Bypass Bridge;
- + \$8.3 M for the Honoré Mercier Bridge;
- + \$30.2 M for the Champlain Bridge;
- + \$13.6 M for the Jacques Cartier Bridge;
- + \$8.1 M for the Bonaventure Expressway;
- + \$1.2 M for the Melocheville Tunnel;
- + \$3.0 M for the Champlain Bridge Ice Control Structure;
- + \$6.5 M for salaries and employee benefits;
- + \$2.4 M for various other projects and equipment.

Operations

Operating expenses during the first six (6) months totalled \$1.5 M (\$1.5 M in 2017). These figures represent 1.8% of total expenses (2.2% in 2017).

Administration

The administrative expenses of the first six (6) months total \$7.2 M and represent a \$0.6 M increase compared to the same period of the previous fiscal year (\$6.6 M in 2017). This variance is mainly due to the professional services required for the deployment of technology projects as well as for the staffing of positions. During the second quarter, administrative expenses represented 6.8% of total expenses (including capital asset acquisitions). The Corporation's objective is a maximum of 6%. It should be noted that administrative expenses are relatively stable.

The variation in the percentage they represent in relation to total expenses is directly related to the decrease in major maintenance expenditures.

3.2 CASH FLOW

Compared to March 31, 2018, the cash balance decreased by \$20.8 M, amounting to \$39.7 M (\$60.5 M as at March 31, 2018).

3.3 STRATEGIC ISSUES AND RISKS

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

3.3.1. Safety and Sustainability of Infrastructures

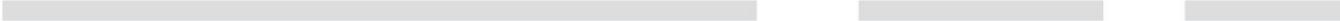
JCCBI's priority is to ensure, on an ongoing basis, the safety of all its structures. The age of the infrastructures managed by JCCBI and the funding required for both their maintenance and their rehabilitation are real risks that the Corporation must pay attention to in order to ensure the safety of its infrastructures, as well as that of users.

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. These structures will require significant work in the coming years, in addition to the major work that is either completed or underway. The traffic congestion on all Montreal South Shore bridges constitutes a major element in the work planning, as it makes it difficult for major work to be carried out during increasingly long peak periods, which has a direct impact on the planning, execution and cost of repairs. Major rehabilitation work is planned or underway on all structures in order for the assets to be maintained in an acceptable condition to ensure their sustainability as well as user safety. Inspections, load capacity studies and long-term planning, as well as communication and sharing of information on the issues, continue on an ongoing basis in order to mitigate the risks related to the infrastructures.

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 safe passage on its structures.

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, JCCBI has received funding from the 2018 Budget for the following five (5) years. JCCBI also received funding from the Federal Contaminated Sites Action Plan (FCSAP), which was renewed in February 2016, with the FCSAP3, for a four-year period. The FCSAP only allows projects of up to four (4) years in duration. This poses a real challenge, as contaminated groundwater projects require a long-term action plan. Despite the funding received for 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) is therefore 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 in order to develop both an increased capacity and rigorous management to achieve its strategic objectives.

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

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

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

The prevention of mental health at work was selected by the management team as one of the key initiatives for 2018-2019. The 2017-2020 health and well-being triennial initiative has been approved and an implementation plan has been developed and deployed, based on the "Healthy Enterprise" standard.

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

3.3.4. Information Technologies (IT)

Following a security audit exercise that consisted in conducting a series of intrusion tests on the Corporation's internal and external network technological components, a plan for the deployment of the recommended measures has been filed and is expected to be completed in the next quarter. One of these measures consists in a computer security awareness campaign for all the organization's employees.

The development of a Web platform to manage the Progress Claims (PC) has also progressed during the period. The progressive deployment, which involves training the employees and the suppliers as new contracts are awarded, is planned for the end of 2018-2019.

As part of the steps taken to develop the IT business continuity plan, a technology services coordination committee involving specialists from the various departments was also set up during the period. This committee will be responsible for maintaining an integrated view of the

technological architecture, standardizing the documentation structure, the sharing of the technical knowledge between the different sectors of the organization and for support, as well as for validating the changes in technological services.

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 second quarter of 2018-2019, the OHS department has completed employee training on the new OHS policy, as well as the update of the general safety instructions. The new employees' OHS induction training has been revised to include this new information. The development of the program specific to ergonomic risks is continuing according to schedule. The event reporting procedure and forms thereof have been updated.

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

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

3.3.6. Environmental Obligations

JCCBI participates in the FCSAP, administered by Environment and Climate Change Canada, 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. Hence, it has launched the Solution Bonaventure Project aimed at ensuring environmental groundwater management in the summer of 2016.

The Environment and Sustainable Development (ESD) department is also working with owners and stakeholders to share the acquired knowledge.

With respect to the East Sector of the project, the construction of the hydrocarbon containment wall was completed in the fall of 2017. The call for tenders for the operation of the system was issued during the first quarter and the operation began during the second quarter of 2018-2019.

For its part, the operation of the West Sector containment and treatment system 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)). The ESD department is responsible for the management thereof.

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

- comprehensive characterization of Section 10 of the Bonaventure Expressway;
- management of the Melocheville Tunnel seepage water;
- mitigation measures for the cliff swallows;
- wasteland recovery; and
- assessment of the climate change resilience.

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

3.3.7. Asset Management

In the second quarter of 2018-2019, the asset management team reviewed JCCBI's strategic plan for the 2019-2024 corporate plan. To this end, the detailed project fact sheets have been revised by the planning team to improve them with any new information that can be used to refine the needs and forecasts related to the planning of future work. New information, notably with regard to constraints and opportunities, working assumptions, traffic management scenarios, the scope of required preliminary project studies, the EEAR's (Environmental Effects Assessment Reports) needs assessment and the workforce plan, was added to the fact sheets in order to clearly define the deliverables expected from the project once it will have been taken over by the project team.

The exercise to identify the risks posed by a structure has started. The objective was to refine the process and to put in place a method that will make it possible to assess the risks for each structure and subsequently 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 scheduled, for certain structures, to take place in 2018-2019, the risk identification and mitigation measures exercise will be carried out through the structure diagnostics and the development of master plans. With respect to master plans, two (2) plans will be deployed in the coming years, namely the Asset Maintenance Plan (AMP) and the Asset Development Plan (ADP). These plans will support the internal teams in the choice and prioritization of investments by proposing different investment scenarios.

Finally, a unit dedicated to asset information was created within the current asset management team structure. Its objective is to update, on an ongoing basis, the data specific to the structures and to combine and process such information for the entire organization. Optimizing the use and harnessing of data is also an objective to be achieved, notably between the field teams and the planning, inspection and project teams. This group was created in the summer of 2018 and the staffing process is expected to be completed during the third quarter of the current fiscal year.

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 second quarter:

Jacques Cartier Bridge

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

- + Two (2) new 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 have been awarded. A contract for the maintenance and repair of section 7 steel superstructure, in the splash zone and under the deck, was also awarded. The execution of work of similar nature in the past helped to better understand and mitigate the difficulties related to work carried out in an urban environment with residences nearby. Innovative measures have been put in place to reduce the noise generated by work on steel, including rivet removal and bolting, in order to reduce the work-related inconveniences to a minimum;
- + The taking over of the Jacques Cartier Bridge Illumination Project by the Operations and Maintenance team is now completed. Therefore, this project is now in the operation phase.

An agreement for a support contract is currently in the process of being negotiated with the firm Moment Factory;

- + Work to stabilize the bank at the southeast approach to the Jacques Cartier Bridge has been completed ahead of schedule and the deficiencies have been corrected in the second quarter of 2018-2019. This work will make it possible to maintain a long-term functional capacity of the south approach to the Jacques Cartier Bridge and has also allowed the reconstruction of the sidewalk above the bank and the modification of the staircase at the abutment in order to improve the situation for pedestrians, all in coordination with the City of Longueuil. Special attention was paid to the landscaping of the bank and to the architecture of the staircase adjacent to the parking lot operated by the City of Longueuil. This staircase was inaugurated on September 27, 2018 in the presence of Ms. Sherry Romanado, MP, and of Mr. Glen P. Carlin, then Chief Executive Officer of JCCBI;
- + JCCBI has completed the rehabilitation of Viaducts C and D, which allow access to the bridge via the City of Longueuil. This concrete rehabilitation work required that three (3) work blitzes be carried out in order to minimize the impact on citizens and users. This work was completed one (1) month ahead of the date initially scheduled;
- + The project to rehabilitate and reinforce the wing walls and abutment walls of the abutments of the Jacques Cartier Bridge upstream and downstream ramps leading to Île Ste-Hélène continues and the largest portion of that work will be completed during the third quarter;
- + 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 preliminary findings were presented to JCCBI during the current quarter, but the evaluation of other alternatives has been requested from the Consultant, including other heating systems and a roof. The final report is expected to be available in the third quarter;
- + During the second quarter, the engineering phase of the project to rehabilitate the steel components and paint the splash zone and underside of section 7 deck continued. A first construction contract to rehabilitate the paint on a portion of section 7 on the Montreal side is planned to begin in the third quarter. A second construction contract, this one consisting in the rehabilitation of steel components and the painting of the area located between Piers 23 and 24, is also expected to begin in the third quarter;
- + A new project was launched in the second quarter of 2017-2018, which comprises two (2) components, namely the milling and paving of the entire bridge and approaches thereto, which are planned in 2019-2020, as well as the management of the drained water and the development of the lands underneath section 8 of the bridge, which are planned in 2020-2021. Such work will make it possible to ensure the integrity of the existing deck waterproofing membrane and of the expansion joints. It will also make it possible to bring the management of the drained water under the bridge up to environmental standards in addition to enhancing the lands by developing a linear park underneath and in the vicinity of the bridge on the Montreal side. The contract for professional design services is underway and close coordination with the City of Montreal is underway with respect to the future development of the linear park;
- + Another project consists in the construction of a new building combining administrative and garage spaces for the Corporation's Operations and Maintenance team, as well as the improvement of the adjacent yard. Considering the studies that showed the poor condition

of the existing buildings, a preliminary project study was conducted to analyze the different scenarios. The optimal solution adopted consists in constructing a new building that will combine the garages and the offices. Given the nature of the project, the Corporation had planned to hire the services of a firm specializing in architecture, to design the building, at the beginning of the first quarter of 2018-2019. Due to a slight delay, said contract is expected to be awarded at the very beginning of the third quarter;

- + A project confirming the Corporation's position as a leader in mobility management is started. 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 design continued in the second quarter of 2018-2019 for the counting loop and fibre optic components. During the second quarter, the contract for the construction of the fibre optic loop was awarded and the call for tenders for contract for the addition of vehicle counting sites was launched;
- + A preliminary project study was launched during the third quarter of 2017-2018 to develop the pavilion and surrounding grounds. The project focuses on ensuring the sustainability of the pavilion. A request for proposals was issued in the first quarter of 2018-2019 to retain the services of a consultant to complete the detailed preliminary project study. This contract was awarded during the second quarter.

Honoré Mercier Bridge

Pier rehabilitation work has begun and will continue over several years. During the second quarter of fiscal year 2018-2019, three (3) piers have been rehabilitated while the work on five (5) other piers is underway. A new contract for the rehabilitation of six (6) additional piers is planned to start during the fourth quarter of 2018-2019.

Painting work has started during 2017-2018 and will also continue over several years. Four (4) spans are planned to be completed in the third quarter of 2018-2019.

A first replacement lot of the inspection walkways that began in the fourth quarter of 2017-2018 was completed in the first quarter of 2018-2019. The design of the second lot is underway and is expected to be completed at the beginning of the third quarter of 2018-2019.

Champlain Bridge

The Champlain Bridge is at the end of its service life. In order to establish an overall maintenance strategy for the bridge until decommissioning thereof, JCCBI carries out inspections and performs real-time monitoring of the critical components as well as monitoring of the entire structure's load capacity. This strategy must ensure that the crossing between the South Shore and the Island of Montreal remains safe and efficient until the opening of the new bridge. Major work to the structure on components such as girders, slab, pier caps, pier shafts and pier footings is undertaken as part of a ten-year overall strategy. In addition, repairs to the steel components of the main span structure and other major repairs, such as the replacement of the expansion joints, must be carried out on an ongoing basis to ensure both the availability of traffic lanes and road user safety.

In 2017-2018, the ten-year major bridge maintenance program completed its ninth year, and, not surprisingly, signs of deterioration continue to appear, as the deterioration of an end-of-life structure tends to follow an exponential curve. The announced schedule for the replacement of the bridge by the end of June 2019 requires the major maintenance program to continue until then and also to continue to implement mitigation measures that make it possible to adequately

manage the risks related, among other things, to the wear of a structure at the end of its useful life.

This ageing structure requires a program of detailed inspections whose frequency greatly exceeds the minimum standards recognized in the industry for this type of structure. In addition, as part of the risk mitigation strategy, sophisticated measuring instruments and analytical tools are in place to monitor, in real time, the behaviour of certain major components of the bridge. In the same vein, more than 340 high-precision sensors were installed to monitor the deformation of certain girders. The data from the readings of these instruments are stored in a database whose first readings date from January 2014.

This history, available for each of the 100 edge girders, makes it possible to assess any changes in the behaviour of a girder and to quickly implement the mitigation measures to keep the bridge open and safe.

In order to more effectively manage all activities related to the Champlain Bridge, the Champlain Bridge Project Office was set up in early 2015. The main objective was to regroup all activities related to the Champlain Bridge maintenance: engineering, inspection, monitoring of the structural behaviour and management of the construction contracts. The Champlain Bridge Project Office regroups the following:

- + JCCBI's resources responsible for contract management;
- + A firm responsible for the structural integrity of the bridge;
- + A consortium of consulting engineering firms responsible for supervising the construction work;
- + A consortium of consulting engineering firms responsible for inspecting the bridge.

In 2013, a consulting engineering firm reported that additional investments in the order of \$389 M would be required during the period extending from 2014-2015 to 2017-2018 to maintain the structure in an acceptable condition. In an effort to manage risk and make efficient use of funds, all recommendations are revised by a technical committee, of which two (2) structural experts are members.

The work carried out in recent years has, among other things, made it possible to secure 100% of the bridge edge girders by means of various reinforcement systems. The edge girder reinforcement program was completed in March 2017.

Although the edge girders are now fully supported by reinforcement systems, JCCBI continues to make every effort to keep the Champlain Bridge safe. Since the beginning of 2017, inspections have shown that the structure continues to deteriorate. The pier caps are one of the components whose monitoring has been strengthened; they are now inspected four (4) times a year. JCCBI continues to manage the risk by developing reinforcement concepts for the components that are most at risk (pier caps, inner girders and diaphragms).

In the fall of 2017, JCCBI moved 171 strain sensors to track the deformation of the pier caps. The latter being the elements most at risk on the structure, JCCBI decided to implement reinforcement systems (Super-Posts). The analysis of the instrumentation data will make it possible to prioritize the installation of the pier cap reinforcements. The installation of the sensors on the pier caps was completed in December 2017.

In October 2011, the federal government announced the New Bridge for the St. Lawrence Corridor Project and entrusted the management thereof to Infrastructure Canada. On December 1, 2013, the federal government announced that the new bridge would be in place in 2018.

JCCBI is strengthening the structure of the existing Champlain Bridge so that it remains in service until September 2019 in the event of a delay in the commissioning of the new bridge, which is scheduled in June 2019. In this regard, reinforcement systems are being installed for 39 pier caps and repairs will be made to five footings.

In February 2017, a consultant retained by JCCBI issued its final report on the preliminary project study on the deconstruction of the existing Champlain Bridge in accordance with the sustainable development principles (e.g. deconstruction work, transportation of materials, recovery of materials and site rehabilitation). The purpose of this preliminary project study was to develop various scenarios and recommend the optimum scenario for the deconstruction of the bridge. The scenarios developed must facilitate and help define a final direction, and ensure a smooth transition for the realization of the project.

The deconstruction project is now in the detailed preliminary project study phase, and to achieve this, JCCBI has issued a public request for proposals for the services of an “Owner’s Engineer”. This mandate comprises several components including the environmental assessment, the definition of the scope and constraints of the project, the technical support for both the request for qualifications and the request for proposals for the selection of the contractor responsible for the deconstruction, and the monitoring of the deconstruction work. JCCBI has been given the green light to begin the environmental study and the technical studies to substantiate it. The proposals were received in December 2017 and the environmental assessment component of the contract has been awarded. JCCBI is awaiting the approval of the overall project budget to initiate the rest of the mandate and the other mandates for professional services.

Champlain Bridge Ice Control Structure

Following completion of the work to reinforce the Ice Control Structure deck and to relocate the bike path, a detailed inspection and a load capacity study were conducted in the summer of 2016 to determine the condition of the structure and establish a comprehensive program for the rehabilitation of the structure, some elements of which had already been identified for repairs. In fact, a pilot project to repair the piers (footings and shafts), girders and bearings began in the fall of 2016 in order for work to be carried out in the summer of 2018. A contract for the repair of Pier 18 has been awarded to a contractor. Work on the footing began in the early summer of 2018 and is expected to be completed during the third quarter.

In January 2017, the preliminary results of a load capacity analysis have demonstrated, on the basis of the assumptions made by the consultant, the fragility of the footings. Following this finding, a program for the temporary reinforcement of all footings of this infrastructure began in February 2017 in order to ensure the safety of this link, of importance to both the maintenance of the existing Champlain Bridge and the construction of the new one. The temporary reinforcement of all footings was completed in the fall of 2017.

This structure, originally designed to stop the ice, is now used as a bridge, and it is therefore essential to intervene to reinforce the structure pier footings that support the whole structure. A few years ago, a study showed that the pier footings needed rehabilitation, but the criticality was not estimated at the same level as it is at present.

In conjunction with the footing reinforcement work, a coring investigation program was carried out to determine the actual condition of the concrete at the center of the footings and to determine their load capacity with more precision. These results, together with the work carried out as part of the summer of 2018 pilot project, will be used to develop a master plan for the rehabilitation of the structure of the Champlain Bridge Ice Control Structure.

JCCBI extensively coordinates and closely monitors the use of the Ice Control Structure given the increased use of this structure for the execution of both the NCBC and the existing Champlain

Bridge work. Construction work on the approaches and access controls was completed in May 2017.

Bonaventure Expressway

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

Part of the maintenance work on the Bonaventure Expressway began in the first quarter and is expected to be completed in the third quarter. The design of the remainder of the work, which is planned to be carried out until 2020-2021, is expected to be completed in the third quarter of 2018-2019.

Melocheville Tunnel

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

3.4 REPORT ON THE USE OF APPROPRIATIONS

According to planning, the parliamentary appropriations available for the current fiscal year total \$341 M.

(In thousands of dollars)	As at September 30, 2018			As at September 30, 2017		
	Operations	Capital	Total	Operations	Capital	Total
Main Estimates	262,673	78,011	340,684	213,476	111,483	324,959
Available Funding	262,673	78,011	340,684	213,476	111,483	324,959
Parliamentary Appropriations ⁽¹⁾						
+ Used	68,421	21,670	90,091	63,671	33,162	96,833
+ Required	194,252	56,341	250,593	149,805	78,321	228,126
Total Parliamentary Appropriations	262,673	78,011	340,684	213,476	111,483	324,959

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



+ SECTION 4

JCCBI'S UNAUDITED INTERIM
FINANCIAL STATEMENTS

4. JCCBI'S UNAUDITED INTERIM FINANCIAL STATEMENTS

For the six (6) months ended September 30, 2018, JCCBI's unaudited Interim Financial Statements have been prepared by management, reviewed by the Audit Committee and approved by JCCBI's Board of Directors. JCCBI's external auditors have not audited or reviewed these unaudited Interim Financial Statements.

4.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

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

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

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

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



Sandra Martel, Eng.
Acting Chief Executive Officer



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

November 27, 2018

4.2 STATEMENT OF FINANCIAL POSITION

(Unaudited – in Canadian Dollars)

	September 30, 2018	March 31, 2018
	\$	\$
Financial Assets		
Cash	39,683,207	60,525,063
Accounts receivable (Note 4.6.4)	19,350,068	11,963,366
Total Financial Assets	59,033,275	72,488,429
Liabilities		
Accounts payable and accrued liabilities (Note 4.6.5)	46,355,275	57,634,156
Employee future benefits	439,910	517,070
Contractual holdbacks (Note 4.6.10)	10,076,124	12,240,687
Deferred revenue	155,800	268,481
Environmental obligations (Note 4.6.6)	22,340,118	24,401,859
Total Liabilities	79,367,227	95,062,253
Net Debt	(20,333,952)	(22,573,824)
Non-Financial Assets		
Tangible capital assets (Note 4.6.7)	585,642,344	581,282,329
Prepaid expenses	476,754	621,169
Total Non-Financial Assets	586,119,098	581,903,498
Accumulated Surplus	565,785,146	559,329,674

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 SIX (6) MONTHS ENDED SEPTEMBER 30, 2018

(Unaudited – in Canadian Dollars)

	Twelve Months Ended	Six Months Ended			
	March 31, 2019	September 30, 2018		September 30, 2017	
	Budget	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	\$	\$	\$	\$	\$
Revenues					
Leases and permits	607,000	142,947	288,057	145,652	294,655
Interest	572,000	233,173	521,000	218,916	334,573
Other sources	-	27,877	30,479	3,581	4,823
Total Revenues	1,179,000	403,997	839,536	368,149	634,051
Expenses (Note 4.6.12)					
Maintenance	289,584,000	37,065,299	76,604,031	32,597,510	60,228,251
Operations	3,431,000	753,873	1,518,104	769,259	1,511,109
Administration	16,814,000	3,506,335	7,255,888	2,672,639	6,638,409
Environmental obligations	(2,318,000)	(2,242,395)	(902,556)	(883,856)	765,173
Total Expenses	307,511,000	39,083,112	84,475,467	35,155,552	69,142,942
Deficit before Government of Canada funding	(306,332,000)	(38,679,115)	(83,635,931)	(34,787,403)	(68,508,891)
Portion of parliamentary appropriations for operating expenses (Note 4.6.13)	262,673,000	33,074,424	68,421,135	33,070,435	63,671,285
Portion of parliamentary appropriations for tangible capital assets (Note 4.6.13)	78,011,000	11,124,577	21,670,268	13,260,747	33,162,044
Operating Surplus	34,352,000	5,519,886	6,455,472	11,543,779	28,324,438
Accumulated Operating Surplus, Beginning of the Year	559,330,000		559,329,674		517,572,889
Accumulated Operating Surplus, End of the Year	593,682,000		565,785,146		545,897,327

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

4.4 STATEMENT OF CHANGE IN NET DEBT FOR THE SIX (6) MONTHS ENDED SEPTEMBER 30, 2018

(Unaudited – in Canadian Dollars)

	Twelve Months Ended	Six Months Ended			
	March 31, 2019	September 30, 2018		September 30, 2017	
	Budget	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	\$	\$	\$	\$	\$
Annual Operating Surplus	34,352,000	5,519,886	6,455,472	11,543,779	28,324,438
Acquisition of tangible capital assets (Note 4.6.7)	(78,011,000)	(11,124,577)	(21,670,268)	(13,260,746)	(33,162,044)
Amortization of tangible capital assets (Note 4.6.7)	31,378,000	8,770,821	17,310,253	8,786,554	17,420,161
Total Variation Due to Total Tangible Capital Assets	(46,633,000)	(2,353,756)	(4,360,015)	(4,474,192)	(15,741,883)
Acquisition of prepaid expenses	-	(645,613)	(443,645)	(50,810)	(444,103)
Use of prepaid expenses	-	889,173	588,060	282,903	567,938
Total Variation Due to Prepaid Expenses	-	243,560	144,415	232,093	123,835
Decrease (Increase) in Net Debt	(12,281,000)	3,409,690	2,239,872	7,301,680	12,706,390
Net Debt, Beginning of the Year	(22,574,000)		(22,573,824)		(44,736,781)
Net Debt, End of the Year	(34,855,000)		(20,333,952)		(32,030,391)

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

4.5 STATEMENT OF CASH FLOW FOR THE SIX (6) MONTHS ENDED SEPTEMBER 30, 2018

(Unaudited – in Canadian Dollars)

	Six Months Ended			
	September 30, 2018		September 30, 2017	
	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	\$	\$	\$	\$
OPERATING TRANSACTIONS				
Annual Operating Surplus	5,519,886	6,455,472	11,543,779	28,324,438
Non-cash items				
Amortization of tangible capital assets (Note 4.6.7)	8,770,821	17,310,253	8,786,554	17,420,161
Decrease in employee future benefits	(65,130)	(77,160)	(75,846)	(13,573)
Decrease in environmental obligations	-	-	(6,982,402)	(12,552,861)
Changes in non-cash working capital items				
(Increase) decrease in accounts receivable	5,022,196	(7,386,702)	8,349,338	30,372,775
Decrease in accounts payable and accrued liabilities	(7,008,272)	(14,843,317)	(6,031,931)	(21,554,087)
(Decrease) increase in contractual holdbacks	15,660	(2,164,563)	(4,207)	(6,045,741)
Decrease in deferred revenue	(91,896)	(112,681)	(88,918)	(66,476)
Decrease in prepaid expenses	243,560	144,415	232,093	123,835
Decrease in environmental obligations	(3,101,000)	(2,061,741)	-	-
Cash Flow Provided by Operating Transactions	9,305,825	(2,736,024)	15,728,460	36,008,471
Tangible Capital Asset Investment Activities				
Cash used to acquire tangible capital assets	(9,940,350)	(18,105,832)	(6,989,079)	(21,707,435)
Cash flow used for capital transactions	(9,940,350)	(18,105,832)	(6,989,079)	(21,707,435)
(Decrease) Increase in Cash	(634,525)	(20,841,856)	8,739,381	14,301,036
Cash, Beginning of the Year		60,525,063		40,360,557
Cash, End of the Year		39,683,207		54,661,593

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

4.6. NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

4.6.1. Authority and Activity

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

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

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

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

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

4.6.2. Significant Accounting Policies

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

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

Government Transfers

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

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

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

Tangible Capital Assets

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

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

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

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

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

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

Revenue Recognition

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

Employee Future Benefits

Pension Plan

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

Post-Employment Benefits and Compensated Absences

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

Environmental Obligations

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

Financial Instruments

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

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

CATEGORIES	FINANCIAL INSTRUMENTS	MEASUREMENT
Financial assets	<ul style="list-style-type: none">CashAccounts receivable (other than taxes receivable)	Cost or amortized cost
Financial liabilities	<ul style="list-style-type: none">Accounts payable and accrued liabilitiesContractual holdbacks	Cost or amortized cost

Contingencies

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

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

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

Measurement Uncertainty

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

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

Budgetary Data

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

4.6.3. Adoption of Accounting Standards

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

4.6.4. Accounts Receivable

The Corporation's accounts receivable consist of the following:

	September 30, 2018	September 30, 2017
	\$	\$
Due from the Government of Canada	14,290,542	7,307,204
Taxes receivable	1,708,285	1,899,508
Re-invoicing of work to business partners	2,967,364	2,308,379
Other accounts receivable	383,877	448,275
Total Accounts Receivable	19,350,068	11,963,366

4.6.5. Accounts Payable and Accrued Liabilities

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

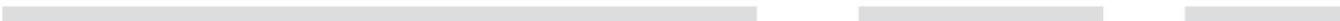
	September 30, 2018	September 30, 2017
	\$	\$
Suppliers and accrued liabilities	44,575,100	55,726,186
Salaries and employee benefits	1,780,175	1,907,970
Total Accounts Payable and Accrued Liabilities	46,355,275	57,634,156

4.6.6. Environmental Obligations

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

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

As at September 30, 2018, the priority environmental issue for the Corporation remains that of the lands located in the Bonaventure Expressway sector in Montreal. These lands, which have been managed by the Corporation since 1978, are located on a portion of and close to a former landfill site operated by the City of Montreal between 1866 and 1966. This former landfill site covers several tracts of land belonging to different owners. Since 2003, the Corporation has conducted studies and toxicity tests on the groundwater in this location. The tests revealed that the groundwater is contaminated beyond acceptable criteria. Given the complexity of the issue, the involvement of numerous owners and the significant costs involved, the federal government



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

a) East Sector

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

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

b) West Sector

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

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

Main assumptions		East Sector	West Sector
As at September 30, 2018			
Discount Rate (Note 1)			
Inflation Rate – NRBCPI (Note 2)			
Accuracy Factor		+/- 10%	
Undiscounted Range to which the Inflation Rate was Applied:			
As at March 31, 2018	Minimum	\$ 18,407,000	\$ 10,228,000
	Maximum	\$ 21,144,000	\$ 10,228,000
As at September 30, 2018	Minimum	\$ 16,901,000	\$ 9,938,000
	Maximum	\$ 20,120,000	\$ 9,938,000
Discounted Range to which the Inflation Rate was Applied:			
As at March 31, 2018	Minimum	\$ 15,547,000	\$ 8,854,000
	Maximum	\$ 17,849,000	\$ 8,854,000
As at September 30, 2018	Minimum	\$ 14,057,000	\$ 8,283,000
	Maximum	\$ 16,661,000	\$ 8,283,000
Provision for Environmental Obligations		\$ 14,057,000	\$ 8,283,000

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

As at September 30, 2018, the Corporation estimates an amount of \$22,340,118 (\$24,401,859 as at March 31, 2018) for the East and West Sectors. This amount is recorded as Environmental obligations in the Statement of Financial Position as at September 30, 2018.

Note 1: The discount rates are determined based on the actual zero-coupon yield curve for Government of Canada bond market issued by the Bank of Canada. The discount rate for the year 2020 is 2.03% (1.63% as at March 31, 2018). The rates for subsequent years range from 2.13% to 2.36% (1.79% to 2.19% as at March 31, 2018).

Note 2: Based on the Non-Residential Building Construction Price Index. For fiscal year 2018-2019, the rate is 2.89% (2.99% as at March 31, 2018).

4.6.7. Tangible Capital Assets

(Unaudited – in Canadian Dollars)

	Lands	Bridges and Roads	Vehicles and Equipment	Projects in Progress	Total
	\$	\$	\$	\$	\$
COST					
April 1, 2017	5,250,117	698,939,378	4,428,890	64,234,292	772,852,677
Acquisitions	-	36,429,161	1,134,929	15,241,796	52,805,886
Disposals	-	-	(21,728)	-	(21,728)
Transfers	-	62,803,242	-	(62,803,242)	-
March 31, 2018	5,250,117	798,171,781	5,542,091	16,672,846	825,636,835
Acquisitions	-	5,715,171	212,481	15,742,616	21,670,268
Disposals	-	-	-	-	-
Transfers	-	5,032,599	-	(5,032,599)	-
September 30, 2018	5,250,117	808,919,551	5,754,572	27,382,863	847,307,103
ACCUMULATED AMORTIZATION					
April 1, 2017	-	207,507,694	3,533,362	-	211,041,056
Amortization	-	33,029,325	305,853	-	33,335,178
Disposals	-	-	(21,728)	-	(21,728)
March 31, 2018	-	240,537,019	3,817,487	-	244,354,506
Amortization	-	17,099,921	210,332	-	17,310,253
September 30, 2018	-	257,636,940	4,027,819	-	261,664,759
NET BOOK VALUE					
March 31, 2018	5,250,117	557,634,762	1,724,604	16,672,846	581,282,329
September 30, 2018	5,250,117	551,282,611	1,726,753	27,382,863	585,642,344

As at September 30, 2018, “Accounts Payable and Accrued Liabilities” includes acquisitions related to tangible capital assets of \$25,470,321 (\$21,905,884 as at March 31, 2018).

4.6.8. Share Capital

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

4.6.9. Contingencies

Legal Proceedings and Claims

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

As at September 30, 2018, there are contingent assets whose estimated amount cannot be determined. Access to ownership of these assets depends on the progress of the negotiations with a business partner. The contingent assets are not recognized in the Financial Statements.

Other Contingencies

- a) The Corporation was granted a permit to install, maintain and use a cable for closed circuit television signals on lands that it does not own. In the event of termination of this permit, the Corporation will have to remove its facilities, at its expense. As at September 30, 2018, neither the owner of the lands nor the Corporation has indicated its intention to terminate the permit. Therefore, no contingent liabilities related to this capital asset has been recognized.
- b) The Corporation holds structures erected on land whose owner has transferred the management and administration thereof to the Government of Canada. The owner of the land could take back the land in the event of a change in the use thereof, without any indemnity for the structures erected, provided they are in satisfactory condition, at the convenience of the owner. At present, the Corporation has no intention of changing the current use of these structures. Therefore, no liabilities related to these capital assets has been recognized.

4.6.10. Contractual Holdbacks

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

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

4.6.11. Related Party Transactions

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

4.6.12 Expenses by Type

	September 30	
	2018	2017
	\$	\$
Regular and major maintenance	51,158,428	35,475,658
Environmental obligations	(902,556)	765,173
Amortization of tangible capital assets	17,310,253	17,420,161
Salaries and employee benefits	9,530,568	8,625,499
Professional services	4,805,755	3,813,088
Goods and services	2,573,019	3,043,363
Total Expenses	84,475,467	69,142,942

4.6.13. Parliamentary Appropriations

	September 30	
	2018	2017
	\$	\$
Parliamentary appropriations requested	92,185,407	101,775,699
Change in long-term contractual holdbacks	(2,094,004)	(4,942,370)
Total Parliamentary Appropriations Recognized as Revenue	90,091,403	96,833,329
Distribution		
Portion of parliamentary appropriations for operating expenses	68,421,135	63,671,285
Portion of parliamentary appropriations for tangible capital assets	21,670,268	33,162,044
Total Parliamentary Appropriations Recognized as Revenue	90,091,403	96,833,329



4.6.14. Subsequent Event

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





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