

🕒 2000-2001 ANNUAL REPORT

USING OUR EXPERTISE
TO SERVE THE NEEDS OF OUR CLIENTS

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MATTERS ? OF TIME

“TIMELESS, TIMEPROOF”

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Canada

MISSION

THE FEDERAL BRIDGE CORPORATION LIMITED AND ITS SUBSIDIARIES

As an integral component of Canada's economic activity, it is The Federal Bridge Corporation Limited and its subsidiaries' mission to **MANAGE, OPERATE** and **MAINTAIN** the bridges and highway infrastructure under their jurisdiction so as to provide users with **RELIABLE** and **EFFICIENT TRANSIT**.

To meet this goal, the Corporation and its subsidiaries enforce **SOUND MANAGEMENT** practices and **ENVIRONMENTALLY FRIENDLY** policies, and ensure that their methods of visual communication provide a favourable representation of Government of Canada activities.

ADDRESSES

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HIGHLIGHTS

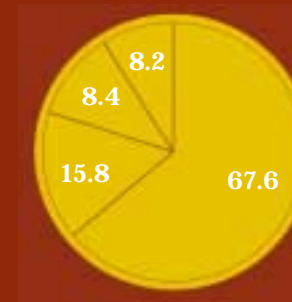
ANNUAL TRAFFIC IN MILLIONS OF VEHICLES



1. Champlain Bridge
2. Jacques-Cartier Bridge
3. Honoré-Mercier Bridge
4. Bonaventure Expressway
5. Melocheville Tunnel
6. Sault Ste. Marie International Bridge
7. Seaway International Bridge
8. Thousand Islands International Bridge

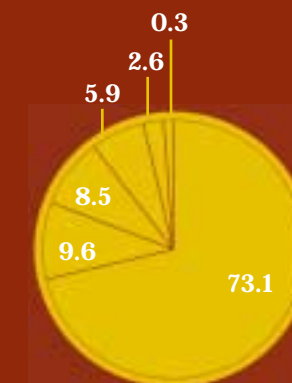
* To which must be added 8 millions commuters using public transit.

DISTRIBUTION OF OPERATING EXPENSES 2000-2001



- Maintenance: 67.6 %
- Operation: 8.2 %
- Administration: 15.8 %
- Amortization: 8.4 %

DISTRIBUTION OF REVENUE SOURCES 2000-2001



- Thousand Islands Bridge operating revenue: 5.9 %
- Leases and licences: 9.6 %
- Tolls: 8.5 %
- Interest: 2.6 %
- Other: 0.3 %
- Parliamentary appropriation: 73.1 %

CREDITS

- Graphic Design and Production :
- Photography :

Interpôles inc.
Léopold Brunet
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1. THE FEDERAL BRIDGE CORPORATION LIMITED



June 30, 2001

The Honourable David Collenette, P.C., M.P.
Minister of Transport
29th floor
330 Sparks Street
Tower C, Place de Ville
Ottawa, Ontario K1A 0N5

Dear Minister,

In accordance with the provisions of Section 150 of the *Financial Administration Act*, I am pleased to submit the Annual Report of The Federal Bridge Corporation Limited for the fiscal year ending March 31, 2001. This Report also contains the financial statements of the Corporation, which have been audited by the Auditor General of Canada in accordance with Part X of the *Financial Administration Act* and Regulations, the *Canada Business Corporations Act*, the *Canada Marine Act* and the Articles and Bylaws of the Corporation.

In the interests of economy, this Report also incorporates the Annual Reports of our subsidiary organizations, The Seaway International Bridge Corporation, Ltd., The Jacques Cartier and Champlain Bridges Incorporated, and of the St. Mary's River Bridge Company.

Yours truly,

Michel Fournier
President and Chief Executive Officer



MICHEL FOURNIER
President and Chief Executive Officer

REPORT TO SHAREHOLDER

The challenge of using our expertise to serve the needs of our clients by providing safe, environmentally sound, efficient, well-maintained and affordable bridges and other transportation structures for their use is one that is taken very seriously by all the employees of The Federal Bridge Corporation Limited (FBCL) and its subsidiaries.

In this Annual Report, we have consolidated the reports of our subsidiary organizations in order to reduce costs even further, increase efficiency, and also present a unified picture of our operations.

Our organization continues to grow, with the acquisition of the St. Mary's River Bridge Company, which owns the Canadian portion of the Sault Ste. Marie International Bridge.

Our national and international assets contain some of the busiest and most important transportation infrastructure in the country. We believe that we have developed the highly skilled and highly efficient team of specialists necessary to take on responsibility for the operation and management of other transportation structures if the Governor in Council considers it appropriate.

This past year has seen a number of developments in several key areas. For example, our largest project, the deck replacement of the Jacques Cartier Bridge in Montréal, representing a \$120 million investment, is now underway. We are completely committed to doing all we can to ensure the least amount of disruption in traffic while this work is completed over the next two years.

We are also increasing the use of Intelligent Transportation Systems such as the electronic variable message signs which give travelers up to the minute information on traffic and road conditions on many of our structures and enable them to choose other routes if necessary. This signage is also used to identify our assets as federal structures, in accordance with the commitment and involvement of the federal government in meeting the needs of the travelling public and businesses.



“MOVE WITH THE TIME”

Over the course of the year, we also undertook a number of studies on the impact of such things as the increased truck traffic on our bridges, roads and tunnels, as a result of economic growth and increased trade, particularly with our largest trading partner, the United States. We know that congestion on our roadways costs us hundreds of millions of dollars in lost income and profits, and The Corporation Limited is working with several of its governmental and non-governmental partners to find ways to alleviate this situation. In doing so, we look at the whole picture of traffic movement in a given area, not just the movement of traffic over those structures for which we are responsible. In the Montreal area, for example, where traffic congestion is costing upwards of half a billion dollars per year, we are studying proposals that could possibly involve the construction of additional highways and other infrastructure, or the construction of light rail or monorail track over some of our structures.

At the same time, we continue to work to improve our internal operations and to increase our financial control in such areas as lease and licence management, and in continuing to develop the human resources necessary to carry out our operations. Also, in this past year we have asked our subsidiary companies to carry out inventories of all their properties to make sure that in all we do, we comply with all environmental regulations. At the same time, we are working on the development of a set of key performance indicators so that we can

more effectively monitor all our operations and make changes when necessary.

In our two and a half years of operation, I am proud to report that our organization has successfully reduced costs and has put in place a better, more effective and efficient management system in our head office in Ottawa, and in all of our subsidiary organizations.

We are committed to continuing this work in the years ahead so that the millions of Canadians and others who make use of our transportation structures everyday can rely on safe, affordable and environmentally sound bridges, tunnels and roadways. ☺



THE YEAR IN REVIEW

The bridges and other structures under the control of the FBCL are an important part of Canada's transportation infrastructure, and are essential for the safe and efficient movement of people and goods.

Hundreds of thousands of commuters, tourists, travellers, service vehicles, trucks, buses, cyclists and pedestrians make use of these structures everyday.

These structures also contribute greatly to national and international trade, particularly with the United States, which is our largest trading partner as we are theirs.

In its two and a half years of operation, the FBCL has successfully reduced operating costs, and the assets under its control are now better managed and more efficiently run. It has also developed a team of specialists with expertise in managing and operating bridges, tunnels, highways and other transportation structures. The use of new information technology and innovation are central to the success of this market-driven organization. In addition, a Committee has been created at the head office in Ottawa with a mandate to develop and make recommendations on a list of key performance indicators that will then be monitored regularly to ensure that the organization is fulfilling its mission and meeting its objectives.

These indicators will show the extent to which costs have been reduced, management policies and practices standardized, federal visibility enhanced, and how expertise and resources have been rationalized. They will also show the impact on the organization when structures have been transferred to it, and the efficacy of arrangements with third parties.

INTELLIGENT TRANSPORTATION SYSTEMS (ITS)

VARIABLE MESSAGE SIGNS

In June 1999, FBCL put in place a Variable Message Signs (VMS) Program as part of its ITS initiatives. VMS provide drivers with real time information on traffic and road conditions, and, in some cases, are used to identify the structure as federal property. This program was continued and expanded during 2000-2001.

At the time of the creation of the program, the Champlain and Jacques Cartier bridges were highly congested, and deck replacement work on the Victoria Bridge made the congestion even worse, adding from thirty to ninety minutes to the normal waiting period for users to cross the South Shore bridges.

The problem was not the bridges themselves, but the fact that they were being greatly overused due to increased traffic. No new crossings or bridges have been added to the transportation infrastructure in that



area over the past 35 years while on Champlain Bridge alone, truck traffic has increased by 11% and automobiles by 3% annually, over the last ten years.

The VMS will improve traffic safety, reduce accidents, provide information on roadway hazards and conditions such as black ice, accidents and other delays. They also suggest alternate routes which has helped to provide better management of the overall traffic flow.

In addition, the VMS system is integrated with a new camera surveillance system and a Camera Counting System. An agreement has been made with the Québec Ministry of Transportation to fully integrate the Corporation's VMS system into the Traffic Management Centre operated by the Ministry so that bridge users will be provided with additional information on congestion, construction and other roadway conditions.

The objective is not only to put a VMS system in place on certain structures, but also to create the most efficient and flexible safety framework that will allow FBCL to adapt, customize and implement it elsewhere to benefit other structures that may require this technology.

FBCL is also in the process of implementing a policy, which establishes guidelines to ensure a consistent and uniform national approach to the identification of federal bridges and other structures under its jurisdiction. This policy includes the supply of identification signage to subsidiary companies which cannot afford the cost of producing new signage.

FEDERAL IDENTITY PROGRAM

The VMS Program is also used to identify structures as federal property under the Federal Identity Program. All of the structures under the Corporation's jurisdiction are so identified either with fixed signs or with electronic variable message signs.

In fact, the two busiest bridges in Canada (Champlain and Jacques Cartier) had never been identified as federal structures until the Corporation's new VMS Program was put in place. Today, these important structures are identified as bridges owned and maintained by the Canadian Government for the economic benefit of the Greater Montreal area.

The VMS system is not an expense to taxpayers or users; it is funded through a commercial signage program.

COMMERCIAL SIGNAGE

In order to cover the costs of the VMS system, the FBCL has organized a Commercial Signage Program, which will consist of billboards put up by Mediacom Inc. The consultant we retained has pinpointed 130 locations near the Jacques Cartier and Champlain bridges and the Bonaventure Expressway that could be used for these signs. We have reserved 30 of these sites.

The revenues from commercial signage are based on market driven values, and the policy of the Corporation is to ensure that almost all revenues generated by the



advertising signs are to be reinvested in the location where they were earned, for the benefit of bridge users.

The Corporation has taken these initiatives to accomplish its mission of providing efficient and safe passage of vehicles over its structures.

This Montréal initiative will generate a total of about \$60 million over the 15-year contract period. The Corporation's goal is to re-inject 95% of the revenues in new traffic safety and management systems for the benefit of bridge users, and to use the other 5% of revenues to cover administrative expenses and to support identification signage for subsidiaries which cannot afford the cost.

VEHICLE COUNTING AND CLOSED CIRCUIT TELESURVEILLANCE SYSTEMS

The Corporation has also initiated the installation of an advanced vehicle counting system that uses cameras at four locations (Jacques Cartier and Champlain bridges, Highway 15 and Bonaventure Expressway). The existing outdated closed circuit camera surveillance system will be replaced by a new \$4 million system using fibre optic technology. This new program is paid for by commercial signage revenues.

THE ROCHE-DELUC TRAFFIC STUDY

As was pointed out in Transport Canada's latest Annual Report, the growing number of trucks involved in interprovincial and international trade is adding rapidly to

increased traffic congestion in the Greater Montreal area in general, but on its bridges in particular. The Roche-Deluc study which was initiated earlier, had estimated that the cost of traffic congestion for the Montreal region overall was in excess of \$500 million in 1999. Since 1990, the number of trucks crossing the Canada-US border increased at an annual average rate of 7.9%, from 19,680 to 33,410 trucks daily. On the Champlain Bridge alone, truck traffic has increased by 11% every year since 1992.

In 1999, exports from Canada to the United States were \$354 billion alone, while imports from the USA to Canada represented \$215 billion. About 70% of this was carried in trucks.

The ever-increasing volume of truck traffic is accelerating the wear and tear on the decks of bridges as well as the support structures. This leads to significant increases in maintenance costs, which, in turn, increases congestion because it reduces the availability of traffic lanes under repair.

Two possible solutions were proposed. One was to build another highway to bypass Montreal Island which would require the construction of two new bridges and some 35 kilometres of roadway, and the other was to build a new mass transit system over the highway 10 / Champlain Bridge Ice Control Structure / Bonaventure Expressway Corridor. Another study is now underway to determine the feasibility of the two proposals.



JOINT CANADA-U.S. FEASIBILITY STUDY ON THE THOUSAND ISLANDS AND SEAWAY INTERNATIONAL BRIDGES

Preliminary steps have been undertaken with the Department of Transportation of the State of New York to determine the future needs at the Thousand Islands and Seaway International bridges. The study will look at the existing infrastructures and the operational capacity of the two crossings, and determine remedial measures and their possible implementation.

THE MANAGEMENT OF LEASES AND LICENCES

In 2000-2001, FBCL began implementing a Leases and Licences Management System in order to provide a comprehensive list of leases and licences and to establish an effective follow-up procedure. The system will also estimate and compare rent revenues and payments in lieu of taxes and, among other things, will create a control system for insurance certificates.

ENVIRONMENTAL STUDIES

In 2000-2001, The Seaway International Bridge Corporation, Ltd. (SIBC), our Cornwall subsidiary, submitted an inventory of its properties to ensure compliance with environmental regulations. Their

report has indicated that our assets and operations do not present any major known environmental challenges.

HUMAN RESOURCES

During the past year, the Corporation has created programs to recruit, retain and motivate employees. The Corporation has also linked its human resources practices with its business strategy. It has registered the new pension plan with Revenue Canada and the Superintendent of Financial Institutions. In addition, a collective agreement was signed and ratified by unionized workers in The Jacques Cartier and Champlain Bridges Incorporated subsidiary, and a job evaluation plan was developed by a joint committee of unionized and non-unionized employees. A human resources strategic plan was also drafted for the SIBC.



MANDATE OF THE FEDERAL BRIDGE CORPORATION LIMITED

The Federal Bridge Corporation Limited (FBCL) and its subsidiary organizations have a mandate to engage in a range of activities to ensure that the bridges, tunnels, roadways and other structures under their control are safe, modern, efficient, environmentally sound and well-maintained, and in doing so, demonstrate the commitment of the Government of Canada to the transportation needs of the country. Our clients are the millions of Canadians and foreign individuals and businesses who use these structures every day.

As outlined in Schedule 2 of its incorporation documents, FBCL can acquire land for the construction, maintenance and operation of bridges connecting Canada with the United States, either alone or in cooperation with U.S. authorities.

The Corporation is also authorized to acquire land for constructing, maintaining, managing and operating other structures or property as directed by the Governor in Council. It assumes responsibility for all transferred property and rights, and, with the approval of the Governor in Council, may also lease to any person any lands, property or water power held in its name or in the name of the Government of Canada.

The FBCL is responsible for ensuring all its operations are conducted efficiently to control costs and maximize value, and that the structures under its control are safe and well-maintained and provide a high quality of service to its users. It is also responsible for ensuring that the federal government's role in transportation is recognized, that heritage structures are properly maintained and preserved, and that all environmental laws and regulations are respected during any construction or maintenance.

THE THOUSAND ISLANDS INTERNATIONAL BRIDGE

The Thousand Islands International Bridge is operated and maintained by The Thousand Islands Bridge Authority (TIBA) under an Agreement with FBCL.

In the fiscal year 2000-2001, the FBCL initiated a number of maintenance-related and safety improvement projects including the replacement of centre tie and girder

pin project which began in May and was completed in July 2000; the rehabilitation of concrete piers project started in August 2000 and was completed in May 2001; the rehabilitation of the North Approach began in April 2001 and is expected to be completed in June.

Finally, a planned maintenance walkway is to be installed by TIBA in July 2001, in addition to the abutment slope stabilization which will be carried out.



PROFILE AND HISTORY

The Federal Bridge Corporation Limited (FBCL) is a Crown corporation, which was established in 1998 under the *Canada Business Corporations Act* to operate the bridge and highway assets formerly under the control of The St. Lawrence Seaway Authority. Its articles of incorporation provide that it can take responsibility for other bridges and transportation structures if the Governor in Council so orders, and since 1998, other assets have been added to its responsibilities.

The FBCL controls two categories of assets: those that are financially self-sufficient through the collection of tolls, and those that depend on government funding for their operations.

Self-sufficient assets include the Thousand Islands International Bridge; the Seaway International Bridge in Cornwall, and the Sault Ste. Marie International Bridge. All FBCL assets are operated by its subsidiary companies or through partnership agreements. Our international crossings

are the Thousand Islands International Bridge, the Seaway International Bridge located in Cornwall, and the Sault Ste. Marie International Bridge.

Assets requiring government funding include the Jacques Cartier and Champlain bridges, the Champlain Bridge Ice Control Structure, the Bonaventure Expressway and a portion of Highway 15, half of the Honoré-Mercier Bridge and the Melocheville Tunnel, all located in the Montreal region. ☺

2. THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED



PIERRE BEAUDOIN, Eng.
General Manager

GENERAL MANAGER'S REPORT

The road network is a key element in the Montreal metropolitan region and the Canadian economy. This is evident from the annual increases in trucking and road congestion alone.

The visibility of the infrastructures managed by the Corporation, their social significance and their importance to economic development support the maintenance and improvement of services provided to the public. It is on the basis of this profound conviction and my commitment to the principles and values of service to users that I agreed to assume the position of General Manager last fall.

My first actions as General Manager were to evaluate the overall situation, develop new management methods and establish an action plan for public communications in order to mitigate the impact of major construction projects on the Corporation's structures.

One of the unarguable landmarks in Montréal's tourism landscape is certainly the Jacques Cartier Bridge of which we are very proud. After seventy years in existence, a major repair to the surface of the bridge is about to take place. A key event in 2000-2001 was the awarding of a design-build contract to Groupement SMDB on October 12, 2000 for the deck replacement of the Jacques Cartier Bridge. This project, representing an investment of more than \$120 million, is the most important bridge repair project ever undertaken in Canada. It constitutes a challenge from every point of view: engineering, technology, project co-ordination and the project's impact on users. The Corporation has set up an organizational structure specifically for this project, bringing together a number of several specialized firms which are committed to carrying out a quality project with minimum impact on users.

For the project to run smoothly, we also thought that it would be essential to form strategic partnerships with the public and para-public authorities as well as all of the organizations involved. We set up a steering committee in order to ensure information sharing and the co-ordination of our activities. Through this network of partners, we will be able to co-ordinate our communications efforts and answer questions pertaining to issues such as safety, environmental responsibility, mass transportation, trucking and recreation, whether directly or indirectly related to the Jacques Cartier Bridge's deck replacement project. Our success will be made possible through the commitment of each and every one of the Corporation's employees and the involvement of our partners, which will enable us to meet this major challenge and to continue to offer the best service to the public.

Therefore, it is with great pleasure that I submit to you the Corporation's Annual Report, setting out its objectives and achievements during the year, as well as the outlook for the upcoming fiscal year. 🕒

“TAKE THE TIME”

THE YEAR IN REVIEW

The Corporation proposed and undertook a number of major infrastructure maintenance projects over the year. Care was given to minimizing the impact on traffic as a result of these major maintenance projects, which involved programs to repair pavements, viaducts and decks, clean and paint bridges, repair steel structures and piers, and modernize signalling systems.

Out of a total of \$22.5 million in maintenance expenditures during 2000-2001, the major maintenance program, excluding investments on the Jacques Cartier Bridge deck replacement project, represented \$19 million, broken down as follows:

• BRIDGE PIER REPAIRS	\$1,335,036
• STEEL STRUCTURE REPAIRS	\$4,318,840
• CLEANING AND PAINTING PROGRAM	\$3,505,524
• PRECAST CONCRETE BEAMS	\$614,367
• BRIDGE DECKS	\$4,193,201
• PAVEMENTS AND VIADUCTS	\$986,303
• SIGNALLING	\$1,294,131
• OTHER	\$2,581,496

An amount of \$5,584,296 for the Jacques Cartier Bridge deck replacement project was capitalized as work in progress.





**REPORT ON
OVERALL OBJECTIVES
FOR 2000-2001**

**REDECKING
THE JACQUES CARTIER BRIDGE**

This large-scale project, representing an investment of more than \$120 million, is the most important bridge repair project ever undertaken in Canada.

Most of the existing deck of the Jacques Cartier Bridge – which spans the St. Lawrence River between the Island of Montreal and the City of Longueuil – dates back to when the bridge was built and first opened to traffic in 1930. Originally, there were three lanes; however, two lanes were added in the 1950s to meet the growing traffic. Today, annual traffic over the Jacques Cartier Bridge is estimated at 43 million vehicles.

The contract covers all design, prefabrication and construction work to redeck the Jacques Cartier Bridge. It provides for the full replacement of the reinforced concrete deck (the width of five traffic lanes) over a distance of 2.7 kilometres with approximately 60,000 square metres of surface to be rebuilt. A new deck built of pre-cast concrete components, assembled with high-tension steel cables, will replace the existing deck.

The contract also provides for the replacement of the sidewalk on the upstream (western) side of the bridge by a new bicycle path.

The sidewalk on the downstream (eastern) side will also be replaced. The contract also entails major improvements in the geometry of the lanes at the section of the bridge which is known as the "Craig curve".

The call for tenders was issued in January 2000 to qualify companies capable of carrying out the project, and the contract was awarded on October 12, 2000. Prefabricated deck panels will begin to be installed in May 2001, and this phase of the project is expected to be completed in November 2002 at a total construction cost estimated at \$110,000,000. This total does not include related project management costs and other services.

In order to ensure the safety of users, increase the efficiency of construction work and provide users with the best possible service, the bridge will be closed at night and reopened during the day between 5:30 A.M. and 8:30 P.M.

Given the nature and scale of the project during fiscal year 2000–2001, the Corporation deployed all of the necessary resources and efforts to ensure the proper implementation of the project. The main priorities are to minimize the impact on users and to meet the deadlines established.

Between November 2000 and February 2001, the contractor built a plant near the bridge, where 1,518 of the concrete components needed for the replacement of the existing deck will be prefabricated.



⌚ **FINANCIAL REVIEW OF THE YEAR**

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED

BREAKDOWN OF REVENUES AND EXPENDITURES IN 2000-2001 BY INFRASTRUCTURE

	JACQUES CARTIER BRIDGE	CHAMPLAIN BRIDGE AND BONAVENTURE EXPRESSWAY	HONORÉ- MERCIER BRIDGE	MELOCHEVILLE TUNNEL	CHAMPLAIN BRIDGE ICE CONTROL STRUCTURE	TOTAL
	\$	\$	\$	\$	\$	\$
• Revenues	406,118	561,066	29,578	6,942	2,665	1,006,369
• Expenditures						
Operations	997,009	2,170,283	–	–	–	3,167,292
Maintenance	7,781,710	11,284,731	2,111,769	956,480	367,146	22,501,836
Administration	1,173,070	1,631,782	272,901	123,604	47,446	3,248,803
Amortization	52,717	1,060,975	475,446	–	450,000	2,039,138
• Total expenditures	10,004,506	16,147,771	2,860,116	1,080,084	864,592	30,957,069



Furthermore, during the project's first phase, platforms were installed on either side of the bridge to enable workers to reach the different parts of the structure and deck and perform the repairs and beam reinforcements in preparation for receiving the new deck slabs. In addition, construction site trailers have been installed for the contractor and project management team.

MAINTAINING THE BRIDGES, THE EXPRESSWAY AND THE TUNNEL ACCORDING TO RELIABLE AND ACCEPTABLE STANDARDS IN ORDER TO ENSURE THAT THE STRUCTURES ARE SAFE

During 2000-2001, the Corporation pursued its major infrastructure maintenance program. Major repair works, for a total cost of close to \$19 million, were performed on the Corporation's structures during the fiscal year.

JACQUES CARTIER BRIDGE

Aside from the redecking project, a \$3,018,628 contract was awarded for the repair of the steel frames of some parts of the Jacques Cartier Bridge. Improvements were also made to the access and safety devices.

CHAMPLAIN BRIDGE

Redecking and repairs to the expansion joints were the major works performed this year on this bridge from the financial point

of view and in terms of the impact on traffic. At the end of this fiscal year, the amounts spent on this contract came to \$ 3,044,441.

Cleaning and painting of the metal superstructure continued. This program should be completed in 2005-06. The painting contract awarded for 2000-2001 came to \$2,128,055.

Repairs to the two viaducts of the Bonaventure Expressway and modernization work on the lane signalling system were also carried out.

HONORÉ-MERCIER BRIDGE

As a result of the inspection reports on the condition of the portion of the Honoré-Mercier Bridge managed by the Corporation, the latter undertook a cleaning and painting program on the bridge's steel structure in order to slow down its corrosion. This major maintenance program will take place over an 11-year period.

In 2000-2001, \$1,175,387 was spent on painting the metal structure of the Seaway approach span.

MELOCHEVILLE TUNNEL

Over the previous year, the Melocheville Tunnel underwent its first thorough inspection, which led to the development of an intervention program.

The Corporation set about implementing a project to repair the tunnel's electrical distribution systems, including the installation



and hook-up of generating sets in a new entrance, and the replacement of the control centre for vent motors, for a total of \$437,460. The new system will ensure the autonomy and smooth operation of the ventilation, lighting and water pumping systems in the tunnel in the event of an electrical failure.

**CHAMPLAIN BRIDGE
ICE CONTROL STRUCTURE**

The public uses the Ice Control Structure as a bicycle path during the summer. The Corporation undertook the inspection of this structure's underwater piers during 2000-2001.

OPERATIONS AND MAINTENANCE

The winter of 2000-2001 was especially harsh and was characterized by frequent snowfalls and more total precipitation than the average of the previous few years. And there was no warm spell. These weather conditions called for more frequent snow-removal and de-icing procedures in order to ensure public safety. The additional costs associated with these measures amounted to \$395,000 for 2000-2001.

IMPROVING SERVICE TO USERS BY MINIMIZING TRAFFIC DISRUPTIONS CREATED BY THE MAJOR AND REGULAR MAINTENANCE WORK

Given the high traffic volumes on the structures managed by the Corporation and the traffic congestion, service to the public constitutes a key concern of the Corporation.

Thus, in the context of the Jacques Cartier Bridge redecking project, the Corporation has implemented some important measures designed to eliminate any inconvenience to the approximately 120,000 users who cross this bridge every day.

The project was carefully planned and the construction work on the bridge will be carried out mostly at night. However, during certain special events, the bridge will remain open to the public, as usual.

Special signalling has been included in this project. Québec Ministry of Transportation will use some of its network's variable message signs to communicate appropriate and up-to-date information on the construction work. Also, special signalling on the main road arteries in the Montreal area will be provided.

A "Bicycle Hot-Line" has been set up in order to inform cyclists about Bridge sidewalk openings and closures on a daily basis.

In terms of communications, the Corporation has launched its Web site, which is designed to provide information about the Corporation and its structures to the public. The site contains a section dealing specifically with the details of the construction work on the Jacques Cartier Bridge deck replacement project, work progress and traffic lane closures.



“TURN BACK TIME”

IMPROVING PRODUCTIVITY IN THE CORPORATION

The Corporation has 42 employees, including 18 white-collar workers, 13 blue-collar workers and 11 non-unionized employees.

The Corporation continues to rely on specialized management, engineering, legal, public relations and construction services provided by the private sector in order to manage all of its projects.

During 2000-2001, the maintenance centre of the Jacques Cartier Bridge was refitted. This essentially involved the refurbishing of rooms, the replacement of interior finishes, the installation of a new ventilation system and carpentry and electrical work. This investment will result in a more stimulating and functional environment, and will better meet the current and future needs of employees working in this centre.

This year, the Corporation continued to pay special attention to the issue of employment equity. A working group was set up in order to implement an evaluation system for positions held by unionized employees.

Also, the Corporation conducted an in-depth internal review of the workplace for blue-collar workers in order to seek out their views about various aspects of the work and the organizational climate. Specific measures will be implemented in 2001-2002 on the basis of the findings of this review.

FINANCIAL ANALYSIS

1. REVENUES

Total revenues of \$1,006,369 surpassed by \$178,369, or 21.5%, the \$828,000 projected in the budget. This net increase is largely attributable to the issuance of new leases and licences, the increase in rents and fees from leases and licences in existence and larger amounts of interest revenue.

2. EXPENDITURES

Expenditures initially included in the Corporation's budget totalled \$38,382,000 for 2000-2001.

At March 31, 2001, the Corporation reported total expenditures of \$30,957,069 for 2000-2001, which is \$7,424,931, or 19%, less than the amount initially projected for that fiscal year. This difference is largely attributable to the cancellation of a cleaning and painting contract for the Jacques Cartier Bridge, the fact that The Federal Bridge Corporation Limited assumed a contract for the modernization of the remote surveillance network on the Champlain Bridge, the capitalization of expenditures related to the Jacques Cartier Bridge's deck replacement project, construction work in progress and the redesign or modification of major and regular maintenance projects.



MANDATE OF THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED

The mandate of The Jacques Cartier and Champlain Bridges Incorporated is to operate and maintain the Jacques Cartier and Champlain bridges, the federally-owned section of the Honoré-Mercier Bridge, a section of the Bonaventure Expressway, the Melocheville Tunnel and the Champlain Bridge Ice Control Structure by carrying out regular and major maintenance work, as required, while providing the public with safe and efficient transits on these infrastructures.



3. CAPITAL ASSETS

The Corporation is working on the development of a new policy on the capitalization of goods and structures under its control. Thus, in accordance with this policy, the Jacques Cartier Bridge deck replacement project has been analyzed from a specific point of view and investments related to this project have been capitalized. Expenditures on this project had originally been included in the operating budget rather than in the investment budget.

Thus, investments for the fiscal year amounted to \$5,914,807, compared with the amount of \$487,000 budgeted for that same period.

The main acquisitions during the fiscal year included vehicles, a crane truck and computer equipment. The amounts capitalized in relation to the Jacques Cartier Bridge deck replacement project came to \$5,584,296.

4. PARLIAMENTARY APPROPRIATIONS

Parliamentary appropriations approved for the Corporation for 2000-2001 came to \$38,641,000. The actual amounts required to make up for the surplus of expenditures over revenues and to fund fixed assets came to \$33,880,798, for a difference of \$4,760,202, or 12% of the total appropriation approved.

PERSPECTIVES

The Jacques Cartier and Champlain Bridges Incorporated will continue to change as it attempts to keep improving its services to users.

Over the coming year, the key challenge will inevitably be the pursuit and follow-up of the Jacques Cartier Bridge deck replacement project. Phase 1, which involves the replacement of the deck on the southern portion of the bridge between Longueuil

and the île Sainte-Hélène Pavillion, will continue from May, 2001 to October, 2001. In order to provide users with the best possible service, the Corporation will continue to evaluate and develop the methods introduced in order to eliminate inconveniences for the approximately 120,000 individuals who use the bridge each day.

Aside from the Jacques Cartier Bridge deck replacement project, the Corporation will pursue its major maintenance project. At the Champlain Bridge, the pier and portal repair work, as well as the cleaning and painting of the metal structure, will continue in 2001-2002. In addition, the Corporation intends to spend \$6.7 million over the next two fiscal years for the repair of two links between the Bonaventure and Décarie Expressways.

The Corporation will also pursue the cleaning and painting of the steel structure and the repair of the Honoré-Mercier Bridge piers.

The Corporation also wishes to improve the maintenance of bicycle paths which come under its management. The lighting system of the Champlain Bridge Ice Control Structure will be repaired. In addition, the bicycle link located on the South Shore, between the Jacques Cartier Bridge and the city of Longueuil's network will be redesigned. ☹

PROFILE AND ACTIVITIES

The Jacques Cartier and Champlain Bridges Incorporated is responsible for public transportation infrastructures such as bridges, expressways and a tunnel.

Incorporated on November 3, 1978 under the *Canada Business Corporations Act*, the Corporation is a wholly-owned subsidiary of The Federal Bridge Corporation Limited, a Crown corporation listed under Part I of Schedule III of the *Financial Administration Act*.

The Federal Bridge Corporation Limited is required to submit the Annual Report of The Jacques Cartier and Champlain Bridges Incorporated, its subsidiary, to the Treasury Board Secretariat through the Minister of Transport of Canada.

The Corporation's funding comes primarily from public funds, supplemented from other revenue sources such as revenues from leases and licences.

The Corporation's key activities are divided into two specific sectors: Engineering and Construction, and Operations and Maintenance. These two sectors are supported by administrative services such as Finance, Legal Services, Procurement and Human Resources.

The Engineering and Construction sector directs major construction, renovation and repair projects, pertaining specifically to civil engineering and road works such as piers, beams, decks, steel structures, foundations, paving and painting, as well as lighting, lane signal monitoring, camera and pumping systems.

The Operations and Maintenance sector has primary responsibility for public works pertaining to structures. This unit handles and manages snow removal contracts, de-icing, sweeping and deck maintenance, landscape maintenance, guard rail replacement, crack sealing and lubrication of support, maintenance and operating equipment related to lane signalling, surveillance cameras, electrical supply and road lighting monitoring systems.

Policing services, which are provided by the Sûreté du Québec under contract and managed by Operations and Maintenance, provide security for the Jacques Cartier and Champlain bridges, the Bonaventure Expressway and the Champlain Bridge Ice Control Structure.

Since 1982, there has been a reserved bus lane on the Champlain Bridge during peak hours. This lane is operated by a provincial government agency in charge of mass transit, in partnership with La Société de Transport de la Rive-Sud de Montréal. The statistics provided by this organization indicate that this reserved lane accommodates more than 30,000 mass transit person trips per day. ☺

⊖ FIVE YEAR OUTLOOK

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED

DESCRIPTION	1996-1997	1997-1998	1998-1999	1999-2000	2000-2001
• FINANCIAL DATA (in thousands of dollars)					
• REVENUES					
Leases and licences	478	460	489	557	663
Interest	125	101	160	150	161
Other sources	207	177	173	207	182
	810	738	822	914	1,006
• EXPENDITURES					
Maintenance	22,901	24,627	17,180	20,580	22,502
Operations	3,470	3,519	3,580	3,244	3,167
Administration	1,987	2,303	2,367	2,453	3,249
Amortization	1,189	1,137	1,324	1,685	2,039
	29,547	31,586	24,451	27,962	30,957
GST and PST refund for the 1993 to 1997 fiscal years	-	4,210	-	-	-
Loss before government funding and taxes	28,737	26,638	23,629	27,048	29,951
Parliamentary appropriation for operating expenditures	27,563	25,477	22,265	25,168	27,966
Amortization of deferred capital funding	159	107	73	88	141
Loss before taxes	1,015	1,054	1,291	1,792	1,844
Large corporations Tax	5	4	3	-	-
Net loss	1,020	1,058	1,294	1,792	1,844
• PARLIAMENTARY APPROPRIATION					
Operations	27,563	25,477	22,265	25,168	27,966
Capital	222	16	119	267	5,915
• TOTAL	27,785	25,493	22,384	25,435	33,881

⊕ FINANCIAL SUMMARY

For period ending on March 31, 2001

	2001	2000
	\$	\$
• OPERATING RESULTS		
Revenues		
Leases and licences	663,150	557,188
Interest	160,926	150,417
Other	182,293	207,219
Expenses		
Maintenance	22,501,836	20,579,611
Operation	3,167,292	3,243,924
Administration	3,248,803	2,453,354
Amortization	2,039,138	1,685,431
Net loss before government funding	29,950,700	27,047,496
Parliamentary appropriation for operating expenditures	27,965,992	25,167,929
Amortization of deferred capital funding	141,334	87,626
Net loss	1,843,374	1,791,941
• BALANCE SHEET		
Current assets	12,288,894	7,859,749
Current liabilities	9,097,378	4,668,233
Capital assets	16,691,953	12,816,284
Employee future benefits	559,302	613,732
Deferred capital funding	6,227,275	453,802
Shareholder's equity	13,096,892	14,940,266
• FINANCIAL POSITION		
Acquisition of capital assets	5,914,807	267,104
Parliamentary appropriation for funding the acquisition of capital assets	5,914,807	267,104



3. THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.



HENDRIK H. SAALTINK, P. Eng.
General Manager

GENERAL MANAGER'S REPORT

Over 2.4 million vehicle crossings were recorded over the Seaway International Bridge during the year 2000. This was a 1% increase over the previous year.

As part of the original expropriation of reserve lands for construction of the crossing, The Seaway International Bridge Corporation, Ltd. (SIBC), subsidiary company of FBCL, provides free bridge passes to Aboriginal Canadians residing in Akwesasne, and, consequently, 56% of all bridge traffic is toll free.

The SIBC completed a road reconstruction contract to improve safety and traffic flow at the Cornwall Island crossroads. The north tower of the south channel bridge has been recoated.

This required the enclosure of the tower to remove existing coatings with abrasive blasting, and spray-painting the new coating. The south tower will be recoated in 2001.

A consultant assisted the Operations Group to develop a new computer program to administer the collection of tolls, and the program has been operating successfully since it was installed in July 2000.

Representatives for the Mohawks of Akwesasne (MCA), Department of Indian Affairs and Northern Development (DIAND), Transport Canada, the FBCL and SIBC met in July to address toll collection issues at the Three Nations Bridge Crossing, which is located on the Akwesasne reserve. There was agreement that the toll collection plaza should remain in its existing location, pending the outcome of a bi-national study on crossing infrastructure to be completed in 2002. In the meantime, there will be a study to determine the revenue impacts of a toll plaza relocation. While this work is underway, SIBC, DIAND and Transport Canada will share the cost of a temporary program to extend toll free crossings to other First Nations members who travel to and from Akwesasne as well as for commercial deliveries to the reserve and for participants in special community events.



Overall, financial results of SIBC exceeded expectations, primarily because of higher than budgeted toll revenues as a result of the opening of a casino on the Akwesasne reserve, and savings due to the cancellation of several engineering and maintenance projects.

Toll revenue for 2000 was \$3,019,000, \$2,000 lower than toll revenues collected during 1999, but \$206,000 higher than budgeted.

The Corporation realized an excess of revenues over expenses of \$259,000 compared to the previous year's figure of \$588,000.

The Corporation's outstanding liability to the joint venturers increased to \$2.1 million from \$1.7 million in 1999.

OUTLOOK

A review of past performance reveals that revenues have remained stable over the years. The number of paying vehicles observed in 2000 is very similar to that seen in 1990. Toll revenues have increased over those of 1990. However, because of the rate increases adopted in 1991, and the reduction in discounts agreed to in 1998. The revenues recorded in 2000 are equivalent to those of 1994.

The increase in operating and maintenance expenses over the past 10 years is primarily due to the ageing of the installation and the increase in the cost of maintenance work.

Future maintenance works will represent a financial challenge to the SIBC and the joint venture partners, The Federal Bridge Corporation Limited and The Saint Lawrence Seaway Development Corporation (SLSDC), which represents the United States' share of the structure. An engineering analysis, performed in 1999, identified significant benefits that would be achieved by replacing the high-level North Channel Bridge with a shorter, low-level structure. The SIBC will continue to maintain the existing structure in a safe condition, but will concentrate maintenance activities on the south channel bridge while developing the low-bridge option for the north channel. ☺

**PROFILE
AND HISTORY**

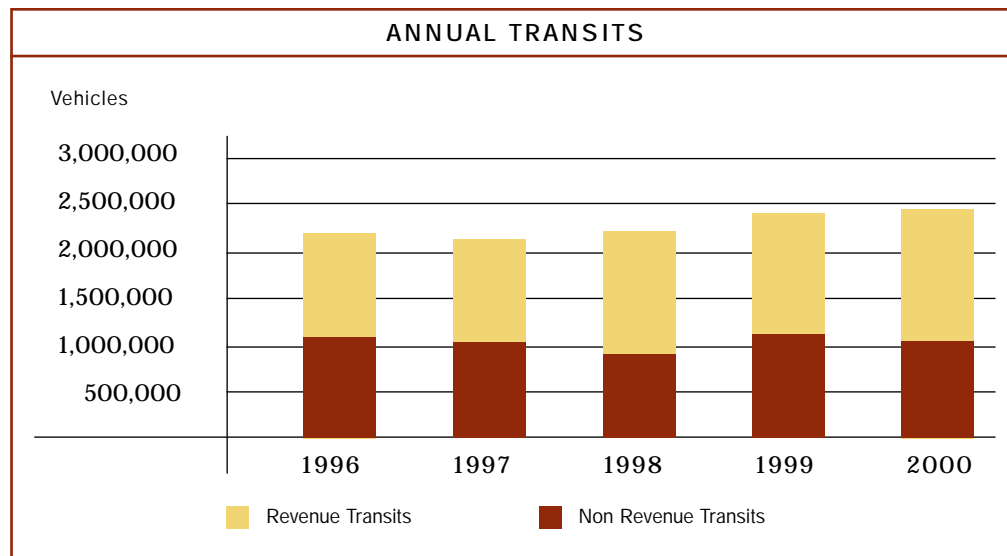


In 1962, The Seaway International Bridge Corporation, Ltd. was given authority to operate and manage a toll bridge and roadway system comprising:

- a high level bridge connecting the City of Cornwall, Ontario to Cornwall Island in the St. Lawrence River (North Channel Bridge);
- a toll plaza and roadway extending across Cornwall Island in the north-south direction and connecting the North and South Channel Bridges;
- a high level suspension bridge connecting Cornwall Island to Rooseveltown in the State of New York (South Channel Bridge).

The crossing was constructed in accordance with the terms of an international agreement between the SLSDC and The St. Lawrence Seaway Authority (SLSA), signed in 1957. The agreement was amended in 1962 to allow for the incorporation of the SIBC to operate and administer the crossing. In 1998, FBCL assumed SLSA's role and responsibilities with respect to the terms of the agreement.

The North Channel Bridge, roadway and toll plaza were constructed by the SLSA at a cost of \$8,539,695. This bridge, opened to traffic in 1962, spans the abandoned Cornwall Canal as well as the St. Lawrence River. It was constructed as a high level bridge in order to accommodate a planned all-Canadian Seaway and is owned by the FBCL. The South Channel Bridge was constructed



**MANDATE OF SEAWAY INTERNATIONAL
BRIDGE CORPORATION, LTD.**

The Seaway International Bridge Corporation, Ltd. (SIBC), is a wholly-owned subsidiary of The Federal Bridge Corporation Limited, a federal Crown corporation listed in Schedule III, Part I of the Financial Administration Act. The Corporation was incorporated under the Canada Corporations Act in 1962 and was continued under the Canada Business Corporations Act to operate and manage an international toll bridge system between Cornwall, Ontario, and Rooseveltown, New York. The Corporation operates as a joint venture on behalf of The Federal Bridge Corporation Limited (FBCL) and the Saint Lawrence Seaway Development Corporation (SLSDC).

during the period 1957 to 1959 to replace a low-level bridge that was demolished to accommodate the St. Lawrence Seaway shipping channel. The costs of constructing this bridge were jointly shared by the SLSA and SLSDC roughly in proportion to the length of the structure on each side of the international boundary line (32% Canadian, 68% U.S.). This cost sharing was achieved by the SLSA constructing the sub-structure at a cost of \$2,952,429 and the SLSDC constructing the superstructure at a cost of \$6,257,797. Today, the FBCL and SLSDC jointly own the South Channel Bridge in proportion to the original investment shares.

Under the terms of the 1957 and 1962 agreements, highway tolls are used to pay for the administrative, operational and general expenses of the Corporation, including upkeep of the roadway and general maintenance costs of both bridges. Until 1993, the annual Excess of Revenues Over Expenses was distributed to SLSA to amortize its investment in the North Channel Bridge. From 1994 to 1997, the Excess was distributed equally between SLSA and SLSDC. Since 1998,

the FBCL receives the share of the Excess of Revenues Over Expenses formerly distributed to the SLSA.

The Schedule of Tolls introduced in 1962 was revised in 1976, 1981 and 1991. In the spring of 1998, the Corporation reduced the value of discounts offered on toll ticket books from 30% to 20% for passenger vehicles. The discount for commercial vehicles was reduced from 30% to 5%.

Since the beginning of its operation, the Corporation has allowed the residents of the Indian Reserve on Cornwall Island to use the bridge facilities free of tolls. This arrangement was part of the agreements made at the time of expropriation of land on the reserve for the construction and roadways of the bridge system. In 1976, the free pass privileges were extended to Mohawk Indians on the U.S. portion of the reserve. ☺

⌚ FINANCIAL SUMMARY

For period ending on December 31, 2000

	2000	1999
	\$	\$
• OPERATING RESULTS		
Revenues		
Tolls	3,018,592	3,020,640
Rentals	125,546	125,749
Investments	74,739	50,887
Expenses		
Maintenance	1,342,680	1,053,360
Tolls collection	649,020	635,939
Administration	538,805	514,711
Amortization	339,636	332,162
Net income	259,150	587,918
• BALANCE SHEET		
Current assets	1,782,470	1,155,675
Current liabilities	463,492	395,341
Capital assets	447,307	519,518
Deferred major repairs	567,642	754,565
Capital stock	8,000	8,000
Due to venturers	1,993,885	1,707,017
• FINANCIAL POSITIONS		
Acquisition of capital assets	80,503	328,270
Cash flows from operating activities	669,708	1,007,827



4. THE ST. MARY'S RIVER BRIDGE COMPANY



JAMES McINTYRE
President

THE YEAR IN REVIEW

The International Bridge at Sault Ste. Marie is operated by the Joint International Bridge Authority under the terms of an intergovernmental agreement signed between St. Mary's River Bridge Company (SMRBC) and the Michigan Department of Transportation (MDOT), which provides for the continued management and operation of the International Bridge as a governmental function, on a not-for-profit basis.

On September 1st, 2000, the bonds that were used to finance the construction of the International Bridge at Sault Ste. Marie were retired and in accordance with the agreements created by state and federal legislation, the bridge reverted to the State of Michigan and the Canadian Federal Government.

A new Intergovernmental Agreement that was negotiated between Transport Canada and the MDOT established a Joint International Bridge Authority (JIBA) to provide operational and policy oversight to

a new International Bridge Administration (IBA), which is responsible for administering, operating, repairing and improving the bridge.

The Canadian Government vested ownership of the Canadian portion of this international crossing in the SMRBC with the FBCL being the majority shareholder (91.33% of the shares). The SMRBC appoints three members to the six member JIBA and the Governor of Michigan the other three. The FBCL has a responsibility to represent Canada's interests in all decisions affecting the operation of this major international crossing and to report to the Auditor General on its financial performance.

The International Bridge at Sault Ste. Marie is the largest international trade crossing in Northwestern Ontario with approximately \$1 billion of Canadian exports carried across the bridge by trucks. The International Bridge plays a vital role in the well being of both Sault Ste. Marie, Ontario and Sault Ste. Marie, Michigan. It serves as an essential transportation link to the steel, paper and forest industries, to tourism related business and to the general public for work, recreational and shopping purposes. In 1999 over 2.8 million vehicles crossed the bridge.

The JIBA's responsibilities include approving bridge tolls, operating budgets and business plans, rules for the use of the bridge and related properties, purchases of property, capital investments on the bridge and related properties, and oversight of the investment of the bridge reserve fund.



The bridge is located on easements over property owned by other agencies. These include the U.S. Army Corps of Engineers; the St. Mary's Paper Company; the cities of Sault Ste. Marie, Ontario and Michigan; Parks Canada; and perhaps, in the future, an Aboriginal American group.

Approximately 85% of bridge customers had origins or destinations in Chippewa County or the adjacent Canadian zone. Of the total number of bridge crossings, 70% were made for visits that lasted 60 minutes or less.

In 1999, 46% of the bridge crossings were commuter-related. Class 1 vehicles (passenger cars, motorcycles, 2 axle, 4 tire trucks) comprised approximately 93% of all vehicular crossings. While commercial vehicles with three axles or more comprised 5% of all the crossings, they accounted for 45% of all bridge toll revenues. The primary cargos carried by trucks crossing the International Bridge were wood, steel, and paper products.

In cooperation with the MDOT and the Ontario Ministry of Transportation, the SMRBC undertook an automobile origin and destination study to better understand passenger vehicle customers (who comprise more than 90% of all crossings) and allow management to better plan future bridge improvements and services.

Automobile traffic on the International Bridge grew steadily from 1980 until it peaked at 3.5 million vehicles in 1993. Since then, traffic declined steadily through

1999, largely due to the growing disparity in Canadian and U.S. currencies. As American products and services have become more expensive, Canadian travel to Sault Ste. Marie, Michigan for shopping, recreation, and personal business has declined. Improvements in the Canadian economy give us hope, however, that this trend will be reversed in the months to come.

Since 1980, truck crossings at the International Bridge have grown by 249%, with increases averaging 9% since 1994. Growth in truck crossings can be attributed to the strong U.S. and Canadian economies.

REVENUES

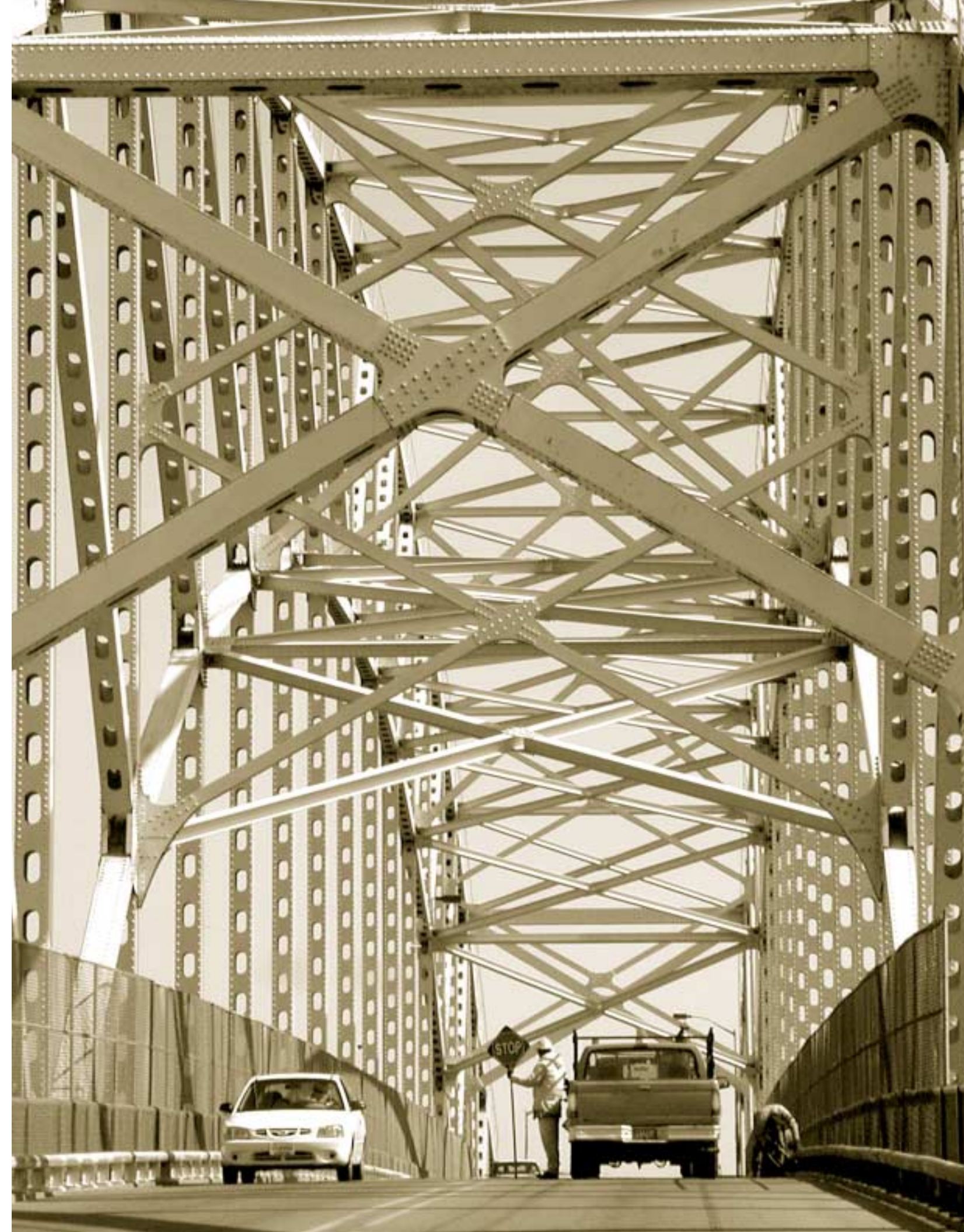
Bridge revenues grew from 1980 to 1995, but then began to decline as a result of the declining value of the Canadian dollar. Under present circumstances, with the Canadian economy in good health, all factors would indicate revenues will soon return to normal. ☺

⊕ FINANCIAL SUMMARY

For period ending on March 31, 2001

	2001*
	\$
• OPERATING RESULTS	
Revenues	
Tolls	1,762,666
Leases and licences	182,138
Investments	40,570
Expenses	
Maintenance	491,493
Tolls collection	500,000
Administration	62,292
Amortization	91,536
Net income	840,053
• BALANCE SHEET	
Current assets	3,289,677
Current liabilities	607,761
Capital assets	1,844,734
Capital stock	1,500
Retained earnings	4,525,150
• FINANCIAL POSITIONS	
Acquisition of capital assets	-
Investments - money market funds	821,759

* Financial results for the six-month period ended March 31, 2001.



5. BRIDGES AND TRANSPORTATION INFRASTRUCTURES

UNDER CONTROL OF THE FBCL AND ITS SUBSIDIARIES



The Thousand Islands International Bridge



The Jacques Cartier Bridge



The Champlain Bridge and the Bonaventure Expressway



The Honoré-Mercier Bridge

THE THOUSAND ISLANDS INTERNATIONAL BRIDGE

Opened in 1938 by Prime Minister MacKenzie King and President Franklin Roosevelt, the Thousand Islands International Bridge stretches 13.7 kilometres across the St. Lawrence River between Ivy Lea in Ontario and Collins Landing in upper New York State. It was built in sixteen months, an impressive accomplishment by any standard! It is operated and maintained jointly by Canada and the United States under an agreement between The Federal Bridge Corporation Limited and The Thousand Islands Bridge Authority in the United States. Approximately 2 million vehicles cross the bridge every year.

THE JACQUES CARTIER BRIDGE

Opened to traffic on May 14, 1930 and officially inaugurated on May 24, 1930, the Harbour Bridge was later renamed the Jacques Cartier Bridge in 1934 in tribute to the famous explorer who discovered Canada in 1534.

This steel bridge features a reinforced-concrete deck and spans the width of five traffic lanes. It stretches almost 3 kilometres in length and runs between Longueuil and Montréal. A lane sign system makes it possible to reverse the direction of the traffic in the centre lane to better accommodate motorists during the morning or evening rush hour.

The main cantilever-type span towers approximately 66 metres above the St. Lawrence River to allow ships to pass

underneath to and from the Port of Montréal. The section crossing the Seaway is close to 49 metres over the canal.

Annual traffic on the Jacques Cartier Bridge is currently estimated at 43 million vehicles.

THE CHAMPLAIN BRIDGE AND THE BONAVENTURE EXPRESSWAY

Opened on June 28, 1962, the Champlain Bridge is named after the explorer Samuel de Champlain who founded Québec City in 1608. The Bonaventure Expressway was opened on April 21, 1967 and constitutes one of the bridge's northern approaches.

The bridge links the municipalities of Brossard and Verdun and is about 3 kilometres long. It has six traffic lanes separated by a concrete dividing strip. The main span – also of cantilever type – is built of steel. It supports a steel orthotropic slab deck paved over with asphaltic concrete. There are approximately 49 metres of clearance between the bridge and the Seaway canal. The remaining portions of the bridge are constructed of prestressed concrete beams that form a prestressed concrete deck paved over with asphaltic concrete.

It is estimated that 49 million vehicles cross the Champlain Bridge every year, to which must be added 8 million public transit users.

THE HONORÉ-MERCIER BRIDGE

This bridge, inaugurated on July 11, 1934, was named in honour of Honoré Mercier, Premier of Québec from 1887 to 1891. The

bridge connects Ville LaSalle, on the island of Montreal, to the Mohawk reserve of Kahnawake, on the South Shore.

At first, operation, maintenance and administration of the bridge fell entirely under Québec provincial jurisdiction. Between 1958 and 1959, however, during the construction of the St. Lawrence Seaway, the Seaway's administration supervised the work undertaken to raise the southern part of the bridge, in order that ship traffic might access the Seaway. The raised portion of the bridge thus fell under federal jurisdiction. In 1963, a twin bridge was built riverside in order to meet the ever-increasing demands of traffic.

The section of the bridge for which the Corporation is responsible is approximately 1.4 kilometre long. Its truss spans support a classic asphalt-paved concrete deck.

It is estimated that 27 million vehicles use the Honoré-Mercier Bridge each year.

THE MELOCHEVILLE TUNNEL

The Melocheville Tunnel was built in 1956 as part of the construction of the Beauharnois Canal.

The tunnel passes directly under the Beauharnois Canal locks at Melocheville. It measures approximately 230 metres in length and provides access to one lane of traffic in either direction. About 4 million vehicles pass through the Melocheville Tunnel annually.

THE CHAMPLAIN BRIDGE ICE CONTROL STRUCTURE

The Champlain Bridge Ice Control Structure was built in 1965 to control ice flows. This structure runs parallel to, and

about 305 metres upstream from the Champlain Bridge. It is about 2,043 metres in length and runs west to east, from Nuns' Island to the northern embankment of the St. Lawrence Seaway. This infrastructure is currently used as a bicycle path.

THE SAULT STE. MARIE INTERNATIONAL BRIDGE

Opened in 1962, the Sault Ste. Marie International Bridge spans the St. Mary's River linking the twin cities of Sault Ste. Marie, Ontario, and Sault Ste. Marie, Michigan. It is the only fixed link crossing between the two countries within 1,000 kilometres, and it is an important trade route between key American and Canadian markets via Interstate 75 and the Trans Canada Highway. Approximately 3 million vehicles use it each year.

THE SEAWAY INTERNATIONAL BRIDGE

Spanning the St. Lawrence Seaway from Cornwall, Ontario to the Mohawk Territory of Akwesasne and on to Roosevelt, New York, the Seaway International Bridge is a high level structure that opened to traffic in 1962. It was built under the terms of an international agreement between Canada and the United States signed in 1957, and is operated as a joint venture by our subsidiary, The Seaway International Bridge Corporation, Ltd. under an agreement between The Federal Bridge Corporation Limited and The Saint Lawrence Seaway Development Corporation. Over 2.4 million vehicles cross the bridge each year, much of it truck traffic, making it one of the most important trade links between Canada and the United States. ☺



The Melocheville Tunnel



The Champlain Bridge Ice Control Structure



The Sault Ste. Marie International Bridge



The Seaway International Bridge



“IN NO TIME”

6. CORPORATE INFORMATION



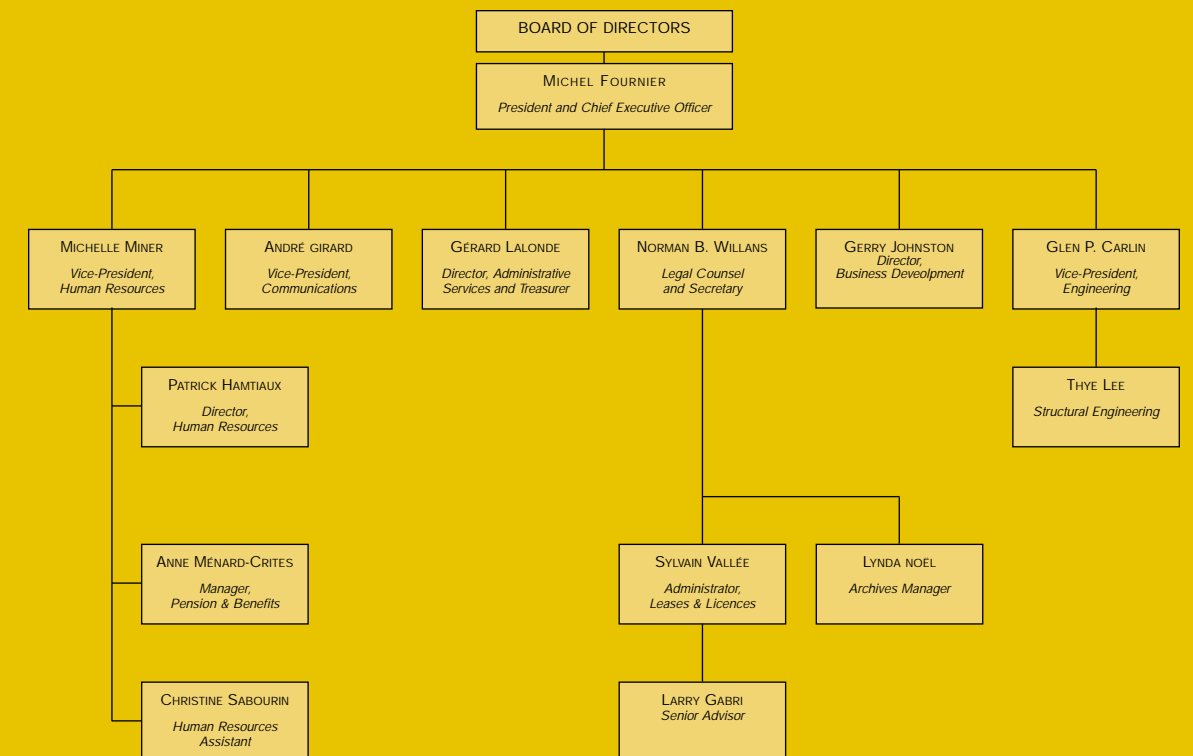
THE FEDERAL BRIDGE CORPORATION LIMITED

BOARD OF DIRECTORS

Michel Fournier, *President and Chief Executive Officer*
 Sheila Tremblay, *Director*
 Yvon Bourget, *Director*

OFFICERS

Norman B. Willans, *Legal Counsel and Secretary to the Board*
 Glen P. Carlin, *Vice-President, Engineering*
 André Girard, *Vice-President, Communications*
 Michelle Miner, *Vice-President, Human Resources*
 Gérard Lalonde, *Director, Administrative Services, and Treasurer*





THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED



BOARD OF DIRECTORS AND OFFICERS

Pursuant to the *Financial Administration Act*, the Board of Directors is responsible for the management of the businesses, activities and other affairs of the Corporation. The Management Committee, the Audit Committee, the Steering Committee for the Jacques Cartier Bridge Deck Replacement Project and the management team support it.

BOARD OF DIRECTORS

Michel Fournier, *Chairman*
 Yvon Bourget, *Vice Chairman*
 Glen P. Carlin, *Director*
 Clément Côté, *Director*
 René Therrien, *Director*
 Norman B. Willans, *Director*

MANAGEMENT COMMITTEE

René Therrien, *Chairperson*
 Glen P. Carlin
 Clément Côté

OFFICERS AND SENIOR MANAGERS

Michel Fournier, *President*
 Yvon Bourget, *Vice-President*
 Pierre Beaudoin, *General Manager*
 Sylvie Lefebvre, *Counsel and Secretary of the Corporation*
 Nathalie Rhéaume, *Director, Finance and Administration*
 Jean-Charles Leclerc, *Director, Engineering and Construction*
 Serge Harvey, *Director, Operations and Maintenance*

STEERING COMMITTEE FOR THE JACQUES CARTIER BRIDGE DECK REPLACEMENT PROJECT

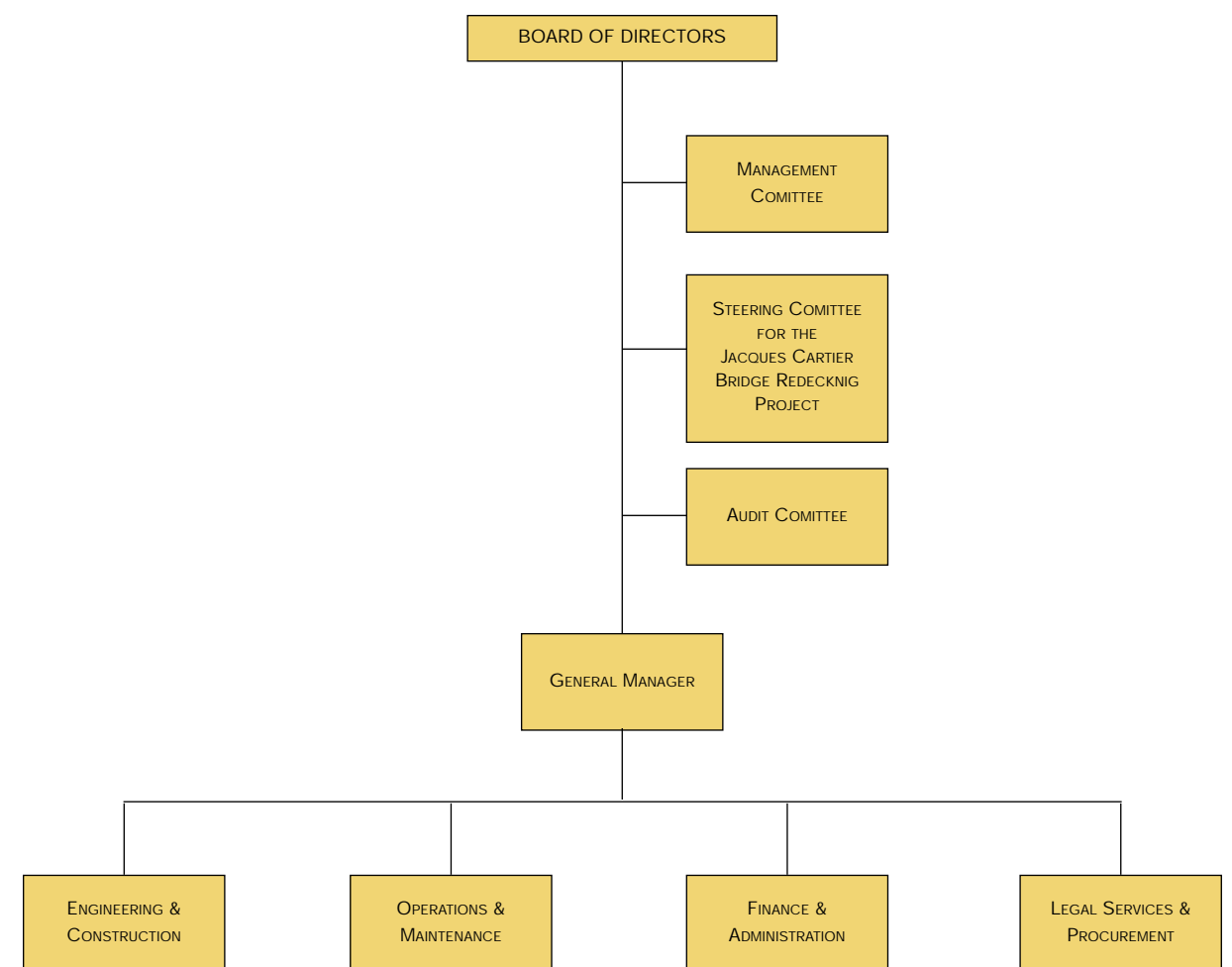
Glen P. Carlin, *Chairperson*
 Clément Côté
 René Therrien

AUDIT COMMITTEE

René Therrien, *Chairperson*
 Glen P. Carlin
 Clément Côté



THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED



At March 31, 2001, the Corporation had 42 permanent positions and 1 seasonal position, for a total of 43 positions.

“FROM TIME TO TIME”



THE SEAWAY INTERNATIONAL BRIDGE CORPORATION, LTD.

THE BOARD OF DIRECTORS

Michel Fournier, *President*
Albert S. Jacquez, *Vice-President*
Meredith S. Hayes, *Vice-President*
Erman J. Cocci, *Vice-President*
Roger J. Forgues, *Director*
Edward Margosian, *Director*
John M. Kroon, *Director*
Sheila Tremblay, *Director*

OFFICERS

Michel Fournier, *President*
Albert S. Jacquez, *Vice-President*
Erman J. Cocci, *Vice-President*
Gerard Lalonde, *Treasurer*
Edward Margosian, *Assistant Treasurer*
Roger J. Forgues, *Assistant Treasurer*
Norman B. Willans, *General Counsel*
Marc C. Owen, *Deputy General Counsel*
Hendrik H. Saaltink, *General Manager*
Nicole Voyer, *Corporate Secretary*

AUDIT COMMITTEE

John M. Kroon, *Chairman*
Edward Margosian
Roger J. Forgues

MANAGEMENT COMMITTEE

Sheila Tremblay
Sal Pisani
John M. Kroon



THE ST. MARY'S RIVER BRIDGE COMPANY

DIRECTORS AND OFFICERS

James McIntyre, *President*
Alexander Harry, *Vice-President*
Robert Collins, *Director*
Gerry Johnston, *Director*
Allan Jackson, *Director*
Don Macgregor, *Director*
Ross Reilly, *Director*
Mary Trbovich, *Director*
Lorie Bottos, *Secretary-Treasurer*





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“OUR TIME, YOUR MONEY”

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⊖ FINANCIAL REVIEW

FISCAL YEAR OVERVIEW

This analysis is an addendum to the consolidated financial statements presented in the following pages. It relates to the activities of The Federal Bridge Corporation Limited (the "Corporation"), its wholly-owned subsidiary, The Jacques Cartier and Champlain Bridges Incorporated, its 91.33%-owned subsidiary, The St. Mary's River Bridge Company, and includes the proportional share, i.e. 50%, of accounts from its joint venture, The Seaway International Bridge Corporation, Ltd.

The financial statements presented herein pertain to the second full year of operations of The Federal Bridge Corporation Limited, ending March 31, 2001. For comparison purposes, the reader should keep in mind that financial statements for this year include operations from its new subsidiary, The St. Mary's River Bridge Company, for the period of October 17, 2000 to March 31, 2001.

The Corporation's activities have been divided into two distinct sectors: 1) international bridges, a sector that, due to toll revenues, is self-financing; and 2) other bridges, structures and activities without toll revenues, a sector that relies, in part, on government funding.

STRATEGIC INVESTMENTS

The fiscal year ending March 31, 2001 was marked by the October 17, 2000 acquisition of 91.33% from the outstanding voting and participating shares of the Ontario province, The St. Mary's River Bridge Company, for an amount totalling \$1,370. The net transfer of assets in the amount of \$3,401,524 was reported as contributed capital. The St. Mary's River Bridge Company was created in 1955 to participate in the financing, construction, maintenance and operations of a bridge crossing the St. Mary's River and linking the municipality of Sault Ste. Marie, Ontario to that of Sault Ste. Marie, Michigan in the United States. Through this acquisition, The Federal Bridge Corporation Limited pursued its policy of consolidating federal works projects not related to navigation and worked to streamline operating, maintenance and administrative costs relating to their management.

In addition, The Jacques Cartier and Champlain Bridges Incorporated began major repairs on the Jacques Cartier Bridge deck to fulfil its mandate of meeting the transportation needs of Canadians and providing them with safe facilities. Of the total cost of this project, estimated at \$121 million, \$6 million was entered in the accounts as at March 31, 2001.

⊖ FINANCIAL REVIEW

ON SOLID GROUND

Following the acquisition of its subsidiary, The St. Mary's River Bridge Company, The Federal Bridge Corporation Limited continued to show solid financial gains. Compared to the previous year, its cash balance and fixed-term investments increased by \$5,309,747, to reach a total of \$15,068,173 in 2001, i.e. a 54% increase. This increase was partly due to the acquisition of The St. Mary's River Bridge Company, for an amount of \$1,287,306, and to investments which will come to term over the 2002 fiscal year. Moreover, accounts receivable from the Government of Canada rose to \$8,662,192 in 2001, compared to \$3,990,252 in 2000, an amount representing unpaid budgetary appropriations granted to its subsidiary, The Jacques Cartier and Champlain Bridges Incorporated. Short-term assets went from \$15,998,248 for the fiscal year ending March 31, 2000 to \$26,480,678 as at March 31, 2001, i.e. a 66% increase. With regards to long-term assets, the increase in long-term investments was solely due to The St. Mary's River Bridge Company, for a total of \$1,647,808.

Fixed assets reached \$42,635,991 as at March 31, 2001, compared to \$37,336,799 in the previous year. The acquisition of The St. Mary's River Bridge Company contributed the amount of \$1,844,734 to this increase. The initial cost of the Canadian portion of the Sault Ste. Marie International Bridge was fully depreciated, though not the land, buildings and equipment. In addition, The Jacques Cartier and Champlain Bridges Incorporated conducted repairs on the deck of the Jacques Cartier Bridge. The design-construction contract was awarded on October 12, 2000 and a total of \$5,584,296 was entered in the accounts as projects-in-progress for preliminary works conducted as at March 31, 2001. The cost of the Bonaventure Expressway portion and the initial cost of the Jacques Cartier Bridge are fully depreciated.

Accounts payable reached \$9,802,657 as at March 31, 2001, compared to \$4,775,112 as at March 31, 2000. Of this amount, \$8,826,534 belonged to its subsidiary, The Jacques Cartier and Champlain Bridges Incorporated, including the Jacques Cartier Bridge deck repair project. Deferred capital funding of \$6,227,275 corresponds to budgetary appropriations needed to finance the acquisition of depreciable fixed assets.

Contributed capital went from \$50,041,592 in 2000 to \$53,443,116 in 2001. The net transfer of assets from The St. Mary's River Bridge Company to The Federal Bridge Corporation Limited included money market funds and Treasury bills totalling \$2,469,567, as well as fixed assets of \$1,936,270. As at March 31, 2001, The Federal Bridge Corporation Limited had total assets of \$73,592,087, representing a 31% increase over the established assets as at March 31, 2000, i.e. \$56,178,174.

⊖ FINANCIAL REVIEW

SUSTAINED GROWTH

During 2001, consolidated revenues for The Federal Bridge Corporation Limited increased by \$3,539,795, i.e. 52%, and reached \$10,299,403, compared to \$6,759,608 in the previous fiscal year.

One of the chief factors contributing to this growth were revenues from leases and licences, which increased by 73%, going from \$2,109,899 in 2000 to \$3,655,810 in 2001. This increase was mainly due to new income sources the Corporation developed thanks to billboards set up by the private sector on the inward approaches of the Jacques Cartier and Champlain bridges and along the Bonaventure Expressway. Since June 1999, the Corporation established a new variable message sign (VMS) program aimed at providing traffic and road safety information to drivers and financed by revenues furnished by private-sector billboards set up on federal land.

In addition, revenues attributable to tolls doubled, reaching \$3,251,592 as at March 31, 2001, compared to \$1,549,407 as at March 31, 2000. The acquisition of The St. Mary's River Bridge Company was responsible for this variation, as it represented \$1,762,666 after only six months of operations.

The Corporation is extremely satisfied with these results, which attest to its efforts in increasing the safety and accessibility of the civil works it manages and in meeting its objectives with regards to improving its management effectiveness and optimizing the profitability of its assets.

In addition, the amount of the budgetary appropriation granted by the Government of Canada to finance the operating expenses of its subsidiary, The Jacques Cartier and Champlain Bridges Incorporated, reached \$27,965,992 for the 2001 fiscal year, compared to \$25,167,928 in the previous year.

Expenses increased by \$6,096,988 in 2001. The 20% increase in maintenance expenses, in the amount of \$4,416,590, was mainly due to the acquisition of The St. Mary's River Bridge Company and to projects undertaken by The Federal Bridge Corporation Limited. Administrative expenses increased by 34%, i.e. \$1,531,094, primarily due to the addition of new employees in the organizational structure and the use of external consultants.

AN EXPERIENCED TEAM

The Federal Bridge Corporation Limited can count on its team of experts in several fields to effectively serve its customers, the general public, while offering its shareholder, the Government of Canada, optimal profitability. Through their competence and daily commitment, these experts contribute to making The Federal Bridge Corporation Limited an organization capable of rising to the challenges of maintaining safe public works while meeting Canadians' expectations as to profitability, accountability and transparency.

⊕ SUMMARY TABLE

REVIEW SINCE INCEPTION
For period ending on March 31, 2001

DESCRIPTION	1999 (6 months)	2000 (12 months)	2001 (12 months)
• FINANCIAL DATA in thousand of dollars			
• REVENUES			
Thousand Islands Bridge operating revenue	906	2,252	2,276
Leases and licences	728	2,110	3,656
Tolls	627	1,549	3,251
Interest	339	653	994
Other	113	195	122
	2,713	6,759	10 299
• EXPENSES			
Maintenance	7,346	21,825	26,242
Operation	1,975	3,566	3,175
Administration	1,799	4,564	6,095
Amortization	1,260	2,740	3,249
Cost recovery	(268)	(295)	(264)
	12,112	32,400	38,497
Loss before government funding	(9,399)	(25,641)	(28,198)
Parliamentary appropriation for operating expenses	9,628	25,168	27,966
Amortization of deferred capital funding	37	88	141
Non-controlling interest	–	–	(69)
Net income (loss)	266	(385)	(160)

⊕ MANAGEMENT REPORT

The accompanying consolidated financial statements of The Federal Bridge Corporation Limited and all information in this Annual Report are the responsibility of management and were approved by its Board of Directors.

The financial statements have been prepared in accordance with generally accepted accounting principles and necessarily include some estimates, which are based on management's best judgements. Information contained elsewhere in the Annual Report is consistent, where applicable, with that contained in the financial statements.

To meet management's responsibility and to assure the integrity and reliability of financial reporting, the Corporation maintains a system of internal controls, policies and procedures to provide reasonable assurance that assets are safeguarded, and that transactions and events are properly recorded.

The system of control is supplemented by an internal audit, which consists of periodic reviews of different aspects of the Corporation's operations. The external auditor has full and free access to the managers who have the responsibility for maintaining an adequate control system and assuring the quality of financial reporting.

The Auditor General of Canada is responsible for auditing the financial statements and for issuing her report thereon.



Michel Fournier
President and Chief Executive Officer

Ottawa, Canada
June 1, 2001

⌚ AUDITOR'S REPORT

AUDITOR GENERAL OF CANADA



VÉRIFICATEUR GÉNÉRAL DU CANADA

To the Minister of Transport

I have audited the consolidated balance sheet of The Federal Bridge Corporation Limited as at March 31, 2001 and the consolidated statements of operations and deficit, contributed capital and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2001 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canada Business Corporations Act*, the *Canada Marine Act* and regulations, and the articles and by-laws of the Corporation.

Richard Flageole, FCA
For the Auditor General of Canada

Ottawa, Canada
June 1, 2001

⌚ CONSOLIDATED BALANCE SHEET

As at March 31

	2001	2000
	\$	\$
• ASSETS		
Current		
Cash and term deposits (note 4)	15,068,173	9,758,426
Accounts receivable	1,678,837	2,013,798
Accrued interest receivable	209,133	3,470
Prepaid expenses	862,343	232,302
Due from Canada	8,662,192	3,990,252
	26,480,678	15,998,248
Long-term		
Long-term investments (note 5)	4,147,808	2,500,000
Advance to co-venturer (note 6)	327,610	343,127
	4,475,418	2,843,127
Capital assets (note 7)	42,635,991	37,336,799
	73,592,087	56,178,174
• LIABILITIES		
Current		
Accounts payable	9,802,657	4,775,112
Deferred revenue	2,610,844	214,336
	12,413,501	4,989,448
Provision for employee future benefits	959,586	812,372
Deferred revenue	435,000	—
Deferred capital funding (note 8)	6,227,275	453,802
Non-controlling interest	392,460	—
	8,014,321	1,266,174
	20,427,822	6,255,622
Commitments and contingencies (note 13 and 14)		
• SHAREHOLDER'S EQUITY		
Capital stock		
Authorized		
Unlimited number of shares, without par value		
Issued and fully paid		
1 share	1	1
Contributed capital	53,443,116	50,041,592
Deficit	(278,852)	(119,041)
	53,164,265	49,922,552
	73,592,087	56,178,174

* The notes are an integral part of the consolidated financial statements.

Approved by the Board of Directors

President and Chief Executive Officer

Director

⊕ CONSOLIDATED STATEMENT
OF OPERATIONS AND DEFICIT

Year ended March 31

	2001	2000
	\$	\$
• REVENUES		
Thousand Islands Bridge operating revenue (note 9)	2,276,174	2,252,169
Leases and licences	3,655,810	2,109,899
Tolls	3,251,592	1,549,407
Interest	993,819	652,711
Other	122,008	195,422
	10,299,403	6,759,608
• EXPENSES		
Maintenance	26,241,851	21,825,261
Operation	3,174,953	3,565,656
Administration	6,095,200	4,564,106
Amortization	3,249,114	2,740,273
Cost recovery (note 10)	(264,000)	(295,166)
	38,497,118	32,400,130
Loss before government funding	(28,197,715)	(25,640,522)
Parliamentary appropriation for operating expenses	27,965,992	25,167,928
Amortization of deferred capital funding (note 8)	141,334	87,626
Non-controlling interest	(69,422)	-
NET LOSS	(159,811)	(384,968)
Retained earnings (deficit), beginning of year	(119,041)	265,927
Deficit, end of year	(278,852)	(119,041)

* The notes are an integral part of the consolidated financial statements.

⊕ CONSOLIDATED STATEMENT
OF CONTRIBUTED CAPITAL

Year ended March 31

	2001	2000
	\$	\$
Balance, beginning of year	50,041,592	47,641,592
Transfer of the assets of Transport Canada		
Transport Canada	-	2,400,000
The St. Mary's River Bridge Company (note 3)	3,401,524	-
Balance, end of year	53,443,116	50,041,592

* The notes are an integral part of the consolidated financial statements.

⊖ CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended March 31

	2001	2000
	\$	\$
• CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	(159,811)	(384,968)
Non-cash items		
Amortization of capital assets	3,249,114	2 740,273
Amortization of deferred capital funding	(141,334)	(87,626)
Increase in provision for employee future benefits	147,214	233,995
Amortization of deferred revenue	(768,648)	(93,572)
Non-controlling interest	69,422	-
Changes in working capital items (note 11)	(1,501,485)	(32,196)
Cash flows from operating activities	894,472	2,375,906
• CASH FLOWS FROM INVESTMENT ACTIVITIES		
Cash acquired from subsidiary (note 3)	675,072	-
Decrease in advance to co-venturer	15,517	165,266
Long-term investments	821,759	-
Acquisition of capital assets	(6,612,036)	(2,877,265)
Disposal of capital assets	-	28,651
Cash flows used in investment activities	(5,099,688)	(2,683,348)
• CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred revenue	3,600,156	-
Increase in deferred capital funding	5,914,807	267,104
Cash flows from financing activities	9,514,963	267,104
• NET INCREASE (DECREASE) FOR THE YEAR	5,309,747	(40,338)
Cash and term deposits, beginning of year	9,758,426	9,798,764
Cash and term deposits, end of year	15,068,173	9,758,426

* The notes are an integral part of the consolidated financial statements.

⊖ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31

1. AUTHORITY AND ACTIVITIES

The Federal Bridge Corporation Limited, incorporated on September 2, 1998 under the *Canada Business Corporations Act*, is a Crown corporation under Schedule III Part I of the *Financial Administration Act* and is not subject to the provisions of the *Income Tax Act*.

In accordance with a directive issued by the Minister of Transport under the *Canada Marine Act*, the St. Lawrence Seaway Authority transferred its assets on October 1, 1998. Specifically, the responsibility for The Jacques Cartier and Champlain Bridges Incorporated, for The Seaway International Bridge Corporation, Ltd., and for the operations of the Thousand Islands Bridge were transferred to The Federal Bridge Corporation Limited. The responsibility for the Melocheville Tunnel and the Honoré-Mercier Bridge were transferred to the subsidiary, The Jacques Cartier and Champlain Bridges Incorporated.

On October 17, 2000, The Federal Bridge Corporation Limited acquired 91.33% of the outstanding voting and participating shares of The St. Mary's River Bridge Company from the province of Ontario for \$1,370.

The Corporation's primary activities involve the management and operation of bridges, installations and other assets. Moreover, the Corporation may acquire land and build structures or other assets and acquire shares or interests in any other bridge management corporation.

The subsidiary, The Jacques Cartier and Champlain Bridges Incorporated, depends on the federal government for its funding. The Federal Bridge Corporation Limited, its joint venture, The Seaway International Bridge Corporation, Ltd. and the subsidiary, The St. Mary's River Bridge Company, are self financed by using their own operating income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of The Federal Bridge Corporation Limited, its wholly-owned subsidiary, The Jacques Cartier and Champlain Bridges Incorporated, the 91.33% owned subsidiary, The St. Mary's River Bridge Company and its proportionate share (50%) of its interest in its joint venture, The Seaway International Bridge Corporation, Ltd. The consolidated operations include the results of the wholly-owned subsidiary, those of the joint venture for the period from April 1, 2000 to March 31, 2001 (from April 1, 1999 to March 31, 2000 for the year ended March 31, 2000) and those of the subsidiary The St. Mary's River Bridge Company for the period from October 17, 2000 to March 31, 2001.

⊖ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at March 31

B) PARLIAMENTARY APPROPRIATIONS

The parliamentary appropriation, which the subsidiary uses to offset the excess of its operating expenses over its operating revenues, is shown on the statement of operations and deficit. In this regard, the excess of operating expenses over operating revenues of the subsidiary do not include amortization, the change in the provision for employee future benefits and the gain or loss on the disposal of capital assets.

The portion of the parliamentary appropriation, which is used by the subsidiary to finance the acquisition of depreciable capital assets, is accounted for as deferred capital funding on the balance sheet and amortized on the same basis as the related capital assets. The portion used to finance the acquisition of non-amortizable capital assets is recorded as contributed capital.

Any portion of the parliamentary appropriations that the subsidiary is entitled to but which are not received by year-end is shown as an amount due from Canada.

C) CAPITAL ASSETS AND AMORTIZATION

Capital assets are recorded at cost. Replacements and major improvements which extend the useful service lives of existing assets are capitalized. Repairs and maintenance are charged to operations as incurred.

Capital assets acquired from Government of Canada created departments, agencies and Crown corporations are accounted for at the transferor's carrying amount with the consideration shown in contributed capital.

Amortization is recorded using the straight-line method based on the estimated useful service lives of the assets and the following rates:

• Bridges	2% - 5%
• Remedial works	5% - 10%
• Deferred major repairs	10%
• Vehicles and equipment	3% - 33%
• Buildings	2% - 20%

Amounts included in projects in progress are transferred to the appropriate capital asset classification upon completion and are then amortized according to the Corporation's policy.

⊖ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at March 31

D) DEFERRED REVENUE

Deferred revenue are comprised of leases, permits and the sale of toll tickets, for which services have not been rendered, are deferred and accounted for as services are provided.

E) EMPLOYEE FUTURE BENEFITS

The Corporation is required to recognize certain non-pension post-employment benefits over the periods which employees render services to the Corporation. Employees are entitled to specified benefits on termination as provided for under conditions of employment, through a severance benefit plan. The Corporation recognizes the cost of future severance benefits over the periods in which the employees render services to the entity and liability for these benefits is recorded in the accounts as the benefits accrue to employees.

F) PENSION PLAN

All employees of the subsidiary The Jacques Cartier and Champlain Bridges Incorporated and the joint venture are covered by the Public Service Superannuation Plan administered by the Government of Canada. Effective April 1st, 2000, the subsidiary's and joint venture's contributions have increased to an amount reflecting the full cost of the employer's contributions. This amount, expressed as a percentage of employees' contributions, will fluctuate from year to year depending on the experience of the Plan.

The Federal Bridge Corporation Limited employees are covered by a defined contribution private pension plan and the cost of this plan is shared by the employees and the Corporation.

Contributions in respect of current services are expensed when paid and represent the total pension obligation of the Corporation. The terms of payment of past service contributions are set by the application purchase conditions, generally over the number of years of services remaining prior to retirement.

The pension expense for all plans for the year is \$228,833.

⊖ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at March 31

3. CONTRIBUTED SURPLUS AND ACQUISITION OF ASSETS

As mentioned in Note 1, the Company acquired control of The St. Mary's River Bridge Company through the acquisition of 137 shares, or 91.33% of the voting and participating shares, for \$1,370 in cash. This acquisition has been accounted for by the purchase method. The following table illustrates the value of The St. Mary's River Bridge Company's assets to The Federal Bridge Corporation Limited. The net value of the assets acquired is \$3,401,524 and is accounted for in contributed capital.

Cash acquired from subsidiary	\$
Cash and short-term deposits	676,442
Cash used to acquire subsidiary	(1,370)
	675,072
Current assets	104,708
Money market funds and term deposits	2,469,567
Capital assets	1,936,270
Accounts payable	(1,461,055)
Non-controlling interest	(323,038)
Net assets acquired	3,401,524

4. CASH AND SHORT-TERM DEPOSITS

The Corporation invests in the short-term money market. The overall portfolio yield as at March 31, 2001 was 5.9%. The longest term to maturity is 54 days. The fair value of the short-term deposits approximates the book value due to their impending maturity.

⊖ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
As at March 31

5. LONG-TERM INVESTMENTS

Long-term investments include the following financial instruments:

	2001	2000
	\$	\$
Treasury bill	2,500,000	2,500,000
Money market funds	1,647,808	-
	4,147,808	2,500,000

The treasury bill bears interest at 5.36% and matures on March 26, 2002.

Long-term investments in money market funds are subject to various interest rate, market or cash flow risks. Management monitors these risks and does not take any major risks with these investments.

The fair value of the money market funds corresponds to their carrying amount. These funds earn interest at variable rates and the effective rate as at March 31, 2001 is 3.5%.

6. ADVANCE TO CO-VENTURER

This account represents the excess of the contribution required by The Federal Bridge Corporation Limited in its joint venture.

The advance bears interest at the average one-year Treasury bill rate and has no repayment terms. As at March 31, 2001, its carrying amount approximated its fair value.

⊕ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31

7. CAPITAL ASSETS

	2001		2000	
	COST	ACCUMULATED AMORTIZATION	NET	NET
	\$	\$	\$	\$
• Land	4,340,944	–	4,340,944	3,769,987
• Bridges	144,318,823	117,643,592	26,675,231	29,310,843
• Vehicles and equipment	6,622,314	2,637,992	3,984,322	2,993,540
• Buildings	3,609,014	2,273,436	1,335,578	884,951
• Deferred major repairs	943,207	692,867	250,340	349,765
• Remedial works	48,917	24,824	24,093	27,713
• Projects in progress	6,025,483	–	6,025,483	–
	165,908,702	123,272,711	42,635,991	37,336,799

The cost of the section of the Bonaventure Expressway, the initial cost of the Jacques Cartier Bridge and the initial cost of The St. Mary's River Bridge Company are fully amortized.

Projects in progress as at March 31, 2001 are mostly related to the deck replacement project for Jacques Cartier Bridge (Note 15).

⊖ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31

8. DEFERRED CAPITAL FUNDING

	2001	2000
	\$	\$
Balance, beginning of year	453,802	274,324
Parliamentary appropriation to finance the acquisition of amortizable capital assets	5,914,807	267,104
Amortization	(141,334)	(87,626)
Balance, end of year	6,227,275	453,802

9. THOUSAND ISLANDS BRIDGE OPERATING REVENUE

This represents the Corporation share of the net income from operations of the Canadian portion of the Thousand Islands Bridge in accordance with a management agreement between The Federal Bridge Corporation Limited and The Thousand Islands Bridge Authority.

10. COST RECOVERY

This recovery represents the repayment by Public Works and Government Services Canada of costs incurred as maintenance expenses for the Canadian Customs station of the Thousand Islands Bridge in accordance with a contractual agreement.

11. INFORMATION INCLUDED IN THE STATEMENT OF CASH FLOWS

The changes in working capital items are detailed as follows:

	2001	2000
	\$	\$
Accounts receivable	424,933	(649,312)
Accrued interest receivable	(205,533)	117,210
Prepaid expenses	(615,435)	(232,302)
Due from Canada	(4,671,940)	(330,247)
Accounts payable	3,566,490	1,062,455
	(1,501,485)	(32,196)

⌚ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31

12. RELATED PARTY TRANSACTIONS

In addition to those related party transactions disclosed elsewhere in these financial statements, The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown corporations. The Corporation enters into transactions with these entities in the normal course of business.

13. COMMITMENTS

The Corporation has entered into agreements, principally supply, maintenance, professional services and lease agreements, which call for payments of \$11,904,623 until 2007. Moreover, the Corporation signed a design-construction contract to replace the Jacques Cartier Bridge, as well as other contracts for professional services, rental and insurance related to this project for a total amount of \$108,463,598 until year 2002-2003. Minimum payments for the next years are \$63,906,895 in 2002, \$55,262,331 in 2003, \$370,964 in 2004, \$371,527 in 2005, \$371,527 in 2006 and \$84,977 for subsequent years. The Corporation is also committed to pay annually a minimum amount of \$2.9 million pursuant to an agreement for police services which expires on June 30, 2002.

14. CONTINGENCIES

A) In the normal course of its activities, the Corporation is the claimant or defendant in certain pending claims or lawsuits. It is the opinion of management that these claims or lawsuits will not result in any material liabilities to the Corporation. No provision has been taken in this regard.

B) It may be necessary to decontaminate some of the Corporation's properties. To date, the Corporation has been unable to determine the related costs as it has not assessed the extent of contamination on all of its properties. The costs for environmental assessments and decontamination work are accounted for in the year during which the work is performed.

⌚ NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at March 31

15. MAJOR REHABILITATION WORK

In its endeavour to fulfill its mission, the Corporation must undertake major rehabilitation works on the roadway deck of Jacques Cartier Bridge. On October 12, 2000, the Corporation awarded a contract for design-construction deck replacement project for the bridge. Construction on the bridge is planned to be completed in November 2002. The total cost of the project, including direct and indirect costs, is estimated at \$121 million, of which \$6 million was recorded as at March 31, 2001.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of cash, term deposits, accounts receivable, amount due from Canada and accounts payable approximates their fair value given their short-term maturity. There is no concentration of accounts receivable and accordingly, the credit risk is low.

17. COMPARATIVE FIGURES

Certain of the 2000 comparative figures have been reclassified to conform with the current year's presentation.

» NOTES

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