Debt Management Report

2001-2002

Canada

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Department of Finance Canada
Ministère des Finances Canada

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Foreword by the Minister of Finance

I am pleased to table before Parliament the *Debt Management Report* of the Government of Canada for fiscal year 2001-02. This report provides a detailed account of the federal government's debt operations – the largest component of net debt – including the composition of the debt, its distribution, and the mechanisms and activities that ensure its prudent management in the interests of Canadians.

In 2001-02 the federal government recorded its fifth consecutive budget surplus – the first time this has happened in 50 years. As with each of the preceding four years, this surplus went to reduce our net debt, including market debt. Over this period Canada's net debt has been reduced by almost $47 billion, and our debt-to-GDP (gross domestic product) ratio now stands at just over 49 per cent, down from its peak of about 71 per cent in 1995-96.

These debt reduction efforts mean that the Government is paying $3 billion less each year in interest service charges. These are funds that are now being used to meet the priorities of Canadians. As well, reducing our debt means that Canada is less vulnerable to interest rate shocks sparked by events beyond our borders.

Despite our progress in this area, there is more work to be done. Interest payments on our net debt, which account for almost 22 cents of every revenue dollar taken in by the Government, are still the largest single expenditure item in our budget.

For this reason, the Government remains fully committed to prudent management of the nation's finances. Sound financial management is a key part of our strategy to sustain an economic environment that can offer Canadians a better standard of living – more jobs and higher incomes – and a better quality of life.

This report is designed to provide Canadians with timely, comprehensive and transparent information about how the debt is managed so they can hold the Government accountable for its decisions – decisions that affect the long-term financial security of the nation and the well-being of individuals.

The Honourable John Manley, P.C., M.P.
Minister of Finance
Ottawa, December 2002

Purpose of the Report

The *Debt Management Report* provides a detailed account of the federal government's borrowing and cash management operations in the past fiscal year (April 1, 2001 to March 31, 2002).

Debt-servicing costs are the largest spending program of the federal government, and the effective management of the programs that give rise to these costs is important to all Canadians. This report provides a comprehensive account of the context within which the debt is managed, its composition and changes during the year, and actions taken on strategic initiatives set out in the 2001-02 *Debt Management Strategy*, which was published before the start of the fiscal year.

Timely and transparent information of this kind is of use to market participants and ensures public accountability. To this end, the *Debt Management Strategy* and the *Debt Management Report* are tabled annually in Parliament and are available on the Department of Finance Web site at www.fin.gc.ca.

Highlights of 2001-2002

In 2001-02 the federal government continued to reduce its level of indebtedness. The Government's net public debt was reduced to $536.5 billion, which includes a $5.8-billion reduction in interest-bearing debt, a $3.0-billion decline in other liabilities and a $0.1-billion increase in assets. Net public debt is down $46.7 billion from its peak in 1996-97. Net public debt as a percentage of gross domestic product (GDP) dropped to 49.1 per cent in 2001-02 from a peak of 70.9 per cent in 1995-96. This is the sixth consecutive year in which the debt-to-GDP ratio has declined, and it is at its lowest level since 1984-85. This year alone debt-servicing charges were down $4.4 billion as a result of the decline of $5.8 billion in interest-bearing debt and a decline of 70 basis points, down to 6.9 per cent, in the average interest rate on that debt.

The Government's principal debt strategy objectives for 2001-02 continued to be the maintenance of low-cost, stable financing and the maintenance and enhancement of the functioning of the Government of Canada securities market. These objectives were reflected in a number of specific initiatives, which were set out in the *Debt Management Strategy*, published in March 2001. The major focus of the 2001-02 initiatives was to enhance the functioning of the market for Government of Canada securities in an environment of declining borrowing needs. Other important initiatives involved improving risk management through the introduction of new frameworks for cash and reserves management.

All of the 2001-02 *Debt Management Strategy* initiatives were successfully implemented over the course of the year. In addition, based on feedback from market participants, supplementary actions were taken to further enhance the functioning of the Government of Canada securities market. A summary of the 2001-02 *Debt Management Strategy* initiatives and the Government's actions can be found on pages 17 and 18 of this report. The remainder of the report provides detailed information on the Government's borrowing programs and debt strategy initiatives.

2001-2002 Debt Management Environment

Changes in the level of the Government's debt and its annual debt costs are affected by developments in two areas: the Government's fiscal results and the path of interest rates over the year. This section provides a brief summary of these developments and their consequences.

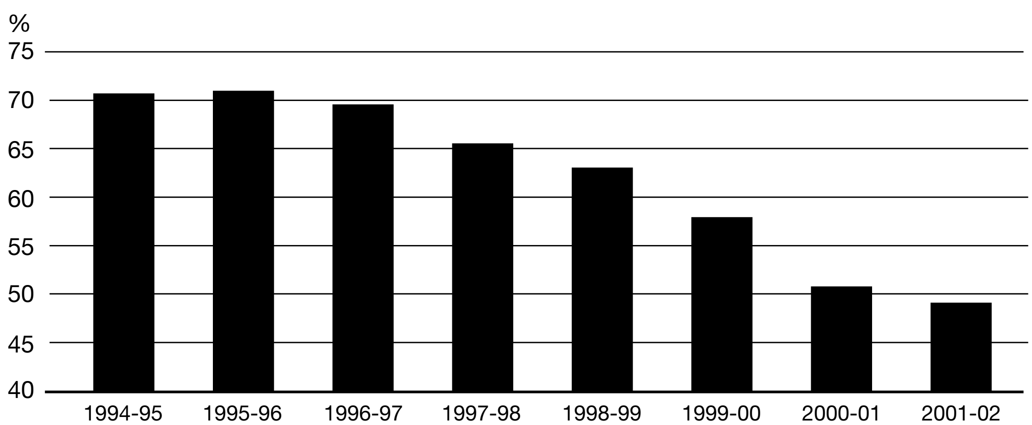
Fiscal Results

Budgetary Results

The Government recorded a budgetary surplus of $8.9 billion.

In 2001-02 the Government recorded a budgetary surplus of $8.9 billion, including a $5.8-billion decline in interest-bearing debt, a $3.0-billion reduction in other liabilities and a $0.1-billion increase in assets. This followed revised surpluses of $3.8 billion in 1997-98, $3.1 billion in 1998-99, $12.7 billion in 1999-2000, and $18.1 billion in 2000-01.[1] Over the past five years the Government's net public debt has been reduced by $46.7 billion. It stood at 49.1 per cent of GDP in 2001-02, down from a peak of 70.9 per cent in 1995-96. This ratio is generally recognized as the most appropriate indicator of the debt burden as it measures debt relative to the ability of the Government and the country's taxpayers to finance it. In 2001-02 the net debt-to-GDP ratio declined by 2.1 percentage points. This is the sixth consecutive year in which the debt-to-GDP ratio has declined, and it is at its lowest level since 1984-85 (see Chart 1).

Chart 1
Net Debt-to-GDP Ratio



Source: Department of Finance.

[1] The Canada Customs and Revenue Agency (CCRA) collects personal income taxes on behalf of the Government and all provincial and territorial governments except Quebec. On January 29, 2002, the CCRA announced it had identified a problem in tax accounting that resulted in overpayments to provinces under the tax collection agreements. On September 4, 2002, the Minister of Finance announced that the Government of Canada would recover $1.4 billion of the amounts overpaid for the years 1997 to 1999 and use the money to pay down the debt. The net present value of these amounts has been recast to the fiscal years to which they apply. In addition, once the problem was discovered, the federal government took immediate action to prevent further overpayments related to 2000 and subsequent taxation years. This has resulted in a transfer of $1 billion from the tax collection agreements with respect to taxation year 2000 to budgetary revenues in 2000-01. As a result, the budgetary surplus has been revised upward beginning in 1997-98.

Financial Requirements/Source

There was a financial source, including foreign exchange transactions, of $2.9 billion.

The budgetary surplus of $8.9 billion, including a net requirement of funds from non-budgetary transactions of $4.2 billion, produced a financial source (excluding foreign exchange transactions) of $4.7 billion, following a financial source of $19.0 billion in 2000-01 and $14.6 billion in 1999-2000. The results for 2001-02 mark the sixth consecutive year that the Government has recorded a financial source (excluding foreign exchange transactions). Including foreign exchange transactions, primarily relating to supplementing foreign exchange reserves, the net financial source was $2.9 billion in 2001-02. This financial source was used, in conjunction with the reduction in cash balances, to reduce market debt by $4.1 billion.

Canada is the only G-7 nation to record a financial source for six consecutive years.

Financial requirements/source (excluding foreign exchange transactions) is a measure of the Government's financial position that is broadly comparable to the measure of budgetary balance used by other major industrialized countries, including the United States. On this basis, Canada is the only Group of Seven (G-7) country to report a financial source for six consecutive years.

The Budgetary Surplus and Financial Source, 2001-02

	($ billions)
Budgetary surplus	8.9
Net source of funds from non-budgetary transactions	-4.2
Financial source (excluding foreign exchange transactions)	4.7
Net requirement of funds from foreign exchange transactions	-1.8
Net financial source	2.9

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

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

Composition of the Federal Debt

There are several measures of debt.

Reports on the federal government's debt and debt management strategy use certain terms to describe the debt: gross public debt, market debt, non-market debt and net public debt.

Gross Public Debt

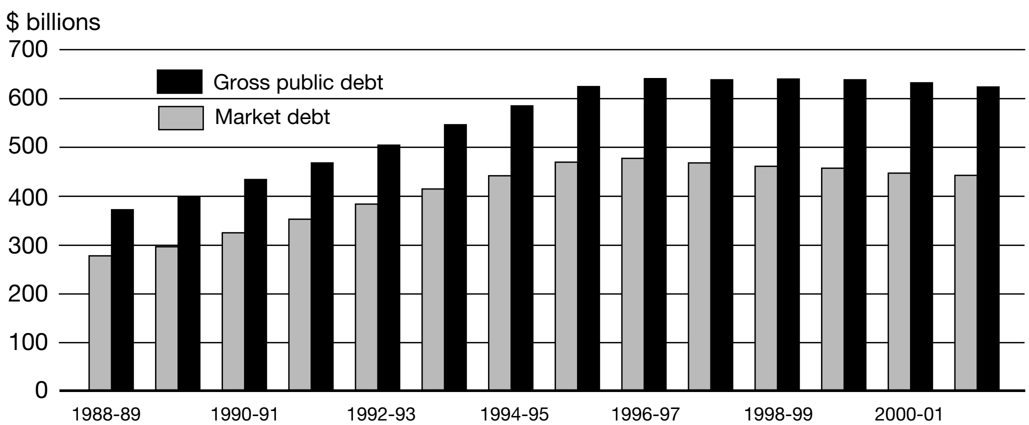
Gross, net and market debt have all declined in recent years.

Gross public debt is made up of two major components: market debt and non-market debt. Gross public debt at the end of March 2001 totalled $624.1 billion, down $8.8 billion from the previous year and $16.6 billion from a peak of $640.7 billion on March 31, 1997 (see Chart 2).

Market Debt

Market debt is the portion of debt that is funded in the credit markets and is, for the most part, actively managed by the Government. It consists of marketable bonds, Treasury bills, Canada Savings Bonds, Canada Premium Bonds, foreign-currency-denominated bonds and bills, and bonds held by the Canada Pension Plan. At March 31, 2002, market debt outstanding was $442.3 billion, down $4.1 billion from the previous year (see Chart 2).

Chart 2
Evolution of Gross Public Debt and Market Debt



Source: *Public Accounts of Canada.*

Non-Market Debt

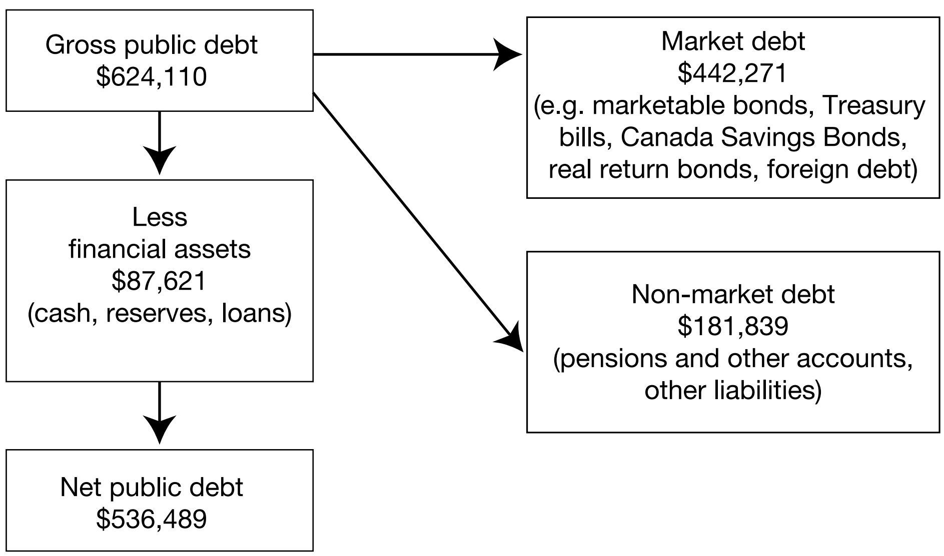
Non-market debt includes liabilities held by the Government outside the credit markets. This includes money owed to public sector pensions, the Canada Pension Plan and other accounts, and the Government's current liabilities and allowances. In 2001-02 non-market debt totalled $181.8 billion, down $4.7 billion from 2000-01.

Net Public Debt

Net public debt is gross public debt minus financial assets. Financial assets include cash, foreign exchange accounts and loans. Net public debt declined by $8.9 billion, from $545.4 billion in 2000-01 to $536.5 billion in 2001-02. The Government's financial assets increased by $0.1 billion to $87.6 billion, as the decrease in the Government's cash balances and accounts receivable was more than offset by increases in foreign exchange reserves and loans, investments and advances.

The net public debt-to-GDP ratio dropped to 49.1 per cent in 2001-02, its lowest level in 17 years and down from a peak of 70.9 per cent in 1995-96.

Figure 1 – Total Public Debt as at March 31, 2002
($ millions)



Source: *Public Accounts of Canada.*

Market Developments

After a sharp but temporary downturn in the first half of fiscal year 2001-02, the Canadian economy rebounded strongly in the second half of the year. Core inflation remained within the 1 to 3 per cent target range throughout this period. The Canadian dollar traded between about US63 cents to US66 cents. During the latter half of the fiscal year, the US dollar appreciated against most international currencies, benefiting from substantial safe-haven flows.

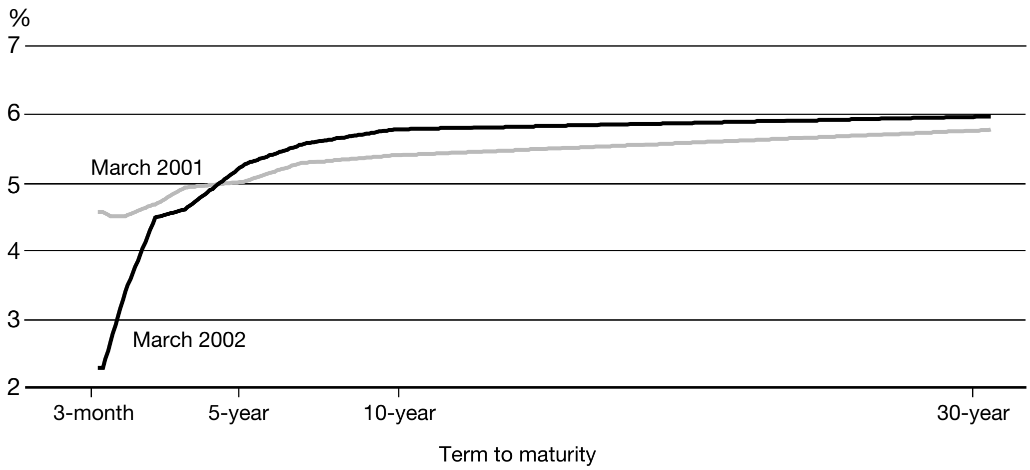
Short-term interest rates declined, reflecting the global economic slowdown.

Short-term interest rates trended downward from the start to the end of the fiscal year in response to the global economic slowdown that became more evident as the year progressed, with a sharper drop coming in the wake of September 11. The Bank of Canada's target rate for overnight loans fell from 5 per cent to 2 per cent over the first three quarters, where it remained for the rest of the year. These developments were consistent with those in the US.

The yield curve steepened as the year progressed.

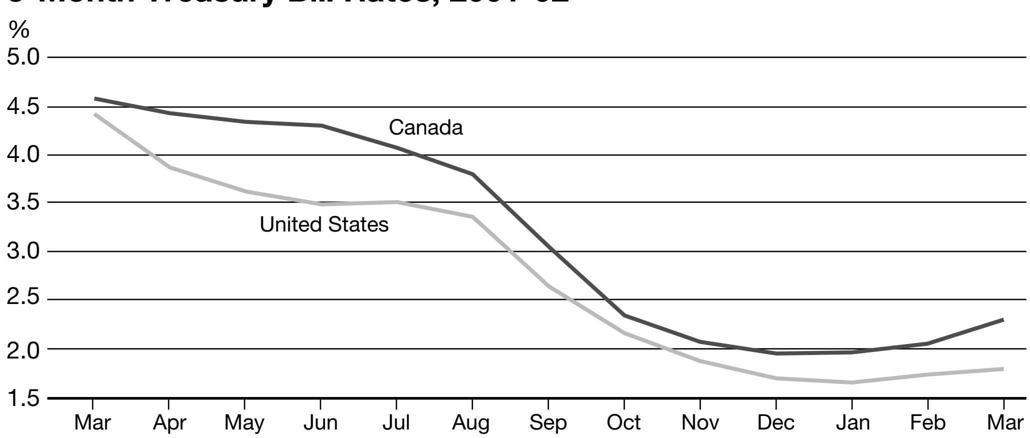
Short-term interest rates were noticeably lower than long-term interest rates (i.e. the yield curve was positively sloped) in both Canada and the US during 2001-02, reflecting the substantial amount of monetary stimulus in the economy. From the end of December to the end of the fiscal year, the yield curve steepened as market expectations adapted to a tightening monetary policy and higher long-term interest rates (see Charts 3, 4, 5 and 6).

Chart 3
Canada Yield Curve, March 2001 and March 2002



Source: Bank of Canada.

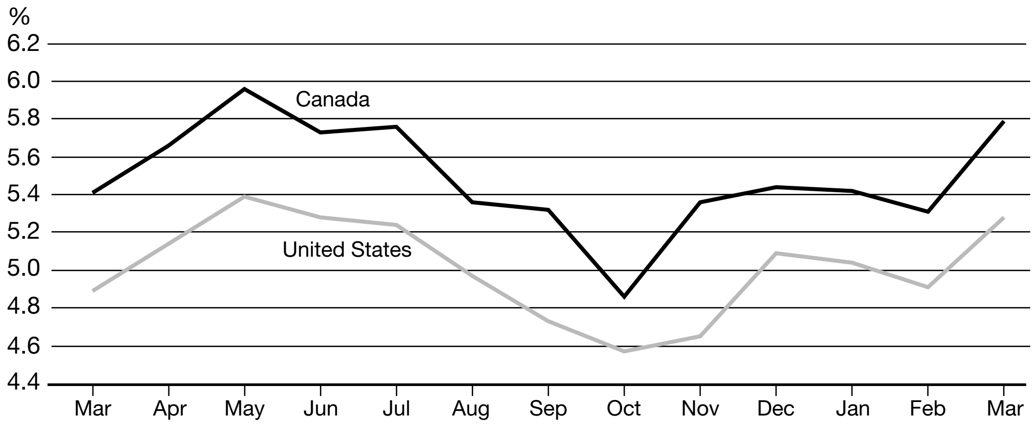
Chart 4
3-Month Treasury Bill Rates, 2001-02



Sources: Bank of Canada and Federal Reserve Board.

Chart 5

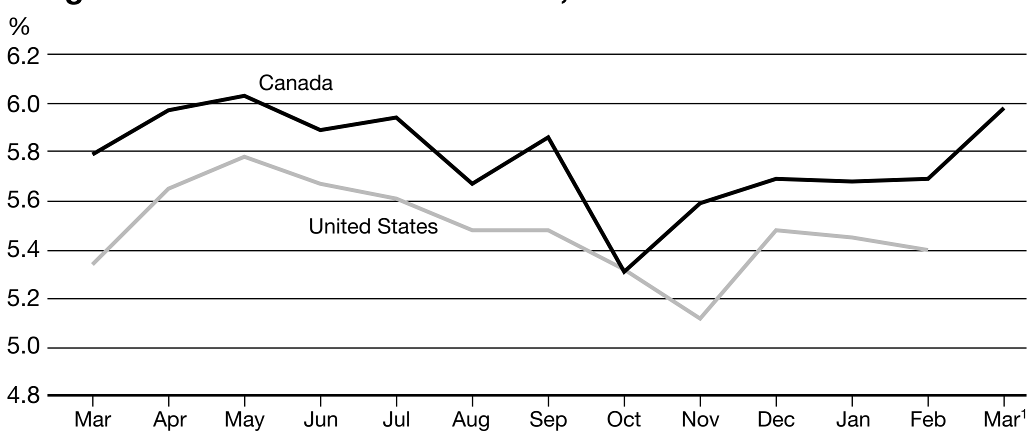
10-Year Government Bond Rates, 2001-02



Sources: Bank of Canada and Federal Reserve Board.

Chart 6

Long-Term Government Bond Rates, 2001-02



[1]The US Treasury no longer issues 30-year bonds.

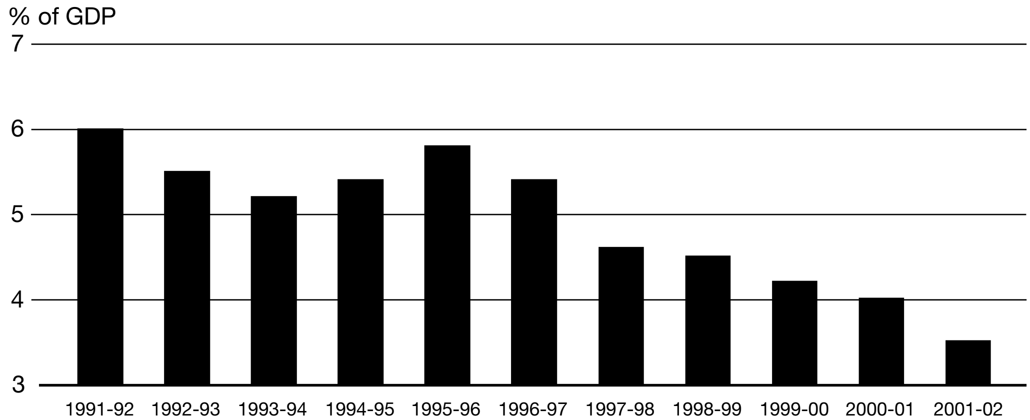
Sources: Bank of Canada and Federal Reserve Board.

Public Debt Costs

Public debt charges continue to fall relative to GDP.

The Government spent about 22 cents of every dollar of revenue in 2001-02 to pay the interest on the public debt, down from a peak of 36 cents in 1995-96; it is now at the same level as in 1980-81. Public debt charges as a percentage of GDP declined to 3.5 per cent in 2001-02 from 4.0 per cent in 2000-01 (see Chart 7).

Chart 7
Public Debt Charges



Source: *Public Accounts of Canada*.

2001-2002 Debt Management Initiatives

Plan as set out in 2001-2002 *Debt Management Strategy*	**Results for fiscal year 2001-2002**
Debt Structure	
Maintain target of having two-thirds of the Government's total interest-bearing debt in fixed-rate form.	The fixed/floating ratio was maintained at the target level of two-thirds.
Domestic Debt Programs	
Planned initiatives in 2001-02 to enhance cost-effectiveness and maintain a well-functioning market in Canadian-dollar-denominated securities:	
• Keep bond and Treasury bill programs at levels similar to previous year.	• The bond and Treasury bill programs were kept at levels similar to the previous fiscal year.
• Increase the benchmark bond target range sizes for 10- and 30-year bonds from $9 billion-$12 billion to $12 billion-$15 billion, respectively, to enhance liquidity.	• The benchmark sizes were increased as per the plan.
• Reduce the targeted turnaround time for publication of the results for Government of Canada securities auctions from 30 minutes to 15 minutes to reduce market risk for participants and encourage broader participation.	• The auction turnaround time was reduced to 15 minutes in May 2001.
• Facilitate cash management by changing the 30-year benchmark issuance pattern from spring/fall to summer/winter to match the issuance cycle to cash flow needs.	• The 30-year cycle change was implemented.
• Continue the pilot cash management bond buyback program to reduce the peak levels of government cash balances and reduce variability in Treasury bill auctions.	• The pilot cash management buyback program was continued.
• Develop a new collateral-based framework for management of cash balances to reduce risk and broaden access.	• The new collateral-based framework was developed during the fiscal year and subsequently implemented in September 2002.

2001-2002 Debt Management Initiatives (cont'd)

Domestic Debt Programs (cont'd)

As a result of ongoing consultations with market participants, several other initiatives were undertaken to supplement those set out in the 2001-02 *Debt Management Strategy*:

- The time of regular Government of Canada bond buyback operations was changed from 2:00 p.m. to 1:15 p.m. to reduce market risk for participants and encourage broader participation.
- The range of eligible bonds for the bond buyback program was expanded to support the maintenance of a liquid new bond issue market.
- To stimulate participation of existing participants in buyback operations, the first pilot buyback operations on a switch basis occurred in February 2002.
- The pilot cash management bond buyback floor was lowered from $6 billion to $4 billion to enhance the effectiveness of the program.

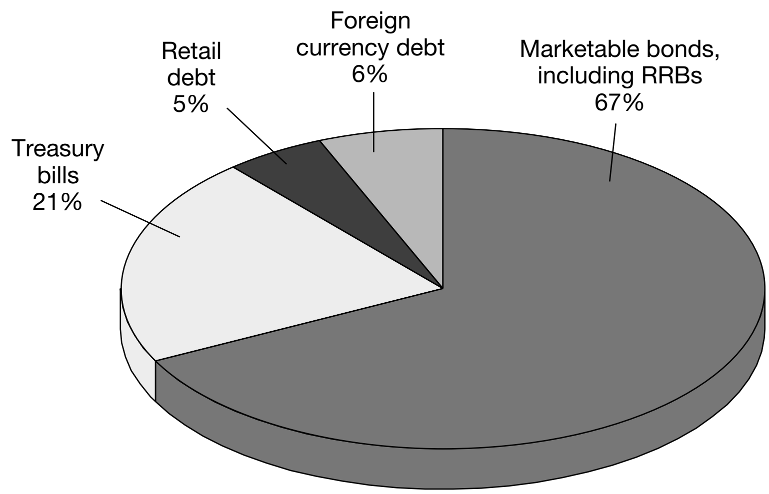
Plan as set out in 2001-2002 ***Debt Management Strategy***	**Results for fiscal year 2001-2002**
Foreign Debt Programs	
With respect to the management of the Government's foreign debt and assets, the following plan was set out for 2001-02:	
• Continue cross-currency swaps in order to provide cost-effective funding.	• The federal government entered into 79 cross-currency swaps worth US $4.1 billion during the year.
• Further reduce excess foreign liabilities over foreign assets.	• Excess liabilities were reduced by $0.2 billion and are on track to be eliminated in the near term.
• Complete the implementation of a new comprehensive collateral management framework to better manage the Government's risk to financial institution counterparties associated with its cross-currency swaps, forward contracts and deposits with financial institutions.	• Counterparties signed a new collateral framework contract in April 2001, with implementation ongoing.

Report on 2001-2002 Borrowing Programs

Market debt declined from $446.4 billion to $442.3 billion in 2001-02.

As of March 31, 2002, market debt outstanding comprised $277 billion in fixed-coupon marketable bonds, $16.8 billion in real return bonds (RRBs),[2] $94 billion in Treasury bills, $24 billion in retail debt (Canada Savings Bonds and Canada Premium Bonds), $3.4 billion in Canada Pension Plan (CPP) bonds and $27 billion in foreign-currency-denominated securities (see Table 1). Foreign currency debt and swaps are used for the purpose of funding the Government's international reserves portfolio. The Government had $2 billion in interest rate swaps and $29.9 billion in cross-currency swaps outstanding as of March 31, 2002. Taking into account the effect of cross-currency swaps, foreign currency obligations were 12.9 per cent of market debt.

Chart 8
Composition of Market Debt
March 31, 2002



Note: Excluding bonds issued to the CPP and swaps.
Numbers do not add to 100% due to rounding.

This section provides details on the operations of each major debt program. In 2001-02 the stock of Treasury bills increased by $5.3 billion, which was largely offset by a $2.9-billion decrease in fixed-coupon marketable bonds and a $2.1-billion decrease in retail debt. Issuance levels were in accordance with levels set out in the *Debt Management Strategy* at the beginning of the fiscal year. For information on the federal debt management framework, see Annex 1. For descriptions of the individual programs, see Annex 2.

[2] Includes consumer price index (CPI) adjustment.

Table 1
Composition of Federal Market Debt, 2001-02

	April 1, 2001 Outstanding	New issues	Maturing	Repurchase	March 31, 2002 Outstanding	Change
			($ billions)			
C$-denominated						
Fixed-coupon marketable bonds	279.9	40.2	26.0	17.1[d]	277.0	-2.9
Real return bonds[a]	15.1	1.7	–	–	16.8	1.7
Treasury bills[b]	88.7	197.0	191.7		94.0	5.3
Retail debt	26.1	2.4	4.5	–	24.0	-2.1
Total domestic debt	409.8				411.8	2.0
Foreign-currency-denominated						
Canada Bills	7.2	23.2	27.1	–	3.4	-3.9
Foreign bonds[c]	20.7	0.2	1.6	–	19.3	-1.4
Canada Notes	1.6	–	0.4	–	1.2	-0.4
Euro Medium-Term Notes	3.7	0.0	0.5	–	3.2	-0.5
Total foreign debt	33.2				27.0	-6.1
CPP bonds and notes	3.5	–	0.1	–	3.4	-0.1
Total market debt	446.4				442.3	-4.1

Note: As at March 31, 2002, the total amount of interest rate and cross-currency swaps outstanding stood at $31.9 billion (see Reference Table XI). Cross-currency swaps convert C$-denominated government debt into foreign currency obligations for the purpose of funding the international reserves portfolio.

Numbers may not add due to rounding.

[a] Includes CPI adjustment.

[b] These securities are issued at a 3-, 6- and 12-month maturities and are therefore rolled over a number of times during the year for refinancing. This results in a larger number of new issues per year than stock outstanding at the end of the fiscal year.

[c] Includes $492.0 million in securities assumed by the Government of Canada on February 5, 2001, on the dissolution of Petro-Canada Limited.

[d] Includes the bond buyback program, the pilot cash management bond buyback program and the pilot switch program.

Source: *Public Accounts of Canada.*

Domestic Debt

Fixed-Coupon Marketable Bonds and Bond Buybacks

Gross bond issuance totalled $40.2 billion.

Fixed-coupon marketable bonds are issued at 2-, 5-, 10- and 30-year maturities on a quarterly basis, with the exception of 30-year bonds, which are issued semi-annually. The Bank of Canada announces the quarterly auction calendar shortly before the start of each quarter. These bonds are non-callable and pay semi-annual coupon payments. In 2001-02 gross issuance of bonds totalled $40.2 billion, consisting of $14 billion in 2-year bonds, $10 billion in 5-year bonds, $9.9 billion in 10-year bonds and $6 billion in 30-year bonds. During the year $26 billion worth of bonds matured.

There are three types of bond buybacks: buybacks on a cash basis, buybacks on a switch basis, and cash management buybacks.

The Government of Canada carries out three types of buybacks of its bonds. Bond buybacks on a cash basis, in which bonds are bought from investors for cash, take place following nominal bond auctions. Buybacks on a switch basis, in which the currently offered bond is exchanged for older bonds, take place several times each quarter. The first buyback on a switch basis took place in February 2002. Both of these types of buybacks have the objective of maintaining a liquid new-issue program by buying back older, less liquid bonds. Cash management buybacks of bonds, which involve buying back bonds with less than 12 months to maturity, are used to smooth the Government's cash requirements by reducing the peak levels of government cash balances needed to redeem upcoming benchmark bond maturities and to reduce the variability in the Treasury bill program. Bond buybacks on a cash basis totalled $5.3 billion, buybacks carried out on a switch basis totalled $0.4 billion and cash management bond buybacks totalled $11.5 billion.

Net new issuance declined by $2.9 billion.

Net new issuance of fixed-coupon marketable bonds during the year, taking into account buybacks and maturities, declined by $2.9 billion (gross issuance less repurchases less maturing issues), bringing the stock of outstanding marketable bonds down to $277 billion as at March 31, 2002.

Real Return Bonds

$1.35 billion in RRBs were issued.

Government of Canada real return bonds (RRBs) are issued at the long-term maturity of around 30 years. In contrast to fixed-coupon marketable bonds, whose coupon payments are fixed, interest payments on RRBs are adjusted for changes in inflation. More specifically, RRBs pay a real yield on a principal amount that is indexed to the CPI.

2001-02 issuance of RRBs totalled $1.35 billion, increasing the level of outstanding RRBs from $13.5 billion to $14.8 billion (from $15.1 billion to $16.8 billion including the CPI adjustment) as at March 31, 2002 (see Reference Table X).

Treasury Bills

The stock of Treasury bills increased by $5.3 billion.

Treasury bills are auctioned every two weeks in 3-, 6- and 12-month maturities and pay out at maturity at par (face) value. The stock of outstanding Treasury bills increased by $5.3 billion during the 2001-02 fiscal year to $94 billion at March 31, 2002. In 2001-02 the Government issued $197 billion in new Treasury bills, up from $174.3 billion in 2000-01 (see Reference Table VI).

Cash management bills (CMBs) are issued periodically by the Government of Canada. CMBs are Treasury bills with maturities of less than 3 months (they can be as short as one day) used as a source of short-term financing for the Government. CMB auctions can take place on any business day, typically for next-day delivery, but on some occasions for same-day delivery.

Retail Debt

The retail debt stock fell by $2.1 billion.

There are two types of non-marketable retail debt: Canada Savings Bonds (CSBs) and Canada Premium Bonds (CPBs). CSBs and CPBs are sold for six consecutive months from October to March. Both types of bonds can be registered in the name of Canadian residents and are available in regular and compound interest forms. CSBs are cashable at any time and provide minimum guaranteed interest rates, which may be increased if market conditions warrant. CPBs are cashable once a year and offer a higher rate of interest for a longer period compared to the CSB on sale at the same time. CPBs' announced interest rates for the posted periods do not change once the issue date of the bonds has passed.

In 2001-02 the level of outstanding debt held by domestic retail investors – CSBs and CPBs – decreased from $26.1 billion to $24 billion. The decline in the retail debt portfolio reflects the reduction in federal government debt.

Foreign Debt[3]

Canada Bills

Canada Bills outstanding fell by US$2.5 billion.

Canada Bills are promissory notes which mature not more than 270 days from their issue. These securities are denominated in US dollars and are issued for foreign exchange reserve funding purposes only. In 2001-02 the level of outstanding Canada Bills decreased from $7.2 billion (US$4.6 billion) to $3.4 billion (US$2.1 billion), as the Government took steps to reduce the level of short-term foreign currency liabilities, in order to prudently manage rollover risks associated with maturing short-term liabilities.

Canada Notes

Canada Notes outstanding declined by US$200 million.

Canada Notes are promissory notes denominated in foreign currencies structured to meet investor demand. They are issued for foreign exchange reserve funding purposes only. The stock of outstanding Canada Notes decreased from $1.6 billion (US$1.0 billion) during 2001-02 to $1.2 billion (US$0.8 billion).

Euro Medium-Term Notes

EMTNs outstanding declined by US$300 million.

The Euro Medium-Term Note (EMTN) program complements the Canada Notes program. Notes issued under the program can be denominated in a range of foreign currencies. In 2001-02 there were no new EMTN transactions, and the total outstanding decreased from $3.7 billion (US$2.3 billion) to $3.2 billion (US$2.0 billion).

[3] All values are in Canadian dollars unless otherwise indicated.

Foreign-Currency-Denominated Bonds

US$1.0 billion in global bonds matured.

There was no new global bond issuance in 2001-02. A total of $1.6 billion (US$1.0 billion) of foreign currency bonds matured in 2001-02. The total outstanding was $19.3 billion (US$12.1 billion).

Cross-Currency Swaps

US$4.1 billion was raised by 79 cross-currency swaps.

Cross-currency swaps consist of the exchange of obligations denominated in Canadian dollars for obligations denominated in foreign currencies, typically US dollars or euros, with the proceeds used to fund Canada's international reserves. Cross-currency swaps of domestic obligations are generally highly cost-effective compared to other sources of foreign currency funds. At the beginning of a cross-currency swap, the Government of Canada receives a principal amount in a foreign currency from the counterparty in exchange for a Canadian-dollar principal payment sourced from domestic bond issues. During the life of the swap, interest payments are made on the principal amounts. At the end of the swap contract the Government repays the foreign currency principal amount and receives the Canadian-dollar principal payment. In 2001-02 the federal government raised $6.4 billion (US$4.1 billion) by entering into 79 cross-currency swaps. At the end of the 2001-02 fiscal year, the total outstanding amount of cross-currency swaps totalled $29.9 billion (US$18.8 billion) (see Reference Table XI).

Report on 2001-2002 Initiatives

Raising stable and low-cost funding is the primary objective.

The fundamental debt management objective is to raise stable, low-cost funding for the Government. A key strategic objective is to maintain a well-functioning market for Government of Canada securities. A well-functioning market contributes to keeping costs low and benefits financial markets in general. (The 2001-02 *Debt Management Strategy* outlined the debt management plan for 2001-02 and is available on the Department of Finance Web site at www.fin.gc.ca).

The following sections report on the Government's initiatives designed to address these strategic goals. The section entitled "Maintaining a Well-Functioning Market" details the initiatives taken to maintain a well-functioning market in Government of Canada securities. The section entitled "Maintaining a Prudent Debt Structure" reports on the key measures and analysis used in determining the target debt

Federal Debt Management Strategy *Summary*

Fundamental Objective

- Raise stable, low-cost funding for the Government.

Strategic Objectives

- Maintain a prudent debt structure.
- Maintain and enhance a well-functioning market for Government of Canada securities.
- Maintain a diversified investor base.

Operational Principles

- **Prudence:** The Government manages the composition of the debt to help protect its fiscal position from unexpected increases in interest rates and to limit refinancing needs. The Government raises all the required funding for its operational needs in the domestic market. Funds raised using foreign currency debt and swaps are used to fund the Government's international reserves portfolio. Currency and interest rate risks arising in the management of the Government's foreign reserves portfolio are immunized by matching the currency and duration of assets and liabilities.
- **Transparency, liquidity and regularity:** The Government places emphasis on transparency, liquidity and regularity in the design and implementation of its debt programs in order to maintain a well-functioning domestic market.
- **Diversification:** The Government uses a range of financial sources and borrowing terms to tap investor demand and maintain a diversified investor base.
- **Market integrity:** The Government works with market participants and regulators to maintain the integrity and attractiveness to investors of the Government of Canada securities market.
- **Consultations:** The Government actively seeks input from market participants on major adjustments to the federal debt and cash management programs.
- **Best practices:** The Government seeks to ensure that its operational framework and practices are in line with the best practices of other comparable sovereign borrowers and the private sector.

For more information on the general framework within which the federal debt is managed, see Annex 1.

structure. “Maintaining a Diversified Investor Base” reports on developments regarding the investor base for Government of Canada bonds, including domestic and non-resident holdings. And the section entitled “Foreign Debt and Reserves Management Strategy” reports on the management of foreign debt and assets.

Maintaining a Well-Functioning Market

The Government’s operating principles are transparency, liquidity and regularity.

A well-functioning Government of Canada securities market helps to ensure low-cost financing for the federal government over time by providing products demanded by investors in an efficient manner, thereby attracting broad participation in the market. The Government’s operating principles of transparency, liquidity and regularity are operationalized by borrowing and repurchasing securities in the domestic market on a regular, pre-announced basis in key segments of the market, building regular large bond benchmarks and maintaining transparent rules for participation at Government of Canada securities auctions.

The Government works closely with market participants on issues of market function and integrity.

Federal government securities play a key role in Canada’s fixed-income market by providing the benchmark against which other instruments are priced, hedged and traded. The Government monitors auction results, secondary market turnover and transaction costs in the Government of Canada securities market as indicators of liquidity and market efficiency. It also works closely with market participants to address issues of market function and integrity. Market participants are consulted on the Government’s debt strategy and adjustments to its domestic debt programs on a semi-annual basis through notices posted on the Bank of Canada’s Web site. Through this approach, the Government seeks to maintain a high standard of transparency, improve the attractiveness of the market for investors, and take into account market views in decisions on debt management operations.

In recent years the Government has made a number of adjustments to its operations to enhance the liquidity of the market, such as moving to a semi-annual issuance pattern for the 30-year benchmark, increasing benchmark bond target sizes and expanding the use of bond buybacks.

Secondary bond market activity increased in 2001-02.

In 2001-02 annual Government of Canada bond turnover increased to 12.8 times the outstanding stock from 11.7[4] times in 2000-01. The level of trading activity globally increased in 2001-02, with Canada’s bond market remaining one of the most active sovereign bond markets in the world based on indicators of the liquidity of the market. These include the volume of transactions and turnover ratios comparable to other similar sovereign issuers, with the exception of the US (see Charts 9 to 13).

Initiatives taken in 2001-02 are discussed in the following sections.

[4] Revised from 11.5 stated in last year’s *Debt Management Report*.

Bond Program Initiatives

Benchmark Size

Benchmark target sizes were increased in the 10- and 30-year bonds.

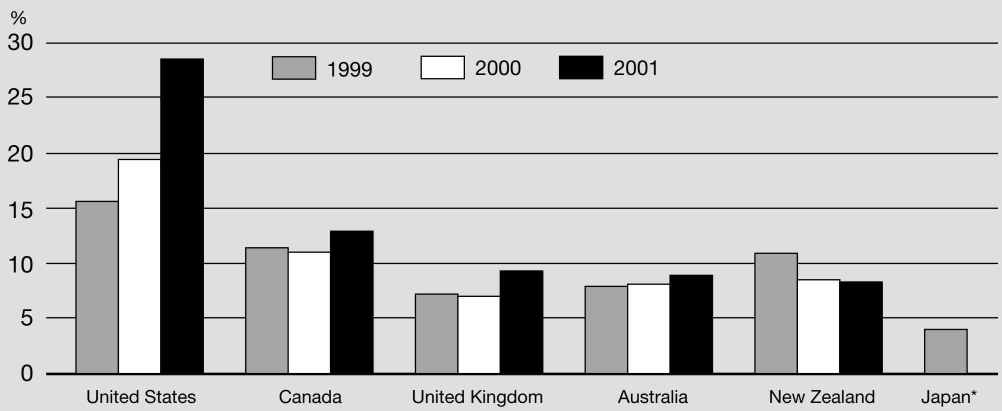
In consultations held in the formulation of the 2001-02 debt strategy, market participants indicated that the Government of Canada securities market was functioning well, but that liquidity had declined over the previous year. In general, participants indicated a preference for maintaining the current structure of the bond program but increasing liquidity through larger benchmark bond target sizes, particularly at the long end of the yield curve. Therefore, in its 2001-02 debt strategy, the Government increased the benchmark target ranges for 10- and 30-year bonds from $9 billion-$12 billion to $12 billion-$15 billion.

Government of Canada Securities Statistics

Comparison With Other Countries

The Government of Canada bond market compares favourably with other major sovereign bond markets. The market had an annual stock turnover level in 2001 of 12.9, behind only the United States, which had a stock turnover level of 28.5.

Chart 9
Sovereign Bond Turnover Ratios

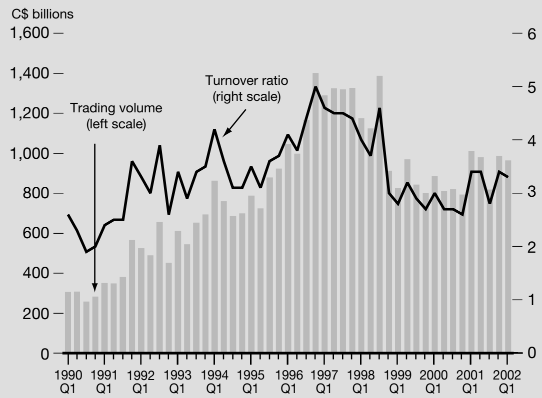


Note: Turnover ratio is total trading volume in each year/stock.
* Data for Japan unavailable for 2000 and 2001.
Source: Bank of Canada.

Market Activity

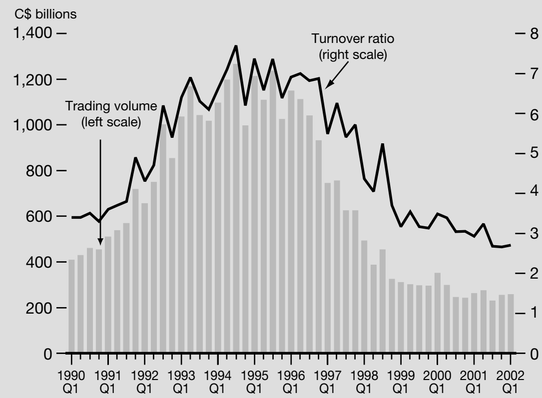
The volume of transactions in the Government of Canada bond market has grown significantly since 1990. Total marketable bond trading volume was $3,736.7 billion in 2001-02, a 9.1-per-cent increase from 2000-01. The annual turnover ratio was 12.8 times the outstanding stock of bonds in 2001-02, compared to 11.7 in 2000-01 (see Chart 10). The volume of transactions in the Treasury bill market remained at the low levels seen in recent years, as the stock of Treasury bills outstanding has fallen. In 2001-02 total Treasury bill turnover was $1,007.0 billion. The annual turnover ratio was 11.28 times the outstanding Treasury bill stock (see Chart 11).

Chart 10
Government of Canada Bonds
Trading Volume and Turnover Ratio



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

Chart 11
Government of Canada Treasury Bills
Trading Volume and Turnover Ratio



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

An active repo market is a hallmark of a well-functioning government securities market. The total turnover for Government of Canada bond repos in 2001-02 increased to $20,536 billion from $17,511 billion in 2000-01. Furthermore, the annual turnover ratio for bond repos in 2001-02 was 70.9 times (see Chart 12). The Treasury bill repo market volume in 2001-02 was $1,125.6 billion and the annual turnover ratio was 12.4 (see Chart 13).

Chart 12
Government of Canada Bond Repos
Trading Volume and Turnover Ratio

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

Chart 13
Government of Canada Treasury Bill Repos
Trading Volume and Turnover Ratio

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

Futures contracts are important complements to an efficient Government of Canada securities market. In Canada the trading volume of futures contracts maintained the levels of previous years. There is a futures contract based on benchmark 5- and 10-year Government of Canada bonds (the CGF and CGB contracts). Open interest of the futures contract on 10-year Government of Canada bonds increased to 64,310 in 2001, a 31.7-per-cent increase from 2000. The CGB contract continues to be actively traded, setting a new daily trading volume record on August 28, 2001, with 55,934 contracts traded, surpassing the year-old record of 50,880 set in 2000. There is also an active market for the 3-month Canadian Bankers' Acceptance Futures (BAX contracts).

Turnaround Times

Target turnaround time for auctions has been reduced to 15 minutes.

To reduce market participant risk during auctions, the targeted turnaround time for publication of the results for Government of Canada securities auctions was reduced from 30 minutes to 15 minutes starting May 22, 2001. The reduction in the turnaround time was the result of process and efficiency improvements. The 15-minute turnaround time compares favourably to most sovereigns with developed bond markets.

Bond Buyback Program

The bond buyback program contributes to maintaining the size of new issues.

To enhance liquidity in the primary market for Government of Canada securities, bond buyback operations on a cash basis were introduced on a trial basis in 1998-99. Based on favourable performance and market reaction, the program was implemented on an ongoing basis in 2000-01 and now plays an important role in the maintenance of a full new issue bond program.

Table 2
Bond Buyback Program

Amount repurchased	1998-99	1999-00	2000-01	2001-02
	($ millions)			
Buybacks on a cash basis	1,000	3,263	2,832	5,258
Buybacks on a switch basis	–	–	–	387
Total bond buyback program	1,000	3,263	2,832	5,645

In 2001-02 the size of bond buyback operations on a cash basis were increased.

Based on market feedback received during the 2001-02 debt strategy consultations, the size of bond buyback operations on a cash basis and the number of transactions were increased. Later, during the summer 2001 market consultations, market participants indicated that reducing the time between the release of auction results and the deadline for submission of tenders at buyback operations on a cash basis would reduce risk and provide an incentive for increased participation. Therefore, the submission deadline for bond buybacks on a cash basis was advanced from 2:00 p.m. to 1:15 p.m. starting October 2001.

The bond buyback program began including a broader range of bonds, and the frequency of operations increased.

The bond buyback program was further expanded to include bonds with maturities across a broader range of the yield curve in order to encourage the participation of a wider range of market participants.

To enhance market transparency and participation, the Government increased the frequency of bond buyback operations and announced the total target repurchase volume for each quarter in the quarterly bond auction schedule published by the Bank of Canada.

The Government introduced switch buyback operations on a trial basis late in the year.

In February 2002, on a trial basis, the Government started bond buyback operations on a switch basis to stimulate participation of existing securities holders in buyback operations. In the case of a buyback on a switch basis, less liquid bonds are exchanged for the new bonds in the benchmark being built on a duration-neutral basis, assuring minimal impact on bondholders' portfolio structure. The first pilot switch operation was successfully conducted in the fourth quarter of 2001-02 in the 30-year sector for an amount of $400 million.

Bonds are bought back when their value is consistent with the fair value model used by the Government of Canada.

The repurchase program has enabled the Government to conduct larger auctions during the last four years than would have been the case in the absence of a buyback program (see Table 2). During consultations with market participants, it was noted that an additional benefit of the program was improved secondary market liquidity, as trading increased in less liquid bonds targeted for repurchases under the program.

30-Year Issuance Timing

The 30-year issuance cycle was changed for cash management purposes.

In 2001-02 the Government changed the semi-annual issuance pattern for 30-year bonds from spring/fall to summer/winter to facilitate cash management. By altering the issuance pattern of the 30-year bonds, the Government is better able to match the issuance cycle to its cash flow needs. This was achieved by adding a third 30-year issue in the fourth quarter of fiscal year 2001-02. The one-time issuance was substantially offset by larger buybacks of outstanding long-term bonds.

Pilot Cash Management Bond Buyback Program

The CMBB program has expanded the Government's tools for cash management.

The Cash Management Bond Buyback (CMBB) program, introduced on a pilot basis in early 2001, was implemented to help manage the Government's cash requirements by reducing the high levels of government cash balances needed to redeem large bond maturities. In contrast to the buyback program aimed at supporting a full new issue bond program, the CMBB program involves buying back bonds with less than 12 months to maturity. By reducing the need to accumulate large cash balances, the CMBB program also smoothes out seasonal fluctuations in Treasury bill issuance.

The floor for maturities eligible for CMBB operations was lowered to $4 billion.

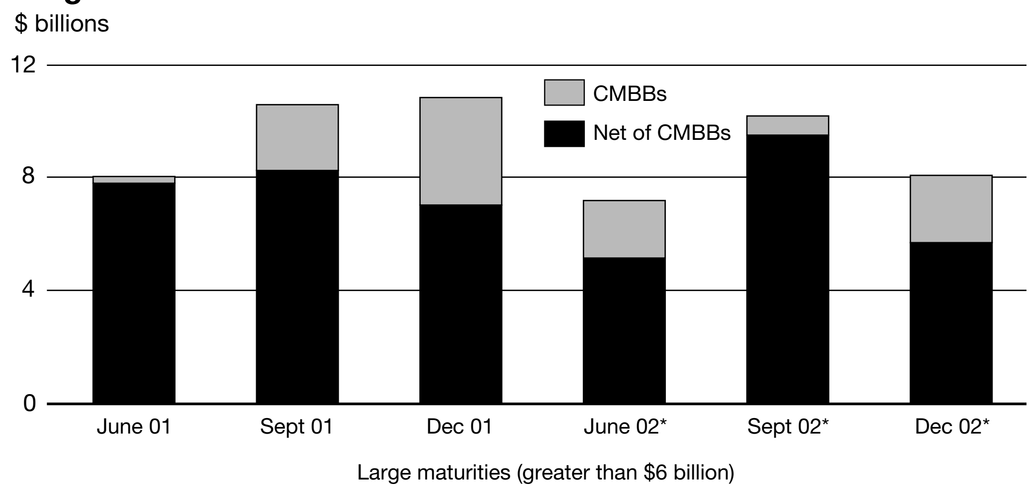
Following market consultations the Government announced in October 2001 that the floor that limits the total amount the Government can repurchase from bonds maturing on any given target date would be lowered from $6 billion to $4 billion. This was undertaken to enhance the operational effectiveness of the CMBB program.

Table 3
Pilot Cash Management Bond Buyback Program

	2000-01	2001-02
	($ millions)	
Amount repurchased	2,500	11,484

The first cash management buyback of $500 million was held on January 16, 2001. Following this, $2 billion worth of bonds were repurchased in February and March, for a total of $2.5 billion during the 2000-01 fiscal year. In 2001-02 almost $11.5 billion worth of bonds were repurchased, with a significant positive impact on large maturities outstanding (see Chart 14). The December 2001 maturity was the first maturity targeted for a full year, and $3.8 billion worth of bonds were repurchased of that maturity, reducing the level of the issue outstanding by 35 per cent.

Chart 14
Impact of 2001-02 CMBBs on the Government of Canada's Large Maturities



* These maturities were further reduced with operations held after the 2001-02 fiscal year.

The Government announced the continuation of the CMBB program.

After one year of operation the program was judged to be effective in meeting its operational targets and as a result, in its 2002-03 debt strategy, the Government announced the continuation of the pilot CMBB program.

To enhance transparency and participation, the frequency of CMBB operations was increased and the practice of announcing a target volume for each operation a week before on the Bank of Canada Web site was initiated.

Treasury Bill Program

The Treasury bill market continues to function effectively.

Following a significant decline in the stock of Treasury bills during the 1995-98 period ($166 billion to $112 billion), Treasury bill issuance has been maintained in the range of $80 billion to $95 billion. The decline in the size of the program led to a decline in secondary market turnover (see Chart 11 for quarterly results). However, the Treasury bill market has continued to function effectively from the perspective of the Government and market participants.

In the spring of 1999, in the fall of 2000 and again in the summer of 2001, the Government asked market participants for their views on the need to restructure the program in light of the lower level of liquidity. The majority of market participants continued to indicate that they prefer to maintain the existing biweekly auctions of three Treasury bill tranches (3, 6 and 12 months). They also indicated that most dealers and investors have adjusted well to lower levels of stocks of Treasury bills outstanding. The general consensus was that, provided the stock remains in the range of $75 billion to $95 billion, no change was needed to the structure of the Treasury bill program.

Market Transparency and Electronic Trading

The Government has a strong interest in the development of electronic trading and trade reporting initiatives that would support the maintenance of a transparent, liquid and efficient domestic fixed-income market and enhance the attractiveness of the fixed-income market for a wide array of investors. In 1999 a screen-based, real-time information system (CanPx) was established by dealers and inter-dealer brokers. CanPx reports best bid and offer prices and trading volumes in a range of benchmark fixed-income securities. The CanPx system was expanded in 2001-02 and provides a trade reporting standard that is in line with the practices of comparable sovereign countries.

The Department of Finance and the Bank of Canada continue to actively contribute to discussions on the development of the regulatory framework for ATSs.

In 2001-02 plans for a number of private sector electronic trading systems were announced. On an ongoing basis during the year, the Department of Finance and the Bank of Canada contributed to discussions with Canadian securities regulators and market participants on the design and implementation of a regulatory framework for alternative trading systems (the ATS Rules). The ATS Rules came into force in late 2001.

Retail Debt

In 2001-02 the Government's retail debt program offered Canada Savings Bonds (CSBs) and Canada Premium Bonds (CPBs) to retail investors during a six-month period from October 2001 to March 2002. The retail debt program is designed to meet the needs of individual Canadians and contribute to the diversification of the Government's investor base. Both instruments were offered through the cash market and payroll savings channels. CPBs continue to be the preferred instrument for investors buying on a cash basis from financial institutions. Payroll sales of CSBs continued to increase from previous years following the redesign of the program in 1997.

The retail debt program continues to evolve with the changing demands of Canadians.

Several initiatives were continued or undertaken to increase access and improve the distribution of retail products for the Government. The telephone direct sales pilot was extended for another year. To complement the direct telephone channel, a direct Internet sales channel was launched in October 2001, giving Canadians the option to purchase CSBs and CPBs on-line. The on-line payroll purchase option begun in the federal public service was expanded and met with favourable results. To lower cost and improve customer service, the Bank of Canada outsourced its back office systems and operations to EDS Canada Inc.

For further information on retail debt plans and operations, see the Canada Investment and Savings Web site at www.csb.gc.ca.

Maintaining a Prudent Debt Structure

The Government maintains a debt structure that balances prudence with continued access to lowest-cost sources of funds.

As previously noted, the Government's net debt and market debt have declined over the past five years. While the debt is on a downward trend, the stock of outstanding debt that is exposed to interest rate changes remains very large. Roughly one-quarter of the federal government's budgetary expenditures are debt-servicing charges, and sharp movements in interest rates have the potential to disrupt budgetary planning.

The Government's primary method of achieving its strategic objective of stable, low-cost funding is to maintain a debt structure that balances stability with continuing access to low-cost sources of funds. The debt structure is the mix of fixed-rate and floating-rate debt instruments that make up the debt stock. This section describes the analytical tools and considerations that the Government uses to determine its target prudent debt structure.

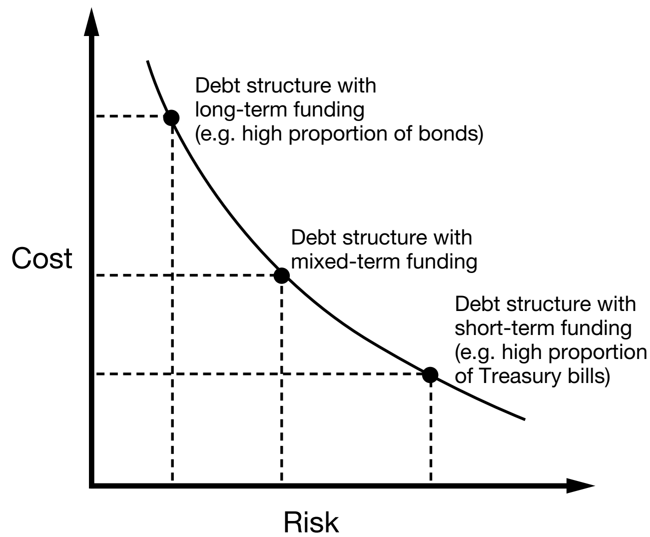
Balancing Cost and Risk

The Government considers a number of factors when determining the cost-risk trade-off of different debt structures.

In deciding on the appropriate debt structure, the Government must consider the trade-off between keeping borrowing costs low and ensuring that the cost impact of unexpected increases in interest rates does not exceed its tolerance for risk. Specifically, long-term maturity instruments such as Government of Canada bonds typically have higher debt-servicing costs (i.e. they pay higher coupon rates) than short-term instruments such as Treasury bills. On the other hand, the fixed-coupon rates of outstanding bonds are known with certainty for a longer period, and therefore result in lower interest rate risk compared to Treasury bills, which mature throughout the year and need to be refinanced at the then-prevailing market interest rates (see Chart 15). As interest rates change, short-term maturities move with current rates while long-term maturities have their rates locked in.

The Government takes a long-term strategic view in choosing a target debt structure in order to have reasonable and lasting cost stability under a range of potential interest rate environments.

Chart 15
Costs/Risk Trade-Off Depends on the Type and Amount of Government-Issued Securities That Make Up the Debt Structure



Assessing the Cost/Risk Trade-Off – Measures and Targets

The Government uses a number of tools to assess the cost/risk trade-off.

Debt managers gauge and describe the sensitivity of the debt structure to unexpected changes in interest rates in various ways.

- Measures such as the fixed-rate share of the debt, average term to maturity and duration characterize the composition of the debt and indicate how much of or how often the debt structure is exposed to interest rate variations.
- The distribution of the maturity profile of the debt indicates the proportion of debt that will be maturing and subject to refinancing risk.
- Another measure used to assess the debt structure's costs and risks with a forward-looking perspective is the simulation methodology called Cost at Risk (CaR). CaR quantifies directly the risk of incurring additional debt costs given a particular debt structure and assumptions of a wide range of potential interest rate movements.

These measures, consistent with the best practices of comparable sovereign borrowers, are used to depict the cost and risk of possible debt structures and guide decision making.

The fixed-rate share of debt is the main operational measure used in the past few years. Average term to maturity and maturity profile are two other measures that have been used to complement the fixed-rate share analysis. Duration provides an additional operational cost/risk measure. The range and sophistication of the CaR analysis is enhanced on an ongoing basis to better assess the fixed-rate debt structure. Table 4 provides a quick reference to the five measures.

Table 4
Cost/Risk Measures

Measure	It measures …	It is used as a measure of …
Fixed-rate share	… the portion of the debt issued at fixed interest rates (those over 12 months)	… the refinancing risk of the debt stock
Maturity profile	… the year-to-year distribution of maturing debt	… refinancing exposure over time
Average term to maturity	… the average time remaining before debt matures, taking into account principal repayments only	… how quickly changes in interest rates will affect debt costs
Duration	… the price sensitivity of the debt stock to interest rate movements	… how debt costs will be affected by changes in interest rates
Cost at Risk	… the potential debt cost impact resulting from interest rate exposure	… debt cost variability associated with a given debt structure

Fixed-Rate Share

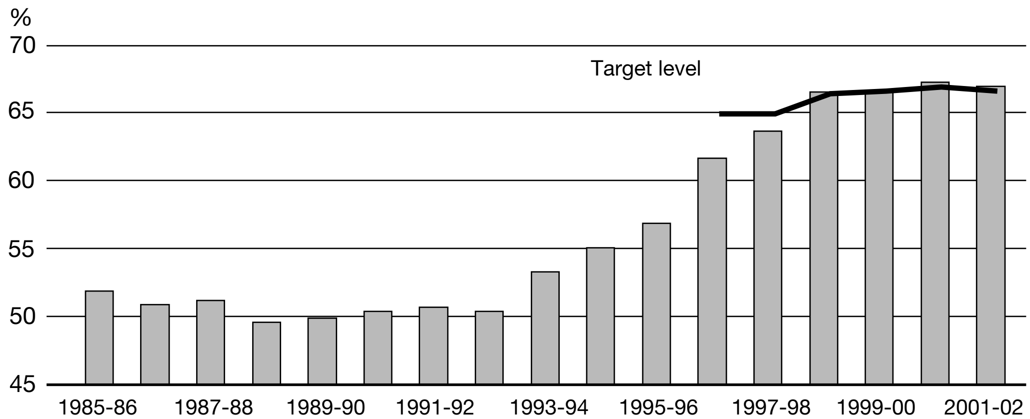
The fixed-rate share of the debt is computed as the proportion of interest-bearing debt having fixed rates – debt that does not mature or need to be re-priced within a year – relative to the total interest-bearing debt stock. The fixed-rate share is used by other central governments because it is an intuitive measure that is fairly easy to compute and understand.

The Government currently maintains a two-thirds fixed-rate share.

Debt-servicing costs increase (decrease) and financial risk decreases (increases) with a higher (lower) fixed-rate share. Following the sharp increase in interest rates in the late 1980s, the Government took measures to reduce the exposure of the debt stock to volatility in interest rates. The share of the debt stock at fixed rates increased from one-half in 1989-90 to two-thirds in 1998-99. For the past four fiscal years, the fixed-rate portion of debt has been managed around the two-thirds target (see Chart 16).

By establishing a more prudent fixed-rate debt structure, the Government has reduced the sensitivity of its annual debt-servicing costs to changes in interest rates. For example, the first-year impact on net debt-servicing costs of a 100-basis-point shock in interest rates in 2001-02 would have been $0.8 billion under the current structure, compared to $1.8 billion at the time of the 1995 budget.

Chart 16
Fixed-Rate Share of Interest-Bearing Debt at March 31



Source: Department of Finance.

However, the reduction of interest rate exposure from raising the fixed-rate share of the debt has a cost because fixed-rate debt generally carries higher interest rates than Treasury bills. The cost of maintaining a higher fixed-rate share varies substantially from year to year based on the term structure of interest rates. Compared to the fixed-rate structure in 1996-97, and given the average spread between short-term and long-term interest rates prevailing over the past five years, the relative cost of using a 67 per cent (two-thirds) target averages some $386 million over each of the past five years.

Maturity Profile

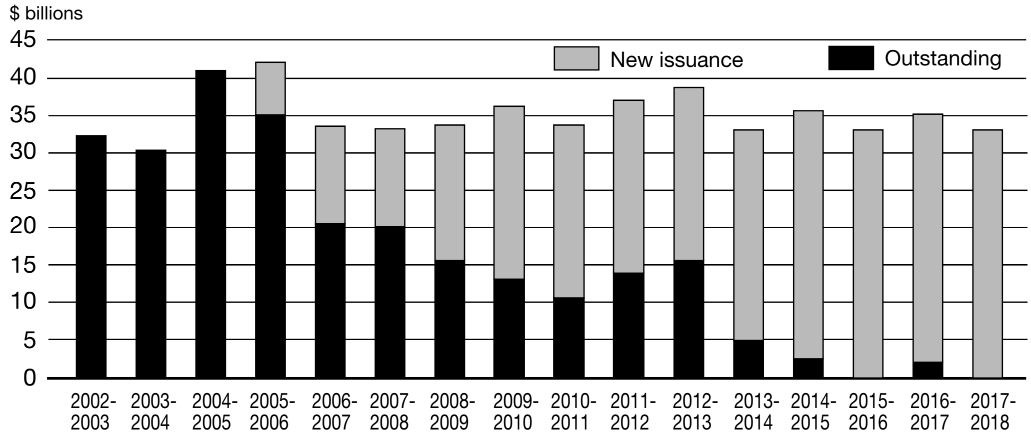
The maturity profile is managed to limit refinancing risk over time.

The Government also manages the maturity profile of the debt (i.e. the amount that matures, or comes due, in any given year) to limit its refinancing risk. A well-distributed maturity profile reduces the risk that a relatively large proportion of the debt will mature and need to be refinanced in a short period, when higher interest rates may prevail or markets may be disrupted.

The maturity profile of domestic government bonds is shown in Chart 17. The profile consists of a portion related to borrowing in previous years as at March 31, 2002, and assumes that the current issuance pattern is maintained. Initiatives to regularize bond refinancing into predictable benchmark securities have led to a gradual smoothing out of the maturity profile of the bond stock.

Treasury bills, unlike bonds, mature within a year of their issuance and are therefore excluded from the maturity profile depicted in Chart 17. The decline in the Treasury bill stock in the 1990s has lowered the Government's ongoing level of refinancing risk. For example, in 1995 the Government was required to refinance, on average, $8 billion per week in maturing Treasury bills, compared to an average of $7 billion every two weeks in 2001.

Chart 17
Maturity Profile of Domestic Bonds



Note: Excludes Treasury bills. Projections assume future issuance remains at 2001-02 levels and excludes buybacks.

Source: Department of Finance.

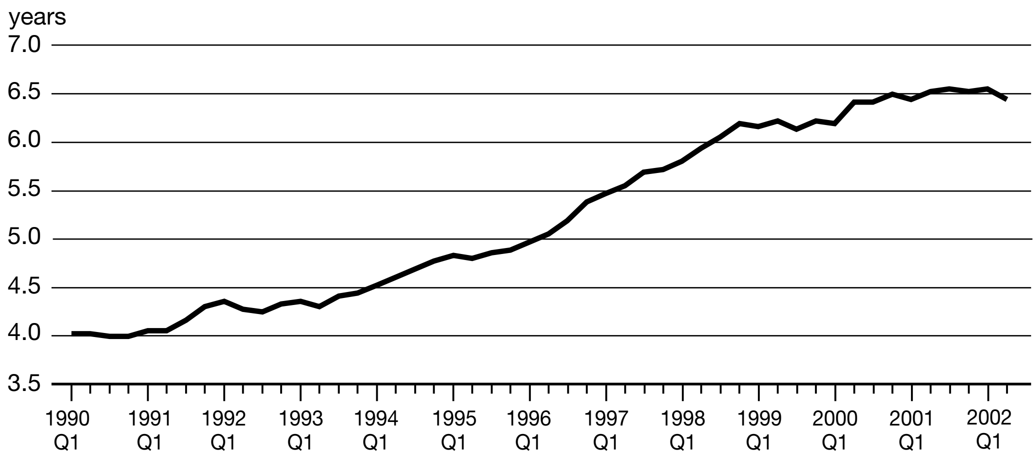
Average Term to Maturity

The ATM is used as an indicator of how quickly changes in interest rates will affect debt costs.

The average term to maturity (ATM) is the average lifespan of the marketable instruments that make up the debt and is a complementary measure to the fixed-rate share indicator. Retail debt is excluded since its average term is variable, due to its cashability. Measured in years, ATM represents the average length of time before debt instruments mature and become subject to refinancing risk. Longer ATMs mean that debt instruments are rolled over less frequently, which implies less uncertainty regarding future debt costs.

The ATM of marketable debt has increased from roughly 4 years in 1990 to 6.5 years in March 2002 (see Chart 18). These changes have brought the average term structure of Canada's debt more in line with the debt structures of the other G-7 countries.

Chart 18
Average Term to Maturity of Marketable Debt



Source: Bank of Canada.

Duration

Duration measures refinancing risks associated with coupon payments over the life of a bond.

Duration is another way of measuring refinancing risk. Similar to ATM, higher duration values reflect lower refinancing risk. Compared to ATM, duration is a more sophisticated way of measuring refinancing risk because, in addition to capturing the risk of refinancing principal amounts at maturity, it looks at the refinancing risk associated with coupon or interest payments that occur through the life of debt instruments. Since duration considers financial flows through the life of the debt instrument, the calculated duration will always be shorter than the ATM of the same structure. At the end of March 2002 the Government's marketable debt had a modified duration of 4.4 years, unchanged from last year.

Cost at Risk

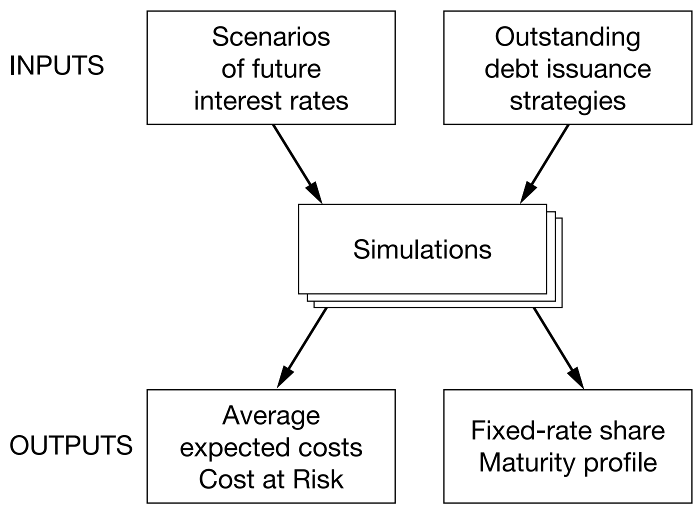
Cost at Risk measures the debt cost variability associated with different debt structures.

Cost at Risk (CaR) contributes to the Government's debt management decisions by quantifying risk directly in terms of potential debt cost and determining if it falls within the Government's tolerance level for risk. The measure is similar to the well-known Value at Risk measure used extensively throughout the financial community.

CaR analysis involves simulating future debt costs using a large number of possible interest rate scenarios. The analysis looks at various debt structures in order to better determine the relationship between debt structure, debt costs and risk.

The simulation framework for CaR analysis is depicted in Figure 2. First, a large number of interest rate scenarios are generated, based on a theoretical model from the economic literature,[5] to represent the full range of plausible developments in the interest rate term structure. The outstanding stock of debt is considered and several issuance strategies are examined. The simulation is then performed for each issuance strategy, under the set of interest rate scenarios, to generate a statistical distribution of possible debt costs and the projected cash flows. Statistical properties of the obtained distribution are examined and the average debt cost and CaR statistic are extracted.

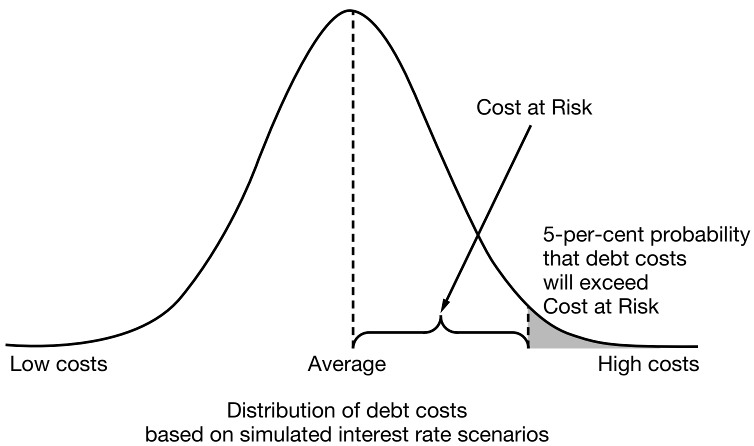
Figure 2 – Cost at Risk Analytical Framework



The statistical distribution for the debt costs has the general shape of the distribution in Figure 3. As a rule of thumb, scenarios with a large positive (negative) shock to interest rates lead to high (low) future debt costs. However, the central tendency is for most shocks to be small in nature. The debt structure is seen as prudent when there is only a small probability that an increase in interest rates causes debt costs to exceed an acceptable tolerance level. Using the results of the simulations, the plausible debt costs are used to determine the appropriate fixed-rate share target and maturity profile of the debt.

[5] The interest rate model used to generate the interest rate scenario for the CaR analysis is the two-factor Cox-Ingersoll-Ross model.

Figure 3 – Measuring the Risk of Future Debt Charges Using Cost at Risk



CaR indicates that, with a high probability, an interest rate shock will not disrupt the current fiscal framework.

It should be noted that unlike other measures such as fixed-rate share, ATM and duration, CaR is not an objective measure because it depends on several assumptions. In particular, experience has shown that results are very sensitive to the interest rate model employed. The Government is continuing to improve the CaR methodology. Results of the CaR analysis undertaken at the end of the 2001-02 fiscal year, based on upgraded assumptions and methodologies, indicate that with the two-thirds fixed-rate structure in place on March 31, 2002, there is a high probability that the impact of most interest rate shocks occurring in the budget horizon would not disrupt the Government's fiscal framework.

Maintaining a Diversified Investor Base

Diversified Investor Base

A diversified investor base is maintained to ensure active demand for Government of Canada securities, thereby reducing funding costs.

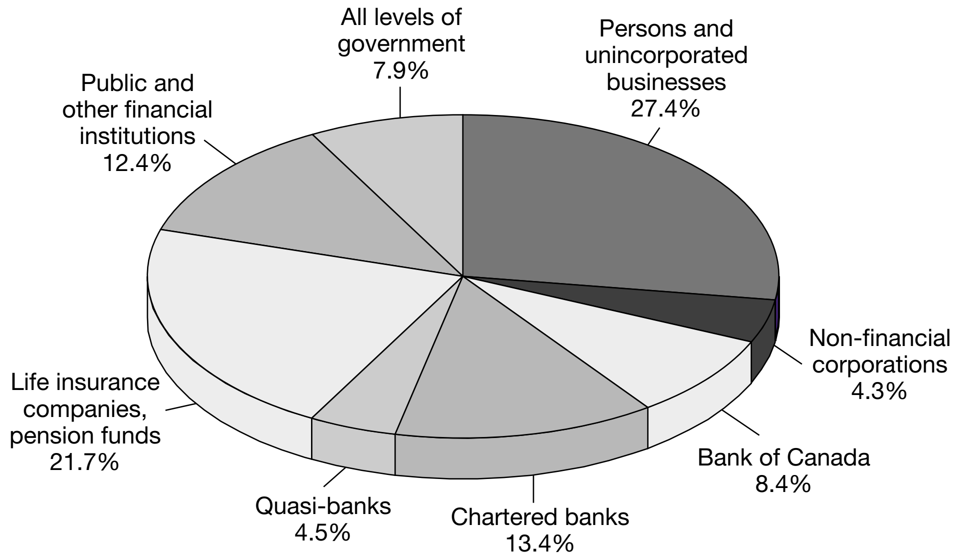
A diversified investor base helps to reduce funding costs by ensuring that there is active demand for Government of Canada securities. The federal government pursues diversification of its investor base by maintaining a domestic wholesale debt program that is attractive to a wide range of investors, offering a retail debt program that provides savings products designed to suit the needs of individual Canadians, and using a broad array of sources of funds in its foreign borrowings.

Domestic Holdings of Government of Canada Debt

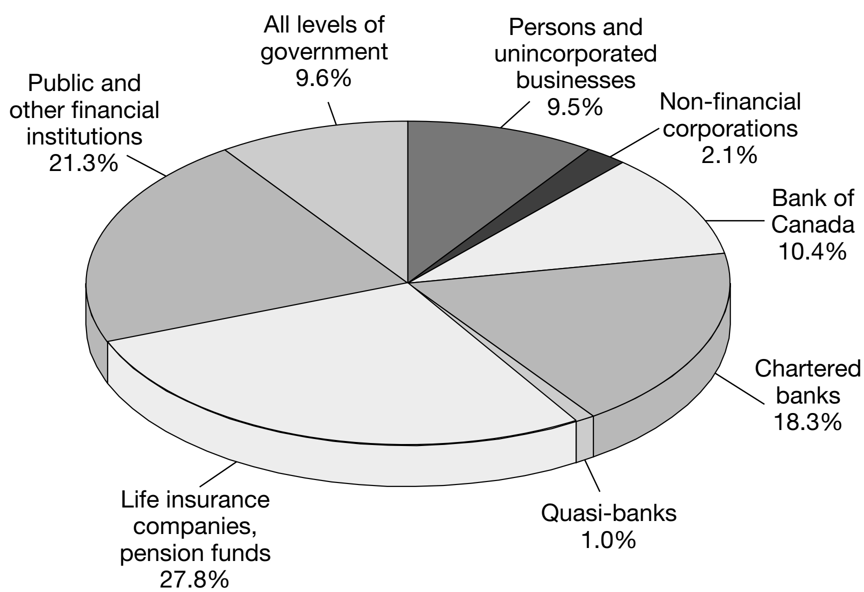
There was a significant shift in the distribution of holdings of Government of Canada market debt over the 1990s. Between 1991 and 2001 the holdings of life insurance companies and pension funds increased by over 70 per cent from $58 billion (21.7 per cent) to $100 billion (27.8 per cent), while the holdings of public and other financial institutions also increased sharply from 12.4 per cent to 21.3 per cent (see Chart 19). Chartered banks' share of holdings of market debt increased from 13.4 per cent to 18.3 per cent over the same period, while the share held by persons and unincorporated businesses decreased from 27.4 per cent to 9.5 per cent. The steep drop in holdings by this group is due mainly to the shift towards institutionalized investments in mutual funds.

Chart 19
Distribution of Domestic Holdings of Government of Canada Market Debt as of December 31

1991 – $266.7 billion



2001 – $358.4 billion



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

There was no major change in the distribution of holdings of government debt in the previous two years.

In 2001 life insurance companies and pension funds accounted for the largest share of domestic holdings of Government of Canada market debt (27.8 per cent), followed by public and other financial institutions such as investment dealers and mutual funds (21.3 per cent). Taken together, they accounted for over 49 per cent of domestic holdings.

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

Foreign Debt and Reserves Management Strategy

Foreign debt is raised exclusively for the management of the Exchange Fund Account.

The Government of Canada borrows in foreign currencies exclusively to raise foreign exchange reserves for the Exchange Fund Account. The reserves in the Exchange Fund Account are maintained as a source of foreign currency liquidity and to promote orderly conditions in the foreign exchange market for the Canadian dollar. Further details on the management of international reserves are available in the *Exchange Fund Account Annual Report*, available on the Department of Finance Web site at www.fin.gc.ca.

The key objectives of Canada's reserve program are to:

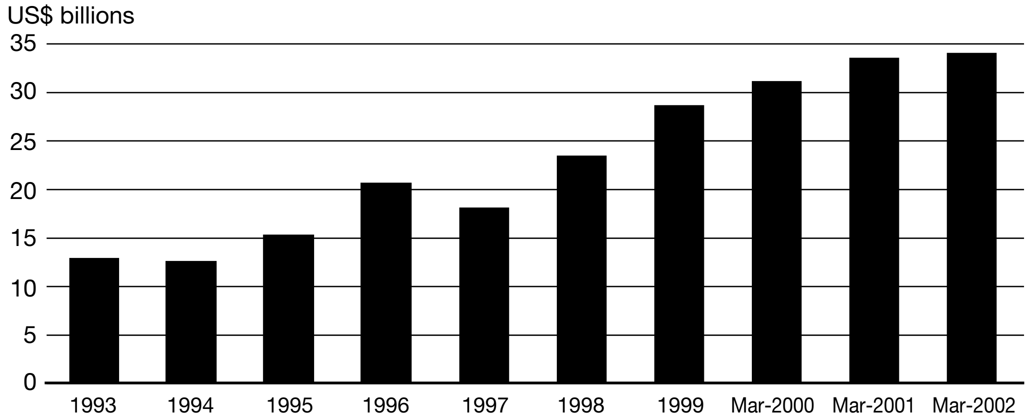
- ensure that an appropriate level of reserves is maintained while minimizing the cost of carrying reserves;
- promote orderly conditions in the foreign exchange market;
- immunize to the extent possible currency and interest rate risks by selecting reserve assets that match liabilities in currency and duration; and
- maintain diversified funding sources and a prudent liability structure to appropriately manage refinancing risks.

Level of Reserves

The Government uses cross-currency swaps, as they are a cost-effective source of foreign funds.

Canada maintains reserves in line with comparable sovereigns. In 2001-02 international reserves increased by US$0.5 billion to a level of US$34.0 billion at March 31, 2002 (see Chart 20). Borrowing requirements for foreign exchange reserves are met through cross-currency swaps of domestic obligations, which are highly cost-effective compared to other sources of foreign currency funds, and purchases of US dollars in the spot foreign exchange market. Canada Bills and Canada Notes, as well as Euro Medium-Term Notes are also used.

Chart 20
Canada's International Reserves
December 1993 to March 31, 2002



Sources: Department of Finance; International Monetary Fund, *International Financial Statistics*.

The Gap Between Foreign Currency Assets and Liabilities

The foreign currency asset-liability gap continues to narrow.

Foreign currency liabilities came to exceed foreign currency assets (i.e. deposits, securities and Canada's International Monetary Fund (IMF) reserve position),[6] which those liabilities funded in the Exchange Fund Account in recent years. This was largely a result of extensive foreign exchange intervention and important commitments to the IMF in 1998. Consistent with the Government's policy of immunizing currency and interest rate risk in Canada's reserve program, the Government has taken steps to bring foreign currency liabilities in line with foreign currency assets.

In December 1998 the Department of Finance, in collaboration with the Bank of Canada, implemented a program of purchases of US dollars in the foreign exchange markets. The proceeds of sales of Canadian dollars are used to reduce US-dollar-denominated liabilities. This program is conducted by the Bank in its role as fiscal agent for the Government in its management of the federal debt.

Purchases of US dollars are small in relation to the large daily flows in foreign exchange markets and are undertaken with sensitivity to market conditions. The objective is to close the gap between foreign currency assets and liabilities in the near future. As of March 31, 2002, the gap stood at some US$6.1 billion, and some US$3.5 billion when IMF assets are included.

[6] Note that the methodology used to measure the asset-liability gap was recently modified to include assets related to IMF commitments, which are part of Canada's official international reserves.

Risk Management Framework

The Government has in place a comprehensive risk management framework for identifying and managing treasury risk, including market, credit, operational and legal risks. The Government's risk management policies call for prudent management of treasury risks based on best practices. Standards for risk tolerance are very prudent, with market risks generally immunized and high credit quality and diversification standards followed.

The current collateral management framework helps the Government manage credit risk.

In June 2000 the Minister of Finance approved a new framework and limits governing credit exposure to commercial financial institution (FI) counterparties with respect to the Government's foreign currency reserve portfolio. The framework is consistent with best practices in credit risk management and includes a collateral management system and credit exposure limits pertaining to financial counterparties across all lines of business. Collateral management systems are increasingly the norm in capital markets as a way of managing credit risk associated with swaps. Under the new framework, high-quality collateral (e.g. cash, securities) must be posted by counterparties when the amount of credit risk borne by the Government exceeds specified limits.

A framework has been developed to collateralize US-dollar deposits at FI counterparts.

Initial steps were also taken in 2001-02 to move the Government's short-term US-dollar deposits to a collateralized basis. Currently the Government invests its US-dollar cash balances in unsecured bank deposits with a number of commercial banks. Under a revised framework, to be implemented in 2002-03, collateral will be posted to the Government when US-dollar cash is invested with the FI counterparties through repo transactions.

Management of the Government's Cash Balances

The main objectives of the federal government's cash management operations are to keep low cash balances consistent with meeting operational needs, and to invest cash in a prudent, cost-effective manner. The federal government invests its cash balances with a number of financial institutions through morning and afternoon auctions.

New Collateralized Framework for Cash Balances

The new collateralized framework for domestic cash balances will strengthen the Government's ability to manage credit risk.

In 2000 the Government announced its intention to adopt a new investment framework for the morning auction of the Government's domestic cash balances. The new framework is consistent with ongoing efforts to ensure that the Government's financing and investing operations are prudent, efficient and meet the standards of best practices appropriate for a sovereign government.

The new framework is designed to increase competition in the auction of cash balances and to strengthen the management of risks, in particular the credit risks involved in the investment of cash balances. Access to the morning auction is now open to all significant participants in the domestic money market to ensure competitive returns are earned on cash balances and to diversify the Government's counterparties. The framework also introduces a credit risk management system through the use of credit ratings, credit lines and collateral agreements. The afternoon auction will continue to be used to invest the Government's residual cash balances and will remain uncollateralized, for the time being, and limited to Large Value Transfer System participants.

In 2001-02 the Department of Finance and the Bank of Canada finalized the major elements and operational details of the new framework in consultation with market participants. In January 2002 a competitive process was undertaken to select a collateral manager, resulting in the selection of RBC Global Services as the Government's agent.

Performance in 2001-2002

The main cash management objective is to ensure that the Government has sufficient funds to meet its operating and liquidity requirements.

Management of the Government's cash balances requires forecasting and monitoring of its daily receipt and disbursement flows, as well as an ongoing borrowing program to refinance maturing debt and maintain the balances at targeted levels. There are inherent and large uncertainties in forecasting daily changes in cash balances owing to the scope of the Government's financial operations, periodic large maturities of Government of Canada bonds, the operations of the Bank of Canada and changes in market conditions. Cash balances are kept low, consistent with operational requirements.

The level of the Government's daily cash balances averaged $9.8 billion in fiscal 2001-02, down from $10.2 billion in 2000-01. Earnings on term deposits averaged 3.49 per cent versus 5.61 per cent the previous year. Compared to the weighted cost of Treasury bill borrowings, the Government earned a positive spread of 12.1 basis points on cash balances held in 2001-02.

Debt Program Evaluation

The purpose of the Debt Program Evaluation process is to assess policies and operational decisions in the area of debt, cash and reserves management in order to inform future decision making and contribute to public transparency and good governance. Evaluations are carried out by independent evaluators with expertise in fixed-income markets.

Two debt program evaluations were conducted on the liquidity in the secondary market and the Government's fixed-rate structure.

In 2001-02 two evaluations were carried out. The first looked at initiatives undertaken by the Department of Finance to improve liquidity in Government of Canada secondary bond and bill markets. The evaluators expressed the opinion that initiatives undertaken by the Government of Canada in recent years have been successful in improving liquidity in these markets. The second evaluation looked at the Government's past decision to target a more prudent, higher fixed-rate debt structure. The evaluators expressed the opinion that Canada's debt strategy and objectives are consistent with the best practices of other sovereign borrowers as well as with current academic literature. Recommendations coming out of the evaluations addressed methodological issues and are being considered by the Government.

Annex 1

Federal Debt Management Framework

Legal Authorities

The Financial Administration Act (FAA) provides the statutory framework under which the Minister of Finance borrows money for the Government in financial markets. The FAA states that the Minister cannot borrow money without the authority of Parliament. Parliament authorizes the Minister to borrow new funds through borrowing authority acts. The Minister is authorized by the FAA to refinance maturing debt without further parliamentary authority. The Act provides the Minister with the authority to use modern financial and risk management tools and techniques such as interest rate and currency swaps, options, futures and forwards in the conduct of the Government's financial operations and for risk management purposes. In addition, the Act provides the Minister of Finance with legislative authority to establish rules governing the sale of the Government's debt.

In addition to the FAA, the Bank of Canada Act provides statutory authority for the Bank of Canada to act as the Government's fiscal agent. The Currency Act establishes the Exchange Fund Account and provides statutory authority for the Minister of Finance to manage the Account.

Institutional Responsibilities

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

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

CI&S is a special operating agency of the Department of Finance, and its primary responsibility is the day-to-day management of the Retail Debt Program. CI&S, working in consultation with the Bank of Canada and the Financial Markets Division, is responsible for developing the Retail Debt Program's strategic direction and managing the front office aspects of the program.

Domestic Debt Operations

Domestic borrowings are done strategically, i.e. securities are issued on a regular, transparent basis to maximize investor interest and participation. Marketable bonds, real return bonds (RRBs) and Treasury bills are sold via auction, with the Bank of Canada operating as the Government's fiscal agent, to Government of Canada securities distributors and end-investors. Tenders are submitted to the Bank of Canada via the electronic auction system CARS (Communications, Auctions and Reporting System).

Bonds are auctioned on a quarterly basis in the 2-, 5- and 10-year maturities, and on a semi-annual basis in the 30-year maturity. Bonds may be either new maturities or reopenings of previously auctioned bonds. New issues are generally reopened several times in order to increase the size of the issue to the target benchmark bond size.

The bond auction calendar, setting out details of the planned quarterly issuance of marketable bonds, is published by the Bank of Canada prior to the start of each quarter. Final details, including the amounts to be auctioned, the maturity date, and the amount outstanding in the case of bond reopenings, are released one week prior to the auction.

Bond sales take place via multiple-price auctions, with the exception of RRBs, which are sold via single-price auctions. Government securities distributors and investors may submit competitive tenders or non-competitive tenders. For multiple-price auctions, competitive bids are accepted in rising order of yield (declining order of price) until the full amount of the issue being auctioned is allotted, while non-competitive bids are allotted at the average of the accepted competitive bids. For single-price auctions of RRBs, bonds are allotted at the price equivalent of the highest real yield of accepted competitive tenders, plus accrued interest and inflation adjustment.

Buyback operations on a cash basis in the 2-, 5-, 10- and 30-year maturities are held shortly after periodic corresponding bond auctions. The Bank of Canada publishes with the bond auction calendar the target amount of bonds the Government intends to buy back during the quarter. Final details of individual operations, including the target amount to be bought back and the basket of eligible bonds, are released one week prior to the auction with the release of bond auction under announcement.

Buyback operations on a switch basis offer an opportunity for investors to exchange less liquid securities for new more liquid benchmark securities. Switch buybacks are held periodically in the 5-, 10- and 30-year sectors and are announced in the quarterly bond auction schedule. Final details of switch buyback operations, including eligible bonds for buyback and replacement target size, are published one week prior to the operation.

Cash management buyback operations target large bonds with less than 12 months before they mature. They are held on an irregular basis to suit government cash management needs. These operations are held on Tuesday mornings before Treasury bill auctions. Details of individual operations, including the target amount to be bought back and the basket of bond targets, are announced one week in advance with a release of the Treasury bill tender announcement.

Regular buyback and cash management buyback operations are settled on a cash basis and take place via multiple-price reverse auctions. Switch buyback operations are settled on a replacement bond and cash basis. In all buyback operations competitive offers are accepted in decreasing order of yield (increasing order of price) until the target amount to buy back is met. The target amounts may not be purchased if the offers do not meet the Government's fair value criteria.

Treasury bills are sold via auction on a discount basis. Those with terms to maturity of approximately 3, 6 and 12 months are currently auctioned on a biweekly basis, generally on a Tuesday for delivery Thursday. Under the biweekly issuance pattern, new 3-month Treasury bills are issued at each biweekly auction; new 6- and 12-month Treasury bills are offered in the same week and then reopened once at the next regular auction two weeks later.

The terms for auctions and buybacks for Government of Canada securities, the terms of participation at auctions and buybacks, the quarterly bond auction schedule, and auction and buyback results are available on the Bank of Canada's Web site at www.bankofcanada.ca.

Domestic Distribution System

The participation of distributors and end-investors at Government of Canada debt auctions is governed by a set of auction rules and terms of participation introduced in October 1998.

There are 23 government securities distributors that participate in the primary distribution of bonds and Treasury bills. All must be either members or affiliate members of the Investment Dealers Association of Canada (IDA) and have their core trading and sales operation for Government of Canada securities in Canada.

Under the auction rules and terms for participants, there are specific bidding limits that apply to government securities distributors and end-investors at Treasury bill and bond auctions. The limits vary by distributor based on the firms' relative market activity in the primary and secondary market for the securities. Separate bidding limits apply for Treasury bill and bond auctions. All government securities distributors also have ongoing reporting responsibilities to provide the Bank of Canada with market information involving Government of Canada securities. In addition, all bidders at auctions of Government of Canada securities, including customers, must abide by IDA Policy No. 5 governing standards for trading of debt securities in Canada.

Government securities distributors that maintain a certain threshold of activity in the primary and secondary market for Government of Canada securities become primary dealers, and form part of the core group of distributors of Government of Canada securities. The primary dealer classification can be attained in either Treasury bills or marketable bonds, or both. Primary dealers assume a number of responsibilities with respect to Government of Canada securities – they must comply with minimum bidding requirements for every auction so as to provide coverage at auctions as a group, and consistently make two-sided markets to a broad customer base.

Foreign Debt Operations

Foreign currency debt is made up of a short-term US-dollar paper program (Canada Bills), two medium-term note programs (Canada Notes and Euro Medium-Term Notes) and large public bond issues. These securities are issued on an opportunistic basis when required and when market conditions are favourable. The Government also obtains foreign-denominated funding through purchases of US dollars in the spot foreign exchange market and through cross-currency swaps of domestic obligations.

Retail Debt Operations

The Government sells Canada Savings Bonds (CSBs) and Canada Premium Bonds (CPBs), referred to as non-marketable savings instruments, to individuals, or "retail" investors who are Canadian residents.

Two principal channels are used for sales of CSBs and CPBs: the Payroll Savings Program and financial institutions. The Payroll Savings Program allows employees of employers sponsoring the program to purchase CSBs during the sales campaign through payroll deductions.

During the six-month sales period (October to March) Canadians can also purchase CSBs and CPBs wherever they bank or invest, including banks and trust companies, investment dealers, savings and loan companies and credit unions. Additionally, Canadians, on a pilot basis, can purchase CSBs and CPBs directly from the Government by telephone.

Annex 2

Government of Canada Market Debt Instruments

Fixed-Coupon Marketable Bonds

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

Treasury Bills

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

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

Government of Canada Real Return Bonds

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

coupon payment$_i$ = real coupon rate/2 × (principal + inflation compensation$_i$)
where inflation compensation$_i$ = ((principal × reference CPI$_i$/reference CPI$_{base}$) – principal).

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

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

These bonds must be purchased, transferred or sold, directly or indirectly, through a participant of the Debt Clearing Service and only in integral multiples of $1,000 (face value).

Canada Savings Bonds

Canada Savings Bonds (CSBs) are offered for sale by most financial institutions in Canada. In addition, a significant number of organizations sponsor the Payroll Savings Program, thus allowing many Canadians to purchase CSBs through payroll deductions.

Except in certain specific circumstances, CSBs can be registered only in the name of residents of Canada. They are available in both regular interest and compound interest forms. For those CSBs which are certificated, denominations range from $100 ($300 for a regular interest bond) to $10,000. All CSBs are non-callable and, except in certain limited circumstances, non-transferable.

CSBs provide minimum guaranteed annual interest rates. The minimum guaranteed annual interest rate will be increased if market conditions warrant, but the bondholder will not earn less than the rate announced for that series for the posted period. CSBs are cashable at any time and, after the first three months, pay interest up to the end of the month prior to encashment. Principal and interest are fully backed by the Government of Canada.

Canada Premium Bonds

The Canada Premium Bond (CPB) was introduced by the Government of Canada in 1998. Like CSBs, CPBs are offered for sale at most financial institutions in Canada.

CPBs offer a higher rate of interest at the time of issue compared to the CSB on sale at the same time, and are redeemable once a year on the anniversary date of the issue and during the 30 days thereafter without penalty. Once an issue date has passed, the announced interest rates for the posted period will not be changed. CPBs are available in both regular interest and compound interest forms. The compound interest bond is available for as little as $100 while the regular interest bond is available starting from $300. Principal and interest are fully backed by the Government of Canada and this bond is non-callable.

Canada Bills

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

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

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

Canada Notes

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

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

The notes are offered by the Government through five dealers: Credit Suisse First Boston Corporation, Goldman, Sachs & Co., Lehman Brothers Inc., Nesbitt Burns Securities Inc. and Scotia Capital Markets (USA) Inc. The Government may also sell notes to other dealers or directly to investors.

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

Euro Medium-Term Notes

Euro Medium-Term Notes (EMTNs) are medium-term notes issued outside the United States and Canada. Government of Canada EMTNs are sold either by dealers in the dealer group, or by dealers who are not in the dealer group but who are acting as the Government's agent for the particular transaction (called reverse inquiry). EMTNs are sold on a bought-deal basis (i.e. the dealer purchasing EMTNs is responsible for the sale of the notes) and on an intermittent basis.

The Arranger for the EMTN program is Morgan Stanley Dean Witter. The London-based dealer group includes CIBC World Markets plc, Goldman Sachs International, J.P. Morgan Securities Ltd., Nomura International, TD Securities, Deutsche Bank, Merrill Lynch International, Morgan Stanley Dean Witter, RBC Dominion Securities and Warburg Dillon Read.

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

EMTNs are issued for foreign exchange reserve funding purposes only.

Cross-Currency Swaps

A cross-currency swap is an agreement that exchanges one type of return for another (e.g. a fixed for a floating rate of interest) and the principal amount for the term of the swap. Cross-currency swaps of domestic obligations are a cost-effective alternative to foreign-currency-denominated bond issues as a means of meeting the Government's targets for longer-term foreign currency funding.

Annex 3

Glossary

benchmark bond: Specific issue outstanding within each class of maturities. It is considered by the market to be the standard against which all other bonds issued in that class are evaluated.

bid: Price a buyer is willing to pay.

bid-offer spread: The difference between bid and offer prices. It is typically measured in basis points (hundredths of a per cent).

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

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

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

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

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

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

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

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

net public debt: Consists of gross public debt net of financial assets.

non-market debt: Consists of the Government's internal debt, which is, for the most part, federal public sector pension liabilities and the Government's current liabilities (such as accounts payable, accrued liabilities, interest and payment of matured debt).

non-marketable debt: Market debt that is not tradable and that is issued to retail investors (Canada Savings Bonds and Canada Premium Bonds).

offer: Price at which a seller is willing to sell.

term structure of interest rates: The levels of interest rates from short- to long-term maturities.

turnover ratio: Volume of securities traded as a percentage of securities outstanding.

Reference Tables

Reference Table I

Gross Public Debt, Outstanding Market Debt and Debt Charges

	Gross public debt				Outstanding market debt			
Fiscal years ending March 31	Outstanding	Fixed-rate portion[1]	Average fixed-rate portion[2]	Total debt charges	Outstanding	Fixed-rate portion	Total debt charges	Average interest rate
	($ billions)	(%)	(%)	($ billions)	($ billions)	(%)	($ billions)	(%)
1985-86	274.8	51.9	0	25.4	201.2	36.7	20.7	10.66
1986-87	308.9	50.9	0	26.7	228.6	36.9	21.5	9.34
1987-88	340.1	51.2	0	29.0	250.8	38.2	23.1	9.61
1988-89	371.5	49.6	0	33.2	276.3	37.2	26.5	10.82
1989-90	397.2	49.9	0	38.8	294.6	38.1	31.4	11.20
1990-91	433.3	50.4	0	42.6	323.9	38.5	34.3	10.72
1991-92	467.4	50.7	0	41.2	351.9	38.9	32.4	8.86
1992-93	503.9	50.4	0	38.8	382.7	39.0	29.4	7.88
1993-94	546.4	53.3	0	38.0	414.0	42.7	28.0	6.75
1994-95	584.8	55.1	0	42.0	441.0	44.4	31.4	7.97
1995-96	624.7	56.9	0	46.9	469.5	47.9	35.3	7.34
1996-97	640.7	61.7	0	45.0	476.9	53.8	33.0	6.66
1997-98	638.5	63.7	0	40.9	467.3	56.8	31.0	6.64
1998-99	640.3	64.5	66.6	41.4	460.4	58.5	30.8	6.70
1999-00	638.7	66.5	66.6	41.6	456.4	59.1	30.5	6.15
2000-01	632.9	67.8	67.6	42.1	446.4	60.5	30.7	6.11
2001-02	624.1	67.4	67.6	37.7	442.3	60.1	27.1	5.56

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

[1] As of March 31 and after adjusting for non-interest-bearing liabilities. Definition of fixed debt may vary slightly from year to year to accommodate changes in the debt structure.

[2] Average over the year. Comparative figures for prior years are not available.

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

Reference Table II

Government of Canada Outstanding Market Debt

Fiscal years ending March 31	Payable in Canadian dollars					Payable in foreign currencies						Total market debt
	Treasury bills	Marketable bonds	Retail debt	CPP bonds	Total	Marketable bonds	Canada Bills	Canada Notes[1]	Standby drawings	Term loans	Total	
	(C$ millions)											
1977-78	11,295	21,645	18,036	84	51,060	181	0	0	850	0	1,031	51,664
1978-79	13,535	26,988	19,443	96	60,062	3,319	0	0	2,782	1,115	7,216	66,640
1979-80	16,325	33,387	18,182	113	68,007	3,312	0	0	359	1,030	4,701	72,021
1980-81	21,770	40,976	15,966	136	78,848	3,236	0	0	355	1,046	4,637	83,138
1981-82	19,375	43,605	25,108	154	88,242	3,867	0	0	0	550	4,417	93,167
1982-83	29,125	48,473	32,753	171	110,522	4,872	0	0	0	362	5,234	116,562
1983-84	41,700	56,976	38,403	189	137,268	4,306	0	0	510	398	5,214	142,901
1984-85	52,300	69,354	42,167	205	164,026	4,972	0	0	1,909	1,172	8,053	172,719
1985-86	61,950	81,163	44,607	445	188,165	9,331	0	0	2,233	2,247	13,811	201,229
1986-87	76,950	94,520	43,854	1,796	217,120	9,120	1,045	0	0	2,047	12,212	228,611
1987-88	81,050	103,899	52,558	2,492	239,999	8,438	1,045	0	0	2,257	11,740	250,809
1988-89	102,700	115,748	47,048	3,005	268,501	6,672	1,131	0	0	934	8,737	276,301
1989-90	118,550	127,681	40,207	3,072	289,510	4,364	1,446	0	0	0	5,810	294,562
1990-91	139,150	143,601	33,782	3,492	320,025	3,555	1,008	0	0	0	4,563	323,903
1991-92	152,300	158,059	35,031	3,501	348,891	3,535	0	0	0	0	3,535	351,885
1992-93	162,050	178,436	33,884	3,505	377,875	2,926	2,552	0	0	0	5,478	382,741
1993-94	166,000	203,373	30,866	3,497	403,736	5,019	5,649	0	0	0	10,668	413,975
1994-95	164,450	225,513	30,756	3,488	424,207	7,875	9,046	0	0	0	16,921	440,998
1995-96	166,100	252,411	30,801	3,478	452,790	9,514	6,986	310	0	0	16,810	469,547
1996-97	135,400	282,059	32,911	3,468	453,838	12,460	8,436	2,121	0	0	23,017	476,852
1997-98	112,300	293,987	30,302	3,456	440,045	14,590	9,356	3,176	0	0	27,122	467,291
1998-99	96,950	294,914	28,810	4,063	424,737	19,655	10,171	6,182	0	0	36,008	460,427
1999-00	99,850	293,250	27,115	3,427	423,642	21,464	6,008	5,168	0	0	32,640	456,406
2000-01	88,700	293,879	26,457	3,404	412,440	20,509	7,228	5,695	0	0	33,432	445,724
2001-02	94,200	292,910	24,229	3,386	414,725	19,652	3,355	4,405	0	0	27,412	442,137

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

[1] Includes EMTNs.

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

Reference Table III

Average Weekly Domestic Market Trading in Government of Canada Securities, April 2001 to March 2002

		Marketable bonds					
	Treasury bills	3 years and under	3 to 10 years	Over 10 years	Real return bonds	Total marketable bonds	Total
				($ millions)			
April 2001	24,052	30,054	33,382	9,311	328	73,074	97,126
May 2001	19,861	35,208	33,918	11,382	340	80,848	100,709
June 2001	19,316	28,624	33,689	7,652	216	70,181	89,497
July 2001	17,774	20,643	26,772	5,013	94	52,522	70,296
August 2001	16,275	28,201	27,635	5,975	77	61,889	78,165
September 2001	18,679	35,053	30,834	7,721	250	73,858	92,537
October 2001	18,910	32,433	33,035	8,206	105	73,779	92,689
November 2001	19,937	34,886	39,418	9,332	138	83,775	103,712
December 2001	19,547	33,533	29,851	6,388	85	69,856	89,403
January 2002	19,772	29,634	28,315	6,692	85	64,726	84,498
February 2002	19,409	25,878	32,397	8,349	46	66,670	86,078
March 2002	19,503	45,805	35,612	11,061	213	92,691	112,195

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

Reference Table IV

Distribution of Domestic Holdings of Government of Canada Securities

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

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks[2]	Life insurance companies and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total[5]
					($ millions)				
1976	17,932	395	8,242	8,666	716	1,436	2,273	730	40,390
1977	20,277	321	10,268	9,601	1,048	2,271	3,114	1,014	47,914
1978	22,723	403	12,001	9,896	1,537	3,738	4,017	1,721	56,036
1979	23,144	374	13,656	10,156	1,684	6,716	4,103	2,878	62,711
1980	24,253	555	15,858	10,002	2,771	9,274	5,561	4,248	72,522
1981	33,425	520	17,100	10,003	2,452	10,569	5,342	4,194	83,605
1982	42,320	2,267	15,428	11,233	3,288	13,151	9,177	4,654	101,518
1983	50,306	5,502	16,859	15,107	5,551	17,816	9,984	5,321	126,446
1984	60,748	6,783	17,184	15,164	4,887	24,039	11,978	7,166	147,949
1985	74,331	7,387	15,668	15,198	5,706	31,068	15,086	10,106	174,550
1986	71,073	6,259	18,374	17,779	7,277	34,887	18,414	11,293	185,356
1987	83,732	8,591	20,201	16,012	6,400	38,870	19,547	13,918	207,271
1988	86,591	8,634	20,606	21,115	7,492	42,460	19,028	17,186	223,112
1989	81,566	11,402	21,133	20,804	9,854	48,037	23,950	17,840	234,586
1990	80,079	11,797	20,325	24,224	10,460	52,984	26,051	19,574	245,494
1991	72,945	11,580	22,370	35,792	12,091	57,846	33,054	21,015	266,693
1992	70,930	13,696	22,607	44,555	12,428	62,042	39,396	20,222	285,876
1993	61,221	10,359	23,498	60,242	11,229	69,917	45,321	18,397	300,184
1994	52,842	12,039	24,902	70,063	9,992	78,545	52,847	24,967	326,197
1995	48,867	12,048	23,590	76,560	10,947	87,467	59,044	26,324	344,847
1996	46,187	10,013	25,556	74,789	10,952	90,174	71,514	24,828	354,013
1997	39,924	10,470	27,198	67,715	7,054	94,991	79,445	25,509	352,306
1998	33,537	8,525	27,911	66,375	6,659	99,687	79,895	28,174	350,763
1999	37,118	9,290	29,075	54,080	7,944	108,656	81,257	28,394	355,814
2000	33,259	9,062	31,726	58,269	2,842	108,752	73,911	30,280	348,101
2001	33,979	7,643	37,204	65,396	3,561	99,744	76,482	34,341	358,350

Reference Table IV *(cont'd)*

Distribution of Domestic Holdings of Government of Canada Securities

PART B – Treasury Bills, Canada Bills, Bonds,[1] Canada Savings Bonds and Canada Premium Bonds

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks[2]	Life insurance companies and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total[5]
					(%)				
1976	44.40	0.98	20.41	21.46	1.77	3.56	5.63	1.81	100.00
1977	42.32	0.67	21.43	20.04	2.19	4.74	6.50	2.12	100.00
1978	40.55	0.72	21.42	17.66	2.74	6.67	7.17	3.07	100.00
1979	36.91	0.60	21.78	16.19	2.69	10.71	6.54	4.59	100.00
1980	33.44	0.77	21.87	13.79	3.82	12.79	7.67	5.86	100.00
1981	39.98	0.62	20.45	11.96	2.93	12.64	6.39	5.02	100.00
1982	41.69	2.23	15.20	11.07	3.24	12.95	9.04	4.58	100.00
1983	39.78	4.35	13.33	11.95	4.39	14.09	7.90	4.21	100.00
1984	41.06	4.58	11.61	10.25	3.30	16.25	8.10	4.84	100.00
1985	42.58	4.23	8.98	8.71	3.27	17.80	8.64	5.79	100.00
1986	38.34	3.38	9.91	9.59	3.93	18.82	9.93	6.09	100.00
1987	40.40	4.14	9.75	7.73	3.09	18.75	9.43	6.71	100.00
1988	38.81	3.87	9.24	9.46	3.36	19.03	8.53	7.70	100.00
1989	34.77	4.86	9.01	8.87	4.20	20.48	10.21	7.60	100.00
1990	32.62	4.81	8.28	9.87	4.26	21.58	10.61	7.97	100.00
1991	27.35	4.34	8.39	13.42	4.53	21.69	12.39	7.88	100.00
1992	24.81	4.79	7.91	15.59	4.35	21.70	13.78	7.07	100.00
1993	20.39	3.45	7.83	20.07	3.74	23.29	15.10	6.13	100.00
1994	16.20	3.69	7.63	21.48	3.06	24.08	16.20	7.65	100.00
1995	14.17	3.49	6.84	22.20	3.17	25.36	17.12	7.63	100.00
1996	13.05	2.83	7.22	21.13	3.09	25.47	20.20	7.01	100.00
1997	11.33	2.97	7.72	19.22	2.00	26.96	22.55	7.24	100.00
1998	9.56	2.43	7.96	18.92	1.90	28.42	22.78	8.03	100.00
1999	10.43	2.61	8.17	15.20	2.23	30.54	22.84	7.98	100.00
2000	9.55	2.60	9.11	16.74	0.82	31.24	21.23	8.70	100.00
2001	9.48	2.13	10.38	18.25	0.99	27.83	21.34	9.58	100.00

Reference Table IV *(cont'd)*
Distribution of Domestic Holdings of Government of Canada Securities
PART C – Treasury Bills and Canada Bills

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks[2]	Life insurance companies and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total[5]
					($ millions)				
1976	171	125	1,964	4,219	52	44	515	193	7,283
1977	394	136	2,461	4,949	143	98	1,020	311	9,512
1978	576	198	3,567	5,517	193	261	1,554	519	12,385
1979	785	165	4,345	6,690	65	245	1,550	843	14,688
1980	1,493	288	5,317	7,500	619	460	2,431	1,512	19,620
1981	1,019	369	5,431	8,597	343	560	2,187	1,082	19,588
1982	1,237	1,930	2,483	10,034	1,357	1,244	5,008	1,199	24,492
1983	3,766	5,146	2,595	12,879	3,180	2,587	5,376	1,286	36,815
1984	7,454	6,275	3,515	12,997	2,792	3,876	6,544	2,498	45,951
1985	13,340	6,517	3,985	12,629	3,651	3,924	8,129	4,136	56,311
1986	16,158	4,875	7,967	15,161	4,709	3,592	10,164	3,416	66,042
1987	17,733	7,232	9,682	11,498	3,725	4,806	9,589	5,002	69,267
1988	20,213	7,414	9,945	15,224	5,614	7,648	9,133	7,726	82,917
1989	29,156	9,668	11,124	17,410	8,116	9,664	12,908	9,251	107,297
1990	36,461	10,756	10,574	17,841	8,976	11,737	13,298	9,388	119,031
1991	30,423	10,437	13,093	24,382	9,089	12,386	17,636	10,417	127,863
1992	32,901	11,254	14,634	27,989	9,646	13,639	19,907	8,726	138,696
1993	27,459	9,657	16,876	29,901	9,222	17,085	22,336	7,151	139,687
1994	17,562	8,499	18,973	30,415	6,879	14,376	22,021	10,631	129,356
1995	16,296	9,204	18,298	30,865	7,760	15,315	25,183	10,603	133,524
1996	10,474	8,285	17,593	23,470	5,493	13,520	32,752	6,264	117,851
1997	5,966	6,858	14,233	19,448	3,133	8,944	32,653	3,803	95,038
1998	1,291	6,215	10,729	16,713	2,392	4,529	32,508	3,578	77,955
1999	8,539	6,662	8,584	9,814	3,234	8,128	36,932	3,497	85,390
2000	7,568	6,735	8,090	6,188	685	7,222	31,087	5,108	72,683
2001	8,744	6,990	11,427	9,969	675	10,401	37,154	6,838	92,198

Reference Table IV *(cont'd)*
Distribution of Domestic Holdings of Government of Canada Securities
PART D – Treasury Bills and Canada Bills

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks[2]	Life insurance companies and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total[5]
					(%)				
1976	2.35	1.72	26.97	57.93	0.71	0.60	7.07	2.65	100.00
1977	4.14	1.43	25.87	52.03	1.50	1.03	10.72	3.27	100.00
1978	4.65	1.60	28.80	44.55	1.56	2.11	12.55	4.19	100.00
1979	5.34	1.12	29.58	45.55	0.44	1.67	10.55	5.74	100.00
1980	7.61	1.47	27.10	38.23	3.15	2.34	12.39	7.71	100.00
1981	5.20	1.88	27.73	43.89	1.75	2.86	11.16	5.52	100.00
1982	5.05	7.88	10.14	40.97	5.54	5.08	20.45	4.90	100.00
1983	10.23	13.98	7.05	34.98	8.64	7.03	14.60	3.49	100.00
1984	16.22	13.66	7.65	28.28	6.08	8.44	14.24	5.44	100.00
1985	23.69	11.57	7.08	22.43	6.48	6.97	14.44	7.34	100.00
1986	24.47	7.38	12.06	22.96	7.13	5.44	15.39	5.17	100.00
1987	25.60	10.44	13.98	16.60	5.38	6.94	13.84	7.22	100.00
1988	24.38	8.94	11.99	18.36	6.77	9.22	11.01	9.32	100.00
1989	27.17	9.01	10.37	16.23	7.56	9.01	12.03	8.62	100.00
1990	30.63	9.04	8.88	14.99	7.54	9.86	11.17	7.89	100.00
1991	23.79	8.16	10.24	19.07	7.11	9.69	13.79	8.15	100.00
1992	23.72	8.11	10.55	20.18	6.95	9.83	14.35	6.29	100.00
1993	19.66	6.91	12.08	21.41	6.60	12.23	15.99	5.12	100.00
1994	13.58	6.57	14.67	23.51	5.32	11.11	17.02	8.22	100.00
1995	12.20	6.89	13.70	23.12	5.81	11.47	18.86	7.94	100.00
1996	8.89	7.03	14.93	19.91	4.66	11.47	27.79	5.32	100.00
1997	6.28	7.22	14.98	20.46	3.30	9.41	34.36	4.00	100.00
1998	1.66	7.97	13.76	21.44	3.07	5.81	41.70	4.59	100.00
1999	10.00	7.80	10.05	11.49	3.79	9.52	43.25	4.10	100.00
2000	10.41	9.27	11.13	8.51	0.94	9.94	42.77	7.03	100.00
2001	9.48	7.58	12.39	10.81	0.73	11.28	40.30	7.42	100.00

Reference Table IV *(cont'd)*
Distribution of Domestic Holdings of Government of Canada Securities
PART E – Bonds[1]

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks[2]	Life insurance companies and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total[5]
					($ millions)				
1976	17,761	270	6,278	4,447	664	1,392	1,758	537	33,107
1977	19,883	185	7,807	4,652	905	2,173	2,094	703	38,402
1978	22,147	205	8,434	4,379	1,344	3,477	2,463	1,202	43,651
1979	22,359	209	9,311	3,466	1,619	6,471	2,553	2,035	48,023
1980	22,760	267	10,541	2,502	2,152	8,814	3,130	2,736	52,902
1981	32,406	151	11,669	1,406	2,109	10,009	3,155	3,112	64,017
1982	41,083	337	12,945	1,199	1,931	11,907	4,169	3,455	77,026
1983	46,540	356	14,264	2,228	2,371	15,229	4,608	4,035	89,631
1984	53,294	508	13,669	2,167	2,095	20,163	5,434	4,668	101,998
1985	60,991	870	11,683	2,569	2,055	27,144	6,957	5,970	118,239
1986	54,915	1,384	10,407	2,618	2,568	31,295	8,250	7,877	119,314
1987	65,999	1,359	10,519	4,514	2,675	34,064	9,958	8,916	138,004
1988	66,378	1,220	10,661	5,891	1,878	34,812	9,895	9,460	140,195
1989	52,410	1,734	10,009	3,394	1,738	38,373	11,042	8,589	127,289
1990	43,618	1,041	9,751	6,383	1,484	41,247	12,753	10,186	126,463
1991	42,522	1,143	9,277	11,410	3,002	45,460	15,418	10,598	138,830
1992	38,029	2,442	7,973	16,566	2,782	48,403	19,489	11,496	147,180
1993	33,762	702	6,622	30,341	2,007	52,832	22,985	11,246	160,497
1994	35,280	3,540	5,929	39,648	3,113	64,169	30,826	14,336	196,841
1995	32,571	2,844	5,292	45,695	3,187	72,152	33,861	15,721	211,323
1996	35,713	1,728	7,963	51,319	5,459	76,654	38,762	18,564	236,162
1997	33,958	3,612	12,965	48,267	3,921	86,047	46,792	21,706	257,268
1998	32,246	2,310	17,182	49,662	4,267	95,158	47,387	24,596	272,808
1999	28,579	2,628	20,491	44,266	4,710	100,528	44,325	24,897	270,424
2000	25,691	2,327	23,636	52,081	2,157	101,530	42,824	25,172	275,418
2001	25,235	653	25,777	55,427	2,886	89,343	39,328	27,503	266,152

Reference Table IV *(cont'd)*
Distribution of Domestic Holdings of Government of Canada Securities
PART F – Bonds[1]

Year end	Persons and unincorporated businesses	Non-financial corporations	Bank of Canada	Chartered banks	Quasi-banks[2]	Life insurance companies and pension funds	Public and other financial institutions[3]	All levels of government[4]	Total[5]
					(%)				
1976	53.65	0.82	18.96	13.43	2.01	4.20	5.31	1.62	100.00
1977	51.78	0.48	20.33	12.11	2.36	5.66	5.45	1.83	100.00
1978	50.74	0.47	19.32	10.03	3.08	7.97	5.64	2.75	100.00
1979	46.56	0.44	19.39	7.22	3.37	13.47	5.32	4.24	100.00
1980	43.02	0.50	19.93	4.73	4.07	16.66	5.92	5.17	100.00
1981	50.62	0.24	18.23	2.20	3.29	15.63	4.93	4.86	100.00
1982	53.34	0.44	16.81	1.56	2.51	15.46	5.41	4.49	100.00
1983	51.92	0.40	15.91	2.49	2.65	16.99	5.14	4.50	100.00
1984	52.25	0.50	13.40	2.12	2.05	19.77	5.33	4.58	100.00
1985	51.58	0.74	9.88	2.17	1.74	22.96	5.88	5.05	100.00
1986	46.03	1.16	8.72	2.19	2.15	26.23	6.91	6.60	100.00
1987	47.82	0.98	7.62	3.27	1.94	24.68	7.22	6.46	100.00
1988	47.35	0.87	7.60	4.20	1.34	24.83	7.06	6.75	100.00
1989	41.17	1.36	7.86	2.67	1.37	30.15	8.67	6.75	100.00
1990	34.49	0.82	7.71	5.05	1.17	32.62	10.08	8.05	100.00
1991	30.63	0.82	6.68	8.22	2.16	32.75	11.11	7.63	100.00
1992	25.84	1.66	5.42	11.26	1.89	32.89	13.24	7.81	100.00
1993	21.04	0.44	4.13	18.90	1.25	32.92	14.32	7.01	100.00
1994	17.92	1.80	3.01	20.14	1.58	32.60	15.66	7.28	100.00
1995	15.41	1.35	2.50	21.62	1.51	34.14	16.02	7.44	100.00
1996	15.12	0.73	3.37	21.73	2.31	32.46	16.41	7.86	100.00
1997	13.20	1.40	5.04	18.76	1.52	33.45	18.19	8.44	100.00
1998	11.82	0.85	6.30	18.20	1.56	34.88	17.37	9.02	100.00
1999	10.57	0.97	7.58	16.37	1.74	37.17	16.39	9.21	100.00
2000	9.33	0.84	8.58	18.91	0.78	36.86	15.55	9.14	100.00
2001	9.48	0.25	9.69	20.83	1.08	33.57	14.78	10.33	100.00

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

[1] Includes bonds denominated in foreign currencies.

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

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

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

[5] May not add due to rounding.

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

Reference Table V

Non-Resident (Direct) Holdings of Government of Canada Debt

As at March 31	Marketable bonds[1]	Treasury bills and Canada Bills	Total	Total as per cent of total market debt
		(C$ billions)		(%)
1979	5.0	0.9	5.9	8.9
1980	5.6	0.7	6.3	8.7
1981	6.8	1.1	7.9	9.5
1982	8.8	1.1	9.9	10.6
1983	10.0	1.6	11.6	10.0
1984	10.3	2.6	12.9	9.0
1985	14.5	4.6	19.1	11.1
1986	22.1	3.0	25.1	12.5
1987	30.3	4.7	35.0	15.3
1988	33.0	9.3	42.3	16.9
1989	41.3	15.7	57.0	20.6
1990	49.9	13.3	63.2	21.5
1991	57.6	16.1	73.7	22.8
1992	63.6	23.0	86.6	24.6
1993	80.1	28.3	108.4	28.3
1994	79.3	34.0	113.3	27.4
1995	73.7	39.2	112.9	25.6
1996	84.1	37.7	121.8	25.9
1997	91.8	27.7	119.4	25.0
1998	94.3	20.0	114.3	24.5
1999	86.6	19.4	106.0	23.0
2000	85.7	14.2	99.9	21.9
2001	83.5	10.5	94.0	21.1
2002	74.0	7.4	81.4	18.4

Note: Numbers may not add due to rounding.

[1] Includes bonds denominated in foreign currencies.

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

Reference Table VI

Fiscal 2001-02 Treasury Bill Program

Settlement	Maturing					New issues					Net increment			Average tender yields			
Date	CMB[1]	3 mo	6 mo	12 mo	Total	CMB[1]	3 mo	6 mo	12 mo	Total	Total	Cumulative	O/S[2]	CMB[1]	3 mo	6 mo	12 mo
	($ millions)													(%)			
05-Apr-2001	–	–	–	–	–	–	–	–	–	–	–	0	88,700				
12-Apr-2001	2,000	3,500	2,800	–	8,300	–	4,100	1,700	1,700	7,500	-800	-800	87,900		4.49	4.52	4.53
19-Apr-2001	–	–	–	–	–	–	–	–	–	–	–	–800	87,900				
26-Apr-2001	–	3,800	–	3,100	6,900	–	3,800	1,600	1,600	7,000	100	–700	88,000		4.41	4.36	4.43
03-May-2001	–	–	–	–	–	–	–	–	–	–	–	–700	88,000				
10-May-2001	2,000	4,100	2,800	–	8,900	–	3,800	1,600	1,600	7,000	–1,900	–2,600	86,100		4.31	4.28	4.38
17-May-2001	–	–	–	–	–	2,000	–	–	–	2,000	2,000	–600	88,100	4.41			
24-May-2001	–	4,100	–	2,800	6,900	–	3,500	1,500	1,500	6,500	–400	–1,000	87,700		4.40	4.45	4.60
31-May-2001	–	–	–	–	–	–	–	–	–	–	–	-1,000	87,700				
07-Jun-2001	–	4,100	2,800	–	6,900	–	3,200	1,400	1,400	6,000	-900	-1,900	86,800		4.32	4.38	4.50
14-Jun-2001	–	–	–	–	–	–	–	–	–	–	–	-1,900	86,800				
21-Jun-2001	2,000	4,100	–	2,600	8,700	–	3,200	1,400	1,400	6,000	-2,700	-4,600	84,100		4.24	4.29	4.39
28-Jun-2001	–	–	–	–	–	–	–	–	–	–	–	-4,600	84,100				
05-Jul-2001	–	4,100	3,100	–	7,200	–	3,200	1,400	1,400	6,000	-1,200	-5,800	82,900		4.36	4.47	4.63
12-Jul-2001	–	–	–	–	–	–	–	–	–	–	–	-5,800	82,900				
19-Jul-2001	–	4,100	–	2,700	6,800	–	3,500	1,500	1,500	6,500	-300	-6,100	82,600		4.16	4.26	4.45
26-Jul-2001	–	–	–	–	–	–	–	–	–	–	–	-6,100	82,600				
02-Aug-2001	–	3,800	3,400	–	7,200	–	3,800	1,600	1,600	7,000	-200	-6,300	82,400		4.03	4.06	4.21
09-Aug-2001	–	–	–	–	–	–	–	–	–	–	–	-6,300	82,400				
16-Aug-2001	–	3,800	–	2,900	6,700	–	3,800	1,600	1,600	7,000	300	-6,000	82,700		3.95	3.97	4.09
23-Aug-2001	–	–	–	–	–	–	–	–	–	–	–	-6,000	82,700				
30-Aug-2001	–	3,500	3,400	–	6,900	1,500	3,800	1,600	1,600	8,500	1,600	-4,400	84,300	3.93	3.80	3.84	3.90
06-Sep-2001	–	–	–	–	–	–	–	–	–	–	–	-4,400	84,300				
13-Sep-2001	1,500	3,200	–	2,800	7,500	–	3,800	1,600	1,600	7,000	-500	-4,900	83,800		3.35	3.38	3.38
20-Sep-2001	–	–	–	–	–	–	–	–	–	–	–	-4,900	83,800				
27-Sep-2001	–	3,200	3,400	–	6,600	–	4,100	1,700	1,700	7,500	900	-4,000	84,700		3.04	2.97	2.99
04-Oct-2001	–	–	–	–	–	–	–	–	–	–	–	-4,000	84,700				
11-Oct-2001	–	3,200	–	2,800	6,000	–	4,100	1,700	1,700	7,500	1,500	-2,500	86,200		2.95	2.87	2.89
18-Oct-2001	–	–	–	–	–	–	–	–	–	–	–	-2,500	86,200				
25-Oct-2001	–	3,500	3,200	–	6,700	–	4,400	1,800	1,800	8,000	1,300	-1,200	87,500		2.54	2.53	2.63

Reference Table VI *(cont'd)*
Fiscal 2001-02 Treasury Bill Program

Settlement	Maturing					New issues					Net increment			Average tender yields			
Date	CMB[1]	3 mo	6 mo	12 mo	Total	CMB[1]	3 mo	6 mo	12 mo	Total	Total	Cumulative	O/S[2]	CMB[1]	3 mo	6 mo	12 mo
	($ millions)													(%)			
01-Nov-2001	–	–	–	–	–	–	–	–	–	–	–	-1,200	87,500				
08-Nov-2001	–	3,800	–	2,800	6,600	–	4,400	1,800	1,800	8,000	1,400	200	88,900		2.28	2.27	2.32
15-Nov-2001	–	–	–	–	–	–	–	–	–	–	–	200	88,900				
22-Nov-2001	–	3,800	2,900	–	6,700	1,500	4,400	1,800	1,800	9,500	2,800	3,000	91,700	2.26	2.21	2.31	2.54
29-Nov-2001	–	–	–	–	–	2,500	–	–	–	2,500	2,500	5,500	94,200	2.16			
06-Dec-2001	–	3,800	–	2,800	6,600	–	4,400	1,800	1,800	8,000	1,400	6,900	95,600		2.05	2.05	2.35
13-Dec-2001	–	–	–	–	–	–	–	–	–	–	–	6,900	95,600				
20-Dec-2001	1,500	3,800	2,800	–	8,100	–	4,100	1,700	1,700	7,500	-600	6,300	95,000		1.99	2.06	2.35
27-Dec-2001	–	–	–	–	–	–	–	–	–	–	–	6,300	95,000				
03-Jan-2002	2,500	4,100	–	3,100	9,700	–	4,100	1,700	1,700	7,500	-2,200	4,100	92,800		1.91	1.98	2.28
10-Jan-2002	–	–	–	–	–	–	–	–	–	–	–	4,100	92,800				
17-Jan-2002	–	4,100	3,100	–	7,200	–	4,400	1,800	1,800	8,000	800	4,900	93,600		1.90	1.96	2.15
24-Jan-2002	–	–	–	–	–	–	–	–	–	–	–	4,900	93,600				
31-Jan-2002	–	4,400	–	3,400	7,800	–	4,400	1,800	1,800	8,000	200	5,100	93,800		1.97	2.12	2.45
07-Feb-2002	–	–	–	–	–	–	–	–	–	–	–	5,100	93,800				
14-Feb-2002	–	4,400	3,200	–	7,600	–	4,400	1,800	1,800	8,000	400	5,500	94,200		2.00	2.15	2.48
21-Feb-2002	–	–	–	–	–	–	–	–	–	–	–	5,500	94,200				
28-Feb-2002	–	4,400	–	3,400	7,800	–	4,400	1,800	1,800	8,000	200	5,700	94,400		2.07	2.22	2.64
07-Mar-2002	–	–	–	–	–	–	–	–	–	–	–	5,700	94,400				
14-Mar-2002	–	4,400	3,300	–	7,700	–	4,100	1,700	1,700	7,500	-200	5,500	94,200		2.15	2.44	3.05
21-Mar-2002	–	–	–	–	–	–	–	–	–	–	–	5,500	94,200				
28-Mar-2002	–	4,100	–	3,400	7,500	–	4,100	1,700	1,700	7,500	–	5,500	94,200		2.34	2.72	3.48
Total	**11,500**	**101,200**	**40,200**	**38,600**	**191,500**	**7,500**	**103,300**	**43,100**	**43,100**	**197,000**	**5,500**	**-1,200**	**4,611,200**				

[1] Cash management bill.

[2] Outstanding.

Source: Bank of Canada.

Reference Table VII

Fiscal 2001-02 Treasury Bill Auction Results

Auction date	Term	Issue amount	Average price	Average yield	Bid coverage	Tail	Auction date	Term	Issue amount	Average price	Average yield	Bid coverage	Tail
	(months)	($ millions)	($)	(%)		(basis points)		(months)	($ millions)	($)	(%)		(basis points)
10-Apr-2001	12	1,700	95.840	4.527	1.565	1.1	09-Oct-2001	12	1,700	97.200	2.889	1.919	0.7
10-Apr-2001	3	4,100	98.808	4.493	1.452	1.7	09-Oct-2001	3	4,100	99.213	2.955	1.842	0.9
10-Apr-2001	6	1,700	97.960	4.525	2.021	1.0	09-Oct-2001	6	1,700	98.591	2.866	1.969	1.1
24-Apr-2001	12	1,600	95.767	4.432	1.733	1.3	23-Oct-2001	12	1,800	97.543	2.627	2.013	1.2
24-Apr-2001	3	3,800	98.830	4.410	1.544	1.8	23-Oct-2001	3	4,400	99.323	2.540	1.852	1.7
24-Apr-2001	6	1,600	97.871	4.363	1.939	1.0	23-Oct-2001	6	1,800	98.848	2.532	2.306	0.6
08-May-2001	12	1,600	95.969	4.380	2.095	0.4	06-Nov-2001	12	1,800	97.739	2.320	2.086	0.8
08-May-2001	3	3,800	98.855	4.313	1.942	0.7	06-Nov-2001	3	4,400	99.391	2.281	1.805	0.9
08-May-2001	6	1,600	98.066	4.284	1.831	1.1	06-Nov-2001	6	1,800	98.881	2.269	1.989	0.8
22-May-2001	12	1,500	95.617	4.597	1.745	1.3	20-Nov-2001	12	1,800	97.620	2.543	1.514	1.7
22-May-2001	3	3,500	98.832	4.401	1.862	0.9	20-Nov-2001	3	4,400	99.411	2.207	1.753	1.3
22-May-2001	6	1,500	97.828	4.453	2.028	0.7	20-Nov-2001	6	1,800	98.948	2.309	2.088	0.9
05-Jun-2001	12	1,400	95.863	4.501	1.916	0.9	04-Dec-2001	12	1,800	97.712	2.348	1.929	0.5
05-Jun-2001	3	3,200	98.854	4.317	1.851	0.7	04-Dec-2001	3	4,400	99.453	2.048	1.831	0.9
05-Jun-2001	6	1,400	98.025	4.378	2.420	0.2	04-Dec-2001	6	1,800	98.987	2.052	1.896	0.6
19-Jun-2001	12	1,400	95.804	4.392	2.212	0.8	18-Dec-2001	12	1,700	97.797	2.349	1.814	0.6
19-Jun-2001	3	3,200	98.874	4.242	2.221	0.5	18-Dec-2001	3	4,100	99.467	1.996	2.065	0.4
19-Jun-2001	6	1,400	97.906	4.289	2.220	0.4	18-Dec-2001	6	1,700	99.061	2.059	1.942	0.5
03-July-2001	12	1,400	95.750	4.629	1.891	0.4	03-Jan-2002	12	1,700	97.775	2.276	1.906	0.9
03-July-2001	3	3,200	98.842	4.364	1.909	0.5	03-Jan-2002	3	4,100	99.490	1.911	1.799	0.9
03-July-2001	6	1,400	97.984	4.470	2.067	0.8	03-Jan-2002	6	1,700	99.022	1.981	1.881	1.3
17-July-2001	12	1,500	95.753	4.448	1.714	0.5	15-Jan-2002	12	1,800	97.973	2.151	1.706	1.3
17-July-2001	3	3,500	98.894	4.164	1.910	0.3	15-Jan-2002	3	4,400	99.492	1.901	1.810	1.2
17-July-2001	6	1,500	97.918	4.265	2.194	0.8	15-Jan-2002	6	1,800	99.105	1.961	1.989	0.7
31-July-2001	12	1,600	96.121	4.209	2.045	0.5	29-Jan-2002	12	1,800	97.619	2.446	1.955	0.9
31-July-2001	3	3,800	98.930	4.029	2.056	0.6	29-Jan-2002	3	4,400	99.475	1.966	1.935	1.0
31-July-2001	6	1,600	98.166	4.058	2.092	0.6	29-Jan-2002	6	1,800	98.953	2.122	2.006	0.6
14-Aug-2001	12	1,600	96.078	4.093	1.822	0.7	12-Feb-2002	12	1,800	97.673	2.484	1.842	0.8
14-Aug-2001	3	3,800	98.951	3.950	1.825	0.8	12-Feb-2002	3	4,400	99.466	2.001	1.903	0.9
14-Aug-2001	6	1,600	98.059	3.969	2.077	0.8	12-Feb-2002	6	1,800	99.019	2.152	2.085	0.8
28-Aug-2001	12	1,600	96.394	3.901	2.228	0.4	26-Feb-2002	12	1,800	97.436	2.639	1.650	1.1
28-Aug-2001	3	3,800	98.989	3.805	1.754	0.9	26-Feb-2002	3	4,400	99.447	2.070	1.747	1.0
28-Aug-2001	6	1,600	98.264	3.838	2.288	0.7	26-Feb-2002	6	1,800	98.903	2.224	1.790	0.6
13-Sept-2001	12	1,600	96.742	3.377	1.957	1.3	12-Mar-2002	12	1,700	97.158	3.050	1.601	2.0
13-Sept-2001	3	3,800	99.109	3.348	1.657	10.2	12-Mar-2002	3	4,100	99.426	2.152	1.881	0.8
13-Sept-2001	6	1,600	98.342	3.381	1.828	2.3	12-Mar-2002	6	1,700	98.891	2.436	1.791	1.3
25-Sept-2001	12	1,700	97.214	2.989	2.092	0.9	26-Mar-2002	12	1,700	96.643	3.483	2.077	0.7
25-Sept-2001	3	4,100	99.191	3.039	1.802	1.1	26-Mar-2002	3	4,100	99.375	2.343	2.005	0.7
25-Sept-2001	6	1,700	98.649	2.975	2.149	0.5	26-Mar-2002	6	1,700	98.659	2.725	2.058	0.7
							Total		**189,500**				

Note: Coverage is defined as the ratio of total bids at auction to the amount auctioned. Tail is defined as the high accepted yield minus the average yield.

Source: Bank of Canada.

Reference Table VIII
Fiscal 2001-02 Canadian-Dollar Marketable Bond Program

Offering date	Delivery date	Maturity date	Maturing	Gross	Bond repurchase	Net
				($ millions)		
Fixed-coupon bonds						
2001	**2001**					
April 10	April 12				280	-280
April 18	April 23	June 1, 2029		1,900	249	1,651
	May 1*		1,325			-1,325
May 2	May 7	June 1, 2011		2,500	400	2,100
May 8	May 10				1,000	-1,000
	June 1*		7,811			-7,811
May 30	June 4	September 1, 2006		2,500	400	2,100
June 5	June 7				1,000	-1,000
June 13	June 15	December 1, 2003		3,500	350	3,150
July 3	July 5				750	-750
July 17	July 19				750	-750
July 25	July 30	June 1, 2011		2,400	500	1,900
July 31	August 2				750	-750
August 15	August 20	September 1, 2006		2,500	400	2,100
August 29	August 31	December 1, 2003		3,500	500	3,000
	September 4*		8,267			-8,267
September 25	September 27				750	-750
October 9	October 11				750	-750
	October 1*		894			-894
October 10	October 15	June 1, 2033		2,000	500	1,500
October 23	October 25				750	-750
October 24	October 29	June 1, 2012		2,500	397	2,103
November 6	November 8				179	-179
November 14	November 19	September 1, 2007		2,500	153	2,347
November 28	November 30	June 1, 2004		3,500	311	3,189
	December 3*		7,041			-7,041

Reference Table VIII *(cont'd)*
Fiscal 2001-02 Canadian-Dollar Marketable Bond Program

Offering date	Delivery date	Maturity date	Maturing	Gross	Bond repurchase	Net
				($ millions)		
Fixed-coupon bonds						
2002						
January 15	January 17				500	-500
January 16	January 21	June 1, 2033		2,000	386	1,614
January 29	January 31				750	-750
	February 1*		213			-213
February 6	February 11	June 1, 2012		2,500	400	2,100
February 12	February 14				750	-750
February 13	February 18	September 1, 2007		2,500	133	2,367
February 26	February 28				535	-535
February 27	March 4	June 1, 2033		400	387	13
March 6	March 8	June 1, 2004		3,500	178	3,322
	March 15*		339			-339
March 12	March 14				1,000	-1,000
March 26	March 28				1,000	-1,000
Real Return Bonds						
2001						
June 6	June 11	December 1, 2031		350		350
September 12	September 24	December 1, 2031		300		300
December 5	December 10	December 1, 2031		350		350
2002						
March 13	March 18	December 1, 2031		350		350
Total fiscal year 2001-2002			**25,890**	**41,550**	**17,138**	**-1,478**

* Maturing date.

Source: Bank of Canada.

Reference Table IX
Fiscal 2001-02 Marketable Bond Auction Results

Auction date	Term	Maturity date	Coupon rate	Issue amount	Average price	Average yield	Auction coverage	Tail
	(years)		(%)	($ millions)	($)	(%)		(basis points)
18-Apr-2001	30	1-Jun-2029	5.75	1,900	97.185	5.957	2.49	0.5
02-May-2001	10	1-Jun-2011	6.00	2,500	101.840	5.756	2.21	1.1
30-May-2001	5	1-Sep-2006	5.75	2,500	100.160	5.712	2.19	1.3
6-Jun-2001	30	1-Dec-2031	4.00*	350	107.558	3.59	2.86	n.a
13-Jun-2001	2	1-Dec-2003	5.00	3,500	99.959	5.019	2.24	0.5
25-Jul-2001	10	1-Jun-2011	6.00	2,400	102.000	5.730	2.17	0.8
15-Aug-2001	5	1-Sep-2006	5.75	2,500	102.034	5.284	2.23	0.4
29-Aug-2001	2	1-Dec-2003	5.00	3,500	101.099	4.479	2.09	0.8
19-Sep-2001	30	1-Dec-2031	4.00*	300	104.862	3.73	2.91	n.a
10-Oct-2001	30	1-Jun-2033	5.75	2,000	99.863	5.760	2.24	1.5
24-Oct-2001	10	1-Jun-2012	5.25	2,500	99.412	5.324	2.57	0.5
14-Nov-2001	5	1-Sep-2007	4.50	2,500	99.754	4.550	2.25	0.9
28-Nov-2001	2	1-Jun-2004	3.50	3,500	99.538	3.695	2.23	0.9
5-Dec-2001	30	1-Dec-2031	4.00*	350	104.514	3.748	2.38	n.a
16-Jan-2002	30	1-Jun-2033	5.75	2,000	103.343	5.524	2.34	1.1
6-Feb-2002	10	1-Jun-2012	5.25	2,500	98.842	5.397	2.23	1.1
13-Feb-2002	5	1-Sep-2007	4.50	2,500	97.879	4.943	2.26	0.4
6-Mar-2002	2	1-Jun-2004	3.50	3,500	99.232	3.860	2.40	0.5
13-Mar-2002	30	1-Dec-2031	4.00*	350	104.451	3.75	2.85	n.a
Total				**41,150**				

Note: Coverage is defined as the ratio of total bids at auction to the amount auctioned. Tail is defined as the high accepted yield minus the average yield.

* Real return bonds.

Source: Department of Finance.

Reference Table X

Outstanding Government of Canada Canadian-Dollar Marketable Bonds as at March 31, 2002

Maturity date	Amount	Coupon rate	Maturity date	Amount	Coupon rate
	($ millions)	(%)		($ millions)	(%)
Fixed-coupon					
1-Apr-2002	5,450	8.50	1-Sep-2007	5,000	4.50
1-May-2002	1,662	10.00	1-Oct-2007	524	13.00
1-Jun-2002	5,162	5.75	1-Mar-2008	627	12.75
1-Sep-2002	9,522	5.50	1-Jun-2008	9,200	6.00
1-Dec-2002	5,711	6.00	1-Jun-2008	3,258	10.00
15-Dec-2002	1,073	11.25	1-Oct-2008	449	11.75
1-Feb-2003	1,733	11.75	1-Mar-2009	265	11.50
1-Jun-2003	7,000	5.75	1-Jun-2009	9,400	5.50
1-Jun-2003	6,900	7.25	1-Jun-2009	673	11.00
1-Sep-2003	9,700	5.25	1-Oct-2009	454	10.75
1-Oct-2003	452	9.50	1-Mar-2010	149	9.75
1-Dec-2003	7,000	5.00	1-Jun-2010	10,400	5.50
1-Dec-2003	8,800	7.50	1-Jun-2010	2,474	9.50
1-Feb-2004	1,081	10.25	1-Oct-2010	159	8.75
1-Jun-2004	7,000	3.50	1-Mar-2011	905	9.00
1-Jun-2004	7,900	6.50	1-Jun-2011	15,000	6.00
1-Jun-2004	541	13.50	1-Jun-2011	669	8.50
1-Sep-2004	10,850	5.00	1-Jun-2012	5,000	5.25
1-Oct-2004	296	10.50	15-Mar-2014	2,584	10.25
1-Dec-2004	7,700	9.00	1-Jun-2015	2,106	11.25
1-Mar-2005	716	12.00	31-Dec-2019	27	10.19
1-Sep-2005	11,100	6.00	15-Mar-2021	1,723	10.50
1-Sep-2005	1,065	12.25	1-Jun-2021	3,989	9.75
1-Dec-2005	8,000	8.75	1-Jun-2022	1,633	9.25
1-Mar-2006	335	12.50	1-Jun-2023	8,200	8.00
1-Sep-2006	10,000	5.75	1-Jun-2025	8,900	9.00
1-Oct-2006	804	14.00	1-Jun-2027	9,600	8.00
1-Dec-2006	9,100	7.00	1-Jun-2029	13,900	5.75
1-Mar-2007	261	13.75	1-Jun-2033	4,400	5.75
1-Jun-2007	9,500	7.25	**Total**	**278,082**	

Reference Table X *(cont'd)*
Outstanding Government of Canada Canadian-Dollar Marketable Bonds as at March 31, 2002

Maturity date	Amount	Coupon rate
	($ millions)	(%)
Real return bonds		
1-Dec-2021	5,175	4.25
1-Dec-2026	5,250	4.25
1-Dec-2031	4,400	4.00
Total[1]	**14,825**	

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

Source: Bank of Canada.

Reference Table XI

Government of Canada Swaps Outstanding as at March 31, 2002

Domestic interest-rate swaps

Maturity date	Coupon[1]	Notional amount
	(%)	($ millions)
01-Feb-2004	10.25	50
Total		**50**

Foreign interest-rate swaps

Maturity date	Coupon[1]	Notional amount
	(%)	(US$ millions)
19-Nov-2007	4.00	25
05-Nov-2008	5.25	200
05-Nov-2008	5.25	500
05-Nov-2008	5.25	500
Total		**1,225**

Cross-currency swaps of foreign obligations

Maturity date	Notional amount
	(US$ millions)
16-Jul-2003	65
26-Nov-2004	495
26-Nov-2004	341
30-Nov-2004	63
30-Nov-2004	25
22-Dec-2004	76
03-Oct-2007	319
31-Jan-2008	44
Total	**1,428**

Reference Table XI *(cont'd)*
Government of Canada Swaps Outstanding as at March 31, 2002

Cross-currency swaps of domestic obligations			Cross-currency swaps of domestic obligations		
Maturity date	Notional amount	Currency paid	Maturity date	Notional amount	Currency paid
	(US$ millions)			(US$ millions)	
01-Apr-2002	50.00	USD	01-Feb-2004	43.00	EUR
01-May-2002	100.00	USD	01-Feb-2004	44.00	EUR
01-Sep-2002	250.00	USD	01-Feb-2004	45.00	EUR
01-Sep-2002	250.00	EUR	01-Feb-2004	46.00	EUR
01-Sep-2002	250.00	USD	01-Feb-2004	75.00	USD
01-Sep-2002	500.00	USD	01-Feb-2004	100.00	USD
28-Oct-2002	100.00	USD	01-Feb-2004	100.00	USD
15-Dec-2002	51.00	EUR	01-Feb-2004	100.00	USD
15-Dec-2002	51.00	EUR	01-Feb-2004	50.00	USD
15-Dec-2002	350.00	USD	01-Feb-2004	50.00	USD
15-Dec-2002	250.00	USD	01-Feb-2004	50.00	USD
01-Feb-2003	52.00	EUR	30-Mar-2004	100.00	USD
01-Jun-2003	54.00	EUR	01-Jun-2004	77.00	EUR
01-Jun-2003	33.00	EUR	01-Jun-2004	52.00	EUR
01-Jun-2003	75.00	USD	01-Jun-2004	52.00	EUR
01-Jun-2003	50.00	USD	01-Jun-2004	76.00	EUR
01-Sep-2003	53.00	EUR	01-Jun-2004	51.00	EUR
01-Sep-2003	52.00	EUR	01-Jun-2004	51.00	EUR
01-Sep-2003	50.00	USD	01-Jun-2004	52.00	EUR
01-Sep-2003	50.00	USD	01-Jun-2004	53.00	EUR
01-Sep-2003	50.00	USD	01-Jun-2004	54.00	EUR
01-Oct-2003	76.00	EUR	01-Jun-2004	46.00	EUR
01-Oct-2003	106.00	EUR	01-Jun-2004	100.00	USD
01-Oct-2003	65.00	USD	01-Jun-2004	50.00	USD
30-Nov-2003	100.00	USD	01-Jun-2004	100.00	USD
01-Dec-2003	52.00	EUR	01-Jun-2004	50.00	USD
01-Dec-2003	52.00	EUR	01-Jun-2004	50.00	USD
01-Dec-2003	52.00	EUR	01-Sep-2004	52.00	EUR
01-Dec-2003	325.00	USD	01-Sep-2004	49.00	EUR
01-Dec-2003	65.00	USD	01-Sep-2004	44.00	EUR
01-Dec-2003	65.00	USD	01-Sep-2004	43.00	EUR
01-Dec-2003	65.00	USD	01-Oct-2004	108.00	EUR
01-Feb-2004	30.00	EUR	01-Oct-2004	53.00	EUR

Reference Table XI *(cont'd)*

Government of Canada Swaps Outstanding as at March 31, 2002

Cross-currency swaps of domestic obligations			Cross-currency swaps of domestic obligations		
Maturity date	Notional amount	Currency paid	Maturity date	Notional amount	Currency paid
	(US$ millions)			(US$ millions)	
01-Oct-2004	51.00	EUR	01-Dec-2005	46.00	EUR
01-Oct-2004	50.00	USD	01-Dec-2005	45.00	EUR
01-Oct-2004	75.00	USD	01-Dec-2005	44.00	EUR
23-Nov-2004	100.00	USD	01-Dec-2005	45.00	EUR
01-Dec-2004	43.00	EUR	01-Dec-2005	45.00	EUR
01-Dec-2004	66.00	EUR	01-Dec-2005	45.00	EUR
01-Mar-2005	250.00	USD	01-Dec-2005	44.00	EUR
01-Mar-2005	44.00	EUR	01-Dec-2005	66.00	EUR
01-Mar-2005	250.00	USD	01-Dec-2005	66.00	EUR
01-Mar-2005	65.00	USD	01-Dec-2005	50.00	USD
01-Sep-2005	47.00	EUR	01-Dec-2005	50.00	USD
01-Sep-2005	47.00	EUR	01-Dec-2005	50.00	USD
01-Sep-2005	28.00	EUR	01-Mar-2006	48.00	EUR
01-Sep-2005	28.00	EUR	01-Mar-2006	48.00	EUR
01-Sep-2005	45.00	EUR	01-Mar-2006	65.00	EUR
01-Sep-2005	66.00	EUR	01-Mar-2006	66.00	EUR
01-Sep-2005	65.00	EUR	01-Mar-2006	50.00	USD
01-Sep-2005	65.00	EUR	01-Sep-2006	43.00	EUR
01-Sep-2005	66.00	EUR	01-Oct-2006	54.00	EUR
01-Sep-2005	100.00	USD	01-Oct-2006	50.00	USD
23-Nov-2005	150.00	USD	01-Oct-2006	50.00	USD
01-Dec-2005	500.00	USD	30-Oct-2006	250.00	USD
01-Dec-2005	49.00	EUR	23-Nov-2006	150.00	USD
01-Dec-2005	49.00	EUR	01-Dec-2006	50.00	EUR
01-Dec-2005	48.00	EUR	01-Dec-2006	44.00	EUR
01-Dec-2005	48.00	EUR	01-Dec-2006	44.00	EUR
01-Dec-2005	45.00	EUR	01-Dec-2006	64.00	EUR
01-Dec-2005	45.00	EUR	01-Dec-2006	66.00	EUR
01-Dec-2005	45.00	EUR	01-Mar-2007	24.00	EUR
01-Dec-2005	64.00	EUR	01-Jun-2007	51.00	EUR
01-Dec-2005	44.00	EUR	01-Jun-2007	51.00	EUR
01-Dec-2005	46.00	EUR	01-Jun-2007	103.00	EUR
01-Dec-2005	46.00	EUR	01-Jun-2007	43.00	EUR

Reference Table XI *(cont'd)*
Government of Canada Swaps Outstanding as at March 31, 2002

Cross-currency swaps of domestic obligations			Cross-currency swaps of domestic obligations		
Maturity date	Notional amount	Currency paid	Maturity date	Notional amount	Currency paid
	(US$ millions)			(US$ millions)	
01-Jun-2007	250.00	USD	01-Oct-2008	50.00	USD
01-Jun-2007	250.00	USD	01-Mar-2009	69.00	EUR
01-Jun-2007	250.00	USD	01-Mar-2009	70.00	USD
01-Oct-2007	49.00	EUR	01-Mar-2009	65.00	USD
01-Oct-2007	50.00	EUR	01-Mar-2009	50.00	USD
01-Oct-2007	44.00	EUR	01-Mar-2009	75.00	USD
01-Oct-2007	23.00	EUR	01-Mar-2009	50.00	USD
01-Mar-2008	200.00	USD	01-Mar-2009	50.00	USD
01-Mar-2008	50.00	USD	01-Mar-2009	100.00	USD
01-Mar-2008	63.00	EUR	01-Mar-2009	75.00	USD
01-Mar-2008	45.00	EUR	01-Jun-2009	44.00	EUR
01-Mar-2008	75.00	USD	01-Jun-2009	64.00	EUR
01-Mar-2008	100.00	USD	01-Jun-2009	46.00	EUR
01-Mar-2008	50.00	USD	01-Jun-2009	67.00	EUR
01-Jun-2008	45.00	EUR	01-Jun-2009	66.00	EUR
01-Jun-2008	44.00	EUR	01-Jun-2009	65.00	EUR
01-Jun-2008	45.00	EUR	01-Jun-2009	44.00	EUR
01-Jun-2008	44.00	EUR	01-Jun-2009	66.00	EUR
01-Jun-2008	250.00	USD	01-Jun-2009	50.00	USD
01-Jun-2008	100.00	USD	01-Jun-2009	70.00	USD
01-Jun-2008	100.00	USD	01-Jun-2009	100.00	USD
01-Jun-2008	100.00	USD	01-Jun-2009	50.00	USD
01-Jun-2008	50.00	USD	01-Jun-2009	70.00	USD
01-Jun-2008	100.00	USD	01-Jun-2009	100.00	USD
01-Jun-2008	50.00	USD	01-Jun-2009	65.00	USD
01-Jun-2008	50.00	USD	01-Oct-2009	79.00	EUR
30-Sep-2008	50.00	USD	01-Oct-2009	78.00	EUR
01-Oct-2008	65.00	EUR	01-Oct-2009	70.00	EUR
01-Oct-2008	64.00	EUR	01-Oct-2009	103.00	EUR
01-Oct-2008	44.00	EUR	01-Oct-2009	77.00	EUR
01-Oct-2008	44.00	EUR	01-Oct-2009	50.00	EUR
01-Oct-2008	70.00	USD	01-Oct-2009	44.00	EUR
01-Oct-2008	70.00	USD			

Reference Table XI *(cont'd)*
Government of Canada Swaps Outstanding as at March 31, 2002

Cross-currency swaps of domestic obligations			Cross-currency swaps of domestic obligations		
Maturity date	Notional amount	Currency paid	Maturity date	Notional amount	Currency paid
	(US$ millions)			(US$ millions)	
01-Oct-2009	44.00	EUR	01-Jun-2010	45.00	EUR
01-Oct-2009	44.00	EUR	01-Jun-2010	43.00	EUR
01-Oct-2009	43.00	EUR	01-Jun-2010	42.00	EUR
01-Oct-2009	64.00	EUR	01-Jun-2010	44.00	EUR
01-Oct-2009	43.00	EUR	01-Jun-2010	45.00	EUR
01-Oct-2009	44.00	EUR	01-Jun-2010	44.00	EUR
01-Oct-2009	45.00	EUR	01-Jun-2010	46.00	EUR
01-Oct-2009	46.00	EUR	01-Jun-2010	46.00	EUR
01-Oct-2009	46.00	EUR	01-Jun-2010	45.00	EUR
01-Oct-2009	44.00	EUR	01-Jun-2010	45.00	EUR
01-Oct-2009	45.00	EUR	01-Jun-2010	76.00	JPY
01-Oct-2009	65.00	EUR	01-Oct-2010	35.00	EUR
01-Mar-2010	48.00	EUR	01-Oct-2010	63.00	EUR
01-Mar-2010	46.00	EUR	01-Oct-2010	44.00	EUR
01-Mar-2010	46.00	EUR	01-Oct-2010	48.00	EUR
01-Mar-2010	45.00	EUR	01-Oct-2010	45.00	EUR
01-Mar-2010	65.00	EUR	01-Oct-2010	46.00	EUR
01-Jun-2010	46.00	EUR	01-Oct-2010	65.00	EUR
01-Jun-2010	45.00	EUR	01-Oct-2010	65.00	EUR
01-Jun-2010	38.00	EUR	01-Oct-2010	66.00	EUR
01-Jun-2010	29.00	EUR	01-Jun-2011	44.00	EUR
01-Jun-2010	47.00	EUR	01-Jun-2011	45.00	EUR
01-Jun-2010	47.00	EUR	01-Jun-2011	66.00	EUR
01-Jun-2010	45.00	EUR	**Total**	**17,899**	
01-Jun-2010	45.00	EUR			

Note: Numbers may not add due to rounding.

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

Source: Department of Finance.

Reference Table XII
Bond Buyback Program – Operations 2001-02

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
April 10, 2001	September 1, 2001	7	280
	Total		**280**
April 18, 2001	March 15, 2014	10.25	62
	June 1, 2015	11.25	4
	March 15, 2021	10.5	34
	June 1, 2021	9.75	123
	June 1, 2022	9.25	26
	Total		**249**
May 2, 2001	March 1, 2008	12.75	34
	October 1, 2008	11.75	55
	March 1, 2009	11.5	11
	October 1, 2009	10.75	55
	March 1, 2010	9.75	37
	October 1, 2010	8.75	11
	March 1, 2011	9	32
	March 15, 2014	10.25	68
	June 1, 2015	11.25	97
	Total		**400**
May 8, 2001	June 1, 2001	4.5	247
	September 1, 2001	7	400
	December 1, 2001	5.25	280
	December 1, 2001	9.75	73
	Total		**1,000**
May 30, 2001	February 1, 2004	10.25	158
	October 1, 2004	10.5	4
	March 1, 2005	12	39
	March 1, 2006	12.5	64
	October 1, 2006	14	53
	October 1, 2007	13	14
	March 1, 2008	12.75	38
	October 1, 2008	11.75	30
	Total		**400**

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
June 5, 2001	December 1, 2001	5.25	480
	June 1, 2002	5.75	520
	Total		**1,000**
June 13, 2001	May 1, 2002	10	100
	February 1, 2003	11.75	174
	February 1, 2004	10.25	76
	Total		**350**
July 3, 2001	September 1, 2001	7	153
	December 1, 2001	5.25	495
	December 1, 2001	9.75	102
	Total		**750**
July 17, 2001	September 1, 2001	7	750
	Total		**750**
July 25, 2001	March 1, 2009	11.5	84
	October 1, 2009	10.75	29
	October 1, 2010	8.75	9
	March 1, 2011	9	134
	March 15, 2014	10.25	244
	Total		**500**
July 31, 2001	September 1, 2001	7	750
	Total		**750**
August 15, 2001	October 1, 2004	10.5	174
	March 1, 2005	12	142
	March 1, 2006	12.5	76
	October 1, 2007	13	8
	Total		**400**

Reference Table XII *(cont'd)*
Bond Buyback Program – Operations 2001-02

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
August 29, 2001	May 1, 2002	10	68
	December 15, 2002	11.25	120
	February 1, 2003	11.75	35
	October 1, 2003	9.5	62
	February 1, 2004	10.25	100
	October 1, 2004	10.5	60
	March 1, 2005	12	55
	Total		**500**
September 25, 2001	December 1, 2001	9.75	750
	Total		**750**
October 9, 2001	December 1, 2001	9.75	700
	September 1, 2002	5.5	50
	Total		**750**
October 10, 2001	March 15, 2021	10.5	40
	June 1, 2021	9.75	207
	June 1, 2022	9.25	253
	Total		**500**
October 23, 2001	December 1, 2001	5.25	750
	Total		**750**
October 24, 2001	March 1, 2007	13.75	26
	October 1, 2007	13	21
	March 1, 2008	12.75	26
	October 1, 2008	11.75	18
	March 1, 2009	11.5	35
	October 1, 2009	10.75	125
	March 1, 2010	9.75	114
	October 1, 2010	8.75	5
	March 1, 2011	9	27
	Total		**397**

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
November 6, 2001	December 1, 2001	5.25	150
	December 1, 2001	9.75	29
	Total		**179**
November 14, 2001	February 1, 2004	10.25	24
	March 1, 2005	12	3
	March 1, 2006	12.5	30
	October 1, 2006	14	20
	October 1, 2007	13	13
	March 1, 2008	12.75	25
	October 1, 2008	11.75	21
	March 1, 2009	11.5	5
	October 1, 2009	10.75	11
	Total		**153**
November 28, 2001	December 15, 2002	11.25	29
	February 1, 2003	11.75	152
	February 1, 2004	10.25	92
	October 1, 2004	10.5	34
	March 1, 2005	12	1
	March 1, 2006	12.5	4
	Total		**311**
January 15, 2002	June 1, 2002	5.75	406
	September 1, 2002	5.5	70
	December 1, 2002	6	24
	Total		**500**
January 16, 2002	March 15, 2014	10.25	139
	June 1, 2015	11.25	32
	June 1, 2021	9.75	116
	June 1, 2022	9.25	100
	Total		386

Reference Table XII *(cont'd)*
Bond Buyback Program – Operations 2001-02

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
January 29, 2002	June 1, 2002	5.75	355
	September 1, 2002	5.5	40
	December 1, 2002	6	355
	Total		**750**
February 6, 2002	October 1, 2007	13	8
	October 1, 2008	11.75	47
	October 1, 2009	10.75	72
	March 1, 2011	9	158
	March 15, 2014	10.25	28
	June 1, 2015	11.25	88
	Total		**400**
February 12, 2002	June 1, 2002	5.75	662
	September 1, 2002	5.5	88
	Total		**750**
February 13, 2002	March 1, 2005	12	36
	March 1, 2006	12.5	39
	October 1, 2006	14	35
	October 1, 2007	13	7
	October 1, 2008	11.75	7
	October 1, 2009	10.75	10
	Total		**133**
February 26, 2002	September 1, 2002	5.5	430
	December 1, 2002	6	105
	Total		**535**
March 6, 2002	October 1, 2003	9.5	45
	February 1, 2004	10.25	90
	October 1, 2004	10.5	14
	March 1, 2005	12	5
	October 1, 2006	14	24
	Total		**178**
March 12, 2002	June 1, 2002	5.75	95
	December 1, 2002	6	905
	Total		**1,000**
March 26, 2002	December 1, 2002	6	1,000
	Total		**1,000**
Total buyback program for 2001-2002			**16,752**

Source: Department of Finance.

Reference Table XIII
Canada Savings Bonds and Canada Premium Bonds, Fiscal 1983-84 to Fiscal 2001-02

Fiscal year	Gross sales	Net change	Outstanding at fiscal year end
		($ millions)	
1983-84	11,584	5,650	38,403
1984-85	12,743	3,764	42,167
1985-86	15,107	2,440	44,607
1986-87	9,191	-22	44,585
1987-88	17,450	8,921	53,506
1988-89	14,962	-5,456	48,050
1989-90	9,338	-6,813	41,237
1990-91	6,720	-6,500	34,737
1991-92	9,588	1,151	35,888
1992-93	9,235	-1,172	34,716
1993-94	5,364	-3,089	31,627
1994-95	7,506	-96	31,531
1995-96	4,612	10	31,541
1996-97	5,747	2,050	33,591
1997-98	4,951	-2,796	30,795
1998-99	4,844	-2,187	28,608
1999-00	2,669	-1,510	27,098
2000-01	3,188	-531	26,567
2001-02	2,829	-2,283	24,284

Note: Figures are in accordance with Bank of Canada audited reports, which may vary from Public Accounts reports due to differences in classification.

Source: Bank of Canada.

Reference Table XIV
Crown Corporation Borrowings as at March 31, 2002

Borrowings from the market

Corporation	1994	1995	1996	1997	1998	1999	2000	2001	2002
					($ millions)				
Export Development Corporation	7,793	7,515	7,673	7,820	10,077	12,967	16,888	18,406	20,481
Canadian Wheat Board[1]	7,283	7,321	6,377	6,474	6,698	6,786	542	425	397
Business Development Bank of Canada	2,602	2,723	3,045	3,371	3,839	4,223	4,723	5,102	5,726
Farm Credit Corporation	863	990	1,582	1,926	3,026	4,317	5,083	5,695	7,096
Canadian National[1]	2,249	2,331	–	–	–	–	–	-	–
Canada Mortgage and Housing Corporation	1,573	3,630	5,906	7,866	9,934	10,633	10,801	11,672	11,372
Canada Development Investment Corporation	473	–	–	–	–	–	–	–	–
Petro-Canada Ltd.	501	504	490	432	443	471	338	–	–
Petro-Canada[1]	–	–	–	–	–	–	–	–	–
Canada Ports Corporation	–	–	–	–	3	79	69	–	–
Other	239	235	297	226	258	222	196	100	103
Total	**23,576**	**25,249**	**25,370**	**28,115**	**34,278**	**39,698**	**38,640**	**41,400**	**45,175**

[1] This corporation is no longer a Crown corporation.

Source: *Public Accounts of Canada*.

Borrowings from the Consolidated Revenue Fund

Corporation	1994	1995	1996	1997	1998	1999	2000	2001	2002
					($ millions)				
Canada Mortgage and Housing Corporation	8,075	7,835	7,263	6,938	6,708	6,298	6,152	5,852	5,696
Canada Deposit Insurance Corporation	3,151	2,160	1,627	855	395	–	–	–	–
Farm Credit Corporation	2,488	2,524	2,310	2,507	1,877	1,041	805	578	–
Other	415	307	233	204	179	551	77	84	104
Total	**14,129**	**12,826**	**11,433**	**10,504**	**9,159**	**7,890**	**7,034**	**6,514**	**5,800**

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

Source: Public Works and Government Services Canada data.