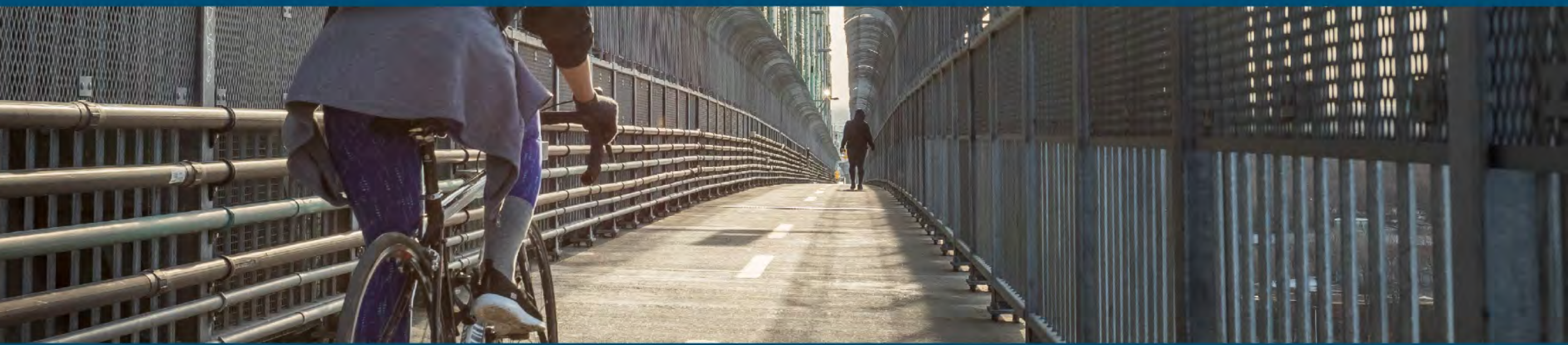
Ponts
JACQUES CARTIER +
CHAMPLAIN
Bridges
Canada



QUARTERLY FINANCIAL REPORT

3rd Quarter (Q3) 2023-2024

For the nine months ended December 31, 2023

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SECTION 1

Status

1. STATUS

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

On October 1, 1998, it became a wholly owned subsidiary of The Federal Bridge Corporation Limited (FBCL).

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

Furthermore, JCCBI is an agent of His Majesty in right of Canada under *The Jacques Cartier and Champlain Bridges Inc. Regulations* (SOR/98-568).

1.1 MANDATE

JCCBI manages several bridges and one tunnel under federal jurisdiction located in the Greater Montreal area, namely the Jacques Cartier Bridge, the Île des Sœurs Bypass Bridge (currently being deconstructed), the federal section of the Honoré Mercier Bridge as well as their approaches, the Melocheville Tunnel and two related infrastructures, namely the federal section of the Bonaventure Expressway and the Estacade.

For each of these infrastructures, JCCBI assumes responsibility for:

+ Mobility on traffic lanes and active mobility lanes;
+ Operations;
+ Inspections;
+ Maintenance;
+ Repairs and/or rehabilitation;
+ Safety;
+ Coordination with stakeholders (federal, provincial, municipal and others);
+ Management of contaminated sites;
+ Environmental protection.

1.2 MISSION, VISION AND VALUES

Our Mission

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

Our Vision

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

Our Values

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

SECTION 2

Q3 of 2023-2024 in Review

2. Q3 OF 2023-2024 IN REVIEW

This quarterly financial report was prepared in accordance with the requirements of the FAA and those of the Treasury Board of Canada's Directive on Accounting Standards: GC 5200 Crown Corporations Quarterly Financial Report. It provides an assessment of JCCBI's operations and financial position for the quarter ended December 31, 2023 (Q3). It must be read in conjunction with the unaudited Interim Financial Statements and accompanying notes contained in this document, as well as with the audited Annual Financial Statements and supporting notes contained in JCCBI's annual report.

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

2.1 SUMMARY

JCCBI declares a deficit of $29.1M for the nine months ended December 31, 2023 ($3.2M as at December 31, 2022 – restated). This $25.9M increase in the deficit is mainly due to the recognition, during the quarter, of an additional environmental liability for work carried out as part of the Bonaventure Expressway reconfiguration project. The deficit before public funding is $144.1M as at December 31, 2023 ($152.7M as at December 31, 2022 – restated).

Net debt increased slightly, to total $161.2M as at December 31, 2023 ($153.4M as at March 31, 2023).

The acquisitions of gross capital assets for the period totalled $10.0M ($16.9M as at December 31, 2022). They mainly consist of investments at the Jacques Cartier Bridge and at the Honoré Mercier Bridge.

2.2 OUTLOOK

The section of the Bonaventure Expressway consisting of non-elevated lanes is at the end of its service life. To ensure urban integration with the new Samuel De Champlain Bridge corridor, a boulevard vision was selected for its reconfiguration. The preliminary project study, which was developed in collaboration with the City of Montreal and certain other partners, is now completed. Funding for this project has been approved and work is scheduled to start in 2024-2025. The public announcement made in December 2023 formalized the launch of this major project for Montrealers.

Through its involvement in this project, JCCBI is proud to contribute to the achievement of various targets of the 2022 to 2026 Federal Sustainable Development Strategy (FSDS) tabled by Environment and Climate Change Canada (ECCC) in November 2022.

2.3 IMPORTANT CHANGES

Effective November 22, 2023, Ms. Catherine Lavoie stepped down as Chair of the Board of Directors of the Corporation (the Board). Ms. Lavoie had been a member of the Board since 2017. In this capacity, she supported JCCBI's strategies in its various mandates, including the deconstruction of the original Champlain Bridge, the financing for the Bonaventure Expressway reconfiguration project, and expanding the Corporation's portfolio of assets. Me Sylvain Villiard, Vice Chair of the Board, presides over Board meetings until a new Chair of the Board is appointed.

JCCBI's annual public meeting was held on November 21, 2023. The Corporation's activities and financial results for the fiscal year ending March 31, 2023, were presented to the media and the public.

On December 19, 2023, the Honourable Pablo Rodriguez, Minister of Transport and Quebec Lieutenant, and Ms. Sandra Martel, Chief Executive Officer of JCCBI, accompanied by the Mayor of Montreal, Ms. Valérie Plante, announced the reconfiguration of the Bonaventure Expressway into a boulevard, starting in 2025. The new boulevard's traffic lanes will be distanced from the shoreline, allowing the development of a green corridor along the St. Lawrence River, with two dedicated lanes for active mobility. This reconfiguration will notably make it possible to respond to evolving needs in terms of road mobility, freight transport and active mobility, as well as considerably improving the community's living environment. The overall budget for the Bonaventure project is $282.0M.

SECTION 3

Analysis of financial results

3. ANALYSIS OF FINANCIAL RESULTS

3.1 RESULTS OF OPERATIONS

3.1.1 Statement of Financial Position

Financial Assets

During the nine months ended December 31, 2023, the total financial assets decreased by $15.9M, to amount to $53.2M, compared to $69.1M as at March 31, 2023. This decrease is mainly due to the $31.1M decrease in accounts receivable, which is offset by the $15.2M increase in the cash position.

Liabilities

Accounts payable and accrued liabilities decreased by $19.7M, from $61.4M as at March 31, 2023 to $41.7M as at December 31, 2023. This decrease is mainly attributable to the volume of work carried out.

To carry out its major projects, JCCBI entered into construction contracts that provide for the withholding of a portion of the payment until certain work is completed in compliance with the performance requirements and the contractual warranties have expired. These contractual holdbacks total $8.7M as at December 31, 2023, a balance slightly lower than that of the previous fiscal year ($10.1M as at March 31, 2023). These amounts will become payable when the work is completed and the warranties have expired.

Non-Financial Assets

Non-financial assets total $655.8M as at December 31, 2023, a decrease of $21.3M compared to March 31, 2023 ($677.1M). This decrease is mainly attributable to tangible capital assets net of amortization, which decreased by $16.0M to total $655.4M compared to $671.4M as at March 31, 2023. This total includes gross capital investments of $10.0M, less amortization expenses of $26.0M. The major works covered by these acquisitions are mainly those carried out at the Jacques Cartier Bridge and at the Honoré Mercier Bridge.

Government Funding

The following table summarizes the public funding for the third quarter of the current fiscal year as at December 31, 2023:

(In thousands of dollars)	Third Quarter		Cumulative (Nine Months)	
	2023-2024	2022-2023	2023-2024	2022-2023
Public funding for operating expenses	35,424	24,841	104,969	132,638
Public funding for tangible capital assets	5,557	369	10,022	16,893
TOTAL	**40,981**	**25,210**	**114,991**	**149,531**

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

3.1.2 Expenses

Maintenance and Deconstruction

Maintenance and deconstruction expenses during the third quarter represent 77.7% (90.5% as at December 31, 2022 as restated) of total cumulative expenses. This decrease in proportion is mainly due to the increase in the environmental liability relating to the Bonaventure Expressway reconfiguration project.

For the nine months ended December 31, 2023, the maintenance and deconstruction expenses, including amortization, totalled $114.9M and are primarily broken down as follows:

+ $30.0M in work for the deconstruction of the original Champlain Bridge;
+ $27.5M in work for the Jacques Cartier Bridge;
+ $19.8M in work for the Honoré Mercier Bridge;
+ $10.6M in work for the Bonaventure Expressway;
+ $0.1M in work for the reconfiguration of the Bonaventure Expressway;
+ $2.6M in work for the Melocheville Tunnel;
+ $4.1M in work for the Estacade;
+ $3.1M in work for the Île des Sœurs Bypass Bridge;
+ $11.7M for salaries and employee benefits;
+ $5.4M for various other projects and equipment.

Operations

Operating expenses for the first nine months total $3.0M ($3.2M as at December 31, 2022). They represent 2.1% of total expenses (2.0% as at December 31, 2022 as restated).

Administration

Administrative expenses for the first nine months of the fiscal year total $14.1M and are slightly higher than those for the same period of the previous fiscal year ($12.7M as at December 31, 2022).

3.2 CASH FLOW

The cash position increased by $15.2M as at December 31, 2023 to a balance of $45.0M ($29.8M as at March 31, 2023). The fluctuation is closely linked to the payments of the Government of Canada's parliamentary appropriations. As at December 31, 2023, the net amount receivable from government departments and agencies totals $7.1M ($38.4M as at March 31, 2023).

3.3 STRATEGIC ISSUES AND RISKS

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

3.3.1 Asset Management

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

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

The Corporation remains committed to positioning itself as a leader in infrastructure management by maximizing the service life of its assets and through an asset management approach inspired by the best practices in the field and modelled on the ISO 55000 standard. To this end, JCCBI has developed a three-year strategic asset management plan, whose progress is currently estimated at 35.0%.

3.3.2 Major Projects

Jacques Cartier Bridge

In order to ensure the sustainability of the structure, a retrofit plan was developed, which includes the following work for the current fiscal year:

+ The detailed design for the rehabilitation of the Île Sainte-Hélène pavilion was completed during the quarter. Work is scheduled to start in the spring of 2024 and continue until the spring of 2026. The project consists of upgrading the building according to sustainability and safety criteria to extend its service life by more than 75 years;
+ The detailed design for the demolition of the Plaza building and reconfiguration of the adjacent lands began in the third quarter of 2023-2024. Work is scheduled to start in the fourth quarter of 2024-2025;
+ The detailed preliminary project study for the steel rehabilitation and reinforcement on several sections of the bridge, as part of the major maintenance program, will continue until October 2025;
+ The detailed preliminary project study for the rehabilitation of Piers 23 and 26 and of the ground anchors will continue until October 2025;
+ The Jacques Cartier Bridge is located in a seismic zone and was not designed, at the time of its construction, to withstand the loads generated by a seismic event, since no such standards existed. Following a recent study, a program provides for the integration of seismic rehabilitation concepts into the steel and concrete pier work programs, over a period of approximately 25 years;
+ The preliminary study for the leveling and paving of the bridge, the ramps of section 5 and the south and north approaches began in the third quarter of 2023-2024, for work to extend over a two-year period, from 2027 to 2029. The work timeline will take into account any work then underway at the Louis-Hippolyte Lafontaine Tunnel, in order to ensure the smooth flow of traffic.

Original Champlain Bridge

During the third quarter of 2023-2024, the contractor Nouvel Horizon Saint-Laurent G.P. (NHSL) completed its activities in the Île des Sœurs Sector, in the central section of the bridge, as well as on the South Shore.

In the Île des Sœurs Sector, the contractor completed the reconstruction of Pier 40W, which will be preserved for the Héritage Champlain program. The jetty was also dismantled and site restoration was completed.

In the central section of the bridge, the jetty was removed and work to restore the banks and the dyke wharf was completed. The contractor has completed its worksite demobilization in this sector.

On the South Shore, the contractor proceeded with the site restoration and the demobilization of the worksite.

In 2019, JCCBI began a consultation process with certain partners and stakeholders to promote the reuse of the materials from the original Champlain Bridge on other projects in the Greater Montreal area. During the third quarter of 2023-2024, JCCBI finalized the handing over of bridge parts to the various partners.

The Heritage Champlain plans and specifications for the shoreline redevelopment are underway, with work scheduled to start in 2024-2025, after the bridge deconstruction.

Estacade

According to the results of the monitoring program on the service life of the Estacade footings, a standard asset maintenance program would be sufficient to ensure a service life of more than 60 years. A detailed design contract was awarded at the end of the third quarter of 2023-2024 and the consultant has submitted an initial work plan. The objective is to have the plans and specifications completed by the third quarter of 2024-2025.

Bonaventure Expressway

The project to reconstruct sections 11 and 12 of the expressway into a boulevard with three lanes in each direction, with the third lane managed dynamically, is underway. All design activities continue in line with the overall project schedule.

The design for the bank stabilization work was completed in the third quarter of 2023-2024.and the call for tenders was launched. The stabilization work is scheduled to start in the first quarter of 2024-2025. The design for the boulevard, including the green corridor, will be completed in the third quarter of 2024-2025, with work scheduled to start in the first quarter of 2025-2026.

All the aforementioned work is scheduled for completion in the third quarter of 2029-2030.

Coordination of the project's environmental component as well as the participatory process with the various stakeholders are underway considering, among other factors, that interventions in the St. Lawrence River will be required for the bank stabilization work.

With regard to the maintenance of the Clément Bridge and other JCCBI infrastructures located on Île des Sœurs, the plans and specifications for the infrastructure rehabilitation have been completed and work is scheduled to begin in the first quarter of 2024-2025 and continue until 2026-2027. The project to rehabilitate the concrete structure of the elevated section of the Bonaventure Expressway was launched as scheduled in the first quarter of 2023-2024. The detailed design was completed in the third quarter of 2023-2024, and work is scheduled to start in the first quarter of 2024-2025 and continue until 2026-2027.

Île des Sœurs Bypass Bridge

The deconstruction of the Île des Sœurs Bypass Bridge began in the third quarter of 2023-2024 and is scheduled for completion in the fourth quarter of 2024-2025.

Honoré Mercier Bridge

The major rehabilitation program to repair the piers and replace the paint coating continued on schedule. Work will continue until 2024-2025.

With regard to the development of a pathway at the south approach to the bridge, which is the subject of ongoing discussions with the Mohawk First Nation of Kahnawà:ke, the timeline for the completion of the preliminary project study is to be confirmed. Coordination is underway with the Mohawk Council of Kahnawà:ke (MCK) to confirm the scope of the project and ensure the social acceptability of the new layouts. A community consultation exercise concerning the pathway was conducted in the first quarter of 2023-2024, and the results thereof were positive. In collaboration with the MCK, JCCBI has set up a working group comprising members of the Mohawk community, whose mandate is to identify two concepts for the development of the site. Workshops began in the third quarter of 2023-2024 and will continue until the fourth quarter of 2023-2024. The results will first be presented to JCCBI and the MCK, and will subsequently be the subject of a broader consultation with the community of Kahnawà:ke.

Melocheville Tunnel

The preliminary project study for the replacement of the P-113 Bridge and various upgrades to the Melocheville Tunnel is underway. The P-113 Bridge is located on the west approach to the tunnel and crosses Le Petit Canal stream. Having reached the end of its service life and due to existing hydraulic conditions, it needs to be replaced. The preliminary project studies should be completed by the end of the fourth quarter of 2023-2024.

3.3.3 Environment and Sustainable Development

In order to manage the environmental risks and meet both the corporate and the Government of Canada's environmental and sustainable development goals, the following initiatives continued in the third quarter of 2023-2024:

- Characterizations of JCCBI's lands are still underway, which will make it possible to determine with greater precision the actions required for the remediation and control of contaminants during the execution of projects and thus reduce the risks associated to these issues;
- JCCBI participates in the Federal Contaminated Sites Action Plan (FCSAP), administered by ECCC for the implementation of the mitigation measures to contain/pump or pump/treat the contaminated groundwater on lands in the Bonaventure Expressway sector (East and West Sectors) along the St. Lawrence River. JCCBI is working with the federal authorities in order to submit a funding request as part of FCSAP's fifth phase, which will extend from 2025 to 2030;
- The deconstruction of the original Champlain Bridge, which was subject to rigorous environmental monitoring, is completed. The main compensation project associated with this major project, which consisted of creating a wetland favoring fish spawning in Saint-Ignace-de-Loyola, was completed in September 2022. Some 30,000 plants were planted to create this landscape of great ecological value. Preliminary project studies are underway for the second major compensation project, which consists of removing fill in the aquatic environment in the vicinity of the original Champlain Bridge site. The work related thereto is scheduled for 2025;
- To support the new 2022 to 2026 FSDS, JCCBI has identified the following six Sustainable Development Goals (SDGs), which form the pillars of its 2023 to 2027 Sustainable Development Strategy (SDS), taking into account JCCBI's mission and activities:

Goal 9	Foster innovation and green infrastructure in Canada;
Goal 10	Advance reconciliation with Indigenous Peoples and take action to reduce inequality (mandatory SDG);
Goal 11	Improve access to affordable housing, clean air, transportation, parks and green spaces, as well as cultural heritage in Canada;
Goal 12	Reduce waste and transition to zero-emission vehicles (mandatory SDG);
Goal 13	Take action on climate change and its impacts (mandatory SDG);
Goal 15	Protect and recover species, conserve Canadian biodiversity;

- An action plan was developed for the SDGs to which JCCBI can contribute via its 2023 to 2027 SDS. Said SDS was tabled in Parliament and published in the third quarter of 2023-2024;
- The development and implementation of a decentralized environmental management system (EMS) is ongoing. As part of this EMS, a process for tracking the waste generated by the Operations and Maintenance Division is under development.

3.3.4 Occupational Health and Safety (OHS)

The review of the OHS documentation planned during the fiscal year, to adjust to legislative changes and operational realities, is completed. Meeting and exceeding the target of 85.0% completion of the employee OHS training matrix remain an ongoing objective. The implementation of the action plan resulting from the internal audit on the maturity of the Corporation's OHS culture, which extends over a three-year period, is progressing according to schedule. An OHS communications plan is currently in preparation to support the development and achieve the next stage of JCCBI's OHS culture, which remains focused on the goal of "Zero Injury by Choice".

3.3.5 Sustainable Funding

JCCBI is mainly funded through parliamentary appropriations from the Government of Canada. Revenue from other sources, namely leases and permits as well as interest income, contributes to its funding, but only marginally.

JCCBI was awarded a new funding cycle for the years 2023-2024 to 2027-2028 to carry out the planned maintenance and asset maintenance basic work and thus ensure user mobility, safety, and longevity of the infrastructures. In addition, funding was granted for the Bonaventure Expressway reconfiguration project, which funding will extend until 2031-2032.

3.3.6 Human Resources Management

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

In order to retain its employees, JCCBI ensures their professional development and succession planning by putting their talents to work.

JCCBI continued the development of its Employer brand, which is scheduled for external launch in the last quarter of 2023-2024. An analysis was completed to define the distinctive elements of JCCBI that reflect the employee experience within the organization and a roadmap was prepared to bring JCCBI's Employer brand to life internally before launching it externally.

The health and well-being initiative and the equity and diversity initiative are still underway. An organizational survey was launched in the first quarter of 2023-2024, and the results were communicated to the employees. A multidisciplinary deployment committee is in place to carry out and monitor the 2023-2025 action plans activities.

In fiscal year 2023-2024, the Corporation adopted a two-year recognition process.

With the collective agreements renewed until December 31, 2025, JCCBI has begun its pay equity process further to the coming into force, in August 2021, of the *Pay Equity Act*. A joint committee was formed for this purpose and the exercise is currently underway.

All these human resources management initiatives are aimed at improving the employee experience and stimulating organizational recognition, all in order to position the Corporation as Employer of Choice in 2024.

3.3.7 Information Resources (IR)

In order to manage and minimize its IT risks, JCCBI has implemented a business continuity strategy, which is tested and reviewed on an annual basis by the Business Continuity Plan Committee. During the second quarter of 2023-2024, said committee reviewed the critical business functions and the results are scheduled to be submitted for approval in the fourth quarter of 2023-2024.

JCCBI's strategy for improving the security posture continues as part of the Information Technology and Systems Improvement Program. A new program is under development for the 2024-2027 period and will be integrated into the IR strategic plan mentioned below. Penetration tests were carried out on JCCBI's technological infrastructure in the second quarter of 2023-2024 and elements for improvement will be included in the 2024-2027 program.

In addition, phishing tests and employee awareness activities are carried out on an ongoing basis.

The IR Division also continued developing an IR strategic plan and, together with the Finance and Procurement Divisions, began a pilot project to optimize work methods and tools, and ensure the security of process information flow.

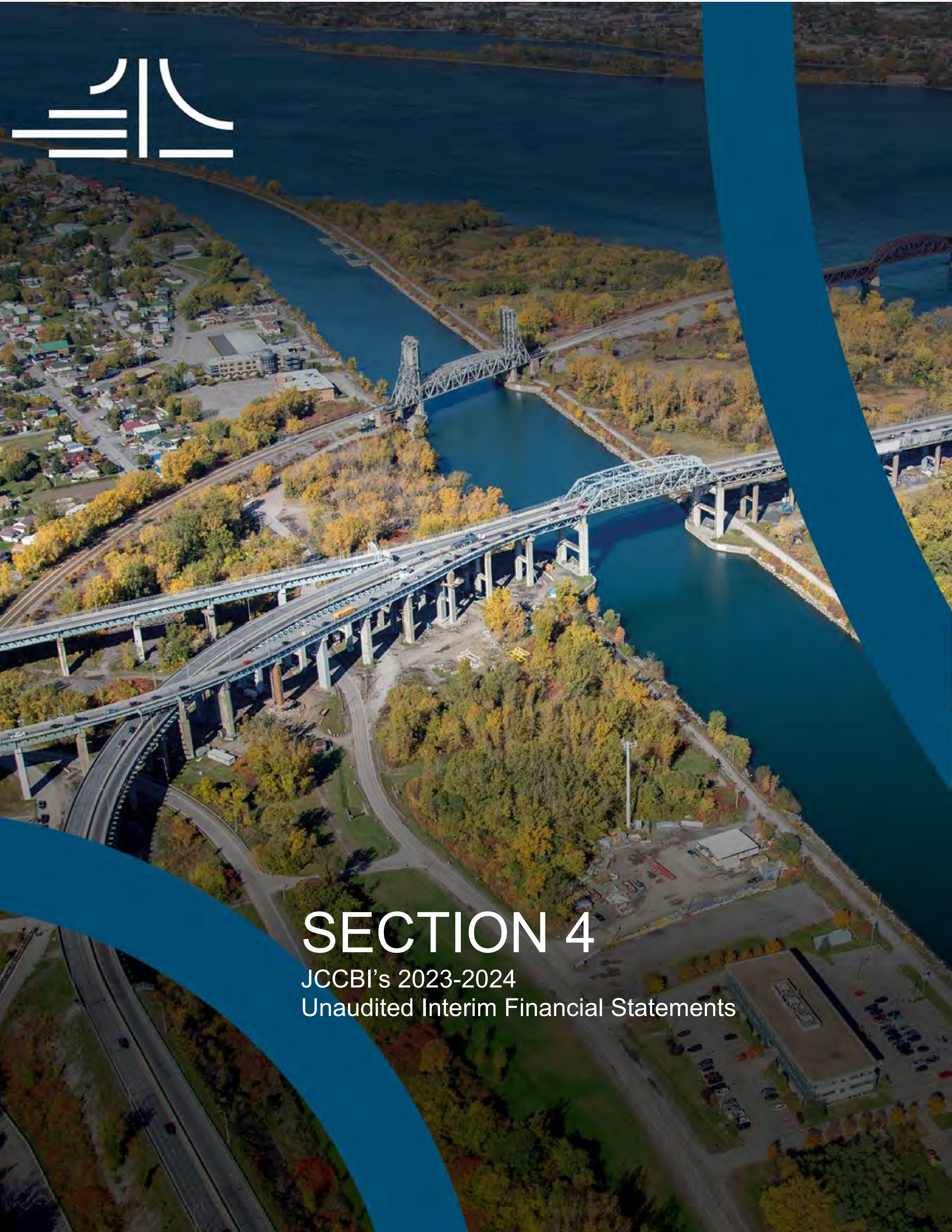
3.4 REPORT ON THE USE OF APPROPRIATIONS

According to the financial planning, the parliamentary appropriations available for the current fiscal year amount to $231.5M.

(In thousands of dollars)	As at December 31, 2023			As at December 31, 2022		
	Operations	Capital	Total	Operations	Capital	Total
Main estimates	153,745	77,805	231,550	156,040	85,171	241,211
Excess funding	-	-	-	38,793	-	38,793
Available Funding	**153,745**	**77,805**	**231,550**	**194,833**	**85,171**	**280,004**
Reprofiling (1)	(23,159)	(19,300)	(42,459)	(10,123)	-	(10,123)
Restated Available Funding	130,586	58,505	189,091	184,710	85,171	269,881
Parliamentary Appropriations (2)						
+ Used	104,969	10,022	114,991	132,638	16,893	149,531
+ Required	25,617	48,483	74,100	52,072	68,278	120,350
Total Parliamentary Appropriations	**130,586**	**58,505**	**189,091**	**184,710**	**85,171**	**269,881**

(1) 2023-2024 Reprofiling approval pending.

(2) JCCBI generally receives its funding only after expenses are incurred.



SECTION 4

JCCBI's 2023-2024
Unaudited Interim Financial Statements

4. JCCBI'S 2023-2024 UNAUDITED INTERIM FINANCIAL STATEMENTS

For the nine months ended December 31, 2023, JCCBI's unaudited Interim Financial Statements have been prepared by management, reviewed by the Audit Committee and approved by JCCBI's Board of Directors. JCCBI's external auditors have not audited or reviewed these Interim Financial Statements.

4.1 MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL INFORMATION

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

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

As at December 31, 2023, the Board of Directors is made up of six (6) Directors, including the Corporation's Chief Executive Officer. The position of Chair of the Board of Directors has been vacant since November 22, 2023. Through the Audit Committee, the Board of Directors ensures that management fulfills its responsibilities for financial reporting and internal controls. The Audit Committee meets with management and the auditors to review the manner in which these groups are fulfilling their responsibilities as well as to discuss the audit, internal controls and other relevant financial issues. The Financial Statements are reviewed and approved by the Board of Directors on the recommendation of the Audit Committee.

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

Sandra Martel, Eng. Chief Executive Officer	Lucie Painchaud, CPA, CMA Senior Director, Administration and Treasurer

February 29, 2024

4.2 STATEMENT OF FINANCIAL POSITION

(Unaudited – in thousands of Canadian dollars)

	December 31, 2023	March 31, 2023
	$	$
Financial Assets		
Cash	45,041	29,789
Accounts receivable (Note 4.6.4)	8,198	39,273
Total Financial Assets	**53,239**	**69,062**
Liabilities		
Accounts payable and accrued liabilities (Note 4.6.5)	41,732	61,403
Employee future benefits	136	207
Contractual holdbacks (Note 4.6.6)	8,723	10,110
Deferred revenue	317	320
Environmental obligations (Note 4.6.7)	156,590	143,645
Asset retirement obligations (Note 4.6.8)	6,951	6,795
Total Liabilities	**214,449**	**222,480**
Net Debt	**(161,210)**	**(153,418)**
Non-Financial Assets		
Tangible capital assets (Note 4.6.9)	655,358	671,379
Prepaid expenses	484	1,595
Contract advance	-	4,144
Total Non-Financial Assets	**655,842**	**677,118**
Accumulated Surplus (Note 4.6.10)	**494,632**	**523,700**

CONTINGENCIES (NOTE 4.6.11)

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

Approved by the Board of Directors

Director

Director

4.3 STATEMENT OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

(Unaudited – in thousands of Canadian dollars)

	Twelve Months Ended	Nine Months Ended			
	March 31, 2024	December 31, 2023		December 31, 2022 Restated (Note 4.6.3)	
	Budget	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	$	$	$	$	$
Revenue					
Leases and permits	600	158	487	166	484
Interest	400	999	3,057	562	1,278
Other sources	-	-	212	2	3,510
Total Revenue	**1,000**	**1,157**	**3,756**	**730**	**5,272**
Expenses (Note 4.6.13)					
Maintenance and deconstruction	188,112	37,132	114,918	26,265	142,978
Operations	7,595	982	3,036	1,135	3,179
Administration	22,717	4,252	14,052	3,984	12,728
Environmental obligations	289	23,598	15,815	(231)	(899)
Total Expenses	**218,713**	**65,964**	**147,821**	**31,153**	**157,986**
Deficit before Government of Canada funding	(217,713)	(64,807)	(144,065)	(30,423)	(152,714)
Portion of transfer payments for operating expenses (Note 4.6.14)	184,699	35,424	104,969	24,841	132,638
Portion of transfer payments for tangible capital assets (Note 4.6.14)	46,851	5,557	10,022	369	16,893
Transfer – Other (Note 4.6.12)	-	6	6	-	-
Annual Operating (Deficit) Surplus	**13,837**	**(23,820)**	**(29,068)**	**(5,213)**	**(3,183)**
Accumulated Operating Surplus, Beginning of the Year	**643,740**	**-**	**523,700**	**-**	**632,328**
Accumulated Operating Surplus, End of the Year	**657,577**	**-**	**494,632**	**-**	**629,145**

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

4.4 STATEMENT OF CHANGE IN NET DEBT FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

(Unaudited – in thousands of Canadian dollars)

	Twelve Months Ended	Nine Months Ended			
	March 31, 2024	December 31, 2023		December 31, 2022 Restated (Note 4.6.3)	
	Budget	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	$	$	$	$	$
Annual Operating (Deficit) Surplus	**13,837**	**(23,820)**	**(29,068)**	**(5,213)**	**(3,183)**
Acquisition of tangible capital assets (Note 4.6.9)	(46,851)	(5,557)	**(10,022)**	(5,214)	(16,893)
Amortization of tangible capital assets (Note 4.6.9)	34,633	8,596	**26,043**	14,137	21,110
Total Variation Due to Tangible Capital Assets	**(12,218)**	**3,039**	**16,021**	**8,923**	**4,217**
Addition of prepaid expenses	-	664	432	(1,557)	(1,982)
Use of prepaid expenses	-	(376)	679	1,498	1,975
Total Variation Due to Prepaid Expenses	-	**288**	**1,111**	**(59)**	**(7)**
Total Variation Due to Contract Advance	-	-	**4,144**	-	-
Decrease (increase) in net debt	1,619	(20,493)	(7,792)	3,651	1,027
Net Debt, Beginning of the Year	(33,438)	-	(153,418)	-	(40,939)
Net Debt, End of the Year	**(31,819)**	-	**(161,210)**	-	**(39,912)**

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

4.5 STATEMENT OF CASH FLOW FOR THE NINE MONTHS ENDED DECEMBER 31, 2023

(Unaudited – in thousands of Canadian dollars)

	Nine Months Ended			
	December 31, 2023		December 31, 2022 Restated (Note 4.6.3)	
	Actual Quarter	Actual Cumulative	Actual Quarter	Actual Cumulative
	$		$	
Operating Transactions				
Annual Operating (Deficit) Surplus	**(23,820)**	**(29,068)**	**(5,213)**	**(3,183)**
Non-Cash Items				
Amortization of tangible capital assets (Note 4.6.9)	8,596	26,043	5,902	21,110
Changes in environmental obligations	23,585	20,185	(3,550)	(2,386)
Changes in asset retirement obligations	53	156	40	120
Changes in Other Items				
Decrease (increase) in accounts receivable	(4,978)	31,075	7,368	11,757
Increase (decrease) in accounts payable and accrued liabilities	(36,873)	(19,671)	(57,310)	(38,071)
Decrease in employee future benefits	-	(71)	43	(159)
(Decrease) increase in contractual holdbacks	67	(1,387)	112	(80)
Decrease in deferred revenue	140	(3)	109	(24)
Decrease (increase) in prepaid expenses	288	1,111	237	(7)
Decrease in contract advance	-	4,144	-	-
Decrease (increase) in environmental obligations	(2,857)	(7,240)	2,155	1,487
Decrease in asset retirement obligations	-	-	(32)	(96)
Cash Flow Provided by Operating Transactions	**(35,799)**	**25,274**	**(50,139)**	**(9,532)**
Tangible Capital Asset Investment Activities				
Proceeds from disposal of tangible capital assets	-	-	-	-
Cash used to acquire tangible capital assets	(5,557)	(10,022)	(2,843)	(13,681)
Cash Flow used for Tangible Capital Asset Investment Activities	**(5,557)**	**(10,022)**	- -	-
(Decrease) Increase in Cash	(41,356)	15,252	(52,982)	(23,213)
Cash, Beginning of the Year	-	**29,789**	-	**60,561**
Cash, End of the Year	-	**45,041**	-	**37,348**

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

4.6 NOTES TO UNAUDITED INTERIM FINANCIAL STATEMENTS

4.6.1 AUTHORITY AND ACTIVITIES

The Jacques Cartier and Champlain Bridges Incorporated ("the Corporation") was incorporated on November 3, 1978, under the *Canada Business Corporations Act*, as a wholly owned subsidiary of the St. Lawrence Seaway Authority. As a Crown corporation, the Corporation is subject to Part X of the *Financial Administration Act (*FAA). On October 1, 1998, it became a wholly owned subsidiary of The Federal Bridge Corporation Limited (FBCL). On February 13, 2014, as authorized by an Order in Council by the Governor in Council dated February 10, 2014, FBCL transferred all its shares in The Jacques Cartier and Champlain Bridges Incorporated to the Minister of Transport on behalf of Her Majesty in right of Canada. Pursuant to a second Order in Council, the Governor in Council designated the President of the Privy Council as the appropriate Minister for the Corporation effective February 13, 2014. After this transfer, the Corporation became a parent Crown corporation listed under Part I, Schedule III of the FAA. On November 4, 2015, pursuant to a new Order in Council, the Governor in Council designated the Minister of Infrastructure, Communities and Intergovernmental Affairs as the appropriate Minister for the Corporation.

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

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

The Corporation is not subject to income tax legislation.

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

4.6.2 SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

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

Tangible capital assets, including the capitalized portion relating to the asset retirement obligation, are amortized based on the estimated useful life of the components, on a straight-line basis, over the following periods:

- Bridges, roads and promenades: between 2 and 48 years;
- Buildings: 40 years;
- Vehicles and equipment: between 5 and 15 years;
- Other:
    - Furniture: 10 years;
    - Leasehold improvements, the lesser of the useful life or the term of the lease;
    - Computer equipment: 3 years.

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

Revenue Recognition

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

Employee Future Benefits

PENSION PLAN

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

POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSENCES

Employees are entitled to days of sick leave and compensation for work injuries, as provided for under their conditions of employment. Employees of the Corporation are subject to the *Government Employees Compensation Act*. Annually, they are paid the unused portion of their days of sick leave. These annual payments are recognized directly in current costs for the fiscal year. Before December 9, 2016, unionized employees accumulated their unused days of sick leave, which were redeemable at the end of their employment with the Corporation. The Corporation has recorded a liability for employees with banked leave balances at that date who have elected to retain them until their departure. Moreover, the Corporation recognizes the cost of compensation for work injuries payable at the time the event obligating the Corporation occurs. The liability that these benefits represent is determined based on management's best assumptions in terms of salary increases, age of employees, years of service, the probability of employees leaving, and average life expectancy. These assumptions are reviewed annually. Post-employment benefits and compensated absences are recognized at present value.

Environmental Obligations

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

Asset Retirement Obligations

The Corporation recognizes asset retirement obligations in the period in which the related legal obligations are incurred, provided that all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up;
- A reasonable estimate of the amount can be made.

The present value of the obligation is recognized as a liability in the Statement of Financial Position, while the asset retirement costs increase the carrying value of the related tangible capital asset (or of a component thereof) and is amortized over the asset's estimated useful life.

An asset retirement obligation may arise for an asset that is not recognized or is no longer in productive use. In such a case, the asset retirement cost is expensed directly in the Statement of Operations.

The liability balance in the Statement of Financial Position represents the Corporation's best estimate for removing the retirement obligation.

The estimated cash flows required for the settlement of the asset retirement obligations include the costs directly attributable to the asset retirement activities and also include post-retirement operation, maintenance and monitoring that are an integral part of the retirement of the tangible capital asset. The estimated cash flows are based on studies that take into account various assumptions on the methods used and the timeline for the asset retirement.

The Corporation reviews the measurement of these obligations annually, based on the various assumptions and estimates inherent in the calculations, potential technological advances and developments in the applicable standards, laws and regulations.

If the criteria are not met, the Corporation then assesses whether the situation qualifies as a contingency and makes the appropriate recognition or disclosure.

Financial Instruments

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

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

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

Contingencies

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

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

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

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

The most significant estimates used in the preparation of these Interim Financial Statements relate, in particular, to the useful life of tangible capital assets, asset transfers, accrued liabilities and claims received from suppliers, the liability for employee future benefits, as well as contingencies.

Environmental liabilities and asset retirement obligations are also subject to measurement uncertainty, due to the constantly evolving technologies used in contaminated site remediation or asset retirement activities, the use of present value of estimated future costs, inflation, rising interest rates, and the fact that not all sites have been subject to a full assessment of the extent and nature of the remediation. Changes in underlying assumptions, timing of expenditures and technology used, revisions to environmental standards, or changes in regulations could result in material changes to the liabilities recognized.

Budget Data
Budgetary data included in the Interim Financial Statements were provided for comparison purposes and approved by the Board of Directors. The budgets for the accumulated operating surplus at the beginning of the year and the Net Debt at the beginning of the year presented in the Corporation’s Financial Statements are adjusted annually to reflect the actual results at the time the budget is prepared. They therefore differ from the amounts published for the previous year.

4.6.3 ADOPTION OF A NEW ACCOUNTING STANDARD

As at March 31, 2023, the Corporation adopted the new public sector “PS 3280 - Asset Retirement Obligations” accounting standard, which became effective on April 1, 2022. This standard applies to legal obligations, including those created by promissory estoppel and requires public sector entities to recognize legally mandated costs associated with the retirement of tangible capital assets upon acquisition, construction or development, and to expense these costs systematically over the service life of the asset.

The Corporation has adopted the modified retroactive application transitional approach and restated the Financial Statements as at December 31, 2022 for comparison purposes. On initial application of the standard, the Corporation recognized:

- A liability for any existing asset retirement obligations, restated for accumulated accretion to that date;
- An asset retirement cost capitalized as an increase to the carrying value of the related tangible capital assets;
- Accumulated amortization on that capitalized cost;
- An adjustment to the opening balance of the accumulated surplus.

For asset retirement obligations associated with assets that are no longer in productive use, the Corporation has recognized a liability and a corresponding adjustment to the opening accumulated surplus.

These amounts were measured using information, assumptions and discount rates in effect at the beginning of the fiscal year. The amount recognized as an asset retirement cost is measured at the date the asset retirement obligation is incurred. The accretion and accumulated amortization are measured for the period from the date the liability would have been recognized had the provisions of standard "PS 3280 - Asset Retirement Obligations" been in effect.

The following table shows the reconciliation of the restatement of the comparative data for significant Interim Financial Statements items:

Actual Quarter *(In thousands of Canadian dollars)*	**December 31, 2022** **As Published** **$**	**December 31, 2022** **Impact of the Accounting Change** **$**	**December 31, 2022** **As Restated** **$**
Statement of Operations			
Maintenance and deconstruction	26,257	8	26,265
Total expenses	31,145	8	31,153
Deficit before Government of Canada funding	(30,415)	(8)	(30,423)
Annual operating deficit	(5,205)	(8)	(5,213)
Statement of Change in Net Debt			
Annual operating deficit	(5,205)	(8)	(5,213)
Decrease (Increase) in net debt	3,659	(8)	3,651
Statement of Cash Flow			
Annual operating surplus	(5,205)	(8)	(5,213)
Changes in asset retirement obligations	-	40	40
Decrease in asset retirement obligations	-	(32)	(32)

Actual Cumulative *(In thousands of Canadian dollars)*	**December 31, 2022** **As Published** **$**	**December 31, 2022** **Impact of the Accounting Change** **$**	**December 31, 2022** **As Restated** **$**
Statement of Operations			
Maintenance and deconstruction	142,954	24	142,978
Total expenses	157,962	24	157,986
Deficit before Government of Canada funding	(152,690)	(24)	(152,714)
Annual operating deficit	(3,159)	(24)	(3,183)
Accumulated operating surplus, beginning of the year	639,161	(6,833)	632,328
Accumulated operating surplus, end of the year	636,002	(6,857)	629,145
Statement of Change in Net Debt			
Annual operating deficit	(3,159)	(24)	(3,183)
Decrease in net debt	1,051	(24)	1,027
Net debt, beginning of the year	(34,106)	(6,833)	(40,939)
Net debt, end of the year	(33,055)	(6,857)	(39,912)
Statement of Cash Flow			
Annual operating deficit	(3,159)	(24)	(3,183)
Changes in asset retirement obligations	-	120	120
Decrease in asset retirement obligations	-	(96)	(96)
Note 4.6.13 Expenses by Type			
Regular and major maintenance	40,383	(96)	40,287
Asset retirement obligations	-	120	120
Total expenses	157,962	24	157,986

4.6.4 ACCOUNTS RECEIVABLE

The Corporation's accounts receivable consist of the following:

(In thousands of Canadian dollars)	December 31, 2023 $	March 31, 2023 $
Due from the Government of Canada	4,988	36,171
Taxes receivable	2,136	2,212
Re-invoicing of work to business partners	949	702
Other accounts receivable	125	188
Total Accounts Receivable	**8,198**	**39,273**

4.6.5 ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

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

(In thousands of Canadian dollars)	December 31, 2023 $	March 31, 2023 $
Suppliers and accrued liabilities	39,677	59,328
Salaries and employee benefits	2,055	2,075
Total Accounts Payable and Accrued Liabilities	**41,732**	**61,403**

4.6.6 CONTRACTUAL HOLDBACKS

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

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

4.6.7 ENVIRONMENTAL OBLIGATIONS

The Corporation conducts an inventory of all the lands under its management in order to classify their environmental condition and prioritize any required interventions. The Corporation's portfolio comprises a number of lands with soil contamination that exceeds the acceptable criteria. The lands concerned are located under the Jacques Cartier Bridge, on the site of the original Champlain Bridge and along the Bonaventure Expressway.

The Corporation has identified a total of 19 sites (19 as at March 31, 2023) that may be contaminated and require assessment, remediation, or a risk management strategy and monitoring. Among these 19 sites, 11 were assessed (11 as at March 31, 2023) and for four (4) of them, remediation measures or risk management strategies are in place or planned, for which a liability of $156.6M ($143.6M as at March 31, 2023) was recognized. Remediation has not been completed at any sites during the period (no sites completed as at March 31, 2023). Assessments are underway for the remaining eight (8) sites.

With regards to the 15 sites that have not been the subject of risk management strategies or remediation measures (15 as at March 31, 2023), 13 are in various stages of testing and assessment. Should remediation or a risk management strategy be required, the Corporation plans to give up future economic benefits to that effect and a liability will be recognized as soon as a reasonable estimate can be determined. With respect to the other two (2) sites, the Corporation does not plan to forego future economic benefits due to the likely absence of environmental impacts or significant threat to human health.

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

- The discount rates are determined based on the actual zero-coupon yield curve for Government of Canada bond market issued by the Bank of Canada. The discount rate ranges from 2.99% to 4.74% (as at March 31, 2023 – 2.84% to 4.50%);
- The inflation rate of 3.74% (as at March 31, 2023 – 3.8%) is based on the Non-Residential Building Construction Price Index.

(In thousands of Canadian dollars)	**December 31, 2023** **$**		**March 31, 2023** **$**	
Sectors	**Undiscounted Liability to which the Inflation Rate was Applied**	**Discounted Liability to which the Inflation Rate was Applied**	**Undiscounted Liability to which the Inflation Rate was Applied**	**Discounted Liability to which the Inflation Rate was Applied**
Bonaventure Expressway: East Sector (1)	21,251	**16,413**	21,392	**16,685**
Bonaventure Expressway: West Sector (1)	8,308	**6,561**	8,300	**6,624**
Bonaventure Expressway – Reconfiguration (2)	156,012	**132,390**	140,786	**119,111**
Bonaventure Expressway – Île des Sœurs Sector (3)	445	**420**	443	**419**
Original Champlain Bridge (4)	806	**806**	806	**806**
Total	186,822	**156,590**	171,727	**143,645**

(1) East and West Sectors of the Bonaventure Expressway

As at December 31, 2023, the priority environmental issue for the Corporation remains that of the lands located in the Bonaventure Expressway sector. These lands, which have been managed by the Corporation since 1978, are located on a portion of and close to a former landfill site operated by the City of Montreal between 1866 and 1966. This former landfill site covers several tracts of land belonging to different owners. Since 2003, the Corporation has conducted studies and toxicity tests on the groundwater in this location. The tests revealed that the groundwater is contaminated beyond acceptable criteria. Given the complexity of the issue, the involvement of numerous owners and the significant costs involved, the federal government has focused on integrated solutions to the environmental issues at this site. This site can be divided into two (2) sectors: the East Sector and the West Sector.

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

The obligations of the East and West Sectors represent management's best estimate of the expected expenses for the containment, treatment and pumping operations and are based on the costs of the contracts already awarded. The duration of the operations included in the obligations related to the East and West Sectors is estimated at 15 years. The duration of the operations will extend beyond this period, but it is impossible, at this time, to determine the costs beyond 15 years. There is no residual value to the projects.

(2) Bonaventure Expressway – Reconfiguration (forming part of the East and West Sectors)
The Corporation plans to reconfigure the Bonaventure Expressway into a boulevard. As this section of the expressway is located in a highly contaminated zone, the project includes a major environmental component. Different environmental intervention strategies will be deployed based on the various issues relating to the sector.

For the East Sector, such strategies include groundwater management, protection of free-phase hydrocarbon (FPH) containment structures, containment and treatment of groundwater in the section located west of the Clément Bridge, bank stabilization, management of waste materials generated by the work and water management during the execution of the work. The obligation represents management's best estimate of the costs expected to be incurred for this work over the life of the project as well as for the operation of the operating system over the long term, whose duration is currently estimated at 15 years. However, the duration of the system's operation will extend beyond this period, but it is impossible, at this time, to determine the costs beyond 15 years. There is no residual value to the project. This estimate is based on expert reports and information available at the date of the Interim Financial Statements.

The strategy for the West Sector also covers contaminated soil management, as well as groundwater management in order to optimize the environmental solution in this sector. The obligation represents management's best estimate of the costs expected to be incurred for this work over the life of the project.

(3) Bonaventure Expressway – Île des Sœurs Sector
This project consists in the rehabilitation of the Clément Bridge, the roadways and the viaducts in the Île des Sœurs Sector in order to extend the service life of the infrastructures. The environmental management strategy for this project consists mainly in disposing of the contaminated soils excavated for the rehabilitation work at authorized disposal sites according to current standards. The obligation represents management's best estimate of the costs required to dispose of these soils.

(4) Lands on the Site of the Original Champlain Bridge
The Corporation assessed the environmental condition of the lands located on the site of the original Champlain Bridge based on the results of characterizations carried out on adjacent lands. Said characterizations confirmed the presence of soils contaminated with metals, polycyclic aromatic hydrocarbons (PAHs) and petroleum hydrocarbons (PHCs) beyond acceptable criteria. The contamination results from backfill soils from unknown sources. The obligation represents management's best estimate of the expected costs of managing the soils excavated under the bridge and is based on the information available at the date of the Interim Financial Statements. The management of the excavated soils under the bridge was planned as part of the deconstruction work.

4.6.8 ASSET RETIREMENT OBLIGATIONS

The Corporation has recognized asset retirement obligations related to the removal of asbestos from one of its buildings, and other obligations related to the restoration of lands it occupies.

As the capital assets are no longer in use, they have been removed from the Corporation's books as at March 31, 2022, together with the capitalizable portion of the retirement obligation.

The changes in asset retirement obligations during the quarter are detailed as follows:

(In thousands of Canadian dollars)	December 31, 2023 $			March 31, 2023 $		
	Asbestos	Restoration Obligation	Total	Asbestos	Restoration Obligation	Total – Restated (Note 4.6.3)
Opening Balance	45	6,750	**6,795**	45	6,788	**6,833**
New liabilities	-	-	-	-	-	-
Settled liabilities	-	-	-	-	(126)	**(126)**
Revision of estimates	-	-	-	(1)	(70)	**(71)**
Accretion expense (1)	-	156	**156**	1	158	**159**
Closing Balance	45	6,906	**6,951**	45	6,750	**6,795**

(1) The accretion expense is the increase in the carrying value of an asset retirement obligation due to the passage of time.

Future undiscounted inflation-restated expenditures related to projects and included in the liabilities amount to $7,112K (as at March 31, 2023 – $7,112K). There are no estimated recoveries, nor are there any financial assurance or funding in respect of the asset retirement obligations.

The main assumptions used to determine the amount of the provision are the following:

Rate or Range	December 31, 2023		March 31, 2023	
	Asbestos	Restoration Obligation	Asbestos	Restoration Obligation
Discount rate	3.05%	3.15% to 3.28%	3.05%	3.15% to 3.28%
Expenditure discount period	1 year	0 to 1 year	2 years	1 to 2 years
Estimated duration of the expenditure settlement	1 year	0 to 1 year	2 years	1 to 2 years

4.6.9 TANGIBLE CAPITAL ASSETS

(In thousands of Canadians dollars)	Lands $	Bridges, Roads and Promenades $	Buildings $	Vehicles and Equipment $	Other $	Projects in Progress $	Total $
COST							
April 1, 2022	5,250	829,462	30,638	4,532	3,448	21,192	894,522
Acquisitions	-	29,750	373	1,974	492	9,087	41,676
Disposals	-	-	-	(47)	-	-	(47)
Asset retirement	-	(142)	-	-	-	-	(142)
Transfers	-	13,150	-	149	6,065	(19,364)	-
March 31, 2023	**5,250**	**872,220**	**31,011**	**6,608**	**10,005**	**10,915**	**936,009**
Acquisitions	-	3,453	(81)	-	8	6,642	10,022
Disposals	-	-	-	-	-	-	-
Asset retirement	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
December 31, 2023	**5,250**	**875,673**	**30,930**	**6,608**	**10,013**	**17,557**	**946,031**
ACCUMULATED AMORTIZATION							
April 1, 2022	-	227,051	1,345	1,752	2,565	-	232,713
Amortization	-	28,691	749	417	2,249	-	32,106
Asset retirement	-	(142)	-	-	-	-	(142)
Disposals	-	-	-	(47)	-	-	(47)
March 31, 2023	**-**	**255,600**	**2,094**	**2,122**	**4,814**	**-**	**264,630**
Amortization	-	23,161	584	407	1,891	-	26,043
Asset retirement	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
December 31, 2023	**-**	**278,761**	**2,678**	**2,529**	**6,705**	**-**	**290,673**
NET CARRYING VALUE							
March 31, 2023	**5,250**	**616,620**	**28,917**	**4,486**	**5,191**	**10,915**	**671,379**
December 31, 2023	**5,250**	**596,912**	**28,252**	**4,079**	**3,308**	**17,557**	**655,358**

4.6.10 SHARE CAPITAL

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

4.6.11 CONTINGENCIES

Legal Proceedings and Claims

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

As at December 31, 2023, there is a contingent asset that is the subject of a legal action initiated by the Corporation against a contractor and certain consultants, for which the estimated amount cannot be determined. No contingent asset is recognized in the Interim Financial Statements.

Other Contingencies

a) The Corporation has signed agreements to install, maintain and use cables or conduits on lands it does not own. In the event of the termination of these agreements, the Corporation will have to remove its facilities, at its own expense. As at December 31, 2023, neither the owners of the lands nor the Corporation has indicated an intention to terminate the agreements. Therefore, no contingent liability related to these capital assets has been recognized.

b) The Corporation holds a structure erected on lands whose owner has transferred the management and administration to the Government of Canada. The owner of the lands could reclaim them in the event of a change of use, without any compensation for the structure built, provided that it is in a condition satisfactory to the owner. The Corporation currently has no intention of changing the current use of these lands. Therefore, no liability has been recognized for this capital asset.

c) The Corporation holds other structures also erected on lands whose owner has transferred the administration to the Government of Canada. In the event that any of these lands are no longer required or cease to be used for the purposes for which the transfer of administration was granted, such land shall revert to the owner, who will advise if the structures, constructions or improvements built thereon are required. The land shall have been restored to good condition to the satisfaction of the owner and in accordance with the agreed environmental requirements, all without compensation. An asset retirement obligation has been recognized for the restoration of the water lot in the channel on which the Île des Sœurs Bypass Bridge is constructed (Note 4.6.8). For the other lands, there is uncertainty as to when restoration may take place. The Corporation is therefore not in a position to estimate the restoration costs. No liability relating to the retirement of these capital assets has thus been recognized.

4.6.12 RELATED PARTY TRANSACTIONS

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

During the fiscal year, the Corporation recognized revenue under "Transfer – Other" for technical support services on infrastructures in the province of Quebec under an agreement with Infrastructure Canada. Amounts receivable are included under "Due from the Government of Canada" in Note 4.6.4. There is no contingent liability related to this agreement.

4.6.13 EXPENSES BY TYPE

(In thousands of Canadian dollars)	December 31, 2023 $	December 31, 2022 Restated (Note 4.6.3) $
Regular and major maintenance (1)	40,245	40,287
Deconstruction – original Champlain Bridge	29,406	59,469
Environmental obligations	15,815	1,706
Asset retirement obligations (1)	156	120
Amortization of tangible capital assets (1)	26,043	21,110
Salaries and employee benefits	17,927	17,702
Professional services	12,166	12,341
Goods and services	6,063	5,251
Total Expenses (1)	**147,821**	**157,986**

(1) Restated following the application of the new public sector "PS 3280 – Asset Retirement Obligations" accounting standard. Please see Note 4.6.3.

4.6.14 PARLIAMENTARY APPROPRIATIONS

(In thousands of Canadian dollars)	December 31, 2023 $	December 31, 2022 $
Parliamentary appropriations requested	155,722	126,838
Use of the working capital	(36 000)	30,000
Long-term contractual holdbacks	(4,731)	(7,307)
Total Parliamentary Appropriations Recognized as Revenue	114,991	**149,531**
Distribution		
Portion of transfer payments for operating expenses	104,969	132,638
Portion of transfer payments for tangible capital assets	10,022	16,893
Total Parliamentary Appropriations Recognized as Revenue	114,991	**149,531**

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