DEBT MANAGEMENT REPORT

2005–2006

CANADA'S NEW GOVERNMENT

Canada

Debt Management Report

2005–2006

Department of Finance Canada   Ministère des Finances Canada

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Foreword by the Minister of Finance

I am pleased to table in Parliament the Government of Canada's *Debt Management Report* for fiscal year 2005–06. The report provides a full and transparent account of how Canada's debt is managed.

Canada has made great inroads in reducing its federal debt, wiping over $80 billion from its books and reducing the debt burden to its lowest level in a quarter of a century. This is a significant investment in the financial security of our children and grandchildren.

At the same time, the Government has set aside the resources needed to pursue such national priorities as cracking down on crime, offering more choice in child care, reducing taxes and taking the necessary steps to restore fiscal balance to our country.

This year and going forward, the Government plans to achieve annual debt reduction of $3 billion, while reducing growth in program spending to a more sustainable rate. Thanks to this approach, we will be able to reach our debt-to-GDP (gross domestic product) goal of 25 per cent by 2013–14. This reduced debt burden will offer Canada new opportunities to pursue such goals as an improved quality of life, a cleaner environment and a stronger economic union.

The Government's improved financial status has provided challenges for debt management, most notably maintaining a well-functioning government securities market, while adjusting the structure of the debt to reduce its cost for taxpayers. This year's *Debt Management Report* highlights recent debt management initiatives, including:

- Continuing to lower debt costs by reducing the fixed-rate component of the debt toward 60 per cent from two-thirds by 2007–08.
- Maintaining the liquidity of new Government of Canada bond issues through continued buybacks of outstanding debt and making some new issues fungible with existing bond issues.
- Adjusting the operational framework for auctions to promote dealer and investor participation.
- Assessing the merits of consolidating the borrowing activity of major government-backed entities with those of the federal government.

By remaining true to its commitments and the core values of Canadians, our government will ensure the country's economy remains secure and prosperous today and for future generations.

The Honourable James M. Flaherty, P.C., M.P.
Minister of Finance

Ottawa, November 2006

Purpose of This Publication

This edition of the *Debt Management Report* provides a detailed account of the Government of Canada's borrowing and cash operations for fiscal year April 1, 2005 to March 31, 2006.

It provides a comprehensive report on the environment in which the debt is managed, the composition and changes in the debt during the year, and the implementation of planned borrowing operations and initiatives set out in the 2005–06 *Debt Management Strategy*, published in March 2005. Reference tables containing statistics on the operation of debt programs are provided at the end of the report.

The information contained in this report is designed for a range of interested parties and to ensure transparency and accountability in Government of Canada borrowing and cash management activities. Information on the management of the foreign reserves is provided in a separate report, the *Report on the Management of Canada's Official International Reserves*. The *Debt Management Strategy*, the *Debt Management Report* and the *Report on the Management of Canada's Official International Reserves* are tabled annually in Parliament and are available on the Department of Finance website at www.fin.gc.ca.

Federal Debt Management

Management of the federal debt involves two major activities: actively managing the portion of the debt that is borrowed in financial markets; and investing part of the proceeds of borrowing in liquid assets until needed for operations. As of March 31, 2006, the market debt was $427.3 billion, composed of marketable bonds, treasury bills, retail debt, foreign currency debt and Canada Pension Plan (CPP) bonds. The Government held $21.1 billion of domestic cash balances.

	(C$ billions)
Market Debt	
Payable in Canadian currency	
Marketable bonds (fixed-rate bonds with 2-, 5-, 10- and 30-year maturities and Real Return Bonds with 30-year maturities)	261.1
Treasury bills and CMBs (zero-coupon securities with 1-day to 12-month maturities)	131.6
Retail debt (Canada Savings Bonds and Canada Premium Bonds)	17.3
CPP bonds	3.1
Payable in foreign currency	
Marketable bonds and foreign currency notes (fixed-rate bonds, Canada notes and Euro Medium-Term Notes)	9.4
Canada bills (zero-coupon securities with 1- to 9-month maturities)	4.7
Total market debt	427.3
Liquid Financial Assets	
Short-term deposits with financial institutions	18.0

Source: *Public Accounts of Canada*.

This document is structured as follows:

- The introduction provides highlights of the debt program for 2005–06, as well as information related to governance and the debt strategy framework.
- Part I describes the fiscal environment in which the debt is managed and the composition of market debt.
- Part II reports on the implementation of borrowing program initiatives against the 2005–06 debt strategy by major theme: cost and risk of the debt structure; liquidity in the Government of Canada securities market; review of borrowing framework policies; and participation at government securities auctions.
- Part III provides measures of outcomes during 2005–06 of domestic program operations and auction participation; indicators of secondary market activity; and indicators of foreign reserves funding.[1]
- Annex 1 explains the composition of the federal debt, Annex 2 lists treasury evaluations performed since 1992, Annex 3 contains a glossary of debt management terms and Annex 4 contains contact information.
- Reference tables provide historical information on debt-related activities.

[1] *The Report on the Management of Canada's Official International Reserves*, available at www.fin.gc.ca/toce/2006/oir06_e.html, provides further information on the performance of the reserves portfolio.

Introduction

Highlights

Continued Decline in Federal Indebtedness

In 2005–06, the level of federal indebtedness continued to decline. On a full accrual basis, the federal debt was reduced by $13.2 billion to $481.5 billion, down $81.4 billion from its peak in 1996–97. With a budgetary surplus of $13.2 billion and a net requirement from non-budgetary transactions of $6.4 billion, there was a financial source of $6.8 billion in 2005–06. With this financial source, $6.3 billion of unmatured debt was retired and cash balances were increased by $0.5 billion.

Debt-servicing charges were down $0.3 billion to $33.8 billion from fiscal year 2004–05, reflecting the impact of a decline of $6.2 billion in the stock of interest-bearing debt. Gross public debt charges as a percentage of interest-bearing debt was unchanged from last year's rate of 5.6 per cent. Debt-servicing charges were down $15.6 billion from fiscal year 1996–97 (for more information, see the 2005–06 *Annual Financial Report of the Government of Canada* at www.fin.gc.ca/purl/afr-e.html).

Adjusting the Structure of the Market Debt

Adjustments in the level of treasury bill and net bond issuance continued the process begun in 2003–04 of reducing the fixed-rate share of the debt from two-thirds to a target of 60 per cent by 2007–08. The fixed-rate share fell from 63.1 per cent to 62.5 per cent over the course of the year. The stock of treasury bills and cash management bills increased by $4.4 billion to $131.6 billion, while the stock of nominal bonds declined by $6.9 billion to $237.3 billion in 2005–06.

Maintaining a Liquid Government Securities Market

The main challenge in managing the federal debt in recent years has been to support the maintenance of a liquid, well-functioning government securities market as a source of stable low-cost funding in the face of declining borrowing requirements. To this end, debt operations during the 2005–06 fiscal year continued to focus on maintaining the liquidity of new issues through continued buybacks of outstanding debt and adjusting the new 2-year issuance to take advantage of fungibility (i.e. the ability to combine different bonds that share the same maturity date) with existing bond issues.

In November 2005, officials from the Department of Finance and the Bank of Canada consulted with interested parties on issues relating to the design and operation of the Government of Canada's debt programs for fiscal year 2006–07 and beyond. The consultations supported the initiative to maintain liquidity through fungibility for 2006–07 by forgoing one 5-year auction that is fungible with a previous 10-year benchmark, as announced in the 2006–07 *Debt Management Strategy* (for more information, see *Debt Strategy Consultations 2006/07* at www.bankofcanada.ca/en/notices_fmd/2005/not281005.html and the 2006–07 *Debt Management Strategy* at www.fin.gc.ca/toce/2006/dms06e.html).

Operational Initiatives

Operational changes made in 2005–06 to encourage participation and promote liquid and efficient markets included: advancing the timing of bond auctions from 12:30 p.m. to 12:00 p.m.; advancing the timing of cash bond buybacks from 1:00 p.m. to 12:20 p.m.; and reducing the turnaround time in which auction and buyback results are made public.

An evaluation of the debt distribution framework for Government of Canada securities was completed during the year. Changes to the framework for auctions, which included adjustments in auction access for dealers and customers and changes to minimum bidding obligations of dealers, were announced on the Bank of Canada's website in August 2005 (for more information, see www.bank-banque-canada.ca/en/notices_fmd/2005/not080805.html).

Review of the Crown Borrowing Framework

An external evaluation of the borrowing framework used by major federal government-backed entities[2] was completed by an external evaluator in June 2005. It was observed that consolidation of Crown borrowing activity with the federal borrowing program could support the liquidity of the Government of Canada securities market and result in a reduction in aggregated borrowing costs. It was also noted that a range of issues required further analysis to assess the merits of such an initiative. Follow-up analysis was undertaken in consultation with the Crown corporations. This process was ongoing at the time this report was prepared.

[2] These entities comprise six "Borrowers": four Crown corporations (the Business Development Bank of Canada, Canada Mortgage and Housing Corporation, Export Development Canada and Farm Credit Canada) and two non-Crown corporations (the Canada Housing Trust and the Canadian Wheat Board). While each Borrower issues debt in its own name, all of their debt issues are backed by the full faith and credit of the Government.

Debt Strategy Framework

Governance

Part IV of the Financial Administration Act empowers the Minister of Finance to issue securities and to do any other thing related to the borrowing of money that the Minister considers appropriate. Section 49 of the act requires the Minister to table in the House of Commons, within 45 sitting days after the tabling of the *Public Accounts of Canada*, a report on the activities of the Minister in relation to the management of the public debt. This report is intended to fulfill this obligation and to support public transparency and accountability.

Responsibility for strategic planning and the operational management of the market debt and liquid assets, including the foreign exchange reserves, all of which is termed "funds management," is jointly borne by officials at the Department of Finance and the Bank of Canada. The Bank of Canada acts as fiscal agent for the Minister of Finance in issuing debt, investing funds and conducting other market operations (see www.fin.gc.ca/treas/Goveev/TMGF_1e.html).

The oversight of activity is carried out through a Funds Management Committee (FMC), which comprises senior management from the Department of Finance and the Bank of Canada. The FMC advises the Minister of Finance on policy and strategy, oversees the implementation of approved policy and plans, and reviews performance outcomes.

The FMC is supported by a Risk Committee (RC), whose mandate is to oversee and advise on the risk management policy and to report to the FMC on financial risk positions. The Financial Risk Office at the Bank of Canada provides analytical support to the RC in this role and is responsible for monitoring and regularly reporting on the financial performance and position of certain financial assets and foreign-currency-denominated derivatives, including market, credit, operational, liquidity and legal risks.

In order to inform future decision making and to support transparency and accountability, different aspects of the Government of Canada's treasury activities are reviewed periodically under the Department of Finance's treasury evaluation program. The program's purpose is to assess the frameworks and processes used in the management of wholesale and retail market debt, cash and reserves as well as the treasury activities of other entities under the authority of the Minister of Finance (see the section "Program Reviews and Evaluations" and Annex 2).

Objectives and Principles

The federal debt strategy covers the management of federal market debt and operational activities related to it, including the management of cash balances and the funding of the foreign exchange reserves.

Debt and cash management are conducted in view of objectives and principles. All funds management activities are conducted in view of overarching principles.

Objectives

The fundamental objective of debt and cash management is to raise stable and low-cost funding to meet the operational needs of the Government of Canada.

An associated objective is to maintain a well-functioning market in Government of Canada securities, which helps to keep debt costs low and is of benefit to domestic market participants.

Principles

Transparency, Regularity and Liquidity

The design and implementation of the debt program should emphasize transparency, regularity and liquidity to support a well-functioning government securities market. The Government should consult regularly with market participants to ensure the integrity and attractiveness of the market for dealers and investors.

Prudence

Prudence should be pursued by managing the structure of the debt, by raising funds for operational needs using a variety of instruments denominated in the currency of need, and by managing exposure to credit risk through diversification.

Overarching Funds Management Principles

- Risk management: debt and asset management activities should be conducted in line with clear operational and risk guidelines, and risk monitoring and oversight should be independent of treasury management operations.
- Efficiency and effectiveness: policy and operational standards should take into account, to the extent possible, the leading practices of other comparable sovereigns. Regular evaluations should be conducted to ensure the efficiency and effectiveness of the governance framework, policy initiatives and operations.
- Reporting: Information on funds management plans, activities and outcomes should be made publicly available in a timely manner so as to facilitate understanding and accountability to Canadians and domestic market participants.

Part I: 2005–2006 Debt Management Context

Since the annual debt-servicing cost is the largest single budgetary expense, effective management of the federal debt is important to all Canadians. This section provides an overview of the context within which 2005–06 debt management decisions were taken.

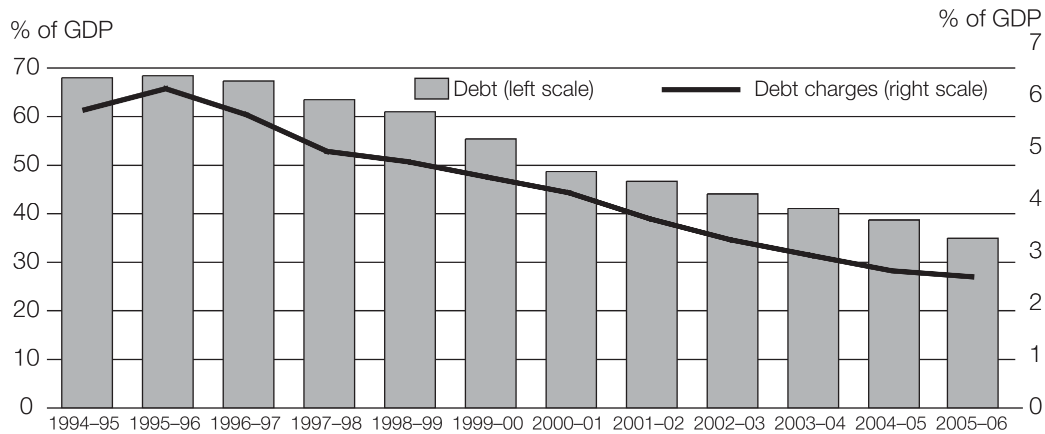
The Budgetary Context

Budgetary Outcome and Public Debt Costs

A budgetary surplus of $13.2 billion was recorded in 2005–06, the ninth consecutive surplus. The federal debt has been reduced by $81.4 billion since its peak in 1996–97. The federal debt-to-GDP (gross domestic product) ratio has fallen 33.3 percentage points from its peak of 68.4 per cent in 1995–96 to 35.1 per cent in 2005–06 (see Chart 1), its lowest level since 1981–82. As announced in the 2006 budget, a debt-to-GDP ratio of 25 per cent is to be achieved by 2013–14.

In 2005–06, 15.2 cents of every dollar of revenue was spent to pay interest on the public debt, down from a peak of almost 38 cents in 1990–91. Public debt charges as a percentage of GDP declined to 2.5 per cent in 2005–06 from 2.6 per cent in 2004–05 (see Chart 1). In 2005–06, gross public debt charges as a percentage of interest-bearing debt was unchanged from last year's rate of 5.6 per cent (for detailed information, see the 2005–06 *Annual Financial Report of the Government of Canada* at www.fin.gc.ca/purl/afr-e.html).

Chart 1
Federal Debt–to–GDP Ratio



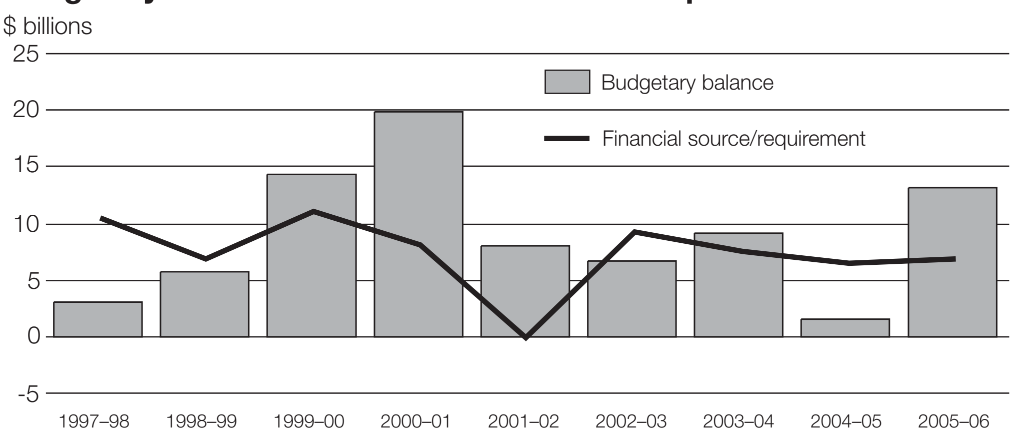
Source: Department of Finance.

Financial Source/Requirement

The key budgetary reference point for debt management is the financial source/requirement. While the budgetary balance is presented on a full accrual basis, recognizing revenues and expenses when they are incurred, the financial source/requirement reflects current- and prior-year budgetary items, as well as the cash requirements for non-budgetary transactions. As such, the financial source/requirement drives the changes in the market debt and in the level of financial assets.

In 2005–06, the budgetary surplus of $13.2 billion and a net requirement of funds from non-budgetary transactions of $6.4 billion produced a financial source of $6.8 billion (see Chart 2). This compares to a financial source of $6.6 billion in 2004–05, $7.6 billion in 2003–04 and $9.4 billion in 2002–03. The financial source contributed to a $6.3-billion reduction in unmatured debt and a $0.5-billion increase in cash balances at year-end.

Chart 2
Budgetary Balance and Financial Source/Requirement



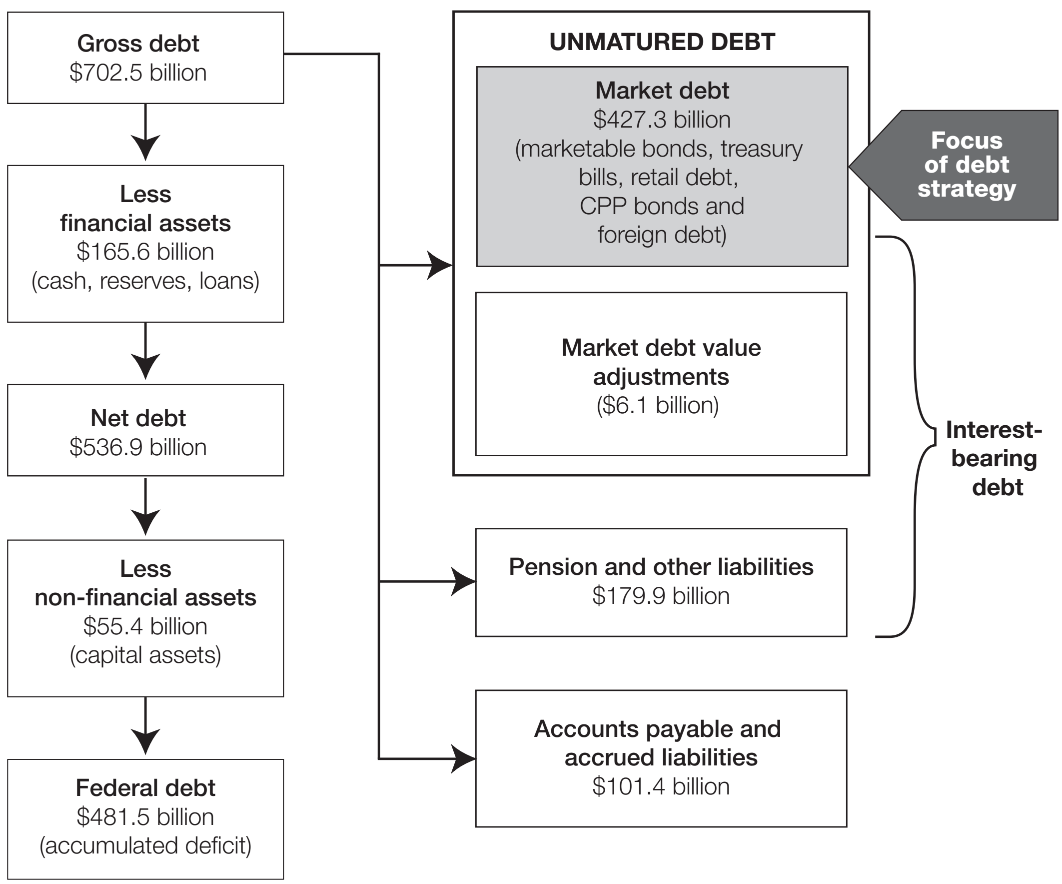
Sources: *Public Accounts of Canada* and Statistics Canada.

Composition of the Federal Debt

The federal debt consists of the total liabilities of the Government of Canada (gross debt) minus financial and non-financial assets. For accounting purposes, gross debt is decomposed into: market debt, which is issued and outstanding in financial markets; value adjustments to market debt (for the foreign exchange value of swap liabilities and the net of unamortized premiums and discounts of new issues and buybacks); capital leases; and other liabilities. Other liabilities comprise liabilities held outside capital markets and include obligations to public sector pension plans as well as accounts payable and accrued liabilities and allowances.

The following diagram illustrates the relationships between the components of the federal debt, based on the 2005–06 fiscal year. See Annex 1 for a more detailed description of the composition of the federal debt.

Federal Debt as at March 31, 2006



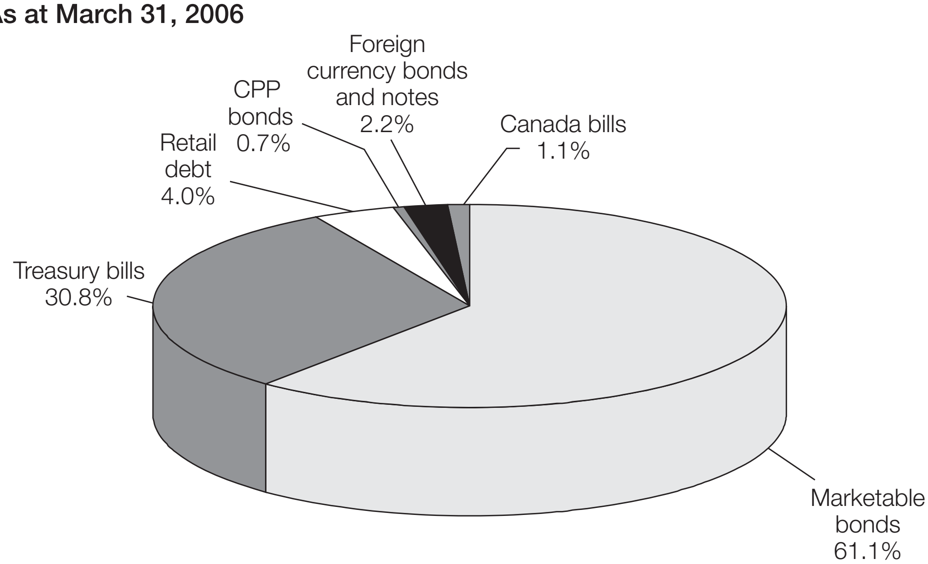
Source: *Public Accounts of Canada.*

Of note, the presentation of unmatured debt in the *Public Accounts of Canada* has been rearranged for 2005–06. Unamortized premiums, discounts, and commissions have been reclassified from the “interest and matured debt” line of the financial statements to “unmatured debt” in the Statement of Financial Position. The cross-currency swap revaluation account has also been shifted from “accounts payable and accrued liabilities” to “unmatured debt” in the Statement of Financial Position. These changes were made so that all amounts pertaining to the current value of unmatured debt are grouped under the same section in the financial statements.

There are two types of market debt: domestic debt, which is denominated in Canadian dollars, and foreign currency debt (see Chart 3). Funding in Canadian dollars is done through wholesale and retail channels. Wholesale funding is conducted through issuance of marketable securities, which include nominal bonds, Real Return Bonds, treasury bills and cash management bills. These securities are sold via auctions to Government of Canada securities distributors and end-investors (details on the framework for government securities distributors and primary dealers can be found at www.bankofcanada.ca/en/auct.html). Retail funding is raised through sales of Canada Savings Bonds and Canada Premium Bonds to individuals who are Canadian residents (see www.csb.gc.ca for more information about the retail debt program).

See www.fin.gc.ca/invest/instru-e.html for a detailed description of the Government of Canada’s market debt instruments.

Chart 3
Market Debt
As at March 31, 2006

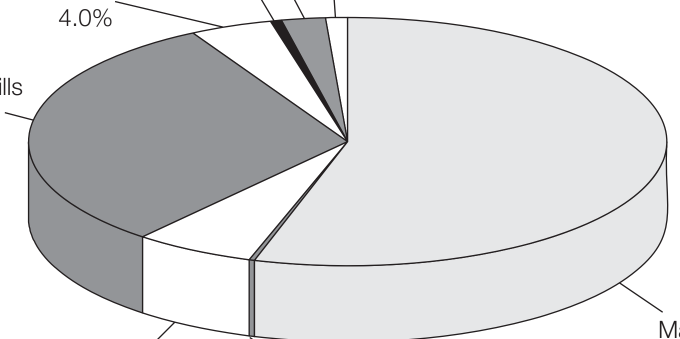


Sources: *Public Accounts of Canada* and *Annual Financial Report of the Government of Canada*.

Funds raised in Canadian dollars are used primarily to meet operational requirements. A portion of Canadian-dollar wholesale debt is swapped to foreign currencies to fund the Government's foreign exchange reserves. Chart 4 shows the composition of market liabilities taking these swaps into account.

Table 1 shows the change in the composition of federal market debt as at March 31, 2006, by domestic and foreign debt programs. Total domestic debt fell by $2.3 billion while foreign currency debt declined by $2.2 billion. Further details on the changes in programs and indicators of debt management operations and activities can be found in Part III.

Chart 4
Market Liabilities, Including the Effect of Swaps,
As at March 31, 2006



Note: As at March 31, 2006, the total amount of interest rate ($1.4 billion) and cross-currency ($26.2 billion) swaps outstanding stood at $27.6 billion. Cross-currency swaps are valued on a nominal basis and used to convert C$-denominated government debt into foreign currency obligations for the purpose of funding the foreign reserves portfolio.

Sources: *Public Accounts of Canada* and *Annual Financial Report of the Government of Canada*.

Table 1
Change in the Composition of Federal Market Debt

	April 1, 2005[1] Outstanding	March 31, 2006 Outstanding	Change
		($ billions)	
Domestic debt	415.5	413.2	-2.3
Foreign currency debt[2]	16.3	14.1	-2.2
Total market debt	431.8	427.3	-4.5

[1] The comparative figures have been restated to reflect the current year's presentation.

[2] Liabilities are stated at par value using March 31, 2006, closing exchange rates.

Source: *Public Accounts of Canada.*

Part II: Report on the 2005–2006 Debt Strategy

The 2005–06 *Debt Management Strategy*, published in March 2005, set out an action plan for the management of the debt and cash balances (for more information, see www.fin.gc.ca/toce/2005/dms05e.html). A summary of the plan and actions taken is provided at the end of this part of the report. This section reports in more detail on actions taken, organized around two key debt strategy objectives: raising stable, low-cost funding and maintaining a well-functioning government securities market.

Raising Stable, Low-Cost Funding

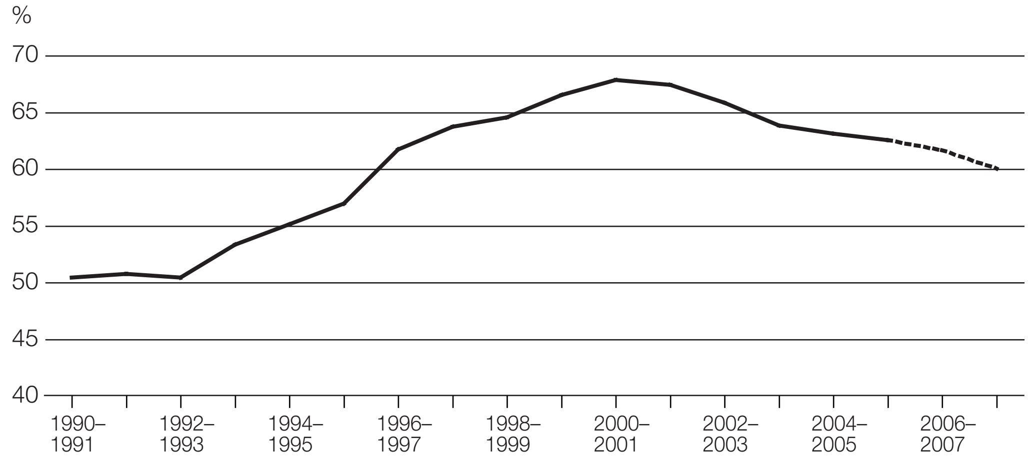
Achieving the objective of raising stable, low-cost financing involves managing the Government's exposure to changes in interest rates and their impact on borrowing costs (interest rate risk). This section highlights the actions taken to manage interest rate risk.

Debt Structure

The Government's interest-bearing debt is made up of a mix of short- and long term-debt. There is generally a trade-off between cost and risk in the selection of which instruments to issue. Borrowing costs of longer-term instruments tend to be higher but are fixed for long periods, therefore reducing the risk to refinance at higher interest rates. On the other hand, borrowing costs of shorter-term instruments tend to be lower on average but are fixed for shorter periods, therefore increasing the risk to refinance at higher interest rates. Under the debt strategy, the balance between fixed- and floating-rate debt in the market debt structure is managed over time to keep debt-servicing costs stable and low.

The main operational target used to manage the debt structure is the fixed-rate share, which measures the proportion of all government interest-bearing debt having fixed rates—debt that does not mature or need to be repriced within one year—relative to the total amount of interest-bearing debt. The February 2003 budget announced the intention of reducing the fixed-rate share target from two-thirds to 60 per cent in 2007–08 (see Chart 5).

Chart 5
Fixed-Rate Share of the Debt



Source: Bank of Canada.

The decision to lower the fixed-rate share took account of positive economic and fiscal developments in Canada in recent years. Financial simulation modelling indicates that a 60-per-cent fixed-rate share would result in lower borrowing costs under the vast majority of potential interest rate scenarios without compromising debt-cost stability.

The fixed-rate share declined from 63.1 per cent to 62.5 per cent over the 2005–06 fiscal year. The change in debt structure will continue to be implemented gradually, in an orderly and transparent manner, over the next two years.

As a consequence of the adjustment in the fixed-rate share, the stock of outstanding treasury bills and cash management bills, which are considered floating-rate debt, increased from $127.2 billion to $131.6 billion in 2005–06, while the stock of outstanding fixed-rate nominal bonds declined from $244.3 billion to $237.3 billion.

Maturity Profile

A related strategy to reduce the risk of higher borrowing costs is the establishment of a well-distributed maturity profile which limits the need to refinance a large portion of the debt in any given year when borrowing conditions may be unfavourable. In 2005–06, debt issuance plans continued to emphasize the distribution of borrowing across three benchmark treasury bill maturities (3, 6 and 12 months) and five benchmark bond maturities (2-, 5-, 10- and 30-year nominal bonds plus a 30-year Real Return Bond). Issuance in a broad range of benchmark maturities ensures a controlled exposure to changes in interest rates over time and provides liquidity across investor segments, instruments and maturities, which contributes to managing both cost and risk.

Maintaining a Well-Functioning Market

A well-functioning wholesale market in Government of Canada securities is important and of benefit to the Government as a borrower and to a wide range of market participants. For the Government as a debt issuer, a well-functioning market attracts investors and contributes to keeping funding costs low and stable over time. For market participants, a liquid and active secondary market in government debt provides credit-risk-free assets for investment portfolios, a pricing benchmark for other debt issues and swaps, and a primary tool for hedging interest rate risk.

In 2005–06, the following actions were taken to promote liquidity in Government of Canada securities:

- **Regular and transparent issuance:** The practice of pre-announcing quarterly bond auction schedules was continued. As in recent years, regular auctions included quarterly 2-, 5-, 10-year and 30-year Real Return bond auctions, and semi-annual 30-year nominal bond auctions. Regular and pre-announced issuance provided certainty for dealers and investors in terms of planning their investment activities and supported participation and competitive bidding for auctions of securities.

- **Benchmark target sizes:** The 2-, 5-, 10- and 30-year new building benchmark target sizes were unchanged from the previous year (2-year bonds: $7 billion to $10 billion; 5-year bonds: $9 billion to $12 billion; 10-year bonds: $10 billion to $14 billion; and 30-year bonds: $12 billion to $15 billion). All benchmarks built in 2005–06 were within their target range. In the case of building benchmarks that were fungible with large existing bonds, the benchmark size was deemed attained when the total amount of outstanding bonds for a particular maturity date exceeded the minimum benchmark size for that maturity sector.

- **Regular buybacks:** The regular bond buyback program differs from the cash management bond buyback program in that the former serves to maintain gross bond issuance, while the latter helps to manage cash requirements effectively by reducing large bond maturities.

Against the backdrop of debt paydown in recent years, use of the regular bond buyback program on both a switch and cash basis to repurchase less liquid off-the-run bonds with more than one year to maturity (i.e. securities that are no longer the current or the previous building benchmark) has helped maintain gross bond issuance and benchmark bond sizes at higher levels than would have been possible without the buyback program, considering the Government's funding requirements. Buybacks on a cash basis are "reverse auctions," where off-the-run bonds offered to the Government are exchanged for cash. Buybacks on a switch basis, are also "reverse auctions" but involve the exchange of off-the-run bonds from the market for the current building benchmark.

The 2005–06 *Debt Management Strategy* outlined a buyback target of between $9 billion and $10 billion, roughly $1.5 billion less than in 2004–05. During the fiscal year, $32.4 billion in gross new benchmark bonds were issued and $8.6 billion in off-the-run bonds were repurchased. In 2005–06, $3.3 billion in bonds were repurchased through the switch program (a decrease of $1.4 billion from 2004–05), and $5.3 billion through the cash buyback program (a decrease of $1.5 billion from 2004–05).

The cash management bond buyback (CMBB) program, through which a portion of the outstanding benchmark bonds maturing in up to 18 months are repurchased prior to their maturity, helps manage cash requirements by reducing the high levels of cash balances needed for key coupon and maturity payment dates. Overall, the CMBB programs in 2004–05 and 2005–06 lowered large bond maturities occurring in 2005–06 by 30 per cent, reducing the market impact of holding high levels of cash balances for coupon and maturity payment dates.

As a result of actions taken to promote liquidity in Government of Canada securities, there are now fewer small, illiquid high coupon bonds and more large and liquid old benchmarks than there were in 2000. Since 2000 the number of bonds has been reduced from 71 to 51 while the average size per maturity date has increased from $5 billion to $6 billion.

Table 2

Impact of Debt Management Activities on Profile of Outstanding Bonds

	Nominal Bonds		Real Return Bonds		Total	
	2000	2006	2000	2006	2000	2006
Total bonds outstanding ($ billions)	281.3	237.3	13.1	24.5	294.4	261.9
Average size per maturity date ($ billions)	5.0	6.1	4.0	5.1	5.0	6.0
Number of bonds outstanding	68	47	3	4	71	51
Number of maturity dates	56	39	3	4	59	43
Weighted average coupon rate (%)	7.52	5.54	4.22	3.92	–	–

Sources: Bank of Canada and *Public Accounts of Canada*.

Program Reviews and Evaluations

Regular assessment of treasury management frameworks and programs is undertaken as part of good governance and management of the debt program.

Market Consultations

Review of the Debt Distribution Framework

In the fall of 2004, an evaluation of the debt distribution framework for Government of Canada securities was launched. The purpose of the review was to assess the framework's effectiveness in raising stable, low-cost funding while supporting a well-functioning market for Government of Canada securities, and determine whether changes to the framework were warranted.

The review was considered timely and appropriate given the evolution of the Government of Canada securities market since the previous review of the framework in 1998. The recent environment is characterized by lower borrowing requirements of the federal government; greater concentration of auction participation and secondary market trading; interest by some investors in direct participation at auctions; and innovation in financial markets through, for example, the development of alternative trading systems.

After internal analysis and consultations with interested parties, the review concluded that the framework is generally working well, with auctions consistently covered and well bid. Modest changes to the framework were announced on the Bank of Canada's website in August 2005, and came into effect in December 2005. These changes fell into two broad areas: adjustments in auction access for dealers and customers, and changes to minimum bidding obligations of dealers (for more information, see www.bank-banque-canada.ca/en/notices_fmd/2005/not080805.html).

Review of the Design of the Bond Program

In November 2005, officials from the Department of Finance and the Bank of Canada consulted with interested parties on issues relating to the design and operation of the Government of Canada's debt programs for fiscal year 2006–07 and beyond.

The focus of the market consultations was to assess potential structural changes to the bond program in light of declining fixed-rate borrowing needs. The consultations revealed that market participants recognize the challenges in maintaining well-functioning markets for Government of Canada securities in the context of lower borrowing needs and the movement towards a lower fixed-rate share of the Government's debt.

The consultations identified a broad spectrum of options, ranging from modest to more fundamental changes, for adjustment of the bond program in the short and medium terms. Measures announced in the 2006–07 debt strategy include forgoing one 2-year and one 5-year fungible auction, changing the maturity of the 5-year benchmark bond from September to June and continuing the bond buyback program. A measure which was also raised but not adopted was the potential use of an interest rate swap program as a tool to continue to reduce the fixed-rate share of the debt while minimizing the impact on gross bond issuance and benchmark sizes (for additional details, see www.bank-banque-canada.ca/en/notices_fmd/2006/not060406_strategy.html).

Review of the Borrowing Framework of Major Federal Government-Backed Entities

In 2004, KPMG LLP was engaged under the treasury evaluation program to determine whether the current regime governing capital market borrowings by major federal government-backed entities was functioning effectively.[3] The review also considered alternative borrowing frameworks to determine if they could reduce cost and risk and enhance the liquidity of Canadian capital markets, taking into account the varying needs of the borrowers.

In its report, published in September 2005 (see www.fin.gc.ca/toce/2005/MFGBE-e.html), KPMG LLP observed that the current governance system between the Government of Canada and all of the organizations is functioning well. The report identified potential improvements to the terms of borrowing authorities provided by the Minister, the reporting of performance, as well as the sharing of information on funding activity. With respect to alternative borrowing frameworks, KPMG LLP observed that an approach worth considering is the consolidation of Crown borrowing activity with the Government's own borrowing program.

The merits of consolidating some or all of the borrowing by major government-backed entities into government debt programs was being further assessed at the time this report was prepared.

[3] These entities comprise six "Borrowers": four Crown corporations (the Business Development Bank of Canada, Canada Mortgage and Housing Corporation, Export Development Canada and Farm Credit Canada) and two non-Crown corporations (the Canada Housing Trust and the Canadian Wheat Board). While each Borrower issues debt in its own name, all of their debt issues are backed by the full faith and credit of the Government.

Participation in Operations

Active participation at auction and buyback operations by a diverse group of market participants also helps achieve the key objective of stable, low-cost funding. Initiatives to enhance transparency and the bidding process have been undertaken to broaden participation over the past few years.

An important initiative undertaken in 2005–06 was to advance the timing of bond auctions from 12:30 p.m. to 12:00 p.m. and to advance the timing of cash bond buybacks from 1:00 p.m. to 12:20 p.m. Moving the timing of these operations earlier in the day when demand for Government of Canada securities may be stronger as well as decreasing the time interval between the two operations by 10 minutes has reduced market risk for participants. In addition, the time in which auction and buyback results are made public (turnaround time) continued to improve (see Chart 6).

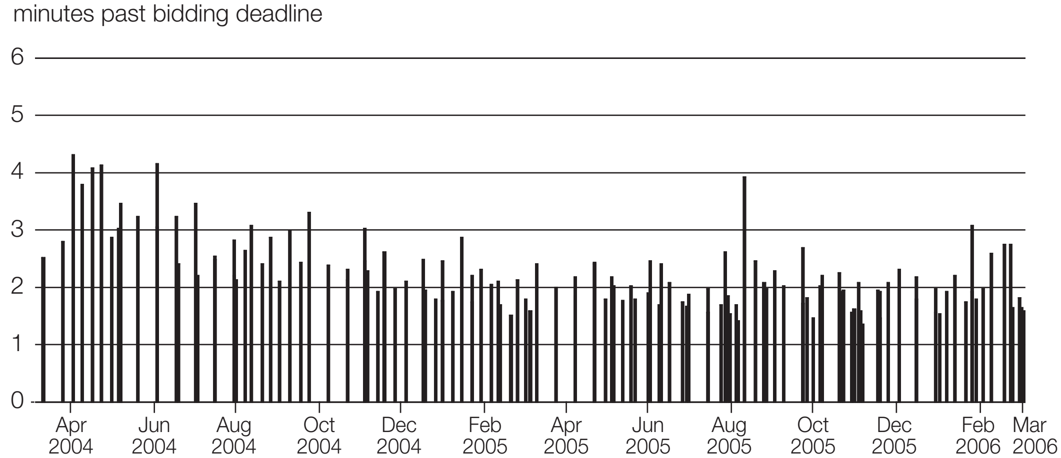
Lower turnaround times and advancing the time of the auction and of the cash buyback enhance the efficiency of the auction and buyback process and encourage participation by reducing the market risk for participants. In consultations on the development of the debt strategy, market participants have indicated their satisfaction with these changes.

There has been a significant reduction in turnaround times in recent years, from 45 minutes at the end of 1998, to an average of close to 2 minutes for treasury bill and bond auctions and an average of less than 4 minutes for buyback operations in 2005–06. Turnaround times have been on a “best efforts basis” since April 6, 2004 (see Charts 6 and 7).

As announced in the 2006–07 *Debt Management Strategy*, the Bank of Canada is currently targeting an average turnaround time of less than 3 minutes for auctions and less than 5 minutes for buybacks. Similarly, maximum turnaround times have been reduced from 10 minutes to 5 minutes for auctions and from 15 minutes to 10 minutes for buyback operations.

Chart 6

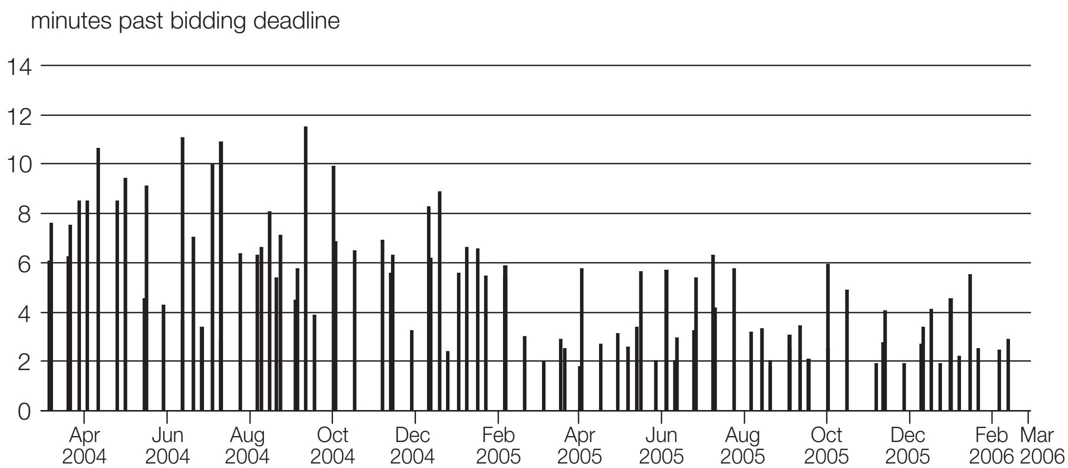
Turnaround Times for the Release of the Results of Treasury Bill and Bond Auctions, 2004–2006



Source: Bank of Canada.

Chart 7

Turnaround Times for the Release of the Results of Buyback Operations, 2004–2006



Source: Bank of Canada.

Debt Strategy Plan and Summary of Actions Taken

The following summary reports on the planned initiatives, their purpose and actions taken through 2005–06, as outlined in the *Debt Management Strategy* published in March 2005 (www.fin.gc.ca/toce/2005/dms05e.html).

Debt Structure

Objective: *Gradually reduce the fixed-rate share of debt from two-thirds to 60 per cent by 2007–08.*

Plan	Intended Result	Actions Taken
Continue to reduce the fixed-rate share of debt towards the 60-per-cent target.	Achieve lower debt charges, while continuing to prudently mitigate the risk to the budget framework.	The fixed-rate share was reduced from 63.1 per cent to 62.5 per cent over the 2005–06 fiscal year.
Increase the size of the treasury bill program from about $130 billion in 2004–05 to approximately $140 billion in 2005–06.		The stock of outstanding treasury bills and cash management bills increased by $4.4 billion from $127.2 billion to $131.6 billion due to a larger than expected financial source.
Issue about $33 billion of bonds in 2005–06, about $3 billion less than in 2004–05. Due to large bond maturities and continued bond buyback operations, the bond stock is expected to decrease by some $8 billion, to $235 billion.	Facilitate market adjustment to changes in the bond and treasury bill programs.	$32.4 billion of nominal bonds were issued. The stock of outstanding bonds declined by $6.9 billion to $237.3 billion.
Reduce the size of the regular bond buyback program, with a planned level of between $9 billion and $10 billion, roughly $1.5 billion less than in 2004–05.	Preserve liquidity in outstanding issues.	$8.6 billion of bonds were repurchased through the regular bond buyback program on a cash and switch basis.
Maintain a stable maturity profile by continuing to issue in all sectors of the curve and by using the cash management bond buyback (CMBB) program to reduce large maturities.	Limit the need to refinance a large portion of debt in any given year.	Average term to maturity was maintained above 6.5 years. $8.7 billion of bonds were repurchased through the CMBB program. The 2004–05 and 2005–06 CMBB operations reduced large maturities in 2005–06 by 30 per cent on average.

Debt Strategy Plan and Summary of Actions Taken *(cont'd)*

Domestic Debt Programs

Objective: *Maintain diversified sources of funding and a well-functioning market.*

Plan	Intended Result	Actions Taken
Continue regular issues of marketable bonds in four maturity sectors, treasury bills in three maturity sectors, and a 30-year Real Return Bond.	Keep costs low and mitigate funding risk by diversifying borrowing across investor segments, instruments and maturities.	Issuance schedule and maturities of past years were maintained in treasury bills, nominal bonds and Real Return Bonds.
Continue to borrow on a pre-announced basis and provide timely notices of government policy decisions.	Maintain transparency and efficiency.	The issuance schedule was maintained and announced prior to the start of each quarter.
Maintain current new maturity benchmark target sizes for 2-, 5-, 10- and 30-year bonds.	Maintain a liquid market for on-the-run issues and building benchmark issues.	Benchmark bond target ranges were achieved.
Forgo the 2-year auction in the fourth quarter of 2005–06, where it was fungible with a large existing bond.	Facilitate a reduction in gross bond issuance to lower the fixed-rate share of the debt while maintaining liquidity in that sector of the yield curve.	Liquidity in the 2-year sector was achieved.
Consult with market participants in 2005–06 on potential changes to the structure of the bond program.	Adjust the structure of the bond program to achieve a 60-per-cent fixed-rate share by 2007–08 while maintaining a well-functioning government securities market.	Consultations took place in late 2005. A summary of comments received from interested parties was posted on the Bank of Canada's website on April 7, 2006.
Advance the timing of bond auctions from 12:30 p.m. to 12:00 p.m. and advance the timing of cash buybacks from 1:00 p.m. to 12:20 p.m., 10 minutes closer to the bond auction than previously.	Encourage participation by moving the timing of these operations earlier in the day when demand for Government of Canada securities may be stronger and decreasing the time interval between the two operations to reduce market risk for participants.	The new timing of auction and buyback operations was successfully implemented.

Debt Strategy Plan and Summary of Actions Taken *(cont'd)*

Domestic Debt Programs *(cont'd)*

Plan	Intended Result	Actions Taken
Continue to work to lower turnaround times for the release of results of auctions and buybacks.	Enhance the bidding process and participation by reducing market risk for participants.	Turnaround times on a best efforts basis have averaged close to 2 minutes for auctions and less than 4 minutes for buybacks.
Update the retail debt strategy.	Ensure the evolving needs of the Government of Canada and Canadians are met.	A program evaluation is ongoing with efforts focused on cost reduction and improving efficiency.

Foreign Reserves

Objective: *Improve the cost-effectiveness of funding foreign reserves assets.*

Plan	Intended Result	Actions Taken
Note: The 2005–06 debt strategy also included the objectives listed below for the management of the foreign reserves portfolio, the Exchange Fund Account (EFA). The EFA provides a source of foreign currency liquidity and is used to promote orderly conditions in the foreign exchange market for the Canadian dollar (see the *Report on the Management of Canada's Official International Reserves* at www.fin.gc.ca/toce/2006/oir06_e.html for details on actions in the area of reserves management).		
Continue to use cross-currency swaps as the primary source of reserves funding.	Support a positive carrying cost of reserves assets.	Sixty-four cross-currency swaps were executed in 2005–06 totalling $7.2 billion.
Modernize the Currency Act, which provides the legislative basis for the management of the foreign reserves.	Reduce potential for legal risk issues by modernizing the act and increasing the flexibility of investment policy.	Amendments enacted through Budget Implementation Act, June 2005.
Continue to review the foreign reserves portfolio investment policy.	Improve the risk/return profile of the portfolio, with the possible inclusion of new asset classes.	An external review of the EFA was completed and will be released publicly in 2006.

Part III: Programs and Indicators

Part III is divided into three main sections: indicators of the outcome of domestic debt program operations, indicators of cash management activity, and indicators of reserves funding. It also provides information on the distribution of holdings of Government of Canada securities. The indicators are intended to provide information on the key measures used by government debt managers. As outcomes in virtually all cases are the product of many factors, the measures do not directly reflect the impact of specific government debt management policies. However, they serve as useful metrics in helping to understand the results and context of debt management initiatives.

Domestic Debt Programs

Measures of outcomes in the area of domestic debt management can be divided into two groups: those associated with the debt issuance process (the primary market) and those dealing with post-issuance trading (the secondary market).

Measures of a well-functioning securities market include the degree to which auctions in the primary market are well bid and the level of liquidity and trading in the secondary market. In 2005–06, treasury bill and bond auctions continued to be covered and well bid. Primary dealers, a core group of government securities distributors that maintain a certain threshold of activity in the market for Government of Canada securities, play the dominant role at auctions, winning more than 95 per cent of bonds offered, except in the case of Real Return Bond auctions, where customers have won more than 45 per cent of the bonds on offer in recent years.

The secondary market for Government of Canada securities continues to experience healthy trading volumes and turnover ratios that compare favourably to those of other countries. Primary dealers also play a major role in secondary markets, with the top 10 participants accounting for about 99 per cent and 94 per cent of the turnover of treasury bills and bonds respectively (for more information on the federal debt distribution framework, see www.fin.gc.ca/dtman/2001-2002/dmr02_3e.html#Annex%201).

Primary Market

Program Activity

Nominal Bonds

Gross bond program issuance in 2005–06 was $32.4 billion (including issuance through switch buybacks), about $3 billion lower than the $35.5 billion in 2004–05 (see Table 3). Gross issuance consisted of $10.0 billion in 2-year bonds, $9.2 billion in 5-year bonds, $10.0 billion in 10-year bonds and $3.2 billion in 30-year bonds (see Reference Table VIII for more information on bond auctions). In 2005–06, $22.1 billion of bonds matured. Taking into account buybacks and maturities, the stock of outstanding bonds declined by $6.9 billion during the fiscal year to $237.3 billion as at March 31, 2006.

Table 3
Change in Composition of Federal Market Debt, 2005–06[1]

	April 1, 2005	Receipts/ Credits	Payments/ Charges	March 31, 2006	Change
			($ billions)		
Payable in Canadian currency					
Nominal bonds	244.3	32.4	39.4[2]	237.3	-6.9
Real Return Bonds	22.4	2.1[3]	0.0	24.5	2.1
Treasury bills[4]	127.2	309.9	305.5	131.6	4.4
Retail debt	19.1	1.8	3.6	17.3	-1.7
CPP bonds and notes	3.4	0.0	0.3	3.1	-0.3
Total domestic debt	416.3			413.9	-2.4
Payable in foreign currencies[5]					
Foreign bonds[6]	9.9		2.3	7.6	-2.3
Canada bills	3.9	15.8	15.0	4.7	0.9
Canada notes	1.1	0.0	0.6	0.5	-0.6
Euro Medium-Term Notes	1.7	0.0	0.2	1.5	-0.2
Total foreign debt	16.5			14.3	-2.2
Less: Government's own holdings[7]	1.1	17.4	17.3	1.0	-0.1
Total market debt	**431.8**			**427.3**	**-4.5**
Obligations related to capital leases	2.9	0.1	0.1	2.9	0.0
Unamortized discounts and premiums	-6.3	3.5	4.0	-6.8	-0.4
Cross-currency swap revaluation	-0.9		1.3	-2.3	-1.3
Total unmatured debt	**427.4**			**421.1**	**-6.3**

Note: Sub-categorization 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. Numbers may not add due to rounding.

[1] The comparative figures have been restated to reflect the current year's Public Accounts presentation.

[2] Includes the regular bond buyback program ($8.6 billion) and the cash management bond buyback program ($8.7 billion). Some cash management bond buybacks in 2005–06 did not reduce maturities in that year, but will in 2006–07.

[3] Includes CPI adjustment.

[4] These securities are issued at 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. These amounts include cash management bills.

[5] Liabilities are stated at par value at the March 31, 2006 exchange rate. Changes in outstanding amounts for foreign currency bonds, Canada notes and Euro Medium-Term Notes include the exchange rate appreciation/depreciation of the currency of issue versus the Canadian dollar.

[6] Includes $246.1 million in securities assumed by the Government of Canada on February 5, 2001, on the dissolution of Petro-Canada Limited.

[7] Includes a consolidation adjustment for Crown corporations and other entities.

Source: *Public Accounts of Canada.*

Real Return Bonds (RRBs)

Including the adjustment for the Consumer Price Index (CPI), RRB issuance in 2005–06 was at a level similar to the previous year's issuance of $2.1 billion, increasing the level of outstanding RRBs from $22.4 billion to $24.5 billion as at March 31, 2006. In 2005–06 the fourth RRB was issued, and had a December 1, 2036, maturity (see Reference Table X for more information on RRB auctions).

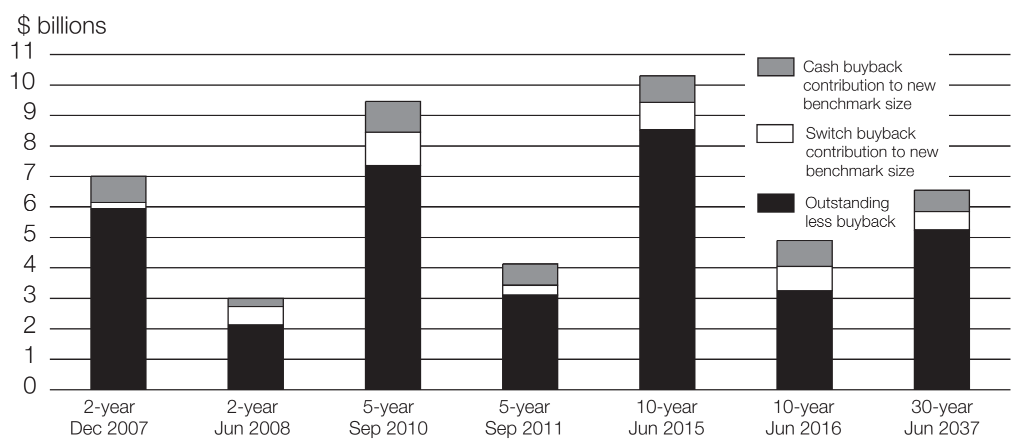
Regular Bond Buyback Program

The objectives of the regular bond buyback program are to enhance liquidity and maintain active new issuance in the primary market for Government of Canada securities. Regular bond buyback operations totalled $8.6 billion in 2005–06, consisting of $4.7 billion in 2- and 5-year bonds, $2.6 billion in 10-year bonds and $1.3 billion in 30-year bonds (see Reference Table XII for more information on buyback operations).

Buybacks on a cash basis resulted in $5.3 billion of new benchmarks being issued. Switch buyback operations in 2005–06 resulted in $4.5 billion of new building benchmarks being issued.

The amount of new bonds issued through buybacks on a switch basis does not necessarily equal the amount of old bonds bought back through switch operations because the exchange is not done on par value but on a duration-neutral basis. Chart 8 shows the impact of regular bond buybacks on benchmark sizes in 2005–06.

Chart 8
Impact of Regular Buyback Program on Benchmark Sizes in 2005–06
As of March 31, 2006



Source: Bank of Canada.

Treasury Bills and Cash Management Bills (CMBs)

The stock of outstanding treasury bills and CMBs increased by $4.4 billion during 2005–06 to $131.6 billion at March 31, 2006, consistent with the orderly move to a lower fixed-rate share of debt. Over the fiscal year, $309.9 billion in treasury bills and CMBs were auctioned, an increase of $38.4 billion from the previous year (see Table 4). There were $7.5 billion of CMBs outstanding at the beginning of fiscal 2005–06 and $11.8 billion outstanding at the end of the year. Throughout the year, $58.9 billion in CMBs were issued for various short-term maturities. More frequent use of CMBs, as a cost-effective cash management tool, helped smooth fluctuations in cash balances over the year.

Table 4
Treasury Bill and CMB Program Issuance

Issuance	2000–01	2001–02	2002–03	2003–04	2004–05	2005–06
			($ billions)			
CMBs	9.0	7.5	23.8	28.5	25.0	58.9
3-month treasury bills	88.1	103.3	117.4	129.7	137.5	140.2
6-month treasury bills	38.6	43.1	47.8	51.9	54.5	55.4
12-month treasury bills	38.6	43.1	47.8	51.9	54.5	55.4
Total treasury bills	165.3	189.5	213.0	233.5	246.5	251.0
Total including CMBs	174.3	197.0	236.8	262.4	271.5	309.9

Sources: Bank of Canada and *Public Accounts of Canada*.

Retail Debt

The level of outstanding debt held by domestic retail investors—Canada Savings Bonds and Canada Premium Bonds—decreased from $19.1 billion to $17.3 billion in 2005–06. Gross sales and redemptions were $1.8 billion and $3.6 billion, respectively, for a net reduction of $1.7 billion in the stock of retail debt. The decline of the retail debt stock is consistent with the trend in overall government debt and an environment of increased competition from private sector retail instruments. Retail debt stock outstanding has decreased from just under $33 billion in 1993 to the current $17.3 billion.

For more information on Canada Savings Bonds and Canada Premium Bonds, see the annual report of Canada Investment and Savings, the Government of Canada's retail debt agency, available at www.csb.gc.ca/eng/about_report.asp.

Bill and Bond Auction Results Indicators

The two conventional measures of auction performance are the auction coverage and tail. These two measures, combined with the yield of the securities issued, describe the quality of an auction in terms of its competitiveness and its impact on the cost of borrowing.

The auction coverage is defined as the total amount of bids received divided by the auction amount. A coverage statistic of one is essential for each auction, and a higher statistic is generally better as it is usually a sign of more aggressive bidding and therefore should typically result in lower borrowing costs. The auction tail is the number of basis points between the highest yield accepted and the average yield. In this case, a smaller auction tail is preferable as it indicates strong bidding and therefore lower borrowing costs.

The terms of participation covering government auctions require more active dealers (primary dealers) to bid for 50 per cent of their auction limit at reasonable prices. Maximum coverage ratios from primary dealers (which represent about 90 per cent of winning bids) could reach about 2.8 for bond auctions and 2.5 for treasury bill and CMB auctions. Minimum coverage ratios, assuming that all primary dealers bid at their minimum bidding limit, would total about 1.4 for bond auctions and 1.2 for treasury bill and CMB auctions.

In 2005–06, coverage for bond auctions was slightly higher than the 4-year average, while tails for both treasury bill and bond auctions were narrower than the 4-year average, indicating relatively more competitive bidding at auctions (see Table 5).

Table 5

Performance at Auctions

	Coverage (Ratio)					Tail (Basis Points)				
	2002–2003	2003–2004	2004–2005	2005–2006	4-yr. avg.	2002–2003	2003–2004	2004–2005	2005–2006	4-yr. avg.
Treasury bills										
3-month	2.2	2.2	2.1	2.2	2.2	0.6	0.5	0.5	0.4	0.5
6-month	2.3	2.2	2.1	2.1	2.2	0.7	0.5	0.5	0.6	0.6
12-month	2.1	2.1	2.0	2.1	2.1	0.7	0.7	0.6	0.6	0.7
CMBs	2.0	2.0	2.4	2.7	2.4	1.4	1.4	1.7	1.2	1.4
Nominal bonds										
2-year	2.3	2.5	2.5	2.4	2.4	0.7	0.5	0.3	0.4	0.5
5-year	2.5	2.6	2.5	2.7	2.6	0.7	0.5	0.5	0.2	0.5
10-year	2.5	2.5	2.3	2.6	2.5	0.8	0.5	0.4	0.3	0.5
30-year	2.5	2.6	2.3	2.6	2.5	0.7	0.4	0.7	0.4	0.6
Real Return Bonds[1]	3.2	2.9	2.5	2.7	2.8	n.a.	n.a.	n.a.	n.a.	n.a
Weighted average[2]	2.2	2.2	2.1	2.2	2.2	0.7	0.5	0.5	0.5	0.5

[1] Auction tails for RRBs are not relevant since RRBs are distributed through single-price auctions.

[2] Weighted average excludes CMBs.

Source: Bank of Canada.

Participation at Auctions

This section provides information on participation of government securities distributors (primary dealers and other government securities dealers) and customers (in practice institutional investors) in the primary market for Government of Canada securities. Primary market shares are calculated using government securities distributors' and customers' allotments at auctions during the fiscal year.

Two new primary dealers for Government of Canada securities were announced by the Bank of Canada in December 2005 (see www.bank-banque-canada.ca/en/notices_fmd/2005/not091205.html for more information).

Nominal Bonds

In 2005–06 primary dealers (PDs) were allotted about 95 per cent of nominal bond auctions while customers were allotted about 2 per cent and the remaining government securities distributors (GSDs) won approximately 3 per cent (see Table 6). The 10 most active participants bought about 92 per cent of the bonds on average. These percentages show a slight decrease in concentration of primary dealer allotments from the previous year.

Table 6
Bond Auctions Share of Amount Allotted to Participants (Excluding Real Return Bonds)

Participant Type	2002–03	2003–04	2004–05	2005–06
		(%)		
PDs	91.8	93.4	96.0	95.1
Other GSDs	2.5	1.8	2.2	3.2
Customers	5.6	4.7	1.8	1.7
Top 10 participants	88.7	90.9	92.8	91.5

Source: Bank of Canada.

Bond Buybacks

Primary dealers are the most active participants in bond buyback operations. Customers' share of allotments at buybacks is shown as zero, but this likely underestimates the level of participation of customers, as they may participate indirectly in buyback operations through dealers rather than participating directly (see Table 7).

Table 7
Bond Buyback Operations Share of Amount Allotted to Participants (Excluding Cash Management Bond Buybacks)

Participant Type	2002–03	2003–04	2004–05	2005–06
		(%)		
PDs	96.4	97.9	96.5	96.9
Other GSDs	1.7	2.1	3.5	3.1
Customers[1]	1.9	0.0	0.0	0.0
Top 10 participants	94.5	97.4	97.9	96.0

[1] Results may underestimate customer participation. Contrary to treasury bill and bond auctions and switch buyback operations, customers do not have to inform the Bank of Canada about their participation at regular bond buyback operations.

Source: Bank of Canada.

Real Return Bonds

Unlike nominal bond auctions, RRB auctions have more active customer participation. This is largely due to the relative lack of product availability and lower liquidity in the secondary market, as many RRB investors are buy-and-hold investors. Allotments to customers increased from about 46 per cent in 2004–05 to 48 per cent in 2005–06 as the primary dealers' share decreased from the previous year, although unlike in 2002–03 and 2003–04, customers' share remained below that of the PDs. The 10 most active participants in RRB auctions were allotted 69 per cent of the amount auctioned, which is in line with historical averages (see Table 8).

Table 8
RRB Auctions Share of Amount Allotted to Participants

Participant Type	2002–03	2003–04	2004–05	2005–06
		(%)		
PDs	47.9	36.1	53.1	51.1
Other GSDs	0.9	0.8	0.7	0.9
Customers	51.2	63.1	46.2	48.0
Top 10 participants	63.9	69.0	66.6	69.0

Source: Bank of Canada.

Treasury Bills

For 2005–06 primary dealers accounted for about 91 per cent of amounts allotted at treasury bill auctions while customers accounted for about 8 per cent and other GSDs accounted for about 2 per cent. The share won by primary dealers increased by about 4 percentage points in 2005–06. In 2005–06 the 10 most active participants accounted for about 94 per cent of amounts allotted at treasury bill auctions, slightly more than in previous years (see Table 9).

Table 9
Treasury Bill Auctions Share of Amount Allotted to Participants

Participant Type	2002–03	2003–04	2004–05	2005–06
		(%)		
PDs	84.1	84.2	86.4	90.6
Other GSDs	2.2	1.2	2.3	1.8
Customers	13.6	14.5	11.3	7.6
Top 10 participants	91.5	93.7	93.6	94.1

Source: Bank of Canada.

Cash Management Bills

Primary dealers are the most frequent participants at CMB auctions. In 2005–06 they were awarded about 96 per cent of the allotted amounts, and the 10 most active participants accounted for about 98 per cent. The average allotment share of customers increased from the previous fiscal year to about 3 per cent (see Table 10).

Table 10
CMB Auctions Share of Amount Allotted to Participants

Participant Type	2002–03	2003–04	2004–05	2005–06
		(%)		
PDs	93.0	97.8	95.5	96.3
Other GSDs	2.5	1.4	2.6	0.5
Customers	4.5	0.8	1.9	3.2
Top 10 participants	95.5	99.2	98.1	98.2

Source: Bank of Canada.

Secondary Market

The two conventional measures of liquidity and efficiency in the secondary market for Government of Canada securities are trading volume and turnover ratio. These two measures are presented for bonds (Chart 9 and, for international comparison purposes, Chart 10) and treasury bills (Chart 11).

Trading volume and turnover ratios for bond repos (Chart 12) and treasury bill repos (Chart 13) are also provided. A repo, or repurchase agreement, is a transaction in which a party sells a security and simultaneously agrees to repurchase it at a given price at a given time in the future. These transactions provide short-term collateralized loans of cash and low-risk securities to finance or support dealer inventories. As such, they represent an index of the scale of market activity.

Trading volume, which shows the amount of securities traded per period, is a conventional indicator of liquidity. Large trading volume allows participants to buy or sell in the marketplace without a substantial change in the price of the securities. Turnover ratio, which is the ratio of securities traded relative to the amount of securities outstanding, is a measure of market depth and efficiency. High turnover implies that a large amount of securities changes hands over a given period of time, a hallmark of an efficient securities market.

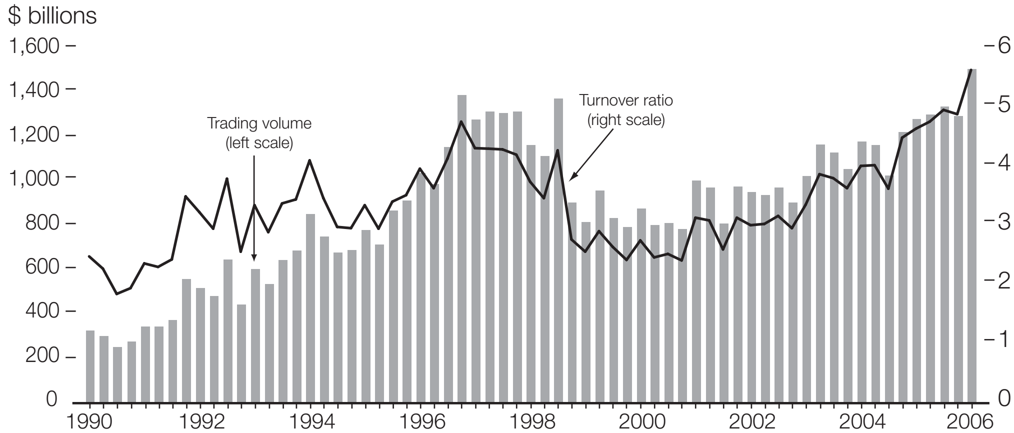
A number of factors affect trading volume and turnover ratio, such as the extent to which new information changes views in the marketplace and changes in the stock of outstanding securities. Trends in these two measures can be indicators of changes in market liquidity and efficiency.

The presence of liquid repo markets and liquid interest rate futures contracts complements an efficient Government of Canada securities market. A liquid repo market exists for Government of Canada treasury bills and nominal bonds. There are also active futures contracts based on the benchmark 2- and 10-year Government of Canada bonds.

Trading Volume and Turnover Ratios

The volume of transactions in the Government of Canada bond market has grown significantly since 1990. Total marketable bond trading volume hit a record $5,474 billion in 2005–06, a 16-per-cent increase from 2004–05. The average quarterly turnover ratio was 5.1 times the outstanding stock of bonds in 2005–06, compared to 4.2 in 2004–05 (see Chart 9).

Chart 9
Government of Canada Bonds
Trading Volume and Turnover Ratio

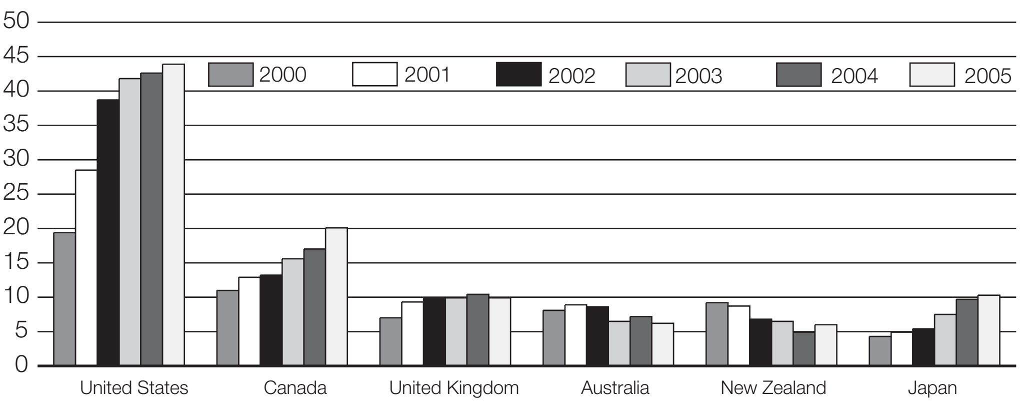


Note: Trading volume is total volume of trading by government securities distributors in each quarter. Turnover ratio is total trading volume in each quarter/stock.

Source: Bank of Canada.

With an annual debt stock turnover ratio of 20.1 in 2005, the Government of Canada bond market compares favourably with other major sovereign bond markets, with the exception of the United States (see Chart 10).

Chart 10
Sovereign Bond Turnover Ratios



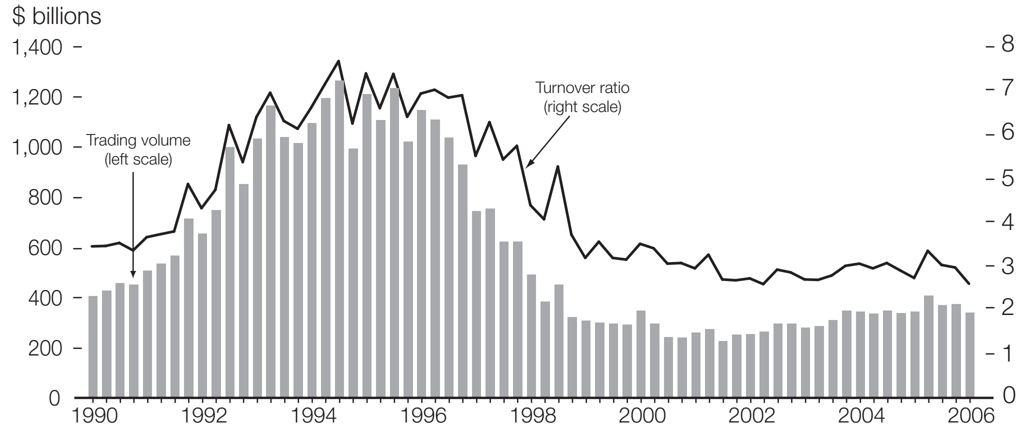
Note: Turnover ratio is total trading volume in each year/average stock.

Sources: The Bureau of the Public Debt of the US, Federal Reserve Bank of New York, Bank of Canada, United Kingdom Debt Management Office, London Stock Exchange, *Australian Financial Markets Report,* Reserve Bank of New Zealand, Japan Ministry of Finance, and Japan Securities Dealer Association.

The volume of transactions in the treasury bill market was comparable to the previous fiscal year and remains well below the highs in the mid-1990s, when the level of the treasury bill stock was at its peak. In 2005–06, total treasury bill trading volume was $1,491 billion (see Chart 11). The average quarterly turnover ratio increased to 2.97 in 2005–06 from 2.89 in 2004–05, but remains lower than the corresponding measure of government bond market activity.

Chart 11

Government of Canada Treasury Bills Trading Volume and Turnover Ratio



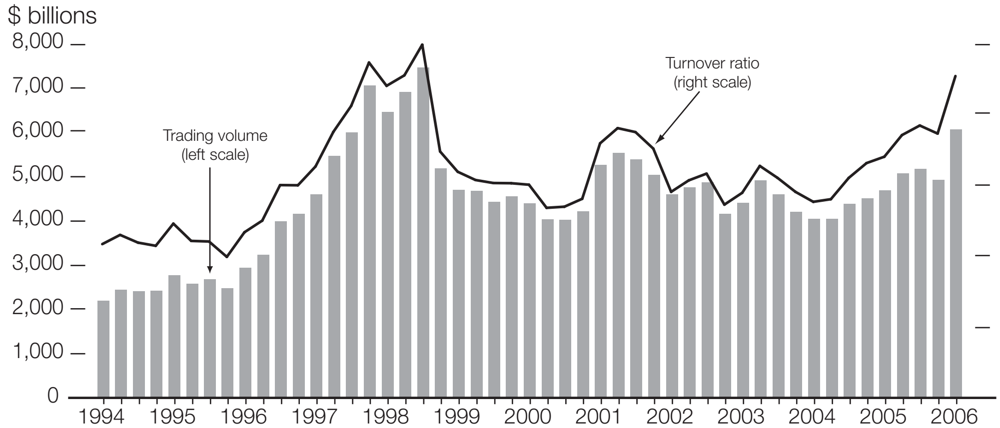
Note: Trading volume is total volume of trading by government securities distributors in each quarter. Turnover ratio is total trading volume in each quarter/stock.

Source: Bank of Canada.

Both Government of Canada bond repos and treasury bill repos remained active in 2005–06. The total trading volume for Government of Canada bond repos in 2005–06 was $21,201 billion, up from $17,594 billion in 2004–05. The average quarterly turnover ratio for bond repos in 2005–06 was 19.7 times compared to 15.7 times in 2004–05 (see Chart 12). The treasury bill repo market volume in 2005–06 was $3,218 billion compared to $3,582 billion in 2004–05 and the average quarterly turnover ratio dipped to 6.4 from 7.6 in 2004–05 (see Chart 13).

The futures contract based on the 10-year Government of Canada bond (the Canadian Government Bond contract or CGB contract) continues to be actively traded, as trading volume jumped to 4.7 million contracts in calendar year 2005, a 56-per-cent increase from 2004. The futures contract based on the 2-year Government of Canada bond (or the CGZ contract), launched in 2004, had a trading volume of only 0.1 million contracts in 2005, and was relaunched in July 2006 after a modification to the contract's specifications.

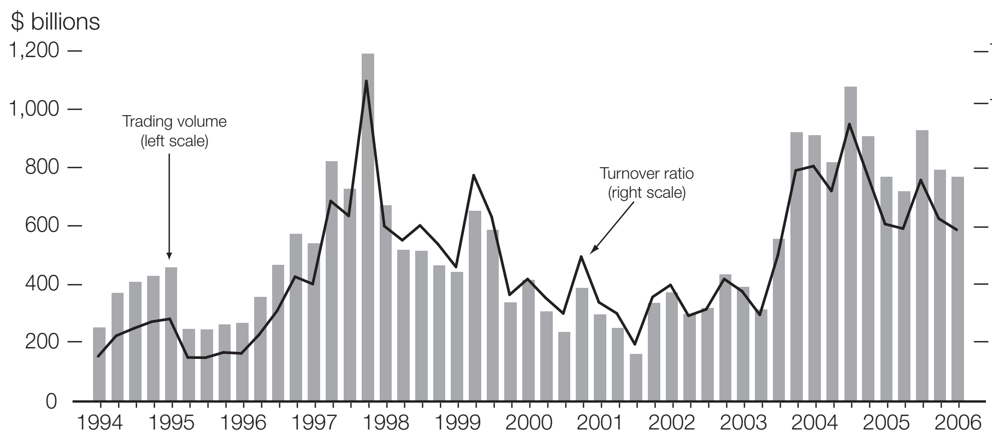
Chart 12
Government of Canada Bond Repos Trading Volume and Turnover Ratio



Note: Trading volume is total volume of trading by government securities distributors 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 volume of trading by government securities distributors in each quarter. Turnover ratio is total trading volume in each quarter/stock.

Source: Bank of Canada.

Trading by Market Participants

Bonds

Primary dealers' share of bond trading in the secondary market decreased slightly in 2005–06 from the previous year while other government securities distributors' share increased, continuing the trend since 2002–03. The 10 most active participants in the bond secondary market represented about 94 per cent of trading activity (see Table 11).

Table 11
Bond Trading: Market Share of Participants

Participant Type	2002–03	2003–04	2004–05	2005–06
		(%)		
PDs	93.3	92.6	91.3	90.7
Other GSDs	6.7	7.4	8.7	9.3
Top 10 participants	95.9	95.1	93.9	94.2

Source: Bank of Canada.

Treasury Bills

Primary dealers maintained a dominant share of the treasury bill secondary market, representing about 98 per cent of total trading volume. The 10 most active participants in the treasury bill secondary market represented about 99 per cent of trading activity (see Table 12). Both measures are in line with the levels seen in recent years.

Table 12
Treasury Bill Trading: Market Share of Participants

Participant Type	2002–03	2003–04	2004–05	2005–06
		(%)		
PDs	98.4	98.4	98.1	97.7
Other GSDs	1.6	1.6	1.9	2.3
Top 10 participants	99.5	99.2	99.5	99.3

Source: Bank of Canada.

Cash Management

Receiver General (RG) cash balances, the Government of Canada's Canadian-dollar balances, are invested in a prudent, cost-effective manner through auctions with private sector financial institutions. Since February 1999, when the Large Value Transfer System was implemented, RG cash balances have been allocated to bidders twice daily through an auction process administered by the Bank of Canada. These auctions serve two main purposes: first, as a treasury management tool, they are the means by which the Government invests its short-term Canadian-dollar cash balances; second, the auctions are used by the Bank to neutralize the net impact of any public sector flows on the financial system.[4]

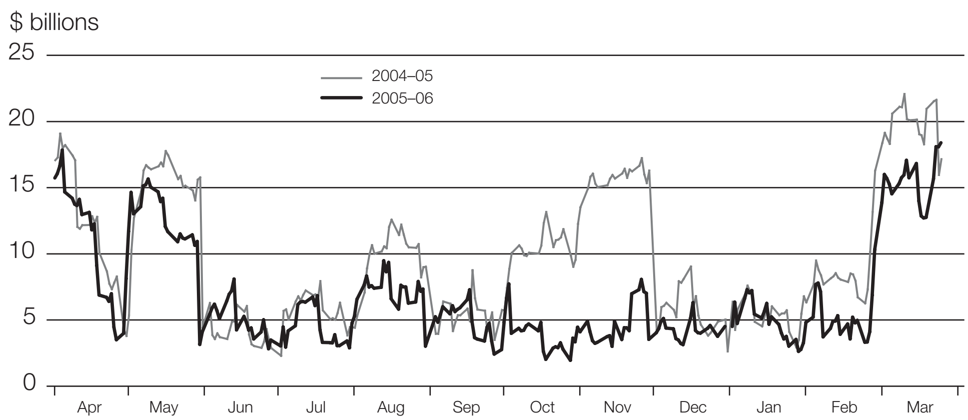
A portion of the morning auction has been offered on a collateralized basis since September 2002, permitting access to a wider group of potential participants, while ensuring that the Government's credit exposure is effectively mitigated.

Treasury managers use a number of indicators with respect to cash management activities, including the average level of cash balances, coverage and tail at RG auctions, the performance of participants at RG auctions, effectiveness of the cash management bond buyback program, the cost of carry and the profile of treasury bill operations.

Total Receiver General Cash Balances

RG cash balances fluctuate widely over the year for a variety of reasons. In 2005–06 they reached a peak of $18.3 billion and a low of $1.9 billion (see Chart 14). Cash balances tend to be at their highest during the months of March, April, May and November in anticipation of the large flows related to fiscal year-end as well as the buildup of funds which are typically required to cover large bond coupon and principal maturities on June 1 and December 1.

Chart 14
Total Receiver General Balances



Source: Bank of Canada.

[4] Public sector flows include federal government receipts and disbursements and Bank of Canada transactions.

Average Daily Cash Balances

Average daily cash balances decreased in 2005–06 to $5.6 billion (see Table 13) as a result of the more frequent use of cash management bills (CMBs) as a cash management tool and, to a lesser extent, smaller bond maturities relative to the previous fiscal year. CMBs allow for more flexible short-term borrowing while smaller maturities mean that lower cash balances need to be held in advance of maturities.

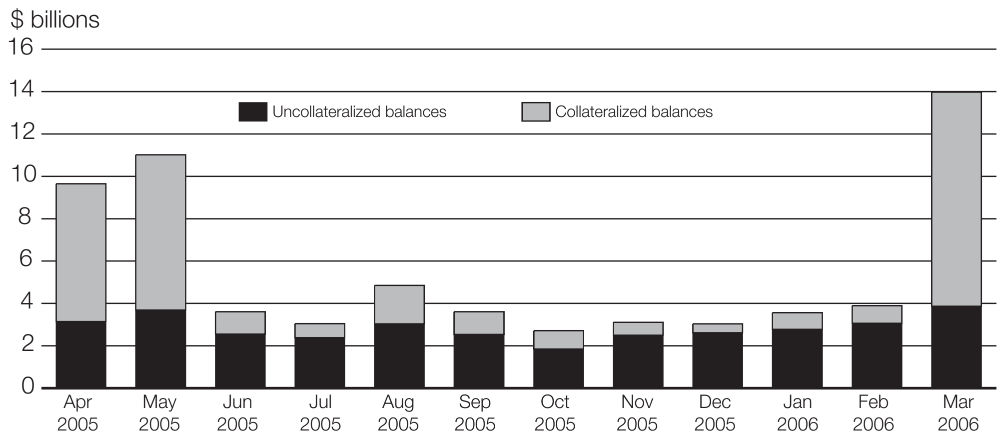
Table 13
Average Daily Receiver General Cash Balances Held at Financial Institutions

	2002–03	2003–04	2004–05	2005–06
		($ billions)		
Average daily cash balances	6.1	7.9	8.2	5.6

Source: Bank of Canada.

Collateral arrangements were introduced in 2002 to mitigate the credit risk tied to the deposit of cash balances with counterparties. Participants with approval for uncollateralized bidding limits tend to maximize their uncollateralized lines prior to using their collateralized lines. Generally, at least 20 per cent of the balances are collateralized; however, in months of high balances, the proportion of collateralized balances can exceed 70 per cent (see Chart 15).

Chart 15
Receiver General Auctions
Collateralized and Uncollateralized Balances
(Average of Daily Balances for Each Month)



Source: Bank of Canada.

Coverage and Tails

In 2005–06, coverage at RG auctions improved from the previous fiscal year for the AM auction, and was above the rolling four-year average (see Table 14). This is a continuation of the trend from 2002–03, when the new RG collateralization framework was introduced to facilitate broader participation in AM auctions (for details on the RG collateralization framework see www.fin.gc.ca/dtman/2003-2004/dmr04_1e.html#Annex2). Coverage for the PM auctions was relatively unchanged.

The wider PM auction tails reflect the reduced number of participants and the different motivation of participants for that auction. The morning auction is a normal market operation, whereas the additional goal of the afternoon auction is the neutralization of Large Value Transfer System balances.

Table 14
Performance at Receiver General Auctions

	2002–03	2003–04	2004–05	2005–06	4-yr. avg.
AM auctions					
Coverage (ratio)	3.29	3.38	4.16	4.18	3.77
Tail (basis points)	0.91	1.68	1.26	1.76	1.41
PM auctions					
Coverage (ratio)	2.31	2.53	2.35	2.33	2.37
Tail (basis points)	3.04	3.09	2.96	3.49	3.16

Source: Bank of Canada.

Participation

The top 10 participants in the Large Value Transfer System (LVTS), the electronic system for the transfer of large payments, won about 80 per cent of RG auctions on average in 2005–06, while the top 10 non-LVTS participants won about 18 per cent of the amount allotted (see Table 15).

Table 15
Receiver General Auctions Share of Amount Allotted Between LVTS and Non-LVTS Participants

Participant Type	2002–03	2003–04	2004–05	2005–06
		(%)		
Top 10 LVTS	91.0	76.0	74.3	79.9
Top 10 non-LVTS	7.1	23.8	24.3	17.8

Source: Bank of Canada.

Evaluation of the Receiver General Cash Management Program

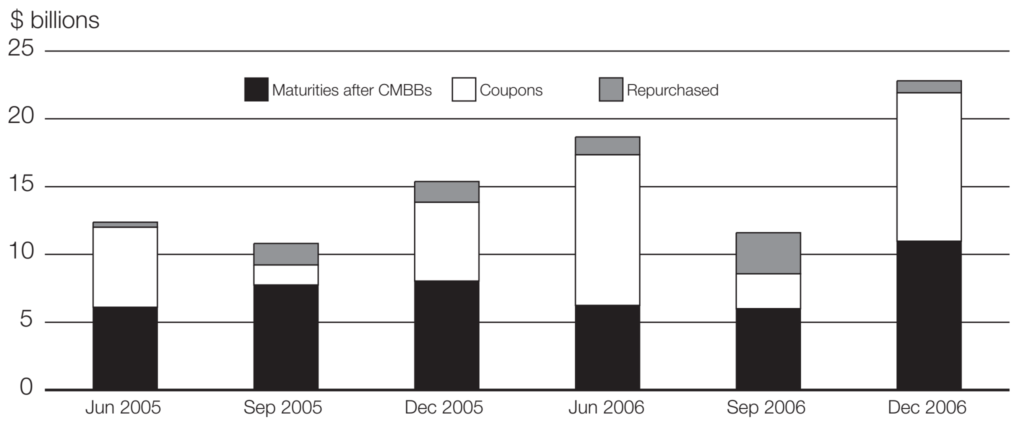
KPMG LLP was engaged in the winter of 2005–06, through the treasury evaluation program, to conduct a review of the Receiver General cash management program. The evaluation was ongoing at fiscal year-end. When complete, the results and departmental response will be posted on the Department of Finance website.

Cash Management Bond Buyback Program

The cash management bond buyback (CMBB) program helps manage cash requirements by reducing the high levels of cash balances needed for key coupon and maturity payment dates. The program also helps smooth variations in treasury bill auction sizes over the year.

In 2005–06 the total amount of bonds repurchased through the CMBB program was $8.7 billion, compared to $12.9 billion in 2004–05. In 2004–05 and 2005–06 the CMBB program reduced the size of the 2005 June 1, September 1 and December 1 bond maturities by about 30 per cent, from a total outstanding of $31.0 billion to $21.9 billion (see Chart 16). The CMBB reduction in the outstanding size of these maturities is in addition to the $2.7-billion reduction previously achieved through the regular buyback program. Together, the CMBB and regular buyback operations reduced the June, September and December 2005 maturities by 35 per cent.

Chart 16
Impact of CMBB Operations on Large Payments
As at March 31, 2006



Note: June, September and December 2006 maturities continued to be part of the CMBB program in the 2006–07 fiscal year.

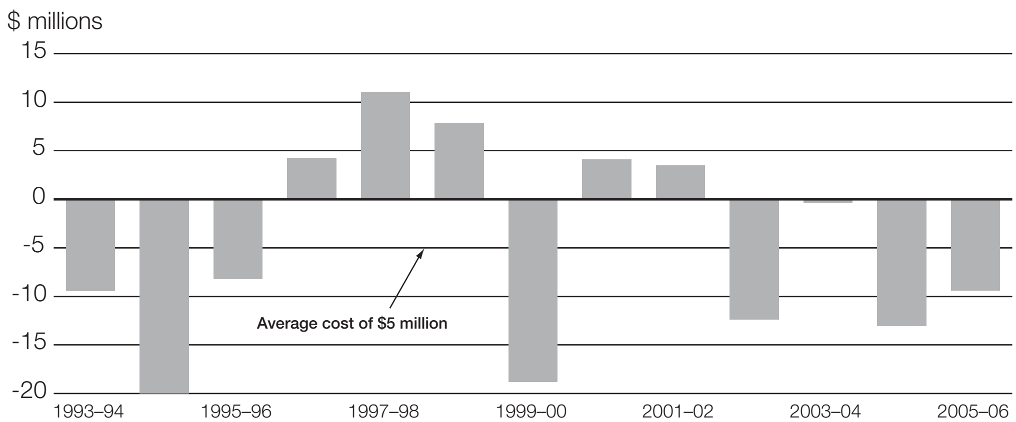
Source: Bank of Canada.

Cost of Carry

The key measure for the management of cash balances is the net return on cash balances: the difference between the return on government balances auctioned to financial institutions (typically around the overnight rate) and the average yield paid on treasury bills. A normal upward sloping yield curve results in a cost of carry, as financial institutions pay rates of interest for government deposits based on an overnight rate that is lower than the rate paid by the Government to borrow funds. Conversely, under an inverted yield curve, short-term deposit rates are higher than the average of 3- to 12-month treasury bill rates, which can result in a net gain for the Government.

In 2005–06, the cost of carrying RG cash balances was a net cost of $9.4 million, compared to a net cost of $13.1 million for the prior fiscal year (see Chart 17). This improvement was achieved, during an environment of relatively stable yield differentials, by keeping lower balances and maintaining large balances for shorter periods of time. This was made possible by a more active use of short-term cash management bills.

Chart 17
Cost (-) or Gain (+) of Carry for Cash Balances



Source: Bank of Canada.

Profile of Treasury Bill Operations

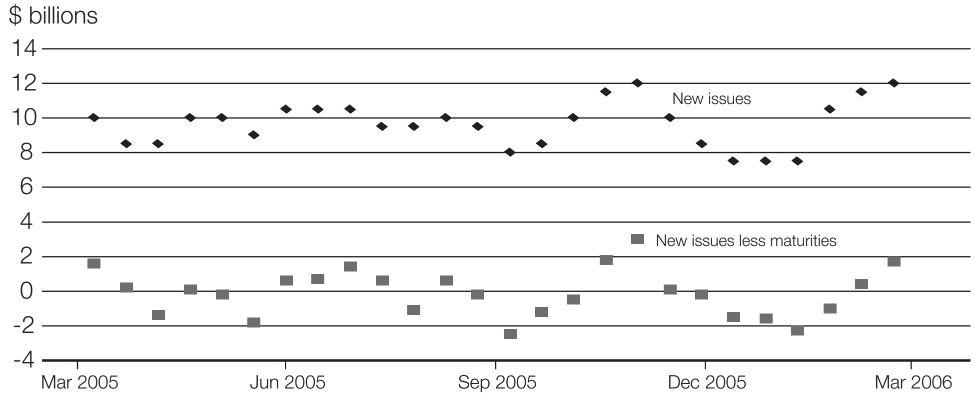
As the cost of carry is largely determined by the shape of the yield curve, an indicator of cash management activities is the profile of treasury bill operations (amount issued per auction date less amount maturing per auction date). Smooth profiles provide certainty of supply for market participants and help reduce the cost associated with large operations. The profile of treasury bill operations continued to be smooth in 2005–06, with net new issuance ranging from -$2 billion to +$3 billion per operation, with a standard deviation of $1.4 billion (see Table 16). Gross issuance was also reasonably smooth, with a standard deviation of $1.3 billion (see Chart 18).

Table 16
Profile of Net Size of Treasury Bill Issues

	2001–02	2002–03	2003–04	2004–05	2005–06
			($ billions)		
Range	-3 to 3	-4 to 4	-2 to +6	-2 to +4	-2 to +3
Standard deviation of new issues less maturities	1.3	1.9	2.3	1.2	1.4

Source: Bank of Canada.

Chart 18
Gross and Net Issuance at Treasury Bill Auctions



Source: Bank of Canada.

Audits and Evaluations

Audit of Administrative Controls Over the Domestic Debt

The audit of administrative controls over the domestic debt was completed in July 2004. While many aspects of the administrative controls were found to be operating effectively, a number of opportunities were observed and many recommendations to strengthen procedures have been pursued (see www.tbs-sct.gc.ca/rma/dpr1/04-05/FIN-FIN/Fin-Find4506_e.asp for more information).

Foreign Currency Debt Programs

Foreign currency debt is used to fund the foreign exchange reserves, which are held in the Exchange Fund Account. There are a variety of instruments available to meet foreign currency funding requirements.[5] In 2005–06, the sources of reserves funding used were Canada bills and cross-currency swaps.

The Report on the Management of Canada's Official International Reserves, available at www.fin.gc.ca/toce/2006/oir06_e.html, provides information on the objectives, composition and performance of the reserves portfolio.

Canada Bills

In 2005–06 the level of outstanding Canada bills increased from $3.9 billion (US$3.2 billion) to $4.7 billion (US$4.0 billion). In 2005–06 Canada bills were issued, on average, at an all-in cost of US$ LIBOR (London Inter-Bank Offered Rate) less 28 basis points, which was generally in line with the levels achieved in recent years.

Foreign Currency Bonds

In 2005–06, no new foreign currency bonds were issued, while a total of $1.8 billion (US$1.5 billion) matured. The total decline in the stock of outstanding foreign bonds, including exchange rate changes, was $2.3 billion. The total outstanding was $7.6 billion (US$6.5 billion) at the end of 2005–06.

Canada Notes

There were no new Canada note issues or maturities in 2005–06, while a total of $0.6 billion (US$0.4 billion) matured. The total outstanding was $0.5 billion (US$0.4 billion) at the end of 2005–06.

Euro Medium-Term Notes

In 2005–06 no new Euro Medium-Term Notes were issued. The total outstanding decreased from $1.7 billion (US$1.5 billion) to $1.5 billion (US$1.3 billion).

[5] Reported at par value using exchange rates from March 31, 2006.

Cross-Currency Swaps

In 2005–06, $7.2 billion (US$6.1 billion) was raised to fund the foreign exchange reserves by entering into 64 cross-currency swaps at an average cost of US$ LIBOR less 35 basis points, which was generally in line with the levels achieved in recent years. A total of $3.9 billion (US$3.3 billion) of swaps matured in 2005–06. At the end of the 2005–06 fiscal year, the outstanding amount of cross-currency swaps totalled $26.2 billion (US$22.4 billion) (see Reference Table XI for transaction details). Taking into account the effect of cross-currency swaps, foreign currency obligations were 9.4 per cent of the Government's total market debt.

A collateral management framework is used to mitigate credit risk exposure to financial institution counterparties associated with cross-currency swap transactions. Under this framework, high quality collateral (e.g. cash, treasury bills) is pledged by counterparties when the net market value of their contracts with the Government of Canada exceeds specified limits. Over the fiscal year, given the strength of the Canadian dollar, most of the swaps were "in the money," meaning that the market value of the swaps had increased. At the end of the 2005–06 fiscal year, the value of collateral posted by counterparties was $1.2 billion (US$1.0 billion).

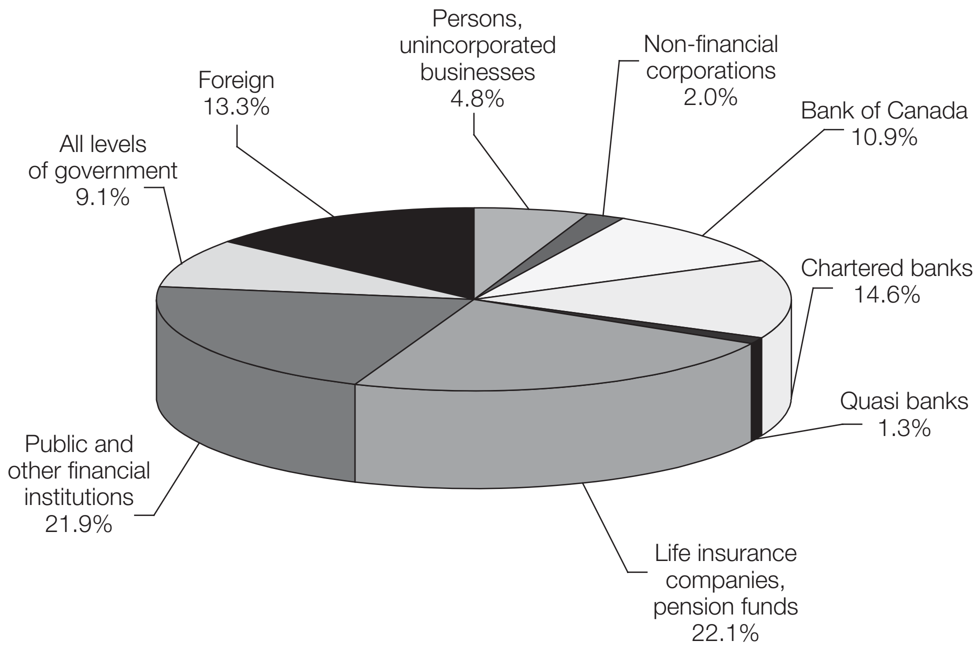
Holdings of Government of Canada Debt

A diversified investor base helps to keep funding costs low by ensuring there is active demand for Government of Canada securities. Diversification of the investor base is pursued 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 to suit the needs of individual Canadians, and using a broad array of funding sources in foreign borrowings.

In 2005, based on Statistics Canada surveys, life insurance companies and pension funds accounted for the largest share of holdings of Government of Canada market debt (22.1 per cent), followed by public and other financial institutions such as investment dealers and mutual funds (21.9 per cent) and chartered banks (14.6 per cent) (see Chart 19). Taken together, these three sectors accounted for close to 60 per cent of total holdings.

Reference Table IV shows the evolution of the distribution of domestic holdings of Government of Canada debt since 1976, and illustrates that the holdings have become more diversified over that period.

Chart 19
Distribution of Holdings of Government of Canada Market Debt
As at December 31, 2005



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

Annex 1: Composition of the Federal Debt[6]

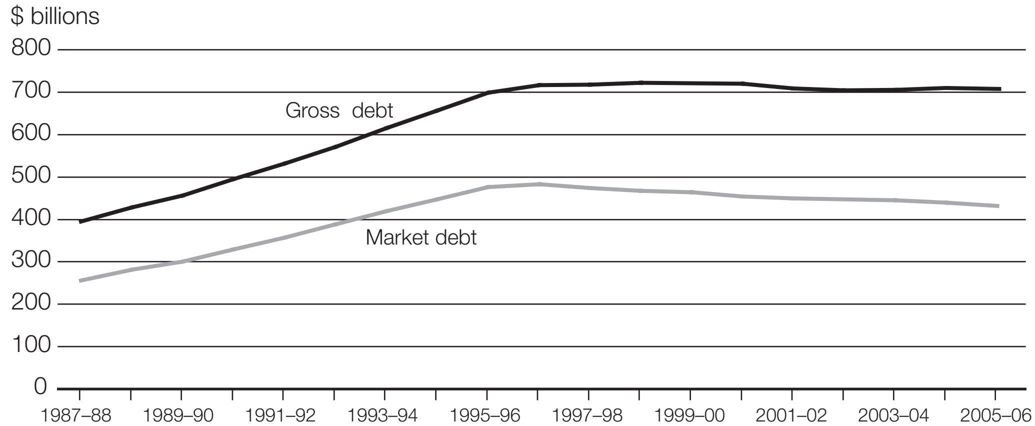
Gross Debt

Gross debt is made up of unmatured debt and other liabilities. At the end of March 2006, gross debt totalled $702.5 billion, down $2.5 billion from the previous year and down $11.1 billion from its peak of $713.6 billion in 1999–2000.

Market Debt

Market debt is the portion of gross debt that is funded in the capital markets. Market debt consists of marketable bonds, treasury bills, foreign-currency-denominated bonds and bills, retail debt, and bonds held by the CPP. Foreign currency debt is issued on an opportunistic basis. At March 31, 2006, market debt outstanding was $427.3 billion, down $4.5 billion from the previous year (see Chart A1).

Chart A1
Evolution of Gross Debt and Market Debt



Source: *Public Accounts of Canada.*

Market Debt Adjustments

Market debt adjustments include unamortized premiums, discounts and commissions on market debt, cross-currency swap revaluations and capital lease obligations.

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[6] For more information, see the *Annual Financial Report of the Government of Canada* at www.fin.gc.ca/purl/afr-e.html

Other Liabilities

Other liabilities include liabilities held outside the capital markets. They include obligations to public sector pension plans, accounts payable and accrued liabilities and allowances. In 2005–06, other liabilities amounted to $281.3 billion, up $3.8 billion from the previous year.

Net Debt

Net debt is gross debt minus financial assets. Financial assets include cash, foreign exchange accounts and loans. Net debt declined by $12.7 billion from $549.6 billion in 2004–05 to $536.9 billion in 2005–06. Financial assets increased by $10.2 billion to $165.6 billion.

Federal Debt

Federal debt, or the accumulated deficit, is net debt minus non-financial assets. Non-financial assets include tangible capital assets, inventories and prepaid expenses. Federal debt declined by $13.2 billion, from $494.7 billion in 2004–05 to $481.5 billion in 2005–06. Non-financial assets increased by $0.5 billion to $55.4 billion.

Annex 2: Completed Treasury Evaluation Reports, 1992–2006

Area	Year
Debt Management Objectives	1992
Debt Structure—Fixed/Floating Mix	1992
Internal Review Process	1992
External Review Process	1992
Benchmarks and Performance Measures	1994
Foreign Currency Borrowing—Canada Bills Program	1994
Developing Well-Functioning Bond and Bill Markets	1994
Liability Portfolio Performance Measurement	1994
Retail Debt Program	1994
Guidelines for Dealing With Auction Difficulties	1995
Foreign Currency Borrowing—Standby Line of Credit and FRN	1995
Treasury Bill Program Design	1995
Real Return Bond Program	1998
Foreign Currency Borrowing Programs	1998
Initiatives to Support a Well-Functioning Wholesale Market	2001
Debt Structure Target/Modelling	2001
Reserves Management Framework	2002
Bond Buybacks	2003
Funds Management Governance Framework[1]	2004
Retail Debt Program[1]	2004
Borrowing Framework of Major Federal Government-Backed Entities[1]	2005
Receiver General Cash Management Program[2]	2006
Exchange Fund Account Evaluation[2]	2006

[1] Available at www.fin.gc.ca.

[2] Forthcoming.

Source: Department of Finance.

Annex 3: Glossary

basis point: One hundredth of a percentage point (0.01 per cent). Basis points are often used to measure changes in or differences between yields on fixed-income securities, since these often change by very small amounts.

benchmark bond: Specific issue which is typically the most liquid bond within each range of maturities. It is considered by the market to be the standard against which all other bonds issued in that term area are evaluated.

bid: Price at which an individual is willing to buy a security or commodity.

bid-offer spread: The standard differential between the bid price (at which the holder can sell) and the offer price (at which the holder can buy). On occasion this can be quite large and depends on the underlying price, liquidity, volatility and a number of other factors.

budgetary deficit: The shortfall between government annual revenues and annual budgetary expenses.

compound interest bond: A Canada Savings Bond or Canada Premium Bond on which interest accrues and is compounded annually to maturity or until redeemed.

Exchange Fund Account: The fund of foreign-currency-denominated assets which is maintained by the Government of Canada for the purpose of promoting order and stability of the Canadian dollar in the foreign exchange market. This account facilitates the selling of foreign exchange (buying Canadian dollars) when there is downward pressure on the currency and conversely is the recipient of foreign exchange inflows (selling of Canadian dollars) when there is upward pressure on the value of the Canadian dollar.

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

foreign exchange reserves: Foreign exchange reserves are the foreign currency assets (e.g. interest-earning bonds) held to support the value of the domestic currency. Canada's foreign exchange reserves are held in the Exchange Fund Account.

Government of Canada securities auction: A process used for selling Government of Canada debt securities (mostly marketable bonds and treasury bills) in which issues are sold by public tender to government securities distributors and certain clients.

government securities distributor: An entity (i.e. an investment dealer or bank) that is authorized to bid at Government of Canada auctions and through which the Government distributes Government of Canada treasury bills and marketable bonds.

inflation: A persistent rise in the price of goods, services and factors of production over an extended period of time, as measured by a price index such as the Consumer Price Index or the gross domestic product deflator; it is the percentage change in the price index.

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

Large Value Transfer System: An electronic funds transfer system introduced in February 1999 and operated by the Canadian Payments Association. It facilitates the electronic transfer of Canadian-dollar payments across the country virtually instantaneously.

LIBOR: London Inter-Bank Offered Rate. The rate of interest offered by commercial banks to other banks for cash deposits on the London Inter-Bank Market.

marketable bond: An interest-bearing certificate of indebtedness issued by the Government of Canada, and having the following characteristics: bought and sold on the open market; payable in Canadian or foreign currency; subject to call or redemption before maturity; having a fixed date of maturity; interest payable either in coupon or registered form; and face value guaranteed at maturity.

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.

money market: The market in which short-term capital is raised, invested and traded using financial instruments such as treasury bills, bankers' acceptances, commercial paper, and bonds maturing in one year or less.

offer: Price at which an individual is willing to sell a security or commodity.

overnight rate; overnight financing rate; overnight money market rate; overnight lending rate: An interest rate at which participants with a temporary surplus or shortage of funds are able to lend or borrow until the next business day. It is the shortest term to maturity in the money market.

primary dealer: Member of the core group of government securities distributors that maintains a certain threshold of activity in the market for Government of Canada securities. The primary dealer classification can be attained in either treasury bills or marketable bonds, or both.

primary market: The market in which issues of securities are first offered to the public.

regular interest bond: A Canada Savings Bond or Canada Premium Bond on which interest is paid annually by cheque or by direct deposit to maturity or until redeemed.

repo; repurchase agreement: A financial transaction in which a dealer in effect borrows money by selling securities and simultaneously agreeing to buy them back at a higher price at a later time.

reverse repo; reverse repurchase agreement: A financial transaction in which a dealer purchases securities with an agreement to resell them at a higher price at a specific future date. This is essentially a loan of the security at a specific rate.

secondary market: A market where existing securities trade after they have been sold to the public in the primary market.

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

yield curve: The conceptual or graphic representation of the term structure of interest rates. A normal yield curve is upward sloping, with short-term rates lower than long-term rates. An inverted yield curve is downward sloping, with short-term rates higher than long-term rates. A flat yield curve occurs when short-term rates are the same as long-term rates.

Annex 4: Contact Information

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Reference Tables

Reference Table I

Gross Public Debt, Outstanding Market Debt and Debt Charges

Fiscal years	Market debt	Market debt value adjustment	Accounts payable and accrued liabilities	Pension & other liabilities	Gross debt	Financial assets	Net debt	Non-financial assets	Accumulated deficit	Gross public debt charges	Fixed-rate portion of interest-bearing debt[1]
					($ billions)						(%)
	+	+	+	=	-	=	-	=			
1985–86	201.2	-0.4	39.4	79.1	319.4	70.1	249.2	21.4	227.8	27.7	51.9
1986–87	228.6	-0.4	42.1	84.7	355.0	73.2	281.8	24.2	257.7	28.7	50.9
1987–88	250.8	-0.9	47.2	90.9	388.0	75.0	313.0	26.3	286.7	31.2	51.2
1988–89	276.3	-2.2	50.2	97.1	421.4	77.9	343.6	29.0	314.6	35.5	49.6
1989–90	294.6	-2.9	53.2	104.5	449.3	74.5	374.8	31.0	343.8	41.2	49.9
1990–91	323.9	-3.2	54.9	112.1	487.7	76.6	411.1	33.4	377.7	45.0	50.4
1991–92	351.9	-2.2	56.1	118.5	524.2	78.5	445.7	35.8	410.0	43.9	50.7
1992–93	382.7	-3.0	58.4	125.1	563.2	76.0	487.2	38.2	449.0	41.3	50.4
1993–94	414.0	-1.8	63.7	131.4	607.3	79.3	527.9	40.4	487.5	40.1	53.3
1994–95	441.0	-3.4	71.3	139.8	648.7	81.2	567.5	43.3	524.2	44.2	55.1
1995–96	469.5	-1.7	74.9	148.5	691.3	92.7	598.6	44.4	554.2	49.4	56.9
1996–97	476.9	0.3	75.9	156.3	709.4	100.4	609.0	46.1	562.9	47.3	61.7
1997–98	466.8	1.4	81.7	160.9	710.8	103.6	607.2	47.2	559.9	43.1	63.7
1998–99	457.7	2.6	83.7	168.2	712.2	109.3	602.9	48.7	554.1	43.3	64.5
1999–00	454.2	-0.2	83.9	175.8	713.6	123.5	590.1	50.2	539.9	43.4	66.5
2000–01	444.9	1.3	88.5	179.0	713.6	141.9	571.7	51.7	520.0	43.9	67.8
2001–02	440.9	0.9	83.2	177.9	703.0	137.7	565.3	53.4	511.9	39.7	67.4
2002–03	438.6	-1.1	83.2	178.3	699.0	139.5	559.6	54.2	505.3	37.3	65.8
2003–04	436.5	-2.5	85.2	180.9	700.1	149.1	551.0	54.8	496.2	35.8	63.8
2004–05	431.8	-4.3	97.7	179.8	705.0	155.4	549.6	54.9	494.7	34.1	63.1
2005–06	427.3	-6.1	101.4	179.9	702.5	165.6	536.9	55.4	481.5	33.8	62.5

[1] Calculation methodology may vary slightly from year to year. The definition of interest-bearing debt changed slightly in 2002–03 to reflect the adoption of the full accrual basis of accounting.

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

Reference Table II

Government of Canada Outstanding Market Debt

	Payable in Canadian dollars					Payable in foreign currencies								
Fiscal year	Treasury bills	Marketable bonds	Retail debt	CPP bonds	Total	Canada bills	Marketable bonds	Canada notes	Euro Medium-Term Notes	Notes and loans	Total	Less: Government's own holdings	Total market debt	Average interest rate
							($ billions)							(%)
1985–86	62.0	81.1	44.2	0.4	187.7	0.0	5.9	0.0	0.0	7.9	13.8	-0.3	201.2	10.66
1986–87	77.0	94.4	44.3	1.8	217.5	1.0	5.9	0.0	0.0	5.1	12.0	-0.9	228.6	9.34
1987–88	81.1	103.9	53.3	2.5	240.8	1.0	6.3	0.0	0.0	3.9	11.3	-1.2	250.8	9.61
1988–89	102.7	115.7	47.8	3.0	269.2	1.1	5.3	0.0	0.0	1.9	8.3	-1.2	276.3	10.82
1989–90	118.6	127.7	40.9	3.1	290.2	1.4	4.1	0.0	0.0	0.2	5.7	-1.3	294.6	11.20
1990–91	139.2	143.6	34.4	3.5	320.7	1.0	3.5	0.0	0.0	0.0	4.5	-1.3	323.9	10.72
1991–92	152.3	158.1	35.6	3.5	349.5	0.0	3.4	0.0	0.0	0.0	3.4	-1.0	351.9	8.86
1992–93	162.1	178.5	34.4	3.5	378.4	2.6	2.9	0.0	0.0	0.0	5.4	-1.1	382.7	7.88
1993–94	166.0	203.4	31.3	3.5	404.3	5.6	5.0	0.0	0.0	0.0	10.7	-1.0	414.0	6.75
1994–95	164.5	225.7	31.4	3.5	425.1	9.0	7.9	0.0	0.0	0.0	16.9	-1.0	441.0	7.97
1995–96	166.1	252.8	31.4	3.5	453.8	7.0	9.5	0.3	0.0	0.0	16.8	-1.0	469.5	7.34
1996–97	135.4	282.6	33.5	3.5	454.9	8.4	12.5	2.1	0.0	0.0	23.0	-1.1	476.9	6.66
1997–98	112.3	294.6	30.5	3.5	440.8	9.4	14.7	1.7	1.5	0.0	27.2	-1.2	466.8	6.64
1998–99	97.0	295.8	28.2	4.1	425.0	10.2	19.6	1.3	4.9	0.0	36.0	-3.3	457.7	6.70
1999–00	99.9	294.4	26.9	3.6	424.7	6.0	21.4	1.1	4.1	0.0	32.6	-3.1	454.2	6.15
2000–01	88.7	295.5	26.4	3.5	414.1	7.2	21.2	1.6	3.7	0.0	33.7	-2.9	444.9	6.11
2001–02	94.2	294.9	24.0	3.4	416.5	3.4	19.8	1.2	3.2	0.0	27.5	-3.1	440.9	5.56
2002–03	104.6	289.2	22.6	3.4	419.8	2.6	14.5	1.2	3.3	0.0	21.6	-2.7	438.6	5.32
2003–04	113.4	279.0	21.3	3.4	417.1	3.4	13.2	1.3	3.0	0.0	20.8	-1.5	436.5	4.90
2004–05	127.2	266.7	19.1	3.4	416.3	3.9	9.9	1.1	1.7	0.0	16.5	-1.1	431.8	4.61
2005–06	131.6	261.9	17.3	3.1	413.9	4.7	7.6	0.5	1.5	0.0	14.3	-1.0	427.3	4.73

Source: *Public Accounts of Canada*.

Reference Table III

Average Weekly Domestic Market Trading in Government of Canada Securities, April 2005 to March 2006

		Marketable bonds					
	Treasury bills	3 years and under	3 to 10 years	Over 10 years	Real Return Bonds	Total marketable bonds	Total
				($ millions)			
April 2005	30,464	35,509	48,672	12,215	370	96,766	127,230
May 2005	29,535	33,055	51,673	12,373	332	97,433	126,968
June 2005	33,401	40,384	56,043	9,853	402	106,682	140,083
July 2005	25,667	36,323	51,912	9,287	236	97,758	123,425
August 2005	27,859	36,094	51,191	7,159	355	94,799	122,658
September 2005	31,971	49,744	60,888	9,237	300	120,169	152,140
October 2005	28,547	42,565	54,854	9,599	481	107,499	136,046
November 2005	28,038	36,769	50,396	10,457	662	98,284	126,322
December 2005	29,989	34,750	51,668	8,596	333	95,347	125,336
January 2006	28,195	41,064	53,796	11,865	247	106,972	135,167
February 2006	24,467	45,976	63,409	13,375	325	123,085	147,552
March 2006	25,846	43,787	62,229	12,431	507	118,954	144,800

Source: Bank of Canada.

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]	Foreign	Total[5]
						($ millions)				
1976	17,932	395	8,242	8,666	716	1,436	2,273	730	1,652	42,042
1977	20,277	321	10,268	9,601	1,048	2,271	3,114	1,014	2,185	50,099
1978	22,723	403	12,001	9,896	1,537	3,738	4,017	1,721	4,770	60,806
1979	23,144	374	13,656	10,156	1,684	6,716	4,103	2,878	5,956	68,667
1980	24,253	555	15,858	10,002	2,771	9,274	5,561	4,248	7,630	80,152
1981	33,425	520	17,100	10,003	2,452	10,569	5,342	4,194	9,102	92,707
1982	42,320	2,267	15,428	11,233	3,288	13,151	9,177	4,654	10,737	112,255
1983	50,306	5,502	16,859	15,107	5,551	17,816	9,984	5,321	12,091	138,537
1984	60,748	6,783	17,184	15,164	4,887	24,039	11,978	7,166	16,205	164,154
1985	74,331	7,387	15,668	15,198	5,706	31,068	15,086	10,106	21,608	196,158
1986	71,073	6,259	18,374	17,779	7,277	34,887	18,414	11,293	33,060	218,416
1987	83,732	8,591	20,201	16,012	6,400	38,870	19,547	13,918	36,462	243,733
1988	86,591	8,634	20,606	21,115	7,492	42,460	19,028	17,186	51,134	274,246
1989	81,566	11,402	21,133	20,804	9,854	48,037	23,950	17,840	61,707	296,293
1990	80,079	11,797	20,325	24,224	10,460	52,984	26,051	19,574	72,586	318,080
1991	72,945	11,580	22,370	35,792	12,091	57,846	33,054	21,015	82,553	349,246
1992	70,930	13,696	22,607	44,555	12,428	62,042	39,396	20,222	88,878	374,754
1993	61,221	10,359	23,498	60,242	11,229	69,917	45,321	18,397	108,847	409,031
1994	52,842	12,039	24,902	70,063	9,992	78,545	52,847	24,967	110,080	436,277
1995	48,867	12,048	23,590	76,560	10,947	87,467	59,044	26,324	116,543	461,390
1996	46,187	10,013	25,556	74,789	10,952	90,174	71,514	24,828	118,474	472,487
1997	39,924	10,470	27,198	67,715	7,054	94,991	79,445	25,509	112,865	465,171
1998	33,537	8,525	27,911	66,375	6,659	99,687	79,895	28,174	106,763	457,526
1999	37,118	9,290	29,075	54,080	7,944	108,656	81,257	28,394	102,263	458,077
2000	33,259	9,062	31,726	58,269	2,842	108,752	73,911	30,280	91,477	439,578
2001	33,979	7,643	37,204	65,396	3,561	99,744	76,482	34,341	80,974	439,324
2002	22,860	8,417	38,859	66,057	3,307	97,463	81,521	33,436	88,237	440,157
2003	20,477	7,935	40,398	67,934	3,619	100,257	85,918	38,179	68,940	433,657
2004	21,547	8,175	41,119	52,673	4,850	96,555	90,647	36,419	61,858	413,843
2005	19,874	8,272	45,409	60,815	5,508	91,603	90,779	37,636	55,266	415,162

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]	Foreign	Total[5]
						(%)				
1976	42.65	0.94	19.60	20.61	1.70	3.42	5.41	1.74	3.93	100.00
1977	40.47	0.64	20.50	19.16	2.09	4.53	6.22	2.02	4.36	100.00
1978	37.37	0.66	19.74	16.27	2.53	6.15	6.61	2.83	7.84	100.00
1979	33.70	0.54	19.89	14.79	2.45	9.78	5.98	4.19	8.67	100.00
1980	30.26	0.69	19.78	12.48	3.46	11.57	6.94	5.30	9.52	100.00
1981	36.05	0.56	18.45	10.79	2.64	11.40	5.76	4.52	9.82	100.00
1982	37.70	2.02	13.74	10.01	2.93	11.72	8.18	4.15	9.56	100.00
1983	36.31	3.97	12.17	10.90	4.01	12.86	7.21	3.84	8.73	100.00
1984	37.01	4.13	10.47	9.24	2.98	14.64	7.30	4.37	9.87	100.00
1985	37.89	3.77	7.99	7.75	2.91	15.84	7.69	5.15	11.02	100.00
1986	32.54	2.87	8.41	8.14	3.33	15.97	8.43	5.17	15.14	100.00
1987	34.35	3.52	8.29	6.57	2.63	15.95	8.02	5.71	14.96	100.00
1988	31.57	3.15	7.51	7.70	2.73	15.48	6.94	6.27	18.65	100.00
1989	27.53	3.85	7.13	7.02	3.33	16.21	8.08	6.02	20.83	100.00
1990	25.18	3.71	6.39	7.62	3.29	16.66	8.19	6.15	22.82	100.00
1991	20.89	3.32	6.41	10.25	3.46	16.56	9.46	6.02	23.64	100.00
1992	18.93	3.65	6.03	11.89	3.32	16.56	10.51	5.40	23.72	100.00
1993	14.97	2.53	5.74	14.73	2.75	17.09	11.08	4.50	26.61	100.00
1994	12.11	2.76	5.71	16.06	2.29	18.00	12.11	5.72	25.23	100.00
1995	10.59	2.61	5.11	16.59	2.37	18.96	12.80	5.71	25.26	100.00
1996	9.78	2.12	5.41	15.83	2.32	19.08	15.14	5.25	25.07	100.00
1997	8.58	2.25	5.85	14.56	1.52	20.42	17.08	5.48	24.26	100.00
1998	7.33	1.86	6.10	14.51	1.46	21.79	17.46	6.16	23.33	100.00
1999	8.10	2.03	6.35	11.81	1.73	23.72	17.74	6.20	22.32	100.00
2000	7.57	2.06	7.22	13.26	0.65	24.74	16.81	6.89	20.81	100.00
2001	7.73	1.74	8.47	14.89	0.81	22.70	17.41	7.82	18.43	100.00
2002	5.19	1.91	8.83	15.01	0.75	22.14	18.52	7.60	20.05	100.00
2003	4.72	1.83	9.32	15.67	0.83	23.12	19.81	8.80	15.90	100.00
2004	5.21	1.98	9.94	12.73	1.17	23.33	21.90	8.80	14.95	100.00
2005	4.79	1.99	10.94	14.65	1.33	22.06	21.87	9.07	13.31	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
2002	551	5,894	11,639	18,869	708	12,768	40,087	7,115	97,631
2003	1,803	5,366	11,733	25,150	943	14,443	41,335	7,647	108,420
2004	964	5,489	11,557	27,521	837	13,567	42,951	7,873	110,759
2005	13	5,498	15,383	31,045	1,159	14,718	43,177	9,166	120,159

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
2002	0.56	6.04	11.92	19.33	0.73	13.08	41.06	7.29	100.00
2003	1.66	4.95	10.82	23.20	0.87	13.32	38.12	7.05	100.00
2004	0.87	4.96	10.43	24.85	0.76	12.25	38.78	7.11	100.00
2005	0.01	4.58	12.80	25.84	0.96	12.25	35.93	7.63	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
2002	22,309	2,523	27,220	47,188	2,599	84,695	41,434	26,321	254,289
2003	18,674	2,569	28,665	42,784	2,676	85,814	44,583	30,532	256,297
2004	20,583	2,686	29,526	25,152	4,013	82,988	47,696	28,546	241,226
2005	19,861	2,774	30,026	29,770	4,349	76,885	47,602	28,470	239,737

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
2002	8.77	0.99	10.70	18.56	1.02	33.31	16.29	10.35	100.00
2003	7.29	1.00	11.18	16.69	1.04	33.48	17.40	11.91	100.00
2004	8.53	1.11	12.25	10.43	1.66	34.40	19.77	11.83	100.00
2005	8.28	1.16	12.52	12.42	1.81	32.07	19.86	11.88	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 is 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 is 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 Government of Canada 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[2]
		(C$ billions)		(%)
1979	5.0	0.9	5.9	
1980	5.6	0.7	6.3	
1981	6.8	1.1	7.9	
1982	8.8	1.1	9.9	
1983	10.0	1.6	11.6	
1984	10.3	2.6	12.9	
1985	14.5	4.6	19.1	
1986	22.1	3.0	25.1	
1987	30.3	4.7	35.0	15.2
1988	33.0	9.3	42.3	16.8
1989	41.3	15.7	57.0	20.5
1990	49.9	13.3	63.2	21.4
1991	57.6	16.1	73.7	22.7
1992	63.6	23.0	86.6	24.5
1993	80.1	28.3	108.4	28.2
1994	79.3	34.0	113.3	27.3
1995	73.7	39.2	112.9	25.5
1996	84.1	37.7	121.8	25.8
1997	91.8	27.7	119.4	24.9
1998	94.3	20.0	114.3	24.4
1999	86.6	19.4	106.0	22.9
2000	85.7	14.2	99.9	21.8
2001	83.5	10.5	94.0	20.9
2002	74.0	7.4	81.4	18.3
2003	80.7	8.5	89.2	20.2
2004	57.0	9.2	66.2	15.0
2005	53.5	8.2	61.7	14.3
2006	47.1	13.6	60.7	14.2

Note: Numbers may not add due to rounding.

[1] Includes bonds denominated in foreign currencies.

[2] Includes capital lease obligations. For the 1979–1986 period, market debt data (includes capital leases) is unavailable.

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

Reference Table VI
Fiscal 2005–06 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)							(%)		
April 1, 2005	4,500				4,500					0	-4,500	-4,500	122,700				
April 7, 2005	3,000	3,800	4,600		11,400		5,600	2,200	2,200	10,000	-1,400	-5,900	121,300		2.55	2.66	3.00
April 21, 2005		4,400		3,900	8,300		4,700	1,900	1,900	8,500	200	-5,700	121,500		2.46	2.55	2.77
May 5, 2005		5,300	4,600		9,900		4,700	1,900	1,900	8,500	-1,400	-7,100	120,100		2.46	2.56	2.81
May 19, 2005		5,900		4,000	9,900		5,600	2,200	2,200	10,000	100	-7,000	120,200		2.46	2.57	2.78
May 27, 2005					0	2,500				2,500	2,500	-4,500	122,700	2.45			
June 1, 2005					0	1,200				1,200	1,200	-3,300	123,900	2.45			
June 2, 2005		6,500	3,700		10,200		5,600	2,200	2,200	10,000	-200	-3,500	123,700		2.45	2.55	2.74
June 6, 2005	1,200				1,200					0	-1,200	-4,700	122,500				
June 10, 2005	2,500				2,500					0	-2,500	-7,200	120,000				
June 16, 2005		6,500		4,300	10,800		5,000	2,000	2,000	9,000	-1,800	-9,000	118,200		2.46	2.57	2.78
June 20, 2005					0	2,000				2,000	2,000	-7,000	120,200	2.44			
June 28, 2005					0	1,500				1,500	1,500	-5,500	121,700	2.44			
June 30, 2005		6,500	3,400		9,900		5,900	2,300	2,300	10,500	600	-4,900	122,300		2.47	2.57	2.74
July 4, 2005	2,000				2,000	2,000				2,000	0	-4,900	122,300	2.49			
July 6, 2005	3,500				3,500					0	-3,500	-8,400	118,800				
July 14, 2005		5,600		4,200	9,800		5,900	2,300	2,300	10,500	700	-7,700	119,500		2.56	2.74	2.99
July 21, 2005					0	700				700	700	-7,000	120,200	2.43			
July 27, 2005					0	2,000				2,000	2,000	-5,000	122,200	2.47			
July 28, 2005		4,700	4,400		9,100		5,900	2,300	2,300	10,500	1,400	-3,600	123,600		2.58	2.71	2.91
August 2, 2005	700				700					0	-700	-4,300	122,900				
August 3, 2005	2,000				2,000					0	-2,000	-6,300	120,900				
August 11, 2005		4,700		4,200	8,900		5,300	2,100	2,100	9,500	600	-5,700	121,500		2.63	2.83	3.09
August 22, 2005					0	2,500				2,500	2,500	-3,200	124,000	2.51			
August 25, 2005		5,600	5,000		10,600		5,300	2,100	2,100	9,500	-1,100	-4,300	122,900		2.76	2.90	3.15
August 29, 2005					0	2,500				2,500	2,500	-1,800	125,400	2.49			
Sept. 1, 2005					0	1,300				1,300	1,300	-500	126,700	2.49			
Sept. 6, 2005	2,500				2,500					0	-2,500	-3,000	124,200				
Sept. 8, 2005		5,600		3,800	9,400		5,600	2,200	2,200	10,000	600	-2,400	124,800		2.74	2.82	2.95
Sept. 13, 2005	1,300				1,300					0	-1,300	-3,700	123,500				
Sept. 16, 2005	2,500				2,500					0	-2,500	-6,200	121,000				
Sept. 22, 2005		5,000	4,700		9,700	1,000	5,300	2,100	2,100	10,500	800	-5,400	121,800	2.60	2.81	2.94	3.09
Sept. 28, 2005					0	1,000				1,000	1,000	-4,400	122,800	2.67			
October 3, 2005	1,000				1,000					0	-1,000	-5,400	121,800				
October 6, 2005	1,000	5,900		4,600	11,500		4,400	1,800	1,800	8,000	-3,500	-8,900	118,300		2.92	3.11	3.33
October 20, 2005		5,900	3,800		9,700	2,500	4,700	1,900	1,900	11,000	1,300	-7,600	119,600	2.95	3.02	3.23	3.44

Reference Table VI *(cont'd)*
Fiscal 2005–06 Treasury Bill Program

Settlement date	Maturing					New issues					Net increment			Average tender yields			
	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)													(%)			
October 21, 2005					0	1,600				1,600	1,600	-6,000	121,200	2.96			
October 27, 2005					0	1,400				1,400	1,400	-4,600	122,600	2.94			
October 31, 2005					0	1,200				1,200	1,200	-3,400	123,800	2.95			
Nov. 1, 2005	4,100				4,100					0	-4,100	-7,500	119,700				
Nov. 3, 2005		5,900		4,600	10,500		5,600	2,200	2,200	10,000	-500	-8,000	119,200		3.12	3.35	3.59
Nov. 7, 2005	2,600				2,600					0	-2,600	-10,600	116,600				
Nov. 17, 2005		5,300	4,400		9,700		6,500	2,500	2,500	11,500	1,800	-8,800	118,400		3.23	3.42	3.72
Nov. 18, 2005					0	1,500				1,500	1,500	-7,300	119,900	2.94			
Nov. 24, 2005					0	2,000				2,000	2,000	-5,300	121,900	2.96			
Nov. 28, 2005					0	2,800				2,800	2,800	-2,500	124,700	3.08			
Dec. 1, 2005		5,300		3,700	9,000	1,500	6,800	2,600	2,600	13,500	4,500	2,000	129,200	3.09	3.30	3.53	3.77
Dec. 2, 2005	1,500				1,500					0	-1,500	500	127,700				
Dec. 5, 2005	2,000				2,000					0	-2,000	-1,500	125,700				
Dec. 12, 2005	1,500				1,500					0	-1,500	-3,000	124,200				
Dec. 15, 2005	2,800	5,600	4,300		12,700	2,800	5,600	2,200	2,200	12,800	100	-2,900	124,300	3.20	3.39	3.59	3.89
Dec. 21, 2005					0	3,000				3,000	3,000	100	127,300	3.21			
Dec. 29, 2005		5,300		3,400	8,700		4,700	1,900	1,900	8,500	-200	-100	127,100		3.40	3.65	3.93
Jan. 3, 2006	2,800				2,800					0	-2,800	-2,900	124,300				
Jan. 5, 2006	3,000				3,000					0	-3,000	-5,900	121,300				
Jan. 12, 2006		4,400	4,600		9,000		4,100	1,700	1,700	7,500	-1,500	-7,400	119,800		3.43	3.63	3.84
Jan. 26, 2006		4,700		4,400	9,100	1,300	4,100	1,700	1,700	8,800	-300	-7,700	119,500	3.43	3.49	3.67	3.85
Jan. 27, 2006					0	2,500				2,500	2,500	-5,200	122,000	3.45			
Feb. 1, 2006	2,500				2,500					0	-2,500	-7,700	119,500				
Feb. 3, 2006	1,300				1,300					0	-1,300	-9,000	118,200				
Feb. 9, 2006		5,600	4,200		9,800		4,100	1,700	1,700	7,500	-2,300	-11,300	115,900		3.63	3.79	4.00
Feb. 21, 2006					0	2,500				2,500	2,500	-8,800	118,400	3.61			
Feb. 23, 2006		6,500		5,000	11,500	2,500	5,900	2,300	2,300	13,000	1,500	-7,300	119,900	3.60	3.71	3.86	4.01
March 9, 2006		6,800	4,300		11,100		6,500	2,500	2,500	11,500	400	-6,900	120,300		3.77	3.86	3.98
March 23, 2006		5,600		4,700	10,300		6,800	2,600	2,600	12,000	1,700	-5,200	122,000		3.79	3.89	3.99
March 24, 2006					0	3,000				3,000	3,000	-2,200	125,000	3.72			
March 27, 2006					0	2,200				2,200	2,200	0	127,200	3.73			
March 29, 2006					0	2,700				2,700	2,700	2,700	129,900	3.70			
March 31, 2006					0	1,700				1,700	1,700	4,400	131,600	3.71			
TOTAL	51,800	142,900	56,000	54,800	305,500	58,900	140,200	55,400	55,400	309,900	4,400						

[1] Cash management bill.
[2] Outstanding.
Source: Bank of Canada.

Reference Table VII
Fiscal 2005–06 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)
April 5, 2005	12	2,200	97.206	2.998	1.937	0.7	Aug. 9, 2005	6	2,100	98.610	2.827	1.857	0.8
April 5, 2005	3	5,600	99.321	2.546	2.094	0.3	Aug. 19, 2005	NF	2,500	99.828	2.510	2.722	1.0
April 5, 2005	6	2,200	98.792	2.657	1.861	0.3	Aug. 23, 2005	12	2,100	97.067	3.151	1.803	0.4
April 19, 2005	12	1,900	97.313	2.769	1.946	0.6	Aug. 23, 2005	3	5,300	99.265	2.758	2.058	0.4
April 19, 2005	3	4,700	99.344	2.461	2.320	0.3	Aug. 23, 2005	6	2,100	98.684	2.897	1.868	0.3
April 19, 2005	6	1,900	98.745	2.549	2.192	0.2	Aug. 26, 2005	NF	2,500	99.945	2.492	1.732	0.8
May 3, 2005	12	1,900	97.373	2.814	1.837	0.9	Sept. 1, 2005	NF	1,300	99.918	2.485	2.401	0.0
May 3, 2005	3	4,700	99.343	2.463	2.180	0.4	Sept. 6, 2005	12	2,200	97.139	2.953	1.926	0.9
May 3, 2005	6	1,900	98.838	2.555	1.998	0.7	Sept. 6, 2005	3	5,600	99.271	2.736	1.896	0.4
May 17, 2005	12	2,200	97.299	2.784	1.772	0.9	Sept. 6, 2005	6	2,200	98.613	2.820	1.997	0.6
May 17, 2005	3	5,600	99.344	2.458	2.118	0.5	Sept. 20, 2005	12	2,100	97.120	3.093	2.022	0.5
May 17, 2005	6	2,200	98.735	2.570	2.219	0.3	Sept. 20, 2005	3	5,300	99.250	2.813	2.301	0.4
May 26, 2005	NF[1]	2,500	99.906	2.449	2.942	2.1	Sept. 20, 2005	6	2,100	98.667	2.935	2.004	0.7
May 31, 2005	12	2,200	97.437	2.743	1.781	0.6	Sept. 22, 2005	CMB[2]	1,000	99.900	2.602	2.159	1.8
May 31, 2005	3	5,600	99.346	2.451	2.188	0.3	Sept. 28, 2005	NF	1,000	99.963	2.673	3.481	2.7
May 31, 2005	6	2,200	98.840	2.549	1.981	0.4	Oct. 4, 2005	12	1,800	96.789	3.327	2.318	0.7
June 1, 2005	NF	1,200	99.966	2.450	3.591	0.0	Oct. 4, 2005	3	4,400	99.221	2.925	2.592	0.3
June 14, 2005	12	2,000	97.302	2.780	1.957	0.4	Oct. 4, 2005	6	1,800	98.473	3.110	2.556	0.5
June 14, 2005	3	5,000	99.344	2.459	2.365	0.3	Oct. 18, 2005	12	1,900	96.809	3.437	2.263	0.8
June 14, 2005	6	2,000	98.733	2.574	2.105	0.5	Oct. 18, 2005	3	4,700	99.194	3.025	2.322	0.4
June 17, 2005	NF	2,000	99.907	2.436	3.178	0.0	Oct. 18, 2005	6	1,900	98.533	3.234	2.513	0.6
June 27, 2005	NF	1,500	99.947	2.442	2.551	1.3	Oct. 19, 2005	NF	2,500	99.903	2.954	2.964	1.6
June 28, 2005	12	2,300	97.436	2.744	1.805	0.6	Oct. 21, 2005	NF	1,600	99.911	2.961	2.848	0.8
June 28, 2005	3	5,900	99.340	2.473	1.901	0.4	Oct. 26, 2005	NF	1,400	99.912	2.938	3.415	0.0
June 28, 2005	6	2,300	98.833	2.566	1.870	0.9	Oct. 31, 2005	NF	1,200	99.944	2.947	2.847	1.3
July 4, 2005	NF	2,000	99.986	2.494	2.328	0.6	Nov. 1, 2005	12	2,200	96.547	3.586	2.139	0.4
July 12, 2005	12	2,300	97.105	2.989	1.825	0.9	Nov. 1, 2005	3	5,600	99.169	3.120	2.219	0.5
July 12, 2005	3	5,900	99.317	2.563	2.233	0.4	Nov. 1, 2005	6	2,200	98.357	3.350	2.180	0.8
July 12, 2005	6	2,300	98.653	2.738	1.850	1.1	Nov. 15, 2005	12	2,500	96.556	3.720	2.055	0.5
July 21, 2005	NF	700	99.920	2.425	5.009	0.5	Nov. 15, 2005	3	6,500	99.139	3.233	2.418	0.5
July 25, 2005	NF	2,000	99.953	2.471	2.603	1.9	Nov. 15, 2005	6	2,500	98.450	3.420	2.177	0.4
July 26, 2005	12	2,300	97.282	2.914	2.067	0.6	Nov. 18, 2005	NF	1,500	99.888	2.936	3.623	0.4
July 26, 2005	3	5,900	99.312	2.581	2.104	0.3	Nov. 23, 2005	NF	2,000	99.911	2.958	3.178	0.7
July 26, 2005	6	2,300	98.766	2.714	1.961	0.6	Nov. 25, 2005	CMB	2,800	99.857	3.078	2.180	1.7
Aug. 9, 2005	12	2,100	97.014	3.086	2.064	0.4	Nov. 29, 2005	12	2,600	96.373	3.774	2.078	0.9
Aug. 9, 2005	3	5,300	99.298	2.634	1.829	0.6	Nov. 29, 2005	3	6,800	99.121	3.304	2.048	0.5

Reference Table VII *(cont'd)*

Fiscal 2005–06 Treasury Bill Auction Results

Auction date	Term	Issue amount	Average price	Average yield	Bid coverage	Tail
	(months)	($ millions)	($)	(%)		(basis points)
Nov. 29, 2005	6	2,600	98.269	3.533	2.067	0.7
Dec. 1, 2005	NF	1,500	99.907	3.091	3.097	2.9
Dec. 13, 2005	12	2,200	96.400	3.894	2.244	0.3
Dec. 13, 2005	3	5,600	99.099	3.386	2.434	0.2
Dec. 13, 2005	6	2,200	98.374	3.591	2.464	0.3
Dec. 15, 2005	NF	2,800	99.833	3.205	2.800	0.5
Dec. 20, 2005	NF	3,000	99.868	3.211	2.941	0.9
Dec. 28, 2005	12	1,900	96.229	3.930	2.149	0.9
Dec. 28, 2005	3	4,700	99.097	3.395	2.117	0.3
Dec. 28, 2005	6	1,900	98.213	3.648	2.182	0.7
Jan. 10, 2006	12	1,700	96.449	3.840	2.582	0.3
Jan. 10, 2006	3	4,100	99.086	3.434	2.031	0.4
Jan. 10, 2006	6	1,700	98.355	3.633	2.284	0.4
Jan. 24, 2006	12	1,700	96.303	3.849	2.187	0.4
Jan. 24, 2006	3	4,100	99.072	3.490	2.204	0.6
Jan. 24, 2006	6	1,700	98.203	3.670	2.151	0.5
Jan. 25, 2006	NF	1,300	99.925	3.425	3.202	2.5
Jan. 27, 2006	NF	2,500	99.953	3.454	2.256	0.6
Feb. 7, 2006	12	1,700	96.310	3.996	2.264	0.2
Feb. 7, 2006	3	4,100	99.036	3.626	2.240	0.4
Feb. 7, 2006	6	1,700	98.287	3.787	2.373	0.8
Feb. 20, 2006	CMB	2,500	99.567	3.607	2.359	0.8
Feb. 21, 2006	12	2,300	96.152	4.013	2.150	0.5
Feb. 21, 2006	3	5,900	99.013	3.712	2.098	0.4
Feb. 21, 2006	6	2,300	98.109	3.865	2.087	0.5
Feb. 23, 2006	CMB	2,500	99.587	3.601	2.128	0.9
Mar. 7, 2006	12	2,500	96.325	3.979	2.218	0.5
Mar. 7, 2006	3	6,500	98.997	3.775	2.279	0.2
Mar. 7, 2006	6	2,500	98.253	3.864	2.259	0.3
Mar. 21, 2006	12	2,600	96.173	3.990	2.106	0.9
Mar. 21, 2006	3	6,800	98.993	3.788	2.275	0.8
Mar. 21, 2006	6	2,600	98.097	3.891	2.181	0.9
Mar. 23, 2006	NF	3,000	99.888	3.715	2.079	3.2
Mar. 27, 2006	NF	2,200	99.908	3.730	3.068	0.9
Mar. 29, 2006	NF	2,700	99.949	3.697	2.097	2.3
Mar. 31, 2006	NF	1,700	99.949	3.715	2.081	0.5
Total		**309,900**				

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.

[1] Non-fungible cash management bill.

[2] Cash management bill.

Source: Bank of Canada.

Reference Table VIII

Fiscal 2005–06 Canadian-Dollar Marketable Bond Program

Offering date	Delivery date	Maturity date	Maturing	Gross	Bond repurchase	Net
					($ millions)	
Fixed-coupon bonds						
2005	**2005**					
April 6, 2005	April 11, 2005	June 1, 2037		300	296	4
April 21, 2005	April 26, 2005	September 1, 2010		300	321	-21
May 4, 2005	May 9, 2005	June 1, 2015		2,100	400	1,700
May 18, 2005	May 24, 2005	September 1, 2010		2,000	600	1,400
	June 1, 2005	*	6,110			-6,110
June 8, 2005	June 10, 2005	December 1, 2007		3,400	262	3,138
June 16, 2005	June 21, 2005	June 1, 2015		500	274	226
July 6, 2005	July 11, 2005	June 1, 2037		1,300	226	1,074
July 13, 2005	July 18, 2005	September 1, 2010		500	537	-37
July 27, 2005	July 29, 2005	December 1, 2007		207	115	92
August 10, 2005	August 15, 2005	June 1, 2015		2,100	470	1,630
August 24, 2005	August 29, 2005	September 1, 2010		2,000	405	1,595
	September 1, 2005	*	7,746			-7,746
September 14, 2005	September 16, 2005	December 1, 2007		3,400	600	2,800
September 21, 2005	September 26, 2005	June 1, 2015		400	172	228
October 5, 2005	October 11, 2005	September 1, 2010		300	304	-4
October 13, 2005	October 18, 2005	June 1, 2037		300	305	-5
November 2, 2005	November 7, 2005	June 1, 2016		2,100	351	1,749
November 16, 2005	November 21, 2005	September 1, 2011		1,900	95	1,805
	December 1, 2005	*	8,035			-8,035
December 7, 2005	December 12, 2005	June 1, 2016		400	181	219
December 14, 2005	December 16, 2005	June 1, 2008		2,400	270	2,130
2006	**2006**					
January 11, 2006	January 16, 2006	June 1, 2037		1,300	478	822
January 18, 2006	January 23, 2006	September 1, 2011		328	268	60
February 1, 2006	February 6, 2006	June 1, 2016		2,000	500	1,500
February 15, 2006	February 20, 2006	September 1, 2011		1,900	600	1,300
	March 1, 2006	*	267			-267
March 8, 2006	March 13, 2006	June 1, 2016		400	213	187
March 15, 2006	March 17, 2006	June 1, 2008		600	341	259

Reference Table VIII *(cont'd)*

Fiscal 2005–06 Canadian-Dollar Marketable Bond Program

Offering date	Delivery date	Maturity date	Maturing	Gross	Bond repurchase	Net
					($ millions)	
Real Return Bonds						
June 1, 2005	June 6, 2005	December 1, 2036		400		400
August 31, 2005	September 6, 2005	December 1, 2036		300		300
November 30, 2005	December 5, 2005	December 1, 2036		400		400
March 1, 2006	March 6, 2006	December 1, 2036		350		350
Total fiscal year 2005–06			**22,157**	**33,885**	**8,584**	**3,144**

* Maturing date.

Source: Bank of Canada.

Reference Table IX

Fiscal 2005–06 Marketable Bond Auction Results

Auction date	Term	Maturity date	Coupon rate	Issue amount	Average price	Average yield	Auction coverage	Tail
	(years)		(%)	($ millions)	($)	(%)		(basis points)
May 4, 2005	10	June 1, 2015	4.50	2,100	102.200	4.229	2.53	0.3
May 18, 2005	5	September 1, 2010	4.00	2,000	101.862	3.608	2.67	0.4
June 1, 2005	30	December 1, 2036	3.00[1]	400	126.799	1.870	2.55	
June 8, 2005	2	December 1, 2007	2.75	3,400	99.692	2.880	2.31	0.5
July 6, 2005	30	June 1, 2037	5.00	1,300	111.690	4.321	2.55	0.5
August 10, 2005	10	June 1, 2015	4.50	2,100	103.211	4.098	2.48	0.5
August 24, 2005	5	September 1, 2010	4.00	2,000	102.246	3.507	2.61	0.2
August 31, 2005	30	December 1, 2036	3.00[1]	300	128.156	1.815	2.68	
September 14, 2005	2	December 1, 2007	2.75	3,400	99.204	3.125	2.44	0.3
November 2, 2005	10	June 1, 2016	4.00	2,100	98.268	4.205	2.53	0.3
November 16, 2005	5	September 1, 2011	3.75	1,900	98.970	3.952	2.61	0.3
November 30, 2005	30	December 1, 2036	3.00[1]	400	131.529	1.689	2.86	
December 14, 2005	2	June 1, 2008	3.75	2,400	99.753	3.857	2.57	0.2
January 11, 2006	30	June 1, 2037	5.00	1,300	115.451	4.118	2.63	0.2
February 1, 2006	10	June 1, 2016	4.00	2,000	98.261	4.209	2.79	0.3
February 15, 2006	5	September 1, 2011	3.75	1,900	98.000	4.159	2.99	0.0
March 1, 2006	30	December 1, 2036	3.00[1]	350	137.129	1.490	2.67	
Total				**29,350**				

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.

[1] Real Return Bonds.

Source: Bank of Canada.

Reference Table X

Outstanding Government of Canada Canadian-Dollar Marketable Bonds as at March 31, 2006

Maturity date	Amount	Coupon rate	Maturity date	Amount	Coupon rate
	($ millions)	(%)		($ millions)	(%)
Fixed-coupon bonds					
June 1, 2006	6,236	3.00	September 1, 2010	9,459	4.00
September 1, 2006	6,006	5.75	October 1, 2010	120	8.75
October 1, 2006	768	14.00	March 1, 2011	589	9.00
December 1, 2006	5,186	3.25	June 1, 2011	12,026	6.00
December 1, 2006	5,796	7.00	June 1, 2011	616	8.50
March 1, 2007	193	13.75	September 1, 2011	4,128	3.75
June 1, 2007	5,600	3.00	June 1, 2012	11,033	5.25
June 1, 2007	7,030	7.25	June 1, 2013	10,978	5.25
September 1, 2007	9,725	4.50	March 15, 2014	926	10.25
October 1, 2007	468	13.00	June 1, 2014	10,867	5.00
December 1, 2007	7,007	2.75	June 1, 2015	10,300	4.50
March 1, 2008	579	12.75	June 1, 2015	483	11.25
June 1, 2008	3,000	3.75	June 1, 2016	4,900	4.00
June 1, 2008	5,010	6.00	March 15, 2021	782	10.50
June 1, 2008	3,037	10.00	June 1, 2021	604	9.75
September 1, 2008	11,083	4.25	June 1, 2022	550	9.25
October 1, 2008	396	11.75	June 1, 2023	6,806	8.00
March 1, 2009	140	11.50	June 1, 2025	6,311	9.00
June 1, 2009	6,175	5.50	June 1, 2027	8,205	8.00
June 1, 2009	638	11.00	June 1, 2029	13,691	5.75
September 1, 2009	10,100	4.25	June 1, 2033	13,410	5.75
October 1, 2009	257	10.75	June 1, 2037	6,549	5.00
March 1, 2010	83	9.75			
June 1, 2010	7,254	5.50	**Total**	**237,328**	
June 1, 2010	2,228	9.50			

Reference Table X *(cont'd)*

Outstanding Government of Canada Canadian-Dollar Marketable Bonds as at March 31, 2006

Maturity date	Notional amount	Inflation indexation	Amount after inflation indexation	Coupon rate
	($ millions)			(%)
Real Return Bonds				
December 1, 2021	5,175	1,566	6,741	4.25
December 1, 2026	5,250	1,219	6,469	4.25
December 1, 2031	5,800	1,068	6,868	4.00
December 1, 2036	4,250	216	4,466	3.00
Total	**20,475**	**4,069**	**24,544**	

Source: Bank of Canada.

Reference Table XI
Government of Canada Swaps Outstanding as at March 31, 2006

Domestic interest-rate swaps

Maturity date	Notional amount	Notional amount	Coupon[1]
	(CAD$ millions)	(US$ millions)	(%)
Total	**0**	**0**	

Foreign interest-rate swaps

Maturity date	Notional amount	Notional amount	Coupon[1]
	(CAD$ millions)	(US$ millions)	(%)
November 19, 2007	29.61	25.35	4.00
November 5, 2008	233.60	200.00	5.25
November 5, 2008	584.00	500.00	5.25
November 5, 2008	584.00	500.00	5.25
Total	**1,431.21**	**1,225.35**	

Cross-currency swaps of foreign obligations

Maturity date	Notional amount	Notional amount
	(CAD$ millions)	(US$ millions)
October 3, 2007	372.59	319.00
January 31, 2008	51.25	43.88
Total	**423.84**	**362.88**

Foreign exchange swaps

Maturity date	Notional amount	Notional amount
	(CAD$ millions)	(US$ millions)
September 6, 2006	146.00	125.00
September 20, 2006	146.00	125.00
October 4, 2006	146.00	125.00
October 18, 2006	146.00	125.00
November 8, 2006	146.00	125.00
November 22, 2006	146.00	125.00
December 6, 2006	146.00	125.00
December 13, 2006	146.00	125.00
Total	**1,168.00**	**1,000.00**

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

Reference Table XI *(cont'd)*

Government of Canada Swaps Outstanding as at March 31, 2006

Cross-currency swaps of domestic obligations			
Maturity date	Notional amount	Notional amount	Currency paid
	(CAD$ millions)	(US$ millions)	
September 1, 2006	70.77	60.59	EUR
October 1, 2006	58.40	50.00	USD
October 1, 2006	58.40	50.00	USD
October 1, 2006	70.77	60.59	EUR
October 30, 2006	292.00	250.00	USD
November 23, 2006	175.20	150.00	USD
December 1, 2006	64.18	54.95	USD
December 1, 2006	70.77	60.59	EUR
December 1, 2006	70.77	60.59	EUR
December 1, 2006	106.15	90.88	EUR
December 1, 2006	106.15	90.88	EUR
March 1, 2007	35.38	30.29	EUR
June 1, 2007	70.77	60.59	EUR
June 1, 2007	70.77	60.59	EUR
June 1, 2007	70.77	60.59	EUR
June 1, 2007	87.60	75.00	USD
June 1, 2007	87.60	75.00	USD
June 1, 2007	141.53	121.18	EUR
June 1, 2007	292.00	250.00	USD
June 1, 2007	292.00	250.00	USD
June 1, 2007	292.00	250.00	USD
October 1, 2007	35.38	30.29	EUR
October 1, 2007	70.77	60.59	EUR
October 1, 2007	70.77	60.59	EUR
October 1, 2007	70.77	60.59	EUR
March 1, 2008	58.40	50.00	USD
March 1, 2008	58.40	50.00	USD
March 1, 2008	58.40	50.00	USD
March 1, 2008	58.40	50.00	USD
March 1, 2008	58.40	50.00	USD
March 1, 2008	70.77	60.59	EUR
March 1, 2008	87.60	75.00	USD
March 1, 2008	106.15	90.88	EUR
March 1, 2008	116.80	100.00	USD
March 1, 2008	233.60	200.00	USD
June 1, 2008	58.40	50.00	USD
June 1, 2008	58.40	50.00	USD

Cross-currency swaps of domestic obligations			
Maturity date	Notional amount	Notional amount	Currency paid
	(CAD$ millions)	(US$ millions)	
June 1, 2008	58.40	50.00	USD
June 1, 2008	70.77	60.59	EUR
June 1, 2008	70.77	60.59	EUR
June 1, 2008	70.77	60.59	EUR
June 1, 2008	70.77	60.59	EUR
June 1, 2008	116.80	100.00	USD
June 1, 2008	116.80	100.00	USD
June 1, 2008	116.80	100.00	USD
June 1, 2008	116.80	100.00	USD
June 1, 2008	292.00	250.00	USD
September 30, 2008	58.40	50.00	USD
October 1, 2008	58.40	50.00	USD
October 1, 2008	70.77	60.59	EUR
October 1, 2008	70.77	60.59	EUR
October 1, 2008	81.76	70.00	USD
October 1, 2008	81.76	70.00	USD
October 1, 2008	106.15	90.88	EUR
October 1, 2008	106.15	90.88	EUR
March 1, 2009	58.40	50.00	USD
March 1, 2009	58.40	50.00	USD
March 1, 2009	58.40	50.00	USD
March 1, 2009	70.77	60.59	EUR
March 1, 2009	75.92	65.00	USD
March 1, 2009	81.76	70.00	USD
March 1, 2009	87.60	75.00	USD
March 1, 2009	87.60	75.00	USD
March 1, 2009	106.15	90.88	EUR
March 1, 2009	116.80	100.00	USD
June 1, 2009	58.40	50.00	USD
June 1, 2009	58.40	50.00	USD
June 1, 2009	70.77	60.59	EUR
June 1, 2009	70.77	60.59	EUR
June 1, 2009	70.77	60.59	EUR
June 1, 2009	75.92	65.00	USD
June 1, 2009	81.76	70.00	USD
June 1, 2009	81.76	70.00	USD
June 1, 2009	106.15	90.88	EUR

Reference Table XI *(cont'd)*

Government of Canada Swaps Outstanding as at March 31, 2006

Cross-currency swaps of domestic obligations			
Maturity date	Notional amount	Notional amount	Currency paid
	(CAD$ millions)	(US$ millions)	
June 1, 2009	106.15	90.88	EUR
June 1, 2009	106.15	90.88	EUR
June 1, 2009	106.15	90.88	EUR
June 1, 2009	106.15	90.88	EUR
June 1, 2009	116.80	100.00	USD
June 1, 2009	116.80	100.00	USD
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	70.77	60.59	EUR
October 1, 2009	82.25	70.42	USD
October 1, 2009	87.60	75.00	USD
October 1, 2009	94.21	80.66	USD
October 1, 2009	94.24	80.69	USD
October 1, 2009	96.87	82.94	USD
October 1, 2009	106.15	90.88	EUR
October 1, 2009	106.15	90.88	EUR
October 1, 2009	141.53	121.18	EUR
March 1, 2010	70.77	60.59	EUR
March 1, 2010	70.77	60.59	EUR
March 1, 2010	70.77	60.59	EUR
March 1, 2010	70.77	60.59	EUR
March 1, 2010	106.15	90.88	EUR
June 1, 2010	42.46	36.35	EUR
June 1, 2010	56.61	48.47	EUR
June 1, 2010	58.40	50.00	USD
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR

Cross-currency swaps of domestic obligations			
Maturity date	Notional amount	Notional amount	Currency paid
	(CAD$ millions)	(US$ millions)	
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	70.77	60.59	EUR
June 1, 2010	79.38	67.97	JPY
October 1, 2010	56.61	48.47	EUR
October 1, 2010	58.40	50.00	USD
October 1, 2010	70.77	60.59	EUR
October 1, 2010	70.77	60.59	EUR
October 1, 2010	70.77	60.59	EUR
October 1, 2010	70.77	60.59	EUR
October 1, 2010	106.15	90.88	EUR
October 1, 2010	106.15	90.88	EUR
October 1, 2010	106.15	90.88	EUR
October 1, 2010	106.15	90.88	EUR
March 1, 2011	58.40	50.00	USD
March 1, 2011	58.40	50.00	USD
March 1, 2011	87.60	75.00	USD
March 1, 2011	87.60	75.00	USD
March 1, 2011	87.60	75.00	USD
June 1, 2011	58.40	50.00	USD
June 1, 2011	58.40	50.00	USD
June 1, 2011	58.40	50.00	USD
June 1, 2011	58.40	50.00	USD
June 1, 2011	58.40	50.00	USD
June 1, 2011	58.40	50.00	USD

Reference Table XI *(cont'd)*
Government of Canada Swaps Outstanding as at March 31, 2006

Cross-currency swaps of domestic obligations				Cross-currency swaps of domestic obligations			
Maturity date	Notional amount	Notional amount	Currency paid	Maturity date	Notional amount	Notional amount	Currency paid
	(CAD$ millions)	(US$ millions)			(CAD$ millions)	(US$ millions)	
June 1, 2011	58.40	50.00	USD	June 1, 2012	120.30	103.00	EUR
June 1, 2011	58.40	50.00	USD	June 1, 2013	29.20	25.00	USD
June 1, 2011	58.40	50.00	USD	June 1, 2013	29.20	25.00	USD
June 1, 2011	70.77	60.59	EUR	June 1, 2013	58.40	50.00	USD
June 1, 2011	70.77	60.59	EUR	June 1, 2013	70.77	60.59	EUR
June 1, 2011	70.77	60.59	EUR	June 1, 2013	84.92	72.71	EUR
June 1, 2011	84.92	72.71	EUR	June 1, 2013	87.60	75.00	USD
June 1, 2011	87.60	75.00	USD	June 1, 2013	87.60	75.00	USD
June 1, 2011	87.60	75.00	USD	June 1, 2013	87.60	75.00	USD
June 1, 2011	87.60	75.00	USD	June 1, 2013	87.60	75.00	USD
June 1, 2011	87.60	75.00	USD	June 1, 2013	87.60	75.00	USD
June 1, 2011	106.15	90.88	EUR	June 1, 2013	87.60	75.00	USD
June 1, 2011	120.30	103.00	EUR	June 1, 2013	87.60	75.00	USD
June 1, 2012	58.40	50.00	USD	June 1, 2013	116.80	100.00	USD
June 1, 2012	58.40	50.00	USD	June 1, 2013	116.80	100.00	USD
June 1, 2012	58.40	50.00	USD	June 1, 2013	116.80	100.00	USD
June 1, 2012	58.40	50.00	USD	June 1, 2013	120.30	103.00	EUR
June 1, 2012	58.40	50.00	USD	June 1, 2013	120.30	103.00	EUR
June 1, 2012	58.40	50.00	USD	June 1, 2013	120.30	103.00	EUR
June 1, 2012	58.40	50.00	USD	June 1, 2013	120.30	103.00	EUR
June 1, 2012	58.40	50.00	USD	March 15, 2014	58.40	50.00	USD
June 1, 2012	70.77	60.59	EUR	March 15, 2014	58.40	50.00	USD
June 1, 2012	70.77	60.59	EUR	March 15, 2014	58.40	50.00	USD
June 1, 2012	87.60	75.00	USD	March 15, 2014	58.40	50.00	USD
June 1, 2012	87.60	75.00	USD	March 15, 2014	87.60	75.00	USD
June 1, 2012	87.60	75.00	USD	March 15, 2014	87.60	75.00	USD
June 1, 2012	87.60	75.00	USD	March 15, 2014	87.60	75.00	USD
June 1, 2012	87.60	75.00	USD	March 15, 2014	87.60	75.00	USD
June 1, 2012	87.60	75.00	USD	March 15, 2014	87.60	75.00	USD
June 1, 2012	87.60	75.00	USD	March 15, 2014	87.60	75.00	USD
June 1, 2012	87.60	75.00	USD	March 15, 2014	87.60	75.00	USD
June 1, 2012	87.60	75.00	USD	March 15, 2014	116.80	100.00	USD
June 1, 2012	116.80	100.00	USD	June 1, 2014	58.40	50.00	USD
June 1, 2012	120.30	103.00	EUR	June 1, 2014	58.40	50.00	USD
June 1, 2012	120.30	103.00	EUR	June 1, 2014	58.40	50.00	USD
June 1, 2012	120.30	103.00	EUR	June 1, 2014	87.60	75.00	USD
June 1, 2012	120.30	103.00	EUR	June 1, 2014	87.60	75.00	USD

Reference Table XI *(cont'd)*
Government of Canada Swaps Outstanding as at March 31, 2006

Cross-currency swaps of domestic obligations			
Maturity date	Notional amount	Notional amount	Currency paid
	(CAD$ millions)	(US$ millions)	
June 1, 2014	87.60	75.00	USD
June 1, 2014	87.60	75.00	USD
June 1, 2014	87.60	75.00	USD
June 1, 2014	87.60	75.00	USD
June 1, 2014	87.60	75.00	USD
June 1, 2014	87.60	75.00	USD
June 1, 2014	87.60	75.00	USD
June 1, 2014	87.60	75.00	USD
June 1, 2014	87.60	75.00	USD
June 1, 2014	116.80	100.00	USD
June 1, 2014	116.80	100.00	USD
June 1, 2014	116.80	100.00	USD
June 1, 2014	116.80	100.00	USD
June 1, 2014	116.80	100.00	USD
June 1, 2014	120.30	103.00	EUR
June 1, 2014	120.30	103.00	EUR
June 1, 2014	120.30	103.00	EUR
June 1, 2014	120.30	103.00	EUR
June 1, 2014	120.30	103.00	EUR
June 1, 2014	120.30	103.00	EUR
June 1, 2014	120.30	103.00	EUR
June 1, 2014	141.53	121.18	EUR
June 1, 2015	58.40	50.00	USD
June 1, 2015	58.40	50.00	USD
June 1, 2015	58.40	50.00	USD
June 1, 2015	58.40	50.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD

Cross-currency swaps of domestic obligations			
Maturity date	Notional amount	Notional amount	Currency paid
	(CAD$ millions)	(US$ millions)	
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	87.60	75.00	USD
June 1, 2015	116.80	100.00	USD
June 1, 2015	116.80	100.00	USD
June 1, 2015	116.80	100.00	USD
June 1, 2015	116.80	100.00	USD
June 1, 2015	116.80	100.00	USD
June 1, 2015	116.80	100.00	USD
June 1, 2015	116.80	100.00	USD
June 1, 2015	116.80	100.00	USD
June 1, 2015	116.80	100.00	USD
June 1, 2015	120.30	103.00	EUR
June 1, 2015	120.30	103.00	EUR
June 1, 2015	120.30	103.00	EUR
June 1, 2015	120.30	103.00	EUR
June 1, 2015	120.30	103.00	EUR
June 1, 2015	120.30	103.00	EUR
June 1, 2016	113.23	96.94	EUR
June 1, 2016	120.30	103.00	EUR
Total	**24,625.06**	**21,083.10**	

Notes: USD converted with CAD/USD rate as of March 31, 2006. EUR converted with CAD/EUR rate as of March 31, 2006. JPY converted with USD/JPY and CAD/USD rates as of March 31, 2006. Numbers may not add due to rounding.

Source: Department of Finance.

Reference Table XII
Bond Buyback Program—Operations in 2005–06

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
Buyback on cash basis			
May 4, 2005	June 1, 2011	6.00	188
	June 1, 2011	8.50	6
	June 1, 2012	5.25	50
	March 15, 2014	10.25	25
	June 1, 2023	8.00	10
	June 1, 2025	9.00	105
	June 1, 2027	8.00	15
	Total		**400**
May 18, 2005	June 1, 2009	5.50	402
	June 1, 2010	5.50	78
	June 1, 2011	6.00	15
	June 1, 2012	5.25	105
	Total		**600**
June 8, 2005	June 1, 2009	5.50	180
	June 1, 2010	5.50	82
	Total		**262**
July 6, 2005	June 1, 2023	8.00	15
	June 1, 2025	9.00	158
	June 1, 2027	8.00	20
	June 1, 2029	5.75	33
	Total		**226**
August 10, 2005	June 1, 2011	6.00	120
	June 1, 2012	5.25	115
	June 1, 2023	8.00	88
	June 1, 2025	9.00	75
	June 1, 2027	8.00	72
	Total		**470**
August 24, 2005	June 1, 2009	5.50	225
	June 1, 2010	5.50	85
	June 1, 2011	6.00	45
	June 1, 2012	5.25	50
	Total		405

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
September 14, 2005	September 1, 2008	4.25	72
	June 1, 2009	5.50	393
	June 1, 2010	5.50	135
	Total		**600**
November 2, 2005	June 1, 2023	8.00	75
	June 1, 2025	9.00	219
	June 1, 2027	8.00	57
	Total		**351**
November 16, 2005	June 1, 2009	5.50	25
	June 1, 2013	5.25	70
	Total		**95**
December 14, 2005	September 1, 2008	4.25	245
	June 1, 2009	5.50	25
	Total		**270**
January 11, 2006	March 15, 2021	10.50	200
	June 1, 2023	8.00	33
	June 1, 2025	9.00	60
	June 1, 2027	8.00	150
	June 1, 2029	5.75	35
	Total		**478**
February 1, 2006	June 1, 2013	5.25	387
	June 1, 2023	8.00	53
	June 1, 2025	9.00	50
	June 1, 2029	5.75	10
	Total		**500**
February 15, 2006	June 1, 2009	5.50	25
	June 1, 2010	5.50	200
	June 1, 2011	6.00	15
	June 1, 2013	5.25	360
	Total		**600**
	Grand Total		**5,257**

Reference Table XII *(cont'd)*
Bond Buyback Program—Operations in 2005–06

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
Buyback on switch basis			
April 6, 2005	June 1, 2023	8.00	40
	June 1, 2025	9.00	206
	June 1, 2027	8.00	50
	Total		**296**
April 21, 2005	June 1, 2009	5.50	154
	June 1, 2010	5.50	136
	March 1, 2011	9.00	31
	Total		**321**
June 16, 2005	June 1, 2012	5.25	62
	June 1, 2023	8.00	62
	June 1, 2025	9.00	131
	June 1, 2027	8.00	20
	Total		**274**
July 13, 2005	June 1, 2009	5.50	357
	June 1, 2011	6.00	180
	Total		**537**
July 27, 2005	June 1, 2009	5.50	80
	June 1, 2010	5.50	35
	Total		**115**
September 21, 2005	June 1, 2027	8.00	172
	Total		**172**
October 5, 2005	June 1, 2010	5.50	304
	Total		**304**
October 13, 2005	June 1, 2025	9.00	305
	Total		**305**
December 7, 2005	June 1, 2025	9.00	181
	Total		**181**
January 18, 2006	June 1, 2010	5.50	40
	October 1, 2010	8.75	2
	March 1, 2011	9.00	4
	June 1, 2011	6.00	25
	June 1, 2013	5.25	196
	Total		**268**
March 8, 2006	June 1, 2013	5.25	9
	March 15, 2014	10.25	45
	March 15, 2021	10.50	20
	June 1, 2021	9.75	5
	June 1, 2025	9.00	135
	Total		**213**
March 15, 2006	October 1, 2007	13.00	50
	June 1, 2010	5.50	266
	June 1, 2011	6.00	25
	Total		**341**
	Grand Total		**3,328**

Reference Table XII *(cont'd)*
Bond Buyback Program—Operations in 2005–06

Buyback date	Maturity date	Coupon	Repurchased amount
		(%)	($ millions)
Cash management bond buyback			
April 5, 2005	June 1, 2005	3.50	345
	September 1, 2005	6.00	451
	September 1, 2005	12.25	2
	December 1, 2005	3.00	200
	December 1, 2005	8.75	2
	Total		**1,000**
April 19, 2005	September 1, 2005	6.00	116
	December 1, 2005	8.75	62
	Total		**178**
May 3, 2005	June 1, 2005	3.50	25
	September 1, 2005	6.00	358
	December 1, 2005	8.75	65
	Total		**448**
June 14, 2005	September 1, 2005	6.00	567
	December 1, 2005	3.00	355
	June 1, 2006	3.00	25
	Total		**947**
June 28, 2005	September 1, 2005	6.00	47
	December 1, 2005	3.00	50
	Total		**97**
July 12, 2005	December 1, 2005	3.00	100
	Total		**100**
July 26, 2005	September 1, 2005	6.00	22
	December 1, 2005	3.00	65
	December 1, 2005	8.75	16
	June 1, 2006	3.00	188
	Total		**291**
August 9, 2005	September 1, 2005	6.00	22
	December 1, 2005	3.00	121
	December 1, 2005	8.75	95
	June 1, 2006	3.00	762
	Total		**1,000**
September 20, 2005	December 1, 2005	3.00	109
	Total		**109**
October 4, 2005	September 1, 2006	5.75	666
	Total		**666**
October 18, 2005	December 1, 2005	3.00	90
	December 1, 2005	8.75	60
	September 1, 2006	5.75	850
	Total		**1,000**
November 1, 2005	December 1, 2005	3.00	30
	December 1, 2005	8.75	108
	June 1, 2006	3.00	63
	September 1, 2006	5.75	300
	Total		**500**
December 13, 2005	September 1, 2006	5.75	989
	December 1, 2006	7.00	11
	Total		**1,000**
December 28, 2005	September 1, 2006	5.75	215
	Total		**215**
January 10, 2006	June 1, 2006	3.00	114
	December 1, 2006	3.25	175
	Total		**289**
January 24, 2006	December 1, 2006	3.25	314
	Total		**314**
February 7, 2006	December 1, 2006	3.25	295
	December 1, 2006	7.00	60
	Total		**355**
February 21, 2006	June 1, 2006	3.00	150
	December 1, 2006	3.25	30
	Total		**180**
	Grand Total		**8,689**

Source: Bank of Canada.

Reference Table XIII

Canada Savings Bonds and Canada Premium Bonds, Fiscal 1983–84 to Fiscal 2005–06

Fiscal year	Gross sales	Redemptions	Net change	Outstanding at fiscal year end
		($ millions)		
1983–84	11,584	5,934	5,650	38,403
1984–85	12,743	8,979	3,764	42,167
1985–86	15,107	12,667	2,440	44,607
1986–87	9,191	9,213	-22	44,585
1987–88	17,450	8,529	8,921	53,506
1988–89	14,962	20,418	-5,456	48,050
1989–90	9,338	16,151	-6,813	41,237
1990–91	6,720	13,220	-6,500	34,737
1991–92	9,588	8,437	1,151	35,888
1992–93	9,235	10,407	-1,172	34,716
1993–94	5,364	8,453	-3,089	31,627
1994–95	7,506	7,602	-96	31,531
1995–96	4,612	4,602	10	31,541
1996–97	5,747	3,697	2,050	33,591
1997–98	4,951	7,747	-2,796	30,795
1998–99	4,844	7,031	-2,187	28,608
1999–00	2,669	4,179	-1,510	27,098
2000–01	3,188	3,719	-531	26,567
2001–02	2,728	5,011	-2,283	24,284
2002–03	3,523	4,929	-1,406	22,878
2003–04	2,881	4,231	-1,350	21,528
2004–05	1,965	4,250	-2,285	19,243
2005–06	1,886	3,647	-1,761	17,482

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, 2006

Borrowings from the market	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
					($ millions)					
Export Development Canada	7,820	10,077	12,967	16,888	18,406	20,481	20,375	17,178	16,191	13,730
Canadian Wheat Board[1]	6,474	6,698	6,786	542	425	397	378	12	6	0
Business Development Bank of Canada	3,371	3,839	4,223	4,723	5,102	5,726	6,263	7,302	7,432	7,898
Farm Credit Canada	1,926	3,026	4,317	5,083	5,695	7,096	8,082	9,209	10,181	11,133
Canada Mortagage and Housing Corporation	7,866	9,934	10,633	10,801	11,672	11,372	11,091	10,441	9,573	8,953
Canada Housing Trust[2]						7,928	20,248	39,269	57,518	77,840
Petro-Canada Ltd.	432	443	471	338	0	0	0	0	0	0
Canada Ports Corporation	0	3	79	69	0	0	0	0	0	0
Canada Post Corporation	n/a	n/a	n/a	150	56	63	114	108	71	64
Other	226	258	222	46	44	40	39	45	36	79
Total	**28,115**	**34,278**	**39,698**	**38,640**	**41,400**	**53,103**	**66,590**	**83,564**	**101,008**	**119,697**

[1] Effective December 31, 1998, the Canadian Wheat Board ceased to be an agent of Her Majesty and a Crown corporation under the Financial Administration Act.

[2] Canada Housing Trust has been included in the government reporting entity effective April 1, 2005, as a result of the application of a new accounting standard.

Borrowings from the Consolidated Revenue Fund[1]	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
					($ millions)					
Canada Mortgage and Housing Corporation	6,939	6,708	6,298	6,152	5,925	5,696	5,476	5,255	5,062	4,860
Canada Deposit Insurance Corporation	855	395	0	0	0	0	0	0	0	0
Farm Credit Canada	2,507	1,877	1,041	805	578	0	0	0	0	0
Other	204	179	121	77	84	104	38	62	61	127
Total	**10,504**	**9,159**	**7,460**	**7,034**	**6,587**	**5,800**	**5,514**	**5,317**	**5,123**	**4,987**

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

[1] Figures have been adjusted to include accrued interest.

Source: *Public Accounts of Canada.*