To provide the public with a safe and efficient transit over the Jacques Cartier Bridge, the Champlain Bridge and a portion of the Bonaventure Autoroute situated in the Montreal region (Quebec).

Les Ponts Jacques Cartier
et Champlain Incorporée

The Jacques Cartier and
Champlain Bridges Incorporated

June 15, 1998

The Honourable David Collenette, P.C., M.P.
Minister of Transport

Dear Minister:

In accordance with the provisions of Section 150 of the *Financial Administration Act*, I am pleased to submit the Annual Report of The Jacques Cartier and Champlain Bridges Incorporated for the fiscal year ended March 31, 1998.

In its 1997-98 Corporate Plan, the Corporation had committed itself, among other things, to continue with the implementation of ongoing major maintenance programs in order to maintain in good condition the structures under its responsibilities. Therefore, it is with pleasure that I am informing you that the Corporation has successfully undertaken during the period maintenance projects amounting to $22. 6 million while providing a safe and efficient transit for more than 80 million users. Furthermore, in anticipation of the Jacques Cartier Bridge Deck Replacement Project scheduled for 2000 and 2001 and estimated at $121 million dollars, the Corporation also successfully completed during the period a pilot project which allowed it to confirm the methods and technics to be used for this important project.

The Annual Report also contains the financial statements of the Corporation for the fiscal year ending March 31, 1998, as audited by the Auditor General of Canada.

Yours truly,

Michel Fournier
President

Canada

During the 1997-98 fiscal year, the Government introduced Bill C-9, a new version of the *Canada Marine Act* which provides for the dissolution of the St. Lawrence Seaway Authority, parent corporation of The Jacques Cartier and Champlain Bridges Incorporated, and the transfer of the operations of the Seaway to a new not-for-profit organization.

The Bill also provides that, on the dissolution of the St. Lawrence Seaway Authority, all shares of its subsidiaries are transferred and held by the Minister of Transport on behalf of Her Majesty in right of Canada. From a subsidiary of the St. Lawrence Seaway Authority, The Jacques Cartier and Champlain Bridges Incorporated would become a parent Crown corporation named in Part 1 of Schedule III to the *Financial Administration Act*.

These changes could open the door to new challenges for the Corporation, including the management of other structures and infrastructures of the federal government such as bridges, tunnels and roads. In anticipation of this eventual vocation, the Corporation revised its administrative structure, its methods and processes in order to prepare itself for these new challenges. The Corporate Plan submitted for the current and the next fiscal year put an emphasis on the flexibility and the readiness of the Corporation and its personnel to quickly adapt to the anticipated new requirements.

The Corporation has successfully undertaken during the period major maintenance projects amounting to more than $22.6 million. These works were accomplished with a constant concern to maintain to a minimum the impact on traffic, which amounts to approximately 41 million vehicles per year on the Champlain Bridge and Bonaventure Autoroute, and to approximately 39 million vehicles on the Jacques Cartier Bridge.

Amongst the most important works, we can note those pertaining to the bridge cleaning and painting programs, the repairs to steel structures, the roadway repairs, the rehabilitation of overpasses and the repairs to piers programs.

An important project concerning the replacement of the Jacques Cartier Bridge deck with the use of prefabricated concrete slabs was submitted for the approval of the Government in 1997-98. This turn-key project is scheduled over a two (2) year period. The main contract should be awarded in 1999 beginning with the fabrication of the deck slab units. The replacement work should begin on the bridge in the spring of 2000 and should be finished in the fall of 2001. The total cost of the project is evaluated at close to $ 121 million excluding the associated project management costs estimated at $ 2.7 million.

The parliamentary appropriation required for the 1997-98 period amounted to $ 29,703,112 which is $ 183,888 or 0.6% less than the $ 29,887,000 budgeted originally, exclusion made of a reimbursement of $ 4,210,359 of the GST and QST received from the Government of Quebec in relation to the fiscal years 1993 to 1997. Taking this refund into account, the net required parliamentary appropriation for 1997-98 amounted to $ 25,492,753.

a) Legislative Authority

The Jacques Cartier and Champlain Bridges Incorporated was established under the *Canada Business Corporations Act* on November 3, 1978 and is a wholly-owned subsidiary of The St. Lawrence Seaway Authority which is a Crown Corporation named in Part 1 of Schedule III to the *Financial Administration Act*.

b) Organizational Structure

- **Board of Directors and Committees**

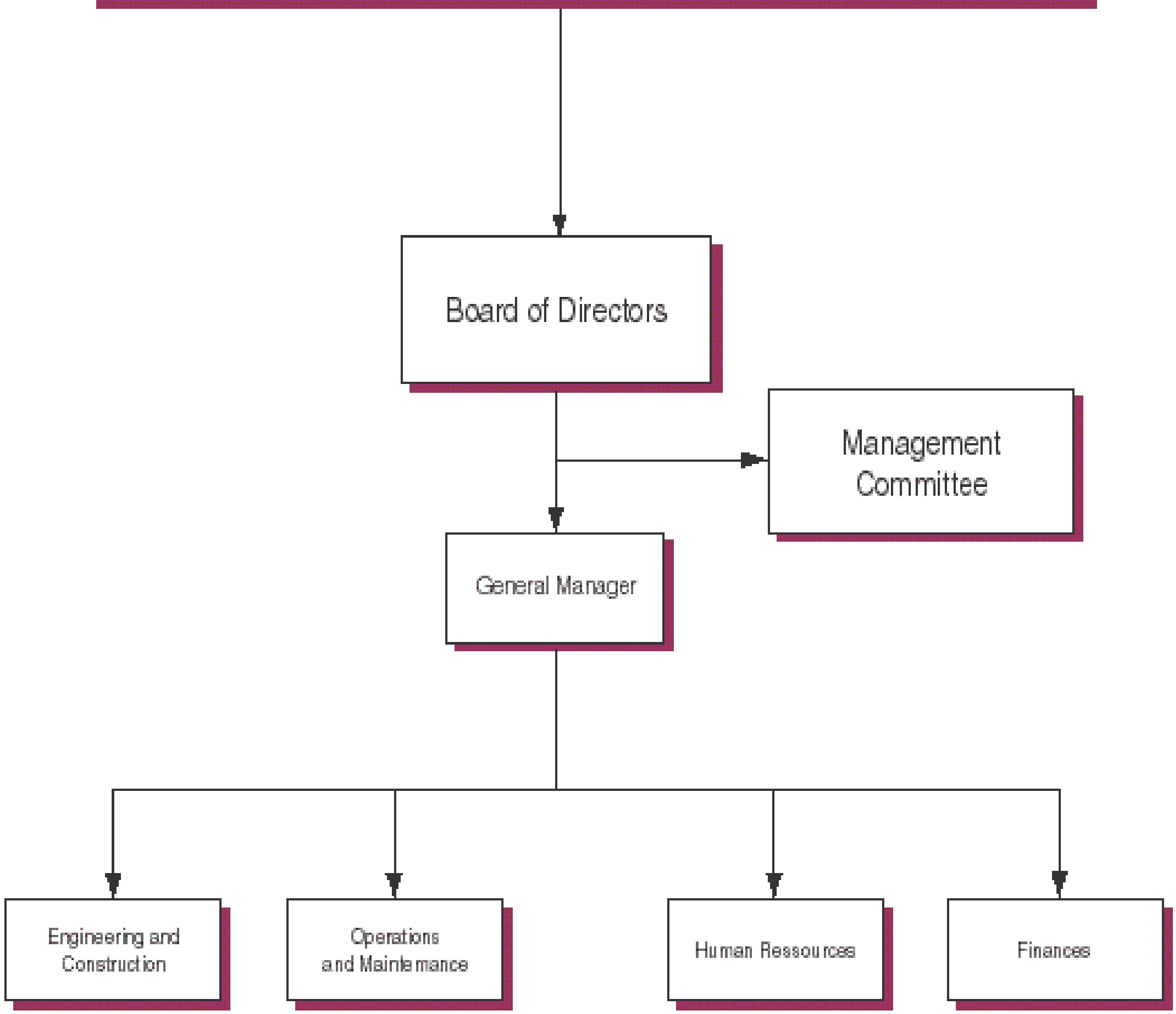
Michel Fournier
Clément Côté (*)
Norman B. Willans
Yvon Bourget (*)
Sylvie Lefebvre (*)

(*) Member of the Management Committee and the Audit Committee

- **Officers**

President . . . . Michel Fournier
Vice-president . . . . Clément Côté
Counsel . . . . Sylvie Lefebvre
General Manager . . . . Glen P. Carlin
Secretary-treasurer . . . . André Richer

THE JACQUES CARTIER AND CHAMPLAIN BRIDGES INCORPORATED ORGANIZATION CHART AS AT MARCH 31, 1998



As at March 31, 1998, The Corporation had 35 permanent positions and 5 temporary positions for a total of 40 positions

a) Mandate

The mandate of The Jacques Cartier and Champlain Bridges Incorporated is to operate and maintain the Jacques Cartier Bridge, the Champlain Bridge and a section of the Bonaventure Autoroute by punctually undertaking regular and major maintenance works and to ensure a safe and orderly flow of traffic on its structures. The Sûreté du Québec provides, for the Corporation, police services and traffic safety on the structures by virtue of a contract that will expire on June 30, 1999.

b) History

Effective December 1, 1978, the Corporation assumed the responsibility for the operation, maintenance and control of the Jacques Cartier Bridge, the Champlain Bridge and of a portion of the Bonaventure Autoroute. This responsibility had previously been assumed by the National Harbours Board (now Canada Ports Corporation).

Opened to traffic on May 14, 1930 and officially inaugurated on May 24, 1930, the Harbour Bridge was renamed the Jacques Cartier Bridge in 1934 in honor of the explorer considered as the discoverer of Canada in 1534.

The bridge, of a steel construction with a reinforced concrete deck, has five (5) lanes of traffic. From Longueuil to Montreal, it measures approximately 3 kilometers. With a lane signalization system, traffic in the middle lane can be reversed in order to better accommodate peak traffic hours.

The main span, of a cantilever type, is situated approximately 66 meters above the surface of the St. Lawrence River thus allowing the safe passage of vessels using the Port of Montreal. As for the section situated over the St. Lawrence Seaway, it is approximately 49 meters above the surface of the canal.

The Champlain Bridge, opened to traffic on June 29, 1962, was named in honor of the explorer Samuel de Champlain, founder of Quebec in 1608. The Bonaventure Autoroute, which is part of the north approach to the bridge, was opened to traffic on April 21, 1967.

Linking the municipalities of Brossard and Verdun, the Champlain Bridge measures a little less than 6 kilometers. It carries six (6) lanes of traffic separated by a median barrier. The main span is also cantilevered. It was built of steel and carries an orthotropic steel deck with a bituminous asphalt pavement. It provides approximately 49 meters of clearance above the surface of the St. Lawrence Seaway. The remainder of the bridge consists of prestressed concrete beams with a prestressed concrete deck covered with an asphalt pavement.

The tolls required at the opening of the Jacques Cartier Bridge in 1930 and at the Champlain Bridge in 1962 were abolished respectively on June 1, 1962 and May 4, 1990.

c) Current Activities

The Jacques Cartier and Champlain Bridges are inspected every year and the most important major maintenance works to be undertaken are determined from the results of these annual inspections. The use of roadway deicing salt and the increase in traffic contribute to the deterioration of the structures, requiring an annual major maintenance program.For information purposes, on a total of $24.627 million in maintenance expenses for the period 1997-98, the major maintenance program represents $22.631 million, broken down as follows:

Cleaning and Painting Program	$ 4,785,000
Repairs to Steel Structures	1,219,000
Roadway Repairs	9,199,000
Overpass Rehabilitation	979,000
Repairs to Piers	1,771,000
Engineering	3,452,000
Others	1,226,000

Highlights

The severe ice storm that hit the greater Montreal metropolitan area in January 1998 allowed the Corporation to demonstrate its efficiency in time of crisis. This storm forced the sudden closure of the Champlain and the Jacques Cartier bridges for a number of days due to falling ice on the traffic lanes rendering them dangerous. An emergency deicing operation was quickly undertaken which allowed the reopening of the bridges within a very short delay.

a) Report on the 1997-98 General Objectives

In its 1997-98 Corporate Plan, the Corporation had identified the following three (3) objectives:

(1) *To continue the implementation of ongoing maintenance programs to maintain the bridges and autoroute to acceptable and safe standards.*

The Corporation has, during 1997-98, implemented very important ongoing maintenance programs to achieve this objective. Work valued at $ 22.6 million was undertaken on these structures during the period.

Among the most important, we will note on the Jacques Cartier Bridge, the painting and structural steel repair works and the miscellaneous deck repairs.

As for the Champlain Bridge and the Bonaventure Autoroute, the most important projects are the rehabilitation of the Clement Bridge and of Overpasses "D" and "Z", repairs to piers and rehabilitation of the roadway at Nuns' Island.

In order to be able to continue rehabilitation work which are required to maintain on an ongoing basis acceptable safety standards on the bridges and the autoroute, the Corporation submitted during the period for the approval of the Government a new major maintenance program covering the period 1998-99 to 2002-03. This program amounts to $218 million and includes an amount of $123.7 for the Jacques Cartier Bridge Deck Replacement Program.

(2) *To begin the progressive replacement of the Jacques Cartier Bridge Deck.*

The Corporation had for years already determined that a major program to repair and replace the Jacques Cartier Bridge deck was necessary and this, to ensure continued safe and efficient flow of traffic on this structure for the years to come. The Corporation consequently undertook the required studies and examined the various possible options.

A pilot project was undertaken in 1997. Based on the engineering studies undertaken and on the basis of the results of this pilot project, the Corporation has determined that the replacement of the deck with prefabricated concrete panels constitutes the most appropriate method.

During the period, the Corporation has submitted for the approval of the Government a turn-key project scheduled over a two (2) year period for the replacement of the Jacques Cartier Bridge deck using prefabricated concrete panels. According to the current plan, the deck replacement work, estimated at close to $123,7 million, would begin on the bridge in the spring of 2000 and end in the fall of 2001.

(3) *Reorganize the administrative structure of the Corporation*

On the strength of consulting firms' recommendations, the Corporation has, during the period, elaborated new work methods and has improved data processing equipment in order to increase productivity.

Thus, the Corporation has made greater use of services provided by experts from outside firms in order to perform certain services such as the management, the supervision, and the inspection of certain major maintenance projects.

b) Financial Review

Revenues

Total revenues of $ 737,625 are $ 74,375 or 9.2 % less than the $ 812,000 shown in the budget. This unfavorable net decrease is mostly due to lower than anticipated interest revenues during the period.

Expenses

Due mostly to the implementation of its new management processes, the Corporation was able during the period to better control its expenses. Consequently, the Corporation registered total expenses of $ 31,590,240 for 1997-98 which is $ 119,760 or 0.4 % less than the $ 31,710,000 budgeted for the period.

Capital Expenditures

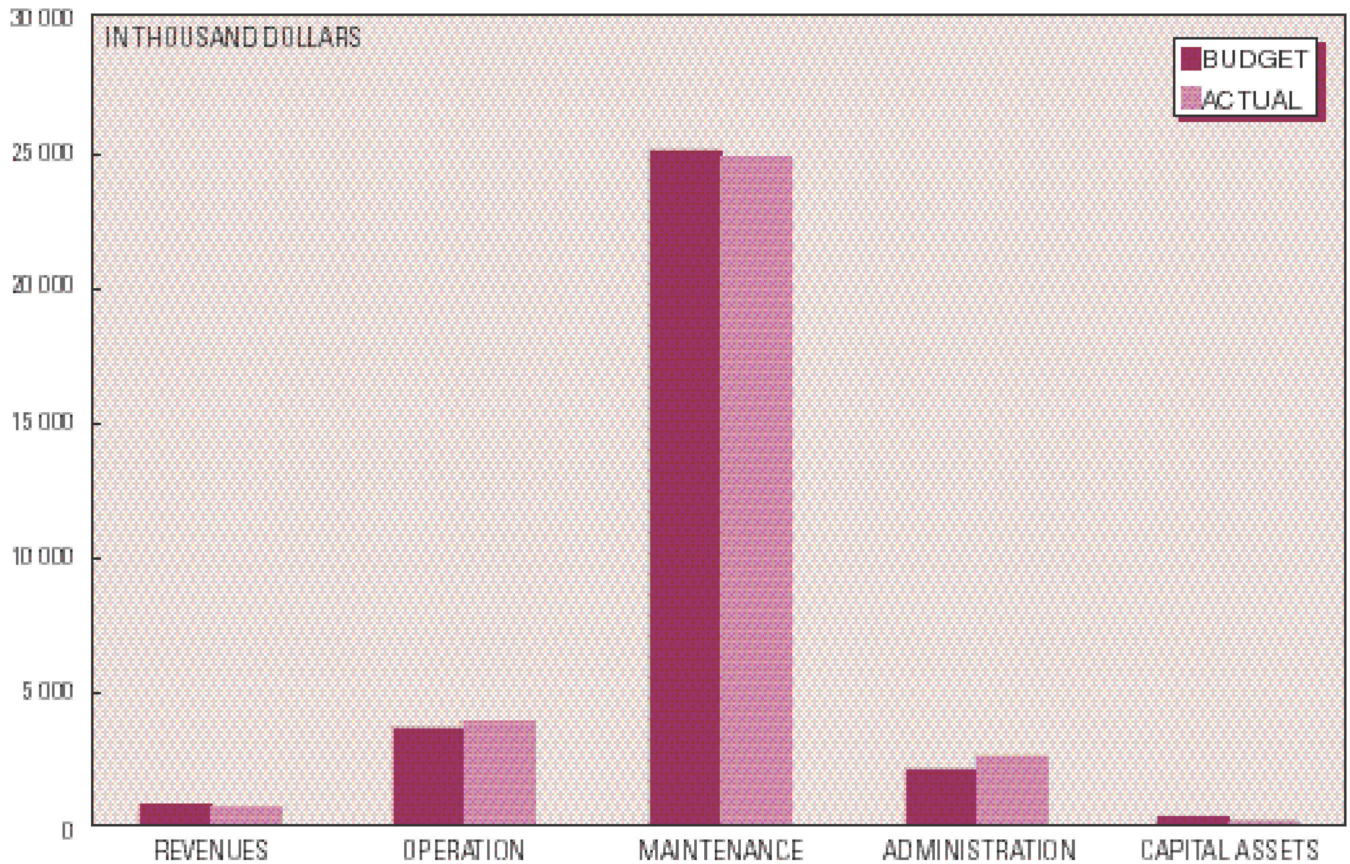
Capital expenditures for the year amounted to only $ 16,127 compared to the $ 213,000 budgeted for the same period. This is mostly due to the revision or deferment of certain projects to a subsequent period.

Parliamentary Appropriation

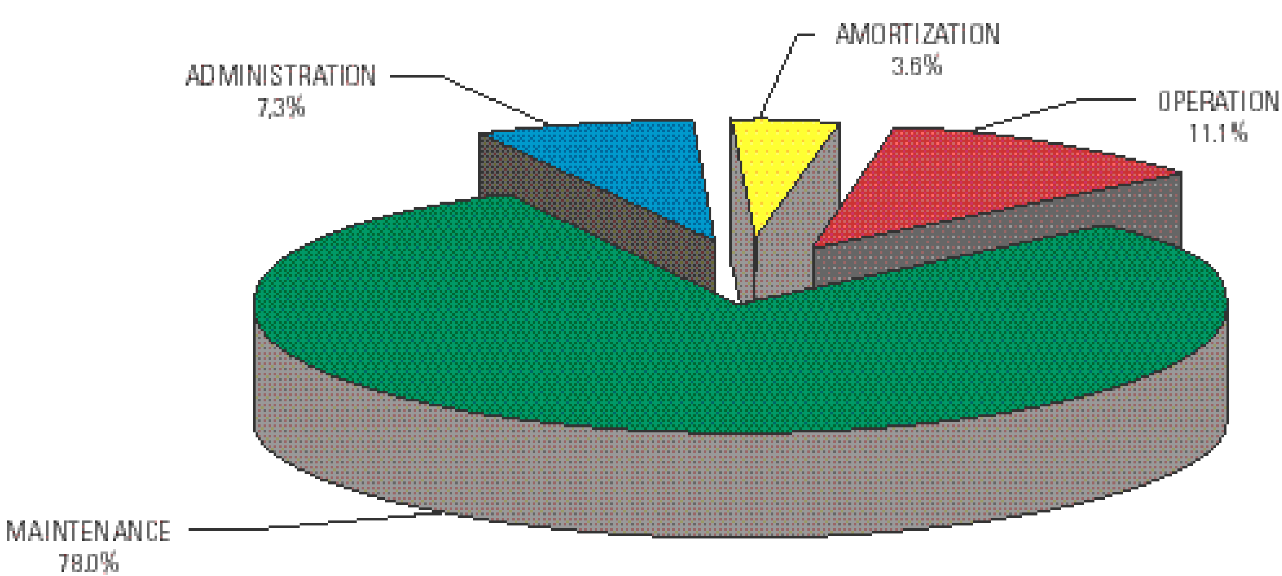
The approved Parliamentary Appropriation for the Corporation for the year 1997-98 amounted to $ 29,887,000 while the actual requirements to cover the deficit of the expenses over the revenues and to finance capital expenditures amounted to $ 29,703,112 for a difference of $ 183,888 or 0.6 % of the approved total appropriation.

During the period, the Minister of Revenue of Quebec agreed to give the Corporation the particular status that it claimed since 1993 namely, for the purposes of the applicable law, to have the same status as that of a municipality. Thus the Corporation was given reimbursements amounting to $ 4,210,359 pertaining to rebates on the Goods and Services Tax and the Quebec Sales Tax covering the period of September 1993 to March 1997. This reimbursement was directly applied against the parliamentary appropriation required during the period. Consequently, taking into account this reimbursement, the net parliamentary appropriation required for 1997-98 amounted to $ 25,492,753.

BUDGET - ACTUAL COMPARISON 1997 - 98

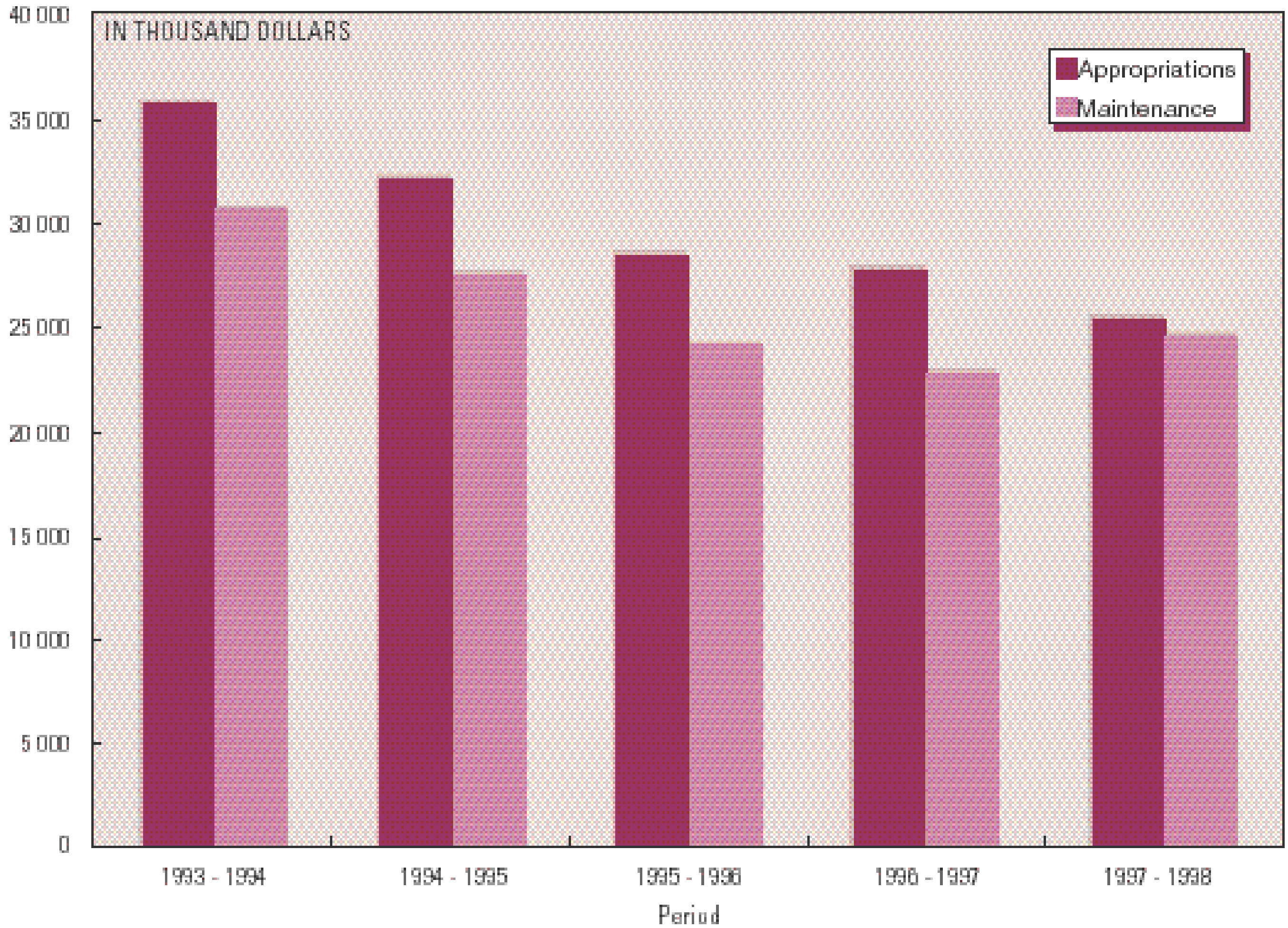


DISTRIBUTION OF EXPENSES 1997 - 98



DESCRIPTION	1993-94	1994-95	1995-96	1996-97	**1997-98**
Financial Data ($000's)					
Revenues					
Leases and licences	458	438	472	478	**460**
Interest	127	164	201	125	**101**
Other	180	238	176	207	**177**
Total	765	840	849	810	**738**
Expenses					
Maintenance	30,530	27,528	24,126	22,901	**24,627**
Operation	3,388	3 446	3,403	3,470	**3,519**
Administration	2,194	1 958	1,759	1,982	**2,299**
Amortization	1,150	1 161	1,167	1,189	**1,137**
Total	37,262	34,093	30,455	29,542	**31,582**
GST and QST reimbursements for 1993 to 1997	0	0	0	0	**4,210**
Loss before Large Corporations Tax	36,497	33,253	29,606	28,732	**26,634**
Large Corporations Tax	74	14	12	10	**8**
Net loss for the year	36,571	33,267	29,618	28,742	**26,642**
Parliamentary appropriation					
Operations	35,490	32,096	28,445	27,563	**25,477**
Fixed Assets	219	(3)	59	222	**16**
Total	35,709	32,093	28,504	27,785	**25,493**

IMPORTANCE OF MAINTENANCE EXPENSES ON PARLIAMENTARY APPROPRIATIONS



Management's Report

The accompanying financial statements of The Jacques Cartier and Champlain Bridges Incorporated and all information in this Annual Report are the responsibility of management.

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

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

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

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

Glen P. Carlin
General Manager

April 24, 1998

AUDITOR GENERAL OF CANADA VÉRIFICATEUR GÉNÉRAL DU CANADA

To the Minister of Transport

I have audited the balance sheet of The Jacques Cartier and Champlain Bridges Incorporated as at March 31, 1998 and the statements of operations, deficit, contributed capital and changes in financial position for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 1998 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

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

RAYMOND DUBOIS
Raymond Dubois, FCA
Deputy Auditor General
for the Auditor General of Canada

Ottawa, Canada
April 24, 1998

Balance Sheet

as at March 31

	1998	1997
ASSETS		
Current		
Cash and term deposits	**$ 2,998,975**	$ 2,880,516
Accounts receivable	**712,276**	269,622
Due from Canada	**4,082,475**	3,380,335
	7,793,726	6,530,473
Capital assets		
Land	**3,678,846**	3,678,846
Bridges	**73,321,602**	73,321,602
Vehicles and equipment	**1,321,640**	1,305,513
	78,322,088	78,305,961
Less: accumulated amortization	**69,719,733**	68,582,777
	8,602,355	9,723,184
	$ 16,396,081	$ 16,253,657
LIABILITIES		
Current	**$ 4,318,576**	$ 2,955,061
Accounts payable	**70,637**	116,041
Due to parent company	**212,997**	267,855
Deferred revenues		
	4,602,210	3,338,957
Long-term		
Provision for employee termination benefits	**376,369**	347,695
Commitments and contingencies (Notes 5 and 6)	**4,978,579**	3,686,652
SHAREHOLDER'S EQUITY		
Capital stock		
Authorized - 50 shares without par value		
Issued and fully paid - 1 share	**100**	100
Contributed capital	**33,621,904**	33,605,777
Deficit	**(22,204,502)**	(21,038,872)
	11,417,502	12,567,005
See accompanying notes to the financial statements	**$ 16,396,081**	$ 16,253,657

Approved by the Board:

Michel Fournier
Director

Clément Côté
Director

Statement of Operations

for the year ended March 31

	Jacques Cartier Bridge	Champlain Bridge	Total 1998	Total 1997
Revenues				
Leases and Licenses	$ 252,481	$ 207,775	**$ 460,256**	$ 478,338
Interest	50,498	50,498	**100,996**	124,640
Other	56,705	119,668	**176,373**	207,069
	359,684	377,941	**737,625**	810,047
Expenses				
Maintenance	8,964,271	15,663,041	**24,627,312**	22,901,152
Operation	1,187,897	2,331,115	**3,519,012**	3,470,066
Administration	838,424	1,460,774	**2,299,198**	1,982,484
Amortization	87,592	1,049,364	**1,136,956**	1,188,633
	11,078,184	20,504,294	**31,582,478**	29,542,335
GST and QST reimbursements for 1993 to 1997 (note 4)	1,260,388	2,949,971	**4,210,359**	0
Loss before Large Corporations Tax	9,458,112	17,176,382	**26,634,494**	28,732,288
Large Corporations Tax	3,881	3,881	**7,762**	9,978
Net loss for the year	$ 9,461,993	$ 17,180,263	**$ 26,642,256**	$ 28,742,266

See accompanying notes to the financial statements

STATEMENT OF DEFICIT

for the year ended March 31

	1998	1997
Balance at beginning of the year	**$ 21,038,872**	$ 19,859,448
Net loss for the year	**26,642,256**	28,742,266
	47,681,128	48,601,714
Parliamentary appropriation for funding excess of operating expenditures over revenues	**25,476,626**	27,562,842
Balance at end of the year	**$ 22,204,502**	$ 21,038,872

See accompanying notes to the financial statements

Statement of Contributed Capital

for the year ended March 31

	1998	1997
Balance at beginning of the year	**$ 33,605,777**	$ 33,383,335
Parliamentary appropriation for funding net acquisition of capital assets	**16,127**	222,442
Balance at end of the year	**$ 33,621,904**	$ 33,605,777

See accompanying notes to the financial statements

Statement of Changes in Financial Position

for the year ended March 31	1998	1997
Operating activities		
Net loss for the year	**$ (26,642,256)**	$ (28,742,266)
Non-cash items		
Amortization	**1,136,956**	1,188,633
Increase (decrease) in the provision for employee termination benefits	**28,674**	(9,209)
	(25,476,626)	(27,562,842)
Changes in non-cash items of working capital	**820,599**	400,040
	(24,656,027)	(27,162,802)
Investing activities		
Acquisition of capital assets	**(16,127)**	(226,772)
Proceeds from the disposal of capital assets	**0**	4 330
	(16,127)	(222,442)
Financing activities		
Parliamentary appropriation	**25,492,753**	27,785,284
Cash and cash equivalents		
Increase for the year	**820,599**	400,040
Balance at beginning of the year	**6,260,851**	5,860,811
Balance at end of the year (*)	**$ 7,081,450**	$ 6,260,851
(*) Cash and term deposits	**$ 2,998,975**	$ 2,880,516
Due from Canada	**4,082,475**	3,380,335
	$ 7,081,450	$ 6,260,851
Working capital position at year-end		
Current assets	**$ 7,793,726**	$ 6,530,473
Current liabilities	**4,602,210**	3,338,957
	$ 3,191,516	$ 3,191,516

See accompanying notes to the financial statements

1. Authority and Activities

The Jacques Cartier and Champlain Bridges Incorporated was established under the *Canada Business Corporations Act* on November 3, 1978 and is a wholly-owned subsidiary of The St. Lawrence Seaway Authority, which is a Crown Corporation named in Part 1 of Schedule III to the *Financial Administration Act*.

In October 1997, the Government introduced Bill C-9, the *Canada Marine Act*, which provides, among other things, for the commercialization of the operations of the St. Lawrence Seaway. The Bill is still under study by the Senate. All the implications of the above on The Jacques Cartier and Champlain Bridges Incorporated have not been determined as of this date.

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

Effective December 1, 1978, the Corporation assumed the responsibility for the operation, maintenance and control of the Jacques Cartier and Champlain Bridges and of a portion of the Bonaventure Autoroute, situated in the Montreal area.

2. Significant Accounting Policies

a) Parliamentary Appropriation

The amount of the parliamentary appropriation used to cover the excess of expenditures over the revenues for the operation of the Jacques Cartier and Champlain Bridges is reflected in the statement of deficit. In this regard, operating expenses do not include amortization, any change in the provision for employee termination benefits and any gain or loss on disposal of capital assets.

The portion of the parliamentary appropriation used to finance the acquisition of capital assets, net of proceeds from disposal, is recorded as contributed capital.

Any balance of the parliamentary appropriation not received at year end is shown as an amount due from Canada. Any parliamentary appropriation received in excess of requirements is recorded as due to Canada. It is the Corporation's policy to reimburse this amount in the following fiscal year.

b) Capital Assets

Capital assets acquired from the National Harbours Board (now Canada Ports Corporation) on December 1, 1978 were recorded at their then book values with an offset to contributed capital. Subsequent additions are recorded at cost.

Capital assets are amortized over their estimated economic lives using the straight-line method, at the following rates:

Jacques Cartier Bridge	4,8 %
Champlain Bridge	2,5 %
Vehicles and equipment	10 % and 20 %
Software	100 %

The cost of the portion of the Bonaventure Autoroute for which the Corporation is responsible and the initial cost of the Jacques Cartier Bridge are fully amortized.

The cost of major maintenance is charged to operations in the year in which the work is performed.

c) Deferred Revenues

Revenues of leases and licenses collected in advance are recorded as deferred revenues.

d) Employee Termination Benefits

On termination of employment, employees are entitled to certain benefits provided under their collective agreement and their conditions of employment. The cost of these benefits is expended in the year in which they are earned.

e) Pension Plan

Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. The employees and the Corporation contribute equally to the cost of the Plan. This contribution represents the total liability of the Corporation. Contributions in respect of current services and of admissible past services are expended when paid. The terms of payment of past service contributions are set by the applicable purchase conditions, generally over the number of years of service remaining prior to retirement.

f) Expenses - Bonaventure Autoroute

Expenses incurred with respect to the portion of the Bonaventure Autoroute for which the Corporation is responsible are included with those of the Champlain Bridge.

g) Income Taxes

The Corporation, as a federal Crown Corporation, is not subject to any provincial income taxes. The Corporation is, however, subject to the provisions of the federal *Income Tax Act* due to the fact that its parent Corporation is subject to these provisions in accordance with a regulation regarding this Act. Therefore the Corporation is subject to the Large Corporations Tax.

h) Measurement Uncertainty

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of financial statements and the reported amounts of income and expenses during the reporting period. Employee termination benefits, accrued liabilities for major maintenance repairs and estimates pertaining to claims received from suppliers are the most significant items where estimates are used. Actual results could differ from those estimates.

3. Related Party Transactions

The Corporation is related in terms of common ownership to all Government of Canada created departments, agencies and Crown Corporations. The Corporation enters into transactions with these entities in the normal course of business. The main related party transactions entered into by the Corporation are administrative and engineering services received from its parent Corporation for an amount of $ 364,019 ($ 496,595 in 1997).

4. GST and QST Reimbursements for 1993 to 1997

During the current fiscal year, Revenue Quebec has agreed to revise the status of the Corporation that the latter claimed since 1993. Under this revised status, the Corporation has been reimbursed from Revenue Quebec 57% of the Goods and Services Tax (GST) and 40% of the Quebec Provincial Sales Tax (QST), for the period September 1993 to March 1997.

The decision of Revenue Quebec ends the Corporation's contingency to reimburse the amounts received since the implementation of the GST and QST up to August 1993, totalling $ 3.5 million.

The current year GST reimbursements were deducted from maintenance expenses. Reimbursements of the Quebec Provincial Sales Tax were abolished in January 1997.

5. Commitments

a) Operation services

The minimum amount which will be paid in future years under an agreement for police services ending on June 30, 1999 is $ 3.3 million on an annual basis.

b) Suppliers

At March 31, 1998, contractual obligations to suppliers amounted to approximately $1.6 million.

6. Contingencies

a) Various claims and legal proceedings have been asserted or instituted against the Corporation, including some which demand large monetary damages which could result in significant expenditures. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable. A provision for these expenditures has been recorded based on management's best estimate. It is reasonably possible that the Corporation may have to settle some of these claims for amounts in excess of established provisions in the near term.

b) Decontamination could be required for some of the Corporation's properties. To date, the Corporation has not been in a position to determine the related costs, not having assessed its properties' contamination status. The costs related to the environmental evaluations and to the decontamination are accounted for in the year in which they will be incurred by the Corporation.

7. Major Rehabilitation Works

In its endeavour to keep the bridges and the autoroute in a good state of repair to protect the public and serve traffic needs throughout the useful life of these installations, the Corporation must undertake major rehabilitation works on the deck of the Jacques Cartier Bridge. Based on engineering studies and on the results of a pilot project undertaken in 1997-98, the Corporation submitted for the approval of the Treasury Board, a turnkey project, planned over a two-year period for the replacement of the deck with prefabricated concrete slabs. The main construction contract should be awarded in 1999 beginning with the fabrication of the deck units. Work for the deck replacement should begin in the spring of 2000 and should be finished in the fall of 2001. The cost of the project is estimated at $ 121,000,000 excluding the related project management costs which would amount to approximately $ 2,700,000.

8. Fair Value of Financial Instruments

The transactions related to cash and term deposits, accounts receivable, due from Canada, accounts payable and the amount due to the parent company are incurred in the normal course of business. The carrying amounts of each of these accounts approximate their fair values because of their short term maturity. There is no concentration of accounts receivable, consequently, the credit risk is low.

NOTES

Copies of this report may be obtained from:

The Jacques Cartier and Champlain Bridges Incorporated
1010 Rue De Sérigny, Suite 700
Longueuil, Quebec
J4K 5G7

Tel.: (450) 651-8771 Fax.: (450) 677-6912 Internet: aricher@pjcci.ca