



Passport Program

Annual Report for 2017 to 2018

(April 1, 2017, to March 31, 2018)



Government of Canada

Gouvernement du Canada

Canada

Contact us



Government of Canada website (Canada.ca/passport) for information on the Passport Program, application forms and complaints.



1-800-O-Canada (1-800-622-6232) for general information on the Passport Program.



Service Canada Call Centre (1-800-567-6868) for status updates on passport applications or case-specific information, inquiries and complaints.



Immigration, Refugees and Citizenship Canada Client Support Centre (1-888-242-2100) for inquiries and case-specific information pertaining to Refugee Travel Documents and Certificates of Identity.

Interact with us on social media and stay informed with passport-related announcements and campaigns:



www.facebook.com/passportcan



www.twitter.com/passportcan



www.youtube.com/passportcan

Travellers can also explore:

- Travel.gc.ca for a list of contact information and toll-free telephone numbers for various points of contact at home and abroad.
- Global Affairs Canada's [Travel Smart](#) application for real-time travel advisory information and border wait times.
- Canada Border Service Agency's [CanBorder](#) smartphone applications, including [eDeclaration](#) to create declarations in advance of arrival and Border Wait Time for wait times at ports of entry by land.

Publication information

For information about other Immigration, Refugees and Citizenship Canada (IRCC) publications, visit: www.cic.gc.ca/publications. Available in alternative formats upon request.

Également disponible en français sous le titre : **Rapport annuel du Programme de passeport pour 2017-2018**

Visit us online

Website: www.cic.gc.ca Facebook: www.facebook.com/CitCanada YouTube: www.youtube.com/CitImmCanada Twitter: [@CitImmCanada](https://twitter.com/CitImmCanada)

© Her Majesty the Queen in Right of Canada, represented by the Minister of Immigration, Refugees and Citizenship, 2019

Cat. no. Ci1-21E-PDF
ISSN 2371-2538
C&I-2507-06-2019

Executive Summary

The Passport Program Annual Report offers an overview of the program's performance and financial situation for a specific fiscal year (April 1 to March 31) and speaks to future plans. It is one of the ways the program demonstrates accountability to its clients, who entirely fund its operations, as well as to the general public.

The 2017 to 2018 Passport Program Annual Report starts with the customary Message from the Deputy Minister of Immigration, Refugees and Citizenship Canada (IRCC), who is responsible for the Passport Program. This year's message touches on some of the program's recent accomplishments, notably:

- amendments brought to the Canadian Passport Order to enhance protection of children and strengthen refusal and revocation authorities
- interim measures available for people who wish to display a identifier other than F (female) or M (male) in their travel document
- changes to the service delivery network to avoid duplication
- advancing important projects – the Passport Program Modernization Initiative, Next Generation ePassport, and Identity Linkages Project

An overview of key figures of are presented in the Year in Numbers pages. The Passport Program Performance in 2017 to 2018 section delves in earnest into how the program did last fiscal year under its 4 pillars, including:

Service delivery:

- client satisfaction of 97% in Canada and 94% abroad
- 99% of services rendered were within announced times
- 4.97 million travel documents were issued

Security:

- compared to last fiscal year, fewer passports and other travel documents were lost, stolen or refused, but more were revoked
- more travel documents were refused and fewer were suspended under the Family Orders and Agreements Enforcement Assistance Act

Program management:

- average wait time at passport offices was 24 minutes, considerably less than the 45-minute operational target

Financial performance:

- the net result for 2017 to 2018 was \$231 million

Finally, in Moving Forward, some of the program's most pressing short- and medium-term priorities are presented, including:

- evaluation of the Passport Program's effectiveness since 2013
- providing excellent service through the advancement of the Passport Program's large-scale projects.

We hope that you find this report informative and helpful.

Content

Executive Summary..... 3

Message from the Deputy Minister.....4

The Year in Numbers.....6

The Passport Program.....8

Products and Services.....9

Service Delivery Network....10

Passport Program

Performance 2017

to 2018..... 11

Service Delivery..... 12

Security.....17

Program Management.....18

Financial Performance..... 20

Moving Forward.....21

Annex A – Service Fees.... 22

Annex B – Financial Statements..... 23



Message from the Deputy Minister

At the Passport Program, we strive to produce one of the most secure, respected and treasured travel documents in the world. It involves a great deal of planning, patience and passion. And we've been delivering!

In the 2017 to 2018 fiscal year, Canadians once again expressed great satisfaction with the service they received. Our annual Passport Program Evaluation Survey measured an astounding 97% client satisfaction rate for services provided in Canada. This year we introduced a new survey for Canadians who received passport services abroad, and 94% of the respondents were satisfied with their experience.

We met our processing service standards more than 99% of the time. At Passport offices, the average wait time was 24 minutes, substantially less than our 45-minute target.

On the legislative front, the Canadian Passport Order was modified to enhance the protection of children. New amendments now allow the Minister to issue a passport to a child without a parent or guardian having applied, or to refuse, revoke or cancel a passport issued to a child, if it is in the child's best interest.

The Canadian Passport Order was also amended to clarify and strengthen existing authorities. The Minister can now refuse or revoke a passport if a person stands charged with a hybrid offence, and refuse or revoke the passport of a person who facilitates the use of a passport by someone other than its bearer.

As promised, Immigration, Refugees and Citizenship Canada (IRCC) introduced interim measures for people who wish to have their travel documents display an identifier other than female (F) or male (M). The interim measures, consisting of the remark "The sex of the bearer should read as X, indicating that it is unspecified", will be available until the department is able to print an "X" in its documents. Indeed, IRCC is committed to better reflecting gender inclusiveness in all its programming. We are currently working on ways to ensure that documents, applications and systems can accommodate a non-binary gender identifier and still comply with international standards.



We also made changes to our service delivery network. In 2016 to 2017, we expanded passport services to more than 300 Service Canada Centres across the country, making our services accessible to 97% of Canadians within 100 km of their home.

To avoid duplicating efforts, as of 2017 to 2018, Canada Post Corporation no longer offers passport services. That said, Canada Post remains an essential partner of the Passport Program as it delivers and transports travel documents across the country. Moreover, individuals can continue to pick up forms or mail completed passport applications at their preferred Canada Post office.

Behind the scenes, we continued our work on planning and implementing a number of long-term projects in 2017 to 2018. Notably, we are advancing our work on a new passport issuance system. Improvements in application and integrity features along with the new system will set the foundation for continuing to modernize the program.

We are also working to introduce the Next Generation ePassport with electronic security features in order to reduce forgery risks, prevent fraud and protect the integrity of our travel documents.

Finally, we are improving collaboration with provinces and territories through the Identity Linkages Project by creating systems that allow us to easily share information and validate identity documents, such as birth certificates.

All of these projects are essential for improving the efficiency and retaining the integrity of our systems, processes and products. We aim to carry them forward, without compromising client service, so your passports and other travel documents continue to facilitate your travels around the world.

Marta Morgan
Deputy Minister
Immigration, Refugees and Citizenship Canada

The Year in Numbers ...

From April 1, 2017, to March 31, 2018

Service standard compliance

99.15%

* Services rendered within service standards in Canada and abroad

99.66%

Applications and requests processed within service standards in Canada

89.74%

Applications processed within service standards abroad

[Performance against service standards](#)

Volumes

4.97m

Travel documents issued

23.79m

Travel documents in circulation

1.57m

Calls received

12.5m

Website visits

[Service Delivery](#)

Customer satisfaction

97%

* Satisfaction with client service experience in Canada

94%

Satisfaction with client service experience abroad

95%

Satisfaction with the simplicity of the process to obtain a passport in Canada

96%

Satisfaction with information on the website in Canada

[Passport Program Evaluation Surveys](#)

... for the Passport Program

For more details on the numbers and how they compare to the last year, refer to the sections linked at the bottom of the pages Indicators with * are associated with the departmental result

Canadians' international travel is facilitated

Security

55,587

Lost and stolen travel documents reported

4,894

IRCC security-based refusals and revocations of travel documents

3,585

Refusals and suspensions of travel documents based on the Family Orders and Agreements Enforcement Assistance Act

[Security](#)

Program management

100%

* Compliance of the Canadian passport with International Civil Aviation Organization standards

-5.8%

Difference between the forecast model and actual number of applications received

[Program Management](#)

Financial performance

\$231m

Net results
(Amount will be used to offset expected deficit in second half of the ten-year business cycle)

\$639m

Revenues

\$408m

Operating expenditures

[Financial Performance](#)
[Financial Statements](#)

The Passport Program

The [Passport Program provides passport and other travel document services](#) to eligible Canadian citizens, permanent residents and refugees.

The program is administered jointly by several federal departments. Immigration, Refugees and Citizenship Canada (IRCC) has the overall accountability for program policy, finances and operations.

Employment and Social Development Canada (ESDC), through Service Canada, administers program delivery in Canada. Global Affairs Canada (GAC), through its missions outside of Canada, is responsible for program delivery abroad.

Through an extensive [service delivery network](#) in Canada and abroad, the Passport Program provides information on applying for and possessing Canadian travel documents, collects and processes applications, authenticates applicants' identity, determines eligibility, and issues secure Canadian travel documents.

The program also performs activities to prevent and detect fraud and misuse of travel documents. As such, it can [refuse, cancel, revoke or withhold](#) travel documents.

Passport Program operations are funded on a full [cost-recovery basis](#) from [fees charged for travel document services](#). In other words, operations are not financed by taxpayers; they are financed by those who apply and pay for the travel document services.

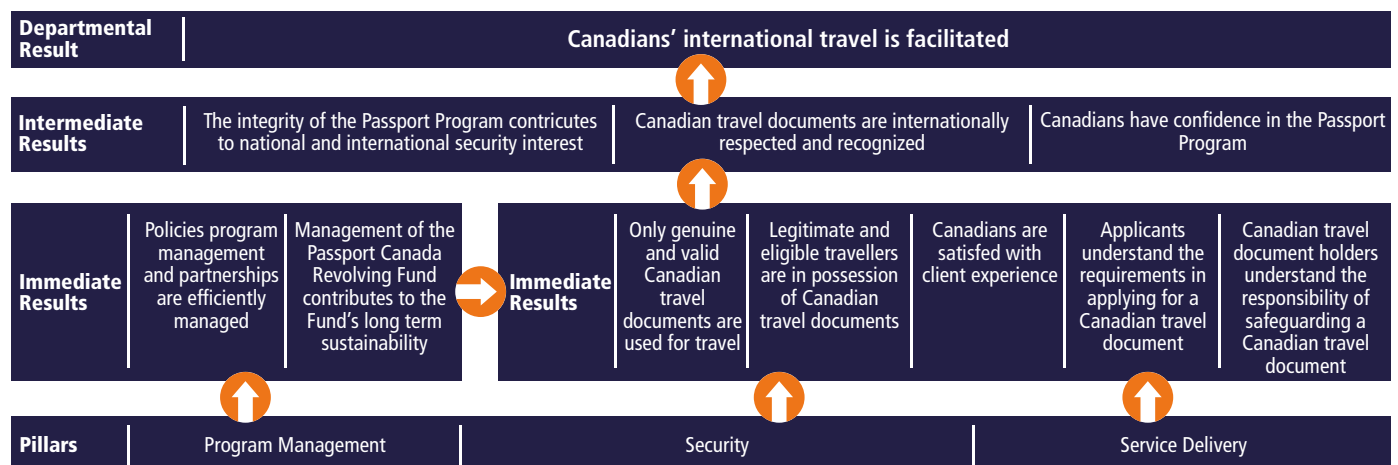
Facilitating international travel

To enhance accountability and transparency, the Canadian government has adopted a [Results and Delivery approach](#) by which departments plan, measure and report on activities that bring important results to Canadians.

The program's ultimate objective, known as [IRCC's Departmental Result 8](#), is to facilitate Canadians' international travel. All activities and outputs from the program's 3 pillars – [Service Delivery](#), [Security](#) and [Program Management](#) are geared towards achieving this result.

Performance indicators used to measure the achievement of program results are presented by program pillar in the [Passport Program Performance section \(p. 12\)](#). The 3 key performance indicators associated with the program's departmental result are identified by an asterisk in the [Year in Numbers](#) section.

Expected results of the Passport Program



The Passport Program

The Passport Program provides the following products and services to eligible Canadians and non-Canadian citizens (permanent residents and refugees).

Travel documents for Canadians

Regular passports (blue) are issued to Canadian citizens, primarily for personal travel, such as vacations and business trips.

Maximum validity: 5 or 10 years for adults (16 years and older); 5 years for children (from birth to 15 years of age).



Diplomatic passports (red) are issued to Canadian diplomats, senior government officials, diplomatic couriers as well as private citizens nominated as official delegates to international diplomatic conferences. Eligible dependants of diplomatic passport holders can also obtain this type of passport.

Maximum validity: 5 years.



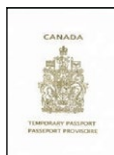
Special passports (green) are issued to persons representing the Government of Canada on official business, including members of the Canadian military and the Privy Council (who are not members of cabinet), members of Parliament, provincial Cabinet members, public servants, as well as private citizens nominated to non-diplomatic conferences. Eligible dependents of special passport holders can also obtain this type of passport.

Maximum validity: 5 years.



Temporary passports (white) are issued to Canadians outside Canada who require passport services while their regular passport application is being processed.

Maximum validity: 1 year.



Emergency travel documents are issued to Canadians outside Canada for a single-journey direct return to Canada or to the nearest Government of Canada office, where more comprehensive passport services can be obtained.

Maximum validity: 1 trip.

Travel documents for non-Canadians

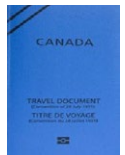
Certificates of identity are issued to permanent residents of Canada who are not yet Canadian citizens, who are stateless or who are unable to obtain a national passport for a valid reason. A certificate of identity is not valid for travel to the bearer's country of citizenship.

Maximum validity: 5 years.



Refugee travel documents are issued to persons in Canada with protected person status, including United Nations Convention refugees and persons in need of protection. Such documents are endorsed for travel to all countries except the holder's country of origin.

Maximum validity: 5 years.



Administrative services

In addition to travel documents, the program offers a variety of services in Canada and abroad. At the applicant's request, the program can:

- provide expedited services
- provide up to 3 certified true copies of travel documents
- replace a lost or stolen passport or other travel document
- transfer a file between offices in Canada
- retain a valid passport or other travel document in Government of Canada offices abroad
- add a special stamp or observation to a travel document to alert border authorities to particular facts or to facilitate travel to some countries

To see the services' associated fees, refer to [Annex A – Service Fees](#).

Service Delivery Network

The Passport Program offers several types of points of service to apply for travel documents and access information.

Service Canada, Canadian missions abroad, IRCC's Official Travel office, and some offices of Members of Parliament provide various levels of passport services¹. Alternatively, individuals can apply by mail.

This extensive network is complemented by [several points of contact](#) online (websites and social media) and toll-free telephone numbers where the general public can direct their inquiries.

With the recent increase in the number of Service Canada Centres that provide passport services, Canada Post ceased to offer basic passport services in December 2017. The locations that provided such services are on average within 4 kilometers of a Service Canada Centre that offers receiving agent services for passport applications at no additional cost. With the increase, 97% of Canadians residing in Canada have access to passport services within 100 kilometers of their place of residence.

Canadians in Canada can use our [online locator](#) to find the closest service location.

Service Delivery Network

As of March 31, 2018



34 dedicated **Passport Offices** across Canada that offer full passport services with one office offering certificates of identity and refugee travel documents.



Over **300** **Service Canada receiving agent sites** across Canada that offer passport services.



1 Official Travel office that processes all diplomatic and special passports.



203 **Global Affairs Canada** points of passport service abroad, including 119 missions that offer full passport services.



Members of Parliament (MPs) offer basic passport services across Canada. Individuals can also provide feedback about the Passport Program to their MPs.



Individuals in Canada or in the United States can **send in** their applications by

Mail: Passport Program / Gatineau / QC / K1A 0G3 / Canada
Courier: Passport Program / 22 de Varennes Street / Gatineau / QC / J8T 8R1 / Canada

¹ **Full passport services** include providing general information, accepting and reviewing client application forms, verifying supporting documentation and pictures, accepting payments, and entering application data into the passport system.

Receiving agent sites can accept standard passport applications in person, take fee payment, collect supporting documents, review the

application to make sure it is complete, and send applications to a passport processing centre.

Basic passport services include reviewing application forms, verifying that supporting documents and pictures are included, accepting payments and transferring files to a processing centre.



Passport Program Performance 2017 to 2018

Service Delivery

Canadians expect high-quality services and the Passport Program makes it a priority to meet its clients' needs throughout its service delivery network.

This subsection speaks to 4 program results:

- Canadians are satisfied with client experience
- Applicants understand the requirements in applying for travel documents
- Holders understand the responsibility of safeguarding a travel document
- Canadians have confidence in the Passport Program

Applications received

The program received 4.95 million travel document applications in 2017 to 2018, 3.5% less than last fiscal year (5.13 million).

Passport offices remained the most popular service channel, where 6 out of 10 clients submitted their travel document applications. Two out of 10 clients used receiving agent sites to apply for a passport. Notably, usage of these sites increased by almost 5% compared to last year. The increase coincides with the recent expansion of passport services to more than 300 Service Canada Centres. Usage rates for other channels remained stable.

Applications received by service channel

Percentage of respondents satisfied and very satisfied

	2016-17	2017-18
Passport offices	64.6%	▼ 60.6%
Receiving agent sites (Service Canada, Canada Post)	15.9%	▲ 20.7%
Mail (Canada and U.S.)	13.4%	12.7%
Canadian missions abroad	4.0%	3.9%
Member of Parliament offices	1.4%	1.4%
IRCC – Travel documents for non-Canadians (certificate of identity, refugee travel document)	0.3%	0.4%
IRCC – Official Travel (special or diplomatic passports)	0.3%	0.3%

Percentages may not total 100% due to rounding
Changes of +/- 4 % are marked with ▲ or ▼

Quick facts

- Receiving agent sites usage up by almost 5%.
- 8 out of 10 survey respondents in Canada and 9 out of 10 respondents abroad reported being served in 30 minutes or less.
- 97% of survey respondents in Canada and 94% of respondents abroad were satisfied with their client experience.
- 99.15% of applications were processed within service standards.

According to the annual [Passport Program Evaluation Survey](#), convenience is the primary reason for choosing a service channel in Canada. Processing speed (total time to receive a passport) and personal service were either the second or third most important reasons why respondents chose to go to a passport office or a receiving agent site.

Travel documents issued

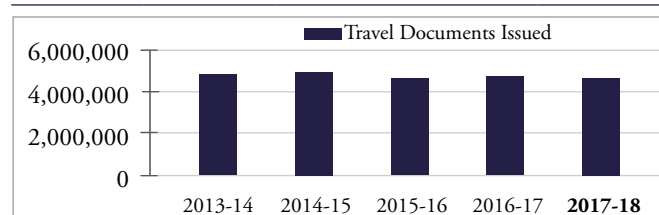
The program issued 4.97 million travel documents in 2017 to 2018, about 2% less than the previous fiscal year (5.08 million).

As can be the case in periods of decreasing demand, the number of issued travel documents is higher than the number of applications received. That is because not all issued travel documents stem from applications received in the same reporting period. Applications received in the last days of the previous fiscal year are processed in the first days of the following fiscal year. When fewer applications are received that following year, this can result in more travel documents being issued than received.

Travel documents issued

Last 5 fiscal years

2013-14	2014-15	2015-16	2016-17	2017-18
4,907,000	5,111,150	4,788,100	5,075,700	4,970,708



Of all travel documents issued this fiscal year, 99% were regular passports, 83% issued to adults and 17% issued to children. Approximately 88% of adults were issued a 10-year passport.

Performance against service standards

The Passport Program has consistently processed applications in a timely manner and this reporting year was no different. In 2017 to 2018, 99.15% of all services rendered were within service standards.

In Canada, service standards compliance for services for Canadians and for non-Canadians, for expedited services and for other services was 99.66%. Compliance for services for Canadians outside of Canada was 89.74%. See table to the right for details on specific products and services.

Client support

Provided that there are no changes in Passport Program policy or service, the number of client support requests normally reflects passport demand. This appears to have been the case in 2017 to 2018, when the fewer number of received telephone calls and website visits mirrors the decrease in applications received. However, there were slightly more general inquiries compared to the previous fiscal year.

Client support: telephone and website

	2016-17	2017-18
Telephone Calls received	1.67 m	1.57 m
Calls received	79%	81%
Calls in queue for 8 minutes or less		
Website Visits	13.90 m	▼ 12.5 m
Requests for application status	118,010	112,041
General inquiries through Contact Us	29,225	29,656
Complaints	1,986	1,909

Changes of +/- 10 % are marked with ▲ or ▼

Performance against service standards By channel and product Percentages of applications or requests processed within announced service standards

	2017-18
Services for Canadians in Canada	
Regular passport application at passport offices (10 business days)	99.71%
Regular passport application at a receiving agent site (20 business days)	99.67%
Regular passport application by mail (20 business days)	99.67%
Services for Canadians outside of Canada	
Regular passport application at a Government of Canada office abroad and by mail from U.S. (20 business days)	89.27%
Temporary passport (linked to regular passport application) (under 20 business days)	98.05%
Emergency travel document – one trip (under 20 business days)	98.90%
Services for non-Canadians in Canada	
Certificate of identity (20 business days)	94.71%
Refugee travel document (20 business days)	97.85%
Expedited services in Canada	
Urgent service (24 hours/next business day)	99.52%
Express service (2 to 9 business days)	99.94%
Pick-up service (10 business days)	99.75%
Same day, out of regular hours of service	96.91%
Other services	
Addition of a special stamp or observation (Same as associated application or 10 business days)	N/A
Certified true copy of a travel document (10 business days)	98.48%
File transfers from one regional office in Canada to another (3 business days)	98.89%
Overall performance	99.15%

See service fees in [Annex A – Service Fees](#)

Passport Program Evaluation Surveys

The Passport Program Evaluation Survey is conducted annually to gather feedback from our clients on the Passport Program's services and products. This insight allows the program to fine-tune operations and address its clientele's current and future needs.

The survey has traditionally been limited to clients who received passport services in Canada, but for the first time in 2017 to 2018, clients who received services abroad were surveyed as well. Because of differences in methodology (telephone versus online), the results of both surveys are not directly comparable, so they are presented separately.

Survey results for services in Canada

The 2018 Passport Program Evaluation Survey for services offered in Canada was conducted by telephone from February 11 to March 22, 2018. The survey had a sample size of 2,503 passport holders, aged 18 years or older, who applied for a new passport in Canada between May and November 2017. There were about 250 respondents from each province.

Survey results are accurate within +/- 3.8%, 19 times out of 20. Changes of +/- 4% with the previous survey are marked. New questions to the survey will not show any data from the previous year.

Satisfaction levels

The survey results show that clients remain satisfied with the current program delivery model. Across service channels in Canada, 97% of respondents were either "very satisfied" or "satisfied" with their overall service experience.

Satisfaction levels

Percentage of respondents satisfied and very satisfied with ...

	2016-17	2017-18
Overall service experience	97%	97%
Simplicity of the process to obtain passport	93%	95%
Turnaround time to receive their passport	94%	92%

Changes of +/- 4 % are marked with ▲ or ▼

For most aspects of the in-person service experience in Canada, respondents indicated very high levels of satisfaction. Most results are comparable to last year's survey (within 2%) except for one: convenience of locations saw a notable increase of 5%, which is likely due to the additional Service Canada Centres now offering receiving agent passport services. Although the result for "waiting time at the office" is the same as last year's result (81%), more respondents (84%) reported waiting times of less than 30 minutes (see [Wait time improvements](#)).

Client satisfaction

In-person service in Canada

Percentage of respondents satisfied and very satisfied with ...

	2016-17	2017-18
Competence of staff	99%	99%
Service in chosen official language	99%	99%
Courtesy of staff	96%	98%
Understanding of your particular needs	97%	98%
Quality of answers provided	97%	94%
Lineup management	91%	92%
Hours of operation	88%	90%
Convenience of the location	83%	▲ 88%
Waiting time at the office	81%	81%

Changes of +/- 4 % are marked with ▲ or ▼

Confidence levels

Similar to previous years, most respondents felt the Canadian passport is a recognized travel document that provides confidence and peace of mind when travelling, and a sense of national pride.

Trust and pride in the Canadian passport

Percentage of respondents who felt ...

	2016-17	2017-18
Confidence in travelling abroad with passport	79%	78%
Canadian passport is recognized and respected by other countries' authorities	-	76%
Sense of security while travelling with passport	75%	73%
Association of passport with pride of being Canadian	71%	68%

Changes of +/- 4 % are marked with ▲ or ▼

Awareness levels

Respondents' awareness levels of Passport Program protocols appear to be stable over time. Most respondents were aware that passports should be kept in a secure location, that lost or stolen passports should be reported, that a copy of their passport should not be provided to anyone, and that a damaged passport should be replaced. However, over half of the respondents still did not know that the passport of a deceased person should be cancelled.

Awareness of passport protocol
Percentage of respondents who were aware that ...

	2016-17	2017-18
Their passport should be kept in a secure location when not in use	99%	99%
You have to report a lost or stolen passport to the program	94%	95%
You should not provide a copy or let anyone make a copy of your passport	-	87%
You should apply for a new passport if the current one is damaged	80%	82%
A deceased person's passport should be returned for cancellation	48%	47%

Changes of +/- 4 % are marked with ▲ or ▼

Of note, only 17% of respondents knew that, since November 2016, visa-exempt foreign nationals (excluding U.S. citizens) need an electronic travel authorization (eTA) to fly to, or transit through Canada. Awareness is important because, since the implementation of the eTA, dual Canadian citizens need a valid Canadian passport to travel to or transit through Canada by air.

Online usage levels

Almost half of the respondents (48%) visited the Passport Program website before submitting their passport application and 96% of them were highly satisfied with the information they found. The majority of respondents were looking for passport application forms, instructions on how to apply for an adult passport, and requirements for supporting documents.

In 2017 to 2018, 43% of respondents obtained their application forms online. About the same proportion, 44%, picked up their forms at an in-person service location; of them, more than half (55%) went to a Canada Post office. Among those who obtained their application form in person, 32% did not know that the forms are available online. Nonetheless, 48% of the respondents who obtained their forms in person did so because it was more convenient for them.

Interest for applying online has remained stable over the past 4 surveys. Again, about 6 out of 10 respondents, 61%, said they would likely complete their passport application online (including submitting photos and paying fees) if the service were available. Conversely, 35% of respondents would rather not apply online, stating security and privacy concerns, complexity of the process, and a preference for in-person service.

Online usage
Percentage of respondents who reported ...

	2016-17	2017-18
Satisfaction with the information found on the website	94%	96%
Likely to apply online if the service were available	64%	61%
Obtaining forms online	46%	43%
Not knowing the form was available online	12%	14%

Changes of +/- 4 % are marked with ▲ or ▼

When prompted to choose between important factors for online services, respondents chose as most important: user-friendliness of the online application (99%), security of the online process (99%), and completing every step of the process online – including payment (98%).

When unprompted, the most cited factors for considering online services were: user-friendliness (23%), not having to go in person (16%) and security of the online process (12%).

Survey results for services abroad

The first ever Passport Program Evaluation Survey for clients living outside of Canada was conducted from November 23, 2017, to March 31, 2018. When receiving their passport, individuals were given a card inviting them to participate in the online survey.

The survey had a sample size of 3,994 passport holders aged 18 years or older who applied for a new passport at overseas Canadian missions or via mail from the United States between November 2017 and March 2018. Survey results are accurate within +/- 1.5%, 19 times out of 20.

Satisfaction levels abroad

Ninety-four percent of overseas respondents were either “very satisfied” or “satisfied” with their overall service experience. The percentage of “very satisfied” respondents was an impressive 70%.

Client satisfaction levels abroad

Percentage of respondents satisfied and very satisfied with ...

	2017-18
Overall service experience	94%

The mail-in service was the most commonly used method to submit passport applications abroad. Roughly 65% of overseas respondents used mail or courier to apply for their passports, while 32% applied in-person at missions. Satisfaction rates are slightly higher for mail-in respondents.

Satisfaction levels by channel abroad

Percentage of respondents satisfied and very satisfied with experience ...

	2017-18
By mail (from U.S.)	96%
By mail (mission)	94%
In-person (mission)	92%

The respondents who applied in-person at a Canadian Embassy, High Commission of Canada, or Consulate General of Canada were satisfied with their overall experience and with a number of specific aspects of their experience, notably with the service provided in their official language of choice.

Client satisfaction abroad

In-person Service at a Canadian mission

Percentage of respondents satisfied and very satisfied with ...

	2017-18
Service in chosen official language	96%
Competence of staff	94%
Courtesy of staff	93%
Understanding of your particular needs	93%
Quality of answers provided	92%
Waiting time at the office	89%

Wait times of 20 minutes or less were reported by 85% of respondents, and 93% reported being served within 30 minutes. Only 7% waited more than 31 minutes. Of the respondents who indicated their wait time was longer than expected, 2 out of 3 believe they should be served in 15 minutes or less.

Online usage levels abroad

Most respondents living abroad (94%) visited the Government of Canada website prior to submitting their application. They mostly looked for an application form, photo requirements and information on fees.

Online usage abroad

Percentage of respondents who reported ...

	2017-18
Satisfaction with the information found on the website	94%
Likely to apply online if the service were available	93%
Obtaining forms online	84%

If the service were available, 93% of respondents abroad indicated that they would likely complete their passport application online (including submitting photos and paying fees).

When prompted to choose between important factors for online services, respondents abroad chose as most important: user-friendliness (99%), security (97%), and the ability to complete the whole process online (97%).

Security

In collaboration with government security partners, the Passport Program constantly works to enhance passport security features, deter fraud and reduce the likelihood that documents are issued to, or used by individuals presenting a security threat.

This subsection speaks to 3 program results:

Program integrity contributes to national and international security interests

Only genuine and valid Canadian travel documents are used for travel

Legitimate and eligible travellers are in possession of travel documents

Refused, revoked and suspended travel documents

Under the [Canadian Passport Order](#), IRCC has legal authority to cancel, refuse or revoke a passport when an application or investigation raises concerns about identity fraud, entitlement fraud, passport misuse or criminality. Public Safety Canada can do the same for cases related to national security and terrorism.

Compared to last fiscal year, there were 8% fewer refused applications and 20% more revoked travel documents. The increase is mostly due to an additional 100 cases of revocations related to judicial restrictions, where courts have restricted a person from travelling outside the country.

Security measures

Number of Canadian travel documents that were ...

	2016-17	2017-18
Lost	44,199	42,552
Stolen	12,636	13,035
Refused	4,678	4,287
Revoked	504	▲ 607

Changes of +/- 10 % are marked with ▲ or ▼

The [Family Orders and Agreements Enforcement Assistance Act](#) compels the program to suspend passports belonging to, or refuse to issue passports requested by, individuals subject to a federal license denial due to child support payment arrears.

Under the Act, there was a 4% decrease in suspensions and a 9% increase in refusals.

Quick facts

- Fewer travel documents were lost, stolen, or refused than last fiscal year, but more were revoked.
- More documents were refused and fewer were suspended under the Family Orders and Agreements Enforcement Assistance Act.
- Procurement continues for the ePassport Next Generation project.

Family Orders and Agreements Enforcement Assistance Act

Number of Canadian travel documents that were ...

	2016-17	2017-18
Suspended	2,956	2,826
Refused	697	759

Changes of +/- 10 % are marked with ▲ or ▼

Lost and stolen travel documents

Lost or stolen passports are monitored for security purposes. The information is shared with the Royal Canadian Mounted Police, the Canada Border Services Agency and INTERPOL for inclusion in their respective databases to support their efforts to identify persons travelling with invalid passports. In 2017 to 2018, 55,587 Canadian travel documents were reported lost or stolen, 2% less than last fiscal year. The total number represents 0.23% of the travel documents in circulation.

ePassport enhancements

In 2017 to 2018, the program developed the Statement of Requirements for the Next Generation ePassport. Procurement is scheduled to continue until spring 2019 with the release of the request for proposals to pre-qualified suppliers, the evaluation of submissions and the contract award.

Beginning in June 2019, project implementation will involve the redesign of the entire suite of travel documents with enhanced security features and the deployment of a new software solution and equipment that personalizes blank passports.

Deployment of the new ePassport is planned to start in the winter of 2020 to 2021.

Program Management

The Passport Program conducts planning, analysis, outreach and modernization activities required to achieve security and service excellence, while providing value for money for Canadians. In other words, the program aims for optimal efficiency.

This subsection speaks to 2 program results:

Canadian travel documents are internationally respected and recognized

Policies, program management and partnerships are efficiently managed

Modernization initiative

The Passport Program Modernization Initiative (PPMI) is a multi-year, large-scale government service transformation project involving IRCC, ESDC and GAC.

The project will improve efficiency, security and convenience of passport services offered to the Canadian public. It will also lay the foundation for future business improvements, such as the introduction of online passport services.

A key component of PPMI is the deployment of a new passport issuance system by the end of the current business cycle. During 2017 to 2018, the program clarified PPMI's business requirements and advanced on critical deliverables, including an intake tool for the new passport issuance system. Work continued to be informed by lessons learned and feedback from controlled environment testing, wherein passport officers processed more than 4,000 mail-in passport applications.

Modernization has already led to the expansion of passport intake services to all Service Canada Centres. Building upon this success, much work is underway to ensure PPMI delivers effective, long-term and sustainable results.

Forecasting

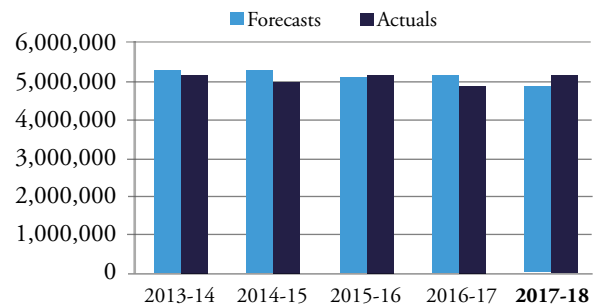
As one of the few Government of Canada programs operating on a full cost-recovery basis, the Passport Program uses a forecasting model to assist in effective program management, notably in resource allocation.

Quick facts

- Modernization initiative is on track.
- At most passport offices, average wait time for in-person service is 21 minutes below target.
- Forecasted volumes were 5.8% higher than actual volumes.
- The program continues its outreach efforts and international collaboration.

The number of travel documents applications forecasted for 2017 to 2018 (5.25 million) was 5.8% higher than the number of applications actually received (4.95 million).

Forecasts vs. actual applications received
Fiscal years of current business cycle



Wait times improvements

The Passport Program has been working to decrease the wait times when accessing passport services in person. In 2017 to 2018, in all but 1 of the 34 passport offices providing full passport services, the average length of wait-time was 24 minutes. This is 21 minutes below the 45-minute target.

The survey results confirm that clients in Canada are experiencing the improvements; 8 out of 10 respondents (84%) reported waiting times of 30 minutes or less to receive passport services. This result is a significant increase from 2016 to 2017 (77%) and 2015 to 2016 (54%).

International engagement

The Passport Program is actively engaged with a number of international organizations and partners. This engagement ensures that the Canadian passport is recognized by foreign authorities, provides visa-free access to a number of countries, and facilitates Canadians' travels abroad.

Five Nations Passport Group

The Five Nations Passport Group is an international forum of the passport issuing authorities of Australia, Canada, New Zealand, the United Kingdom and the United States. The group meets annually to discuss issues of mutual concern and share new ideas and best practices.

In 2017 to 2018, Canada participated in the Five Nations Passport Conference that was held in Wellington, New Zealand in May 2017.

G7 Roma-Lyon Group

Comprised of Canada, France, Germany, Italy, Japan, the United Kingdom, the United States and the European Union, the G7 Roma-Lyon Group (RLG) pursues practical projects in counterterrorism, transportation security, high-tech crime, criminal legal affairs, law enforcement and migration.

IRCC and the Canada Border Services Agency represent Canada in the RLG Migration Experts Sub-Group, which works on issues related to migration flows, border security and travel documents.

In 2017 to 2018, program officials attended RLG meetings on 3 occasions (April 2017, October 2017 and March 2018) and advanced its work on projects to improve systematic checks at ports of entry and on strategies to combat document fraud among G7 countries.

International Civil Aviation Organization

The International Civil Aviation Organization (ICAO) is a United Nations specialized agency that manages the administration and governance of the Convention on International Civil Aviation. Composed of 192 member states, ICAO works with industry groups to establish international civil aviation standards and recommended practices and policies in support of a safe, efficient, secure, economically sustainable and environmentally responsible civil aviation sector.

In 2017 to 2018, the Passport Program complied with all ICAO standards and recommended practices related to travel document production and issuance (known as Annex 9 of the Convention).

Capacity building in the Americas

Canada is actively engaging partner countries in the Americas for continued collaboration on passports, border management, immigration and other related issues.

In 2017 to 2018, Canada led a number of capacity building events. In collaboration with the International Organization for Migration, ICAO and the United Nations Office on Drugs and Crime, Canadian officials held a Travel Document Integrity and Identity Management – Securing our Borders workshop in March 2018 in Bogotá, Colombia.

The workshop was attended by 64 participants from 16 countries and was well received and positively assessed by the delegates – 97% noted they would recommend the workshop to their colleagues. More importantly, this event was an opportunity to showcase Canada's passport and identity management policies and programs, and further advance Canada's leadership on the international stage, while sharing practical knowledge with partners in the Americas.

Financial Performance

Allocating resources responsibly is a major priority of the Passport Program, as its operations are entirely funded from the fees charged for travel documents and paid by clients.

This subsection speaks to the program result:

Management of the Revolving Fund contributes to the Fund's long term sustainability

Passport Program business cycle

The Passport Program business cycle is a period during which activities and revenues are expected to fluctuate in response to the rise and fall of demand for travel documents. Demand is mostly driven by the take-up of the 10-year regular passport for adults and the end of validity of 5-year regular passports. The current 10-year business cycle started in 2013 to 2014, when the 10-year passport was introduced, and will conclude in 2022 to 2023.

As a full cost-recovery program, the program must generate sufficient revenues to meet expenditures over the 10-year business cycle – creating neither a substantial deficit nor a substantial surplus at the end of the cycle. When annual revenues exceed expenditures, they are carried over and used to fund the program's deficits in years when revenues do not cover expenditures within the business cycle.

Passport financial governance

A strong governance framework is in place at IRCC to ensure compliance with all applicable legislation, including the [Revolving Funds Act](#) and the [Directive on Charging and Special Financial Authorities](#).

In addition, the Passport Program minimizes financial risks by using forecasting and activity-based management for budget allocation.

Quick facts

- Passport services are not paid through taxes, only through fees.
- The current 10-year business cycle will end in 2022 to 2023.
- The program is expected to enter a period of decreased revenues next fiscal year.
- 2017 to 2018 net result: \$231 million.

Financial results for 2017 to 2018

In 2017 to 2018, the program's actual revenues were \$639 million, a 3% decrease from the previous fiscal year, while operating expenditures were \$408 million, an increase of 16%. A net result of \$231 million was thus generated; it represents a 25% decrease from last fiscal year. As previously stated, any surplus will be used to offset future deficits.

The program expected to generate high revenues during the first half of the business cycle and to experience a drop in revenue starting in 2018 to 2019. This decrease is projected because most passport applicants and holders are opting for the 10-year passport since its introduction in 2013, which will result in fewer Canadians needing to renew their passports in the second half of the business cycle.

Financial results for the Passport Program Revolving Fund In millions of dollars

	2016-17	2017-18
Revenues	\$659	\$639
Expenditures	\$352	▲ \$408
Net results (surplus or deficit)	\$307	▼ \$231

Changes of +/- 10 % are marked with ▲ or ▼

For details of the Passport Program's financial situation, refer to [Annex B – Financial Statements](#).



Moving Forward

In anticipation of the forecasted increase in demand beginning in 2023 to 2024, when the first wave of 10-year passports start expiring, the Passport Program aims to complete its transition to a new passport issuance system by the end of the current business cycle.

With the Next Generation ePassport project, the updated travel documents should be ready to start deploying at that time as well. Moreover, the program will enhance passport integrity by working with provincial and territorial partners to improve the validation process of identity documents through the Identity Linkages Project.

While it is a notable achievement that individuals can now request an observation in their travel documents that reads “The sex of the bearer should read as X, indicating that it is unspecified”, IRCC is working towards a future where the “X” option will appear in the sex field of its documents.

In 2018 to 2019, the Passport Program will undergo an internal evaluation that will focus on the program’s effectiveness since its transfer from GAC in 2013. Through the examination of client survey results as well as an assessment of the service delivery model and the travel-facilitating aspects of the program, the evaluation is expected to identify new improvement opportunities.

Delivering high quality client service while modernizing infrastructure, processes and products remain a central priority for the program. The next few years should be eventful on many levels, but throughout the changes, Passport Program employees will endeavour to ensure smooth and thorough transitions.

These efforts will help the program play its part in maintaining the reputation of one of the most powerful passports in the world, as ranked by the [Henley & Partners Passport Index](#).

Annex A – Service Fees

Travel documents for Canadians

Passports: Applications made in Canada and passports delivered in Canada	
Adult 10-year passport	\$160
Adult 5-year passport (or less) ¹	\$120
Child passport	\$57
Passports: Applications made outside Canada or passports delivered outside Canada	
Adult 10-year passport	\$260
Adult 5-year passport (or less) ¹	\$190
Children's passport	\$100

Expedited services

Expedited services in Canada for Canadians and non-Canadians	
Urgent service (by the end of the next business day)	\$110
Express service (2 to 9 business days)	\$50
Pick up service (10 business days)	\$20
Same day, out of regular hours of service	\$335
Expedited services outside Canada for Canadians	
Adult emergency travel document (1 trip)	\$75
Child emergency travel document (1 trip)	\$30
Temporary passport (linked to regular passport application)	\$110

Travel documents for non-Canadians

Certificate of identity	
Adult certificate of identity	\$260
Child certificate of identity	\$141
Refugee travel document	
Adult refugee travel document	\$120
Child refugee travel document	\$57

Administrative services

Addition of a special stamp ² or observation ³	\$45
Certified true copy of part of a passport or other travel document (up to 3 copies)	\$45
Replacement of valid lost or stolen passport or other travel document (in addition to applicable fee)	\$45
File transfer (to a different passport office in Canada)	\$45
Retention of a valid passport or other travel document (in Government of Canada offices abroad)	\$45

Service Fees as of March 31, 2018
Adult: 16 years or over / Child: 15 years or under

¹ The validity period of a travel document is determined by the issuing office.

² Special stamp: At the applicant's request, a special stamp is a stamp that is inserted in a passport for special circumstances, for example, a language translation to facilitate travel to some countries.

³ Observation: At the applicant's request, an observation is the text printed on a label and inserted in the passport to add information or text limitations and/or to alert border authorities to particular facts relevant to the conditions of issuance or use in certain circumstances.

Annex B – Financial Statements

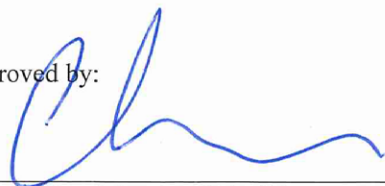
Passport Canada Revolving Fund Statement of management responsibility

We have prepared the accompanying financial statements of the Passport Canada Revolving Fund as required by and in accordance with the Treasury Board *Directive on Charging and Special Financial Authorities* and the reporting requirements and standards of the Receiver General for Canada. These financial statements were prepared by the management of the Fund in accordance with the significant accounting policies set out in note 2 of the financial statements, on a basis consistent with that of the preceding year except for the restatement described in note 3. Some previous year's figures have been reclassified to conform to the current year's presentation.

Responsibility for the integrity and objectivity of these financial statements rests with the management of the Fund. To ensure maximum objectivity and freedom from bias, the financial data contained in these financial statements is examined by the Departmental Audit Committee in conjunction with their review of the departmental financial statements. The information included in these financial statements is based on management's best estimates and judgment with due consideration given to materiality. To fulfill its accounting and reporting responsibilities, the Fund maintains a set of accounts which provides a centralized record of the Fund's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the department's *Departmental Results Report* is consistent with these financial statements.

The Fund's financial management develops and disseminates financial management and accounting policies and issues specific directives which maintain standards of accounting and financial management. The Fund maintains systems of financial management and internal control which gives due consideration to costs, benefits and risks. The systems are designed to provide reasonable assurance that transactions are properly authorized by Parliament, are executed in accordance with prescribed regulations, and are properly recorded to maintain accountability of Government funds and safeguard the assets under the Fund's administration. Financial management and internal control systems are augmented by the maintenance of internal audit programs. The Fund also seeks to ensure the objectivity and integrity of data in its financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that its regulations, policies, standards and managerial authorities are understood throughout the organization.

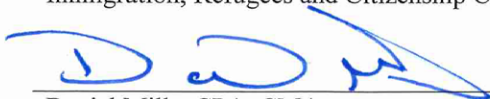
Approved by:



Christopher Meyers, CPA, CA
Deputy Chief Financial Officer and Director General,
Financial Management
Immigration, Refugees and Citizenship Canada

2018-05-28

Date
Ottawa, Canada



Daniel Mills, CPA, CMA
Assistant Deputy Minister and Chief Financial Officer
Immigration, Refugees and Citizenship Canada

2018-05-28

Date
Ottawa, Canada

Passport Canada Revolving Fund
Statement of authority provided (used) (*unaudited*)
For the year ended March 31
(in thousands of dollars)

	2018		2017	
	Estimates ⁽¹⁾	Actual	Restated (Note 3) Estimates ⁽¹⁾	Actual
Net results	\$ 187,618	\$ 231,119	\$ 204,779	\$ 306,769
Items not requiring use of funds	4,032	3,468	5,415	2,085
Operating source of funds	191,650	234,587	210,194	308,854
Items requiring use of funds:				
Net tangible capital assets acquisitions	(40,612)	(127)	(25,986)	(1,107)
Net other assets and liabilities	--	1,892	--	(2,220)
Authority provided	\$ 151,038	\$ 236,352	\$ 184,208	\$ 305,527

(1) The amounts in the current and previous year "Estimates" columns result from, when available, the current year's Estimates, Part II – Main Estimates.

Passport Canada Revolving Fund
Reconciliation of unused authority (*unaudited*)
As at March 31
(in thousands of dollars)

	2018	2017
		Restated (Note 3)
Debit balance in the accumulated net charge against the Fund's authority	\$ 1,285,115	\$ 1,048,855
Payables charged against the appropriation at year-end	(37,319)	(39,963)
Receivables credited to the appropriation at year-end	11,106	13,658
Net authority provided, end of year	1,258,902	1,022,550
Authority limit	---	---
Unused authority carried forward	\$ 1,258,902	\$ 1,022,550

Passport Canada Revolving Fund
Statement of financial position (unaudited)
As at March 31
(in thousands of dollars)

	2018	2017
		Restated (Note 3)
Assets		
Financial assets		
Accounts receivable and advances (note 4)	\$ 11,926	\$ 14,500
Inventory held for resale (note 5)	10,465	9,415
Subtotal	22,391	23,915
Non-financial assets		
Prepaid expenses (note 6)	18,385	17,282
Inventory held for consumption (note 5)	3,041	3,444
Tangible capital assets (note 7)	6,848	9,817
Subtotal	28,274	30,543
Total assets	\$ 50,665	\$ 54,458
Liabilities		
Accounts payable and accrued liabilities (note 8)	\$ 45,916	\$ 44,940
Employee future benefits	2,462	2,090
Total liabilities	48,378	47,030
Net assets (note 9)	2,287	7,428
Net financial position of the Fund	\$ 50,665	\$ 54,458

Contractual obligations (note 10)

The accompanying notes form an integral part of these financial statements.

Passport Canada Revolving Fund
Statement of operations and net assets (unaudited)
for the year ended March 31
(in thousands of dollars)

	2018	2017 Restated (Note 3)
Revenues		
Fees earned	\$ 639,271	\$ 658,246
Miscellaneous revenues	234	271
Total revenues	639,505	658,517
Expenses		
Professional and special services	237,758	199,347
Salaries and employee benefits	70,575	59,059
Freight, express and cartage	35,835	34,361
Passport materials	32,869	32,586
Passport operations at missions abroad	6,402	7,192
Rentals	6,400	6,331
Printing, stationery and supplies	5,580	700
Accommodation	4,469	4,427
Amortization of tangible capital assets	3,096	3,085
Information	2,788	2,488
Repair and maintenance	1,530	2,171
Travel and relocation	562	1,061
Provision for employee future benefits	372	(1,008)
Postal services and postage	68	53
Utility	2	2
Telecommunications	1	1
Loss on disposal of tangible capital assets	-	8
Other	79	(116)
Total expenses	408,386	351,748
Net results	231,119	306,769
Net assets (liabilities), beginning of year	7,428	(1,666)
Net financial resources provided and change in the accumulated net charge against the Fund's authority during the year	(236,260)	(297,675)
Net assets, end of year (note 9)	\$ 2,287	\$ 7,428

The accompanying notes form an integral part of these financial statements.

Passport Canada Revolving Fund
Statement of cash flows (unaudited)
for the year ended March 31
(in thousands of dollars)

	2018	2017 Restated (Note 3)
Operating activities		
Net results	\$ 231,119	\$ 306,769
Items not requiring use of funds:		
Amortization of tangible capital assets	3,096	3,085
Loss on disposal of tangible capital assets	-	8
Provision for employee future benefits	372	(1,008)
Net results excluding items not requiring use of funds	234,587	308,854
Variations in Statement of financial position:		
Decrease (increase) in accounts receivable and advances	2,574	(4,014)
Increase in prepaid expenses	(1,103)	(5,695)
Decrease (increase) in inventory held for resale	(1,050)	3,899
Decrease in inventory held for consumption	403	234
Increase (decrease) in accounts payable and accrued liabilities	976	(4,496)
Net financial resources provided by operating activities	236,387	298,782
Capital investing activities:		
Acquisition of tangible capital assets	(127)	(1,107)
Net financial resources used by investing activities	(127)	(1,107)
Net financial resources provided and change in the accumulated net charge against the Fund's authority, during the year	236,260	297,675
Accumulated net charge against the Fund's authority, beginning of year	1,048,855	751,180
Accumulated net charge against the Fund's authority, end of year (note 9)	\$ 1,285,115	\$ 1,048,855

The accompanying notes form an integral part of these financial statements.

Passport Canada Revolving Fund
Notes to the financial statements (unaudited)
for the year ended March 31

1. Authority and purpose

The Passport Canada Revolving Fund (the “Fund”) was established in 1969 to provide for the issue of appropriate passport and other travel document services in Canada and at posts abroad. The *Revolving Funds Act* authorizes the operation of the Fund.

Effective July 2, 2013, the accountability for the passport program and the Fund transferred from the Department of Global Affairs Canada (GAC) to Immigration, Refugees and Citizenship Canada (IRCC). In addition, the Fund transferred its passport delivery and processing services to Employment and Social Development Canada (ESDC) on July 2, 2013.

The Fund has a continuing non-lapsing authority from Parliament, in the amount of \$1, to make payments out of the Consolidated Revenue Fund for working capital and tangible capital acquisitions.

2. Significant accounting policies

Significant accounting policies are as follows:

a) Basis of accounting

These financial statements have been prepared in accordance with the significant accounting policies stated below to comply with the requirements of Section 6, subsection 4 of the Treasury Board of Canada Policy on Special Revenue Spending Authorities and the reporting requirements for revolving funds prescribed by the Receiver General for Canada. The basis of accounting used in these financial statements differs from Canadian Generally Accepted Accounting Principles (GAAP) since the revenues from passport service fees are recognized upon receipt of payment and verification of an application for completeness as stated in the Regulations prescribing fees for passport services. In addition, the funding for tangible capital assets received from Treasury Board is recorded as contributed capital and not as a reduction of the cost of capital assets.

b) Revenue recognition

Revenues from passport fees are recognized upon request for a passport service, which is upon receipt of payment and verification of the passport application for completeness.

c) Inventories

Inventories of materials and supplies are carried at the lower of cost using the average cost and net realizable value.

Passport Canada Revolving Fund
Notes to the financial statements (*unaudited*)
for the year ended March 31

d) Tangible capital assets

Tangible capital assets are recorded at cost and amortized on a straight-line basis over their estimated useful lives, as follows:

Asset class	Amortization period
Office furniture	10 years
Vehicles	8 years
Informatics hardware	5 years
Software (purchased and developed)	3 to 10 years
Machinery and equipment	15 years
Leasehold improvements	Lesser of the remaining term of the lease or estimated useful life of the improvement

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

e) Employee future benefits

Pension benefits

Eligible employees of the Fund participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. The Fund's contributions to the Plan are charged to expenses in the year incurred and represent the Fund's total obligation to the Plan. The Fund's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

Severance benefits

Severance benefits provided to the Fund's employees were previously based on an employee's eligibility, years of service and salary at termination of employment. However, since 2011 the accumulation of severance benefits for voluntary departures progressively ceased for substantially all employees. Employees subject to these changes were given the option to be paid the full or partial value of benefits earned to date or collect the full or remaining value of benefits upon departure from the public service. By March 31, 2017, all settlements for immediate cash out were completed.

Passport Canada Revolving Fund
Notes to the financial statements (unaudited)
for the year ended March 31

3. Restatement of Financial Statements

In the context of the modernization initiative, the Passport program is transitioning to the IRCC Global Case Management System (GCMS) and the Integrated Payment Revenue Management System (IPRMS) for the processing of passport applications. The expenses allocated to this initiative are capitalized in the financial statements of IRCC, which owns and presents these systems as capital assets. IRCC charges an annual usage fee to the Fund to account for its use of the systems.

A review of the accounting treatment for the modernization initiative was performed during fiscal year 2017 to 2018. It was then determined that the expenditures for the modernization initiative should be considered as prepaid expenses in order to adequately present the contribution of the Fund to this initiative, as well as the services received from IRCC. The approach adopted in previous years did not properly reflect the situation and the Fund corrected the accounting accordingly, resulting in a retroactive restatement of prior years' balances.

As a result of this restatement, the cumulative balance of prepaid expenses has increased by \$16.5 million (\$10.9 million in 2015 to 2016). Consequently, the opening balance of net assets increased by \$10.9 million and the net assets balance at the end of the year increased by \$16.5 million in the Statement of operations and net assets.

An amount of \$7.2 million previously reported as an investment in modernization initiative in the Statement of Cash Flows has been restated under the prepaid expenses, while the usage charge of \$1.6 million related to this initiative is presented in reduction of prepaid expenses, resulting in a net decrease of \$5.6 million in prepaid expenses in 2016 to 2017.

In addition, an adjustment was made to the opening balance of the Accumulated net charge against the Fund's authority, in order to reflect an initial investment made in the modernization initiative in 2014 to 2015.

4. Accounts receivable and advances

The following table presents details of the Fund's accounts receivable and advances.

	2018	2017
	(in thousands of dollars)	
Accounts receivable and advances		
Accounts receivable – Government of Canada	\$ 11,741	\$ 14,306
Accounts receivable – Outside parties	185	194
Total	\$ 11,926	\$ 14,500

Passport Canada Revolving Fund
Notes to the financial statements (unaudited)
for the year ended March 31

5. Inventories

The following table presents details of the inventory, measured at the lower of cost using the average cost and net realizable value.

	2018	2017
	(in thousands of dollars)	
Inventories		
Inventories held for consumption	\$ 3,041	\$ 3,444
Inventories held for resale	10,465	9,415
Total	\$ 13,506	\$ 12,859

The inventories held for consumption are mainly composed of prepaid envelopes and informatics hardware. The inventories held for resale are passport booklets.

The cost of consumed inventory recognized as an expense in the Statement of Operations and Fund's net assets is \$63,680,681 for 2017 to 2018 (\$61,234,359 for 2016 to 2017).

6. Prepaid expenses

The following table presents details of the Fund's prepaid expenses.

	2018	2017 Restated (Note 3)
	(in thousands of dollars)	
Prepaid expenses		
Prepaid expenses – Modernization initiative	\$ 17,937	\$ 16,548
Prepaid expenses – Other	448	734
Total	\$ 18,385	\$ 17,282

In the context of the modernization initiative, the Passport program is transitioning to the IRCC Global Case Management System (GCMS) and the Integrated Payment Revenue Management System (IPRMS) for the processing of passport applications. The expenses allocated to this initiative are recorded as prepaid expenses in the financial statements of the Fund. The prepaid expenses are gradually recognized as expenses to reflect the usage of IRCC's systems by the Fund.

Passport Canada Revolving Fund
Notes to the financial statements (unaudited)
for the year ended March 31

7. Tangible capital assets

The following table presents details of the tangible capital assets held by the Fund during the fiscal year.
(in thousands of dollars)

Tangible capital assets	Balance at beginning of year	Acquisitions	Disposals and adjustments	Balance at end of year
Technology Enhancement Plan Project ⁽¹⁾	\$ 2,906	\$ —	\$ —	\$ 2,906
Leasehold improvements	4,353	—	—	4,353
Office furniture	41	—	—	41
Informatics hardware	5,189	—	(65)	5,124
Software	25,813	—	1,234	27,047
Vehicles	21	—	—	21
Machinery and equipment	406	—	—	406
Assets under construction	1,107	127	(1,234)	—
Total	\$ 39,836	\$ 127	\$ (65)	\$ 39,898

Accumulated Amortization	Balance, beginning of the year	Amortization	Adjustments	Balance at end of year
Technology Enhancement Plan Project ⁽¹⁾	\$ 2,906	\$ —	\$ —	\$ 2,906
Leasehold improvements	4,353	—	—	4,353
Office furniture	23	3	—	26
Informatics hardware	3,851	919	(65)	4,705
Software	18,686	2,153	—	20,839
Vehicles	9	2	—	11
Machinery and equipment	191	19	—	210
Total	\$ 30,019	\$ 3,096	\$ (65)	\$ 33,050

Net Book Value	2018	2017
Technology Enhancement Plan Project	\$ —	\$ —
Leasehold improvements	—	—
Office furniture	15	18
Informatics hardware	419	1,338
Software	6,208	7,127
Vehicles	10	12
Machinery and equipment	196	215
Assets under construction	—	1,107
Total	\$ 6,848	\$ 9,817

(1) The Technology Enhancement Plan Project was amortized as per the amortization period of the Leasehold improvements' asset class.

Passport Canada Revolving Fund
Notes to the financial statements (unaudited)
for the year ended March 31

8. Accounts payable and accrued liabilities

The following table presents details of the Fund's accounts payable and accrued liabilities.

	2018	2017
	(in thousands of dollars)	
Accounts payable and accrued liabilities		
Accounts payable – Government of Canada	\$ 31,457	\$ 30,079
Accounts payable – Outside parties	6,107	8,056
Accrued liabilities – Outside parties	8,029	6,548
Contractors' holdbacks – Outside parties	323	257
Total	\$ 45,916	\$ 44,940

9. Net assets

The accumulated net charge against the Fund's authority represents the cumulative receipts and disbursements over the life of the Fund.

The accumulated surplus is an accumulation of each fiscal year's surplus net of deficits since the inception of the Fund. The contributed capital is a financing arrangement approved by Treasury Board, to finance the acquisition of tangible capital assets in substitute of the Fund's authority. In the current year, there were no additional capital contributions from Treasury Board to finance the Fund's capital project.

	2018	2017 Restated (Note 3)
	(in thousands of dollars)	
Net assets		
Accumulated surplus	1,206,928	975,809
Accumulated net charge against the Fund's authority, beginning of year	(1,048,855)	(751,180)
Net financial resources provided and change in the accumulated net charge against the Fund's authority during the year	(236,260)	(297,675)
Accumulated net charge against the Fund's authority, end of year	(1,285,115)	(1,048,855)
Contributed capital	80,474	80,474
Net assets, end of year	\$ 2,287	\$ 7,428

Passport Canada Revolving Fund
Notes to the financial statements (unaudited)
for the year ended March 31

10. Contractual obligations

Because of the nature of its activities, the Fund is engaged in contractual obligations for the purchase of goods and other services.

Below are the expected future maximum payments under contract for its supplier of blank passports, rent of office premises and other operating expenses:

(in thousands of dollars)

2019	\$ 51,088
2020	27,064
2021	26,963
2022	4,420
2023	4,393
Total	\$ 113,928

11. Related party transactions

Through common ownership, the Fund is related to all Government of Canada created departments, agencies and Crown corporations. Payments for passport operations at missions abroad, passport delivery and processing service throughout Canada, accommodation and legal services, and the employers' contributions to the health and dental insurance plans are made to related parties in the normal course of business. All related party transactions are accounted for at the exchange amount, which represents the consideration agreed to by both parties.

As part of its operations, the Fund collects Consular fees on behalf of the GAC. These fees are not recorded as revenues in the Statement of operations and net assets. In 2017 to 2018, the Fund collected and remitted to GAC \$98,831,700 (\$101,001,725 in 2016 to 2017) in consular fees.

Expenses reported as professional and special services in the Statement of operations and net assets include the following transactions with Shared Services Canada (SSC) and ESDC:

	2018	2017
	(in thousands of dollars)	
Related party transactions		
Information technologies services (SSC)	\$ 22,467	\$ 14,685
Service Delivery, Operations and Internal Services (ESDC)	181,512	156,717
Applications processing (ESDC)	13,303	13,639
Transition and modernization (ESDC)	—	2,098
Total	\$ 217,282	\$ 187,139

Passport Canada Revolving Fund
Notes to the financial statements (*unaudited*)
for the year ended March 31

The following table presents the total of other transactions with related parties, such as accommodation, legal services and employers' contributions to the health and dental insurance plans.

	2018	2017
	(in thousands of dollars)	
Expenses – Other Government departments	\$ 28,212	\$ 27,264