

Future-Oriented Statement of Operations of

TRANSPORT CANADA

(Unaudited)

For the year ending March 31, 2022

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For the year ending March 31, 2022

(in thousands of dollars)

	Forecast results for 2020-2021	Planned results for 2021-2022
Expenses		
An Efficient Transportation System	882,889	957,530
A Safe and Secure Transportation System	584,837	575,800
A Green and Innovative Transportation System	338,317	496,910
Internal Services	251,887	227,702
Specified purpose accounts	3,554	5,897
Expenses incurred on behalf of Government	(3,554)	(5,897)
Total expenses	2,057,930	2,257,942
Revenues		
Leases of property	54,501	212,386
Monitoring and enforcement revenues	51,111	48,962
Aircraft maintenance and flying services	34,460	41,344
Specified purpose accounts	21,601	30,730
Transport facilities user fees	7,326	8,808
Rentals and concessions	6,535	7,500
Other	4,627	10,066
Revenues earned on behalf of Government	(114,660)	(276,662)
Total revenues	65,501	83,134
Net cost of operations before government funding and transfers	1,992,429	2,174,808

The accompanying notes form an integral part of the Future-Oriented Statement of Operations.

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Notes to the Future-Oriented Statement of Operations (Unaudited)
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1. Methodology and significant assumptions

The Future-Oriented Statement of Operations has been prepared on the basis of government priorities and departmental plans as described in the Departmental Plan.

The information in the forecast results for fiscal year 2020-2021 is based on actual results as at October 31, 2020 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2021-2022.

The main assumptions underlying the forecasts are as follows:

- Transport Canada's activities will remain substantially the same as in the previous year.
- Expenses and revenues, including the determination of amounts internal and external to the government, are based on past experience. The general historical pattern is expected to continue.

These assumptions are made as at November 30, 2020.

2. Variations and changes to the forecast financial information

Although every attempt has been made to forecast final results for the remainder of 2020-2021 and for 2021-2022, actual results achieved for both years are likely to differ from the forecast information presented, and this variation could be material.

In preparing this Future-Oriented Statement of Operations, Transport Canada has made estimates and assumptions about the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are based on past experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, and are continually evaluated.

Factors that could lead to material differences between the Future-Oriented Statement of Operations and the historical statement of operations include:

- the timing and the amount of acquisitions and disposals of property, plant and equipment, which may affect gains, losses and amortization expense;
- the implementation of new collective agreements;
- economic conditions, which may affect both the amount of revenue earned and the collectability of loan receivables;
- interest rates in effect at the time of issue, which will affect the net present value of non-interest bearing loans; and
- other changes to the operating budget, such as new initiatives or technical adjustments later in the fiscal year.

After the Departmental Plan is tabled in Parliament, Transport Canada will not be updating the forecasts for any changes in financial resources made in ensuing supplementary estimates. Variances will be explained in the Departmental Results Report.

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3. Summary of significant accounting policies

The Future-Oriented Statement of Operations has been prepared using the Government of Canada's accounting policies in effect for fiscal year 2020-2021, and is based on Canadian public sector accounting standards. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian public sector accounting standards.

Significant accounting policies are as follows:

(a) Expenses

Transfer payments are recorded as an expense in the year the transfer is authorized and all eligibility criteria have been met by the recipient.

Other expenses are generally recorded when goods are received or services are rendered and include expenses related to personnel, professional and special services, repair and maintenance, utilities, materials and supplies, as well as amortization of tangible capital assets. Tangible capital assets are capitalized at their acquisition cost, and amortized on a straight-line basis over the estimated useful life of the asset. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debts, loans, investments and advances and consumable parts obsolescence, as well as utilization of consumable parts and prepaid expenses, and other are also included in other expenses. These provisions are recorded as expenses to the extent the future event is likely to occur and a reasonable estimate can be made.

(b) Revenues

Revenues from regulatory fees are recognized based on the services provided in the fiscal year.

Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the related expenses are incurred.

Deferred revenue consists of amounts received in advance of the delivery of goods and rendering of services that will be recognized as revenue in a subsequent fiscal year as it is earned.

Other revenues are recognized in the period the event giving rise to the revenues occurred.

Revenues that are non-respendable are not available to discharge Transport Canada's liabilities. Although the deputy head is expected to maintain accounting control, he has no authority over the disposition of non-respendable revenues. As a result, non-respendable revenues are considered to be earned on behalf of the Government of Canada and are therefore presented as a reduction of Transport Canada's gross revenues.

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4. Parliamentary authorities

Transport Canada is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to Transport Canada differs from financial reporting according to generally accepted accounting principles because authorities are based mainly on cash flow requirements. Items recognized in the Future-Oriented Statement of Operations in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, Transport Canada has different net cost of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

(a) Reconciliation of net cost of operations to requested authorities (in thousands of dollars)

	Forecast results for 2020-2021	Planned results for 2021-2022
Net cost of operations before government funding and transfers	1,992,429	2,174,808
Adjustment for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(139,324)	(142,572)
Gain (loss) on disposal of tangible capital assets	6,363	(13,970)
Services provided without charge by other government departments	(99,332)	(97,304)
Adjustments to assets under construction	2,915	2,915
Increase in vacation pay and compensatory leave	(8,002)	(9,509)
Decrease in employee future benefits	2,311	2,311
Increase in environmental and contingent liabilities	(31,940)	(16,723)
Decrease in accrued liabilities not charged to authorities	795	1,839
Bad debt expense	(77)	(74)
Refunds of previous years' expenditures	3,115	3,224
Adjustments of previous years accounts payable	1,642	1,721
Total items affecting net cost of operations but not affecting authorities	(261,534)	(268,142)
Adjustment for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	280,155	122,407
Decrease in lease obligations for tangible capital assets	26,287	27,484
Increase in salary overpayments	1,083	1,020
Increase (decrease) in consumable parts	(12)	6
Increase (decrease) in prepaid expenses	278	(139)
Total items not affecting net cost of operations but affecting authorities	307,791	150,778
Requested authorities forecasted to be used	2,038,686	2,057,444

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4. Parliamentary authorities (cont'd)

(b) Authorities provided/requested (in thousands of dollars)

	Forecast results for 2020-2021	Planned results for 2021-2022
Authorities provided/requested		
Vote 1 – Operating expenditures	836,636	747,093
Vote 5 – Capital expenditures	358,046	122,407
Vote 10 – Grants and contributions – An Efficient Transportation System	863,211	611,773
Vote 15 – Grants and contributions – A Green and Innovative Transportation System	237,342	307,215
Vote 20 – Grants and contributions – A Safe and Secure Transportation System	64,395	41,198
Statutory amounts	239,958	227,758
Total authorities provided/requested	2,599,588	2,057,444
Less : Estimated unused authorities and other adjustments	(560,902)	-
Requested authorities forecasted to be used	2,038,686	2,057,444