Courts Administration Service
Service administratif des tribunaux judiciaires

Quarterly Financial Report

for the quarter ended December 31, 2024

Canada

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Courts Administration Service
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For the quarter ended December 31, 2024

STATEMENT OUTLINING RESULTS, RISKS AND SIGNIFICANT CHANGES IN OPERATIONS, PERSONNEL AND PROGRAMS

Introduction

This quarterly report should be read in conjunction with the Main Estimates. It has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by Treasury Board. This quarterly report has not been subject to an external audit or review.

The role of the Courts Administration Service (CAS) is to provide administrative services to four superior courts of law: the Federal Court of Appeal, the Federal Court, the Court Martial Appeal Court of Canada and the Tax Court of Canada. Further details on CAS' programs can be found in the 2024-25 Main Estimates.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes CAS' spending authorities granted by Parliament and those used by the organization consistent with the 2024-25 Main Estimates. This quarterly report has been prepared using a prescribed financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

The authority of Parliament is required before monies can be spent by the Government. Approvals are given in the form of annually approved limits through appropriation acts or legislation in the form of statutory spending authority for specific purposes.

CAS uses the full accrual method of accounting to prepare and present its annual departmental financial statements that are part of the departmental results reporting process. However, the spending authorities voted by Parliament remain on an expenditure basis.

Highlights of fiscal quarter and fiscal year to date (YTD) results

Significant Changes to Authorities available for use for the fiscal year

As illustrated in the Statement of Authorities and the Departmental Budgetary Expenditures by Standard Object tables at the end of this report, yearly authorities available for use as at December 31, 2024 increased by $69,556 thousand (51%) compared to the same quarter in 2023-24, from $135,427 thousand to $204,983 thousand.

The increase in authorities is mainly due to $64,210 thousand in funding received for the National Courts Facilities Modernization Program (phases I and II). It also includes an increase of $3,831 thousand for the Procedural fairness in citizenship revocation, $3,066 thousand for access to justice in both official languages, $1,559 thousand related to the signature of collective agreements, $1,281 thousand increase in operating budget carry-forward, $696 thousand to Strengthen Service and Digital Capabilities to Modernize Canada's Federal Courts, and $168 thousand for other various smaller initiatives.

The above increases are partly offset by the decrease of $2,108 thousand in contributions to employee benefit plans, $3,147 thousand decrease in funding to support the creation of new judicial positions that was reprofiled in 2023-24.

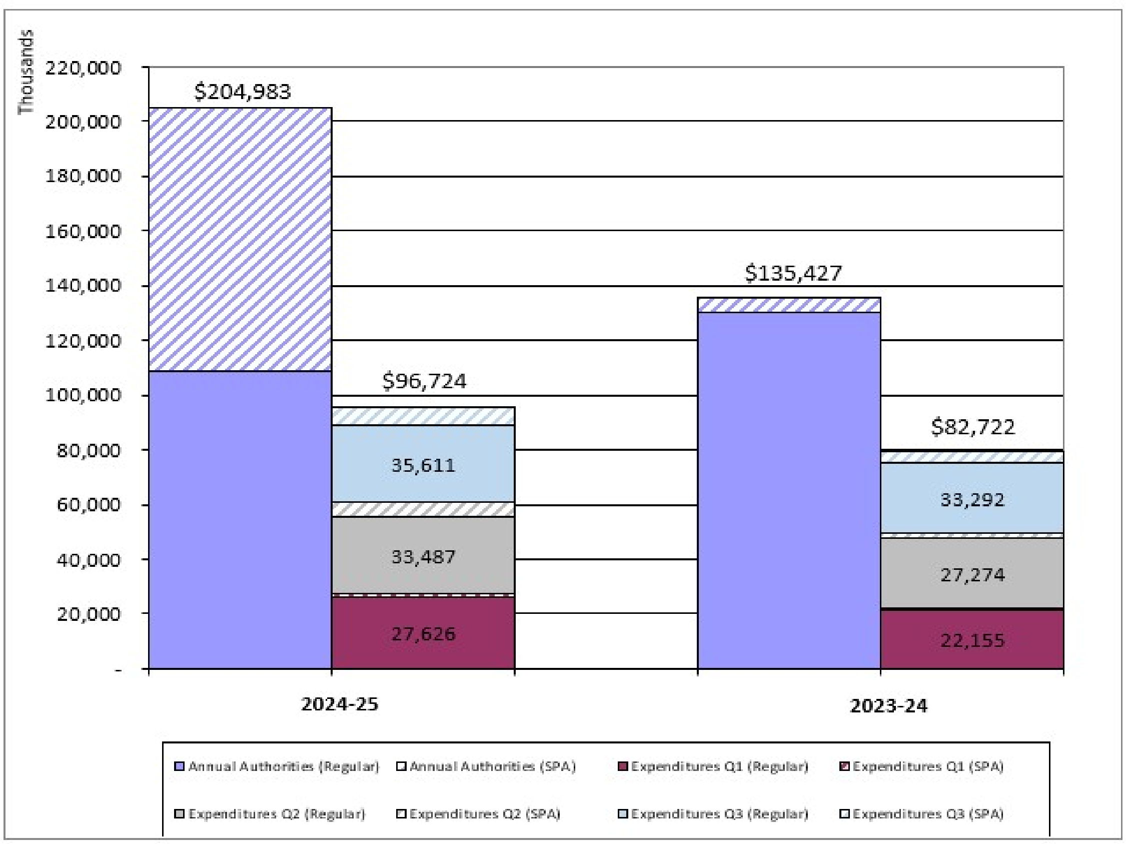
In 2024-25, annual authorities include a significant portion of Special Purpose Allotments funding (SPA)[1] of 46% ($93,794 thousand out of a total of $204,983 thousand) compared to 20% ($26,705 thousand out of a total of $135,427 thousand) in 2023-24. This variance represents an increase of $67,089 thousand in SPA.

As a result of the Government expenditure management cycle and certain conditions imposed by Central Agencies, there are often significant fluctuations by quarter between authorities received and the timing of expenditures realized.

Significant Changes to Expenditures

Figure 1 presents current and prior fiscal year expenditures compared to annual authorities at the end of the third quarter. These results are discussed in the section below.

Figure 1 – Third-quarter Expenditures Compared to Annual Authorities



[1] **Special purpose allotments (SPA)** are used to restrict the use of funds to specific programs or initiatives.

Third-quarter Expenditures

As illustrated in Figure 1, third-quarter expenditures increased by $2,319 thousand (7%) compared to the same period of the previous fiscal year, from $33,292 thousand to $35,611 thousand. As a result, 17% of the yearly authorities available for use were expended during the third quarter of 2024-25, which represent a decrease of 7% compared to the same quarter of 2023-24.

Significant variances[2] in expenditures are explained as follows:

Personnel

The year-to-date expenditures related to personnel increased by $8,312 thousand (13%) compared to the same period of the previous fiscal year, from $63,458 thousand to $71,770 thousand. This increase is mainly due to an increase in the number of employees to deliver on the Strengthen Service and Digital Capabilities to Modernize Canada's Federal Courts (SSDC) and National Courts Facilities Modernization Program (NCFMP) initiatives, as well as higher salaries rates relating to signature of collective agreements in 2023-24.

Information

The year-to-date expenditures related to information increased by $222 thousand (47%) compared to the same period of the previous fiscal year, from $473 thousand to $695 thousand. This is mainly due to an increase in data and database access services for the judicial library. The increase is partially offset by a decrease attributable to the printing services.

Professional and special services

The year-to-date expenditures related to professional and special services increased by $4,149 thousand (44%) compared to the same period of the previous fiscal year, from $9,438 thousand to $13,587 thousand. This is mainly due to an increase in engineering fees to support the new Montreal Judicial complex and Toronto construction projects under the NCFMP, as well as an increase in IT consultants to support the SSDC initiative. The increase is partially offset by a decrease attributable to the interpretation and translation services, and to the management consulting services.

Rentals

The year-to-date expenditures related to rentals increased by $939 thousand (24%) compared to the same period of the previous fiscal year, from $3,995 thousand to $4,934 thousand. This increase was partly due to an increase in renewal fees of annual software licenses and maintenance fees as well as to timing variations related to the processing of invoices for office buildings rental between quarters in the prior year.

Purchased repair and maintenance

The year-to-date expenditures related to purchased repair and maintenance increased by $390 thousand (162%) compared to the same period of the previous fiscal year, from $241 thousand to

[2] Significant variances are defined as variances by standard object that are greater than $250 thousand or 25%.

$631 thousand. The increase in expenditures is mainly due to the repair and maintenance of some offices in Ottawa. In addition, the increase is also due to the timing and variations relating to the required work.

Utilities, materials and supplies

The year-to-date expenditures related to utilities, materials and supplies decreased by $295 thousand (-15%) compared to the same period of the previous fiscal year, from $1,984 thousand to $1,689 thousand. The decrease is mainly due to the decrease in the expenditures for stationery and office supplies, and printed products.

Acquisition of machinery & equipment

The year-to-date expenditures related to acquisition of machinery and equipment increased by $456 thousand (64%) compared to the same period of the previous fiscal year, from $708 thousand to $1,164 thousand. This is mainly due to an increase in purchase of video and communications equipment for the new Montreal Judicial complex.

Other subsidies and payments

The year-to-date expenditures related to other subsidies and payments increased by $1 thousand (25%) compared to the same period of the previous fiscal year, from $4 thousand to $5 thousand. This increase is considered immaterial in value and is mainly due to various administration charges for services.

Remaining expenditures compared to the same period of the previous fiscal year are considered as immaterial variations (transportation and telecommunication, and acquisition of land, building and works).

Risks and Uncertainties

Although CAS received a significant influx of SPA funding, CAS core operations are currently facing significant financial risks that cannot be absorbed by the regular budget. Most non-personnel expenses incurred by CAS are non-discretionary costs for services supporting the judicial process, court hearings, and court security. They include translation services, protection services, informatics services, court reporters, transcripts, court ushers and other similar costs. These costs are mostly driven by the volume, type and duration of hearings conducted in any given year, which are non-discretionary and can limit the organization's financial flexibility.

Amendments to the Official Languages Act have come into force in June 2024, requiring CAS to release in both official languages simultaneously decisions of precedential value, in addition to cases that raise questions of law of general public interest or national importance. The impact on CAS' operations is very significant and resource intensive. CAS does not have the appropriate level of resources to meet these new legislative requirements.

CAS is also experiencing increased costs, case complexity and volume, which reduces CAS's ability to meet its obligations and invest in the new technology needed to optimize our processes and operations. CAS continues to address the risks associated with financial inflexibility by implementing a variety of mitigation strategies, including the establishment of baseline and multi-year budgets; reorganization and realignment of services, reallocation of resources, regular reassessment of priorities; exploring alternative funding models and finding efficiencies. However, in the short term, all these efforts will not produce sufficient results to close the budget gap.

Significant changes in relation to operations, personnel and programs

There hasn't been any significant change since October 1, 2024.

Approval by Senior Officials

Approved by:

Original signed by:

Darlene H. Carreau, LL.B
Chief Administrator
and Chief Executive Officer

Original signed by:

Josée Dubé
Acting Chief Financial Officer

(Ottawa, Canada)
(February 28, 2025)

STATEMENT OF AUTHORITIES *(unaudited)*

(in thousands of dollars)	**Fiscal year 2024-25**			**Fiscal year 2023-24**		
	Total available for use for the year ending March 31, 2025[1]	Used during the quarter ended December 31, 2024	Year to date used at quarter-end	Total available for use for the year ending March 31, 2024[1]	Used during the quarter ended December 31, 2023	Year to date used at quarter-end
Vote 1 – Operating expenditures	$194,522	$32,771	$88,879	$125,571	$30,292	$75,330
Statutory authorities:						
Contributions to employee benefit plans	10,461	2,840	7,845	9,856	3,000	7,392
Spending of proceeds from the disposal of surplus Crown assets	-	-	-	-	-	-
Refunds of amounts credited to revenues in previous years	-	-	-	-	-	-
Total budgetary authorities	**$204,983**	**$35,611**	**$96,724**	**$135,427**	**$33,292**	**$82,722**

1- Includes only authorities available for use and granted by Parliament at quarter-end.

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DEPARTMENTAL BUDGETARY EXPENDITURES BY STANDARD OBJECT *(unaudited)*

	Fiscal year 2024-25			Fiscal year 2023-24		
(In thousands of dollars)	Planned expenditures for the year ending March 31, 2025	Expended during the quarter ended December 31, 2024	Year to date used at quarter-end	Planned expenditures for the year ending March 31, 2024	Expended during the quarter ended December 31, 2023	Year to date used at quarter-end
Expenditures:						
Personnel	$89,470	$26,985	$71,770	$79,572	$25,784	$63,458
Transportation and communications	3,379	549	2,113	4,933	1,006	2,287
Information	950	66	695	1,441	194	473
Professional and special services	61,807	5,118	13,587	24,340	4,118	9,438
Rentals	7,400	1,417	4,934	7,699	934	3,995
Repair and maintenance	900	437	631	961	21	241
Utilities, materials and supplies	2,904	496	1,689	4,561	608	1,984
Acquisition of land, building and works	26,677	110	136	5,110	134	134
Acquisition of machinery and equipment	11,494	429	1,164	6,810	492	708
Other subsidies and payments	2	4	5	-	1	4
Total budgetary expenditures	**$204,983**	**$35,611**	**$96,724**	**$135,427**	**$33,292**	**$82,722**

Groupings can change between quarters due to materiality of initiatives.

Amounts may not balance with other public documents due to rounding.