



Canadian
Transportation
Agency

Office
des transports
du Canada

2011-2012

Quarterly Financial Report

For the quarter ended June 30, 2011



Canada

Management Statement for the Quarter Ending June 30, 2011

1. Introduction

The Canadian Transportation Agency is an independent administrative body of the Government of Canada. It performs two key functions within the national transportation system:

- As a quasi-judicial tribunal, the Agency, informally and through formal adjudication, resolves a range of commercial and consumer transportation-related disputes, including accessibility issues for persons with disabilities. It operates like a court when adjudicating disputes; and
- As an economic regulator, the Agency makes determinations and issues authorities, licences and permits to transportation carriers under federal jurisdiction.

Further information on the mandate, roles, responsibilities and programs of the Agency can be found in [Part III of the Main Estimates](#).

This quarterly financial report:

- should be read in conjunction with the Main Estimates (and as applicable - Supplementary Estimates and previous quarterly financial reports for the current year);
- has been prepared by management as required by section 65.1 of the *Financial Administration Act* and in the form and manner prescribed by the Treasury Board; and
- has not been subject to an external audit or review.

Basis of Presentation

This quarterly report has been prepared by management using an expenditure basis of accounting. The accompanying Statement of Authorities includes the Agency's spending authorities granted by Parliament and those used by the Agency, consistent with the Main Estimates and Supplementary Estimates for 2011-2012. This quarterly report has been prepared using a special purpose financial reporting framework designed to meet financial information needs with respect to the use of spending authorities.

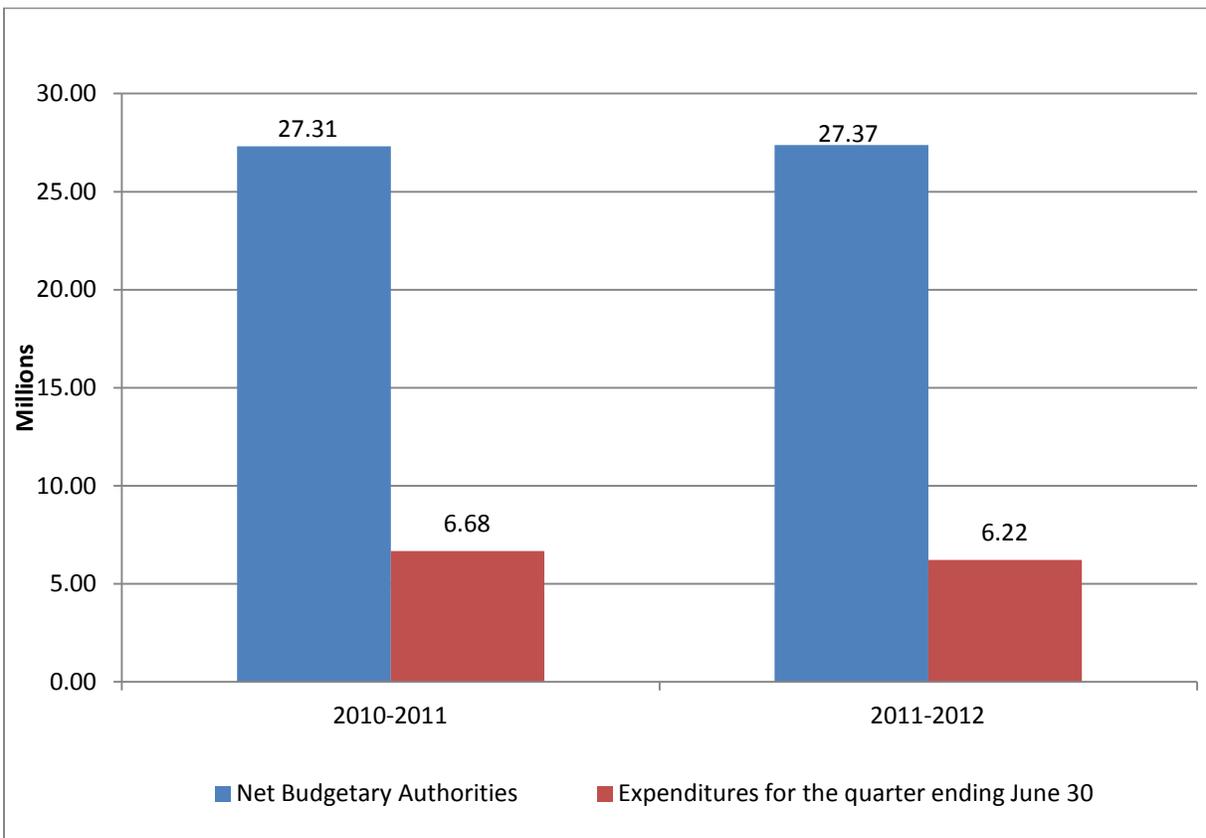
The authority of Parliament is required before moneys can be spent by the Government. Approvals are given in the form of annually approved limits through Appropriation Acts or through legislation in the form of statutory spending authority for specific purposes.

CANADIAN TRANSPORTATION AGENCY
Quarterly Financial Report
For the quarter ended June 30, 2011

The Agency prepares its annual departmental financial statements on a full accrual basis in accordance with Treasury Board accounting policies, which are based on Canadian generally accepted accounting principles for the public sector. However, the spending authorities voted by Parliament remain on an expenditure basis.

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

Graph 1 – first quarter net budgetary authorities and expenditures per fiscal year.



Statement of Authorities

As of June 30, 2011, total authorities available for the year increased by \$62,000 compared to the same quarter of the prior year, from \$27.31 million to \$27.37 million. The primary reasons for the increase are related to an increase in Budgetary statutory authorities – Employee Benefit Plans offset by a decrease in vote 25 - Program Expenditure.

As per the Statement of Authorities, the net increase in total authorities available is attributable to the increase in the Employee Benefit Plan rates, from 17 percent to 18 percent amounting to

\$179,000 and \$120,000 for funding for the retroactive wage payments. This increase is offset by cuts of \$237,000 due to the impact of cost containment measures announced in Budget 2010.

Statement of Departmental Budgetary Expenditures by Standard Object

Compared to the previous year, total gross budgetary expenditures recorded in the first quarter ending June 30, 2011 decreased by \$460,000, from \$6.68 million to \$6.22 million as per the table of budgetary expenditures by Standard Object. This represents a decrease of 2 percent (from 25 percent to 23 percent of total authorities) of expenditures recorded for the same period in 2010-2011.

This overall decrease is primarily due to a decrease in personnel related expenditures by \$263,000 from \$5.99 million in the first quarter of 2010-2011 to \$5.73 million for the same quarter of 2011-2012. This decrease is attributed to the retroactive salary payments paid out in 2010-2011 as a result of the new LA collective agreement, as well as the strategy implemented in 2011-2012 to manage salary expenditures.

Expenditures for professional and special services also decrease by \$94,000 from \$270,000 to \$176,000 during the first quarter of the current fiscal year compared to the same period last fiscal year. This is due to the fact that 2011-2012 activities, as part of the new Strategic Plan for 2011-2014, require fewer professional services contracts.

Finally, repair and maintenance related expenditures increased from \$83,000 to \$135,000, while the transportation and information related expenditures decreased respectively from \$180,000 to \$97,000 and \$57,000 to \$9,000 in the first quarter of 2011-2012 compared to the same period in 2010-2011. We expect approximately the same level of expenditures in the future, however the period in which the purchases are settled may vary slightly from one year to another resulting in the variances.

3. Risks and Uncertainties

The Agency is primarily funded through voted parliamentary spending authorities and statutory authorities for operating expenditures. Delivering departmental programs and services may depend on several risk factors such as economic fluctuations, political climate, technological and scientific development, government priorities, and central agencies or government-wide initiatives.

CANADIAN TRANSPORTATION AGENCY
Quarterly Financial Report
For the quarter ended June 30, 2011

The Agency is a demand-driven organization with a mandate dependent upon fulfilling service expectations of Canadians with respect to transportation issues. Therefore, changes within the external environment, government policies and the legislative mandate related to transport have an impact on the Agency's operating environment.

This Departmental Quarterly Financial Report reflects the results of the current fiscal period in relation to the Main Estimates (and Supplementary Estimates A as applicable) for which full supply was released on June 27, 2011.

Budget 2010 announced that the operating budgets of departments would be frozen at their 2010-2011 levels for the fiscal years 2011-2012 and 2012-2013. Given that over 80 percent of the Agency's budget is spent on its payroll, significant focus will continue to be placed on budget management and any impacting factors. Management is reviewing various options to adjust to this constraint in funding and potential impacts on Agency activities. The following actions and mitigation strategies are being pursued or are being considered:

- Proactive involvement in legislative/regulation change process;
- Active monitoring of industry-related events and communications to gather intelligence on evolving trends in transportation and relevant policy developments;
- Assessment of client satisfaction survey results to identify changes in expectations, identify areas of service delivery concerns and develop mitigative actions;
- Monitoring, gathering and sharing of intelligence on government's policy and central agency directive changes (e.g. performance and financial reporting, shared services, human resources);
- Proactive participation in shared services review led by Treasury Board Secretariat and Public Works and Government Services Canada;
- Effective management of human and financial resources through implementing of the Agency's HR Plan for the recruitment and retention of staff;
- Full implementation of the Agency's Performance Measurement Framework clearly linking resources to Program Activity Architecture (PAA) to ensure Agency's strategies/priorities and their alignment with the government's policies;
- Actions to address and implement Management Accountability Framework (MAF) recommendations.

4. Significant changes in relation to operations, personnel and programs

There have been no significant changes in relation to operations, personnel and programs over the last year.

Approval by Senior Officials

Approved by

Geoffrey C. Hare
Chair and Chief Executive
Officer

Gatineau, Canada
July 28, 2011

Linda Harrison
Chief Financial Officer

Gatineau, Canada
July 28, 2011

CANADIAN TRANSPORTATION AGENCY
Quarterly Financial Report
For the quarter ended June 30, 2011

Statement of Authorities (*unaudited*)

	Fiscal year 2011-2012		
<i>(in thousands of dollars)</i>	Total available for use for the year ending March 31, 2012*	Used during the quarter ended June 30, 2011	Year to date used at quarter-end
Vote 25 – Program expenditures	23,806	5,331	5,331
Budgetary statutory authorities – Employee Benefit Plans	3,566	891	891
Total authorities	27,372	6,222	6,222
	Fiscal year 2010-2011		
<i>(in thousands of dollars)</i>	Total available for use for the year ended March 31, 2011 *	Used during the quarter ended June 30, 2010	Year to date used at quarter- end
Vote 25 – Program expenditures	23,923	5,835	5,835
Budgetary statutory authorities – Employee Benefit Plans	3,387	847	847
Total authorities	27,310	6,682	6,682

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

CANADIAN TRANSPORTATION AGENCY
Quarterly Financial Report
For the quarter ended June 30, 2011

Departmental budgetary expenditures by Standard Object *(unaudited)*

<i>(in thousands of dollars)</i>	Fiscal year 2011-2012		
	Planned expenditures for the year ending March 31, 2012	Expended during the quarter ended June 30, 2011	Year to date used at quarter-end
Expenditures:			
Personnel	23,375	5,731	5,731
Transportation and communications	595	97	97
Information	274	9	9
Professional and special services	2,002	176	176
Rentals	140	35	35
Repair and maintenance	252	135	135
Utilities, materials and supplies	216	34	34
Acquisition of machinery and equipment	518	5	5
Other subsidies and payments	0	0	0
Total net budgetary expenditures	27,372	6,222	6,222

<i>(in thousands of dollars)</i>	Fiscal year 2010-2011		
	Planned expenditures for the year ending March 31, 2011	Expended during the quarter ended June 30, 2010	Year to date used at quarter-end
Expenditures:			
Personnel	23,313	5,994	5,994
Transportation and communications	704	180	180
Information	204	57	57
Professional and special services	1,898	270	270
Rentals	168	44	44
Repair and maintenance	376	83	83
Utilities, materials and supplies	215	34	34
Acquisition of machinery and equipment	432	20	20
Other subsidies and payments	0	0	0
Total net budgetary expenditures	27,310	6,682	6,682