



Environment and
Climate Change Canada

Environnement et
Changement climatique Canada



FUTURE-ORIENTED STATEMENT OF OPERATIONS 2018-19

Environment and Climate Change Canada

FUTURE-ORIENTED STATEMENT OF OPERATIONS (Unaudited)

For the year ending March 31 (in thousands of dollars)	Forecast Results 2017-18	Planned Results 2018-19
Expenses		
Taking Action on Clean Growth and Climate Change	\$ 280,672	\$ 582,611
Preventing and Managing Pollution	401,466	384,213
Conserving Nature	206,031	186,566
Predicting Weather and Environmental Conditions	302,338	287,379
Internal Services	254,240	222,147
Total Expenses	1,444,747	1,662,916
Revenues		
Sales of goods and services	78,242	82,032
Other revenues	24,871	22,420
Revenues earned on behalf of Government	(10,165)	(9,980)
Total Revenues	92,948	94,472
Net cost of operations before government funding and transfers	\$ 1,351,799	\$ 1,568,444

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)

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 2017-18 is based on actual results as at December 31, 2017 and on forecasts for the remainder of the fiscal year. Forecasts have been made for the planned results for fiscal year 2018-19.

The main assumptions underlying the forecasts are as follows:

- (a) The department's activities will remain substantially the same as in the previous year;
- (b) 2017-18 estimated expenses and revenues, including the determination of amounts internal and external to the government, are based on historical data and trends, up-to-date Annual Reference Level Update (ARLU) information and supplementary estimates. Figures for the forecast results do not include items such as carry-forward funding. The general historical pattern is expected to continue;
- (c) 2018-19 planned expenses and revenues, including the determination of amounts internal and external to the government, are based on historical data and trends and up-to-date Annual Reference Level Update (ARLU) information. Figures for the planned results do not include items such as carry-forward funding. The general historical pattern is expected to continue; and
- (d) Estimated year end information for 2017-18 is used as the opening position for the 2018-19 forecasts.

These assumptions are made as at February 9, 2018.

2. Variations and Changes to the Forecast Financial Information

Although every attempt has been made to forecast final results for the remainder of 2017-18 and for 2018-19, 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, Environment and Climate Change 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:

- (a) the timing and the amount of acquisitions and disposals of property, plant and equipment, which may affect gains, losses and amortization expense;
- (b) the implementation of new collective agreements;
- (c) economic conditions, which may affect both the amount of revenue earned and the collectability of loan receivables;
- (d) interest rates in effect at the time of issue, which will affect the net present value of non-interest-bearing loans; and
- (e) 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, Environment and Climate Change 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.

NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS (Unaudited)

3. Summary of Significant Accounting Policies

The Future-Oriented Statement of Operations has been prepared using Government of Canada's accounting policies in effect for fiscal year 2017-18, 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

The department records expenses on an accrual basis.

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. Provisions to reflect changes in the value of assets or liabilities, such as provisions for bad debts, loans, investments and advances and inventory obsolescence, as well as utilization of inventories and prepaid expenses, and other are also included in other expenses.

(b) Revenues

Revenues from regulatory fees are recognized in the accounts 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.

Funds that have been received are recorded as deferred revenue, provided the Department has an obligation to other parties for the provision of goods, services or the use of assets in the future.

Other revenues are accounted for in the period in which the underlying transaction or event that gave rise to the revenue takes place.

Revenues that are non-respendable are not available to discharge the department's liabilities. Although the deputy head is expected to maintain accounting control, he or she 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 the department's gross revenues.

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NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS (Unaudited)

4. Parliamentary Authorities

The Department is financed by the Government of Canada through parliamentary authorities. Financial reporting of authorities provided to the department 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, the department 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 2017-18	Planned Results 2018-19
Net cost of operations before government funding and transfers	\$ 1,351,799	\$ 1,568,444
Adjustment for items affecting net cost of operations but not affecting authorities:		
Amortization of tangible capital assets	(46,172)	(51,943)
Services provided without charge by other government departments	(107,809)	(105,345)
Refunds/adjustments to previous years' expenses	3,892	3,915
Decrease (increase) in liabilities related to the workforce adjustment	170	42
Decrease (increase) in accrued liabilities not charged to authorities	7,539	4,722
Decrease (increase) in vacation pay and compensatory leave	(4,599)	417
Decrease (increase) in employee future benefits	(1,762)	(318)
Decrease (increase) in environmental liabilities	(9,943)	18,979
Increase (decrease) in inventory	(863)	0
Total items affecting net cost of operations but not affecting authorities	(159,547)	(129,531)
Adjustment for items not affecting net cost of operations but affecting authorities:		
Acquisition of tangible capital assets	78,883	76,158
Decrease in lease obligations for tangible capital assets	752	794
Total items not affecting net cost of operations but affecting authorities	79,635	76,952
Requested authorities	\$ 1,271,887	\$ 1,515,865

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NOTES TO THE FUTURE-ORIENTED STATEMENT OF OPERATIONS (Unaudited)

4. Parliamentary Authorities (continued)

(b) Authorities requested:

	Forecast Results 2017-18	Planned Results 2018-19
<i>(in thousands of dollars)</i>		
Authorities requested		
Vote 1 - Operating expenditures	\$ 797,909	\$ 752,619
Vote 5 - Capital expenditures	78,883	76,158
Vote 10 - Grants & Contributions	307,077	600,641
Statutory amounts	88,018	86,447
Total authorities requested	\$ 1,271,887	\$ 1,515,865

Requested authorities for the year ending March 31, 2019 are the planned spending amounts presented in the 2018-19 Departmental Plan. Requested authorities for the year ending March 31, 2018 include amounts presented in the 2017-18 Main Estimates and Supplementary Estimates (A) and (B) and amounts planned for presentation in Supplementary Estimates (C); it does not include items such as the carry-forward funding.