

Transportation Safety Board  
of Canada



Bureau de la sécurité des transports  
du Canada

# **Transportation Safety Board of Canada**

**2014-15**

**Quarterly Financial Report for the  
Quarter Ended September 30, 2014**

## **Introduction**

This quarterly report 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. This quarterly report should be read in conjunction with the Main Estimates as well as *Canada's Economic Action Plan 2012 (Budget 2012)*.

The Transportation Safety Board's (TSB) sole objective is to advance transportation safety. This mandate is fulfilled by conducting independent investigations into selected transportation occurrences. The purpose of these investigations is to identify the causes and contributing factors and the safety deficiencies evidenced by an occurrence. The TSB then reports publicly and makes recommendations to improve safety and reduce or eliminate risks to people, property and the environment.

The quarterly report 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 Transportation Safety Board's spending authorities granted by Parliament and those used by the department. Authorities include amounts granted through the Main Estimates for the 2014-15 fiscal year and any spendable revenue earned and available for use to quarter end. 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.

As part of the departmental performance reporting process, the TSB 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.

## **Highlights of Fiscal Quarter and Fiscal Year to Date Results**

### **Statement of Authorities**

The TSB received \$29,042K in funding through the Main Estimates (\$25,757K for operating expenditures and \$3,285K for employee benefit plans). During the second quarter, the TSB received its operating budget carry forward (OBCF) from 2013-14 which represents an increase in authorities of \$657K. The TSB has additional statutory authorities totaling \$24K at the end of the second quarter generated by proceeds from the disposal of surplus Crown assets and its authority to respend revenues as a departmental corporation.

The TSB's total authorities available for use increased by \$126K between fiscal years 2014-15 and 2013-14. The change in authorities at second quarter is explained by the following factors:

- a timing difference in the allocation of the OBCF from the previous year. In 2014-15, the OBCF of \$657k was allocated in second quarter, whereas in 2013-14, the OBCF funding was not received until third quarter;
- a reduction of \$437K for savings measures announced in Budget 2012 (a reduction of \$1,283K implemented for fiscal year 2014-15 compared to a reduction of \$846K implemented for fiscal year 2013-14); and

- a decrease in the rate set by Treasury Board Secretariat for Employee Benefit Plans (16.5% of salaries in 2014-15 compared to 17.4% in 2013-14).

**Statement of Departmental Budgetary Expenditures**

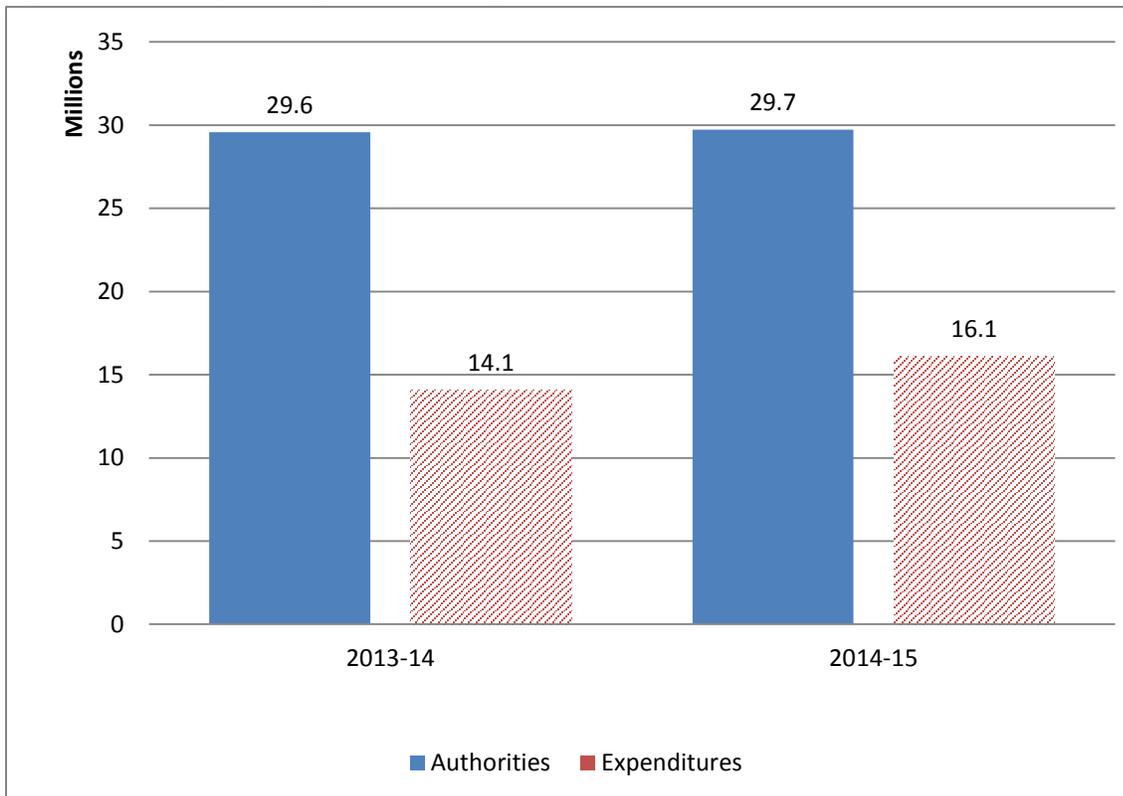
The department’s year-to-date spending is higher by \$2,048K or 15% in the current year compared to 2013-14. The increase in expenditures can be attributed to the following factors:

- a transition charge of \$723K to implement the payment of salaries in arrears by the Government of Canada, without impacting employees on salary at the date of implementation;
- the expenditure of \$622K for the receipt and installation of an X-Ray Computed Tomography System, which had been planned for the last quarter of 2013-14 but delivery was delayed by the supplier to the first quarter of 2014-15;
- an increase in personnel expenditures due to \$360K of economic increases in employee salaries under collective agreements and an increase in severance payments of \$340K which is primarily attributable to liquidating of accumulated severance benefits as per collective agreements; and
- an increase in professional services costs of \$131K or 16% in the current year resulting from the transfer of compensation services to a shared services provider and an increase in legal fees.

These increases are offset by lower spending of \$128K or 19% in spending on transportation and communications in the current year, mainly due to lower travel requirements.

As illustrated in Figure 1, the TSB has spent approximately 54% of its authorities at the end of the second quarter. This is approximately 6% greater than the previous year which can be mainly explained by the significant transactions which increased the year-to-date expenditures as described above.

**Figure 1 - Second Quarter Expenditures Compared to Annual Authorities**



## **Risks and Uncertainties**

The TSB is funded through annual appropriations. As a result, its operations are impacted by any changes in funding approved through Parliament. As a departmental corporation, it has authority to spend revenues received during the year although such revenues are minimal; on average less than 1% of the department's funding requirements.

A continuous risk to TSB's financial situation is that expenditures are greatly influenced by the number and complexity of transportation occurrences. A significant transportation accident or a flurry of smaller size occurrences could significantly increase expenditures and result in resource pressures that could require the department to seek additional funding from Parliament.

Furthermore, as announced in Budget 2014, departmental operating budgets are frozen for 2014-15 and 2015-16. This presents a risk to the TSB since it will not be allocated any funding for wage and salary increases that take effect during that period, or for the ongoing impact of those adjustments. As a result, the department will need to cover these amounts within its existing appropriations. The TSB is implementing additional spending restraints to ensure this risk is mitigated.

## **Significant Changes in Relation to Operations, Personnel and Programs**

During 2013-14, the TSB initiated a major occurrence investigation following the July 6, 2013 derailment of a train carrying petroleum crude oil in the center of the town of Lac-Mégantic, Quebec. In 2013-14, the TSB received additional funding in Supplementary Estimates B to cover incremental investigation costs for the field phase and the analysis phase of up to \$965K for this significant investigation. The Lac-Mégantic investigation continued to represent significant workload for the TSB in 2014-15, most significantly in the areas of overtime, short-term staff, contractors and travel. The release of the final Lac-Mégantic investigation report took place in August 2014 and the estimated 2014-15 incremental costs to close out the investigation are \$340K.

## **Budget 2012 Implementation**

This section provides an overview of the savings measures announced in Budget 2012 that are being implemented in order to refocus government and programs; make it easier for Canadians and business to deal with their government; and, modernize and reduce the back office.

Budget 2012 called upon the TSB to reduce its expenditures by \$1,283K by 2014-15, a net reduction of approximately 4.3% of its 2012-13 budget. For fiscal year 2014-15, the reduction of \$1,283K consists of a reduction in the TSB's operating vote of \$1,118K and a reduction in the statutory authorities for employee benefit plans of \$165K. The TSB has eliminated positions and reduced spending on transportation and communications in order to achieve the reductions in funding.

During 2014-15, the TSB is continuing to review its operations to identify efficiencies to ensure that it meets the 2014-15 funding reductions and maintains the reduced budget levels for future fiscal years. To date, the TSB has implemented the funding reductions without impacting the number or quality of investigations or the timeliness of its safety communications.

**Approval by Senior Officials**

Approved by,

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**Kathleen Fox**  
Chair

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**Date**  
Gatineau, Canada

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**Chantal Lemyre, CPA, CGA**  
Chief Financial Officer

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**Date**  
Gatineau, Canada

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**Statement of Authorities (unaudited)**

**Fiscal year 2014-15** (in thousands of dollars)<sup>1</sup>

	Total available for use for the year ending March 31, 2015	Expended during the quarter ended September 30, 2014	Year to date used at quarter-end
Main Estimates: Vote 1 - Net operating expenditures	26,414	7,120	14,477
Main Estimates: Statutory authorities - Employee Benefit Plans	3,285	822	1,643
Statutory authorities - Spending of proceeds from the disposal of surplus Crown assets	16	1	1
Statutory authorities - Expenditures Re: Paragraph 29.1(1) of the <i>Financial Administration Act</i>	8	-	-
<b>Total authorities available for use</b>	<b>29,723</b>	<b>7,943</b>	<b>16,121</b>

**Fiscal year 2013-14** (in thousands of dollars)<sup>1</sup>

	Total available for use for the year ending March 31, 2014	Expended during the quarter ended September 30, 2013	Year to date used at quarter-end
Vote 10 - Net operating expenditures	26,063	6,518	12,278
Statutory authorities - Employee Benefit Plans	3,505	896	1,792
Statutory authorities - Spending of proceeds from the disposal of surplus Crown assets	45	3	3
Statutory authorities - Expenditures Re: Paragraph 29.1(1) of the <i>Financial Administration Act</i>	8	-	-
<b>Total authorities</b>	<b>29,621</b>	<b>7,417</b>	<b>14,073</b>
Budget 2013 – Frozen travel funding	-24	-	-
<b>Total authorities available for use</b>	<b>29,597</b>	<b>7,417</b>	<b>14,073</b>

<sup>1</sup> Includes only authorities granted by Parliament at quarter end.

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**Statement of Expenditures by Standard Object (unaudited)**

**Fiscal year 2014-15** (in thousands of dollars) <sup>1</sup>

	Planned expenditures for the year ending March 31, 2015	Expended during the quarter ended September 30, 2014	Year to date used at at quarter end
<b>Expenditures</b>			
Personnel	23,194	6,610	12,729
Transportation and communications	1,699	395	558
Information	150	17	46
Professional and special services	2,219	678	946
Rentals	260	65	233
Repair and maintenance	495	82	132
Utilities, materials and supplies	301	73	103
Acquisition of land, building and works	0	0	0
Acquisition of machinery and equipment	675	20	650
Other subsidies and payments	730	3	724
<b>Total net budgetary expenditures</b>	<b>29,723</b>	<b>7,943</b>	<b>16,121</b>

**Fiscal year 2013-14** (in thousands of dollars) <sup>1</sup>

	Planned expenditures for the year ending March 31, 2014	Expended during the quarter ended September 30, 2013	Year to date used at quarter end
<b>Expenditures</b>			
Personnel	23,520	6,193	12,029
Transportation and communications	1,799	439	686
Information	142	27	45
Professional and special services	2,350	530	815
Rentals	230	63	220
Repair and maintenance	479	58	119
Utilities, materials and supplies	332	67	111
Acquisition of land, building and works	165	3	3
Acquisition of machinery and equipment	604	37	45
<b>Sub-total net budgetary expenditures</b>	<b>29,621</b>	<b>7,417</b>	<b>14,073</b>
Budget 2013 - Frozen travel funding <i>Reduction applied to Transportation and communications</i>	-24	-	-
<b>Total net budgetary expenditures</b>	<b>29,597</b>	<b>7,417</b>	<b>14,073</b>

<sup>1</sup>Includes only authorities granted by Parliament at quarter end.