



Environment  
Canada

Environnement  
Canada



# **FUTURE-ORIENTED FINANCIAL STATEMENTS**

## **2013-2014**



STATEMENT OF MANAGEMENT RESPONSIBILITY

Management is responsible for these future-oriented financial statements, including responsibility for the appropriateness of the assumptions (see Note 2 for detail) on which these statements are prepared. These statements are based on the best information available and assumptions adopted as at January 15, 2013 and reflect the plans described in the Report on Plans and Priorities. The future-oriented financial information has been prepared by management in accordance with Treasury Board accounting policies which are based on Canadian public sector accounting standards.



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**Bob Hamilton**  
Deputy Minister

Gatineau, Canada

Date: FEB 18 2013



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**Carol Najm**  
Chief Financial Officer

Gatineau, Canada

Date: FEB 11 2013



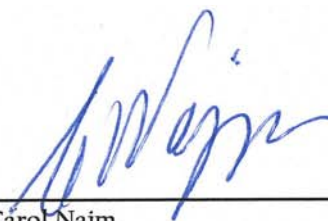
FUTURE-ORIENTED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at March 31 (in thousands of dollars)	Estimated Results 2013	Planned Results 2014
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	122,639	120,196
Vacation pay and compensatory leave	28,660	28,026
Deferred revenue	5,568	5,615
Lease obligation for tangible capital assets (Note 7)	12,365	11,761
Employee future benefits (Note 8)	75,463	25,642
Environmental liabilities (Note 10)	106,812	106,812
Other liabilities	35,000	35,000
<b>Total net liabilities</b>	<b>386,507</b>	<b>333,052</b>
<b>Financial assets</b>		
Due from Consolidated Revenue Fund (Note 4c)	117,000	117,000
Accounts receivable and advances	15,359	16,970
<b>Total gross financial assets</b>	<b>132,359</b>	<b>133,970</b>
<i><b>Financial assets held on behalf of Government</b></i>		
Accounts receivable and advances	(427)	(427)
<b>Total net financial assets</b>	<b>131,932</b>	<b>133,543</b>
<b>DEPARTMENTAL NET DEBT</b>	<b>254,575</b>	<b>199,509</b>
<b>Non-financial assets</b>		
Prepaid expenses	1,553	1,530
Inventory	4,883	4,828
Tangible capital assets (Note 9)	402,069	412,073
<b>Total non-financial assets</b>	<b>408,505</b>	<b>418,431</b>
<b>DEPARTMENTAL NET FINANCIAL POSITION</b>	<b>153,930</b>	<b>218,922</b>

*The accompanying notes form an integral part of these Future-Oriented Financial Statements.*



Bob Hamilton  
Deputy Minister



Carol Najm  
Chief Financial Officer

Gatineau, Canada  
Date: FEB 18 2013

Gatineau, Canada  
Date: FEB 11 2013

*Environment Canada*

**FUTURE-ORIENTED STATEMENT OF OPERATIONS AND DEPARTMENTAL NET FINANCIAL POSITION (UNAUDITED)**

For the year ending March 31 (in thousands of dollars)	Estimated Results 2013	Planned Results 2014
<b>Expenses</b>		
Conservation of Canada's Natural Environment	327,273	320,535
Weather Information	264,257	241,221
Threats from Pollution Minimized	391,057	324,376
Internal Services	226,089	230,991
<b>Total Expenses</b>	<b>1,208,676</b>	<b>1,117,123</b>
<b>Revenues</b>		
Sales of goods and services	73,632	71,350
Other revenues	8,015	8,015
Revenues earned on behalf of Government (Note 4d)	(13,816)	(13,816)
<b>Total Revenues</b>	<b>67,831</b>	<b>65,549</b>
<b>Net cost of operations before government funding</b>	<b>1,140,845</b>	<b>1,051,574</b>
<b>Government funding</b>		
Net cash provided by Government	1,127,840	1,016,965
Change in due from the Consolidated Revenue Fund	(24,187)	-
Services provided without charge from other government departments (Note 11)	97,475	99,601
<b>Net revenue of operations after government funding</b>	<b>(60,283)</b>	<b>(64,992)</b>
<b>Departmental net financial position - Beginning of year</b>	<b>93,647</b>	<b>153,930</b>
<b>DEPARTMENTAL NET FINANCIAL POSITION - END OF YEAR</b>	<b>153,930</b>	<b>218,922</b>

Segmented information (Note 12)

*The accompanying notes form an integral part of these Future-Oriented Financial Statements.*

*Environment Canada*

FUTURE-ORIENTED STATEMENT OF CHANGE IN DEPARTMENTAL NET DEBT  
(UNAUDITED)

For the year ending March 31 (in thousands of dollars)	Estimated Results 2013	Planned Results 2014
Net revenue of operations after government funding	(60,283)	(64,992)
Change due to tangible capital assets		
Acquisition of tangible capital assets (Note 9)	60,795	51,922
Amortization of tangible capital assets (Note 9)	(40,058)	(41,918)
Total change due to tangible capital assets	20,737	10,004
Change due to inventories	585	(55)
Change due to prepaid expenses	(2)	(23)
<b>NET INCREASE (DECREASE) IN DEPARTMENTAL NET DEBT</b>	<b>(38,963)</b>	<b>(55,066)</b>
Departmental net debt - Beginning of year	293,538	254,575
<b>DEPARTMENTAL NET DEBT - END OF YEAR</b>	<b>254,575</b>	<b>199,509</b>

*The accompanying notes form an integral part of these Future-Oriented Financial Statements.*

*Environment Canada*

FUTURE-ORIENTED STATEMENT OF CASH FLOWS (UNAUDITED)

For the year ending March 31 (in thousands of dollars)	Estimated Results 2013	Planned Results 2014
<b>OPERATING ACTIVITIES</b>		
Net cost of operations before government funding	1,140,845	1,051,574
Non-cash items:		
Services provided without charge by other government departments (Note 11)	(97,475)	(99,601)
Amortization of tangible capital assets (Note 9)	(40,058)	(41,918)
Variations in Statement of Financial Position:		
Decrease in accounts payable and accrued liabilities (Note 6)	38,854	2,443
Decrease in vacation pay and compensatory leave	895	634
Decrease (increase) in deferred revenue	819	(47)
Decrease in employee future benefits (Note 8)	22,603	49,821
Decrease in environmental liabilities	756	-
Increase in other liabilities	(1,015)	-
Decrease (increase) in accounts receivable and advances	(334)	1,611
Decrease in prepaid expenses	(2)	(23)
Increase (decrease) in inventory	585	(55)
<b>CASH USED IN OPERATING ACTIVITIES</b>	<b>1,066,473</b>	<b>964,439</b>
<b>CAPITAL INVESTING ACTIVITIES</b>		
Acquisitions of tangible capital assets (Note 9)	60,795	51,922
<b>CASH USED IN CAPITAL INVESTING ACTIVITIES</b>	<b>60,795</b>	<b>51,922</b>
<b>FINANCING ACTIVITIES</b>		
Lease payments for tangible capital assets (Note 7)	572	604
<b>CASH USED IN FINANCING ACTIVITIES</b>	<b>572</b>	<b>604</b>
<b>NET CASH PROVIDED BY GOVERNMENT OF CANADA</b>	<b>1,127,840</b>	<b>1,016,965</b>

*The accompanying notes form an integral part of these Future-Oriented Financial Statements.*



## NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

### 1. Authority and Objectives

Environment Canada was established under legislation by the *Department of the Environment Act*. Under this *Act*, the powers, duties and functions of the Minister of the Environment extend to and include matters relating to:

- ✓ The preservation and enhancement of the quality of the natural environment (including water, air and soil quality);
- ✓ Renewable resources, including migratory birds and other non-domestic flora and fauna;
- ✓ Water;
- ✓ Meteorology;
- ✓ Enforcement of any rules or regulations made by the International Joint Commission relating to boundary waters; and
- ✓ Coordination of the policies and programs of the Government of Canada respecting the preservation and enhancement of the quality of the natural environment.

Environment Canada delivers its mandate by promoting the three following Strategic Outcomes:

- ✓ Canada's natural environment is conserved and restored for present and future generations;
- ✓ Canadians are equipped to make informed decisions on changing weather, water and climate conditions;
- ✓ Threats to Canadians and their environment from pollution are minimized.

In addition to conducting these Strategic Outcomes, Environment Canada maintains core internal corporate services.

Environment Canada has authority under numerous pieces of legislation which affect how the Department operates. The significant *Acts* are as follows:

- ✓ *Antarctic Environmental Protection Act*
- ✓ *Canada Water Act*
- ✓ *Canada Wildlife Act*
- ✓ *Canadian Environmental Assessment Act*
- ✓ *Canadian Environmental Protection Act, 1999*
- ✓ *Department of the Environment Act*
- ✓ *Environmental Enforcement Act*
- ✓ *Federal Sustainable Development Act (2008, c. 33)*
- ✓ *Fisheries Act (Sections 36-42)*
- ✓ *International River Improvements Act*
- ✓ *Migratory Birds Convention Act, 1994*
- ✓ *Species at Risk Act*
- ✓ *Weather Modification Information Act*
- ✓ *Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act*

## NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

### 2. Significant Assumptions

The 2012-2013 estimated results presented in the 2013-2014 Future-Oriented Consolidated Financial Statements (FOFS) are different from the ones presented during the 2012-2013 Future-Oriented Consolidated Financial Statements exercise. They have been adjusted to reflect the financial effects of the executive and/or parliamentary expenditure authorities related to the current year (such as Supplementary Estimates A, B and C, reprofiling of funds, carry-forward and earmarked items).

The Future-Oriented Financial Statements have been prepared on the basis of the government priorities and the plans of the Department as described in the Report on Plans and Priorities. These statements have been prepared based on instructions provided by the Treasury Board Secretariat. The main assumptions are as follows:

- (a) The Department's activities, in accordance with the Program Alignment Architecture, will remain substantially the same as for the previous year;
- (b) These FOFS are prepared to cover two fiscal years, i.e. 2012-2013 (projected as of December 31, 2012) and 2013-2014 (full fiscal year). Expenses, revenues, assets and liabilities, 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, supplementary estimates, expert information from within the Department and requests to other departments for information (ex. Services provided without charge);
- (c) Allowances for uncollectability are based on historical experience and trend analysis. The general historical pattern is expected to continue;
- (d) Estimated year end information for 2012-13 is used as the opening position for the 2013-14 forecasts; and
- (e) Internal settlements.

These assumptions are adopted as at January 15, 2013.

### 3. Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for the remainder of 2012-13 and for 2013-14, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

In preparing these financial statements, Environment Canada has made estimates and assumptions concerning the future. These estimates and judgements may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Factors that could lead to material differences between the Future-Oriented Financial Statements and the historical financial statements include:

- (a) The timing and amounts of acquisitions and disposals of property, plant and equipment may affect gains/losses and amortization expense;
- (b) Further changes to the operating budget through additional new initiatives or technical adjustments later in the year; and
- (c) Deficit reduction action plan measures.

Once the Report on Plans and Priorities is presented, Environment Canada will not be updating the forecasts for any changes to appropriations or forecast financial information made in ensuing supplementary estimates. Variances will be explained in the Departmental Performance Report.

## NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

### 4. Summary of Significant Accounting Policies

The Future-Oriented Financial Statements have been prepared in accordance with the Treasury Board Accounting Policy TBAS 1.2 and other policies stated below, which are 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) Parliamentary Authorities***

Environment Canada is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to Environment Canada do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the Future-Oriented Statement of Operations and Departmental Net Financial Position and in the Future-Oriented Statement of Financial Position are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.

***(b) Net Cash Provided by Government***

Environment Canada operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by Environment Canada is deposited to the CRF, and all cash disbursements made by Environment Canada are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the Government.

***(c) Amounts due from the Consolidated Revenue Fund (CRF)***

Amounts due from or to the CRF are the result of timing differences at year-end between when a transaction affects authorities and when it is processed through the CRF. Amounts due from the CRF represent the net amount of cash that Environment Canada is entitled to draw from the CRF without further authorities to discharge its liabilities.

***(d) Revenues***

- ✓ Revenues from regulatory fees are recognized in the accounts based on the services provided in the 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 takes place and gave rise to the revenue.
- ✓ Revenues that are non-respendable are not available to discharge Environment Canada's liabilities. While the Deputy Head is expected to maintain accounting control, he has no authority regarding 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 in reduction of the entity's gross revenues.

***(e) Expenses***

Expenses are recorded on the accrual basis:

- ✓ Transfer payments are recorded as expenses when authorization for the payment exists and the recipient has met the eligibility criteria or the entitlements established for the transfer payment program. In situations where payments do not form part of an existing program, transfer payments are recorded as expenses when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements. Transfer payments that become repayable as a result of conditions specified in the contribution agreement that have come into being are recorded as a reduction to transfer payment expense and as a receivable.
- ✓ Vacation pay and compensatory leave are accrued as the benefits are earned by employees under their respective terms of employment.

NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**4. Summary of Significant Accounting Policies (continued)**

- ✓ Services provided without charge by other government departments for accommodation, employer contributions to the health and dental insurance plans, legal services and workers' compensation are recorded as operating expenses at their estimated cost.

***(f) Employee Future Benefits***

- ✓ Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer pension plan administered by the Government. Environment Canada's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Environment Canada's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.
- ✓ Severance benefits: Employees entitled to severance benefits under labour contracts or conditions of employment earn these benefits as services necessary to earn them are rendered. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

***(g) Accounts Receivables***

Accounts receivable are stated at the lower of cost and net recoverable value. A valuation allowance is recorded for accounts and loans receivable where recovery is considered uncertain.

***(h) Contingent Liabilities***

Contingent liabilities are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or if an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

***(i) Environmental Liabilities***

Environmental liabilities reflect the estimated costs related to the management and remediation of environmentally contaminated sites. Based on management's best estimates, a liability is accrued and an expense recorded when the contamination occurs or when Environment Canada becomes aware of the contamination and is obligated, or is likely to be obligated to incur such costs. If the likelihood of Environment Canada's obligation to incur these costs is not determinable, or if an amount cannot be reasonably estimated, the costs are disclosed as contingent liabilities in the notes to the Future-Oriented Financial Statements.

***(j) Inventory***

Inventory consists of parts, material and supplies held for future program delivery. Inventory is valued at cost using the average cost method. If there is no longer any service potential, inventory is valued at the lower of cost or net realizable value.

NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**4. Summary of Significant Accounting Policies (continued)**

*(k) Tangible Capital Assets*

All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. Environment Canada does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

Amortization of tangible capital assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

<u>Asset Class</u>	<u>Amortization Period</u>
Buildings	25 to 40 years
Works and Infrastructure	20 to 40 years
Machinery and Equipment	2 to 30 years
Vehicles	3 to 25 years
Leasehold Improvements	Lesser of the remaining term of lease or useful life of the improvement
Leased Tangible Capital Assets	Over term of lease/useful life
Betterments	Lesser of betterment useful life or useful life of related asset (if not fully amortized)

Assets under construction are recorded in the applicable capital asset class in the year that they become available for use and are not amortized until they become available for use.

NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**5. Parliamentary Authorities**

Environment Canada receives most of its funding through annual parliamentary authorities. Items recognized in the Future-Oriented Statement of Operations and Departmental Net Financial Position and the Future-Oriented Statement of Financial Position in one year may be funded through parliamentary authorities in prior, current or future years. Accordingly, Environment Canada has different net results 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 authorities requested:*

(in thousands of dollars)	Estimated Results 2013	Planned Results 2014
Net cost of operations before government funding	1,140,845	1,051,574
Adjustments for items affecting net cost of operations but not affecting authorities:		
Services provided without charge by other government departments <sup>(Note 11)</sup>	(97,475)	(99,601)
Amortization of tangible capital assets <sup>(Note 9)</sup>	(40,058)	(41,918)
Expenses not being charged to Appropriations <sup>1</sup>	24,030	0
Expenses related to employee future benefits	(2,607)	(3,779)
Expenses related to vacation pay and compensatory leave	895	634
Other	583	(78)
	<b>(114,632)</b>	<b>(144,742)</b>
Adjustments for items not affecting net cost of operations but affecting authorities:		
Acquisitions of tangible capital assets <sup>(Note 9)</sup>	60,795	51,922
Lease payments for tangible capital assets <sup>(Note 7)</sup>	572	604
	<b>61,367</b>	<b>52,526</b>
<b>Authorities requested</b>	<b>1,087,580</b>	<b>959,358</b>

1. This amount represents monies that are kept in trust by Environment Canada for Nature Conservancy of Canada.

NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

5. Parliamentary Authorities (continued)

*(b) Authorities requested:*

(in thousands of dollars)	Estimated Results 2013	Planned Results 2014
Authorities requested		
Vote 1 - Operating expenditures	742,440	701,254
Vote 5 - Capital expenditures	60,795	51,922
Vote 10 - Grants & Contributions	171,638	117,353
Statutory amounts	112,707	88,829
<b>Authorities requested</b>	<b>1,087,580</b>	<b>959,358</b>

Forecast authorities requested for the year ending March 31, 2014 are the planned spending amounts presented in the 2013-2014 Report on Plans and Priorities. Estimated authorities requested for the year ending March 31, 2013 include amounts presented in the 2012-2013 Main Estimates and Supplementary Estimates (A) and (B), planned for presentation in Supplementary Estimates (C) and estimates of amounts to be allocated at year-end from Treasury Board central votes.

6. Accounts Payable and Accrued Liabilities

The following table presents details of Environment Canada's accounts payable and accrued liabilities:

(in thousands of dollars)	Estimated Results 2013	Planned Results 2014
Accounts payable to other government departments and agencies	17,447	15,579
Accounts payable to external parties	71,685	74,894
	<b>89,132</b>	<b>90,473</b>
Accrued liabilities	33,507	29,723
<b>Total accounts payables and accrued liabilities</b>	<b>122,639</b>	<b>120,196</b>

NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**7. Lease Obligation for Tangible Capital Assets**

Environment Canada has entered into agreements to lease equipment under capital leases with a cost of \$18,198,560 and accumulated amortization of \$7,278,920 as at March 31, 2012. The obligations related to the upcoming years include Carleton University for which, on October 13, 2000, Environment Canada entered into an agreement to rent office laboratory space for the National Wildlife Research Center (NWRC), at an annual cost of \$1.3 million under capital lease which expires in 2028.

(in thousands of dollars)	Estimated Results 2013	Planned Results 2014
2014	1,300	
2015	1,300	1,300
2016	1,300	1,300
2017	1,300	1,300
2018	1,300	1,300
2019 and thereafter	11,700	11,700
<b>Total future minimum lease payments</b>	<b>18,200</b>	<b>16,900</b>
Less: imputed interest (5.63% )	5,835	5,139
<b>Balance of obligation under leased tangible capital assets</b>	<b>12,365</b>	<b>11,761</b>

**8. Employee Future Benefits**

**(a) Pension Benefits**

Environment Canada's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Quebec Pension Plans benefits and they are indexed to inflation.

Both the employees and Environment Canada contribute to the cost of the Plan. The forecast expenses are \$63,392,338 in 2012-2013 and \$62,746,673 in 2013-2014, which represents approximately 1.8 times the contributions by employees.

Environment Canada's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.



NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**8. Employee Future Benefits (continued)**

**(b) Severance Benefits**

Environment Canada provides severance benefits to its employees based on eligibility, years of service and salary at termination of employment. These severance benefits are not pre-funded. Benefits will be paid from future authorities. Information about the severance benefits, estimated as at the date of these statements, is as follows:

(in thousands of dollars)	Estimated Results 2013	Planned Results 2014
Accrued benefit obligation, beginning of year	98,067	75,463
Expense for the year	2,607	3,779
Expected benefits payments during the year	(25,211)	(53,600)
<b>Accrued benefit obligation, end of year</b>	<b>75,463</b>	<b>25,642</b>

**9. Tangible capital assets**

(in thousands of dollars)	Estimated Results 2013	Planned Results 2014
Opening balance	381,332	402,069
Acquisition of tangible capital assets (including assets under construction)	60,795	51,922
Amortization	(40,058)	(41,918)
<b>Net Book Value</b>	<b>402,069</b>	<b>412,073</b>

## NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

### 10. Environmental and Contingent Liabilities

Environmental and Contingent liabilities arise in the normal course of operations and their ultimate disposition is unknown. They are grouped into two categories as follows:

#### (a) Contaminated sites

Liabilities are accrued to record the estimated costs related to the management and remediation of contaminated sites where Environment Canada is obligated or likely to be obligated to incur such costs. As at the date of the preparation of these Future-Oriented Financial Statements, Environment Canada has identified approximately 22 projects where such action is possible and for which a liability of \$106,812,000 has been recorded.

Environment Canada has estimated additional clean-up costs of \$28,706,000 that are not accrued, as these are not considered likely to be incurred at this time. Additional new sites, changes in the remediation approach or material changes in amounts accrued or not accrued are not forecasted for the future years presented in these statements. However, Environment Canada's ongoing efforts to assess contaminated sites may result in additional environmental liabilities related to newly identified sites, or changes in the assessments or intended use of existing sites. These liabilities will be accrued by Environment Canada in the year in which they become likely and are reasonably estimable.

#### (b) Claims and litigations

Claims have been made against Environment Canada in the normal course of operations. These claims include items with pleading amounts and others for which no amount is specified. While the total amount claimed in these actions is significant, their outcomes are not determinable. Environment Canada has recorded an allowance for claims and litigations where it is likely that there will be a future payment and a reasonable estimate of the loss can be made. As at the date of the preparation of these Future-Oriented Financial Statements, claims and litigations for which the outcome is not determinable and a reasonable estimate can be made by management amount to approximately \$36,500,000.

NOTES TO THE FUTURE-ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**II. Related Party Transactions**

Environment Canada is related as a result of common ownership to all Government departments, agencies, and Crown corporations. Environment Canada enters into transactions with these entities in the normal course of business and on normal trade terms. Environment Canada is forecasted to receive common services without charge from other Government departments as disclosed below.

**(a) Common services provided without charge by other government departments**

During the year, Environment Canada receives services without charge from certain common service organizations, related to accommodation, legal services, the employer's contribution to the health and dental insurance plans and workers' compensation coverage. These services provided without charge have been recognized in Environment Canada's Future-Oriented Statement of Operations and Departmental Net Financial Position as follows:

(in thousands of dollars)	Estimated Results 2013	Planned Results 2014
Employer's contribution to the health and dental insurance plans	43,808	43,362
Accommodation	49,278	52,151
Legal Services	3,051	2,817
Workers' compensation	1,338	1,271
<b>Total</b>	<b>97,475</b>	<b>99,601</b>

The Government has centralized some of its administrative activities for efficiency, cost-effectiveness purposes and economic delivery of programs to the public. As a result, the Government uses central agencies and common service organizations so that one department performs services for all other departments and agencies without charge. The costs of these services, such as the payroll and cheque issuance services provided by Public Works and Government Services Canada and audit services provided by the Office of the Auditor General are not included in Environment Canada's Future-Oriented Statement of Operations and Departmental Net Financial Position.

NOTES TO THE FUTURE ORIENTED FINANCIAL STATEMENTS (UNAUDITED)

**12. Segmented Information**

Presentation by segment is based on Environment Canada's program alignment architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 4. The following table presents the expenses incurred and revenues generated for the main program activities, by major object of expense and by major type of revenue. The segment results for the period are as follows:

(in thousands of dollars)	Estimated Results 2013	Conservation of Canada's Natural Environment	Weather Information	Threats from Pollution Minimized	Internal Services	Planned Results 2014
Transfer Payments	171,638	46,543	4,383	66,428	-	117,354
<b>Operating Expenses</b>						
Salaries and employee benefits	650,841	172,722	153,015	173,099	147,827	646,663
Professional and special services	92,339	24,291	19,696	18,024	18,526	80,537
Accommodation	55,078	15,458	13,576	15,082	13,083	57,199
Other contracted services	41,799	11,019	8,908	8,085	8,371	36,383
Travel	33,887	8,934	7,222	6,555	6,787	29,498
Machinery & equipment	31,309	8,254	6,673	6,056	6,270	27,253
Amortization	40,058	9,409	7,954	13,083	11,472	41,918
Rentals	23,505	5,766	5,131	4,657	4,821	20,375
Materials and supplies	28,793	7,590	6,136	5,569	5,766	25,061
Telecommunications	12,440	3,279	2,651	2,406	2,491	10,827
Equipment repair and maintenance	15,336	4,043	3,268	2,966	3,071	13,348
Postage	4,410	1,163	940	853	883	3,839
Information services – communications	2,549	672	543	493	510	2,218
Acquisition of land, buildings and works	742	196	158	143	149	646
Other	3,952	1,196	967	877	964	4,004
<b>Total Operating Expenses</b>	<b>1,037,038</b>	<b>273,992</b>	<b>236,838</b>	<b>257,948</b>	<b>230,991</b>	<b>999,769</b>
<b>Total Expenses</b>	<b>1,208,676</b>	<b>320,535</b>	<b>241,221</b>	<b>324,376</b>	<b>230,991</b>	<b>1,117,123</b>
<b>Revenues</b>						
Sales of goods and services	73,632	24,199	42,801	3,685	665	71,350
Other revenues	8,015	2,172	4,177	732	934	8,015
Revenues earned on behalf of Government	(13,816)	(6,455)	(5,067)	(1,351)	(943)	(13,816)
<b>Total Revenues</b>	<b>67,831</b>	<b>19,916</b>	<b>41,911</b>	<b>3,066</b>	<b>656</b>	<b>65,549</b>
<b>Net Cost from Continuing Operations</b>	<b>1,140,845</b>	<b>300,619</b>	<b>199,310</b>	<b>321,310</b>	<b>230,335</b>	<b>1,051,574</b>