

Transportation Safety Board of Canada

2008-2009

Departmental Performance Report

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Canada

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Chair's Message

The highly skilled and dedicated investigators of the Transportation Safety Board of Canada (TSB) are continuously called upon to conduct full and independent investigations into aviation, marine, railway and pipeline accidents. They painstakingly comb through wreckage, interview survivors, gather detailed, technical information from companies and manufacturers, and analyze the data to determine what happened, why it happened and what needs to be done to reduce risks.

Once again this year, important safety lessons came out of our investigations as demonstrated in our Annual Report that was tabled last June in Parliament. We have communicated these lessons with a strong voice to ensure that our messages are well understood by regulators, the industry and Canadians and that our recommendations are adopted.

This year, the main focus of our Board Outreach Program was the 10th anniversary of the Swissair accident. Our Board Members spoke at events in Canada, the United States, the United Kingdom and Russia to look back at what has been accomplished and to highlight what remains to be done. We also spoke at two Canadian railway safety events to highlight some outstanding safety deficiencies on Canada's railways. Our messages were well received, and we hope that they will encourage more action on our recommendations.

We did not fully achieve all of the priority objectives defined in our Report on Plans and Priorities. However, significant progress has been made in all areas. We have increased productivity. We have worked on improving our investigation and report production processes. Our website has been modified in order to improve accessibility to our safety outputs and increase the visibility of our recommendations and our assessments of responses. We continued strengthening our Information and Investigation Management System to improve its performance and ensure its long-term viability. We also pursued our work to improve the management of our financial, information and material resources. Finally, we continued our efforts in the area of human resources planning.

The TSB is fully committed to making a significant contribution to transportation safety in Canada and abroad. Through its continuous efforts, the organization will ensure that its products and services, as well as business activities, remain effective and efficient for the delivery of its mandate.

I am confident that the TSB has again this year played a strong role in ensuring that Canadians will continue to enjoy one of the safest transportation systems in the world.

Section 1: Overview

1.1 Raison d'être and Responsibilities

The Transportation Safety Board of Canada (TSB) is an independent agency created in 1990 by an Act of Parliament (*Canadian Transportation Accident Investigation and Safety Board Act*). It operates at arm's length from other government departments and agencies to ensure that there are no real or perceived conflicts of interest. The TSB's only objective is to advance transportation safety. This mandate is fulfilled by conducting independent investigations into selected transportation occurrences to identify the causes and contributing factors of the occurrences, and the underlying safety deficiencies. The TSB then makes recommendations to improve safety and reduce or eliminate risks to people, property and the environment.

The jurisdiction of the TSB includes all aviation, marine, rail and pipeline transportation occurrences¹ in or over Canada that fall under federal jurisdiction. The TSB may also represent Canadian interests in foreign investigations of transportation accidents involving Canadian registered, licensed or manufactured aircraft, ships or railway rolling stock. In addition, the TSB carries out some of Canada's obligations related to transportation safety at the International Civil Aviation Organization (ICAO) and the International Maritime Organization (IMO).

The TSB is primarily funded by Parliament through an operating expenditures vote and, as a departmental corporation, it has authority to spend revenues received during the year.

For more details on the TSB and its investigation process, visit the TSB website at <http://www.bst-tsb.gc.ca/eng/index.asp>.

1.2 Risk Analysis

The TSB is exposed to a number of situations, both internally and externally, that could have significant repercussions on its ability to fulfill its mandate. The most important challenges faced in 2008-2009 are described in the following paragraphs.

From an External Point of View

Economic Situation and Impact on Investigation Activities

Contrary to what was expected, economic growth declined over the last five months of 2008 due to the upheaval in the world financial markets. Nationally, the real gross domestic product (GDP) rose by 0.5% in 2008 after growth of 2.7% in 2007.

¹ A transportation occurrence is any accident or incident associated with the operation of an aircraft, ship, railway rolling stock or pipeline. It also includes any hazard that could, in the Board's judgement, result in an accident or incident if left unattended.

The airline industry around the world was hit hard by a drop in demand, the unprecedented increase in fuel prices in the first quarter and a drop of 20% or more in the demand for freight transportation over the last four months of the year.² Travel by air to Canada from the United States and the number of trips from overseas declined in the fourth quarter of 2008 by 4.6% and 3.4%, respectively, compared with the last quarter of 2007. Canadian air travel to the United States also fell by 0.8% in the same period. Travel to countries other than the United States nevertheless rose by 9.1%. This was a continuation of the upward trend that started in 2001.³ Canada's trade in air cargo services also increased by 4.6%. The three most important commodities exported by air included aircraft and air equipment (turbo-propellers, turbo-jets and other turbines), while aircraft were among those imported.⁴

Railways continued to see their freight loadings decline. Between March 2008 and 2009, their non-intermodal loadings fell 14.1%, while intermodal loadings stemming from containers and trailers loaded onto flat cars fell 11.7%. Rail freight traffic coming from the United States also dropped 15.4% in this period.⁵

Although the marine transportation industry was booming at the start of this decade, it is now going through a rough patch as well. In fall 2008, Drewry Shipping Consultants, British experts in marine transportation, forecasted that in 2010, container traffic would increase by 19.4% compared with 2007. These numbers were revised downward because of the economic crisis. In late March, 453 container ships were anchored, paralyzed by the lack of cargo. This is more than 10% of the global fleet.⁶ The Port of Montréal seems to be doing well for the moment. However, by mid-year, the Port of Vancouver had already seen the total volume of freight handled drop by 5% compared with the previous year.⁷

The leaders in the different transportation sectors have started to adjust the services they offer, along with their infrastructures, in order to face this global crisis. For instance, according to the International Air Transport Association (IATA), companies have reduced their capacity by flying smaller aircraft to certain destinations, reducing the frequency of some services, or even discontinuing certain routes.⁸ According to Drewry Shipping Consultants, large shipowners are also attempting to negotiate with naval shipyards to postpone the construction of their new vessels.

² "Demand Decline Slows – But No Recovery in Sight," Press Release 21 of the International Air Transport Association, 27 May 2009.

³ Statistics Canada, "Characteristics of International Travellers," *The Daily*, 28 May 2009.

⁴ Transport Canada, *Transportation in Canada - An Overview*, Catalogue No. T1-10/2008E.

⁵ Statistics Canada, *Monthly Railway Carloadings*, March 2009 (<http://www.statcan.gc.ca/pub/52-001-x/52-001-x2009003-eng.htm>).

⁶ "Les nouveaux monstres des mers," *L'Actualité*, July 2009.

⁷ "Transport maritime, une industrie qui prend l'eau," *La Presse Affaires*, 29 November 2008.

⁸ "Le trafic aérien mondial est menacé," *Le Devoir*, 29 April 2009.

Stakeholders in the transportation network thus had to face many challenges in 2008. Although the number of accidents reported to the TSB decreased in all sectors, the number of incidents reported continued to rise slightly. The TSB therefore had to maintain a high level of activity and to monitor the situation closely in order to detect any trends that could compromise safety.

Increased Need for Training Resulting from Regulatory Changes, the Introduction of Safety Management Systems and Changes in Technology

To keep the national transportation network safe, secure, efficient and respectful of the environment, the Canadian government has made changes to the rules governing Canadian air, marine and rail safety. It has also adopted a new approach for improving transportation safety in the long term, which entails the progressive implementation of safety management systems in all sectors of the Canadian transportation network. These changes, combined with the rapidity of technological change, are making the transportation industry increasingly complex and exerting pressure on the TSB. Not only is it increasingly necessary to call on external expertise, but also there is a growing need for training of TSB employees so that they will continue to have the knowledge and technical expertise necessary to perform their functions.

The decision taken this year to implement a unit dedicated to training and standards and to update the investigators qualification program will greatly contribute to our ability to deliver on our mandate.

From an Internal Point of View

Setting of Priorities and Management of the Workload with the Available Resources

Even if the total number of accidents reported to the TSB has diminished during the current exercise, the number of incidents has continued to increase. The demand for investigations both in Canada and abroad therefore remained high. Moreover, numerous internal and external pressures continued to be exerted on the limited resources available.

Development and Maintenance of a Knowledgeable and Professional Workforce

The success of the TSB and its credibility depend largely on the expertise, the professionalism and the competence of its employees. However, the TSB is faced with workforce challenges. Many of the positions are “one deep,” that is, there is only one person responsible for a specific task or function.

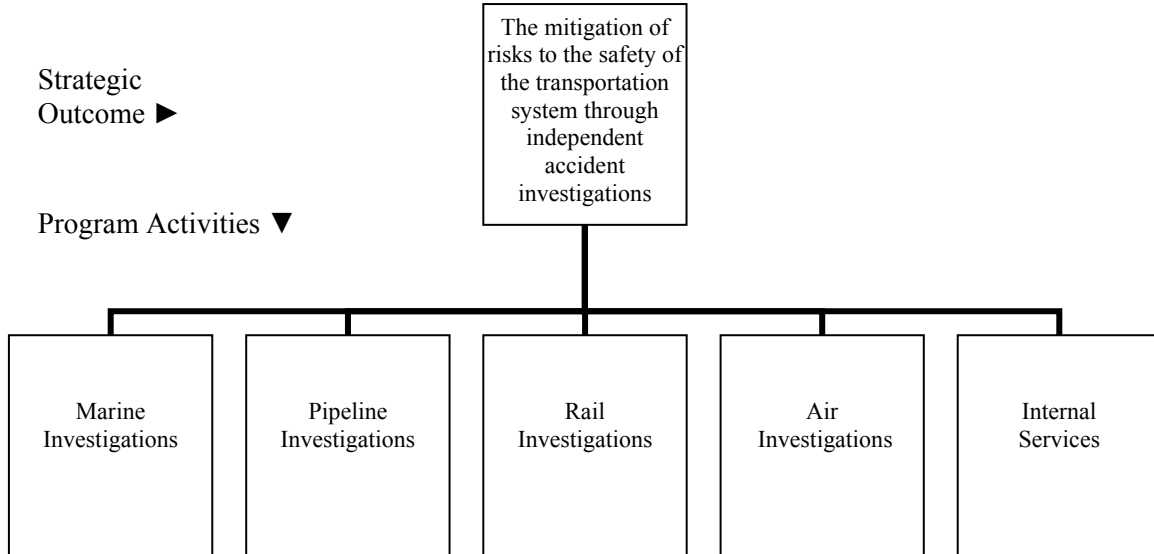
Over the last three years, although the TSB’s hiring has increased, it has not been able to backfill all departures. Still struggling to close the gap are the Corporate Services and the Operational Services. Workforce renewal remains a priority and the organization will need to continue to implement and update the plans already in place for managing its human resources in a more strategic fashion in order to ensure the TSB’s knowledge base and technical expertise are sustained.

Review and Improvement of the Report Production Process to Increase Overall Efficiency

The TSB has made a commitment to strengthen and continuously improve its operational capacity to identify safety deficiencies and to produce reports that will promote the changes needed to improve safety. A decision was made at the end of 2007-2008 to conduct a study aimed at maximizing the performance of the Publishing and Linguistic Services Division and ensuring that its work is properly centred on the objectives of the organization. We have started to implement the recommendations coming out of this study during the current exercise and plan to continue this work next year.

1.3 Strategic Outcome and Program Activity Architecture

The chart below illustrates the program activities that contribute to the achievement of the TSB strategic outcome.



1.4 Resources

2008-2009 Financial Resources (\$ thousands)

| Planned Spending | Total Authorities | Actual Spending |
|------------------|-------------------|-----------------|
| 31,434 | 32,117 | 31,604 |

2008-2009 Human Resources (FTEs*)

| Planned | Actual | Difference |
|---------|--------|------------|
| 235 | 221 | 14 |

* full-time equivalents

1.5 Performance Summary

| TSB Strategic Outcome: The mitigation of risks to the safety of the transportation system through independent accident investigations | | | | | |
|---|---------------------------|--------------------------|----------------------------|-----------------------------|---------------------------|
| Alignment of Program Activities to the Government of Canada Outcome: Safe and secure communities ⁹ | | | | | |
| Program Activities | 2007-2008 Actual Spending | 2008-2009 Main Estimates | 2008-2009 Planned Spending | 2008-2009 Total Authorities | 2008-2009 Actual Spending |
| Marine Investigations | 6,661 | 6,376 | 6,947 | 7,066 | 6,957 |
| Pipeline Investigations | 540 | 580 | 586 | 642 | 574 |
| Rail Investigations | 6,313 | 6,086 | 6,321 | 6,745 | 6,408 |
| Air Investigations | 16,926 | 15,941 | 17,580 | 17,664 | 17,665 |
| Total | 30,440 | 28,983 | 31,434 | 32,117 | 31,604 |

Occurrences Reported to the TSB

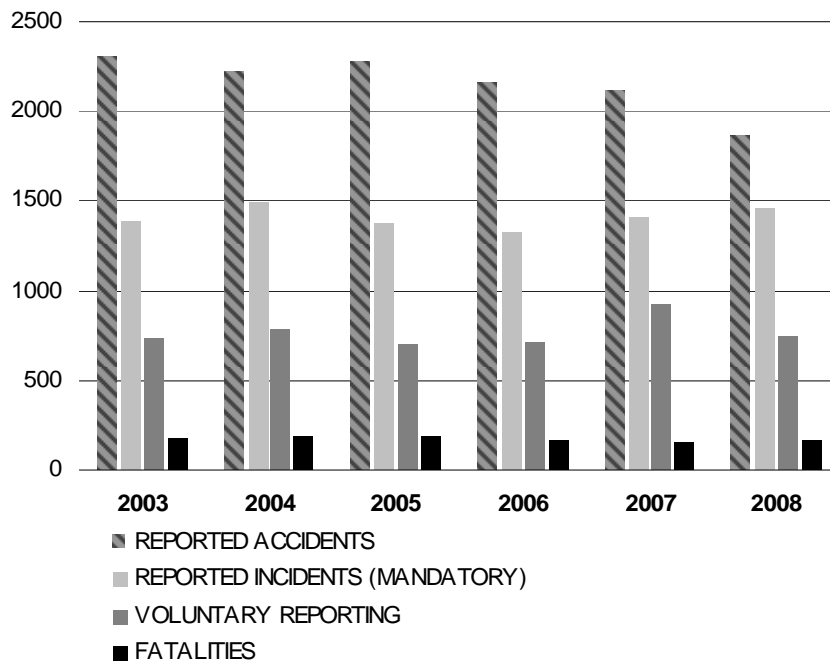
In 2008, a total of 1865 accidents and 1459 incidents were reported in accordance with the TSB's regulations for mandatory reporting of occurrences¹⁰. The number of accidents in 2008 decreased by 12% from the 2109 accidents reported in 2007 and by 16% from the

⁹ <http://www.tbs-sct.gc.ca/ppg-cpr/framework-cadre-eng.aspx?Rt=1037>

¹⁰ While the Board's operations are for the 2008-2009 fiscal year, occurrence statistics are for the 2008 calendar year and come from the TSB information systems unless otherwise indicated. Please also note that, in a live database, the occurrence data are constantly being updated. Consequently, the statistics can change slightly over time. Comparisons are generally to the last 5 or 10 years. For definitions of terms such as *accident*, *incident* and *occurrence*, see Appendix A.

2003-2007 annual average of 2211 accidents. The number of reported incidents increased to 1459 in 2008 from 1410 in 2007, and increased from the 2003-2007 average of 1398. There were also 742 voluntary incident reports. Fatalities totalled 161 in 2008, up 8 from the 2007 total, but down 12 from the 2003-2007 average.

Figure 1: Occurrences Reported to the TSB

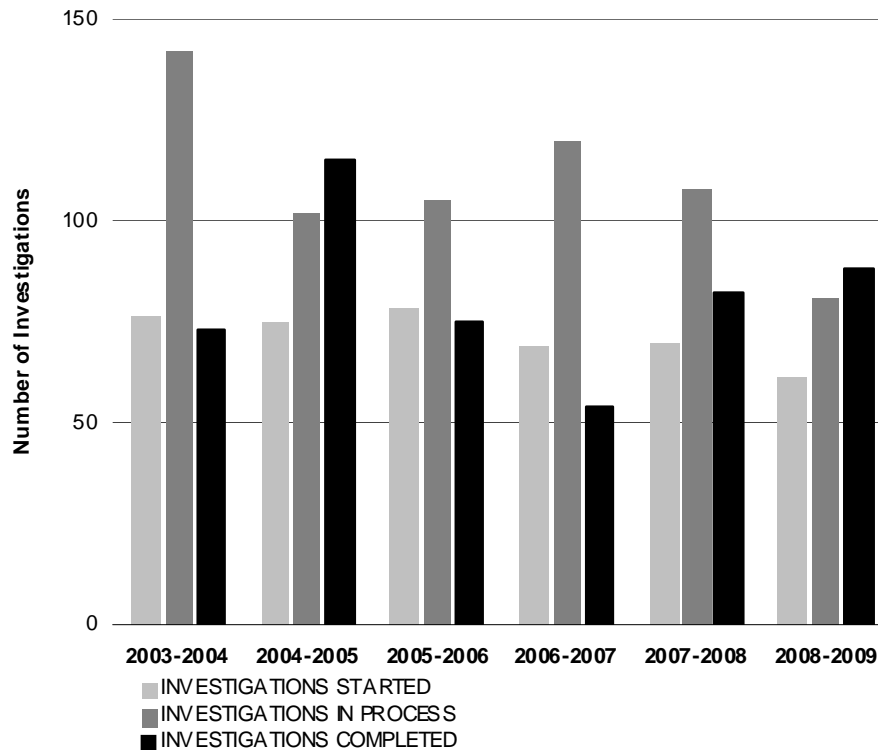


Investigations Started, in Process, and Completed

In fiscal year 2008-2009, investigations were undertaken for 61 of the occurrences reported to the TSB. In that same period, 88 investigations were completed, compared to 82 in the previous year¹¹. The number of investigations in process decreased to 81 at the end of the fiscal year from 108 at the start. Average time to complete an investigation decreased to 534 days in fiscal year 2008-2009 from 630 days in the previous year.

¹¹ Investigations are considered complete after the final report has been issued.

Figure 2: Investigations Started, in Process, and Completed



Overall, the TSB has been successful in identifying safety deficiencies and in reducing risks in the transportation system. TSB investigations result in reports identifying safety deficiencies and, where appropriate, contain recommendations to reduce risks. Over this past year, in all cases where the TSB undertook an investigation, safety deficiencies or contributing factors were identified and communicated. These results reflect careful application of the TSB’s Occurrence Classification Policy in deciding whether to investigate, and a thorough implementation of the investigation methodology. This systematic approach ensures that TSB investigation resources are invested in areas with the greatest potential safety payoffs.

Safety Communications Issued

In 2008-2009, in addition to investigation reports, the TSB issued a total of 68 safety outputs: 5 recommendations, 31 safety advisories and 32 safety information letters. Safety information is also provided informally to key stakeholders throughout the investigation process, permitting them to take immediate safety actions where appropriate. It is common practice for industry and government to take safety actions during the course of TSB investigations. Such safety actions range widely in scope and importance. Operators will often take immediate remedial action after discussion with TSB investigators. Regulators such as Transport Canada and the Federal Aviation Administration in the United States regularly issue mandatory directives requiring

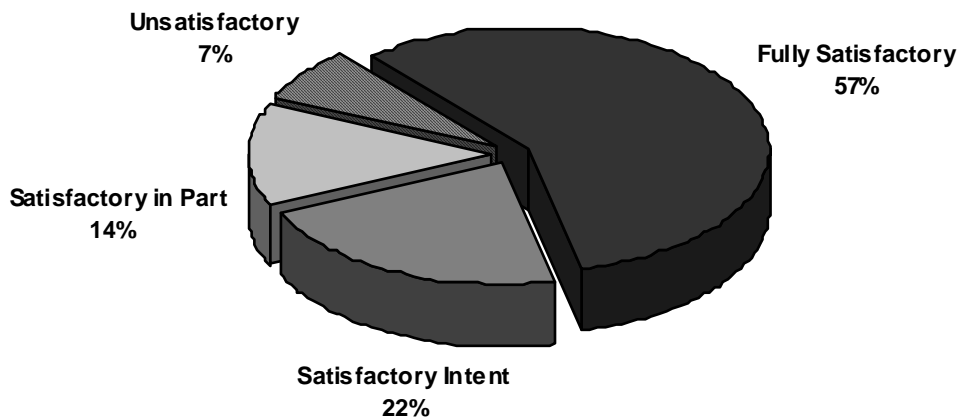
inspections and/or component replacement based on the TSB’s preliminary findings. In such situations, rather than issuing recommendations, the TSB can then report on the corrective actions already taken by industry and government agencies.

In accordance with the *Canadian Transportation Accident Investigation and Safety Board Act*, a federal minister who is notified of a TSB recommendation must, within 90 days, advise the Board in writing of any action taken or proposed to be taken in response, or the reasons for not taking action. The Board considers each response, assessing the extent to which the related safety deficiency was addressed. When a recommendation generates responses from within and outside Canada, the Board’s assessment is based primarily on the Canadian response. This year, the TSB continued to publish on its website (<http://www.bst-tsb.gc.ca/eng/index.asp>) its assessment of industry and government organization responses to its recommendations made after 01 January 2005.

During the period between 01 January 1999 and 31 December 2008, a total of 155 recommendations were assessed by the Board in the fully satisfactory or active (satisfactory intent, satisfactory in part, and unsatisfactory) categories. In addition, 7 recommendations are awaiting Board assessment, bringing the total number to 162.

In the 10-year period from 1999 to 2008, most Board recommendations have resulted in positive change. As shown in Figure 3, for 79% of recommendations (57% fully satisfactory and 22% satisfactory intent), change agents have taken action or plan to take action that will substantially reduce the deficiency noted in the recommendation. For 14% of recommendations (satisfactory in part), change agents have taken or plan to take action that will only partially address the deficiency noted in the recommendation. For 7% of recommendations (unsatisfactory), change agents have neither taken nor plan to take action that will address the deficiency noted in the recommendation.

Figure 3: Ratings of Assessments of Responses, 1999-2008



Communicating Transportation Safety to Canadians and the Transportation Community

Telling Canadians what we learned during accident investigations is fundamental to advancing transportation safety. The TSB continuously strives to raise awareness of its investigative work, and to issue timely and accurate safety communications to Canadians which explain what happened, why it happened, and what needs to be done to make transportation safer and prevent future accidents.

To this end, the TSB communicates its findings to Canadians through routine updates to the TSB website, the production and dissemination of safety communications and final reports, and through organized media events held across the country.

In 2008-2009, Board Members also pursued a number of key speaking engagements to connect with transportation industry stakeholders and help increase the uptake of TSB recommendations. Of particular note, they marked the 10th anniversary of the crash of Swissair Flight 111 off the shores of Peggy's Cove, Nova Scotia, by speaking at five events in Canada, the United States, the United Kingdom and Russia. These addresses highlighted safety achievements made and outstanding safety deficiencies following our investigation of this tragic accident.

While it is difficult to measure the results of our efforts to increase the reach and stretch the envelope in our communications activities, tangible signs continue to point to a degree of effectiveness of achieving target results. Stakeholders and media use TSB's safety messages in their activities. TSB techniques and methods raise ongoing interest in Canada and around the world.

1.6 Contribution of Priorities to the TSB Strategic Outcome

The following table shows the progress achieved against the management priorities identified in our 2008-2009 Report on Plans and Priorities. We spent \$734,925 on our priority projects, whereas our initial forecast was \$691,000. This gap is the result of a tight management of our business plans that allowed us to reallocate funds between projects or widen the scope of some of them.

| Priorities | Type | Status | Planned Spending (\$) | Actual Spending (\$) |
|---|----------------------|---|------------------------------|-----------------------------|
| Implementation of the recommendations retained from the A-Base Budget Review and its related projects | Previously Committed | Mostly met all expectations. Due to our limited capacity and the need for further analysis in some areas, work was not completed fully. These projects will be fully completed next fiscal year. | 100,000 | 149,562 |
| Maintaining a knowledgeable and professional workforce | Ongoing | Mostly met all expectations. An integrated human resources plan was developed and implementation has started. Knowledge transfer projects were completed. Significant progress was made on the review and update of employee work descriptions. However, the updating of the Investigators Qualification Program was postponed until next fiscal year and will be undertaken once the new Training and Standards Division is fully operational. | 250,000 | 226,659 |
| Report Production | Previously Committed | Somewhat met the expectations. Limited progress has been achieved in this area. Renewed efforts will be made in the next fiscal year. | 100,000 | 0 |
| Continuing the Residual Work in the Area of Information Management | Ongoing | Mostly met all expectations. Residual work remains to be done on the implementation of a comprehensive records management system. | 241,000 | 358,704 |
| Total | | | 691,000 | 734,925 |

1.7 Expenditure Profile

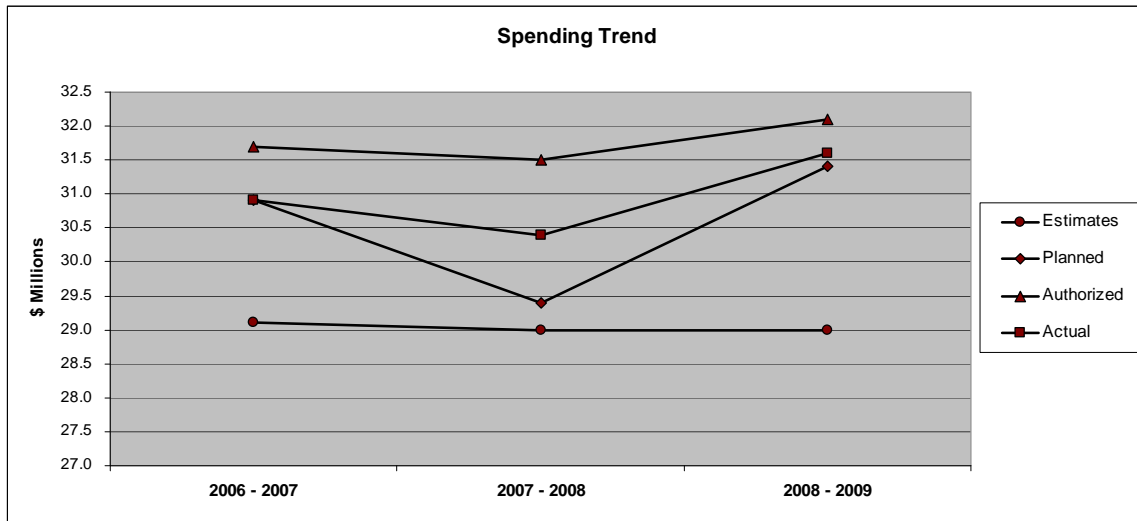
As shown in the table below, expenditures for 2008-2009 are essentially in line with previous years' expenditures. The only significant increase is in salaries and wages due to the implementation of new collective agreements.

| Voted and Statutory Items (\$ thousands) | | | | | |
|---|--|--|--|---|--|
| Vote # or Statutory Item (S) | Wording | 2006-2007 Actual Spending | 2007-2008 Actual Spending | 2008-2009 Main Estimates | 2008-2009 Actual Spending |
| | Canadian Transportation Accident Investigation and Safety Board | | | | |
| 10 | Program Expenditures | 27,473 | 27,104 | 25,589 | 28,251 |
| (S) | Contributions to employee benefit plans | 3,403 | 3,287 | 3,394 | 3,319 |
| (S) | Spending of proceeds from the disposal of surplus Crown Assets | 4 | 39 | | 15 |
| (S) | Expenditures pursuant to paragraph 29.1(1) of the <i>Financial Administration Act</i> | 4 | 10 | | 19 |
| | Total | 30,884 | 30,440 | 28,983 | 31,604 |

The following chart shows the TSB spending trend over a three-year period. Reference levels have remained stable over the past three years. However, additional authorities have been provided through Supplementary Estimates and Treasury Board vote transfers. These authorities were essentially intended to cover incremental costs to offset collective bargaining increases and the carry forward of previous years' lapses.

Actual expenditures for 2008-2009 are closely aligned with management's spending plans. Tighter financial management throughout the year has helped ensure a better utilization of resources and to reduce the year-end lapse to approximately \$500,000.

Figure 4: Spending Trend



Section 2: Analysis of Program Activities

2.1 Strategic Outcome

The mitigation of risks to the safety of the transportation system through independent accident investigations.

2.2 Program Activities

The TSB has four key program activities, which are the conduct of safety investigations in the following four transportation sectors:

- Marine
- Pipeline
- Rail
- Air

Within each program, personnel conduct independent safety investigations into selected transportation occurrences. They identify causes and contributing factors, assess risks to the system, formulate recommendations to improve safety, publish investigation reports, communicate safety information to stakeholders, undertake outreach activities with key change agents, as well as assess and follow up on responses to recommendations. These activities are carried out by highly qualified investigators who are experts in the transportation operational sectors. They also work closely with personnel who are responsible for executing specialized work in the following fields: engineering and technical, macro-analysis, human performance and communications.

The Internal Services also contribute to the achievement of TSB's strategic outcome. They consist of the groups of activities and resources that are administered to support the needs of programs and other corporate obligations of the TSB. These groups are: management and oversight services; human resources services; financial and administrative services (including facilities, materiel and acquisition services); information management services; and information technology services.

2.3 Benefits for Canadians

Transportation safety is a shared responsibility and the TSB acts as a catalyst in persuading the industry and government to find solutions to address the safety deficiencies we have found. Most of the investigations led by TSB program personnel this year once again contributed to modifying operating practices, equipment or regulations governing the transportation industry. These changes helped to promote transportation safety on our waterways, along our pipelines and railways, and in our air space. As a result, a greater number of Canadians reached their destinations safely, both

nationally and abroad. For detailed information on TSB activities in the four transportation sectors, see the TSB's 2008-2009 Annual Report to Parliament at <http://www.bst-tsb.gc.ca/eng/publications/index.asp>

2.4 Performance Analysis by Program Activity

The following tables present the expected results, performance indicators and targets for each of the TSB's program activities.

2.4.1 Marine Investigations

| Program Activity: Marine Investigations | | | | | |
|---|--------------------------|---|--|--|-------------------|
| 2008-2009 Financial Resources (\$ thousands) | | | 2008-2009 Human Resources (FTEs) | | |
| Planned Spending | Total Authorities | Actual Spending | Planned | Actual | Difference |
| 6,947 | 7,066 | 6,957 | 56 | 50 | 6 |
| Expected Results | | Performance Indicators | Targets | Performance Status and Summary | |
| Increased productivity while conducting investigations | | Number of investigation reports published | Publication of 18 investigation reports | Target all met. The TSB published 18 reports. | |
| | | Average time for completing investigation reports | Average time for completing investigation reports is less than 790 days. | Target mostly met. The average time for completing the reports was 796 days. | |
| | | Number of safety communications issued | Not determined | The TSB issued: - 2 safety recommendations - 7 safety advisories - 12 information letters | |

| Program Activity: Marine Investigations | | | |
|--|---|----------------|--|
| Increased effectiveness of safety communications | Results of Board assessment of responses to recommendations over a 10-year period | Not determined | From 1999 to 2008, 87% of responses to recommendations were assigned a fully satisfactory or satisfactory intent rating. |

Performance Analysis

The TSB published 18 marine investigation reports and reduced the average time to complete a report to 796 days, or 6 days more than the target objective. However, it must be pointed out that, among the 18 reports completed, 2 were finished within 304 days. A comparison of the results from this year and last year shows the same number of investigations undertaken and a slight drop in the number of investigations completed, 18 compared with 19. Among the 18 investigations completed, 1 was started in this fiscal year, 18% (3) in 2007-2008, 47% (8) in 2006-2007 and 33% (6) in previous fiscal years. The average time to complete an investigation report fell from 936 days in 2007-2008 to 796 days in 2008-2009, a decrease of 15%.

From 1999 to 2008, the large majority of marine safety recommendations that were assessed by the Board have resulted in positive changes. The change agents took or intend to take measures to substantially reduce the deficiencies described in the recommendations in 87% of cases.

2.4.2 Pipeline Investigations

| Program Activity: Pipeline Investigations | | | | | |
|--|--------------------------|---|---|---------------|--|
| 2008-2009 Financial Resources (\$ thousands) | | | 2008-2009 Human Resources (FTEs) | | |
| Planned Spending | Total Authorities | Actual Spending | Planned | Actual | Difference |
| 586 | 642 | 574 | 4 | 4 | 0 |
| Expected Results | | Performance Indicators | Targets | | Performance Status and Summary |
| Increased productivity while conducting investigations | | Number of investigation reports published | Publication of 2 investigation reports | | Target met. The TSB published 2 reports. |

| Program Activity: Pipeline Investigations | | | |
|--|---|--|---|
| | Average time for completing investigation reports | Average time for completing investigation reports is less than 548 days. | Target exceeded. The average time for completing the reports was 542 days. |
| | Number of safety communications issued | Not determined | The TSB issued: - 1 information letter |
| Increased effectiveness of safety communications | Results of Board assessment of responses to recommendations over a 10-year period | Not determined | From 1999 to 2008, 100% of responses to recommendations were assigned a fully satisfactory or satisfactory intent rating. |

Performance Analysis

The TSB published 2 pipeline investigation reports. A comparison of the results from this year and last year shows that the TSB undertook one new investigation rather than two and completed two investigations, similar to last year. The two completed investigations had been started in the previous fiscal year. Furthermore, the average time to complete an investigation report rose from 489 days in 2007-2008 to 542 days in 2008-2009, an increase of 10.8%. From 1999 to 2008, the single recommendation that was assessed by the Board resulted in positive changes.

2.4.3 Rail Investigations

| Program Activity: Rail Investigations | | | | | |
|--|-------------------|---|--|--|------------|
| 2008-2009 Financial Resources (\$ thousands) | | | 2008-2009 Human Resources (FTEs) | | |
| Planned Spending | Total Authorities | Actual Spending | Planned | Actual | Difference |
| 6,321 | 6,745 | 6,408 | 48 | 44 | 4 |
| Expected Results | | Performance Indicators | Targets | Performance Status and Summary | |
| Increased productivity while conducting investigations | | Number of investigation reports published | Publication of 20 investigation reports | Target exceeded. The TSB published 22 reports. | |
| | | Average time for completing investigation reports | Average time for completing investigation reports is less than 548 days. | Target exceeded. The average time for completing the reports was 539 days. | |
| | | Number of safety communications issued | Not determined | The TSB issued: - 2 safety recommendations - 11 safety advisories - 12 information letters | |
| Increased effectiveness of safety communications | | Results of Board assessment of responses to recommendations over a 10-year period | Not determined | From 1999 to 2008, 78% of responses to recommendations were assigned a fully satisfactory or satisfactory intent rating. | |

Performance Analysis

The TSB published 22 rail investigation reports. These reports were completed within an average period of 539 days, or 9 days less than the target objective. A comparison of the results from this year and last year shows the same number of investigations undertaken and an increase of 57% in the number of investigations completed, 22 compared with 14.

Among the 22 investigations completed, 4.5% (1) were started in this fiscal year, 40.9% (9) in 2007-2008, 50.0% (11) in 2006-2007 and one was started prior to this. The average time to complete an investigation report fell from 697 days in 2007-2008 to 539 days in 2008-2009, a drop of 22.7%.

From 1999 to 2008, the large majority of rail safety recommendations that were assessed by the Board have resulted in positive changes. The change agents took or intend to take measures to substantially reduce the deficiencies described in the recommendations in 78% of cases.

2.4.4 Air Investigations

| Program Activity: Air Investigations | | | | | |
|---|---|--|---|---------------|-------------------|
| 2008-2009 Financial Resources (\$ thousands) | | | 2008-2009 Human Resources (FTEs) | | |
| Planned Spending | Total Authorities | Actual Spending | Planned | Actual | Difference |
| 17,580 | 17,664 | 17,665 | 127 | 123 | 4 |
| Performance Indicators | | | | | |
| Expected Results | Performance Indicators | Targets | Performance Status and Summary | | |
| Increased productivity while conducting investigations | Number of investigations started | The number of investigations started will not exceed the TSB's ability to produce 60 investigation reports per year. | Target met. The TSB started 43 investigations and completed 46 reports. | | |
| | Average time for completing investigation reports | Average time for completing investigation reports is less than 457 days. | Target exceeded. The average time for completing the reports was 430 days. | | |
| | Number of safety communications issued | Not determined | The TSB issued: - 1 safety recommendation - 13 safety advisories - 8 information letters | | |

| Program Activity: Air Investigations | | | |
|--|---|----------------|---|
| Increased effectiveness of safety communications | Results of Board assessment of responses to recommendations over a 10-year period | Not determined | From 1999 to 2008, 75 % of responses to recommendations were assigned a fully satisfactory or satisfactory intent rating. |

Performance Analysis

In 2008-2009, the TSB undertook 43 new air investigations and completed 46 reports. A comparison with last year shows a drop in the number of investigations undertaken, 43 compared with 49, and a slight drop in the number of investigations completed, 46 compared with 47. Among the 46 investigations completed, 9% (4) were started in this fiscal year, 67% (31) in 2007-2008 and 24% (11) in 2006-2007. However, the average time to complete an investigation report went from 493 days in 2007-2008 to 430 days in 2008-2009, a decrease of 12.8%. In effect, the TSB exceeded its target by producing reports in 27 fewer days than the target objective. The TSB also rapidly published the safety deficiencies it identified through safety advisories and information letters.

From 1999 to 2008, a large majority of the air safety recommendations that were assessed by the Board have resulted in positive changes. The change agents took or intend to take measures to substantially reduce the deficiencies described in the recommendations in 75% of cases.

Section 3: Supplementary Information

3.1 Financial Highlights

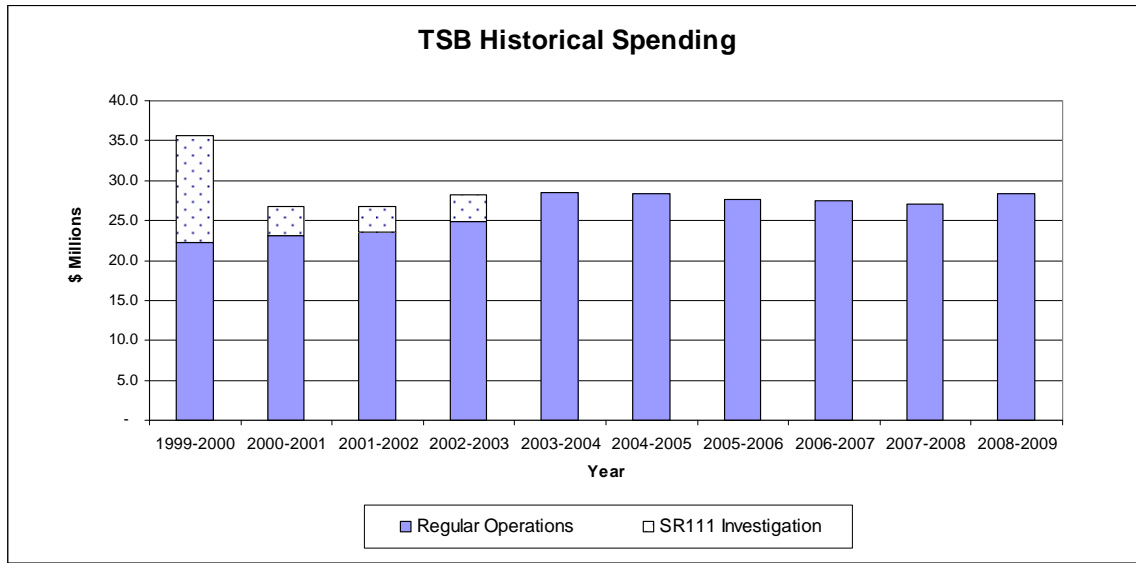
The financial highlights presented within this section are intended to provide additional information about TSB's financial position and operations.

The TSB started the year with authorities of \$28.9 million in the Main Estimates. Additional authorities (Treasury Board vote transfers) in the amount of \$3.2 million were approved during the year. This included \$1.3 million for the carry-forward of the previous year's lapse, \$1.3 million for collective bargaining adjustments, and \$0.6 million for severance and parental benefits expenditures. Total authorities therefore increased to \$32.1 million.

Actual cash expenditures for the fiscal year added to a total of \$31.6 million, leaving a year-end lapse of \$513,000. This represents an expenditure increase of approximately \$1.2 million over the previous fiscal year. This increase is primarily attributable to employee salary increases negotiated through collective bargaining. It should be noted that the year-end lapse is considerably lower than the amount lapsed in previous years due to tighter financial management practices throughout the year.

Over the past 10 years, TSB spending has increased progressively each year primarily due to increases in employee salaries and to the execution of special projects for which short-term funding was received (see Figure 5). During the period of 1998-1999 to 2002-2003, significant costs were incurred for the Swissair Flight 111 (SR111) investigation, totaling approximately \$57 million. Financial results for the period of 2002-2003 to 2004-2005 also include spending related to the short-term funding received from Parliament to address specific resource pressures. These expenditures total \$0.2 million, \$2.4 million and \$2.1 million respectively. Expenditures have subsequently leveled off at approximately \$29 million.

Figure 5: TSB Historical Spending



Financial Statements

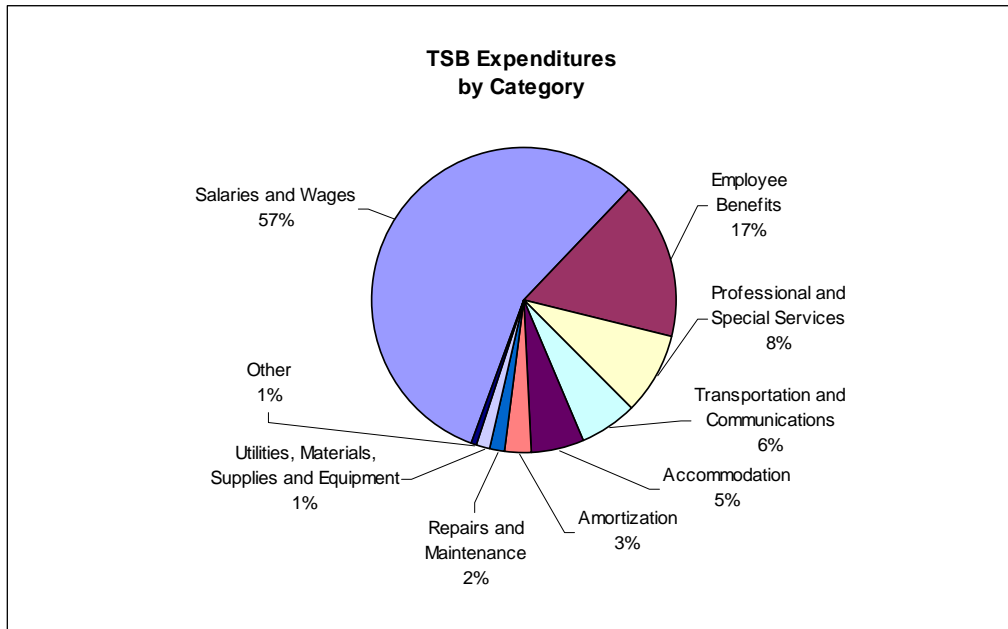
The TSB prepares detailed annual financial statements on an accrual accounting basis. These financial statements are audited by the Office of the Auditor General of Canada. The audited financial statements of the TSB for the year ended 31 March 2009, as well as the related auditor’s report, can be found at Appendix B.

On an accrual accounting basis, total TSB expenses amount to \$36.07 million and revenues add up to \$0.03 million, yielding a net cost of operations of \$36.04 million for 2008-2009. This includes \$3.8 million in services received without charge from other federal government departments, as well as a \$0.8 million increase in the accrued charges for employee benefits. Amortization expenses on tangible capital assets totalled approximately \$1 million, which was offset by a similar amount of investments in the acquisition of new assets.

Although the net cost of the Department has increased somewhat over the past number of years, the total expenditures of the TSB represent an approximate cost of \$1.07 per Canadian citizen. For this amount, Canada maintains the capability to investigate major failures in four different modes of the national transportation system.

The following graph shows TSB expenses by major categories.

Figure 6: TSB Expenses by Category



3.2 Supplementary Tables

The electronic version of the following supplementary information tables can be found on the Treasury Board of Canada's website at <http://www.tbs-sct.gc.ca/estsd-bddc/index-eng.asp>.

- User Fees
- Internal Audits and Evaluations
- Response to Parliamentary Committees and External Audits

| User Fees | | | | |
|---|-----------------------------|----------------------------------|--------------------|-------------------------------|
| User Fees | Fee Type | Fee-setting Authority | Date Last Modified | 2008-2009 Actual Revenue (\$) |
| Fees charged for the processing of access request files under the <i>Access to Information Act</i> (ATIA) | Other products and services | <i>Access to Information Act</i> | 1992 | 345 |

| Internal Audits and Evaluations | | | | |
|--|------------------------|--------------------------|-----------------|---|
| Title of the Internal Audit | Audit Type | Status | Completion Date | Electronic Link to Report |
| Audit of Overtime Expenditures | Operating Expenditures | Completed | October 2008 | http://www.bst-tsb.gc.ca/eng/divulgation-disclosure/verification-audit/2008-2009/ia_overtime.asp |
| Audit of Occupational Health and Safety Program | Program Compliance | Started in February 2009 | | |
| Evaluations | | | | |
| During 2008-2009, the TSB has not completed any program evaluations. | | | | |

| Response to Parliamentary Committees and External Audits |
|---|
| <p>During the reporting period, there were no Parliamentary Committee recommendations addressed specifically to the TSB.</p> <p>The Auditor General conducted an audit of the TSB financial statements and issued an unqualified opinion.</p> <p>In 2008-2009, the TSB was included in an horizontal audit of contracting for professional and technical services in small departments and agencies. No significant issues were identified during this audit and there were no recommendations specifically addressed to the TSB.</p> |

3.3 Contacting the TSB

Additional information about the Transportation Safety Board of Canada and its activities is available on the TSB website at <http://www.bst-tsb.gc.ca/eng/index.asp> or by contacting us at:

Transportation Safety Board of Canada
Place du Centre
200 Promenade du Portage
4th Floor
Gatineau, Quebec
K1A 1K8

E-mail: communications@bst-tsb.gc.ca
Toll Free: 1 800 387-3557
Fax: 819-997-2239

Appendix A – Glossary

| | |
|----------------------------------|---|
| Accident | in general, a transportation occurrence that involves serious personal injury or death, or significant damage to property, in particular to the extent that safe operations are affected (for a more precise definition, see the <i>Transportation Safety Board Regulations</i>) |
| Incident | in general, a transportation occurrence whose consequences are less serious than those of an accident, or that could potentially have resulted in an accident (for a more precise definition, see the <i>Transportation Safety Board Regulations</i>) |
| Occurrence | a transportation accident or incident |
| Safety Recommendation | a formal way to draw attention to systemic safety issues, normally warranting ministerial attention |
| Safety Advisory | a less formal means for communicating lesser safety deficiencies to officials within and outside the government |
| Safety Information Letter | a letter that communicates safety-related information, often concerning local safety hazards, to government and corporate officials |

Appendix B – Audited Financial Statements

Statement of Management Responsibility

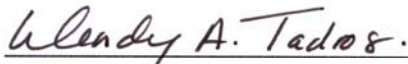
TRANSPORTATION SAFETY BOARD OF CANADA

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2009 and all information contained in these statements rests with management of the Transportation Safety Board of Canada (TSB). These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

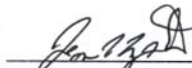
Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the TSB's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the TSB's *Departmental Performance Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the TSB.

The financial statements of the TSB have been audited by the Auditor General of Canada, the independent auditor for the Government of Canada.



Wendy A. Tadros
Chair



Jean L. Laporte, FCGA
Chief Financial Officer

Gatineau, Canada
July 8, 2009



AUDITOR'S REPORT

To the Chair of the Transportation Safety Board of Canada
and to the President of the Queen's Privy Council for Canada

I have audited the statement of financial position of the Transportation Safety Board of Canada as at March 31, 2009 and the statements of operations, equity of Canada and cash flow for the year then ended. These financial statements are the responsibility of the Transportation Safety Board of Canada's management. My responsibility is to express an opinion on these financial statements based on my audit.


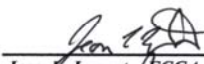
I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Transportation Safety Board of Canada as at March 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Régent Chouinard, CA
Principal
for the Auditor General of Canada

Ottawa, Canada
July 8, 2009

Statement of Financial Position

| TRANSPORTATION SAFETY BOARD OF CANADA | | |
|---|--------------|--------------|
| As at March 31 | 2009 | 2008 |
| (in thousands of dollars) | | |
| Assets | | |
| Financial assets | | |
| Due from the Consolidated Revenue Fund | 3,090 | 2,163 |
| Accounts receivable and advances (Note 4) | 176 | 317 |
| Total financial assets | 3,266 | 2,480 |
| Non-financial assets | | |
| Prepaid expenses | 70 | 38 |
| Inventory | 119 | 76 |
| Tangible capital assets (Note 5) | 5,490 | 5,382 |
| Total non-financial assets | 5,679 | 5,496 |
| TOTAL Assets | 8,945 | 7,976 |
| Liabilities and Equity of Canada | | |
| Liabilities | | |
| Accounts payable and accrued liabilities | 3,208 | 2,439 |
| Vacation pay and compensatory leave | 919 | 974 |
| Employee severance benefits (Note 6) | 4,707 | 3,802 |
| Total liabilities | 8,834 | 7,215 |
| Equity of Canada | 111 | 761 |
| TOTAL Liabilities and Equity of Canada | 8,945 | 7,976 |
| Contingent liabilities (Note 7) | | |
| Contractual obligations (Note 8) | | |
| The accompanying notes form an integral part of these financial statements. | | |
|  <hr/> Wendy A. Tadros Chair | | |
|  <hr/> Jean L. Laporte FCGA Chief Financial Officer | | |
| Gatineau, Canada | | |
| July 8, 2009 | | |

Statement of Operations

TRANSPORTATION SAFETY BOARD OF CANADA

For the year ended March 31

(in thousands of dollars)

2009

2008

Expenses

| | | |
|--|---------------|---------------|
| Salaries and wages | 20 486 | 19 544 |
| Employee benefits | 5 989 | 4 418 |
| Professional and special services | 3 034 | 2 891 |
| Transportation and communications | 2 267 | 2 050 |
| Accommodation | 1 948 | 1 937 |
| Amortization | 1 012 | 944 |
| Repairs and maintenance | 661 | 625 |
| Utilities, materials, supplies and equipment | 445 | 445 |
| Rentals | 125 | 138 |
| Information | 84 | 185 |
| Loss on disposal of assets | 19 | 17 |
| Other expenses | - | 6 |
| TOTAL Expenses | 36,070 | 33,200 |

Revenues

| | | |
|-----------------------------|-----------|-----------|
| Other non-tax revenues | 20 | 21 |
| Sales of goods and services | 8 | 17 |
| TOTAL Revenues | 28 | 38 |

Net Cost of Operations

36,042

33,162

The accompanying notes form an integral part of these financial statements.

Statement of Equity of Canada

| TRANSPORTATION SAFETY BOARD OF CANADA | | |
|--|-------------------|-------------------|
| For the year ended March 31 | 2009 | 2008 |
| (in thousands of dollars) | | |
| Equity of Canada, beginning of the year | 761 | 172 |
| Net cost of operations | (36,042) | (33,162) |
| Net cash provided by the Government of Canada (Note 3 (c)) | 30,653 | 30,001 |
| Change in Due from the Consolidated Revenue Fund | 927 | 351 |
| Services received without charge (Note 9(a)) | 3,812 | 3,399 |
| Equity of Canada, end of the year | <u>111</u> | <u>761</u> |

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flow

| TRANSPORTATION SAFETY BOARD OF CANADA | | |
|--|----------------------|----------------------|
| For the year ended March 31 (in thousands of dollars) | 2009 | 2008 |
| Operating activities | | |
| Net cost of operations | 36,042 | 33,162 |
| Non-cash items: | | |
| Services received without charge (Note 9(a)) | (3,812) | (3,399) |
| Amortization of tangible capital assets | (1,012) | (944) |
| Loss on disposal and write-down of tangible capital assets | (19) | (17) |
| Variations in Statement of Financial Position: | | |
| Decrease in accounts receivable and advances | (141) | (12) |
| Increase (decrease) in prepaid expenses | 32 | (15) |
| Increase (decrease) in inventory | 43 | (4) |
| Increase in liabilities | (1,619) | (51) |
| Cash used for operating activities | 29,514 | 28,720 |
| Capital investment activities | | |
| Acquisition of tangible capital assets | 1,150 | 1,314 |
| Proceeds from the disposal of tangible capital assets | (11) | (33) |
| Cash used for capital investment activities | 1,139 | 1,281 |
| Net cash provided by the Government of Canada | <u>30,653</u> | <u>30,001</u> |

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

TRANSPORTATION SAFETY BOARD OF CANADA

1. Authority and Objectives

The Canadian Transportation Accident Investigation and Safety Board (CTAISB) was established in 1990 under the *Canadian Transportation Accident Investigation and Safety Board Act* and is a departmental corporation named in Schedule II to the *Financial Administration Act*. In its day-to-day activities the CTAISB is also known by the name Transportation Safety Board of Canada, or simply the TSB. The objective of the TSB is to advance transportation safety. It seeks to identify safety deficiencies in transportation occurrences and to make recommendations designed to eliminate or reduce any such safety deficiencies. In addition to investigations, including where necessary public inquiries into selected occurrences, the TSB may conduct studies into more general matters pertaining to transportation safety. The TSB has the exclusive authority to make findings as to causes and contributing factors when it investigates a transportation occurrence. The TSB's operating expenditures are funded by a budgetary lapsing authority whereas contributions to employee benefit plans are funded by statutory authorities.

2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations

The TSB is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the TSB do not parallel financial reporting according to Canadian generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the two bases of reporting.

(b) Net Cash Provided by Government

The TSB operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the TSB is deposited to the CRF and all cash disbursements made by the TSB 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 federal government.

(c) Due from the Consolidated Revenue Fund

Due from the Consolidated Revenue Fund represents the amount of cash that the TSB is entitled to draw from the CRF, without further appropriations, in order to discharge its liabilities.

(d) Revenues

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues.

2. Summary of Significant Accounting Policies (continued)

(e) Expenses

Expenses are recorded on an accrual basis:

- ✓ Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- ✓ Services received without charge from other government departments 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 multi-employer plan administered by the Government of Canada. The TSB's contributions to the Plan are charged to expenses in the year incurred and represent the total TSB obligation to the Plan. Current legislation does not require the TSB to make contributions for any actuarial deficiencies of the Plan.
- ✓ Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. 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 receivable

Accounts receivables are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

(h) Inventories

Inventories consists of parts, material and supplies held for future program delivery and not intended for re-sale. They are valued at cost. If they no longer have service potential, they are valued at the lower of cost or net realizable value.

2. Summary of Significant Accounting Policies (continued)

(i) Tangible capital assets

All tangible capital assets and leasehold improvements having an initial cost of \$2,000 or more are recorded at their acquisition cost.

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

| Tangible Capital Asset class | Amortization Period |
|---|---|
| Buildings | 30 years |
| Furniture | 10 years |
| Office equipment | 5 years |
| Laboratory equipment | 10 years |
| Informatics hardware | 4 years |
| Informatics software (purchased) | 3 years |
| Informatics software (in house developed) | 10 years |
| Motor vehicles | 7 years |
| Other vehicles | 15 years |
| Leasehold improvements | Lesser of the remaining term of the lease or useful life of the improvement |

(j) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the useful lives of tangible capital assets, the assumptions underlying the employee severance benefits liability and the assessment of contingent liabilities. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Parliamentary Appropriations

The TSB receives its funding through annual Parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the TSB 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 current year Parliamentary appropriations used:

| (in thousands of dollars) | 2009 | 2008 |
|---|---------------|---------|
| Net cost of operations | 36,042 | 33,162 |
| <i>Adjustments for items affecting net cost of operations but not affecting appropriations:</i> | | |
| <i>Add (Less):</i> | | |
| Services received without charge | (3 812) | (3 399) |
| Amortization of tangible capital assets | (1 012) | (944) |
| Loss on disposal and write-down of tangible capital assets | (19) | (17) |
| Employee severance benefits | (905) | 218 |
| Vacation pay and compensatory leave | 55 | 71 |
| Refund of previous years' expenses | - | 21 |
| Miscellaneous non-tax revenues | 28 | 17 |
| Payables at year-end adjustment | 1 | 16 |
| Other adjustments | 1 | - |
| | 30,379 | 29,145 |
| <i>Adjustments for items not affecting net cost of operations but affecting appropriations:</i> | | |
| <i>Add (Less):</i> | | |
| Acquisition of tangible capital assets | 1 150 | 1 314 |
| Increase (decrease) in prepaid expenses | 32 | (15) |
| Increase (decrease) inventory | 43 | (4) |
| Current year Parliamentary appropriations used | 31,604 | 30,440 |

(b) Parliamentary appropriations provided and used:

| (in thousands of dollars) | 2009 | 2008 |
|--|---------------|---------|
| Vote 10 - CTAISB Operating expenditures | 25 589 | 25 415 |
| Transfer from Treasury Board - Vote 15 | 1 329 | 954 |
| Transfer from Treasury Board - Vote 25 | 1 271 | 1 274 |
| Transfer from Treasury Board - Vote 30 | 575 | 567 |
| Spending of revenues as per <i>Financial Administration Act</i> section 29.1 | 19 | 10 |
| Statutory contributions to employee benefit plans | 3 319 | 3 287 |
| Statutory spending of proceeds from disposal of surplus Crown assets | 15 | 39 |
| Total authorities | 32,117 | 31,546 |
| Less: Lapsed appropriations -Operating | (513) | (1 106) |
| Current year Parliamentary appropriations used | 31,604 | 30,440 |

3. Parliamentary Appropriations (continued)

(c) Reconciliation of net cash provided by the Government of Canada to current year Parliamentary appropriations used:

| <i>(in thousands of dollars)</i> | 2009 | 2008 |
|---|---------------|---------------|
| Net cash provided by the Government of Canada | 30 653 | 30 001 |
| Proceeds from disposal of tangible capital assets | 11 | 33 |
| Refund of previous years' expenses | - | 21 |
| Miscellaneous non-tax revenues | 28 | 17 |
| Payables at year-end adjustment | 1 | 16 |
| Decrease in accounts receivable and advances | 141 | 12 |
| Increase in accounts payable and accrued liabilities | 769 | 340 |
| Other adjustments | 1 | - |
| Current year Parliamentary appropriations used | 31,604 | 30,440 |

4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

| <i>(in thousands of dollars)</i> | 2009 | 2008 |
|--|-------------|-------------|
| Receivables from other Federal Government departments and agencies | 164 | 307 |
| Receivables from external parties | 3 | 1 |
| Employee advances | 9 | 9 |
| TOTAL | 176 | 317 |

5. Tangible Capital Assets

| Cost (in thousands of dollars) | Opening Balance | Acquisitions | Disposals | Closing Balance |
|---|----------------------------|---------------------|------------------|----------------------------|
| Buildings | 2,854 | 21 | - | 2 875 |
| Furniture | 1,159 | 180 | (148) | 1 191 |
| Office equipment | 212 | - | (7) | 205 |
| Laboratory equipment | 2,572 | 176 | (163) | 2 585 |
| Informatics hardware | 3,825 | 235 | (293) | 3 767 |
| Informatics software (purchased) | 728 | 35 | - | 763 |
| Informatics software (in house developed) | 2,592 | - | - | 2 592 |
| Motor vehicles | 713 | 52 | (74) | 691 |
| Other vehicles | 103 | - | (1) | 102 |
| Leasehold improvements | 101 | 451 | - | 552 |
| TOTAL | 14,859 | 1,150 | (686) | 15,323 |

| Accumulated amortization (in thousands of dollars) | Opening Balance | Amortization | Disposals | Closing Balance |
|--|----------------------------|---------------------|------------------|----------------------------|
| Buildings | 2,282 | 116 | - | 2 398 |
| Furniture | 561 | 93 | (140) | 514 |
| Office equipment | 212 | - | (7) | 205 |
| Laboratory equipment | 1,913 | 104 | (162) | 1 855 |
| Informatics hardware | 3,128 | 292 | (293) | 3 127 |
| Informatics software (purchased) | 601 | 67 | - | 668 |
| Informatics software (in house developed) | 319 | 255 | - | 574 |
| Motor vehicles | 392 | 64 | (53) | 403 |
| Other vehicles | 35 | 7 | (1) | 41 |
| Leasehold improvements | 34 | 14 | - | 48 |
| TOTAL | 9,477 | 1,012 | (656) | 9,833 |

| Net book value (in thousands of dollars) | Opening Balance | Closing Balance |
|--|----------------------------|----------------------------|
| Buildings | 572 | 477 |
| Furniture | 598 | 677 |
| Office equipment | - | - |
| Laboratory equipment | 659 | 730 |
| Informatics hardware | 697 | 640 |
| Informatics software (purchased) | 127 | 95 |
| Informatics software (in house developed) | 2,273 | 2 018 |
| Motor vehicles | 321 | 288 |
| Other vehicles | 68 | 61 |
| Leasehold improvements | 67 | 504 |
| Net Book Value | 5,382 | 5,490 |

6. Employee Benefits

(a) Pension benefits

The TSB's employees participate in the Public Service Pension Plan which is sponsored and administered by the Government of Canada. 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 the TSB contribute to the cost of the Plan. The 2008-09 expense amounts to \$2,396,269 (\$2,396,441 in 2007-08), which represents approximately 2.6 times the contributions by employees, which amounts to \$922,664.

The TSB'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.

(b) Severance benefits

The TSB provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

| (in thousands of dollars) | 2009 | 2008 |
|--|--------|-------|
| Employee severance benefits, beginning of year | 3 802 | 4,020 |
| Expense for the year recorded as employee benefits | 1 359 | 178 |
| Benefits paid during the year | (454) | (396) |
| Employee severance benefits, end of year | 4,707 | 3,802 |

7. Contingent Liabilities

In the normal course of its operations, the TSB becomes involved in various legal actions. Some of these potential liabilities 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 on the TSB's financial statements.

As at March 31, 2009, there are no outstanding legal actions against the TSB.

8. Contractual Obligations

The nature of the TSB's activities can result in some large multi-year contracts and obligations whereby the TSB will be obligated to make future payments when the services/goods are received.

Significant contractual obligations that can be reasonably estimated represent a total amount of \$1,337,653, broken down as follows:

| (in thousands of dollars) | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|-----------------------------------|---------|---------|---------|---------|---------|
| Acquisition of goods and services | 1,162 | 162 | 14 | - | - |

9. Related Party Transactions

The TSB is related as a result of common ownership to all Government of Canada departments, agencies and Crown corporations. The TSB enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the TSB received services which were obtained without charge from other Government departments as presented in part (a).

(a) Services received without charge:

During the year the TSB received without charge from other departments, accommodation, administration of workers' compensation, the employer's contribution to health and dental insurance plans, and external audit services. These services without charge have been recognized in the TSB's Statement of Operations as follows with a corresponding amount in the Equity of Canada:

| (in thousands of dollars) | 2009 | 2008 |
|--|--------------|--------------|
| Accommodation | 1 948 | 1 937 |
| Employer's contribution to health and dental insurance plans | 1 746 | 1 363 |
| External audit services | 99 | 78 |
| Administration of workers' compensation | 19 | 21 |
| TOTAL | 3,812 | 3,399 |

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the TSB's Statement of Operations given that a reasonable amount for those types of services cannot be determined.

(b) Payables outstanding at year-end with related parties:

| (in thousands of dollars) | 2009 | 2008 |
|---|------|------|
| Accounts payable to other government departments and agencies | 623 | 200 |