

# TRANSPORTATION SAFETY BOARD OF CANADA

## Future-oriented Statement of Management Responsibility

Responsibility for the compilation, content, and presentation of the accompanying future-oriented financial statements rests with Transportation Safety Board of Canada (TSB) management. This future-oriented information has been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector. The future-oriented financial information is submitted for Part III of Estimates (Report on Plans and Priorities) and will be used in the TSB's Departmental Performance Report to compare with actual results.

Management is responsible for the integrity and objectivity of the information contained in future-oriented financial information and for the process of developing assumptions. Assumptions and estimates are based on information available and known to management at the time of development, reflect current business and economic conditions, and assume a continuation of current governmental priorities and consistency in TSB's mandate and strategic outcome. Much of the future-oriented financial information is based on these assumptions, best estimates, and judgment and gives due consideration to materiality. An important limitation to note for the 2012-13 results is that they do not factor in the effect of potential reductions in TSB funding arising from Budget 2012 as this amount is not yet known.

At the time of preparation of this future-oriented information, management believes the estimates and assumptions to be reasonable. However, as with all such assumptions, there is a measure of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends.

The actual results achieved for the fiscal year covered in the accompanying future-oriented information will vary from the information presented and the variations may be material.

**Wendy A. Tadros**

Chair

Gatineau, Canada

March 15, 2012

**Chantal Lemyre, CGA**

Chief Financial Officer

# TRANSPORTATION SAFETY BOARD OF CANADA

## Future-oriented Statement of Financial Position (Unaudited)

	Planned Results 2013	Estimated Results 2012
<b>As at March 31</b> (in thousands of dollars)		
<b>Assets</b>		
<b>Financial assets</b>		
Due from the Consolidated Revenue Fund	1,802	1,764
Accounts receivable and advances (note 6)	48	98
<b>Total financial assets</b>	<b>1,850</b>	<b>1,862</b>
<b>Non-financial assets</b>		
Prepaid expenses	91	86
Inventory	86	130
Tangible capital assets (note 7)	4,922	4,853
<b>Total non-financial assets</b>	<b>5,099</b>	<b>5,069</b>
<b>TOTAL Assets</b>	<b>6,949</b>	<b>6,931</b>
<b>Liabilities and Equity of Canada</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities (note 8)	1,748	1,848
Vacation pay and compensatory leave	1,014	990
Employee future benefits (note 9)	3,053	3,287
<b>TOTAL Liabilities</b>	<b>5,815</b>	<b>6,125</b>
<b>Equity of Canada</b>	<b>1,134</b>	<b>806</b>
<b>TOTAL Liabilities and Equity of Canada</b>	<b>6,949</b>	<b>6,931</b>

Contingent liabilities (note 10)

Contractual obligations (note 11)

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

**Wendy A. Tadros**

Chair

Gatineau, Canada

March 15, 2012

**Chantal Lemyre, CGA**

Chief Financial Officer

# TRANSPORTATION SAFETY BOARD OF CANADA

## Future-oriented Statement of Operations (Unaudited)

<b>For the year ending March 31</b>	<b>Planned Results 2013</b>	<b>Estimated Results 2012</b>
(in thousands of dollars)		
<b>Expenses</b>		
Air investigations	15,988	16,296
Marine investigations	5,089	5,190
Rail investigations	5,373	5,482
Pipeline investigations	540	549
Internal services	7,810	7,839
<b>TOTAL Expenses</b>	<b>34,800</b>	<b>35,356</b>
<b>Revenues</b>		
Air investigations	7	9
Marine investigations	1	4
Rail investigations	7	3
Pipeline investigations	-	-
Internal services	11	18
<b>TOTAL Revenues</b>	<b>26</b>	<b>34</b>
<b>Net Cost of Operations</b>	<b>34,774</b>	<b>35,322</b>

Segmented information (note 13)

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

# TRANSPORTATION SAFETY BOARD OF CANADA

## Future-oriented Statement of Equity of Canada (Unaudited)

For the year ending March 31

(in thousands of dollars)

	Planned Results 2013	Estimated Results 2012
<b>Equity of Canada, beginning of the year</b>	806	(60)
Net cost of operations	(34,774)	(35,322)
Net cash provided by the Government of Canada	31,245	32,439
Change in Due from the Consolidated Revenue Fund	38	(81)
Services received without charge (note 12)	3,819	3,830
<b>Equity of Canada, end of the year</b>	<b>1,134</b>	<b>806</b>

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

# TRANSPORTATION SAFETY BOARD OF CANADA

## Future-oriented Statement of Cash Flows (Unaudited)

	<b>Planned Results 2013</b>	<b>Estimated Results 2012</b>
<b>For the year ending March 31</b> (in thousands of dollars)		
<b>Operating activities</b>		
<b>Net cost of operations</b>	34,774	35,322
Non-cash items:		
Services received without charge (note 12)	(3,819)	(3,830)
Amortization of tangible capital assets	(891)	(938)
Net loss on disposal and write-off of tangible capital assets	(15)	(17)
Variations in Future-oriented Statement of Financial Position:		
Increase (decrease) in accounts receivable and advances	(50)	70
Increase in prepaid expenses	5	7
Increase (decrease) in inventory	(44)	17
Decrease in liabilities	310	930
<b>Cash used for operating activities</b>	30,270	31,561
<b>Capital investing activities</b>		
Acquisition of tangible capital assets	998	906
Proceeds from the disposal of tangible capital assets	(23)	(28)
<b>Cash used for capital investing activities</b>	975	878
 <b>Net cash provided by the Government of Canada</b>	 31,245	 32,439

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

# TRANSPORTATION SAFETY BOARD OF CANADA

## Notes to the Future-oriented Financial Statements

### 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.

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

- Air
- Marine
- Rail
- Pipeline

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 program activity also contributes to the achievement of TSB's strategic outcome. This program activity includes the functions and resources required to support the needs of the program activities of the four transportation modes and to meet the department's corporate obligations in areas such as human resources, finance, administration, information management and information technology.

# TRANSPORTATION SAFETY BOARD OF CANADA

## 2. Methodology and Significant Assumptions

The future-oriented financial statements have been prepared on the basis of government policies, priorities and the external environment as at March 15, 2012. The statements have been prepared according to the requirements of Treasury Board Accounting Policies which are based on Canadian generally accepted accounting principles for the public sector. They have been prepared on the assumption that the resources provided will enable TSB to deliver the expected results specified in the Report on Plans and Priorities. The forecasting of future information was compiled on the basis of historical costs and trends.

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

While every attempt has been made to accurately forecast final results for 2011-12 and 2012-13, actual results achieved are likely to vary from the forecast information presented, and this variation could be material. Once the Report on Plans and Priorities is presented, TSB 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.

## 4. Summary of Significant Accounting Policies

The future-oriented financial statements have been prepared in accordance with Treasury Board accounting policies in effect for the 2011-12 fiscal year. These accounting policies stated below, are based on Canadian generally accepted accounting principles for the public sector. The presentation and results using the stated accounting policies do not result in any significant differences from Canadian generally accepted accounting principles.

Significant accounting policies are as follows:

### ***(a) Parliamentary authorities***

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

### ***(b) Net Cash Provided by the Government of Canada***

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.

## **TRANSPORTATION SAFETY BOARD OF CANADA**

### ***(c) Due from the Consolidated Revenue Fund***

Amounts due from the CRF are the result of timing differences at year-end between when a transaction affects appropriations and when it is processed through the CRF. Amount due from the CRF represents the net 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 revenue takes place.

### ***(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 for accommodation, administration of workers' compensation, the employer's contribution to health and dental insurance plans, and external audit services 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 and advances***

Accounts receivables and advances are stated at the lower of cost and net recoverable value.

### ***(h) Inventories***

Inventories consist of parts, material and supplies held for future program delivery and not intended for resale. They are valued at cost using the average cost method. If they no longer have service potential, they are valued at the lower of cost or net realizable value.



## TRANSPORTATION SAFETY BOARD OF CANADA

### ***(i) Tangible capital assets***

All tangible capital assets having an initial cost of \$2,000 or more are recorded at their acquisition cost. In addition, acquisitions of all general-purpose furniture and informatics hardware are recorded as tangible capital assets.

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

<b>Tangible Capital Asset Class</b>	<b>Amortization Period</b>
Building	40 years
Furniture	10 years
Office equipment and tools	5 years
Laboratory equipment	15 years
Informatics hardware	4 years
Informatics software (purchased)	7 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
Betterments	Over the useful life of the asset to which the improvement was made or the useful life of the betterment if significantly shorter.

### ***(j) Contingent liabilities***

Contingent liabilities are potential liabilities which 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 an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

### ***(k) Measurement uncertainty***

The preparation of these future-oriented financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the future-oriented financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. Actual results could significantly differ from those estimated.

## TRANSPORTATION SAFETY BOARD OF CANADA

### 5. Parliamentary Authorities

The TSB receives its funding through annual Parliamentary authorities. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary authorities 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:

<b>(a) Authorities requested:</b>	<b>Planned Results 2013</b>	<b>Estimated Results 2012</b>
(in thousands of dollars)		
<b>Operating expenditures - Vote 10</b>	26,479	26,730
Transfer from TB - Vote 15- Compensation adjustments	222	433
Transfer from TB - Vote 25- Operating Budget Carry Forward	925	1,318
Transfer from TB- Vote 30- Paylist requirements	-	1,104
Statutory contributions to employee benefit plans	3,619	3,779
<b>Forecasted authorities available</b>	<b>31,245</b>	<b>33,364</b>

Authorities presented reflect current forecasts of statutory items, approved initiatives included and expected to be included in Estimates documents and, when reasonable estimates can be made, estimates of amounts to be allocated from Treasury Board Central votes.

<b>(b) Reconciliation of net cost of operations to requested authorities:</b>	<b>Planned Results 2013</b>	<b>Estimated Results 2012</b>
(in thousands of dollars)		
<b>Net cost of operations</b>	34,774	35,322
<i>Adjustments for items affecting net cost of operations but not affecting authorities:</i>		
<i>Add (Less):</i>		
Services received without charge	(3,819)	(3,830)
Amortization of tangible capital assets	(891)	(938)
Net loss on disposal and write-off of tangible capital assets	(15)	(17)
Employee severance benefits	234	921
Vacation pay and compensatory leave	(24)	17
Miscellaneous revenues	26	34
	30,285	31,509
<i>Adjustments for items not affecting net cost of operations but affecting authorities:</i>		
<i>Add (Less):</i>		
Acquisition of tangible capital assets	998	906
Increase (decrease) in prepaid expenses	5	7
Increase (decrease) in inventory	(44)	17
	31,245	32,439
Forecasted current year lapse		925
<b>Forecasted authorities available</b>	<b>31,245</b>	<b>33,364</b>

## TRANSPORTATION SAFETY BOARD OF CANADA

### 6. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

(in thousands of dollars)	<b>Planned Results 2013</b>	<b>Estimated Results 2012</b>
Receivables from other Federal Government departments and agencies	25	77
Receivables from external parties	13	11
Employee advances	10	10
<b>TOTAL</b>	<b>48</b>	<b>98</b>

### 7. Tangible Capital Assets

(in thousands of dollars)	Cost				Accumulated Amortization				Net Book Value	
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2013	2012
Building	2,142	249	0	2,391	2,072	77	0	2,149	242	70
Furniture	899	47	140	806	390	100	144	346	460	509
Office equipment and tools	77	26	62	41	33	5	20	18	23	44
Laboratory equipment	2,485	60	167	2,378	1,634	93	167	1,560	818	851
Informatics hardware	1,914	215	473	1,656	1,445	264	473	1,236	420	469
Informatics software (purchased)	684	49	30	703	570	43	30	583	120	114
Informatics software (in-house developed)	3,400	251	0	3,651	1,262	229	0	1,491	2,160	2,138
Motor vehicles	639	89	75	653	328	39	75	292	361	311
Other vehicles	102	0	0	102	62	7	0	69	33	40
Leasehold improvements	606	12	0	618	576	30	0	606	12	30
Betterments	851	0	0	851	574	4	0	578	273	277
<b>TOTAL</b>	<b>13,799</b>	<b>998</b>	<b>947</b>	<b>13,850</b>	<b>8,946</b>	<b>891</b>	<b>909</b>	<b>8,928</b>	<b>4,922</b>	<b>4,853</b>

## TRANSPORTATION SAFETY BOARD OF CANADA

### 8. Accounts Payable and Accrued Liabilities

The following table presents details of accounts payable and accrued liabilities:

(in thousands of dollars)	<b>Planned Results 2013</b>	<b>Estimated Results 2012</b>
Accounts payable to other government departments and agencies	426	362
Accounts payable to external parties	753	858
Accrued liabilities	1,179	1,220
<b>TOTAL</b>	<b>1,748</b>	<b>1,848</b>

### 9. 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 2012-13 TSB forecasted expense amounts to \$2,592,587 (\$2,655,184 forecasted in 2011-12).

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)	<b>Planned Results 2013</b>	<b>Estimated Results 2012</b>
Accrued benefit obligation, beginning of year	3,287	4,208
Expense for the year	201	201
Expected benefit payments during the year	(435)	(1,122)
<b>Accrued benefit obligation, end of year</b>	<b>3,053</b>	<b>3,287</b>

## TRANSPORTATION SAFETY BOARD OF CANADA

In the 2011 Budget, the Government of Canada announced its intention to revise its employee benefits package to eliminate severance benefits payable upon voluntary separation or retirement of an employee. Collective agreements reflecting this change in employee benefits have been signed with certain bargaining agents. As a result, these employees have been provided the option to be paid in full or a portion of their severance entitlement beginning in fiscal year 2011-12 or to defer payment to a future year. The estimated payout and reduction to the TSB's employee severance liability from this government-wide event has resulted in a significant reduction to the TSB's estimated accrued benefit obligation.

### 10. Contingent Liabilities

In the normal course of its operations, the TSB becomes involved in 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, 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. The TSB does not anticipate any contingent liabilities for 2011-12 or 2012-13.

### 11. 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.

Contractual obligations as at March 31, 2012 represent a total of \$444,347, broken down as follows:

(in thousands of dollars)	2011-12	2012-13	2013-14	2014-15	2015-16
<b>Acquisition of goods and services</b>	<b>431</b>	<b>13</b>	-	-	-

### 12. 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 receives services which are obtained without charge from other Government departments.

#### ***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.

## TRANSPORTATION SAFETY BOARD OF CANADA

These services without charge have been recognized in the TSB's Future-oriented Statement of Operations as follows with a corresponding amount in the Equity of Canada:

(in thousands of dollars)	<b>Planned Results 2013</b>	<b>Estimated Results 2012</b>
Accommodation	1,925	1,940
Employer's contribution to health and dental insurance plans	1,777	1,769
External audit services	94	99
Administration of workers' compensation	23	22
<b>TOTAL</b>	<b>3,819</b>	<b>3,830</b>

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 Future-oriented Statement of Operations given that a reasonable amount for those types of services cannot be determined.

### 13. Segmented Information

Presentation by segment is based on the TSB's program activity architecture. The presentation by segment is based on the same accounting policies as described in the Summary of significant accounting policies in note 2. The following table presents the expenses incurred and revenues generated for the main program activities, by major object of expenses and by major type of revenues.

## TRANSPORTATION SAFETY BOARD OF CANADA

The segment results for the period are as follows:

**For the year ending March 31**

(in thousands of dollars)	<b>2013</b>						<b>2012</b>
<b>Operating expenses</b>	<b>Air</b>	<b>Marine</b>	<b>Rail</b>	<b>Pipeline</b>	<b>Internal services</b>	<b>Total</b>	<b>Total</b>
<b>Salaries and wages</b>	9,909	3,207	3,345	331	3,766	20,558	20,755
<b>Employee benefits</b>	2,488	856	804	104	933	5,185	5,621
<b>Professional and special services</b>	1,131	193	367	30	1,130	2,851	2,832
<b>Transportation and communications</b>	664	311	308	26	600	1,909	2,004
<b>Accommodation</b>	793	319	288	21	504	1,925	1,940
<b>Amortization</b>	294	84	90	9	414	891	938
<b>Repairs and maintenance</b>	290	22	50	7	146	515	547
<b>Utilities, materials, supplies and equipment</b>	219	35	57	4	85	400	368
<b>Information</b>	118	46	40	7	23	234	158
<b>Rentals</b>	79	16	23	1	198	317	176
<b>Net loss on disposal and write-off of tangible capital assets</b>	3	0	1	0	11	15	17
<b>TOTAL Expenses</b>	15,988	5,089	5,373	540	7,810	34,800	35,356
<b>Miscellaneous revenues</b>	7	1	7	0	11	26	34
<b>TOTAL Revenues</b>	7	1	7	0	11	26	34
<b>Net cost of operations</b>	15,981	5,088	5,366	540	7,799	34,774	35,322