

# Statement of Management Responsibility

## TRANSPORTATION SAFETY BOARD OF CANADA

Responsibility for the compilation, content, and presentation of the accompanying future-oriented statement of operations 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. As per Treasury Board Secretariat guidance, the TSB has prepared a future-oriented statement of operations rather than a complete set of future-oriented financial statements for the first year.

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. 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 statement of operations will vary from the information presented and the variations may be material.

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*Wendy A. Tadros*  
Chair

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*Chantal Lemyre, CGA*  
Chief Financial Officer

Gatineau, Canada  
**February 4, 2011**

## Future-oriented Statement of Operations (Unaudited)

### TRANSPORTATION SAFETY BOARD OF CANADA

For the year ended March 31	Forecast	Estimated
(in thousands of dollars)	2012	Results 2011
<b>Expenses</b>		
Air investigations	14,659	14,825
Marine investigations	6,356	6,412
Rail investigations	5,410	5,605
Pipeline investigations	618	624
Internal services	7,831	8,335
<b>TOTAL Expenses</b>	<b>34,874</b>	<b>35,801</b>
<b>Revenues</b>		
Air investigations	8	9
Marine investigations	3	3
Rail investigations	2	2
Pipeline investigations	1	1
Internal services	4	4
<b>TOTAL Revenues</b>	<b>18</b>	<b>19</b>
<b>Net Cost of Operations</b>	<b>34,856</b>	<b>35,782</b>

The accompanying notes form an integral part of this statement.

# Notes to the Future-oriented Statement of Operations (Unaudited)

## 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.

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

- Marine
- Pipeline
- Rail
- Air

Within each program activity, 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 activities of the Board, Communications and Legal Services are an integral component of the program activities of the four transportation modes and hence their financial and human resources are presented within those activities.

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.

### 2. Underlying Assumptions

The future-oriented statement of operations has been prepared on the basis of government policies, priorities and the external environment as at February 4, 2011. The statement has been prepared according to the requirements of Treasury Board Accounting Policies which are based on Canadian generally accepted accounting principles for the public sector. It has 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 results 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 2010-11 and 2011-12, 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. Significant accounting policies

The future-oriented statement of operations has 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 are not necessarily the same as those provided through appropriations from Parliament. Note 5 provides a high-level reconciliation between the two bases of reporting.

#### ***(b) Forecasted Revenues***

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

#### ***(c) Forecasted 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 provided without charge by other government departments are recorded as operating expenses at their estimated cost.

#### ***(d) 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.

#### ***(e) Measurement uncertainty***

The preparation of future-oriented financial information requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses reported in the future-oriented statement of operations. Assumptions 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. At the time of preparation of the financial statement, management believes the estimates and assumptions to be reasonable. Nonetheless, as with all such estimates and assumptions, there is a measure of uncertainty surrounding them. This uncertainty increases as the forecast horizon extends.

## 5. Parliamentary appropriations

The TSB receives its funding through annual Parliamentary appropriations. Items recognized in the statement of operations 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:*

	Forecast	Estimated
<i>(in thousands of dollars)</i>	2012	Results 2011
<b>Net cost of operations</b>	<b>34,856</b>	35,782
<i>Adjustments for items affecting net cost of operations but not affecting appropriations:</i>		
<i>Add (Less):</i>		
Services received without charge	(3,780)	(3,685)
Amortization of tangible capital assets	(1,052)	(1,025)
Net loss on disposal and write-off of tangible capital assets	(18)	(19)
(Increase) decrease in employee severance benefits	(23)	27
(Increase) decrease in vacation pay and compensatory leave	(23)	1
Miscellaneous revenues	18	19
	<b>29,978</b>	31,100
<i>Adjustments for items not affecting net cost of operations but affecting appropriations:</i>		
<i>Add (Less):</i>		
Acquisition of tangible capital assets	608	508
Increase in prepaid expenses	54	58
Increase (decrease) inventory	(14)	(6)
<b>Forecasted use of authorities</b>	<b>30,626</b>	31,660

*(b) Parliamentary appropriations provided and used:*

	Forecast	Estimated
<i>(in thousands of dollars)</i>	2012	Results 2011
<b>Vote 10 - CTAISB Operating expenditures</b>	<b>25,633</b>	25,633
Transfer from Treasury Board - Vote 15	1,050	1,509
Transfer from Treasury Board - Vote 25	250	969
Transfer from Treasury Board - Vote 30	-	180
Statutory contributions to employee benefit plans	3,693	3,619
<b>Total authorities</b>	<b>30,626</b>	31,910
Less: Lapsed appropriations - Operating		(250)
<b>Forecasted use of authorities</b>	<b>30,626</b>	31,660

## 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 2011-12 TSB forecasted expense amounts to \$2,425,347 (\$2,483,332 forecasted in 2010-11).

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 for March 31, is as follows:

	Forecast	Estimated Results
(in thousands of dollars)	2012	2011
Employee severance benefits, beginning of year	4,138	4,165
Expense for the year recorded as employee benefits	461	439
Benefits paid during the year	(438)	(466)
<b>Employee severance benefits, end of year</b>	<b>4,161</b>	<b>4,138</b>

## 7. 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 as follows:

### *Services received without charge:*

During the year, the TSB receives 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 estimated in the TSB's Statement of Operations as follows :

	Forecast	Estimated Results
(in thousands of dollars)	2012	2011
Accommodation	1,948	1,945
Employer's contribution to health and dental insurance plans	1,719	1,630
External audit services	91	88
Administration of workers' compensation	22	22
<b>TOTAL</b>	<b>3,780</b>	<b>3,685</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 Statement of Operations given that a reasonable amount for those types of services cannot be determined.

## 8. Segmented information

The following table presents the forecasted expenses and revenues for the TSB's program activities by category:

(in thousands of dollars)	Forecast					Estimated Results
	Air investigations	Marine investigations	Rail investigations	Pipeline investigations	Internal services	
	2011	2012	2013	2014	2015	2011
Salaries and wages	9,072	3,418	3,418	409	3,683	21,593
Employee benefits	2,410	908	908	109	978	5,244
Professional and special services	805	258	78	12	1,491	2,746
Transportation and communications	634	359	348	31	610	1,999
Accommodation	979	396	354	31	188	1,945
Amortization	304	133	116	11	488	1,025
Repairs and maintenance	160	77	58	5	213	560
Utilities, materials, supplies and equipment	139	58	77	6	126	418
Information	79	28	29	2	6	136
Rentals	70	35	22	1	43	116
Net loss on disposal and write-off of tangible capital assets	7	3	3	0	6	19
<b>TOTAL Expenses</b>	<b>14,659</b>	<b>6,356</b>	<b>5,410</b>	<b>618</b>	<b>7,831</b>	<b>35,801</b>
Miscellaneous revenues	8	3	2	1	4	19
<b>TOTAL Revenues</b>	<b>8</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>4</b>	<b>19</b>
<b>Net cost of operations</b>	<b>14,651</b>	<b>6,353</b>	<b>5,408</b>	<b>617</b>	<b>7,827</b>	<b>35,782</b>