

CANADIAN INTERNATIONAL TRADE TRIBUNAL
Future-oriented Financial Statements for the Years Ending March 31, 2011, and 2012

Statement of Management Responsibility

The Tribunal's management is responsible for these future-oriented financial statements, including the appropriateness of the assumptions on which these statements are based. These statements were prepared using the best information available and assumptions adopted as of February 4, 2011, and reflect the plans described in the Report on Plans and Priorities.

The Tribunal's future-oriented financial statements have not been audited.

Serge Fréchette

Serge Fréchette
Acting Chairperson

Steve Malouin

Steve Malouin
Acting Chief Financial Officer

Ottawa, Canada

February 1, 2011

Date

CANADIAN INTERNATIONAL TRADE TRIBUNAL
Future-oriented Statement of Operations (unaudited)
For the year ended March 31

	Forecast 2011-2012	Estimated 2010-2011
	<i>(in thousands of dollars)</i>	
Expenses		
Adjudication of trade cases (quasi-judicial role)	8,891	8,872
General economic inquiries and references (advisory role)	141	141
Internal services	<u>5,080</u>	<u>5,069</u>
Total expenses	<u>14,112</u>	<u>14,082</u>
Revenues		
Adjudication of trade cases (quasi-judicial role)	1	1
General economic inquiries and references (advisory role)	0	0
Internal services	<u>0</u>	<u>0</u>
Total revenues	<u>1</u>	<u>1</u>
Net cost of operations	<u>14,111</u>	<u>14,081</u>

Information for the year ended March 31, 2011, includes actual amounts from April 1 to December 31, 2010.
Segmented information (Note 9).

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

CANADIAN INTERNATIONAL TRADE TRIBUNAL

Notes to the Financial Statements (unaudited)

(1) Authority and Objectives

The Tribunal's objectives are to ensure that Canada can rely on a fair and efficient trade remedies system and that the Government of Canada, through the Tribunal's fact-finding inquiries and standing references, can formulate strategies aimed at making Canadian producers more competitive in the global trade environment.

The Tribunal operates under the authority of the *Canadian International Trade Tribunal Act*. It is also governed by the following statutes, regulations and rules: *Customs Act*, *Excise Tax Act*, *Special Import Measures Act*, *Energy Administration Act*, *Canadian International Trade Tribunal Regulations*, *Canadian International Trade Tribunal Procurement Inquiry Regulations* and *Canadian International Trade Tribunal Rules*.

The Tribunal's strategic outcome is the fair, timely and transparent disposition of international trade cases, procurement cases and government-mandated inquiries within the Tribunal's jurisdiction.

The Tribunal has three program activities:

- Adjudication of Trade Cases (quasi-judicial role)
- General Economic Inquiries and References (advisory role)
- Internal Services

In its quasi-judicial role, the Tribunal inquires into trade-related complaints (i.e. dumping, subsidizing and safeguards) and complaints regarding federal government procurement. The Tribunal hears appeals from decisions of the Minister of National Revenue and the Canada Border Services Agency under the *Excise Tax Act* and the *Customs Act* respectively.

In its advisory role, the Tribunal undertakes general economic inquiries and tariff references for the Minister of Finance or the Governor in Council.

Internal Services are groups of related activities and resources that are administered to support the needs of the program and other corporate obligations of an organization. Internal Services include only those activities and resources that apply across an organization and not to those provided specifically to a program.

(2) Underlying Assumptions

The future-oriented financial statements have been prepared on the basis of the Government's priorities and the Tribunal's plans as described in the Report on Plans and Priorities.

The main assumptions are as follows:

- (a) The Tribunal's activities will remain substantially the same as in the previous year.
- (b) The statements were prepared according to the requirements of Treasury Board's accounting policies, which are based on Canadian generally accepted accounting principles for the public sector.
- (c) Expenses and revenues are based on historical experience. The general historical pattern is expected to continue.
- (d) Estimated year-end information for 2010-2011 is used as the opening position for the 2011-2012 forecasts.

These assumptions were adopted as of February 4, 2011.

(3) Variations and Changes to the Forecast Financial Information

While every attempt has been made to accurately forecast final results for the remainder of 2010-2011 and for 2011-2012, actual results achieved for both years are likely to vary from the forecast information presented, and this variation could be material.

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

Once the Report on Plans and Priorities is presented, the Tribunal 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's accounting policies stated below, which 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.

The significant accounting policies are as follows:

- (a) **Parliamentary authorities:** The Tribunal is financed by the Government of Canada through Parliamentary authorities. Financial reporting of authorities provided to the Tribunal do not parallel financial reporting according to generally accepted accounting principles since authorities are primarily based on cash flow requirements. Consequently, items recognized in the future-oriented Statement of Operations are not necessarily the same as those provided through authorities from Parliament. Note 5 provides a reconciliation between the bases of reporting.

- (b) **Net cash provided by the Government:** The Tribunal operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Tribunal is deposited to the CRF, and all cash disbursements made by the Tribunal are paid from the CRF. The net cash provided by the Government is the difference between all cash receipts and all cash disbursements, including transactions between departments of the federal government.
- (c) **Forecasted revenues:** Forecasted revenues are recorded on an accrual basis and accounted for in the period in which the underlying transaction or event that gave rise to the revenues occurred.
- (d) **Forecasted expenses:** Forecasted expenses are recorded on an accrual basis.

Vacation pay and compensatory leave are expensed as the benefits accrued to employees under their respective terms of employment.

Services provided without charge by other government departments for accommodation and the employer's contributions to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(e) **Employee future benefits**

- i. **Pension benefits:** Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Tribunal's contributions to the plan are charged to expenses incurred in the year and represent the total departmental obligation to the plan. Current legislation does not require the Tribunal to make contributions for any actuarial deficiencies of the plan.
 - ii. **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.
- (f) **Accounts receivables and advances** are stated at amounts expected to be ultimately realized.
 - (g) **Contingent liabilities** are potential liabilities that may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the future-oriented financial information.
 - (h) **Tangible capital assets** having an initial cost of \$5,000 or more are recorded at their acquisition costs. The Tribunal does not capitalize intangible assets, works of art and historical treasures that have cultural, aesthetic or historical value. Amortization of capital assets is done on a straight-line basis over the estimated useful life of the capital asset as follows:

Asset Class	Amortization Period
Computer hardware	3 to 5 years
Machinery and equipment	5 to 15 years

- (i) **Measurement uncertainty:** The preparation of the future-oriented financial information requires management to make estimates and assumptions that affect the reported amounts of all the assets, liabilities, revenues and expenses reported in the future-oriented financial statements. Assumptions are based upon 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 departmental mandate and strategic objectives. At the time of preparation of the future-oriented financial statements, management believed 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 Tribunal receives most of 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 Tribunal's net results of operations for the year are different when recorded on a government funding basis rather than on an accrual accounting basis.

The differences are reconciled in the following table:

Reconciliation of Net Cost of Operations to Appropriations Used

	Forecast 2011-2012	Estimated 2010-2011
	<i>(in thousands of dollars)</i>	
Net cost of operations	14,111	14,081
Adjustments for items affecting net cost of operations but not affecting authorities:		
Add (Less)		
Amortization of tangible capital assets (Note 6)	(60)	(42)
Employee severance benefits (Note 7b)	(105)	332
Revenue not available for spending	1	1
Services provided without charge by other government departments (Note 8)	(2,833)	(2,786)
	(2,997)	(2,495)
Adjustments for items not affecting net cost of operations but affecting authorities		
Acquisition of tangible assets (Note 6)	(50)	(52)
	(50)	(52)
Forecast current-year lapse	409	1,232
Forecast authorities available	11,473	12,766

(6) Tangible Capital Assets

The following table presents details of tangible capital assets:

Capital Asset Class	Cost				Accumulated Amortization				Forecasted Net Book Value	
	Opening Balance	Acquisitions	Disposals and Write-offs	Closing Balance	Opening Balance	Amortization	Disposals and Write-offs	Closing Balance	2012	2011
	<i>(in thousands of dollars)</i>									
Machinery and equipment	99	26	0	125	20	12	0	32	93	79
Computer hardware	435	24	0	459	104	48	0	152	307	331
Total	534	50	0	584	124	60	0	184	400	410

(7) Employee Future Benefits

(a) **Pension benefits:** The Tribunal'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 are indexed to inflation.

Both the employees and the Tribunal contribute to the plan. The forecasted expenses are \$1,029,000 in 2010-2011 and \$915,000 in 2011-2012.

The Tribunal'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 Tribunal 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. The liability for severance for 2010-2011 is estimated to \$1,471,000. The estimated amount for 2011-2012 is \$1,576,000. Information about the severance benefits, measured as of March 31, is as follows:

	Forecast 2011-2012	Estimated 2010-2011
	<i>(in thousands of dollars)</i>	
Accrued benefit obligation, beginning of year	1,471	1,803
Accrued expense for the year	105	(332)
Accrued benefit obligation, end of year	<u>1,576</u>	<u>1,471</u>

(8) Related Party Transactions

The Tribunal is related, as a result of common ownership, to all Government of Canada departments, agencies and Crown corporations. The Tribunal enters into transactions with these entities in the normal course of business and on normal trade terms. During the year, the Tribunal receives services without charge from other government departments, as presented below.

	Forecast 2011-2012	Estimated 2010-2011
	<i>(in thousands of dollars)</i>	
Accommodation	2,062	2,040
Employer's contribution to the health and dental insurance plans	<u>771</u>	<u>746</u>
Total	<u>2,833</u>	<u>2,786</u>

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 departments without charge. The costs of these services, which include payroll and cheque issuance services provided by the Department of Public Works and Government Services and audit services provided by the Office of the Auditor General, are not included as an expense in the Statement of Operations.

(9) **Segmented information**

The following table presents details of expenses by category and by program activity:

	Estimated 2010-2011	Adjudication of Trade Cases (quasi- judicial role)	General Economic Inquiries and References (advisory role)	Internal Services	Forecast 2011-2012
	<i>(in thousands of dollars)</i>				
Expenses					
Salaries and employee benefits	10,086	6,386	3,649	101	10,136
Accommodation	2,040	1,299	742	21	2,062
Professional services	1,050	559	320	9	888
Repairs and maintenance	212	123	70	2	195
Acquisition of equipment	177	122	69	2	193
Materials and supplies	97	111	63	2	176
Transportation	140	101	58	2	161
Telecommunications	150	81	46	1	128
Information	43	43	24	1	68
Amortization	42	38	22	0	60
Rental	45	28	17	0	45
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total expenses	14,082	8,891	5,080	141	14,112
Revenues					
Other revenue	<u>1</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Net cost of operations	14,081	8,890	5,080	141	14,111