Office of the Commissioner for Federal Judicial Affairs

2005-2006

Departmental Performance Report

The Honourable Vic Toews, P.C., Q.C., M.P.
Minister of Justice and Attorney General of Canada

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SECTION I – OVERVIEW

Commissioner's Message

I am pleased to submit the Performance Report for the Office of the Commissioner for Federal Judicial Affairs for the period ending March 31, 2006.

Our restructuring process is in progress. The expectation is that changes in service delivery mechanisms will result in a more flexible, but highly effective organization. In line with government-wide initiatives, the Office is upgrading its core administration management system and has instituted modern comptrollership.

We continue to strive toward optimal support for federal judicial activities through five strategic directions: develop organizational capacity; build a strong, integrated team; improve service delivery; enhance communications; and manage information.

David Gourdeau

Management Representation Statement

I submit for tabling in Parliament, the 2005-2006 Departmental Performance Report (DPR) for The Office of the Commissioner for Federal Judicial Affairs.

This document has been prepared based on the reporting principles contained in the *Guide for the preparation of 2005-2006 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the TBS guidance;
- It is based on the department's approved Program Activity Architecture as reflected in its MRRS;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada in the DPR.

David Gourdeau

Commissioner for Federal Judicial Affairs

Summary Information

Department's Raison d'être

Mission Statement

We support judicial independence by providing services to the federal judiciary. These services include:

- **Administration of the judicial appointments process**
- **Provision of compensation, pension and benefits**
- **Support of the judicial intranet**
- **Management of language training**
- **Publishing of Federal Courts Reports**
- **Provision of administrative support to the Canadian Judicial Council**

Vision Statement

FJA will be recognized as a best-in-class service provider to the Canadian Judiciary. As an exemplary workplace, we value our colleagues, our clients, our partners. We will exceed client expectation.

Results for Canadians

There are 1,039 judges in Canada who are appointed by the federal government to the superior courts in the provinces and territories and to specialized courts such as the Federal Court of Appeal, the Federal Court and the Tax Court of Canada. These courts play a vital role in protecting citizens' rights and ensuring governments adhere to the rules of law and justice. FJA supports an independent judiciary and provides language training that enhances the capabilities of the judiciary.

FJA publishes the *Federal Courts Reports*, which are the official, bilingual reports of decisions, or parts of decisions of the Federal Court and Federal Court of Appeal, that are considered to be of sufficient significance to warrant publication. FJA also provides administrative support to the Canadian Judicial Council.

FJA facilitates an efficient and effective judicial appointments process. The Secretariat received and processed 497 applications and arranged for 57 advisory committee meetings. The Advisory Committees assessed a total of 750 candidates, which included applications received in the previous reporting period, the results of which were certified by the Executive Director, Judicial Appointments and provided to the Minister.

Promoting the principles of judicial independence, and efficient and transparent court systems internationally ensures protection of Canada's interests abroad and enhances Canada's visibility internationally.

Financial Resources

Planned Spending	Total Authorities	Actual Spending
$351,731,000	$352,125,012	$351,797,249

Human Resources

Planned	Actual	Difference
69	68	1

Departmental Priorities

Strategic Outcomes	2005–2006 Priorities/ Commitments	Type	Planned Spending	Actual Spending	Expected Results and Current Status
To protect and promote the independence and efficiency of the federal judiciary by providing a full line of administrative support services, as provided under the *Judges Act*.	1.Develop organizational capacity.	ongoing	$ .1 M	$ .1	ongoing
	2. Build a strong, integrated team.	ongoing	$ .1 M	$ .1	ongoing
	3. Improve service delivery.	ongoing	$ .5 M	$ .3	ongoing
	4. Enhance Communications .	ongoing	$ .1 M	$ .1	ongoing
	5. Manage Information	ongoing	$ .2 M	$ .5	ongoing

Overall Departmental Performance

FJA had planned on embarking on a major Transformation Initiative in 2005-2006. Changes in priorities as well as changes in the administrative directions provided from the Treasury Board Secretariat have caused a re-evaluation of the original plan of action. Our plan now reflects significant improvements to our three core programs: Judges Language Training, Judicial Resource Management and Judicial Appointments. These programs will also be supported by enhancements to our horizontal corporate services of Human Resources, Communications, Corporate Planning, Information Systems, Information Management and Security. It is expected

that we will approach Treasury Board Secretariat for funding to facilitate the implementation of the above initiatives.

A small but important number of results have been achieved, such as the implementation of the business planning process, the implementation of the new Language Training Program Governance structure as approved by the Canadian Judicial Council and a Business Resumption Plan has been developed and implemented.

The department also organized and administered the process for the recent judicial appointment to the Supreme Court of Canada. This new process was used for the first time, had participation from all of the major political parties and was well accepted.

The department was implicated in the cost reduction exercise coordinated by Public Works and Government Services Canada through a change in the procurement practices by absorbing a $100,000 reduction in our operating budget.

In the area of International Cooperation, the 5-year project for Court Administration Reform in Ethiopia was completed. A new 4-year agreement with the Canadian International Development Agency (CIDA) was signed to assist with judicial reform in Russia. FJA has also entered into a third party arrangement with the National Judicial Institute to provide assistance with judicial reform in China.

The department was also successful in implementing the required components of the *Public Service Modernization Act*. Its linkages with external partners (e.g. Canada School of Public Service, HR Co-op) have provided the organization with opportunities to leverage its capacity to successfully meet its fairly aggressive implementation schedule.

The department has been commended on the quality of the 2005-2006 Classification Monitoring Report by the Public Services Human Resources Management Agency of Canada (PSHRMAC). The department has also been informed that the 2005-2006 Public Service Commission Annual Report will include a recognition of the Office of the Commissioner for Federal Judicial Affairs as a top performing organization based on an assessment of organizational performance on the elements of governance, policy, communication and control.

SECTION II – ANALYSIS OF PROGRAM ACTIVITIES BY STRATEGIC OUTCOME

Strategic Outcome

To protect and promote the independence and efficiency of the federal judiciary by providing a full line of administrative support services, as provided for under the *Judges Act*.

Expected Results:

- Intermediate Outcomes

To remain a major pillar of the Canadian judiciary by providing top quality, reliable and comprehensive services;

To maintain, and enhance where possible, FJA partnerships with judicial organizations both within Canada and outside Canada; and

To constantly improve and tailor FJA systems and procedures, and use the best proven technology available to meet the needs of clients.

- Immediate Outcomes

To improve the ability of FJA to respond to the needs of the members of the judiciary which will allow the judges to continue to play a vital role in protecting citizens' rights and ensuring governments adhere to the rules of law and justice.

Plans, priorities and commitments

The following key priorities were identified in the *2005-2006 Report on Plans and Priorities*:

1) Develop organizational capacity;
2) Build a strong, integrated team;
3) Improve service delivery;
4) Enhance communications; and
5) Manage information.

Program, resources, and results linkages

Develop Organizational Capacity

FJA has developed a human resource plan to assist with meeting the current and long term requirements of the department. A review of job descriptions has commenced. Succession planning issues have been identified and a plan is being drafted.

Build a Strong Integrated Team

FJA has met the requirements for the implementation of the *Public Service Modernization Act.* FJA has received its delegation of authority for staffing, consequently FJA has undertaken extensive development of its human resources staff and the role of the Human Resources Steering Committee has been revised accordingly. An Orientation kit for new employees has been developed. Staff have continued to benefit from ongoing training programs.

Improve Service Delivery

Training of federally appointed judges is a major component of the client services provided. FJA offers a second language training program to judges. The review of the Language Training Program completed in the previous fiscal year proposed a number of recommendations. In accordance with one of the major recommendations, and in consultation with the Canadian Judicial Council, a new governance structure was implemented. Approximately 350 registrations of judges have been received for the different language training activities. Total expenditures for this training program amounted to $ 1,736,494.

As a result of a review conducted during the last fiscal year, the computer training program was transferred, effective April 1, 2005 to the National Judicial Institute, a non profit organization which has the mandate to provide training to judges.

The Judicial Counselling Program is an employee assistance program specifically for judges. This program is administered by FJA and provides assistance to all judges and their families. Since this is a confidential program, no information is available on individual usage. FJA has received a number of testimonials on the importance of this program from members of the judiciary. The total spending on this program amounted to $69,270 of which $68,150 was recovered through a cost-sharing agreement with provincial governments.

Enhance Communications

FJA has embarked on a structured communication strategy to keep staff informed of the changes necessitated by the *Public Service Modernization Act*. This strategy included and introduction of HR Bulletins, capsule summaries, Town Hall meetings as well as consultation with bargaining units. The current in-house communications tool is being revised to provide a more useful avenue for communications to staff. The ongoing communication with judges is facilitated by the communication tool JUDICOM which is administered and provided by our office to all federally appointed judges who wish to use the system.

Manage Information

FJA has developed a Corporate Plan which identifies priorities and targets. Extensive work has been done in designing an implementation program for an Information Management program, RDIMS. FJA has completed the process of documenting all departmental practices and processes to determine where duplication exists and where efficiencies can be found.

SECTION III – SUPPLEMENTARY INFORMATION

Organizational Information

The Commissioner for Federal Judicial Affairs is assisted by a Deputy Commissioner, who is also responsible for corporate services and Judges' language training. Other senior officials reporting directly to the Commissioner include the Executive Director Judicial Appointments and Legal Counsel, responsible for administering the judicial appointments process on behalf of the Commissioner, the Executive Editor, responsible for publishing the *Federal Courts Reports* and the Executive Director and General Counsel of the Canadian Judicial Council, who is the Council's chief administrator.

BUSINESS LINE DESCRIPTION

The Office of the Commissioner for Federal Judicial Affairs provides a range of services to the judiciary through the following service lines: Administration; the Canadian Judicial Council; and payments pursuant to the *Judges Act*.

- **Administration** - This service line provides the federal judiciary with guidance and advice on the interpretation of Part I of the *Judges Act*; provides the Minister with an up-to-date list of recommended candidates for appointment to the judiciary as well as providing support to the judiciary in the areas of finance, personnel, administration, training, editing and information management.
- **Canadian Judicial Council** - This service line provides for the administration of the Canadian Judicial Council as authorized by the *Judges Act*. The Council, made up of the 39 Chief Justices and Associate Chief Justices of Canada's superior Courts, acts independently in the pursuit of its mandate, which is to foster a better administration of justice in Canada. The Office of the Council is managed by an Executive Director and General Counsel who reports functionally to the Chief Justice of Canada and administratively to the Commissioner.
- **Payments pursuant to the *Judges Act*** - This service line provides for payment of salaries, allowances and annuities to judges and their survivors as authorized by the *Judges Act*.

Functional Structure

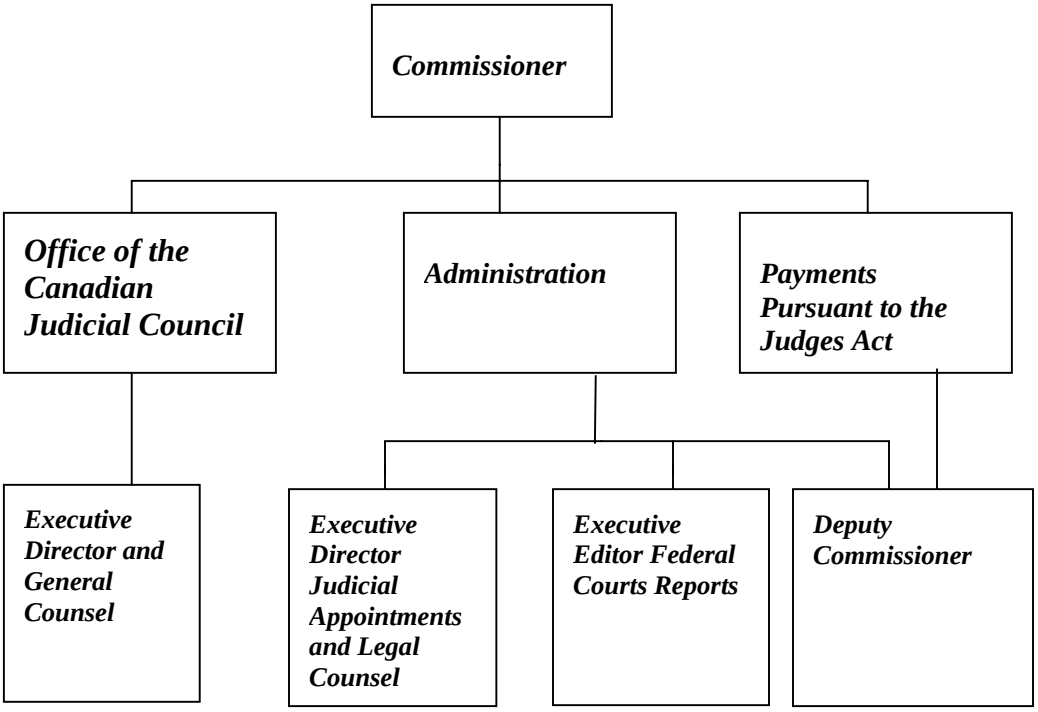


Table 1: Comparison of Planned Spending and Full Time Equivalents

($ millions)	2003–04 Actual	2004–05 Actual	2005–2006			
			Main Estimates	Planned Spending	Total Authorities	Total Actuals
Federal Judicial Affairs	8.1	9.0	7.9	7.8	8.7	8.5
Canadian Judicial Council	1.8	1.7	1.7	1.7	1.9	1.8
Payments Pursuant to the *Judges Act*	321.2	333.0	342.1	371.0	341.5	341.5
Total	**331.1**	**343.7**	**351.7**	**380.5**	**352.1**	**351.8**

Total	331.1	343.7	351.7	380.5	352.1	351.8
Less: Non-Respendable revenue	10.0	8.8	13.1	13.1	10.6	10.6
Plus: Cost of services received without charge *	0.8	1.0	1.0	1.0	1.2	1.2
Net cost of Department	**321.9**	**335.9**	**339.6**	**368.4**	**343.2**	**342.4**

Full Time Equivalents	**57**	**67**	**69**	**69**	**69**	**68**

Table 2: Use of Resources by Business Lines

2005–2006								
	Budgetary						Plus: Non-Budgetary	
Program Activity	Operating	Capital	Grants and Contributions	Total: Gross Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures	Loans, Investments and Advances	Total
Federal Judicial Affairs								
Main Estimates	8,229,000	0	0	8,229,000	275,000	7,954,000	0	7,954,000
Planned Spending	8,129,000	0	0	8,229,000	275,000	7,854,000	0	7,854,000
Total Authorities	8,993,017	0	0	8,993,017	275,000	8,718,017	0	8,718,017
Actual Spending	8,625,535	0	0	8,625,535	120,588	8,504,947	0	8,504,947
Canadian Judicial Council								
Main Estimates	1,673,000	0	0	1,673,000	0	1,673,000	0	1,673,000
Planned Spending	1,673,000	0	0	1,673,000	0	1,673,000	0	1,673,000
Total Authorities	1,934,000	0	0	1,934,000	0	1,934,000	0	1,934,000
Actual Spending	1,819,307	0	0	1,819,307	0	1,819,307	0	1,819,307
Payments Pursuant to the *Judges Act*								
Main Estimates	342,104,000	0	0	342,104,000	0	342,104,000	0	342,104,000
Planned Spending	371,004,000	0	0	371,004,000	0	371,004,000	0	371,004,000
Total Authorities	341,472,995	0	0	341,472,995	0	341,472,995	0	341,472,995
Actual Spending	341,472,995	0	0	341,472,995	0	341,472,995	0	341,472,995

Table 3: Voted and Statutory Items

Vote or Statutory Item	Truncated Vote or Statutory Wording	2005–2006			
		Main Estimates	Planned Spending	Total Authorities	Actual
20	Operating expenditures	7,186,000	7,086,000	7,991,548	7,779,228
25	Operating expenditures Canadian Judicial Council	1,575,000	1,575,000	1,836,750	1,721,307
(S)	Payments Pursuant to the *Judges Act*	342,104,000	371,004,000	341,472,995	341,472,995
(S)	Contributions to employee benefit plans	866,000	866,000	823,719	823,719
	Total	**351,731,000**	**380,531,000**	**352,125,012**	**351,797,249**

Additional funding for Vote 20 and Vote 25 was approved through the Supplementary Estimates process.

The increased requirements for Payments Pursuant to the *Judges Act* was as a result of an increased number of judges electing supernumerary status as well as an increase in the number of judges.

Table 4: Services Received Without Charge

($ millions)	2005–2006
Accommodation provided by Public Works and Government Services Canada (PWGSC)	.9
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS (excluding revolving funds)	.3
Total 2005–2006 Services received without charge	**1.2**

Table 5: Sources of Respendable and Non-Respendable Revenue

Non-Respendable Revenue

($ millions)	Actual 2003-04	Actual 2004-05	2005-2006 Main Estimates	2005-2006 Planned Revenue	2005-2006 Total Authorities	2005-2006 Actual
Federal Judicial Affairs						
Office of the Umpire for Employment Insurance	.05	.05	.05	.05	.05	.05
Administrative Agreement with Canadian International Development Agency	.084	.076	.225	.225	.076	.076
JUDICOM Training Program	.100	.093	0	0	0	0
Total Respendable Revenue	**.234**	**.219**	**.275**	**.275**	**.121**	**.121**

Non-Respendable Revenue

($ millions)	Actual 2003-04	Actual 2004-05	2005-2006 Main Estimates	2005-2006 Planned Revenue	2005-2006 Total Authorities	2005-2006 Actual
Payments Pursuant to the *Judges Act*						
Judges' Contributions to Pension Fund	9.989	8.8	13.1	13.1	10.5	10.5
Total Non-Respendable Revenue	**9.989**	**8.8**	**13.1**	**13.1**	**10.5**	**10.5**

Table 6: Travel Policies

Comparison to the TBS Special Travel Authorities/ TBS Travel Directive, Rates and Allowances

Travel Policy of the Office of the Commissioner for Federal Judicial Affairs:
Authority: Section 34(1) of the *Judges Act*
Coverage: Applies only to travel required by federally appointed judges in Canada who are required to travel to fulfill their judicial obligations.
Principal difference in policy provisions: In accordance with the Act, judges are entitled to be reimbursed actual and reasonable expenses incurred. Judges are entitled to travel Business Class but they are encouraged to fly economy class, and in fact most do. A guideline for the reimbursement of hotel accommodations and meals has been established. The maximum amount reimbursable for hotel accommodations is $150.00 per night and the maximum amount reimbursable for meals is $85.00 per day. In the event of special circumstances, judges will be reimbursed for expenses incurred in excess of these guidelines but this requires either prior notification or a letter explaining the special circumstances.
Principal financial implications of the difference(s): The overall costs of travel provided to judges is comparable to those costs incurred under the authority of the Special Travel Authorities

Table 7: Departmental Financial Statements

Office of the Commissioner for Federal Judicial Affairs
Statement of Operations (unaudited)
For the year ended March 31

	2006				2005
	Federal Judicial Affairs	**Canadian Judicial Council**	**Statutory Expenses**	**Total**	**Total**
Operating Expenses					
Salaries and benefits	4,757,787	1,010,784	312,357,048	318,125,619	309,780,580
Professional and special services	2,332,542	767,376	309,843	3,409,761	3,875,019
Transportation and telecommunications	1,004,131	106,623	23,638,474	24,749,228	24,543,174
Accommodations	668,644	234,848	-	903,492	613,337
Communications	163,385	34,282	1,395	199,062	125,198
Repairs and maintenance	147,205	18,676	-	165,881	121,565
Amortization	111,062	-	-	111,062	83,384
Machinery and equipment	104,397	26,466	-	130,863	249,864
Utilities, materials and supplies	83,218	29,359	4,444	117,021	124,797
Rentals	45,115	102,394	-	147,509	125,102
Loss on write-down of capital assets	-	-	-	-	1,544,414
Other expenses	63,251		5,161,794	5,225,042	5,143,654
Total operating expenses	**9,480,737**	**2,330,808**	**341,472,995**	**353,284,540**	**346,330,088**
Total Expenses	**9,480,737**	**2,330,808**	**341,472,995**	**353,284,540**	**346,330,088**
Revenues					
Pension Contributions Credited to Revenue	0	0	(10,462,844)	(10,462,844)	(8,780,811)
User charges	(120,588)	0	0	(120,588)	(219,127)
Total Revenues	**(120,588)**	**0**	**(10,462,844)**	**(10,583,432)**	**(8,999,938)**
Net Cost of Operations	**9,360,149**	**2,330,808**	**331,010,151**	**342,701,108**	**337,330,150**

Office of the Commissioner for Federal Judicial Affairs
Statement of Financial Position (unaudited)
At March 31

		2006	2005
ASSETS			
Financial assets			
	Receivables(Note 4)	337,332	314,067
	Advances(Note 4)	917,608	1,112,528
	Total financial assets	**1,254,940**	**1,426,595**
	Non-financial assets		
	Prepaid expenses	59,154	87,433
	Capital assets (Note 5)	295,184	269,957
	Total non-financial assets	**354,338**	**357,390**
TOTAL		**1,609,278**	**1,783,985**
Liabilities			
	Accounts payable and accrued liabilities	1,161,972	2,227,211
	Vacation pay and compensatory leave	228,154	227,977
	Judges Supplementary Retirement		
	Benefit Account (Note 7)	117,060,075	108,408,237
	Employee severance benefits (Note 6)	904,608	764,727
	Total Liabilities	**119,354,809**	**111,628,152**
Equity of Canada		**(117,745,531)**	**(109,844,167)**
TOTAL		**1,609,278**	**1,783,985**

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

Office of the Commissioner for Federal Judicial Affairs
Statement of Equity of Canada (unaudited)
At March 31

	2006	2005
Equity of Canada, beginning of year	**(109,844,167)**	**(94,068,363)**
Net cost of operations	(342,701,108)	(337,330,150)
Current year appropriations used (Note 3)	351,797,250	343,675,537
Revenue not available for spending	(10,463,920)	(8,788,599)
Change in net position in the Consolidated Revenue Fund (Note 3)	(7,772,308)	(14,317,313)
Services received without charge from other government departments (Note 8)	1,238,722	984,721
Equity of Canada, end of year	**(117,745,531)**	**(109,844,167)**

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

Office of the Commissioner for Federal Judicial Affairs
Statement of Cashflow (unaudited)
For the year ended March 31

	2006	2005
Operating activities		
Net cost of operations	342,701,108	337,330,150
Non-cash items:		
Amortization of capital assets (Note 5)	(111,062)	(83,384)
Loss on write-down of capital assets	-	(1,544,414)
Services provided without charge other government departments (Note 8)	(1,238,723)	(984,721)
Variations in Statement of Financial Position:		
Increase (decrease) in advances	(194,920)	(895,787)
Increase (decrease) in receivables	23,266	(751,008)
Increase (decrease) prepaid expenses	(28,279)	8,821
Decrease (increase) in liabilities	(7,726,657)	(11,690,383)
Cash used by operating activities	**333,424,733**	**321,389,274**
Capital investment activities		
Acquisition of tangible capital assets	136,289	139,016
Cash used by capital investment activities	136,289	139,016
Financing activities		
Net cash provided by Government of Canada	333,561,022	321,528,290

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

Office of the Commissioner for Federal Judicial Affairs
Notes to the Financial Statements (unaudited)
Year ended March 31, 2006

1. Authority and Objectives

The Office of the Commissioner for Federal Judicial Affairs (FJA) was created in 1978 under the authority of the *Judges Act* to safeguard the independence of the Judiciary and to put federally appointed judges at arm's length from the administration of the Department of Justice. It exists to promote the better administration of justice and focuses its efforts on providing a sound support role to the federal judiciary.

It administers three distinct and separate components that are funded from three very distinct sources. Statutory funding is allocated for the judges' salaries, allowances and annuities and surviving beneficiaries' benefits. Vote appropriations are provided in two separate votes to support the administrative activities of the Office of the Commissioner and the administrative activities of the Canadian Judicial Council.

The administration of the Office of the Commissioner is structured to reflect the distinctiveness of its role in supporting federal judicial activities. Under the Program Activity Architecture, the organization is broken down into three program activities: Payments Pursuant to the *Judges Act*; Canadian Judicial Council; and Federal Judicial Affairs (FJA).

These activities strive to meet our priorities of: developing organizational capacity; building a strong, integrated team; improving service delivery; enhancing communications; and managing information.

Success in fulfilling these priorities is determined through measurement strategies, which assess the level of achievement of key results. FJA prides itself in providing a consistent, high level of service to federally appointed judges.

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 Office of the Commissioner for Federal Judicial Affairs is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the department do not parallel financial reporting according to 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 provide a high-level reconciliation between the bases of reporting.

(b) Consolidation – these financial statements include the accounts of the Office of the Commissioner for Federal Judicial Affairs, which is part of the Justice Portfolio for which the Minister of Justice is accountable.

(c) Net Cash Provided by Government- the department operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the department is deposited to the CRF and all cash disbursements made by departments 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.

(d) Change in net position in the Consolidated Revenue Fund is the difference between the net cash provided by the Government and appropriations used in a year, excluding the amounts of non respendable revenue recorded by the office. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

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

(f) Expenses - Expenses are recorded on the accrual basis:

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

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

(g) Employee and federally appointed judges future benefits

i. Employee pension benefits:

Eligible employees participate in the Public Service Pension Plan (PSSA) multi-employer administered by the Government of Canada. The department's contributions to the Plan are charged to expenses in the year incurred and represent the total departmental obligation to the Plan. Current legislation does not require the department to make contributions for any actuarial deficiencies of the Plan.

ii. Employee 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.

iii. Federally appointed judges pension benefits:

Federally appointed judges pension plan. Eligible federally appointed judges and their survivors are entitled to fully indexed annuities providing that the judges meet minimum age and service requirements. The main benefits paid from this plan are recorded on a pay-as-you-go basis. They are included in the Statement of Operations as a component of salaries and benefits and the judges contributions are credited to revenue. Contributions made by FJA and judges pertaining to the portion of the plan that relates to indexation of benefits is recorded in a Supplementary Retirement Benefits Account, which is presented on the Statement of Financial Position. FJA's contribution towards indexation is expensed at the time it is accrued in the Account in accordance with the legislation. The actuarial liability associated with the judges pension plan is recorded in the financial statements of the Government of Canada, the ultimate sponsor of the plan.

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

(i) Foreign currency transactions – transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Financial assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect on 31 March.

(j) Tangible capital assets - all tangible capital assets and leasehold improvements having an initial cost of $5,000 or more are recorded at their acquisition cost. Amortization of tangible capital assets is done on a straight-line basis with an assumed residual value of zero ($0) over the estimated useful life of the capital asset as follows:

Asset Class	**Amortization period**
Machinery and equipment	5 to 10 years
Furniture/Furnishings	10 years
Informatics Hardware & Software	3 years

(k) Measurement uncertainty – the preparation of 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 liability for employee severance benefits and the useful life of tangible capital assets. 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 Department receives most of 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 Department 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 appropriations used

	2006	2005
Net cost of operations	342,701,108	337,330,150
Adjustments for items affecting net cost of operations But not affecting appropriations:		
Add (Less):		
Services provided without charge	(1,238,723)	(984,721)
Employee Severance Benefits	(139,881)	6,893
Amortization of tangible capital assets	(111,062)	(83,384)
Loss on write-down of tangible capital assets	-	(1,544,414)
Vacation pay and compensatory leave	(177)	(30,164)
Judges Pensions Contributions	10,462,844	8,780,811
Adjustment to prior year expenses	1,076	7,788
Other	(14,224)	53,562
Adjustments for items not affecting net cost of operations but affecting appropriations		
Add (Less):		
Acquisitions of tangible capital assets	136,289	139,016
Current year appropriations used	**351,797,250**	**343,675,537**

(b) Appropriations provided and used

	Appropriations Provided	
	2006	**2005**
Vote 20 - Operating expenditures-FJA	7,991,548	8,712,013
Vote 25 - Operating expenditures-CJC	1,836,750	2,022,250
Statutory amounts	342,296,715	333,810,164
Less:		
Lapsed appropriations: Operating	(327,763)	(868,890)
Current year appropriations used	**351,797,250**	**343,675,537**

(c) Reconciliation of net cash provided by Government to current year appropriations used

	2006	**2005**
Net cash provided by Government	333,561,022	321,528,290
Revenue not available for spending	10,463,920	8,788,599
Change in net position in the Consolidated Revenue Fund		
Variation in accounts receivable	(23,266)	751,008
Variation in advances	194,920	895,787
Variation in accounts payable, accrued liabilities less Employee Severance Benefits	7,726,657	11,690,383
Other adjustments	(126,003)	21,470
	7,772,308	13,358,648
Current year appropriations used	**351,797,250**	**343,675,537**

4. Accounts Receivable and Advances

The following table presents details of accounts receivable and advances:

	2006	**2005**
Receivables from other Federal Government Departments and agencies	226,390	278,067
Receivables from external parties	110,942	36,000
Advances	917,608	1,112,528
Total	**1,254,940**	**1,426,595**

5. Tangible Capital Assets

Cost				Accumulated amortization			Net book value	
Capital asset class	Opening Balance	Acquisi-tions	Closing balance	Opening balance	Amortiz-ation	Closing balance	2006	2005
Machinery & equipment	66,783	21,760	88,543	13,307	9,142	22,449	66,094	53,476
Informatics Hardware	360,431	108,096	468,527	247,353	61,712	309,065	159,462	113,078
Furniture & Fixtures	19,552	-	19,552	7,821	1,955	9,776	9,776	11,731
Software	114,758	6,433	121,191	23,086	38,253	61,339	59,852	91,672
Total	561,524	136,289	697,813	291,567	111,062	402,629	295,184	269,957

Amortization expense for the year ended March 31, 2006 is $111,061 (2005-$83,384)

6. Employee Benefits

(a) Pension benefits: The department'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 department contribute to the cost of the Plan. The 2005-06 expense amount to $609,552 ($602,861 in 2004-05), which represents approximately 2.6 time the contributions by employees.

The department'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 department 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:

	2006	**2005**
Accrued benefit obligation, beginning of year	764,727	771,620
Expense for the year	239,149	189,554
Benefits paid during the year	(99,268)	(196,447)
Accrued benefit obligation, end of year	**904,608**	**764,727**

7. Judges Supplementary Retirement Benefit Account

	2006	2005
Liability, beginning of year	108,408,237	99,929,518
Contributions	4,668,383	4,544,346
Interest	3,983,455	3,934,373
Liability, end of year	**117,060,075**	**108,408,237**

The pension plan for federally appointed judges provides fully indexed annuities to judges and to all eligible survivors providing they meet minimum age and service requirements. Unlike other pension plans, the judges' plan lacks an explicit accrual rate for benefits. Instead the full benefit amount is generally payable when the member has completed 15 years of pensionable service and the total of the members age and years of service totals 80. Judges who elect Supernumerary Status or judges, who qualify for retirement, make required contributions of 1% of salary. All other judges make contributions of 7% of salary.

The main benefits from this plan are expensed on a pay-as-you-go basis. However, in virtue of the *Supplementary Retirement Benefits Act, f*or the portion of the plan that relates to indexation of benefits, the 1% portion of salary contributed by the judges is recorded in a Supplementary Retirement Benefits Account, along with a matching contribution of 1% recorded by FJA. In addition, interest is accrued on the outstanding balance of the Account. The actuarial liability associated with the judges pension plan is recorded in the financial statements of the Government of Canada.

8. Related party transactions

The Office of the Commissioner for Federal Judicial Affairs is related in terms of common ownership to all Government of Canada departments, and Crown Corporations. The Office of the Commissioner for Federal Judicial Affairs enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services, as shown below, are provided without charge.

a) Services provided without charge:

During the year the department received without charge from other departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the department's Statement of Operations as follows:

Services provided without charge

	2006	2005
Accommodation provided by Public Works and Government Services Canada	903,492	613,337
Contributions covering employer's share of employees' insurance premiums and costs paid by Treasury Board Secretariat	335,231	371,384
Total	**1,238,723**	**984,721**

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

	2006	2005
Accounts receivable with other government departments and agencies	110,942	236,098
Accounts payable to other government departments and agencies	41,951	229,488

SECTION IV – OTHER ITEMS OF INTEREST

As part of its mandate to support the Canadian judiciary, the Office of the Commissioner for Federal Judicial Affairs provides support services to the Office of the Canadian Judicial Council. The Council is composed of the 39 Chief Justices and Associate Chief Justices of Canada's superior Courts. Its mandate is to promote efficiency and uniformity, and to improve the quality of judicial service in Canada. The Council is also responsible for reviewing complaints against federally appointed judges. Information about the Council, its mandate and activities are found at the Council's website, http://www.cjc.gc.ca.

Contacts for Further Information

Office of the Commissioner for Federal Judicial Affairs

99 Metcalfe Street, 8th Floor

Ottawa, Ontario K1A 1E3

Telephone: (613) 995-5140 Facsimile: (613) 995-5615

Web site: http://http://www.fja.gc.ca/

David Gourdeau, Commissioner, Phone: (613) 992-9175

E-mail: dgourdeau@fja.gc.ca

Marc Giroux, Deputy Commissioner, Phone: (613) 995-7438

E-mail: mgiroux@fja.gc.ca

Listing of Statutory and Departmental Reports

Canadian Judicial Council Annual Report

Computer News for Judges

Federal Courts Reports

Federal Judicial Appointments Process — June 1999

Report and Recommendations of the 2004 Judicial Compensation and Benefits Commission

Legislation Administered by the Office of the Commissioner for Federal Judicial Affairs

The Minister has sole responsibility to Parliament for the following Act:

Judges Act (R.S. C. 1985, c.J-1,s.1.) June 2001