



NAFTA Secretariat, Canadian Section

Performance Report

For the period ending
March 31, 1999

Canada

Improved Reporting to Parliament Pilot Document

The Estimates of the Government of Canada are structured in several parts. Beginning with an overview of total government spending in Part I, the documents become increasingly more specific. Part II outlines spending according to departments, agencies and programs and contains the proposed wording of the conditions governing spending which Parliament will be asked to approve.

The *Report on Plans and Priorities* provides additional detail on each department and its programs primarily in terms of more strategically oriented planning and results information with a focus on outcomes.

The *Departmental Performance Report* provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the spring *Report on Plans and Priorities*.

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Foreword

On April 24, 1997, the House of Commons passed a motion dividing on a pilot basis what was known as the annual *Part III of the Estimates* document for each department or agency into two documents, a *Report on Plans and Priorities* and a *Departmental Performance Report*.

This initiative is intended to fulfil the government's commitments to improve the expenditure management information provided to Parliament. This involves sharpening the focus on results, increasing the transparency of information and modernizing its preparation.

This year, the Fall Performance Package is comprised of 82 Departmental Performance Reports and the government's report *Managing for Results - Volumes 1 and 2*.

This *Departmental Performance Report*, covering the period ending March 31, 1999, provides a focus on results-based accountability by reporting on accomplishments achieved against the performance expectations and results commitments as set out in the department's pilot *Report on Plans and Priorities* for 1998-99. The key result commitments for all departments and agencies are also included in Volume 2 of *Managing for Results*.

Results-based management emphasizes specifying expected program results, developing meaningful indicators to demonstrate performance, perfecting the capacity to generate information and reporting on achievements in a balanced manner. Accounting and managing for results involve sustained work across government.

The government continues to refine and develop both managing for and reporting of results. The refinement comes from acquired experience as users make their information needs more precisely known. The performance reports and their use will continue to be monitored to make sure that they respond to Parliament's ongoing and evolving needs.

This report is accessible electronically from the Treasury Board Secretariat Internet site:
<http://www.tbs-sct.gc.ca/tb/key.html>

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Canadian Section

Departmental Performance Report
for the period ending March 31, 1999

The Honourable Pierre Pettigrew
Minister for International Trade

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EXECUTIVE SUMMARY

The vast majority of trade in North America is in accordance with well established guidelines of the NAFTA. The United States absorbs 84% of our exports, while Canada takes 23% of the U.S. exports. Exports to the U.S. accounts for 28% of Canada's GDP. Goods and services trade between Canada and the U.S. have consistently grown from 1994 through 1998. These statistics highlight the impact of having a clear set of rules for dealing with trade disputes as established under the NAFTA.

The NAFTA Secretariat, comprised of the Canadian, U.S. and Mexican Sections, is a unique organization, established by the Free Trade Commission. It is responsible for the administration of the dispute settlement provisions of the Agreement. The mandate of the NAFTA Secretariat also includes the provision of assistance to the Commission and support for various non-dispute related committees and working groups.

More specifically, the NAFTA Secretariat administers the NAFTA dispute resolution processes under Chapters 14, 19 and 20 of the NAFTA and has certain responsibilities related to Chapter 11 dispute settlement provisions. Each national Section maintains a court-like registry relating to panel, committee and tribunal proceedings.

In 1997, the NAFTA Secretariat, Canadian Section was also mandated to administer the dispute settlement provisions of the Canada -Israel Free Trade Agreement and the Canada - Chile Free Trade Agreement. As of March 1999, offices for the Canada - Chile and Canada - Israel Free Trade sections have yet to be established.

In 1998, the NAFTA Secretariat, Canadian Section was asked to administer the panel review under Article V of the Softwood Lumber Agreement between Canada and the United States. Both governments agreed that the NAFTA provides a strong framework for dispute resolution and so decided to utilize this mechanism to facilitate disputes under the Softwood Lumber Agreement.

The NAFTA Secretariat, Canadian Section is comprised of less than a dozen staff members dedicated to providing efficient and effective support to panel administration in a fair and equitable manner. To improve the level of service provided to its stakeholders, the NAFTA Secretariat, Canadian Section, is in the process of implementing an enhanced NAFTA Secretariat Integrated Information System. This includes the redesign of the Registry Information System, the Motions and Orders Research Database and the Trilateral Financial System.

Figure 1

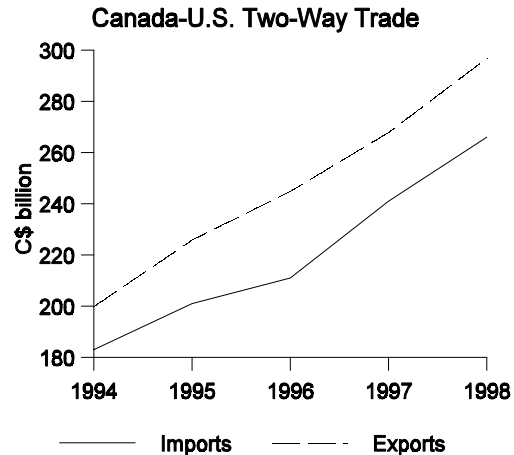


CHART OF KEY RESULTS COMMITMENTS

NAFTA Secretariat, Canadian Section		
to provide Canadians with:	to be demonstrated by:	achievement reported in:
the appropriate administration of the dispute settlement provisions of the North American Free Trade Agreement (NAFTA); the Canada - Israël Free Trade Agreement; the Canada - Chile Free Trade Agreement; and the bilateral Softwood Lumber Agreement between Canada and the United States in a manner which ensures unbiased administrative processes, equity, security and fairness while providing quality service	<ul style="list-style-type: none"> stakeholder feedback 	<ul style="list-style-type: none"> Departmental Performance Report (DPR), Sections II 2. e. iii (page 15) and III 2. a. ii (page 17)
	<ul style="list-style-type: none"> client satisfaction surveys 	<ul style="list-style-type: none"> DPR Sections II 2. e. iii (page 14), III 2. a. ii (page 17) and Figure 11 (pages 18-20)
	<ul style="list-style-type: none"> public access to and provision of information including decisions, reports and statistics in accessible formats 	<ul style="list-style-type: none"> DPR Figure 11 (pages 18-20) Internet address: http://www.nafta-sec-alena.org

This *Departmental Performance Report 1999* will outline in more detail the NAFTA Secretariat, Canadian Section's role and responsibilities with performance indicators as providers of quality administrative services as well as of an overview of financial performance.

SECTION I: The Minister's Message

The NAFTA Secretariat, comprised of the Canadian, U.S. and Mexican Sections, is responsible for the administration of the dispute settlement provisions of the North American Free Trade Agreement (NAFTA). In 1997, the NAFTA Secretariat, Canadian Section was also mandated to administer the dispute settlement provisions of the Canada - Israël Free Trade Agreement and the Canada - Chile Free Trade Agreement. The mandate of the NAFTA Secretariat, Canadian Section also includes the provision of assistance to the relevant Trade Commissions and support for various non-dispute related committees and working groups.

Since the establishment of NAFTA on January 1, 1994, total trade flows have steadily increased each year to reach \$484 billion in 1998. Canada's exports to the U.S. have grown by 80% and to Mexico by 65%. Total investment in Canada has risen by 54% since 1993 to reach \$218 billion, with NAFTA partners accounting for \$148 billion (68%) of that total. This growth has contributed to Canada's continuing economic expansion, as over 1.3 million new jobs have been created in Canada during this period.

One of the fundamental features of the NAFTA, like its predecessor the Canada-United States Free Trade Agreement (FTA), is its efficient dispute settlement processes. These processes provide a mechanism for governments and firms to raise and resolve disputes that are inevitable in such a large and active trading relationship. From the inception of the FTA in 1989 until March 31, 1999, a total of 107 FTA and NAFTA proceedings have been filed with the Secretariat and 84 decisions and reports have been issued under these dispute settlement provisions. On the whole, these procedures have worked remarkably well, lending stability, predictability and transparency to the conduct of business across North America and in turn, this has helped to minimize disputes.

In this past year, the NAFTA Secretariat, Canadian Section has been asked to administer the arbitral proceedings under Article V of the Softwood Lumber Agreement between Canada and the United States.

Rules-based international trade dispute settlement systems are a critical part of our trade policy and trade relations. The NAFTA serves as an exemplary model for dispute resolution when disputes do arise. The Canadian Section has also implemented a searchable World Wide Web Internet Site to further facilitate access to relevant information, including FTA and NAFTA dispute settlement decisions and reports.

The dispute settlement mechanisms require the provision of impartial advice, accurate information, and timely administrative support. In providing these services, the Canadian Section has succeeded in achieving a consistently high level of client satisfaction. According to survey results compiled in 1998, all of the Canadian Section's clients are very satisfied (the highest possible rating), overall, with the NAFTA Secretariat, Canadian Section. Further, all clients believed the work and services provided by the Canadian Section outperformed similar administrative bodies.

The federal government recognizes that trade policy and trade relations are crucially important to the achievement of Canada's economic and social goals. The NAFTA's rules-based system provides critical stability and transparency for Canadian business and investors as they continue to seek new opportunities and secure market access abroad.

The Honourable Pierre Pettigrew

SECTION II: Departmental Overview

1. Mandate and Mission

a. Mandate

The NAFTA Secretariat is a unique organization created by the NAFTA for the administration of the dispute settlement provisions of the NAFTA. The Secretariat has Canadian, U.S. and Mexican Sections which have been established as “mirror-images” of each other to carry-out this mandate. In the administration of the dispute settlement provisions, the NAFTA Secretariat provides legal, professional and advisory support to panels and committees, operates a court-like registry and co-ordinates all panel administrative aspects of the process.

The mandate of the Secretariat is set out in Article 2002.3 of the NAFTA and reads:

The Secretariat shall:

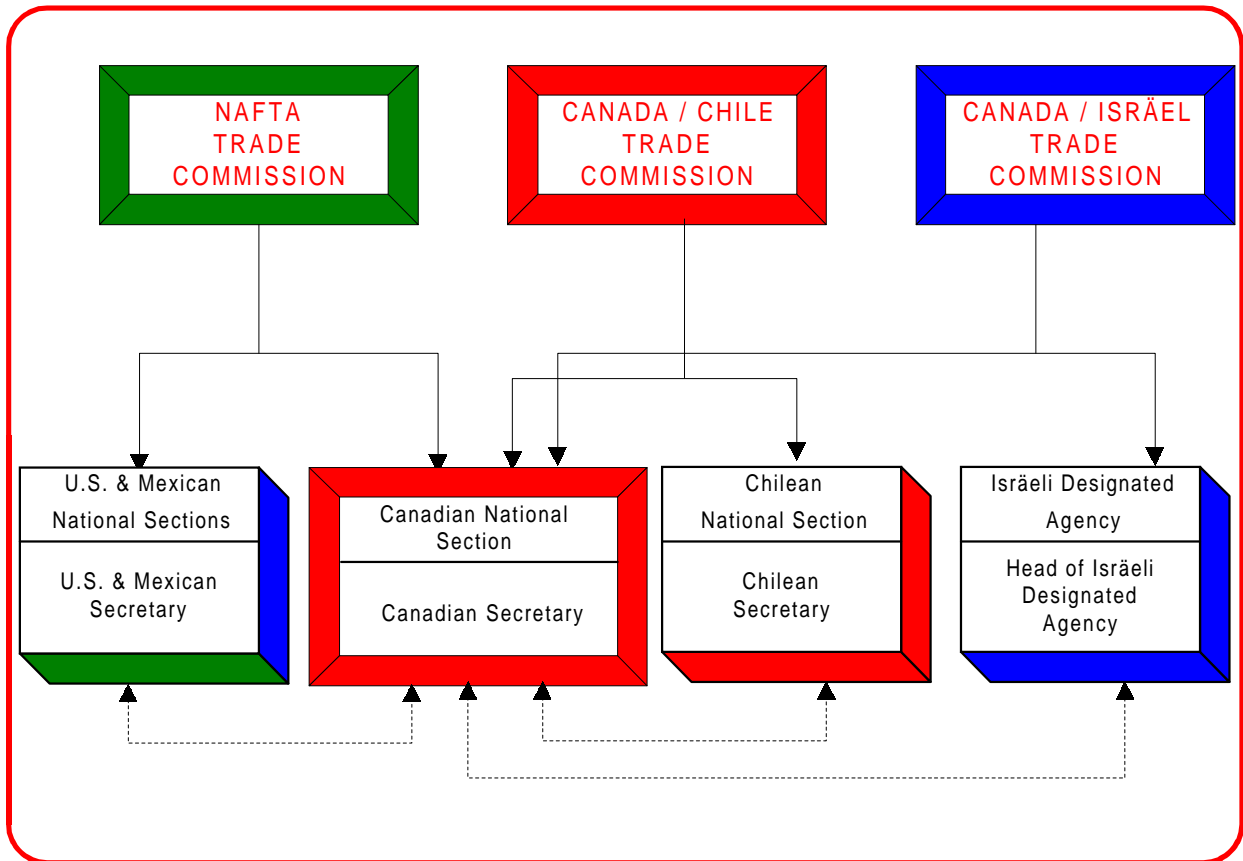
- (a) *provide assistance to the Commission;*
- (b) *provide administrative assistance to:*
 - (i) *panels and committees established under Chapter Nineteen (Review and Dispute Settlement in Antidumping and Countervailing Duty Matters), in accordance with the procedures established pursuant to Article 1908, and*
 - (ii) *panels established under this Chapter, in accordance with procedures established pursuant to Article 2012; and*
- (c) *as the Commission may direct:*
 - (i) *support the work of other committees and groups established under this Agreement, and*
 - (ii) *otherwise facilitate the operation of this Agreement.*

In 1997, the Canadian Section's mandate was expanded to include responsibility for the administration of the dispute settlement processes under Chapter 8 of the Canada - Israël Free Trade Agreement and Chapter N of the Canada - Chile Free Trade Agreement.

b. Mandated Responsibilities Structure

The organization is headed by the Canadian Secretary who reports to the Minister for International Trade for Parliamentary accountability and to the appropriate Trade Commission¹ for the administration of the dispute settlement processes under the NAFTA, the Canada - Israël Free Trade Agreement and the Canada - Chile Free Trade Agreement.

Figure 2 - Mandated Responsibilities Chart



¹ For the purposes of this document, the Trade Commissions are the (NAFTA) Free Trade Commission, the Canada - Israël Trade Commission and the Canada - Chile Free Trade Commission. The Minister for International Trade is the Canadian representative for these Trade Commissions.

Figure 3 - Mission Statement

The NAFTA Secretariat, Canadian Section is committed to administering the dispute settlement provisions of the relevant Free Trade Agreements and other Bilateral Agreements, in a manner which ensures unbiased administrative processes, equity, security and fairness while providing quality services.

Note: For the purposes of this document, the Free Trade Agreements are the North American Free Trade Agreement, the Canada - Israel Free Trade Agreement, the Canada - Chile Free Trade Agreement. Other Bilateral Agreements include the Softwood Lumber Agreement between Canada and the United States.

2. Operating Environment

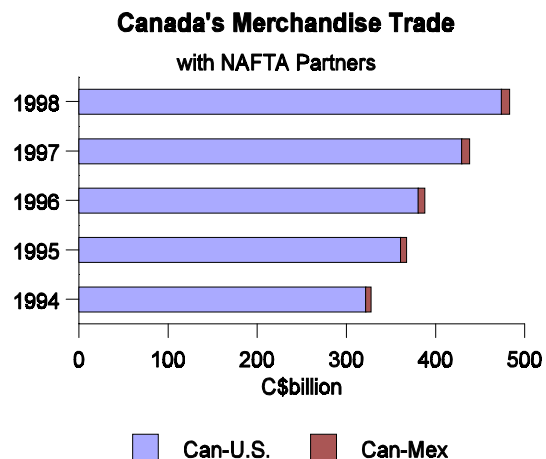
a. Background

The Binational Secretariat existed under the Canada - United States Free Trade Agreement (FTA). In 1994, pursuant to the Parties' obligation under the NAFTA to establish permanent, national Section offices in each country, the Binational Secretariat, Canadian and United States national Sections became the NAFTA Canadian and United States national Sections, and with the addition of the Mexican Section, make up the NAFTA Secretariat. The national Sections are located in Ottawa, Washington and Mexico City and are headed by the Canadian, United States and Mexican Secretaries.

In 1998, trilateral trade among the NAFTA partners, Canada, United States and Mexico reached C\$752 billion. Canada's merchandise trade relationship with Mexico, while growing, is relatively small at \$9 billion in 1998. Our merchandise trade relationship with the United States, \$475 billion last year, is the largest between any two countries in the world.

With this volume of trade, disputes are inevitable.

Figure 4



b. Program Objective

The NAFTA Secretariat, Canadian Section's program objective is to implement the dispute settlement provisions of the North American Free Trade Agreement (NAFTA), the Canada - Israël Free Trade Agreement (CIFTA) and the Canada - Chile Free Trade Agreement (CCFTA), by providing support to panels established under the relevant agreements and by maintaining a court-like registry system relating to panel, committee and tribunal proceedings of the relevant agreements.

Figure 5: Chart of Dispute Settlement Provisions

Under the NAFTA		
Chapter 11	disputes regarding investment matters	can be referred to certain international arbitral mechanisms
Chapter 14	disputes relating to financial services provisions	can be referred to Chapter 20 dispute settlement procedures
Chapter 19	disputes relating to anti-dumping, countervailing duty, injury final determinations	can be referred to a binding review process as an alternative to judicial review
Chapter 20	disputes concerning the interpretation or application of the Agreement	can be referred to arbitral panels
Under the Canda-Israël Free Trade Agreement		
Chapter 8	disputes concerning the interpretation or application of the Agreement	can be referred to panels of experts
Under the Canada-Chile Free Trade Agreement		
Chapter N	disputes concerning the interpretation or application of the Agreement	can be referred to arbitral panels

c. Corporate Objectives

In support of the Program Objective of the NAFTA Secretariat, Canadian Section, the following five corporate objectives have been developed.

- ***Commitment to an Unbiased and Equitable Administrative Process -***
the NAFTA Secretariat, Canadian Section, is committed to administering the dispute settlement provisions of the relevant Free Trade Agreements² and other Bilateral Agreements in a manner which ensures unbiased administrative processes, equity, security and fairness.
- ***Commitment to Quality -***
the NAFTA Secretariat, Canadian Section, is committed to maintaining the highest quality of administration of all dispute settlement proceedings.
- ***Support to Stakeholders -***
the NAFTA Secretariat, Canadian Section, is committed to supporting and providing services to its stakeholders in a manner that is impartial, responsive, accessible and timely.
- ***Openness and Accountability -***
the NAFTA Secretariat, Canadian Section, is committed to ensuring openness and accountability to the Government, the relevant Free Trade Commissions³ and to the public.
- ***Innovative Uses of Information Technologies -***
in keeping with the Federal Government's *Blueprint for Renewing Government Services Using Information Technology*, the NAFTA Secretariat, Canadian Section, is committed to employing new information technologies to develop and enhance systems and processes to improve overall effectiveness and efficiency.

² For the purposes of this document, the Free Trade Agreements are the North American Free Trade Agreement, the Canada - Israël Free Trade Agreement, the Canada - Chile Free Trade Agreement. Other Bilateral Agreements include the Softwood Lumber Agreement between Canada and the United States.

³ For the purposes of this document, the Free Trade Commissions are the (NAFTA) Free Trade Commission, the Canada - Israël Trade Commission and the Canada - Chile Free Trade Commission.

d. Strategic Priorities

To assist in fulfilling the above noted Program and Corporate Objectives, the Canadian Section, in collaboration with the Mexican and the U.S. Sections, established the following strategic priorities for the fiscal year 1998-99. Certain of these strategic priorities are multi-year in nature and were initially outlined in the NAFTA Secretariat, Canadian Section's Performance Report for the period ending March 31, 1997. The NAFTA Secretariat, Canadian Section provides details as to its performance accomplishments against these stated strategic priorities in the Performance Results section of this report (see details supra Performance Results, Section III. 2, a, ii, at page 17).

The stated strategic priorities were:

- Implementation of a searchable (word and phrase) World Wide Web Internet Site to facilitate access to required information, including FTA and NAFTA decisions, by primary stakeholders (see details supra primary stakeholders sub-section 2. e, ii, at page 13) and other interested parties.
- Redesign of the NAFTA Secretariat Integrated Information Systems, which are essential to the efficient performance of the NAFTA Secretariat's mandated functions. These systems include the NAFTA Secretariat Registry Information System, the Motions and Orders Research Database and the Trilateral Financial System. Enhanced compatibility of information systems between national Sections will promote information sharing and result in improved productivity gains. This redesign will utilize current information technologies and will address Year 2000 concerns. Further, this strategic priority initiative is in line with the Federal Government's *Blueprint for Renewing Government Services using Information Technology*.

In addition, due to the new responsibilities and enhanced mandate under the Canada - Israël and Canada - Chile Free Trade Agreements, the Canadian Section also established the following strategic priorities:

- Assist with the start-up of the Chilean national Section, for the administration of the dispute settlement provisions of the Agreement. The Chilean national Section is required to be established pursuant to Article N.02 of the Canada - Chile Free Trade Agreement. The Canadian Section has extended to the Chilean national Section an offer of professional support to assist

that office with the development of procedures, the implementation of the registry function, the design of other information systems and the drafting of appropriate accounting procedures.

- Assist with the establishment of the designated Israeli Agency, for the administration of the dispute settlement provisions of the Agreement. The Israeli designated Agency is required to be created pursuant to Article 8.3 of the Canada - Israel Free Trade Agreement.

It was anticipated that the (NAFTA) Free Trade Commission would create a North American Free Trade Co-ordinating Secretariat in Mexico City in 1997-98 fiscal year. However, the Free Trade Commission has decided not to fund this project at this time.

Finally, Canada is currently in the process of negotiating the Free Trade Area of the Americas (FTAA) including all countries in the western hemisphere. Therefore, the NAFTA Secretariat enacted the following strategic priority:

- Establish liaison relationship with the appropriate trade officials in other international trade organizations such as the FTAA.

e. Operating Context

In perspective

In 1998, trilateral trade among the NAFTA partners, Canada, United States and Mexico, reached C\$752 billion. While Canada's merchandise trading relationship with Mexico is relatively small, \$9 billion in 1998, our merchandise trade relationship with the United States is the largest between any two countries in the world.

With this volume of trade, disputes are inevitable.

There are three key aspects related to the operations and administration of all departments and agencies that must be taken into account when reporting on performance; resources, reach (stakeholders and clients), and results.

The following is a report on the NAFTA Secretariat, Canadian Section's operations and performance relating to each of these key areas:

i. Resources:

The Canadian Government appropriated \$2.209 million in the 1998-99 fiscal year for the administration of the dispute settlement systems under the NAFTA. The costs of administering individual panel proceedings have increased, due in part, to the increased complexity of panel reviews and costs related to third language requirements.

However, to offset this increase in expenditure, the NAFTA Secretariat, Canadian Section instituted alternative service delivery mechanisms including co-delivery partnerships, which are outlined in Figure 7.

Figure 6 - External Factors

It is important to note the following external factors that influence these operational expenditures of the NAFTA Secretariat, Canadian Section:

- the Secretariat has no ability to control the direct costs of panel reviews as they represent non-discretionary costs. Direct costs of panel reviews include remuneration of panelists and their assistants plus direct out-of-pocket expenditures (such as travel, accommodation, and meal allowances);
- the Secretariat has no ability to control the number of panels to be formed in any given year; and
- the Secretariat has no discretion to accept or refuse a request for panel review.

Figure 7 - Co-delivery Partners

<p><i>Shared Services</i></p>	<p>Personnel services → administered by another Department</p> <p>The NAFTA Secretariat, Canadian Section negotiated a Memorandum of Understanding with the Tax Court of Canada for the provision of personnel services, including the processing of the pay and benefits for this Agency.</p> <p>Financial Information systems → to be administered by another Department</p> <p>The NAFTA Secretariat, Canadian Section, is pursuing alternative arrangements which best meet operational requirements in the most economic and effective fashion which remain in compliance with FIS requirements</p> <p>EDP equipment → to be shared with another Agency</p> <p>The NAFTA Secretariat, Canadian Section, is in the process of finalizing an agreement with the Competition Tribunal to share certain required EDP equipment and to provide training on a reciprocal basis</p>
<p><i>Contracting-Out</i></p>	<p>Accounts payable services → contracted-out</p> <p>The processing of the accounts payable was contracted out, resulting in the reassignment of personnel within the Secretariat.</p>
<p><i>Co-Location</i></p>	<p>Hearing rooms → borrowed facilities</p> <p>The Canadian Section negotiated a co-location agreement with the Competition Tribunal, which has excellent court room facilities located one floor below the Canadian Section's offices.</p>
<p><i>Cost-Recovery</i></p>	<p>Panel decision publications → cost-recovery through Canada Communications Group</p> <p>The Canada Communications Group Inc. has been authorized to publish and distribute FTA and NAFTA panel decisions. This has enabled the government to recover the costs of printing and distributing these decisions and has enabled the Canadian Section to reassign personnel within the Agency.</p>

ii. **Reach:**

The NAFTA Secretariat, Canadian Section's Primary Stakeholders are:

- panellists and their assistants;
- NAFTA:
 - ▶ Chapter 19 roster members;
 - ▶ Extraordinary Challenge Committee roster members;
 - ▶ Chapter 14 roster members;
 - ▶ Chapter 20 roster members;
 - ▶ Free Trade Commission (NAFTA); and
 - ▶ representatives of the Parties (the Governments of Canada, Mexico and the United States of America)

In general terms, the Canadian Section's stakeholders include exporters and importers involved in trade related matters in the NAFTA countries and, as of 1997, in Israël and Chile, who wish to take advantage of and utilize the relevant trade dispute-settlement processes.

- Canada - Chile Free Trade Agreement:
 - ▶ Chapter N roster members;
 - ▶ Free Trade Commission (Canada - Chile); and
 - ▶ representatives of the Parties (the Governments of Canada and Chile); and
- Canada - Israël Free Trade Agreement:
 - ▶ Chapter 8 roster members;
 - ▶ Free Trade Commission (Canada - Israël); and
 - ▶ representatives of the Parties (the Governments of Canada and Israël).

Other Stakeholders include:

- legal counsel who represent exporters and importers in the dispute settlement processes, particularly panel and committee reviews;
- government agencies (for example, in Canada, Revenue Canada, the CITT and DFAIT);
- university academics;
- the media; and
- the general public.

iii. Results:

In 1994, in conjunction with the Treasury Board Secretariat, the Canadian Section completed a comprehensive benchmark survey of its services and stakeholder satisfaction with them. The results were published in the Canadian Section's Service Standards Survey Report dated February 1994. After reviewing the results, the Canadian Section developed service standards and set performance targets for each aspect of these standards.

The Canadian Section provides a copy of its service standards to all primary stakeholders. In particular, the Canadian Section distributes the services standards to panellists and panel assistants upon their appointment to a panel.

Since the benchmark survey in 1994, the Canadian Section has been monitoring the satisfaction with its services by requesting that primary stakeholders complete a questionnaire at the completion of each panel review. This on-going feedback enables the Section to evaluate its services on an on-going basis and to maintain its high service standards.

The results of the client satisfaction survey conducted in 1998 indicate **100%** of clients are **very satisfied** (the highest possible rating), overall, with the operations of the Canadian Section. More detailed results appear in the Performance Accomplishments Section of this report.

Stakeholders Feedback.

(Sample comments*)

“Now that we have completed our obligation vis-à-vis the Panel Decision, I would like to express, on behalf of myself and the other members of the Panel, our thanks to you for your assistance and co-operation and that of your staff throughout the process. The actions of your Secretariat were prompt, efficient, and most importantly, pleasant and courteous throughout.”

“I am 62 years old. In my career I have worked in the private sector, the public (government) sector and the public interest non-profit academic sector. In none of these have I ever experienced the quality of administrative support services which could match the Canadian Secretariat. It fully understands that its job is to effectuate the substantive work of NAFTA, to “make it happen”. It did that with an efficiency, professionalism, courtesy and friendliness the like of which I’ve never seen before. Not only was each person a joy to work with, they worked best together as a team”

*Copy of complete comments available upon request.

3. Business Line

The NAFTA Secretariat, Canadian Section has one business line which is identical to its program objective (see Program Objective infra Section II 2. b. page 7).

SECTION III: Departmental Performance

1. Performance Expectations

a. Authorities

Figure 8 - Authorities for 1998-99

Financial Requirements by Authority (\$ 000)	
	Total Departmental
Planned Spending	2,209
Total Authorities	2,209
1998-99 Actuals	1,640

Note: The reduction of 25.7% or \$568,233 in the 1998-99 actual expenditures over the 1998-99 planned spending is due to the lower than anticipated proceedings filed under the NAFTA.

b. Results Commitments

Figure 9 - Chart of Results Commitments

The NAFTA Secretariat, Canadian Section	
to provide Canadians with:	to be demonstrated by:
appropriate administration of the dispute settlement provisions of the North American Free Trade Agreement (NAFTA), the Canada - Israël Free Trade Agreement and the Canada - Chile Free Trade Agreement in a manner which ensures unbiased administrative processes, equity, security and fairness while providing quality services	<ul style="list-style-type: none"> stakeholder feedback;
	<ul style="list-style-type: none"> client satisfaction surveys; and
	<ul style="list-style-type: none"> public access to and provision of information including decisions, reports and statistics in accessible formats.

2. Performance Accomplishments

a. Departmental Performance

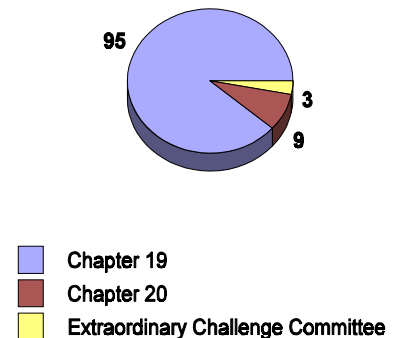
The departmental performance section of this report provides a perspective on the performance of the NAFTA Secretariat, Canadian Section since 1994 and addresses 1998-99 departmental outputs.

i. Departmental Outputs

From January 1, 1989 until March 31, 1999, a total of 95 FTA and NAFTA Chapter 19 panel reviews (49 panel reviews under the FTA and 46 under the NAFTA) were filed with the Secretariat. Three Extraordinary Challenge Committee (ECC) requests have been filed (all under the FTA). Additionally, five FTA Chapter 18 and four NAFTA Chapter 20 (formerly Chapter 18 under the FTA) arbitral panel reviews have been filed with the Secretariat. Since the inception of the FTA, to March 31, 1999, 84 decisions and reports have been issued.

Figure 10

Panel Reviews and Requests
 1989-1999



In 1998-99 fiscal year, the NAFTA Secretariat administered 20 panel reviews under Chapter 19, two arbitral panel proceedings under Chapter 20 of the NAFTA and one arbitral panel proceeding under Article V of the Softwood Lumber Agreement. Six Chapter 19 panel decisions were issued by the NAFTA Secretariat in this time period and the remaining proceedings were still under review as of March 31, 1999.

ii. Performance Results

In 1998, the Canadian Section's client satisfaction survey was conducted among panel members.

The highlights of this 1998-99 performance report indicate that:

- **100%** of clients are **very satisfied** (the highest possible rating), overall, with the Canadian Section;
- **80%** of clients **fully believe** (the highest possible rating) that the Canadian Section has the appropriate support services in place to ensure that programs, systems and procedures developed for administering the dispute settlement process are accurate (80%), impartial (90%), responsive (90%), timely (100%), independent (90%) and accessible (90%);

Stakeholders' Feedback

“By providing an unbiased and helpful environment, the Secretariat is critical in the smooth functioning of the panel process.”

“The NAFTA Secretariat provides a model which should be followed by other administrative bodies.”

- approximately 70% of clients believe that the Canadian Section is **very important** and the remaining 30% indicate the Canadian Section is somewhat important to the dispute settlement processes of the NAFTA; and
- **100%** of panellists and assistants to panellists would want to serve again in that role. Most respondents indicated they wished to serve again because of their positive experience working with the Canadian Section.

Figure 11 - Chart of Performance Commitments versus Results

Summary of Results of Client Satisfaction Survey by Service Line - 1998-1999		
Performance Commitments:	Performance Indicators:	Actual Performance Results:
the appropriate administration of the dispute settlement provisions of the North American Free Trade Agreement (NAFTA), the Canada - Israël Free Trade Agreement and the Canada - Chile Free Trade Agreement in a manner which ensures unbiased administrative processes, equity, security and fairness	at least 80% of stakeholders indicating that they are fully satisfied that the NAFTA Secretariat, Canadian Section, administered the dispute settlements provisions of the Free Trade Agreements in a manner which ensures unbiased administrative processes, equity, security and fairness	96% very satisfied that unbiased administrative processes provided 100% very satisfied that fair and equitable service policy in place 100% very satisfied with accessibility of the staff
the appropriate administration of a court-like registry for the panel review process at a level comparable to other registries of superior courts of record in Canada	at least 80% of stakeholders indicating that they are very satisfied with all aspects of the administration of the NAFTA Secretariat's court-like registry	100% of all clients are very satisfied, overall, with the NAFTA Secretariat, Canadian Section 92% of clients are very satisfied with all aspects of the administration of the dispute settlement proceedings approximately 70% of clients believe that the Canadian Section is very important to the dispute settlement processes of the NAFTA

Performance Commitments:	Performance Indicators:	Actual Performance Results:
the ongoing development and the implementation of programs, systems and procedures which are relevant to clients, impartial, responsive, accurate, timely and independent	at least 80% of stakeholders indicating that they are fully satisfied with the systems and procedures provided by the NAFTA Secretariat, Canadian Section and that they are relevant, accurate, impartial, responsive, accessible, timely and independent	96% of clients are very satisfied with the accuracy, impartiality (96%), responsiveness (100%), independence (96%) and timeliness (96%) of the services
the required information and support to panels to ensure their work is accurate, impartial, responsive, accessible, timely and independent	at least 80% of panellists and their assistants indicating that they are fully satisfied with the information and support provided to panels by the NAFTA Secretariat, Canadian Section	100% of clients are very satisfied with the support provided to panels. Clients stated that the Secretariat provided accurate (80%) impartial (90%) and timely (100%) information to support the process and 86% of clients reported that they were very satisfied with the Canadian Section's control and distribution of documents
open and accountable management and administration of the NAFTA Secretariat, Canadian Section	providing access to decisions, reports and statistical information prepared by this agency and by the reduction in expenditures in selected areas through progressive management initiatives	8% cost reduction of the overall budget through co-delivery partnerships (including co-location, contracting-out, shared services and cost recovery) and improved information technologies
improved overall effectiveness and efficiency through the use of new information technologies	<p>facilitating greater access for the primary stakeholders through the establishment of a searchable (word and phrase) World Wide Web Internet Site</p> <p>implementation of an enhanced NAFTA Secretariat Integrated Information System, which includes redesign of the:</p> <ul style="list-style-type: none"> - Registry Information System; - Motions and Orders Research Database; and - Trilateral Financial System. <p>this system is being designed taking into account the Year 2000 issues</p>	<p>the NAFTA Secretariat has developed a comprehensive trilingual World Wide Web Internet Site that is designed to provide its clients with required information including FTA and NAFTA decisions. To facilitate access to required information by primary stakeholders and other interested parties the World Wide Web Internet Site is now designed to be searchable by word and phrase.</p> <p>the NAFTA Secretariat has designed and implemented a revised, Year 2000 compliant, Article 1904 Registry Information Sub-System. This Sub-System is a major component of the NAFTA Secretariat Integrated Information System. This system is essential to the efficient performance of NAFTA mandated functions and further sub-systems including a financial component, are currently being programmed</p>

Performance Commitments:	Performance Indicators:	Actual Performance Results:
<p>assist with the start-up of the designated Israeli agency and the Chilean national Section, for the administration of the dispute settlement provisions of the Agreements</p>	<p>establish a liaison relationship with the appropriate trade officials in Israel and Chile</p>	<p>in 1997, the Canadian section's mandate was expanded to include administration of the dispute settlement process under Chapter 8 of the Canada-Israel Free Trade Agreement and under Chapter N of the Canada-Chile Free Trade Agreement</p> <p>the Canadian Section has held an initial meeting with the designated Chilean official and is assisting with the creation of the Chilean national Section.</p> <p>At this point in time, no discussions have taken place with Israeli officials concerning the creation of the Israeli Designated Agency</p>
<p>establish a liaison relationship with NAFTA Co-ordinating Secretariat</p>	<p>assist with defining the mandate of the NAFTA Co-ordinating Secretariat as regards its role of supporting the national Sections of the NAFTA Secretariat</p>	<p>the (NAFTA) Free Trade Commission has decided not to fund the creation of the NAFTA Co-ordinating Secretariat at this time</p>
<p>provide advice to other international trade secretariats such as the Free Trade Area of the Americas (FTAA)</p>	<p>establishing a liaison with the appropriate trade officials for the FTAA</p>	<p>liaison meetings with the FTAA Secretariat to identify items that would be beneficial to the establishment of the office</p>

SECTION IV: Consolidated Reporting

1. Year 2000 Readiness

In response to the Year 2000 issue, the NAFTA Secretariat, Canadian Section has developed an action plan to ensure that all:

- ▶ internal systems,
- ▶ external systems (eg. Central Agencies),
- ▶ off-the-shelf standard office software (eg. WordPerfect, Word, Excel, etc.),
- ▶ work-stations and network operating systems, and
- ▶ all hardware (eg. work-stations, file servers, etc.) meet Year 2000 requirements;

In concert with the other two national Sections, the Canadian Section has established a joint project to convert and redesign the current NAFTA Secretariat Information Systems. The objectives of the redesigned system are:

- ▶ to ensure that the NAFTA Secretariat Information Systems are Year 2000 compliant, and
- ▶ to improve the systems performance by utilizing modern technologies (eg. Windows)

Finally, the Canadian Section has implemented the first major component of the revised NAFTA Secretariat Integrated Information System (the Article 1904 registry sub-system) in all three national Sections. All other modules of this Integrated Information System are scheduled to be completed by the year 2000 and as of March 31, 1999, these modules were 60% complete.

SECTION V: Financial Performance

Table 1 - Summary of Voted Appropriations

Financial Requirements by Authority (\$ 000)				
Vote		1998-99		
		Planned Spending	Total Authorities	Actual
	NAFTA Secretariat, Canadian Section			
50	Program	2,064	2,064	1,496
(S)	Contributions to Employee Benefit Plans (EBP)	145	145	145
	Total Department	2,209	2,209	1,641

**Total Authorities are Main Estimates.*

** Note: The reduction of 25.7% or \$568,233 in the 1998-99 actual expenditures over the 1998-99 planned spending is due to the lower than anticipated proceedings filed under the NAFTA.*

Table 2 - Comparison of Total Planned Spending to Actual Spending

Departmental Planned versus Actual Spending (\$ 000)			
Business Line	1998-99		
	Planned	Total Authorities	Actual
Operating	2,064	2,064	1,641
Capital	-	-	-
Voted Grants & Contributions	-	-	-
Subtotal: Gross Voted Expenditures	2,064	2,064	1,641
Statutory Grants and Contributions	-	-	-
Total Gross Expenditures	2,064	2,064	1,641
Less: Respendable Revenues	-	-	-
Total Net Expenditures	2,064	2,064	1,641
Other Revenues and Expenditures			
Non-respendable Revenues	(300)	(300)	(1)
Cost of services provided by other departments (Note 1)	144	144	136
Net Cost of the Program	1,908	1,908	1,776
Full Time Equivalents (FTEs)	13	13	10

**Respendable Revenues were formerly called "Revenues Credited to the Vote."*

**Non-respendable Revenues were formerly called "Revenues Credited to the (CRF)".*

**Total Authorities are Main Estimates excluding contributions to employee benefit plans.*

Note 1: These costs include accommodations received free of charge from Public Works and Government Services Canada (PWGSC), employee benefits covering the employer's share of insurance premiums paid by the Treasury Board of Canada, and the administration of pay processing system by PWGSC.

Table 3 - Historical Comparison of Total Planned to Actual Spending

Historical Comparison of Planned versus Actual Spending (\$ 000)					
Business Line			1998-99		
	Actual 1996-97	Actual 1997-98	Planned	Total Authorities	Actual
NAFTA Secretariat, Canadian Section	1,415	1,280	2,064	2,064	1,496
Total	1,415	1,280	2,064	2,064	1,496

**Total Authorities are Main Estimates excluding contributions to employee benefit plans.*

Tables 4-6 (Not applicable for the NAFTA Secretariat, Canadian Section - See Endnotes)

Table 7 - Non-respendable Revenues

Non-respendable Revenues (\$ 000)					
Business Line			1998-99		
	Actual 1996-97	Actual 1997-98	Planned Revenues	Total Authorities	Actual
NAFTA Secretariat, Canadian Section	433	279	300	300	1
Total Non-respendable revenues	433	279	300	300	1

**Non-respendable Revenues were formerly called "Revenues Credited to the (CRF)".*

Tables 8-16 (Not applicable for the NAFTA Secretariat, Canadian Section - See Endnotes)

SECTION VI: Other Information

Contact for Further Information

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Internet Web Site: <http://www.nafta-sec-alena.org>

ENDNOTES

The Treasury Board Secretariat has requested that the following Financial Tables be included in the Departmental Performance Report for the period ending March 31, 1999. However, these Financial Tables are not applicable to the NAFTA Secretariat, Canadian Section.

Table 4 - Crosswalk between Old Resource Allocation and New Allocation

Table 5 - Resource Requirements by Organization and Business Line

Table 6 - Respendable revenues

Table 8 - Statutory Payments

Table 9 - Transfer Payments

Table 10 - Capital Spending by Business Line

Table 11 - Capital Projects by Business Line

Table 12 - Status of Major Crown Projects

Table 13 - Loans, Investments and Advances

Table 14 - Revolving Fund Financial Summaries

Table 15 - Contingent Liabilities

Table 16 - Special Travel Policies

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