



*The*  
**P O W E R**  
*of* **O N E**

*Social Sciences and Humanities Research Council of Canada*  
ANNUAL REPORT 2005-2006

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## SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL OF CANADA

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Social Sciences and Humanities  
Research Council of Canada

Conseil de recherches en  
sciences humaines du Canada

Canada

*The*  
**P O W E R**  
*of* **O N E**

Asking questions is a powerful thing. Questions about ourselves, our histories, the world we have made, and the world we want to make.

By asking, we invite new perspectives. By pursuing the answers, we make discoveries, discoveries that can change minds—and lives. The lives of individuals. The lives of societies. The collective life of humankind. Change on every order of magnitude.

The Social Sciences and Humanities Research Council of Canada exists to support this country's researchers—individuals driven to change the world one question at a time.



One researcher.

366 billion dollars.

Richard Lipsey wrote the book on economics—literally. His 1963 work, *An Introduction to Positive Economics*, was translated into 15 languages and served for decades as the standard text on the subject. He is a thinker concerned with how economics functions in the real world—and not only with theories of how it *ought* to work. That practical, incisive tendency has moved Lipsey to tackle some hot topics, the hottest no doubt having been his championing of Canada-U.S. free trade in the 1980s. But history has borne him out: Canadian exports to the U.S. have steadily

increased and, in 2005, were worth \$366 billion. This year, his longstanding examination of economic growth and technological change culminated in another prize-winning book.

For his many contributions to economics and to Canadian society over the past 50 years, Lipsey—professor emeritus of Simon Fraser University—was awarded the 2005 SSHRC Gold Medal for Achievement in Research. His next topic? Global warming and the economic implications of rising sea levels.

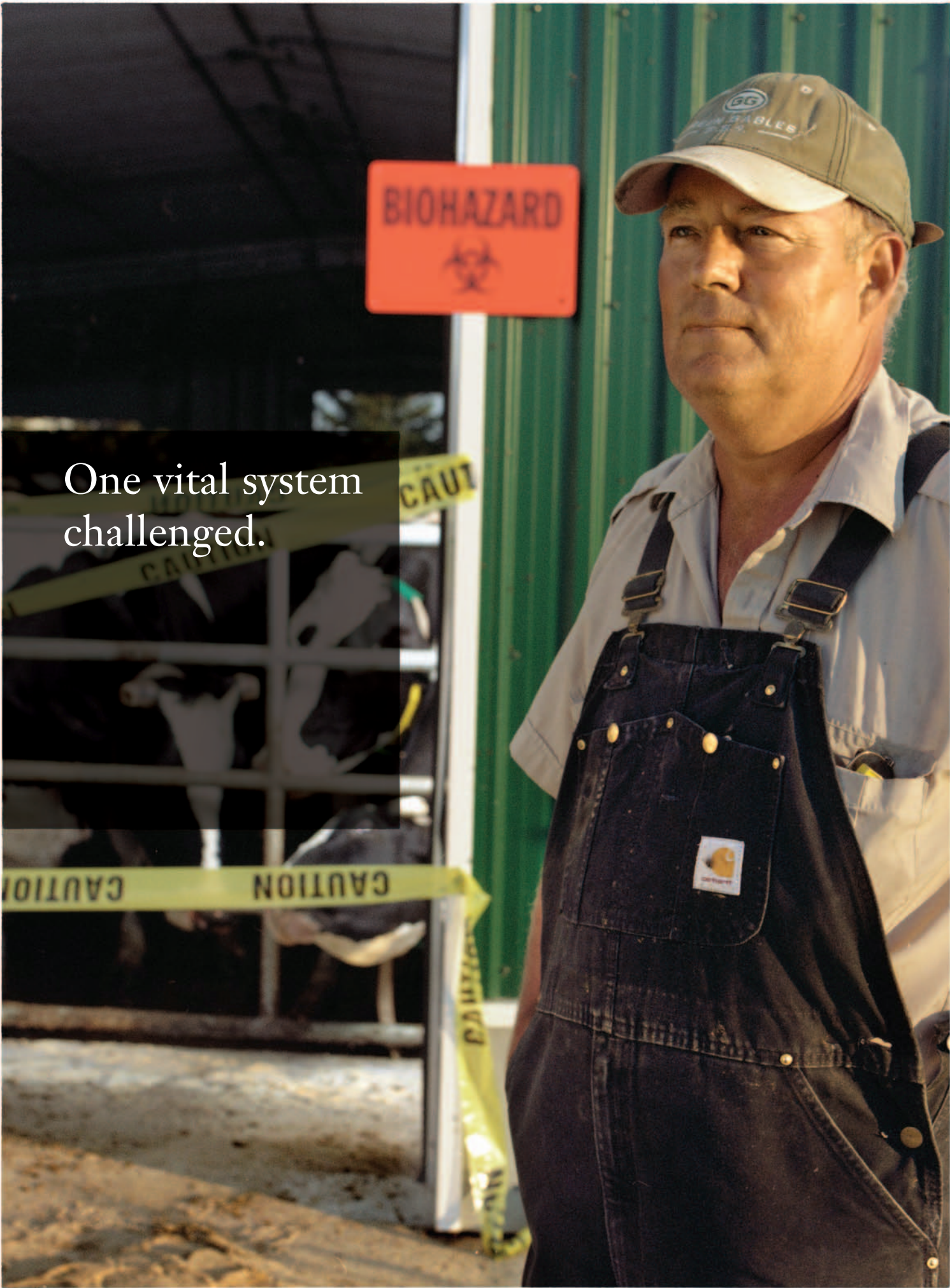
One way of living.



## A lifetime of consequences.

Rapes. Sexual murders. Family homicides. In 2005, more than 300,000 violent crimes were committed in Canada. We get all the details from the headlines, but seldom any insight into why such things happen in the first place. Yet that understanding is crucial if we are to have any success at prevention—reducing the terrible personal and significant social costs. Maurice Cusson, professor of

criminology at the Université de Montréal, has been asking the question “Why?” for years. His examination of how lifestyle and living conditions shape criminal behaviour is bringing into clearer view the ways offenders escalate to more severe types of crimes. Cusson’s mission is to devise ways of dealing with the threat of criminal violence before it reaches the point of tragedy.



One vital system  
challenged.



346,195 experts  
ready to help.

Economic pressures, shifting attitudes and global competition are challenging the food system on which all Canadians depend. Many issues demand expert attention—from mad cow disease to the genetic modification of crops. Yet the experts with the experience to contribute to solutions—Canada's farmers—are outside the academic and scientific domains we traditionally turn to for answers. Stéphane McLachlan, Ian Mauro and their teams at the University of Manitoba are working to foster collaboration

among farmers, researchers and policy-makers—aiming to enrich academic understanding by capturing and transferring rural knowledge. One of their techniques is to videotape farmers' own accounts of their experiences and insights. One such video and its associated website were accessed 87,000 times in a single month: clear evidence of an appetite among Canadians for time-tested rural wisdom.



One world.

## A fragile mosaic.

Many thousands of communities make up the global village. York University's Haideh Moghesi is looking at one group in particular: Canada's immigrant Muslim communities. She wants to know if Western governments' preoccupations with Islam since 9/11 have diverted attention from basic social concerns that may be causing discontent—and potentially radical reactions—among Muslims new to the country. Example: in Canada, unemployment among Muslims is nearly double the national average despite the fact that Muslims' levels of higher education are generally above the national average.

Will Kymlicka of Queen's University has examined issues of ethnic minority rights and policies of multiculturalism for decades, illuminating solutions to the complex challenge of balancing the interests of entire multicultural societies with the individual and group rights within them—rights that today are being asserted not just on the basis of ethnicity or language but also religion.

One council.

Thirty-two million  
beneficiaries.

The Social Sciences and Humanities Research Council supports investigations that touch directly on the lives of Canadians—*all* Canadians. Real, lasting solutions to problems of crime, sustainability, poverty and terrorism can come only through the informed pursuit of social change.

Canada's world-class social sciences and humanities researchers are engaged, one dedicated mind at a time, in gathering the knowledge to inform that pursuit. SSHRC's role is to help them do so: to foster the conditions in which their work can achieve the greatest possible impact.

## At a Glance

The Social Sciences and Humanities Research Council (SSHRC) is an arm's-length federal agency created by Parliament in 1977 to promote and support research in the social sciences and humanities.

**SSHRC funds research** that helps Canadians understand the world around them: what we value, what we question, our past, present and future.

### COMMUNITY

Full-time graduate students who study social sciences and humanities at Canadian universities:

**49,080**

Full-time professors who teach social sciences and humanities at Canadian universities:

**19,050**

Canadian universities and colleges eligible for SSHRC funding:

**120**

Community organizations, including 100 Aboriginal organizations, working with researchers on SSHRC-funded projects in 2005-06:

**800**

### EXCELLENCE

SSHRC awards its grants and fellowships through an independent, national, peer-review process: volunteer selection committees recommend which projects to fund, based on academic excellence and the importance of the research to the advancement of knowledge. Peer review is universally recognized as the most objective and effective way to allocate public research funds.

Scholars and experts who sat on SSHRC adjudication committees or provided written assessments of grant and fellowship proposals in 2005-06:

**5,670**

Grant applications received in 2005-06:

**10,750**

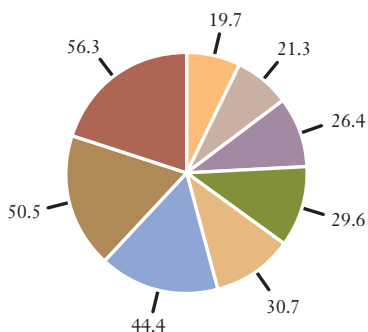
New grants, fellowships and scholarships awarded in 2005-06:

**3,790**

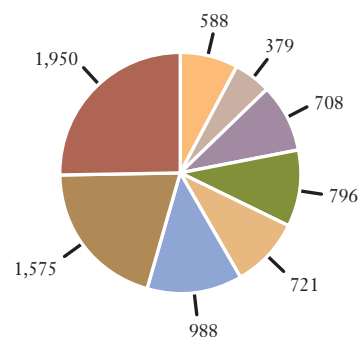
## SSHRC INVESTMENTS 2005-06

Value of grants, fellowships and scholarships disbursed ..... **\$290 million**  
 Number of academic disciplines funded..... **more than 30**

**INVESTMENTS**  
in millions of dollars



**NUMBER OF PROJECTS**



- Crime, Poverty and Justice
- Immigration and Multiculturalism
- Education
- Family and Healthcare
- Environment
- International Politics and Trade
- Economic Development
- Humanities

## Canada Research Chairs Program

The Social Sciences and Humanities Research Council administers the Canada Research Chairs, a \$900 million program which will establish 2000 senior research professorships at Canadian universities by 2008. This program helps keep research jobs and expertise in Canada and increases the national research capacity in social sciences and humanities, engineering, medicine and the natural sciences.

**Canada Research Chairs established at Canadian universities in 2005-06 ..... 311**  
**Canada Research Chairs established at Canadian universities to date ..... 1689**

A photograph of a laboratory setting. In the foreground, two strips of yellow caution tape are stretched across the frame, with the word "CAUTION" printed in black. In the background, a red biohazard sign is visible, partially cut off by the top edge of the image. The sign has the word "BIOHA" and a biohazard symbol. The overall scene is dimly lit, suggesting a laboratory environment.

The power of research...

Since 1977, SSHRC has nurtured research in the social sciences and humanities, supporting investigations into the deepest motivations of individuals and the largest structures of society.



The knowledge produced by this research enriches our understanding of our histories, our cultures and our responsibilities as citizens. It has the power to shape the future, revealing solutions to economic, ethical, political and social problems.

Research knowledge makes an essential contribution to Canadians' well-being. From delivering health care and education to developing foreign policy, from responding to terrorism to competing in the global economy—all of today's most pressing issues have a human dimension that must be grasped if we are to make an effective response.

#### STRATEGIC, OPEN AND ACCOUNTABLE

In July 2005, SSHRC published *Knowledge Council*, a five-year strategic plan finalized after extensive nationwide consultations. The plan charts a course for developing the Council's twin roles: supporting creative research and research training—the true power base of the social sciences and humanities—and maximizing the impact of new and existing knowledge by better connecting researchers with each other and with those who need that knowledge to address real-world issues.

SSHRC grants and scholarships are awarded through a peer-review process, which ensures that those most qualified make crucial funding recommendations. Volunteer selection committees of Canadian scholars and researchers assess thousands of research proposals each year. Based on rigorous criteria, these committees recommend which projects merit funding. More than 5,000 additional Canadian and international experts provide written assessments of proposals to help the review committees make their selections.

As an arm's-length federal agency, SSHRC is proactive about maintaining the highest standards of accountability and transparency in the stewardship of public funds. Our three-year review of corporate governance, for example, completed in spring 2006, anticipates many provisions of new federal policies. In addition, the Council is putting in place new audit mechanisms to monitor the effectiveness of program administration and the accuracy of information used in decision-making and reporting.

SSHRC's expenditures in 2005-06 were \$314 million; of that total, operating costs made up less than eight per cent. The council disbursed 15 per cent more money to researchers than in 2004-05 with no increase in operating costs.

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#### RESEARCH HIGHLIGHT:

#### What makes a good citizen?

Most people agree on the importance of teaching good citizenship. But not everyone agrees on what 'good citizenship' means. A personal sense of duty and social responsibility? Awareness of how government and democracy work? Or the active pursuit of social justice? Researcher Joel Westheimer has studied schools throughout Canada and the U.S. and found that while philosophers and social scientists tend to define good citizenship as the combination of these three, most educational programs focus only on the first. Why? It's easier. It's less controversial. But in his view, it's ultimately incomplete. Democracies thrive on discourse, debate and the healthy exchange of ideas. Westheimer hopes his research will help educators appreciate the different kinds of democratic participation and shape better-rounded citizens.



to build knowledge.

**The object** of research in the social sciences and humanities is to broaden and deepen understanding. The key to understanding is exploration. SSHRC's Standard Research Grants program supports that exploration by inviting researchers to choose both the topic of their research and the methods to approach it—to roam intellectually, without constraint.

SSHRC's core and largest program, Standard Research Grants supported more than 2,700 projects in 2005-06. From economics to philosophy, from education to criminology, these projects—conducted by researchers at more than 90 universities and colleges throughout the country—represent the best minds in more than 30 disciplines.

#### FORGING COMMUNITY ALLIANCES

2005-06 saw the fifth competition of SSHRC's groundbreaking Community-University Research Alliances (CURA) program. Through it, community organizations and activists work as equal partners with academic researchers to set priorities, form teams and conduct research that addresses issues their communities are most concerned about.

The University of New Brunswick's Robert MacKinnon, for instance, leads a CURA that partners historians, biologists and sociologists with environmental, heritage and social action groups—all focused on generating homegrown solutions for Saint John that will support the city's challenging transition from an industrial to a service economy.

The CURA program has been a tremendous success, praised and imitated in other countries, and has served as an inspiration for other programs, such as Aboriginal Research, that forge links between researchers and the world they live in.

#### CREATING CLUSTERS

Throughout 2005-06, SSHRC and its research community continued to refine the concept of research clusters: national networks of experts that bring together existing research knowledge from diverse disciplines, institutions, communities

and countries in order to develop the most effective approaches to key contemporary issues.

This year, under the Strategic Research Clusters Development Grants program, 23 grants of up to \$25,000 supported researchers as they finalized the form these innovative knowledge networks will take. Consider, for example, self-injury among young people: widespread but little-understood, the compulsion to physically harm oneself occurs in one out of ten adolescents. A common commitment to finding solutions has brought together a high school, a number of mental health agencies and researchers at hospitals and universities in three provinces to develop a cluster that will focus existing and future research on the problem. University of Victoria psychiatry professor Mary Kay Nixon coordinates the participants' contributions.

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#### RESEARCH HIGHLIGHT:

#### Schoolspeak / Streetspeak

Linguist Shana Poplack is looking at the gap between the French taught in Québec's classrooms and the language students actually speak—and how both compare to community norms. It's research that could open new vistas in many directions. Among other aspects, there's an ongoing battle in French, as in many languages, between the 'proper' and the 'popular.' Teachers strive to pass on the former, but it's in the latter that a living language finds its vigour. The internationally recognized Poplack, who holds the University of Ottawa's Canada Research Chair in Linguistics, is one of the few researchers studying the influence teachers have on the forces that shape language.



Fernando Morales

**The value** of research has no set borders, intellectual, practical or geographical. Its real-world applications are as diverse as the human condition. SSHRC programs empower researchers, institutions and communities to assemble critical masses of expertise and experience that make a difference—across town, across the country and around the world.

As its name suggests, the Knowledge Impact in Society (KIS) program, launched this past year, aims at getting vital research knowledge into the community—in this instance by supporting universities as they develop their own ‘knowledge-mobilization’ strategies. Town hall meetings, public discussion groups, summer institute sessions, research summaries, reviews and syntheses, hiring dedicated knowledge mobilization coordinators—these are just a few of the options the program makes possible.

In 2005-06, SSHRC awarded 11 KIS grants of up to \$300,000 each. Batshaw Youth and Family Services in Montréal, for example, approached McGill University with a major challenge: the agency wanted to identify the most effective interventions for helping abused and neglected children. McGill’s project is now bringing together clinicians, managers and researchers to put the best available research evidence at the service of the agency and its clients.

#### AT HOME AND ABROAD

In its strategic plan, SSHRC makes a priority of increasing Canadian participation in research abroad and international participation in Canadian research. In October 2005, the Council inaugurated the International Opportunities Fund (IOF), which has international collaboration as its *raison d’être*.

This year, SSHRC also continued to support Major Collaborative Research Initiatives (MCRI), a program introduced in 1993. MCRI are large-scale, long-term, Canadian-led collaborative projects involving dozens of researchers in multiple disciplines from across the country and around the world. MCRI put a kaleidoscope of expertise, experience and perspectives to work on one particular set of research issues or questions. A salient example: climate change.

The future of Canada’s Prairies could be a dry one. In response to this threat, University of Regina sociologist Harry Diaz is looking at Chile’s Coquimbo Water Basin. Well on the way to desertification, the Coquimbo Basin offers a glimpse of what an arid Canadian Prairie might look like 50 years from now. With a team of biologists, philosophers, economists and mathematicians from both countries, Diaz is using the basin as his ‘laboratory’, gleaning insights into the challenges our own country faces—and searching for possible solutions.

This past year SSHRC also took up full partnership in BOREAS, a program co-ordinated by the European Science Foundation that supports multinational humanities research on the circumpolar North. SSHRC also joined the European Research Area Network on the Societal Aspects of Genomics. Canada, one of only two non-European full members, was invited to join the network because of our researchers’ international reputation in this field.

SSHRC’s commitment to international research extends beyond direct support to helping resolve crucial methodological and organizational issues on which the success of international collaboration depends.

In January 2006, SSHRC, Statistics Canada and the Canadian Institutes of Health Research co-hosted a major international conference on the design and management of large-scale, long-term social and health surveys. Experts from around the world discussed the best ways to reliably integrate research results from multi-year studies conducted in different countries and organized, in some cases, on different principles. The solutions that emerge will greatly enhance the ability of Canadian researchers to contribute to and benefit from international research projects.

SSHRC is also spearheading a policy initiative of the Organization for Economic Cooperation and Development (OECD) that aims to improve the exchange of research data among member countries. When completed and put into practice, the new policy will ensure a better return on the billions of dollars that Canada and other OECD countries invest in research data every year.

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#### RESEARCH HIGHLIGHT:

#### One world, common problems

Janice Keefe, Canada Research Chair in Aging and Caregiving Policy, used her International Opportunities Fund grant to organize a working seminar on aging with colleagues from Beijing’s Capital University of Economics and Business. It’s a good fit: by 2031, some nine million Canadians will be 65 or older. In China, that number will be 230 million. With similar changes in the two countries—smaller families, later childbirth, a diminished role for extended families—Canada and China have much to learn from each other on the issue of aging.



to effect change.

**Knowledge** is never complete. Understanding is never final. The researchers of today, who have contributed so much, are the giants on whose shoulders the next generation will stand—and see much further.

As the most fundamental kind of knowledge transfer occurs between generations, one of SSHRC's most important roles is to foster the next generation of researchers. In 2005-06, Canada Graduate Scholarships and SSHRC Doctoral Fellowships supported close to 3,500 of Canada's best master's and doctoral students.

Michael Levi is in the forefront of that group. Levi concerns himself with the kind of nuclear bomb plots that fill movie theatres and give security specialists nightmares. A physicist working on a PhD in war studies at King's College London, Levi is doing groundbreaking research on the best ways to prevent nuclear materials from falling into the hands of terrorists. He won the William E. Taylor Fellowship as this year's most outstanding SSHRC doctoral award recipient.

Besides scholarships and fellowships, many students benefit from the SSHRC grants received by established researchers. As research assistants, both graduate and undergraduate students participate directly in research projects. It is as assistants, in fact, that many among the emerging generation of researchers will receive their hands-on apprenticeship.

The benefits extend far beyond the research community. Fifty-three per cent of all Canadian professors teach in the humanities and social sciences. Their master's and doctoral students, who comprise 52 per cent of graduate students, are the next generation of researchers and academics. More broadly, the creativity, analytical skills and understanding developed through research training form a vital part of Canada's next generation of citizens, entrepreneurs, teachers, public servants, politicians, peacekeepers, religious leaders and journalists—leaders in every walk of life.

#### EXCELLENCE ACKNOWLEDGED

Every year, SSHRC celebrates select researchers whose work has transformed—and continues to transform—our understanding. The council's highest honour, the \$100,000 Gold Medal for Achievement in Research, is awarded for a career that has significantly advanced understanding, enriched Canadian society and contributed to the country's cultural and intellectual life. This year's recipient, Simon Fraser University Professor Emeritus Richard Lipsey, has made a worldwide impact on the teaching, theory and practice of economics. His work is featured on page 3.

SSHRC's \$25,000 Aurora Prize, which recognizes outstanding new scholarly energy and acumen, went this year to Jill Scott, professor of German studies at Queen's University. Scott draws on comparative literature, feminist theory, history and psychology

to analyze compelling topics such as the power of forgiveness as articulated in modern literature, film and photography—and how it might help our post-9/11 world move beyond the cycles of tragedy, suffering and revenge that seem to dominate the global stage.

#### LOOKING AHEAD

While the SSHRC prizes celebrate the contributions to knowledge and society that Canadian researchers have already made, they also point towards those they will make. Richard Lipsey and Jill Scott are not only exceptional individuals: they also stand at the head of thousands of Canadian social science researchers and humanities scholars who every day dedicate their intelligence, creativity and expertise to deepening our understanding and improving our quality of life.

The present century is already remarkable for its political, social, economic and technological transformations—and indications are that these will only multiply and intensify over time. This fact highlights the importance of research to anticipate, respond to, and bring about change—in events, in awareness, in the conduct of lives, in the organization of society.

Whether one points to the ongoing menace of freelance political violence, the aging of Western populations, rural depopulation in Canada, the implications of China and India as the next economic superpowers—or a myriad of other issues—the complexities of our time will not yield to business-as-usual. But the understanding gained through research holds the power to unite received wisdom with new knowledge to arrive at unprecedented solutions.

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#### RESEARCH HIGHLIGHT:

#### Old stories, new readers

Winner of SSHRC's 2005 Postdoctoral Prize, Valerie Henitiuk is setting out on what she sees as a "career-long examination" of the globalization of culture. A thousand years ago, a Japanese woman wrote the now-classic *Tale of Genji*. For Edmontonian Henitiuk, now doing research at Columbia University, the fascination lies in the book's popularity in modern Japan—there's even a boyband called Genji—a renaissance due in part to foreign regard for the book. But who decides what ranks as "world literature?" And how do individual cultures change when they interact with the global one? Questions like these put Henitiuk at the forefront of the study of comparative literature, and make an 11th-century Japanese novel startlingly relevant to 21st-century Canada.

## Research Matters

As a member of SSHRC's Council, I appreciated the opportunity to serve as interim president during a pivotal time in the organization's history.

Despite having to maintain a demanding schedule as York University's vice-president of research and innovation, I took on this challenge for three compelling reasons: the knowledge that the Council is committed to a clear vision for the future; the confidence that stakeholders both in and beyond the research community support this vision; and, above all, my personal and passionately held belief that social sciences and humanities research matters deeply to all Canadians.

The most daunting challenges facing the world today are those that SSHRC-funded research addresses: terrorism and racial hatred, poverty and crime, environmental degradation, globalization, and the social determinants of health. Scientific knowledge and technological know-how alone cannot solve these kinds of problems, which have to do with histories, value systems, economic and political priorities, and forms of social organization.

In summer 2005, SSHRC published its strategic plan for 2006-11. *Knowledge Council* was the end result of a year-long exercise designed to refocus the Council's priorities and chart the mechanisms necessary to achieve them. The plan spelled out the agency's vision: to build knowledge through research for the benefit of all Canadians.

My key objective this year was to keep up the momentum—to continue to move SSHRC forward on its journey from a granting



council to a knowledge council. The core business of SSHRC is to support the creation of new knowledge and understanding and the training of graduate students—our future academics and community leaders. This work will continue and require strengthening.

But that is only one part of it. More effective research support must be coupled with a new function: brokering connections that will bring together—systematically—the knowledge of academic researchers and the experience of research users—policy-makers, community organizations, journalists and business people. This will make possible broad, lasting impacts on society that are not possible through traditional granting council mechanisms.

This year, SSHRC launched crucial new programs, based on the principles of the strategic plan—Strategic Research Clusters, Knowledge Impact in Society, the International Opportunities Fund. These programs empowered researchers to collaborate across regions and disciplines, to transmit knowledge more effectively to policy-makers and communities, and to contribute to and benefit from multinational research projects. In addition, Council's decision to re-establish the network of SSHRC representatives on campuses across the country will lay the groundwork for closer and more effective working relationships between the Council, the universities, and the tens of thousands of researchers and research trainees who work in our disciplines.

I appreciated the energy, diligence and support of SSHRC's staff. For them, this has been a complex year that has required flexibility and commitment to deliver on the directions of the strategic plan.

Having represented SSHRC at national and international meetings and having had the opportunity to meet and see first-hand the quality and diversity of research in Canada, I can say without a doubt that Canadian research is world-class. What is vital, and what SSHRC is committed to, is making this knowledge and understanding available for the common good and for future generations.

I anticipate that, with the support of dedicated champions within and beyond the research community and with the launch of excellent new programs, we will see an invigorated and more effective agency take shape, bringing real benefits to Canadians.



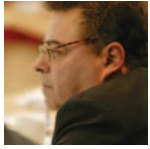
**Stan M. Shapson**

*Interim President*

*Social Sciences and Humanities Research Council*

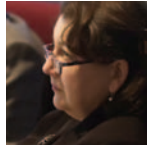
# Leadership

SSHRC's 22-member governing council meets regularly to set policy and program priorities, to allocate budgets and to advise the minister of industry and Parliament on research policy for social sciences and humanities disciplines.



**Stan M. Shapson**  
*Interim President, Social Sciences  
and Humanities Research Council*  
*Vice-President, Research and Innovation*  
*York University*

Stan Shapson stepped in as interim president in September 2005. One of Canada's foremost authorities on the use of technology in learning, his research has contributed to the training of a generation of Canadian teachers.



**Andrée Courtemanche**  
*Research Advisor*  
*Université Laval*

Andrée Courtemanche has published widely on the role of women, family life and migratory patterns in the Middle Ages. She has served as president of the Société des études médiévales du Québec and on the editorial board of the *Canadian Journal of History*.



**Marc Renaud**  
*President, Social Sciences  
and Humanities Research Council*

Marc Renaud served as president from 1997 to 2005. A sociologist with a background in classics, he has written widely on the social determinants of health, health policy and the social impacts of new medical technologies.



**Mary M. Crossan**  
*Professor, Richard Ivey School of Business*  
*The University of Western Ontario*

Mary Crossan is an expert in organizational learning and management practice. She is well-known for using unconventional techniques to inspire creativity in today's top business leaders.



**Sean Caulfield**  
*Canada Research Chair in Printmaking*  
*University of Alberta*

Sean Caulfield's silkscreens, etchings and woodcuts have been exhibited throughout Canada, the United States, Europe, China and Japan. He has won numerous awards, including the grand prize at the Third 21st Century Grand Prix Exhibition in Tokyo.



**Yves Gingras**  
*Canada Research Chair in the History  
and Sociology of Science*  
*Université du Québec à Montréal*

An expert in the politics of science and technology in Canada, Yves Gingras is a former director of the Centre interuniversitaire de recherche sur la science et la technologie, one of the country's leading centres for science and technology research.



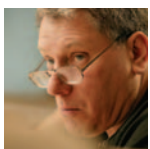
**Richard Cloutier**  
*Professor, Psychology*  
*Université Laval*

One of the country's best-known psychologists, Richard Cloutier's research focuses on children and youth. Among other themes, he explores psychosocial development throughout life, parent-child relationships, youth in transition and youth in difficulty.



**Karen R. Grant**  
*Vice-Provost, Academic Affairs*  
*University of Manitoba*

Sociologist Karen Grant studies health care with a focus on women's health. A member of the National Coordinating Group on Health Care Reform and Women, she has worked to assess the quality of Canadian health care, based on the experience of women.



**Jean-Douglas Comeau**  
*Dean, Immersion Schools*  
*Université Sainte-Anne*

An educator, Jean-Douglas Comeau works to advance second-language teaching in Canada. He has been affiliated with the Université Sainte-Anne, Nova Scotia's only francophone university, for over 30 years.



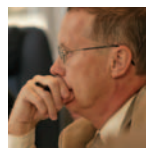
**Greg R. Halseth**  
*Canada Research Chair in Rural and  
Small Town Studies*  
*University of Northern British Columbia*

As a geographer, Greg Halseth examines the challenges presently faced by Canada's rural communities. Economic change, urbanization and community development are a few of the issues his research addresses.



**Kenneth O. Higginbotham**  
*Vice-President, Forestry and Environment  
 Canfor Corporation  
 Vancouver, British Columbia*

Before moving to the private sector, Ken Higginbotham held professorships in botany and forest science at universities in Alberta and North Carolina. He also served as director of Alberta's Forest Research Branch and assistant deputy minister for the Alberta Forest Service.



**Leslie G. Monkman**  
*J.R. Strathy Professor of English Language  
 and Literature  
 Queen's University*

Leslie Monkman is a specialist in Canadian and Commonwealth literatures in English. He is the author of *A Native Heritage: Images of the Indian in English-Canadian Literature* and was formerly special advisor to the principal of Queen's University.



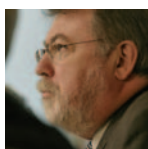
**Linda Hughes**  
*President and Publisher, Edmonton Journal  
 Edmonton, Alberta*

Linda Hughes began her career as a journalist at the *Victoria Daily Times*. Recipient of a Southam Fellowship in journalism, she has worked at the *Edmonton Journal* since 1976.



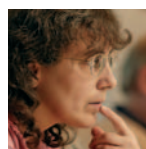
**Barbara Neis**  
*Professor, Sociology  
 Memorial University of Newfoundland*

From the impact of restructuring fisheries to the hazards of occupational asthma, Barbara Neis' research has proven vital to fishery workers, politicians and scientists. She also co-directs SafetyNet, a community-researcher partnership which looks at health and safety in marine and coastal work.



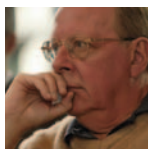
**Gregory Kealey**  
*Vice-President, Research  
 University of New Brunswick*

A social and labour historian, Greg Kealey founded the journal *Labour* and serves as general editor of the Canadian Social History Series. He is currently researching the history of Canada's secret service.



**Keren Rice**  
*Canada Research Chair in Linguistics and  
 Aboriginal Studies  
 University of Toronto*

Keren Rice is a world leader in the study of Aboriginal languages. She heads the Aboriginal Studies Program at the University of Toronto and has published numerous books and articles on linguistics.



**Thomas Kierans**  
*Chair, Canadian Journalism Foundation  
 Toronto, Ontario*

Thomas Kierans is one of Canada's most respected business leaders. An expert on financial, governance and public policy issues, he has served as the president and CEO of the C.D. Howe Institute and has advised many governmental and private sector organizations.



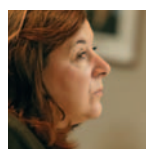
**S. Martin Taylor**  
*Vice-President, Research  
 University of Victoria*

Martin Taylor studies environmental impacts on human health. He has published widely on the psychosocial effects of environmental contamination and the geographical aspects of health promotion.



**Camille Limoges**  
*Independent scholar and consultant  
 Montréal, Québec*

As both civil servant and scholar, Camille Limoges' three decades of work have left an indelible mark on science and technology research. A former Quebec deputy minister, he was also a pioneer in the field of the history of science and technology.



**Vianne Timmons**  
*Vice-President, Academic Development  
 University of Prince Edward Island*

Vianne Timmons has trained teachers in Canada and abroad on how best to integrate children with special needs in their classrooms. An expert on inclusive education, her other research interests include Aboriginal communities, knowledge translation and family literacy.



**Stephen McClatchie**  
*Vice-President, Academic and Research  
 Mount Allison University*

A distinguished scholar in the field of musicology, Stephen McClatchie is internationally respected for his work on the musical culture of fin-de-siècle Vienna. He is currently researching composer Gustav Mahler and violinist Arnold Rosé.



**Stephen J. Toope**  
*President and Vice-Chancellor  
 The University of British Columbia*

A professor of law, Stephen Toope most recently served as head of the Pierre Elliott Trudeau Foundation, which promotes dialogue on public policy issues between scholars and individuals in government, business, the voluntary sector and the arts community.

All photos: Martin Lipman  
 except:  
 Barbara Neis photo: Sheilagh O'Leary

## Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2006 and all information contained in these statements rests with the management of the Social Sciences and Humanities Research Council. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector, and year-end instructions issued by the Office of the Comptroller General.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil these accounting and reporting responsibilities, management maintains a set of accounts which provides a centralized record of the Council's financial transactions. Financial information submitted to the Public Accounts of Canada and included in the Council's Departmental Performance Report is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Council.

The Audit Committee appointed by the Social Sciences and Humanities Research Council reviews these financial statements with the management and the auditors, and reports to the Council. The Council approves the financial statements.

The financial statements of the Council have been audited by the Auditor General of Canada.

Approved by:



**Janet Halliwell**  
Chief Operating Officer



**Michel Cavallin**  
Director General  
Common Administrative Services Directorate  
(Senior Financial Officer)

May 26, 2006



Auditor General of Canada  
Vérificatrice générale du Canada

## Auditor's Report

To the Social Sciences and Humanities Research Council and the Minister of Industry

I have audited the statement of financial position of the Social Sciences and Humanities Research Council as at March 31, 2006 and the statements of operations, equity of Canada and cash flow for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink, appearing to read 'Nancy Y. Cheng'.

**Nancy Y. Cheng, FCA**  
*Assistant Auditor General*  
*for the Auditor General of Canada*

**Ottawa, Canada**  
**May 26, 2006**

## Statement of Operations

For the year ended March 31

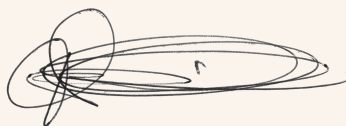
(thousands of dollars)	2006	2005
<b>EXPENSES (NOTE 4)</b>		
Indirect Costs of Research	259,412	244,815
Investigator-Framed Research	96,469	88,628
Fellowships, Scholarships and Prizes	89,622	71,960
Canada Research Chairs	52,459	44,955
Targeted Research and Training Initiatives	34,330	32,568
Research Communication and Interaction	21,173	19,006
Strategic Research Development	19,654	19,135
<b>Total Expenses</b>	<b>573,119</b>	<b>521,067</b>
<b>REVENUES</b>		
Investigator-Framed Research	3	1
<b>Total Revenues</b>	<b>3</b>	<b>1</b>
<b>Net cost of operations</b>	<b>573,116</b>	<b>521,066</b>

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

Approved by the Council:



**Janet Halliwell**  
Chief Operating Officer



**Michel Cavallin**  
Director General - Common Administrative  
Services Directorate

## Statement of Financial Position

As at March 31

(thousands of dollars)	2006	2005
<b>ASSETS</b>		
<b>Financial assets</b>		
Due from the Consolidated Revenue Fund	2,294	2,836
Accounts receivable (Note 5)	1,144	982
Advances	9	5
<b>Total Financial Assets</b>	<b>3,447</b>	<b>3,823</b>
<b>Non-financial assets</b>		
Prepaid expenses	28	44
Tangible capital assets (Note 6)	1,812	2,059
<b>Total Non-Financial Assets</b>	<b>1,840</b>	<b>2,103</b>
<b>TOTAL</b>	<b>5,287</b>	<b>5,926</b>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities (Note 7)	2,393	2,899
Vacation pay and compensatory leave	725	779
Deferred revenue (Note 8)	472	467
Other Liabilities (Note 9)	73	-
Employee severance benefits (Note 10b)	2,351	2,121
<b>Total Liabilities</b>	<b>6,014</b>	<b>6,266</b>
<b>EQUITY OF CANADA (NOTE 11)</b>	<b>(727)</b>	<b>(340)</b>
<b>TOTAL</b>	<b>5,287</b>	<b>5,926</b>

Contractual Obligations (Note 12)

Contingent Liabilities (Note 13)

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

## Statement of Equity of Canada

For the year ended March 31

(thousands of dollars)	2006	2005
<b>EQUITY OF CANADA</b>		
<b>Equity of Canada, beginning of year</b>	<b>(340)</b>	(869)
Net cost of operations	<b>(573,116)</b>	(521,066)
Net cash provided by Government (Note 3c)	<b>570,178</b>	519,209
Change in due from the Consolidated Revenue Fund	<b>(542)</b>	(583)
Services provided without charge		
from other government departments (Note 14a)	<b>3,093</b>	2,969
<b>Equity of Canada, end of year</b>	<b>(727)</b>	(340)

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



## Statement of Cash Flow

For the year ended March 31

(thousands of dollars)	2006	2005
<b>OPERATING ACTIVITIES</b>		
Net cost of operations	<b>573,116</b>	521,066
Non-cash items included in net cost of operations:		
Bad debt expense	-	(34)
Amortization of tangible capital assets (Note 6)	<b>(824)</b>	(659)
Services provided without charge		
from other government departments (Note 14a)	<b>(3,093)</b>	(2,969)
(Loss) on disposals of tangible capital assets	<b>(3)</b>	(2)
Variations in Statement of Financial Position		
Increase in accounts receivable	<b>162</b>	463
Increase in advances	<b>4</b>	1
(Decrease) in prepaid expenses	<b>(16)</b>	(4)
Decrease in accounts payable and accrued liabilities	<b>506</b>	529
Decrease (increase) in vacation pay and compensatory leave	<b>54</b>	(19)
(Increase) in deferred revenue	<b>(5)</b>	(3)
(Increase) in other liabilities	<b>(73)</b>	-
(Increase) in employee severance benefits	<b>(230)</b>	(380)
<b>Cash used by operating activities</b>	<b>569,598</b>	517,989
<b>CAPITAL INVESTMENT ACTIVITIES</b>		
Acquisitions of tangible capital assets	<b>580</b>	1,220
<b>Cash used by capital investment activities</b>	<b>580</b>	1,220
<b>FINANCING ACTIVITIES</b>		
<b>Net cash provided by Government</b>	<b>(570,178)</b>	(519,209)

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

## Notes to the Financial Statements

### I. AUTHORITY AND OBJECTIVE

The Social Sciences and Humanities Research Council (SSHRC) was established in 1977 by the *Social Sciences and Humanities Research Council Act*, and is a departmental corporation named in Schedule II to the *Financial Administration Act*. The objective of the Council is to promote and assist research and scholarships in the social sciences and humanities. The Council delivers its objective under seven program activities:

- a) *Indirect Costs of Research*: The key objective of the Indirect Costs program is to help eligible universities, colleges and affiliated research hospitals and research institutes pay a portion of the costs associated with conducting academic research in institutions receiving research funds from any of the three federal granting agencies.
- b) *Investigator-Framed Research*: SSHRC research grants support individual and team projects and programs of research for which the applicant(s) proposes/propose the research topic and methodology.
- c) *Fellowships, Scholarships and Prizes*: SSHRC offers several award programs for advanced study and research in the social sciences and humanities at the master's, doctoral and postdoctoral level. These programs help train Canada's researchers and the leaders of tomorrow.
- d) *Canada Research Chairs*: The Canada Research Chairs Program supports 2,000 research professorships in all disciplines at universities across the country. The program's key objective is to enable Canadian universities, together with their affiliated research institutes and hospitals, to achieve the highest levels of excellence and to become world-class research centres in the global, knowledge-based economy.
- e) *Targeted Research and Training Initiatives*: SSHRC's targeted programs support strategic research and training to address specific knowledge needs and gaps for Canadians identified in consultations with its community or defined in partnership with other funders (including government, private and community organizations).
- f) *Research Communication and Interaction*: SSHRC supports the communication and dissemination of research results to both academic and broader audiences through both traditional and innovative mechanisms.
- g) *Strategic Research Development*: SSHRC's strategic grants are available to faculty, post-secondary institutions, and not-for-profit organizations to explore, develop and define new perspectives, challenges, and priorities in conducting research, in disseminating research results, and in training new researchers.

The Council's grants, scholarships, and operating expenditures are funded by budgetary lapsing authorities. Employee benefits are funded by statutory authorities.

## 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, and year-end instructions issued by the Office of the Comptroller General. The most significant accounting policies are as follows:

### a) Parliamentary appropriations

The Government of Canada finances the Council through Parliamentary appropriations. Appropriations provided to the Council do not parallel financial reporting according to generally accepted accounting principles since they are based in large part 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 provides information regarding the source and disposition of these authorities and a high-level reconciliation between the basis of reporting.

### b) Net cash provided by Government

The Council operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash received by the Council is deposited to the CRF and all cash disbursements made by the Council are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements, including transactions with departments of the federal government.

### c) Due from the Consolidated Revenue Fund

Due from the Consolidated Revenue Fund represents the amount of cash that the Council is entitled to draw from the CRF, without further appropriations, in order to discharge its liabilities.

### d) Revenues

- Revenues consist of interest on overdue accounts receivable and are accounted for as earned.
- Funds received from external parties for specified purposes are recorded upon receipt as deferred revenue. These revenues are recognized in the period in which the specified purpose has occurred and netted against the related expenses.

### e) Expenses

Expenses are recorded on the accrual basis:

- Grants and scholarships are recognized in the year in which the entitlement of the recipient has been established, when the recipient has met the eligibility criteria, the commitment has been approved, and the payment is due before the end of the fiscal year.
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- Services provided without charge by other government departments and agencies are recorded as operating expenses at their estimated cost.

#### f) Employee future benefits

- Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Council's contributions to the Plan are charged to expenses in the year incurred and represent the total Council's obligation to the Plan. Current legislation does not require the Council to make contributions for any actuarial deficiencies of the Plan.
- Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

#### g) Accounts receivable

Accounts receivable are stated at amounts expected to be ultimately realized. A provision is made for receivables from external parties where the recovery is considered uncertain.

#### h) Tangible capital assets

All tangible capital assets and leasehold improvements with an acquisition cost of \$2,500 or more are capitalized at cost as well as the standard furniture, equipment and desktop personal computer assigned to each employee due to the material number of such items. Tangible capital assets are amortized over their estimated useful life on a straight-line basis, using a half-year rule in the year of acquisition and disposal, as follows:

<b>Asset class</b>	<b>Amortization period</b>
Informatics equipment including standard software issued on desktop computers	3 years
Purchased network software and in-house developed software	5 years
Other equipment	5 years
Furniture	7 years
Leasehold improvements	Lesser of their useful life or the term of the lease

#### i) Contingent liabilities

Contingent liabilities are potential liabilities which may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the loss can be made, an estimated liability is accrued and an expense recorded. If the likelihood is not determinable or an amount cannot be reasonably estimated, the contingency is disclosed in the notes to the financial statements.

#### j) 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, and year end instructions issued by the Office of the Comptroller General 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 allowance for employee severance benefits and the estimated useful lives of capital assets are the most significant items where estimates are used. Actual results could differ significantly 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 operations of the Council are funded 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 Council 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

(thousands of dollars)	2006	2005
<b>Net cost of operations</b>	<b>573,116</b>	521,066
<b>Adjustments for items affecting net cost of operations but not affecting appropriations:</b>		
Add (less):		
Interest on overdue accounts receivable	<b>3</b>	1
Refunds of previous years' expenses	<b>1,786</b>	1,145
Vacation pay and compensatory leave	<b>54</b>	(19)
Amortization of tangible capital assets	<b>(824)</b>	(659)
Services provided without charge by other government departments and agencies	<b>(3,093)</b>	(2,969)
Employee severance benefits	<b>(230)</b>	(380)
Other adjustments	<b>(55)</b>	9
<b>Adjustments for items not affecting net cost of operations but affecting appropriations:</b>		
Add (less):		
Acquisitions of tangible capital assets	<b>580</b>	1,220
Prepaid expenses	<b>(16)</b>	(4)
<b>CURRENT YEAR APPROPRIATIONS USED</b>	<b>571,321</b>	519,410

## b) Appropriations provided and used

(thousands of dollars)	2006	2005
<b>GRANTS AND SCHOLARSHIPS</b>		
Vote 85	552,228	516,138
Less: Lapse/frozen allotment	(2,788)	(19,112)
Grants and scholarships expenditures	549,440	497,026
<b>OPERATING EXPENDITURES</b>		
Vote 80	20,071	22,267
Less: Operating lapse	(548)	(2,058)
Operating expenditures	19,523	20,209
Statutory contributions to employee benefit plans	2,358	2,175
<b>CURRENT YEAR APPROPRIATIONS USED</b>	<b>571,321</b>	<b>519,410</b>

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

(thousands of dollars)	2006	2005
<b>NET CASH PROVIDED BY GOVERNMENT</b>	<b>570,178</b>	<b>519,209</b>
Refunds of previous years' expenses	1,786	1,145
Variation in accounts receivable	(162)	(429)
Variation in advances	(4)	(1)
Variation in accounts payable and accrued liabilities	(506)	(529)
Variation in deferred revenue	5	3
Variation in other liabilities	73	-
Other adjustments	(49)	12
<b>CURRENT YEAR APPROPRIATIONS USED</b>	<b>571,321</b>	<b>519,410</b>

#### 4. EXPENSES

The following table presents details of expenses by category:

(thousands of dollars)	2006	2005
<b>Grants and Scholarships-Social Sciences and Humanities</b>		
Research grants	93,131	85,197
Research training	84,210	66,536
Strategic	38,576	32,487
Canada Research Chairs	48,304	40,983
Initiative on New Economy	16,041	19,264
Research communication	8,516	7,002
	<b>288,778</b>	251,469
<b>Grants - Indirect Costs of Research Program</b>	<b>259,047</b>	244,518
<b>Operations</b>		
Salaries and employee benefits	16,557	15,646
Professional and special services	3,299	3,695
Accommodations and rentals	2,085	2,162
Transportation and communications	1,486	1,850
Information	564	464
Amortization of tangible capital assets	824	659
Utilities, materials and supplies	239	323
Repair and maintenance	237	279
Loss on disposals of tangible capital assets	3	2
	<b>25,294</b>	25,080
<b>Total Expenses</b>	<b>573,119</b>	521,067

#### 5. ACCOUNTS RECEIVABLE

(thousands of dollars)	2006	2005
Other federal government departments and agencies	487	491
External parties	692	532
Less: Allowance for doubtful accounts	(35)	(41)
<b>Total</b>	<b>1,144</b>	982

## 6. TANGIBLE CAPITAL ASSETS

(thousands of dollars)

Capital asset class	Cost				Accumulated amortization				NBV	
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2006	2005
Informatics	1,939	355	25	2,269	1,193	450	22	1,621	648	746
Software	712	137	-	849	371	156	-	527	322	341
Other equipment	209	2	(4)	215	85	35	(3)	123	92	124
Furniture	1,306	86	(13)	1,405	863	126	(13)	1,002	403	444
Leasehold improvements	554	-	-	554	150	57	-	207	347	404
<b>Total</b>	<b>4,720</b>	<b>580</b>	<b>8</b>	<b>5,292</b>	<b>2,662</b>	<b>824</b>	<b>6</b>	<b>3,480</b>	<b>1,812</b>	<b>2,059</b>

Amortization expense for the year ended March 31, 2006 is \$824 (\$659 in 2005).

## 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(thousands of dollars)

	2006	2005
External parties	<b>1,269</b>	2,012
Other federal government departments and agencies	<b>1,124</b>	887
<b>Total</b>	<b>2,393</b>	2,899

## 8. DEFERRED REVENUE

Deferred revenue represents the balance, at year-end, of restricted and earmarked funds that have been received for a specified purpose.

## a) Queen's Fellowship Endowment Fund

The Queen's Fellowship Endowment Fund consists of a \$250,000 endowment which is internally restricted for specific purposes in the Equity of Canada (see Note 10). The interest generated on the endowment is used to fund scholarships to graduate students in certain fields of Canadian studies. Details of the transactions related to the endowment are as follows:

(thousands of dollars)

	2006	2005
Balance, beginning of year	<b>66</b>	60
Interest received	<b>8</b>	6
<b>Balance, end of year</b>	<b>74</b>	66



### b) Restricted gifts, donations and bequests

Private restricted gifts, donations and bequests consist of funds received for special projects in the field of social sciences and humanities research activities. These funds and interest generated thereon are earmarked for these projects. Details of the operations related to the restricted gifts, donations and bequests are as follows:

(thousands of dollars)	2006	2005
Balance, beginning of year	401	404
Restricted donations received	-	2
Interest received	7	5
Fellowships paid	(10)	(10)
<b>Balance, end of year</b>	<b>398</b>	<b>401</b>

## 9. OTHER LIABILITIES

Other liabilities represent earmarked funds held for the European Research Area on Societal Aspects of Genomics (ERA-SAGE). These funds must be used for the purposes for which they were received and represent a liability. The transactions related to this specified purpose account are not included in the Council's statement of operations but represent a charge to this account as the Council has simply acted as a facilitator on behalf of ERA-SAGE. Details of changes in the account are as follows:

(thousands of dollars)	2006	2005
Balance, beginning of year	-	-
Funds received	75	-
Disbursements	(2)	-
<b>Balance, end of year</b>	<b>73</b>	<b>-</b>

## 10. EMPLOYEE BENEFITS

Employees of the Council are entitled to specific benefits on or after termination or retirement, as provided for under various collective agreements or conditions of employment.

### a) Pension benefits

The Council'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/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the Council contribute to the cost of the Plan. The 2005-06 expense amounts to \$1,745,278 (\$1,594,101 in 2004-05), which represents approximately 2.6 times the contributions by employees.

The Council'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 Council 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:

(thousands of dollars)	<b>2006</b>	2005
Accrued benefit obligation, beginning of year	<b>2,121</b>	1,741
Expense for the year	<b>551</b>	544
Benefits paid during the year	<b>(321)</b>	(164)
Accrued benefit obligation, end of year	<b>2,351</b>	2,121

## I I. EQUITY OF CANADA

The Queen's Fellowship Endowment Fund is an endowment of \$250,000 established by Parliament by Vote 45a, Appropriation Act No. 5, in 1973-74. The interest generated from the endowment is included in deferred revenue (see Note 8a). The endowment itself does not represent a liability to third parties but is internally restricted for special purposes. The details of the Equity of Canada are as follows:

(thousands of dollars)	<b>2006</b>	2005
Queen's Fellowship Endowment Fund	<b>250</b>	250
Equity of Canada excluding Endowment Fund	<b>(977)</b>	(590)
Equity of Canada	<b>(727)</b>	(340)

## I 2. CONTRACTUAL OBLIGATIONS

Payments of grants and scholarships extending in future years are subject to the provision of funds by Parliament. Future years awards adjudicated prior to March 31, 2006 are payable as follows:

(thousands of dollars)	
2006-2007	270,586
2007-2008	184,308
2008-2009	98,274
2009-2010	39,035
2010-2011 and subsequent years	17,465
Total	<b>609,668</b>

In addition, the nature of the Council's operating activities can result in some large multi-year contracts and obligations whereby the Council will be committed to make future payments when the services or goods are rendered. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(thousands of dollars)	
2006-2007	30
2007-2008	26
2008-2009	17
2009-2010	14
2010-2011 and subsequent years	6
<b>Total</b>	<b>93</b>

### 13. CONTINGENT LIABILITIES

In the normal course of its operations, the Council becomes involved in various legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the amount can be made, this estimated amount is recorded in the financial statements. In 2001, the Council was served with a statement of claim arising from Employment Equity. The potential liability of the Council and consequent damages arising from such a liability could amount to approximately \$1.9 million. Currently, the Council cannot determine the outcome of this complaint on its operations.

### 14. RELATED PARTY TRANSACTIONS

The Council is related as a result of common ownership to all Government of Canada departments, agencies and Crown Corporations. The Council enters into transactions with these entities in the normal course of business and on normal trade terms.

During the year, the Council received services which were obtained without charge from other Government departments as presented in part (a):

#### a) Services provided without charge

(thousands of dollars)	2006	2005
Accommodations provided by Public Works and Government Services Canada	2,013	2,000
Contributions covering the employer's share of employees medical and Dental insurance premiums provided by Treasury Board Secretariat	998	888
Other services provided without charge	82	81
<b>Total services provided without charge</b>	<b>3,093</b>	<b>2,969</b>

**b) Administration of programs on behalf of other government departments**

The Council administers funds received from other federal government departments and agencies to issue grants, scholarships and related payments on their behalf. During the year, the Council administered \$173,508,276 (\$153,554,687 in 2005) in funds for grants and scholarships. These expenses are not reflected in the Council's Statement of Operations but rather are recorded in the financial statements of the departments or agencies that provided the funds.

The Council also recovers administrative fees in some circumstances where a significant administrative burden is incurred by the Council for the administration of certain funds on behalf of other federal government departments and agencies. These amounted to \$185,554 during the year (\$93,387 in 2005) and were netted against the Council's operating expenses.

**15. COMPARATIVE INFORMATION**

Certain comparative figures have been reclassified to conform to the current year's presentation.

