

Will diversity continue to enrich society? Will globalization improve quality of life? Will new ideas and behaviour lead to a sustainable environment? At the heart of Canada's 21st century are questions about people. Our future depends on our answers.



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Social Sciences and Humanities
Research Council of Canada

Conseil de recherches en
sciences humaines du Canada

Canada

➔ MESSAGE FROM THE PRESIDENT

The Social Sciences and Humanities Research Council is about people.

We build understanding about human beings in the past, the present, and with a view toward the future. We fund research about how individuals and groups live and work together, about how society works, about the world we live in and our place in it.

We also invest in the nation's brightest minds. Through research training and career support, we build the skills and know-how of people who contribute to every sector of the economy and every facet of life in Canada.

And we help move the results of research into society, enabling the interactions and partnerships that convert knowledge into a better reality.

At a time when deep and broad understanding about people has become more important than ever, SSHRC is helping enhance Canada's prospects for the 21st century.

I joined the Council in September 2006. Since then we have been developing an action plan to realize three goals that are at the heart of our mandate: enhance the **quality** of, and support for, research; facilitate research **connections**; and increase the **impact** of research activities.

This annual report is my first public report card on how we are doing.

Quality, connections and impact: we have been working toward these goals through shoulder-to-shoulder collaboration within SSHRC, the research community, and civil society as a whole. This year, we have taken steps towards our goals on a variety of fronts.

As we all know, talented and committed people make all the difference. I wish to express my gratitude, first, to the talented members of the SSHRC team who have worked with me during my first seven months as president. Particular thanks are due to Stan Shapson, vice-president of research and innovation at York University, who served as SSHRC's interim president prior to my arrival, and to Janet Halliwell, who, until April of this year, postponed her well-deserved retirement as executive vice-president.

People were a key priority for SSHRC in 2006-07. Our governing council benefited greatly this year from three outstanding new appointments; its membership now better reflects both the research community and civil society. Recently approved changes to SSHRC's

➔ MESSAGE FROM THE PRESIDENT

bylaws, based on research by our own community, empower the Council to focus on governing rather than managing the organization.

With new appointments to the positions of executive vice-president, vice-president of partnerships, director of communications, and director of corporate performance and evaluation, we filled critical vacancies in SSHRC's management and made excellent progress in building a strong team.

This strengthened SSHRC team shares my priority of building connections. Consultations and funding partnerships with government departments and agencies, think-tanks, the private sector and diverse not-for-profit organizations increasingly characterize SSHRC's engagement with the larger society.

Face-to-face dialogue, meanwhile, builds common understanding and effective co-ordination on issues of mutual concern. This year, personal visits to universities, as well as presentations at conferences and to research and policy bodies, have laid the groundwork for increased collaboration.

This year we also took steps toward a more integrated and effective research-funding environment. The presidents of the three federal granting agencies—SSHRC, the Natural Sciences and Engineering Research Council, and the Canadian Institutes of Health Research—now meet regularly as the Tri-Council Co-ordinating Committee, dubbed “TC³” to convey the exponentially greater benefits of increased collaboration. Our purpose is to develop ways for our organizations to work in synergy in order to maximize the contributions of research in all disciplines to Canadian life.

Under the direction of the new vice-president of partnerships, SSHRC is also moving to strengthen collaboration with policy-makers in government, the private sector and non-governmental organizations. These enhanced connections will facilitate evidence-based policy-making on a range of contemporary issues, and will increase research impact.

It is our goal to be a leader among the world's top research councils, and we have worked—and will continue to work—to enhance the quality of support for research in



Canada. We are taking steps to increase international participation in peer-review committees. This will serve to strengthen Canadian research in relation to international benchmarks for research excellence, and help researchers meet them.

At the same time, we are determined to do more to enhance recognition, in civil society as in government, of the contributions—past, present and potential—that social sciences and humanities research makes to Canadian society. While much of this involves working more effectively with the research community to bring forth new evidence, much also involves communicating more effectively what we already know.

It is not widely known, for instance, that some 70 per cent of SSHRC's program budget goes to training the next generation of researchers and highly qualified individuals, whether directly or indirectly. These people go on to contribute as experts and leaders in every sector—from business, government and politics to education, social services and the arts. We are developing better measures of their contributions, which will enable us to demonstrate how research funding provides opportunities for individuals to gain experiences that prepare them for careers across society.

I continue to pose a simple question about the challenges and opportunities Canadians and the world face: Better understanding of people in all their complexity and diversity cannot guarantee a peaceful and prosperous future, but what else is more promising?

We at SSHRC will continue our work convinced that the answer is “Nothing else.”

A handwritten signature in black ink that reads "Chad Gaffield".

CHAD GAFFIELD

President
Social Sciences and Humanities Research Council

➔ MESSAGE FROM THE VICE-PRESIDENT
AND CHAIR OF COUNCIL

The Social Sciences and Humanities Research Council is a leader in Canada's research community, with a mandate to support and promote the best and most innovative humanities and social science research in the country. It is vital work, since excellence in research is directly linked to building a stronger, more just and more prosperous nation.

I am deeply honoured to have been named the new vice-president and chair of SSHRC's governing council. The duties of the vice-president have been expanded, marking a major step forward towards SSHRC's goals of more effective, transparent and accountable governance.

Until now, SSHRC's president has served as both chief executive officer of the agency and chair of the Council. Separating the two roles offers compelling advantages. Released from the responsibility of presiding over meetings of the council and executive committee, the president will be able to carry out the role of CEO with greater confidence and accountability.

As a leader in Council, the vice-president and chair will now play a key role in strengthening Council's ability to provide the president with guidance and oversight of SSHRC's strategic directions, as well as in reinforcing Council's position as a steward of public funds. The restructuring will ensure Council members, both individually and as a body, become more effective leaders—in Council, in the research community and in society at large.

These changes to the way the Council governs itself and the agency are strongly supported by leading research on public- and private-sector governance. As well, they reflect the Government of Canada's priorities of accountability and transparency. I welcome the changes, and I fully expect them to have far-reaching and beneficial effects on SSHRC's ability to fulfil its mandate as entrusted by Parliament.



Implementing the governance renewal was one of SSHRC President Chad Gaffield's first initiatives upon taking up his new position in 2006, and it is an initiative that has had the unanimous support of Council from the beginning. I would like to take this opportunity to salute the president and all members of Council for their vision and commitment. I would also like to thank the Government of Canada for giving priority to this issue.

Finally, I would like to take this occasion to thank departing Council members Richard Cloutier and Martin Taylor, and to welcome the new members who joined Council this year: Suromitra Sanatani, Danielle Laberge and Michèle Thibodeau-DeGuire.

They join Council at what I believe to be a defining moment in its history. Restructured, more effective, and more reflective of both society and the research community, it is a Council poised to guide Canada to a position of global research leadership.

THOMAS KIERANS

Vice-President and Chair of Council
Social Sciences and Humanities Research Council

SSHRC is an arm's-length federal agency, created by research in the social sciences and humanities. SSHRC talent by funding the very best in Canadian social

CANADA'S RESEARCH COMMUNITY

FULL-TIME GRADUATE STUDENTS WHO STUDY SOCIAL SCIENCES AND HUMANITIES AT CANADIAN UNIVERSITIES:

49,250

FULL-TIME PROFESSORS WHO TEACH SOCIAL SCIENCES AND HUMANITIES AT CANADIAN UNIVERSITIES:

20,515

CANADIAN UNIVERSITIES AND COLLEGES WITH SSHRC-SUPPORTED RESEARCHERS AND STUDENTS:

204

GRANTS, FELLOWSHIPS AND SCHOLARSHIPS

SSHRC awards its grants and fellowships through an independent peer-review process: 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.

COMMITTEE MEMBERS WHO PARTICIPATED IN SSHRC APPLICATION ADJUDICATIONS:

445

GRANT, SCHOLARSHIP AND FELLOWSHIP APPLICATIONS RECEIVED:

11,825

NEW GRANTS, FELLOWSHIPS AND SCHOLARSHIPS AWARDED:

3,615

SSHRC INVESTMENTS

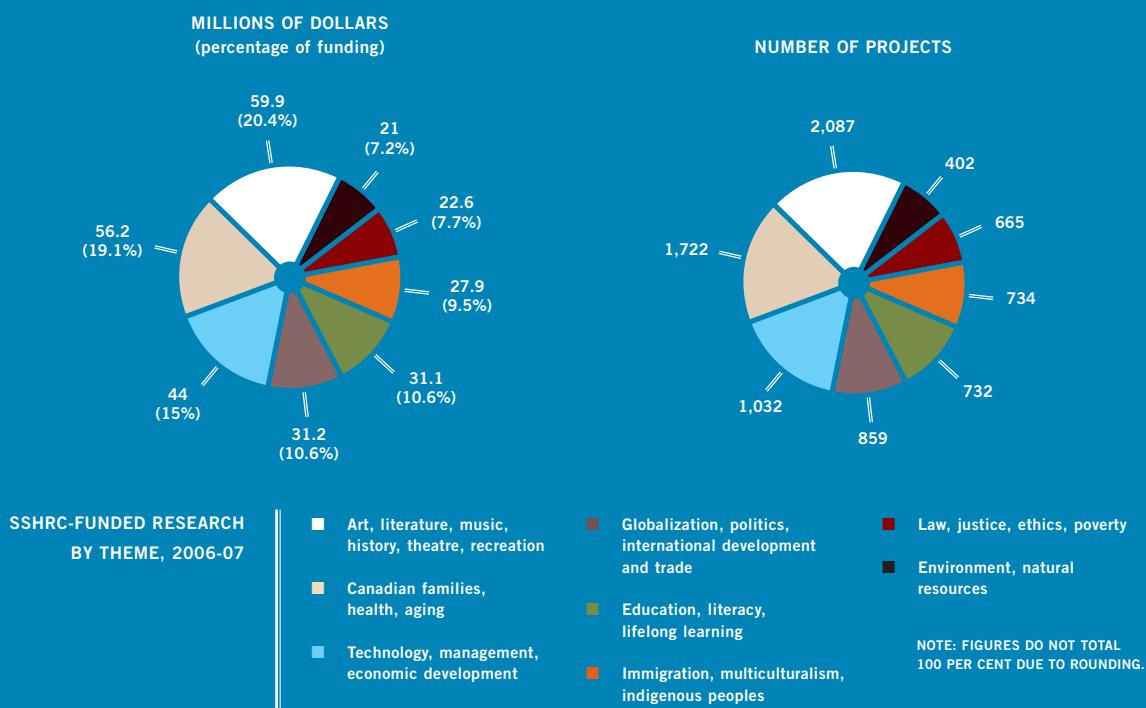
VALUE OF GRANTS, FELLOWSHIPS AND SCHOLARSHIPS DISBURSED IN 2006-07:

\$305.3 million

CANADA RESEARCH CHAIRS PROGRAM

SSHRC administers the Canada Research Chairs Program on behalf of SSHRC, the Natural Sciences and Engineering Research Council (NSERC), and the Canadian Institutes of Health Research (CIHR). The \$900-million program is designed to create 2,000 high-profile research professorships for established and up-and-coming researchers at Canadian universities by 2008. Attracting internationally renowned scholars, the program helps keep research jobs and expertise in Canada, and increases national research capacity in the social sciences and humanities,

an act of Parliament in 1977 to promote and support
helps build an understanding of people and develops
sciences and humanities research.



engineering, health sciences, and the natural sciences. During 2006-07, SSHRC's president became chair of the program's steering committee.

RESEARCHERS AWARDED CANADA RESEARCH CHAIRS AT CANADIAN UNIVERSITIES IN 2006-07:

320

RESEARCHERS HOLDING CANADA RESEARCH CHAIRS, BY GRANTING AGENCY*

CIHR	577
NSERC	780
SSHRC	398
TOTAL	1,755

*AS OF MARCH 31, 2007

The success of the Social Sciences and Humanities Research Council's work in 2006-07 is evidence of the Council's contributions to making Canada a world leader for current and future generations.

SSHRC helps connect the campus to the community. In collaboration with universities, other granting agencies, government departments and not-for-profit organizations, SSHRC funds research in more than 30 disciplines. These fields of study pertain to every aspect of our lives, from our health, education and financial well-being to our language, cultural diversity, security and natural environment. Even more significantly, this research generates knowledge across boundaries, sparking new approaches and ideas in other research disciplines.

➔ YEAR IN REVIEW

FRAMING OUR DIRECTION

Under the direction of President Chad Gaffield, appointed in September 2006, SSHRC's first goal is to enhance support for top-quality research.

The second goal of the agency is to facilitate connections among researchers, students and partners from the public, private and non-profit sectors. A noted historian himself, Gaffield knows firsthand the benefits of investigative co-operation. Research-team members bring unique perspectives and areas of expertise to their projects. Through ongoing dialogue, researchers learn to question their own assumptions, students gain exposure to seasoned experts, and public-, private- and non-profit-sector partners gain valuable research knowledge.

SSHRC's third goal is to increase the impact of research, helping Canada reach its social and economic goals by more effectively bringing research knowledge and skills to business, academic and public sectors, both domestically and internationally.

With these three goals firmly in mind, the Council kept a brisk pace through the year. In 2006-07, SSHRC awarded grants and scholarships to 3,615 researchers selected from among 11,825 grant applicants. The Council's total funding for social sciences and humanities research amounted to just under \$306 million.

FUNDING FUTURE RESEARCH

Approximately 70 per cent of SSHRC's funding supports the development of talent. SSHRC's core program, Standard Research Grants, supports scholars and helps students reach high levels of research expertise.

This year 1,971 applicants received SRGs to advance knowledge across the social sciences and humanities, resulting in research into such issues as food safety, language learning among new Canadians, and sustainable development.

SSHRC also supports the research of promising scholars through graduate-student scholarships and fellowships. Last year, 3,800 full-time master's and doctoral students received funding, and, this March, the government's budget increased by 200 the number of Canada Graduate Scholarships available to students in the social sciences and humanities.



RESEARCH HIGHLIGHT

HEADING FOR THE COAST

In the past year, SSHRC funded 43 Community-University Research Alliances. One was the Coastal CURA based at Saint Mary's University in Halifax. Through this innovative alliance, university researchers undertook new research to detail the particular environmental, economic and social challenges faced by coastal communities. Focused on practical impact, the alliance's partners, such as fishermen's associations and First Nations communities, are intent on making new connections between communities and governments, and developing better strategies to manage maritime resources such as fish, minerals, coastal lands and beaches.

SSHRC recognizes and encourages excellence among its doctoral scholarship holders through the William E. Taylor Fellowship, presented annually to the most outstanding SSHRC doctoral award recipient. In 2006 the award went to Mingjun Lu of the University of Toronto for her work bringing to light little-known but deep-rooted philosophical and cultural connections between East and West.

Along with its support for graduate students, SSHRC also funded the research of 250 leading postdoctoral fellows. These individuals are preparing for careers across the private and public sectors. They are eager to build on established academic reputations and expand their expertise.

A key group of grant recipients is the 5,200 full-time faculty—some 25 per cent of Canada's social sciences and humanities professors—who hire students to help with their research projects. Students involved in these projects hone research skills that will serve them throughout their careers.

As a means to improve the quality of its research support, the agency has also taken steps to increase international participation in its peer-review process.

This focus on quality is also reflected in SSHRC's approach to the \$11 million allocated to the Council by the March 2007 budget and targeted for research in the fields of management, business and finance. SSHRC immediately began planning to ensure the money will be spent effectively and with the maximum of transparency and accountability.

“It’s exciting work, because we have the opportunity to really influence practice. Canadian organizations are searching for practical solutions for sustainability, but often lack access to evidence-based research. With SSHRC’s funding, we were able to assemble leaders from business, government and non-profits to work with Canadian researchers to co-produce knowledge.”

TIMA BANSAL, AT THE UNIVERSITY OF WESTERN ONTARIO’S RICHARD IVEY BUSINESS SCHOOL, USED SSHRC GRANTS TO LAY THE GROUNDWORK FOR THE RESEARCH NETWORK FOR BUSINESS SUSTAINABILITY. THE NETWORK LINKS 200 RESEARCHERS WITH 25 STRATEGIC PARTNERS FROM ACROSS CANADA, INCLUDING THE CONFERENCE BOARD, THE PEMBINA INSTITUTE, THREE FEDERAL DEPARTMENTS AND MANY CORPORATIONS.



RESEARCH HIGHLIGHT

LEGAL CONNECTIONS

Andrée Lajoie, celebrated law professor at the Université de Montréal, was awarded the 2006 SSHRC Gold Medal for Achievement in Research. During 40 years' study of constitutional law and legal theory, the internationally-renowned researcher has published many books and countless articles, and has sat on commissions that have changed the legal landscape of Québec and of Canada. The Gold Medal honours Lajoie for her extensive work spanning and combining research fields and perspectives in areas such as Canadian post-secondary education law, the legal structure of urban and regional health administrations, health and education law, and the rights of Aboriginal peoples and minorities.

THE ANATOMY OF THE NEW ECONOMY

Over the last 25 years, social and cultural changes supported by cutting-edge technologies and global markets have begun transforming Canada's industrial economy into a service-based "new economy." In response, SSHRC developed an integrated suite of programs in 2001 to help Canadians adapt to and benefit from this transformation. Known as the Initiative on the New Economy, this successful suite of programs is in its final year.

INE includes grant programs that support researchers as they prepare proposals for major projects, fund the communication of research results to a broad audience, and promote the formation of large-scale, multi-university, multidisciplinary research teams to address complex new-economy research questions.

Over five years, INE has funded 307 research projects that explore the social, cultural and economic dimensions of Canada's new globalized, knowledge-driven economy. The condition for financial support is that researchers focus on one of four topics: education, lifelong learning, management and entrepreneurship, or general new-economy issues.

This year, SSHRC introduced a two-year Public Outreach Grants program to help researchers communicate their INE research findings to audiences outside academia. The program's second, and last, competition will be held in 2007.

While much has been accomplished over the past five years, the value of INE research projects includes the potential application of their findings. SSHRC continues to explore new ways to share research findings with policy-makers, business leaders, community groups, educators, the media and the general public.

"We need a special kind of intellectual energy to tackle the complex environmental, economic, political and cultural challenges the world faces. Otherwise, the greatest potential benefits of globalized co-operation and integration will fail to materialize. But if we are successful, we will have capitalized on the most human of all resources: ingenuity, imagination and creativity."

INDIRA V. SAMARASEKERA, O.C., IS THE PRESIDENT AND VICE-CHANCELLOR OF THE UNIVERSITY OF ALBERTA. A METALLURGICAL ENGINEER, SHE IS A FELLOW OF THE ROYAL SOCIETY OF CANADA, OF THE CANADIAN ACADEMY OF ENGINEERING, AND OF THE CANADIAN INSTITUTE OF MINING, METALLURGY AND PETROLEUM.

THE POWER OF ALLIANCE

Last year, SSHRC continued to emphasize the benefits of partnership. The International Opportunities Fund, the Knowledge Impact in Society pilot program and Strategic Knowledge Clusters are good examples. All three build on the partnering and networking lessons learned from the successful and widely acclaimed Major Collaborative Research Initiatives and Community-University Research Alliances programs.

The Major Collaborative Research Initiatives program has been operating since 1993, funding large-scale, long-term, Canadian-led collaborative projects involving dozens of researchers working in multiple disciplines across the country and around the world. In 2006-07 SSHRC funded four such initiatives: bio-cultural discontinuity; Aboriginal self-governance and law; ethnicity and democracy; and social, economic, regional and civic engagement leading to growth, creativity and innovation.

The Community-University Research Alliances, or CURA, program, now in its eighth year, fosters Canada's social, cultural and economic development by helping forge research and training alliances among community organizations and post-secondary institutions. Grants of up to \$200,000 per year for five years give these alliances secure annual funding, encouraging long-term interaction between campus and community in all phases of research. To guarantee downstream impact, the partners in each alliance must detail how they intend to make their research public, mobilizing knowledge through activities such as workshops, publications and seminars that serve the community and academia alike.

Over the eight years the CURA program has run, some \$72 million dollars has been distributed among 79 projects, and the program has proven to be an ideal vehicle for the sharing of best practices related to research methods themselves. Among the beneficiaries are the many undergraduate and graduate students in the social sciences and humanities who, thanks to CURA funding from SSHRC, have had the opportunity to learn on the job from their front-line mentors.

To further support relationship-building across disciplines, SSHRC launched the Strategic Knowledge Clusters program last year. The program supports Canadian social sciences and humanities researchers as they build national and international research networks centred on particular themes.

The Canadian Labour Market Cluster, led by University of British Columbia professor Craig Riddell, and the Population Change and Public Policy Research Cluster, led by University of Western Ontario professor Roderic Beaujot, are key members of the Population, Work and Family Policy Research Collaboration. The Collaboration is a partnership of federal departments and SSHRC-funded research clusters, all exploring issues and potential policy interventions related to population aging, the evolution of the Canadian labour market, and changing family trends and pressures.

In 2006-07, SSHRC Council also approved the Aid to Open-Access Research Journals program. This pilot program supports the open-access publication of peer-reviewed articles in the social sciences and humanities and will help inform the template for modernizing SSHRC's Aid to Research and Transfer Journals. A competition is scheduled for September 2007.

ABORIGINAL RESEARCH

In 2006-07, SSHRC's Aboriginal Research pilot program pushed further ahead, granting up to \$25,000 in development grants to highly-ranked projects enabling representatives of Aboriginal community organizations and university-based research teams to investigate a wide variety of issues that directly affect Aboriginal populations. Launched in 2004, the Aboriginal Research pilot program recognizes that success in this area depends both on knowledge specific to Aboriginal cultural traditions and on collaboration among researchers in every academic field. The program's research grants, meanwhile, have provided funding of up to \$100,000 annually for university-based researchers and Aboriginal community organizations to conduct research on such issues as education, language and culture, and economic and regional development.

ART RESEARCH AND CREATION

Last year 31 Canadian researchers received funding through SSHRC's Research/Creation in Fine Arts pilot program. The program began in 2003 to enable artist-researchers to explore their unique understanding of the relationship between research and creativity in art. Among them last year was design professor Robert Gardiner of the University of British Columbia. Gardiner's team is now working to build and perfect software that will make it possible to replace traditional stage lighting with more compact, less costly video lighting. Under the research/creation pilot program, SSHRC has provided grants of up to \$100,000 annually for practitioners affiliated with Canadian post-secondary institutions.

“My work will bring to light an intrinsic bond between western and eastern literary and philosophical discourses. Literature, in whatever language, gives a shape to life and integrates us into the whole natural world.”

MINGJUN LU WON THE 2006 SSHRC WILLIAM E. TAYLOR FELLOWSHIP AS THE MOST OUTSTANDING SSHRC DOCTORAL AWARD RECIPIENT FOR HER RESEARCH ON THE INFLUENCE OF CHINESE PHILOSOPHY ON WESTERN PHILOSOPHY AND LITERATURE.



Photo: Chloe Stewart © www.pharmacopoeia.art.net

RESEARCH HIGHLIGHT
NICE THREADS

Kirsty Robertson is looking for real connections in our networked, globalized, increasingly "virtual" world. Winner of the 2006 SSHRC Postdoctoral Prize, Robertson is studying the connections between textiles, communication, art, economics and activism. With a PhD in visual and material cultures from Queen's University, her postdoctoral research at the University of London's Goldsmiths College will link the physical world of textiles—knitting, weaving, sewing—with the seemingly sensory world of online communications, as well as to activism, subversion and trade.

As both the Aboriginal Research and art research/creation pilots draw to a close, a comprehensive evaluation will guide decisions about the opportunity to establish these programs with additional resources.

CONNECTIONS BEYOND

SSHRC continued in 2006-07 to diversify and strengthen its connections to the social sciences and humanities community, the international research community, and to other research agencies.

On the world stage, SSHRC worked to create opportunities for Canadian researchers to participate in—and lead—international collaborative research. Through programs such as the International Opportunities Fund, Strategic Knowledge Clusters, and Major Collaborative Research Initiatives, Canadian researchers reached out to their colleagues abroad, and were welcomed as leaders at the forefront of social sciences and humanities research.

SSHRC also partners directly with other international organizations in collaborative research activities such as the European Science Foundation's multinational BOREAS: Histories from the North—Environment, Movement, Narratives, and has helped shape Canada's contributions to the International Polar Year, 2007-08.

And as Canadian researchers address major global issues with their international colleagues, Canadian research trainees—graduate students and postdoctoral fellows—benefit as well from the increased opportunities to study and conduct research in an international context. This is one of the more important aspects of SSHRC's international strategy.

“I believe that the intellectual and scientific agenda must come back to fundamental themes such as integration, social class, the structure of community life and the belief systems that form the basis of our social relations. We need to ask ourselves again how to build a society, a culture and a social order, and what it is that unleashes and governs social and cultural change.”

GÉRARD BOUCHARD IS CO-CHAIR OF QUÉBEC'S ADVISORY COMMITTEE ON ACCOMMODATION PRACTICES RELATED TO CULTURAL DIFFERENCES.

CHANGE MANAGEMENT

As part of the larger review of the “accountability and value-for-money of the granting councils’ activities” announced in the 2006 federal budget, Industry Canada commissioned a granting council review of SSHRC and the Natural Sciences and Engineering Research Council late in 2006.

The resulting report strongly endorsed the value of social sciences and humanities research, acknowledging its significant contribution to society while noting that many of Canada’s social sciences and humanities graduates go on to become leaders in all sectors of society.

The report also made recommendations for improving performance measurement and results, ensuring solid governance and accountability, deepening the relationship between the councils and government, and coordinating the work of the councils with the other federal research funding agencies. The report offered guidance in a wide variety of critical areas, and last year propelled important changes, including reform of SSHRC’s governance structure in order to ensure its governing council’s continued effectiveness while increasing the diversity of its membership.

A high priority for 2006–07 was the revitalization of SSHRC’s senior management team. A new president, executive vice-president, director of communications, and director of corporate performance and evaluation came aboard during the year. A vice-president, partnerships joined the agency in January of 2007, heading up the newly created Partnerships branch.

The Partnerships branch is working to strengthen and maintain connections between SSHRC, its academic partners, policy-makers, the private sector and non-governmental organizations, and to develop programs and mechanisms that help build and grow relationships, partnerships and knowledge mobilization between campuses and communities. The branch facilitates community-based participatory research of the kind performed by CURAs and researchers in the Knowledge Impact in Society program, Strategic Knowledge Clusters and the Aboriginal Research program.

The branch is directly responsible for SSHRC’s Strategic Programs and Joint Initiatives division, and will oversee a knowledge mobilization initiative to help increase the impact of Canadian social sciences and humanities research at home and abroad.

COORDINATED EFFORT

Three federal granting agencies—SSHRC, the Natural Sciences and Engineering Research Council, and the Canadian Institutes of Health Research—began aligning their efforts more closely in 2006-07. Their presidents now meet twice a month as the Tri-Council Coordination Committee, or “TC³,” to discuss common issues—from research ethics to program delivery—and to ensure that research in all disciplines makes the greatest possible contribution to Canada and the world.

Since his start in fall 2006, SSHRC president Chad Gaffield has travelled extensively across Canada to meet university administrators and researchers face-to-face, promoting collaboration and creating further dialogue between SSHRC and the university community. SSHRC also developed and approved plans this year to invite senior university administrators to act as SSHRC leaders on university campuses. This initiative is designed to help SSHRC advance one of its central priorities: improving the connections and communications among all members of the social sciences and humanities research community. The objective will be to share information on research trends, emerging issues related to research support, knowledge mobilization, application of new research policies, and promising ideas for collaboration with the other granting agencies as well as other potential partners.

The agency has also been reviewing strategic outcomes and indicators to improve its performance measurement and results, and has taken steps to further improve its fiscal accountability. The corporate performance, evaluation and audit division was restructured in 2006 to separate out its audit function. The Council’s internal auditor will now report directly to SSHRC’s president.

In 2006, SSHRC underwent its first management accountability framework assessment by the Treasury Board Secretariat, earning a strong positive rating. The Secretariat particularly acknowledged SSHRC’s strengths in providing timely financial reporting information, in the overall quality of its information, in obtaining an unqualified audit opinion on its financial statements, and in having made a number of notable improvements in the management of grants and contributions.

“A great deal of innovative thinking on the issue of multiculturalism, diversity and federalism has originated in Canada. This would never have been accomplished without the work of SSHRC.”

CHARLES TAYLOR, PROFESSOR EMERITUS OF PHILOSOPHY AT MCGILL UNIVERSITY, WON THE 2007 TEMPLETON PRIZE AND SSHRC’S 2003 GOLD MEDAL FOR ACHIEVEMENT IN RESEARCH.



RESEARCH HIGHLIGHT

ACTING OUT

The 2006 SSHRC Aurora Prize for an outstanding new researcher went to University of Alberta professor Diane Conrad for her research bringing at-risk youth together with a creative and effective new way to find the path to positive change: theatre. Using "applied theatre" as an education tool, Conrad is working with the inmates of a youth correctional facility in Alberta to help them imagine how they can take action and make change happen—in themselves, their communities and society at large.

ALL ABOUT IMPACT

SSHRC worked this past year to conceptualize, measure and more effectively demonstrate the value of research in the social sciences and humanities. In the fall, SSHRC issued a targeted call for proposals to fund innovative research into new ways of measuring research impact, and awarded three grants in this area.

Through these and other efforts, SSHRC has kept a steady focus to ensure the high quality of research, the development of talent and the building of connections across disciplines and communities. As a result, researchers are helping us to better understand the world, to make wiser decisions and, thereby, to enhance our prospects in the 21st century.

“SSHRC support for emerging academics can reverberate unexpectedly beyond the academy. *Sweetness in the Belly* is largely based on ethnographic research a SSHRC postdoc allowed me to pursue several years ago. The novel let me bring key concerns of the social sciences—issues that challenge stereotypes about and foster empathy toward others—to a wider audience.”

NOVELIST **CAMILLA GIBB** DID POSTDOCTORAL RESEARCH AT THE UNIVERSITY OF TORONTO AMONG THE CITY’S ETHIOPIAN IMMIGRANTS AND REFUGEES. HER THIRD NOVEL, *SWEETNESS IN THE BELLY*, HAS SOLD 70,000 COPIES IN 11 COUNTRIES.

Governed by a 22-member council that reports to Parliament through the minister of Industry, SSHRC forms intellectual and financial partnerships with public- and private-sector organizations to focus research and aid the development of better policies and practices in key areas of Canada's social, cultural and economic life.

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

MEMBERS OF
THE COUNCIL

from April 1, 2006,
to March 31, 2007

VICE-PRESIDENT AND
CHAIR OF COUNCIL

Thomas Kierans

Chair
Canadian Journalism Foundation
Toronto, Ontario

MEMBERS

Chad Gaffield

President
Social Sciences and Humanities
Research Council

Sean Caulfield

Canada Research Chair in Printmaking
University of Alberta

Richard Cloutier

Professor; Psychology
Université Laval
(served until August 2006)

Jean-Douglas Comeau

Dean, Immersion Schools
Université Sainte-Anne

Mary Crossan

Professor; Richard Ivey School of Business
The University of Western Ontario

Karen Grant

Vice-Provost, Academic Affairs
University of Manitoba

Greg Halseth

*Canada Research Chair in Rural and
Small Town Studies*
University of Northern British
Columbia

Ken Higginbotham

*Vice-President, Forestry and
Environment*
Canfor Corporation
Vancouver, British Columbia

Linda Hughes

Edmonton, Alberta

Gregory Kealey

Vice-President, Research
University of New Brunswick

Danielle Laberge

Interim President
Université du Québec à Montréal

Camille Limoges

Independent scholar and consultant
Montréal, Québec

Stephen McClatchie

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

Leslie Monkman

*J. R. Stratby Professor of English
Language and Literature*
Queen's University

Barbara Neis

Professor; Sociology
Memorial University of
Newfoundland

Keren Rice

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

Suromitra Sanatani

Victoria, British Columbia

Stan M. Shapson

Vice-President, Research and Innovation
York University
(served as Vice-President, SSHRC
Council, until March 2007)

Martin Taylor

Vice-President, Research
University of Victoria
(served until October 2006)

Michèle Thibodeau-DeGuire

President and Executive Director
Centraide of Greater Montréal

Vianne Timmons

Vice-President, Academic Development
University of Prince Edward Island

Stephen Toope

President
The University of British Columbia

ASSOCIATE MEMBERS

Alan Bernstein

President
Canadian Institutes of Health Research

Suzanne Fortier

President
Natural Sciences and Engineering
Research Council

FINANCIAL STATEMENTS

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STATEMENT OF MANAGEMENT RESPONSIBILITY

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2007 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.

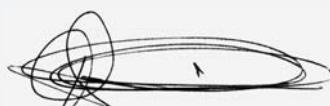
The financial statements of the Council have been audited by the Auditor General of Canada.

Approved by:



CHAD GAFFIELD
President

May 25, 2007



MICHEL CAVALLIN
Vice-President
Common Administrative Services Directorate
(Senior Financial Officer)



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, 2007 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, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

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

Ottawa, Canada
May 25, 2007

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31

(thousands of dollars)	2007	2006
EXPENSES (Note 4)		
Indirect Costs of Research	298,450	259,412
Investigator-Framed Research	99,175	96,469
Fellowships, Scholarships and Prizes	96,522	89,622
Canada Research Chairs	56,775	52,459
Targeted Research and Training Initiatives	29,045	34,330
Research Communication and Interaction	23,418	21,173
Strategic Research Development	23,355	19,654
Total Expenses	626,740	573,119
REVENUES		
Investigator-Framed Research	2	3
Total Revenues	2	3
Net cost of operations	626,738	573,116

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

Approved by:

CHAD GAFFIELD
President

MICHEL CAVALLIN
Vice-President
Common Administrative Services Directorate
(Senior Financial Officer)

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31

(thousands of dollars)	2007	2006
ASSETS		
Financial assets		
Due from the Consolidated Revenue Fund	2,620	2,294
Accounts receivable (Note 5)	1,535	1,144
Advances	4	9
Total Financial Assets	4,159	3,447
Non-financial assets		
Prepaid expenses	127	28
Tangible capital assets (Note 6)	1,788	1,812
Total Non-Financial Assets	1,915	1,840
TOTAL	6,074	5,287
LIABILITIES		
Accounts payable and accrued liabilities (Note 7)	2,761	2,393
Vacation pay and compensatory leave	702	725
Deferred revenue (Note 8)	483	472
Other liabilities (Note 9)	2	73
Employee severance benefits (Note 10b)	2,416	2,351
Total Liabilities	6,364	6,014
EQUITY OF CANADA (Note 11)	(290)	(727)
TOTAL	6,074	5,287

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)	2007	2006
EQUITY OF CANADA		
Equity of Canada, beginning of year	(727)	(340)
Net cost of operations	(626,738)	(573,116)
Net cash provided by Government (Note 3c)	623,606	570,178
Change in due from the Consolidated Revenue Fund	326	(542)
Services provided without charge from other government departments (Note 14a)	3,243	3,093
Equity of Canada, end of year	(290)	(727)

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

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED MARCH 31

(thousands of dollars)	2007	2006
OPERATING ACTIVITIES		
Net cost of operations	626,738	573,116
Non-cash items included in net cost of operations:		
Amortization of tangible capital assets (Note 6)	(799)	(824)
Services provided without charge from other government departments (Note 14a)	(3,243)	(3,093)
Loss on disposals of tangible capital assets	(3)	(3)
Variations in Statement of Financial Position		
Increase in accounts receivable	391	162
(Decrease) increase in advances	(5)	4
Increase (decrease) in prepaid expenses	99	(16)
(Increase) decrease in accounts payable and accrued liabilities	(368)	506
Decrease in vacation pay and compensatory leave	23	54
Increase in deferred revenue	(11)	(5)
Decrease (increase) in other liabilities	71	(73)
Increase in employee severance benefits	(65)	(230)
Cash used by operating activities	622,828	569,598
CAPITAL ACTIVITIES		
Acquisitions of tangible capital assets	778	580
Cash used by capital activities	778	580
FINANCING ACTIVITIES		
Net cash provided by Government	(623,606)	(570,178)

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

NOTES TO THE FINANCIAL STATEMENTS

1. 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 multi-employer 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:

Asset class	Amortization period
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
Motor vehicles	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)	2007	2006
Net cost of operations	626,738	573,116
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (less):		
Interest on overdue accounts receivable	2	3
Refunds of previous years' expenses	1,717	1,786
Vacation pay and compensatory leave	23	54
Amortization of tangible capital assets	(799)	(824)
Services provided without charge by other government departments and agencies	(3,243)	(3,093)
Employee severance benefits	(65)	(230)
Other adjustments	(1)	(55)
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (less):		
Acquisitions of tangible capital assets	778	580
Prepaid expenses	99	(16)
CURRENT YEAR APPROPRIATIONS USED	625,249	571,321

b) Appropriations provided and used

(thousands of dollars)	2007	2006
GRANTS AND SCHOLARSHIPS		
Vote 85	604,410	552,228
Less: Lapse/frozen allotment	(1,293)	(2,788)
Grants and scholarships expenditures	<u>603,117</u>	<u>549,440</u>
OPERATING EXPENDITURES		
Vote 80	20,824	20,071
Less: Operating lapse	(863)	(548)
Operating expenditures	<u>19,961</u>	<u>19,523</u>
Statutory contributions to employee benefit plans	2,171	2,358
CURRENT YEAR APPROPRIATIONS USED		
	<u>625,249</u>	<u>571,321</u>

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

(thousands of dollars)	2007	2006
NET CASH PROVIDED BY GOVERNMENT		
	623,606	570,178
Refunds of previous years' expenses	1,717	1,786
Variation in accounts receivable	(391)	(162)
Variation in advances	5	(4)
Variation in accounts payable and accrued liabilities	368	(506)
Variation in deferred revenue	11	5
Variation in other liabilities	(71)	73
Other adjustments	4	(49)
CURRENT YEAR APPROPRIATIONS USED		
	<u>625,249</u>	<u>571,321</u>

4. EXPENSES

The following table presents details of expenses by category:

(thousands of dollars)	2007	2006
Grants and Scholarships—Social Sciences and Humanities		
Investigator-Framed Research	92,805	86,762
Fellowships, Scholarships and Prizes	93,811	84,420
Canada Research Chairs	53,682	48,304
Targeted Research and Training Initiatives	23,314	30,825
Research Communication and Interaction	20,950	21,018
Strategic Research Development	19,130	17,449
	303,692	288,778
Grants—Indirect Costs of Research Program	297,847	259,047
Operations		
Salaries and employee benefits	16,247	16,557
Professional and special services	3,110	3,299
Accommodations and rentals	2,395	2,085
Transportation and communications	1,404	1,486
Information	587	564
Amortization of tangible capital assets	799	824
Utilities, materials and supplies	208	239
Repair and maintenance	448	237
Loss on disposals of tangible capital assets	3	3
	25,201	25,294
Total Expenses	626,740	573,119

5. ACCOUNTS RECEIVABLE

(thousands of dollars)	2007	2006
Other federal government departments and agencies	589	487
External parties	957	692
Less: Allowance for doubtful accounts	(11)	(35)
Total	1,535	1,144

6. TANGIBLE CAPITAL ASSETS

Capital asset class	COST				ACCUMULATED AMORTIZATION				NET BOOK VALUE	
	Opening balance	Acquisitions	Disposals and write-offs	Closing balance	Opening balance	Amortization	Disposals and write-offs	Closing balance	2007	2006
Informatics	2,269	320	207	2,382	1,621	422	187	1,856	526	648
Software	849	171	-	1,020	527	150	-	677	343	322
Other equipment	215	-	8	207	123	31	8	146	61	92
Furniture	1,405	216	(2)	1,623	1,002	109	15	1,096	527	403
Leasehold improvements	554	40	-	594	207	84	-	291	303	347
Motor vehicle	-	31	-	31	-	3	-	3	28	-
Total	5,292	778	213	5,857	3,480	799	210	4,069	1,788	1,812

Amortization expense for the year ended March 31, 2007, is \$799 (\$824 in 2006).

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(thousands of dollars)	2007	2006
External parties	1,108	1,269
Other federal government departments and agencies	1,653	1,124
 Total	 2,761	 2,393

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 11). 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)	2007	2006
Balance, beginning of year	74	66
Interest received	12	8
 Balance, end of year	 86	 74

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)	2007	2006
Balance, beginning of year	398	401
Interest received	9	7
Fellowships paid	(10)	(10)
 Balance, end of year	 397	 398

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)	2007	2006
Balance, beginning of year	73	-
Funds received	-	75
Disbursements	(71)	(2)
Balance, end of year	2	73

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 per cent 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 2006-07 expense amounts to \$1,599,709 (\$1,745,278 in 2005-06), 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)	2007	2006
Accrued benefit obligation, beginning of year	2,351	2,121
Expense for the year	329	551
Benefits paid during the year	(264)	(321)
Accrued benefit obligation, end of year	<u>2,416</u>	<u>2,351</u>

11. 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)	2007	2006
Queen's Fellowship Endowment Fund	250	250
Equity of Canada excluding Endowment Fund	(540)	(977)
Equity of Canada	<u>(290)</u>	<u>(727)</u>

12. 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, 2007, are payable as follows:

(thousands of dollars)	
2007-2008	250,028
2008-2009	145,437
2009-2010	69,183
2010-2011	28,865
2011-2012 and subsequent years	25,894
Total	<u>519,407</u>

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)

2007-2008	43
2008-2009	30
2009-2010	25
2010-2011	10
2011-2012 and subsequent years	5
 Total	 <u>113</u>

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)	2007	2006
Accommodations provided by Public Works and Government Services Canada	2,172	2,013
Contributions covering the employer's share of employees' medical and dental insurance premiums provided by Treasury Board Secretariat	1,007	998
Other services provided without charge	64	82
 Total services provided without charge	 <u>3,243</u>	 <u>3,093</u>

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 \$194,134,487 (\$173,508,276 in 2006) 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 \$152,810 during the year (\$185,554 in 2006) 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.