

Law Commission of Canada

Performance Report

For the period ending
March 31, 2004



Irwin Cotler

Minister of Justice

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Messages

President's Message

It is with pleasure that I submit this Departmental Performance Report of the Law Commission of Canada for the period ending March 31, 2004. The submission of this Report coincides with the end of my term as President of the Law Commission. I was initially appointed in 2000 for a three year term and was honoured to be reappointed for an additional one year period. It has been indeed a privilege to contribute to the evolution of law in Canada in this capacity.

The law evolves in the context of everyday human relationships. Law sometimes facilitates the establishment of just and equitable relationships, be they personal, social, economic, or in the area of governance. However, the law frequently hinders the development of positive, just, and enriching relationships. Law reform seeks to ensure that law responds well to the aspirations of Canadians.

Since its beginnings, the Law Commission of Canada has supported a research plan designed to situate the law within a social framework and in relation to human activity. In 2003-2004, the Law Commission pursued its research and, in particular, submitted to the Minister of Justice three reports on the modernization of Canada's legal institutions:

- ***Transforming Relationships Through Participatory Justice*** is aimed at recognizing the need of disputants to participate fully in resolving their conflicts. This document, which traces the role of conflict resolution within the framework of increasingly fragmented social relationships, reviews developments in mediation, conciliation and restorative justice.
- ***Voting Counts: Electoral Reform for Canada*** examines our system of democratic governance, proposing changes to the voting system as well as offering other measures that will contribute to the democratic aspirations of Canadians and their expectations of more balanced and participatory governance relationships. In addition to recommending that Canada add an element of proportionality to the electoral system, the report highlights ways to improve the representation of women, minority group members, Indigenous people and youth in the system of democratic governance.
- ***Leveraging Knowledge Assets: Reducing Uncertainty for Security Interests in Intellectual Property*** highlights the deficiencies of our commercial law with respect to access to credit in a modern economy based on knowledge. Our economic relationships are marked by the transition to a knowledge economy. Commercial law that supports the credit and investment infrastructure must be adapted to these transformations.

The Law Commission is also pursuing its work in other key areas of the transformation of our social relationships: the implications of globalization for law and governance, the aging of the population, *What is a Crime?*, recognition of Indigenous legal traditions, and protection of vulnerable workers.

The coming year will certainly see change at the Law Commission of Canada with the appointment of a new president. Its statutory mandate to systematically examine the role of law and its institutions using a multidisciplinary, participatory approach continues to be essential as our economy and society change.

For the last four years, the Law Commission of Canada has benefited greatly from the contribution of Canadians to its work, and I wish to thank them.

A handwritten signature in black ink, reading "Nathalie Des Rosiers". The signature is written in a cursive, flowing style.

Nathalie Des Rosiers
President

Management Representation Statement

I submit for tabling in Parliament, the 2003-04 Departmental Performance Report (DPR) for the Law Commission of Canada.

This report has been prepared based on the reporting principles and other requirements in the 2003–04 Departmental Performance Reports Preparation Guide and represents, to the best of my knowledge, a comprehensive, balanced, and transparent picture of the Law Commission of Canada’s performance for the fiscal year 2003–04.

Name: Nathalie Des Rosiers

Title: President

Date: _____

Summary of Performance

Organization Context

The mission of the Law Commission of Canada is 'to engage Canadians in the renewal of the law to ensure that it is relevant, responsive, effective, equally accessible to all, and just.' To achieve its mission, the Law Commission of Canada develops and conducts cutting-edge research, uses innovative consultation mechanisms and offers recommendations aimed at:

- ❑ Developing new concepts of law and new approaches to law
- ❑ Making the legal system more efficient, economical and accessible
- ❑ Stimulating critical debate about law and its impact on Canadian society
- ❑ Eliminating obsolescence and anomalies in the current law

The Law Commission of Canada has one program and one strategic outcome, which is to provide independent advice on reforming Canadian laws, institutions and procedures to ensure that they are aligned with the changing needs of Canadians and society. For the period ending March 31, 2004, total actual expenditures were approximately \$3.8M, which represent the Net Cost of the Program as detailed per Annex 1, Table 2.

To achieve its mission and strategic outcome, the Law Commission of Canada conducts research and consultations, and develops recommendations in relation to four types of relationships that Canadians have, namely:

- ❑ Personal Relationships
- ❑ Governance Relationships
- ❑ Economic Relationships
- ❑ Social Relationships

Such a framework of research themes or key target areas emphasizes the supremacy of relationships and the supporting role of the law in the type of relationships between individuals in modern society. It is these very relationships and not specific rules in the law, which constitute the starting point of the research conducted.

The Law Commission is also continuing work on a fundamental question which involves all four key target areas: *What is a Crime?* The objective of this research is to identify why certain behaviours are conceptualized as crimes, and to determine the impact of this conceptualization on personal, social, economic and governance relationships.

Performance Summary

For the fiscal year ending March 31, 2004, commitments and results achieved under each of the research themes or key target areas can be summarized as follows:

PRIOR COMMITMENTS	MAIN RESULTS ACHIEVED
Personal Relationships	
<ul style="list-style-type: none"> ▪ Study relationships structured by age and generation, with a particular focus on children, youth and older adults. 	<ul style="list-style-type: none"> ▪ Publication of a discussion paper <i>Does Age Matter? Law and Relationships Between Generations</i>, which examines whether age and the standard path through life that frames much of our social policy continue to be legitimate approaches to support the choices citizens make, and to promote healthy relationships across generations.
Governance Relationships	
<ul style="list-style-type: none"> ▪ Examine governance challenges related to the self-government of First Nations ▪ Examine the influence of international authorities and foreign policies on Canada, and the influence of Canada in the world ▪ Study decision-making mechanisms within public and private institutions ▪ Continue to encourage the public debate on solutions to improve democratic institutions 	<ul style="list-style-type: none"> ▪ Research on <i>Indigenous Legal Traditions</i>, which will determine whether a greater place may be proposed in Canada's legal system for indigenous traditions. ▪ Research on <i>Governance Beyond Borders</i>, to examine international pressures to conform to standards, whether the concept of sovereignty is still relevant, what Canadian values are protected from asserting sovereignty, and whether current tools are adapted to the needs of Canada. ▪ Completion and tabling of <i>Voting Counts: Electoral Reform in Canada</i>, which considers the relevance and cogency of arguments for reforming Canada's electoral system and makes recommendations for change. ▪ Research on the <i>Governance of Freedom of Choice</i>, to examine the implications of the concept of freedom of choice as a predominant feature of the political, social and legal thinking. The extent to which labour, the legal system, the family, recreation, urban centres and community life reflect the principles of freedom of choice is examined, and whether the concept is an ideal worth pursuing. ▪ Research on Law and Citizenship, which explores issues relating to the connection between citizenship and territory, and how other disciplines have begun to theorize citizenship in ways that encompass broader or sometimes more subtle notions of the concept.

PRIOR COMMITMENTS	MAIN RESULTS ACHIEVED
<p>Economic Relationships</p> <ul style="list-style-type: none"> ▪ Study the ways in which the law allows people to attain economic security, or the manner in which it impedes them in achieving security. ▪ Determine whether the law recognizes a sufficient number of occupations, and whether it provides adequate support for the economic security of those engaged in work activities. 	<ul style="list-style-type: none"> ▪ Research on <i>Is Work Working? Work Laws That do a Better Job</i>, to examine the vulnerability of certain workers, raise questions relating to their economic security, and identify regulatory and policy options to empower these groups. ▪ Research on <i>Modernizing Canada's Secured Transactions Law – The Bank Act Security Provisions</i>, to assess the extent to which the co-existence of two secured transaction regimes may have produced uncertainty that undermines the efficiency of Canada's secured transaction law. ▪ Report on <i>Leveraging Knowledge Assets: Reducing Uncertainty for Security Interests in Intellectual Property</i>, which provides recommendations for Parliament to improve the legal framework governing federal intellectual property rights, recommendations for the federal intellectual property registration system to be overhauled, recommendations for the government to encourage the development of expertise in the valuation of intellectual property rights, and recommendations to develop educational materials and courses dealing with security interests in intellectual property and promote expertise in commercial and intellectual property law.
<p>Social Relationships</p> <ul style="list-style-type: none"> ▪ Consult Canadians on their perceptions of the justice system and on the principles and practices of restorative justice ▪ Continue consultations and research to further the debate on the future of policing 	<ul style="list-style-type: none"> ▪ Report on <i>Transforming Relationships through Participatory Justice</i>, to examine Canada's experience with participatory justice, and propose ways that governments, justice officials, community groups and individuals working in conflict resolution can support the development of innovative justice processes. ▪ Consultations and Research on <i>In Search of Security</i>, to examine the role of private policing organizations such as private security firms, insurance companies, forensic accountants, and in-house corporate security departments, and to stimulate debate about the role that such private security firms should have and the regulations required.
<p>What is a Crime?</p> <ul style="list-style-type: none"> ▪ Continue research to understand the reasons why certain patterns of behaviour are identified under the concept of crime, and to examine the impacts of such a concept on personal, social, economic and governance relationships. ▪ Fund multi-disciplinary case studies that will examine the factors that contribute to the definition of unwanted criminal behaviour and mechanisms and techniques for responding to certain behaviour. 	<ul style="list-style-type: none"> ▪ Discussion paper on <i>What is a Crime? Challenges and Alternatives</i>, which stimulates discussion and debate about a range of strategies for dealing with unwanted conduct, including the choices that are made to use one or more strategies, and the impacts of the decisions taken. ▪ Case studies to examine the factors that contribute to the definition of unwanted criminal behaviour and mechanisms and techniques for responding to certain behaviour.

Organizational Context

Mission

The raison d'être of the Law Commission of Canada is best expressed in its mission statement, which is:

To engage Canadians in the renewal of the law to ensure that it is relevant, responsive, effective, equally accessible to all, and just.

Information about the Law Commission of Canada and its mission are available on its website, at the following address: <http://www.lcc.gc.ca/en/>.

Mandate

The mandate of the Law Commission of Canada is derived from the *Law Commission of Canada Act*, which came into force in April 1997. The mandate of the Law Commission is “to study and keep under systematic review, in a manner that reflects the concepts and institutions of the common and civil law systems, the law of Canada and its effects.”

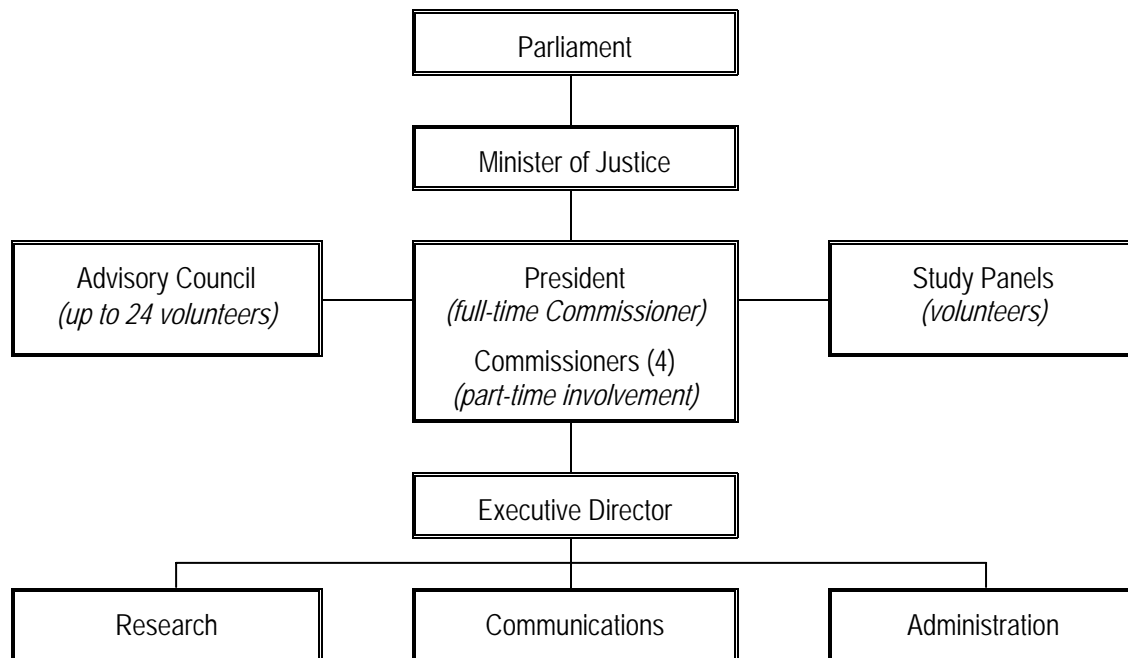
The Law Commission of Canada is directed under Section 3 of the *Law Commission of Canada Act* to focus on four orientations:

- **New Concepts of Law:** The Law Commission is to work toward the development of new concepts of law and new approaches to law.
- **Efficiency and Accessibility:** The Law Commission is to consider measures to make the legal system more efficient, economical and accessible.
- **Stimulating Critical Debate:** The Law Commission is charged with stimulating critical debate about law and how it operates in Canadian society. It is encouraged to forge productive networks with academic and other communities to ensure cooperation and coordination in law reform initiatives.
- **Eliminating Obsolescence and Anomalies:** The Law Commission is to work toward the elimination of obsolescence and anomalies in the current law.

Text of the *Law Commission of Canada Act* can be found on the Law Commission's website at <http://www.lcc.gc.ca/en/about/lcca.asp>.

Structure

The Law Commission of Canada is an independent departmental corporation, accountable to Parliament through the Minister of Justice. The Governor in Council appoints the President and four part-time Commissioners on the recommendation of the Minister for terms not exceeding five years. The Law Commission is supported by a small Secretariat headed by an Executive Director.



The Law Commission has an Advisory Council of up to 24 volunteers who reflect Canada's socio-economic and cultural diversity, and represent a broad range of disciplines. The Council provides advice on the Law Commission's strategic direction, long term research program, performance review and other relevant matters.

Study panels are appointed as needed to provide advice on specific research projects. Each panel is headed by a Commissioner and comprises volunteer experts from multiple disciplines and members of affected communities. To support the study panels, research contracts are given to recognized experts in the private sector and academia.

Independence

As directed by the *Law Commission of Canada Act*, the Law Commission is responsible for providing independent advice on reforming Canadian law. This advice is to be based on the knowledge and experience of a wide range of groups and individuals. Accordingly, the Law Commission operates as an autonomous organization, accountable to Parliament through the Minister of Justice.

Independence from the Department of Justice permits the Law Commission to undertake multi-departmental law reform projects that are not necessarily driven by the government's legislative agenda. As an independent agency, the Law Commission can be effective at taking a longer-term view of the legislation, institutions and policies necessary to respond to complex, evolving issues.

Strategy and Approach

The Law Commission fulfils its mandate through the promotion of research that directly engages Canadians in the renewal of the law. The Law Commission develops and conducts research programs to further understand the role that the law can and should play in Canadian society.

Research priorities are established by the Commissioners, on the advice of the Advisory Council. The Council meets twice per year, and members correspond regularly with the Law Commission. Additional mechanisms are used to maintain a dialogue with different constituencies. A variety of approaches are used to engage Canadians to participate in the renewal of the law, and to provide adequate outreach for Canadians to be heard. The Law Commission also participates in international networks to keep abreast of developments in law reform around the world.

The Law Commission must also maintain and develop its public profile to remain effective at engaging Canadians to participate in the renewal of the law, and at providing adequate outreach for interested Canadians to be heard. For this purpose, the Law Commission actively seeks to participate in relevant conferences and discussion forums, and to sponsor and organize such events when appropriate.

The Law Commission's findings and proposals are summarized in discussion papers that are widely disseminated. On occasion, these discussion papers may be formulated into recommendations to Parliament and other decision-makers.

Aside from the publication and distribution of reports, the Law Commission takes advantage of other media and fora: disseminating studies electronically, producing videos and radio programs, sponsorship of conferences and seminars, and organizing on-line web cast discussions, news conferences and town hall meetings.

Partnerships

Many law reform issues have both federal and provincial dimensions, and require concerted action by many governments. The Law Commission works with provincial law reform commissions and departments of justice on research into coordinated policy responses to law reform issues. The Law Commission also works with many organizations to conduct research, organize or participate in fora and conferences, and publish and distribute research material.

The Law Commission regularly solicits and formally assesses proposals from potential partners. Partnerships are in place with universities and various professional bodies to involve academics and professionals in research, and to solicit feed-back on discussion papers and other publications. Academic involvement ranges from a number of different fields such as law, sociology, history, and political science. Partnerships are considered essential to creating economies of scale and leveraging synergies with interested parties.

Examples of partnerships include the following:

- ❑ “Relationships in Transition” – an annual competition for researchers from all disciplines, held in association with the Social Sciences and Humanities Research Council;
- ❑ an annual competition to recruit two virtual scholars in residence at the Law Commission, held in association with the Social Sciences and Humanities Research Council;
- ❑ a multiyear agreement with the Canadian Association of Law Teachers, the Canadian Law and Society Association and the Council of Canadian Law Deans to hold an annual competition entitled “Legal Dimensions”, in which participants prepare research documents on an issue related to the Law Commission’s research program;
- ❑ a partnership with the Canadian Policy Research Network on the vulnerable worker and the Institute On Governance on various democratic governance issues;
- ❑ close collaboration with a number of community and voluntary organizations, both national and international (for example, the Law Commission works with YOUCAN and many community groups on electoral reform, with the Indigenous Bar Association on Indigenous Legal Traditions, and has also partnered with the Canadian Federation of the Humanities and Social Sciences);
- ❑ partnership with two gambling research organizations, in relation to the research conducted for *What is a Crime?*;
- ❑ Consultations with representatives from Federal Government and the Province of Ontario, in relation to research on privacy matters;
- ❑ advice and assistance from other government departments and agencies, including Elections Canada (in the area of electoral reform), the Department of the Solicitor General of Canada and the Department of Justice; and
- ❑ partnerships with various publishers for the publication and distribution of Law Commission research such as: Les Presses de l’Université Laval, UBC Press, the University of Ottawa Press, Les Éditions Thémis, the University of Toronto Press and Carswell.

Public Expectations

Democratic societies have major expectations with regard to their law. It is one of the characteristics of our modern societies to rely on law as a mechanism of social control. Democratic societies want to be subject to the rule of law and, therefore, desire a law that is relevant and which allows everyone to participate fully. Social and economic changes continually test the capacity of the law to adequately respond to these expectations.

Citizens, therefore, demand that the law be reformed and respond well to evolving change in society and with regard to social issues. Citizen's expectations and their diagnosis on the impact of social changes on the law are often contradictory. The Law Commission has the challenge of facilitating an informed public discussion on the issues involved in law reform.

The social and legal issues facing Canadians are complex. Some issues are not fully understood and require multidisciplinary study and investigation – involving social, economic and cultural considerations – simply to determine their nature and scope.

To fulfill its mandate and maintain a citizen focus, the Law Commission must develop research and consultation processes that lead to proposals for the improvement of our law. The Law Commission's work includes three components: cutting edge research, innovative consultation, and the development of relevant recommendations.

Cutting-edge Research

The research effort is multidisciplinary and consultative. It is based on empirical data and must be at the cutting-edge of knowledge on social changes. It must also assess the solutions, which have been developed and tested in Canada and throughout the world.

The objective is to continue to keep abreast of developments in national and international research, to extend the network of researchers and to create partnerships, which have the benefit of support from all sectors: academic, governmental, private and voluntary.

Innovative Consultation Mechanisms

The research must be made available to citizens. The Law Commission's task is to engage Canadians in a process of critical reflection of the law, thus allowing citizens to participate in the identification and design of solutions. Changes in the law must support citizens' ability to shape their institutions in a just and accessible way.

The Law Commission has, therefore, developed an innovative consultation methodology, which focuses on citizen participation in law reform issues and their ability to continue to make themselves heard. For example, comments are received on the discussion papers published, and the Law Commission publishes articles, makes presentations and holds public consultations in order to stimulate debate. The Law Commission's aim therefore, is to facilitate the contribution of citizens to the creation of a living law which meets their needs, and their continuing involvement in justice issues.

Relevant Recommendations

The recommendations made by the Law Commission emerge from its research and its consultations. The process involves making available to decision-makers solutions that may appropriately respond to problems in our society. The recommendations made by the Law Commission are not only directed at governmental actors, they are intended for all actors involved in a reform: justice institutions, as well as non-governmental organisations, the private sector, employers, consumers and users. To be effective, a reform must involve a multitude of citizens in their different roles and institutions.

Performance Model

Strategic Outcome

The strategic outcome of the Law Commission is independent advice on reforming Canadian laws, institutions and procedures to ensure that they are aligned with the changing needs of individual Canadians and society.

For the period ending March 31, 2004, total actual expenditures for the Strategic Outcome were \$3,777,000, which represent the Net Cost of the Program as detailed per Annex 1, Table 2.

Plans and Priorities

In pursuit of its mission, mandate and strategic outcome, the Law Commission conducts research, engages Canadians, and advances influential positions in order to affect change on issues fundamental to Canadian laws, legal institutions and procedures.

Given the nature of the Law Commission's mission and mandate, and the research and discussion required to achieve the strategic outcome, results are defined in relation to the Law Commission's ability to stimulate research and discussion on matters of public interest, to advance new concepts of law, and to develop recommendations for consideration.

Ultimate outcomes such as renewal of the law require a long term perspective and depend on the agenda of various governments and other actors, and their willingness to implement the Law Commission's recommendations. Such ultimate outcomes are therefore not considered to be directly within the Law Commission's control.

Main Program Initiatives

To achieve its Strategic Outcome, the Law Commission conducts activities mainly in four key target areas. These areas reflect issues of concern for Canadians, and get to the heart of Canadian's relationship with the law and legal system. The key target areas can be described as follows:

- ***Personal Relationships***
Much of Canadian law is based on assumptions about how people organize their private lives, and how they relate to their partners, parents, children and others close to them. These assumptions may not adequately or accurately reflect the reality of current relationships. The Law Commission examines how laws can be designed to respond more effectively to Canadians' personal relationships.

- ***Governance Relationships***
 Canadians are disengaging from public institutions, and are more sceptical about the capacity of institutions to respond to legitimate expectations. Increasingly, Canadians expect their public institutions to embrace values such as pluralism, choice and diversity. These expectations suggest a change in how Canadians perceive “citizenship”. Increasingly, “citizenship” is perceived as active participation in democratic politics within the context of Canada’s position in the global community.
- ***Economic Relationships***
 The changing character of the workplace, the creation of new forms of property and wealth, the recognition of the significance of both paid and unpaid work, new methods of doing business, globalization, and the emergence of a knowledge-based economy, all have important consequences for those entering the labour market, and for those whose current employment is threatened. The Law Commission explores how best to structure law to enhance Canada's economic strength while protecting fundamental social values.
- ***Social Relationships***
 Harmonious and healthy social relationships are built on trust, interdependence and respect. Disagreement and conflict are inevitable products of everyday life and human interaction. The law often relies on public institutions such as the criminal justice system and the police to resolve conflict and ensure security. Increasingly, however, Canadians are relying on more informal methods of conflict resolution and on private institutions to ensure their security.

Such a framework emphasizes the supremacy of relationships and the supporting role of the law in the type of relationships between individuals in modern society. It is these very relationships and not specific rules in the law, which constitute the starting point of the research. Our studies analyse relationships not as passive reflections of legal concepts, but rather as dynamic social institutions.

The Law Commission is also continuing work on a fundamental question which involves all four key target areas: ***What is a Crime?*** The objective of this research is to identify why certain behaviours are conceptualized as crimes, and to determine the impact of this conceptualization on personal, social, economic and governance relationships.

Resources

The Law Commission is funded through parliamentary appropriations and it is authorized to spend income collected over the course of the year from the sale of publications. Salaries, research contracts and operational overhead costs account for most of the Law Commission’s expenditures.

In consultation with Public Works and Governments Services Canada, the Law Commission has recently moved to a new office location, given that prior offices were no longer meeting requirements. The move created a one time additional expenditure of \$312,682, for which the Law Commission received additional funding through a Supplementary Estimate.

An overview of the Law Commission's expenditures for the period ending March 31, 2004 can be found in Annex 1 – Financial Tables.

Meeting Prior Commitments

All prior commitments from the 2003-04 Report on Plans and Priorities have been met through ongoing research and publications. Additional research on *Electoral Reform* was undertaken as part of Governance Relationships, which had not been planned initially. The additional research was conducted as a result of public consultations and feed-back, and ongoing provincial efforts aimed at examining electoral reform options. Given this additional research initiative, other research relating to *In Search of Security* conducted as part of the Social Relationship key target area was slightly delayed.

The next section provides detailed performance information about the Law Commission's program initiatives and actual spending in relation to prior commitments for each key target area. Information is also provided with respect to the Law Commission's Management Accountability Framework (MAF) improvement initiatives.

Performance Overview

This section provides detailed performance information, in relation to each of the Law Commission's Program Initiatives.

For each Key Target Area, a description of Prior Commitments made as part of the Law Commission's Report on Plans and Priorities for 2003-04 is provided, along with a summary of the Main Activities Implemented and Results Achieved. In addition, the Actual Appropriations spent are provided for each Key Target Area to link resources with results achieved.

An overview of the Law Commission's Management Accountability Framework (MAF) improvement initiatives is also provided to highlight the actions planned or implemented, and the progress or results achieved where applicable.

More information about prior commitments can be found in the Law Commission's Report on Plans and Priorities for 2003-04. http://www.tbs-sct.gc.ca/rma/dpr/02-03/LCC-CDC/LCC-CDC03D_e.asp

Detailed information about activities implemented and results achieved can be found in the Law Commission's Annual Report for 2003, which will be posted to the Law Commission's website once it is tabled in Parliament.

The reader can have full confidence in the performance information provided. The prior commitments were outlined in the Law Commission's Report on Plans and Priorities for 2003-04, the main activities implemented involve ongoing or completed research and publications which are accessible to the public, and the results achieved are based on key findings and questions raised as part of the research and publications. The performance information provided can be verified through examination of the research and publications, and through feed-back from discussion panel members, research partners and external stakeholders. The Law Commission is continually challenged on the relevance of its research and publications through oversight by its Commissioners and Advisory Council.

Personal Relationships

Prior Commitments

Much of Canadian law is based on assumptions about how people organize their private lives, and how they relate to their partners, parents, children and others close to them. These assumptions may not adequately or accurately reflect the reality of current relationships. The Law Commission examines how laws can be designed to respond more effectively to Canadians' personal relationships.

For 2003-04, under Personal Relationships, the Law Commission committed to study relationships structured by age and generations, and engage citizens in discussions to broaden the debates and equip groups that are not often called upon to participate in public debates – youth and older adults – to interact on this issue.

Main Activities Implemented

Results Achieved

Does Age Matter?

- The Law Commission released a discussion paper on relationships between generations: *Does Age Matter? Law and Relationships Between Generations*
- Consultations were held with academics, a youth group and the general public. The Roderick A. Macdonald Contest for high school students asked Does Age Matter? and the Law Commission received input in both written and visual form.

- The discussion paper asks whether age continues to be a legitimate criterion for certain choices made by society, and for promoting healthy relationships across generations, or whether adopting different criteria would be preferable.
- The discussion paper argues that a society concerned with fairness and equality must reject outdated assumptions and stereotypes about children, youth and older adults. Laws that may reflect such assumptions and stereotypes should be modernized, in order that all citizens are treated with dignity and respect, as full participants in society.

Beyond Conjuality

- The Law Commission was invited to present its report *Beyond Conjuality: Recognizing and Supporting Close Personal Adult Relationship* at a family law conference in South Africa.

- The South African Law Reform Commission recently published a discussion paper on domestic partnerships that drew heavily on the Law Commission's work. The report has been cited by a number of commissions and courts, and it is reviewed in a number of research papers in Canada and other countries.

Actual Appropriations allocated to Personal Relationships activities for the period ending March 31, 2004: \$287,769

Governance Relationships

Prior Commitments

Canadians are disengaging from public institutions, and are more sceptical about the capacity of institutions to respond to legitimate expectations. Increasingly, Canadians expect their public institutions to embrace values such as pluralism, choice and diversity. These expectations suggest a change in how Canadians perceive “citizenship”. Increasingly, “citizenship” is perceived as active participation in democratic politics within the context of Canada’s position in the global community.

For 2003-04, under Governance Relationships, the Law Commission committed to examine governance challenges related to the self-government of First Nations. In addition, the Law Commission committed to examine the influence of international authorities and foreign policies on Canada, the influence of Canada in the world, and the governance of corporate activities abroad. Finally, the Commission also committed to study decision making mechanisms within institutions, both public and private, and to continue to encourage the public debate on solutions to improve democratic institutions.

Main Activities Implemented

Results Achieved

Indigenous Legal Traditions

- The Law Commission is pursuing, through research and consultation, the question of protection and respect for Indigenous legal traditions in an increasingly pluralistic society. Through its partnership with the Social Sciences and Humanities Research Council of Canada, a discussion paper is being drafted on this issue.

- It is expected from the research that a greater place may be proposed in Canada’s legal system for indigenous traditions. Tools may be identified, which the legal system can adopt to allow differences to express themselves in decision-making. Tensions that arise when differences are expressed may be identified, and recommendations may be developed for how different legal traditions can co-exist effectively.

Governance Beyond Borders

- The Law Commission is working with two virtual scholars from the University of Toronto and from Osgoode Hall, who will complete additional research and prepare a discussion paper on approaches to governance within the increasing interdependence between countries brought about by globalization. The Law Commission consulted academics and federal government representatives on the project and organized discussions on corporate social responsibility.

- It is expected from the research that many questions will be raised such as how Canada can adapt to a more interdependent world and take a proactive approach to retain the autonomy necessary to respond to the needs of its residents, how better to integrate international commitments with domestic policy and law, and how to respond to the diverse range of non-governmental and private actors who are influencing the lives of Canadians through their international or transnational interactions.

Governance Relationships

Main Activities Implemented (cont'd)	Results Achieved (cont'd)
<p><i>Voting Counts: Electoral Reform for Canada</i></p> <ul style="list-style-type: none"> ▪ The Law Commission published <i>Voting Counts: Electoral Reform In Canada</i>, which proposes changes to Canada's voting system to meet the democratic aspirations of Canadians and their expectations of more balanced and participatory governance relationships. It also proposes that one-third of the seats in the House of Commons be allocated on a proportional basis to better represent the diversity of citizen's opinions. <p><i>Electoral Reform – Research Papers</i></p> <ul style="list-style-type: none"> ▪ <i>A Question of Values: Representation in Canada's Contemporary System of Governance</i> ▪ <i>Rethinking Representation: Toward Democratic Governance in Canada</i> ▪ <i>Aboriginal Representation in Government: A Comparative Examination</i> ▪ <i>Valuing Canadians: The Options for Voting System Reform in Canada</i> ▪ <i>Political Representation in Canada: Theoretical and Empirical Considerations</i> ▪ <i>Reform of the Federal Electoral System: The Recommendations of the Law Commission and the Test of Unwritten Constitutional Principles</i> <p><i>Forum on Women's Representation</i></p> <ul style="list-style-type: none"> ▪ The Law Commission co-sponsored and co-organized a forum on women's representation in the House of Commons, in response to feed-back from Canadians on the issue of women's representation. 	<ul style="list-style-type: none"> ▪ The publication <i>Voting Counts: Electoral Reform In Canada</i> considers the relevance and cogency of arguments for reforming Canada's electoral system, assesses a variety of electoral systems and includes 23 recommendations for reforming Canada's electoral system. ▪ The publication also recommends that Canada add an element of proportionality to the electoral system, and makes recommendations to promote better representation of women, minority group members and Indigenous people in the House of Commons, addresses youth participation and representation, examines various electoral system design issues, and considers how to implement and monitor the introduction of a new electoral system in Canada. The publication will also aid the many provincial reform initiatives currently taking place, and will also stimulate much needed reform efforts federally.

Governance Relationships

Main Activities Implemented (cont'd)	Results Achieved (cont'd)
<p><i>Governance of Freedom of Choice - Research Papers</i></p> <ul style="list-style-type: none"> ▪ <i>Gouvernance et co-production des services publics</i> ▪ <i>Réglementation et liberté: articulations dans le discours des acteurs. Une analyse des représentations de la régulation sociale et de la gouvernance</i> ▪ <i>Reproductive Technology: Legal and Policy Choices</i> ▪ <i>Accommodating New Forms of Evidence: Aboriginal Oral Histories in the Courts</i> ▪ <i>Law, Freedom and the City</i> 	<ul style="list-style-type: none"> ▪ It is expected from the research that the implications of the concept of freedom of choice as a predominant feature of the political, social and legal thinking will be examined. For example, what does it mean for a society to believe in the freedom to choose, and to use this concept as a guiding principle? The extent to which labour, the legal system, the family, recreation, urban centres and community life truly reflect the principles of freedom of choice will be examined, and whether the concept is an ideal worth pursuing. The limits of the concept in a world marked by inequality will also be examined.
<p><i>Law and Citizenship - Research Papers</i></p> <ul style="list-style-type: none"> ▪ <i>Multinational Citizenship: Practical Implications of a Theoretical Model</i> ▪ <i>Crises in the Body Politic: Diminished Social Citizenship</i> ▪ <i>Connecting Economy, Gender and Citizenship: Possibilities and Limits</i> ▪ <i>External Citizenship</i> ▪ <i>Law, Citizenship and Legal Citizenship</i> ▪ <i>Legal Responses to Disability: Elements of a Theory of Disitizenship</i> 	<ul style="list-style-type: none"> ▪ It is expected from the research that issues relating to the connection between citizenship and territory will be explored. The research will examine how other disciplines have begun to theorize citizenship in ways that encompass broader or sometimes more subtle notions of the concept and civil, political, economic and social elements. The implications of changing notions of state, borders and participation on concepts of citizenship will also be examined.
<p>Actual appropriations allocated to Governance Relationships activities for the period ending March 31, 2004: \$1,232,620</p>	

Economic Relationships

Prior Commitments

The changing character of the workplace, the creation of new forms of property and wealth, the recognition of the significance of both paid and unpaid work, new methods of doing business, globalization, and the emergence of a knowledge-based economy, all have important consequences for those entering the labour market, and for those whose current employment is threatened. The Law Commission explores how best to structure law to enhance Canada's economic strength while protecting fundamental social values.

For 2003-04, under Economic Relationships, the Law Commission committed to undertake a project with the goal of studying the ways in which the law allows people to attain economic security, or the manner in which it impedes them in achieving such security. In addition, the Law Commission committed to attempt to determine if the law recognizes a sufficient number of occupations, and whether it provides adequate and appropriate support for the promotion of economic security of those engaged in work in this broad sense of the term.

Main Activities Implemented

Is Work Working? Work Laws That do a Better Job

- Discussion paper to examine worker vulnerability.
- Research to examine how the sex trade is organized and its implications on worker vulnerability.
- Research to examine access to employment rights and benefits, and issues relating to low-paid jobs.
- Research to examine alternative mechanisms for extending benefits to workers in low-paying jobs.
- Research to look at various issues relating to low-paying jobs, such as the length of time that workers stay in such work, the percentage that have access to employment benefits and the industries in which low-paid work is concentrated.

Results Achieved

- As a result of the research on the vulnerability of workers, a number of questions are being raised, for example:
 - On what basis does the law recognize and reward certain types of work or certain categories of workers, but not others?
 - Are the distinctions fair and are they being made on the basis of legitimate policy goals?
 - What are the legal, economic, and social consequences of the non-recognition of certain kinds of work?
 - Should the law recognize a broader range of work and provide greater support to promote the well-being of all those who engage in work, broadly defined?
- It is expected that categories of vulnerable workers will be identified and that regulatory and policy options to empower these groups will be explored. The goal is to develop not only a descriptive portrait of vulnerability in the Canadian workplace, but also a useful framework for evaluating the various policy and regulatory options available.

Economic Relationships

Main Activities Implemented (cont'd)	Results Achieved (cont'd)
<p><i>Modernizing Canada's Secured Transactions Law – The Bank Act Security Provisions</i></p> <ul style="list-style-type: none"> ▪ As part of the commercial law strategy of the Uniform Law Conference of Canada, the Law Commission is studying the possibility of having the security provisions of the <i>Bank Act</i> repealed in order to modernize commercial law in Canada. 	<ul style="list-style-type: none"> ▪ Banks in Canada may take provincial security interests as collateral to secure their loans. However, banks also have the option of taking a special federal security device available only to them. The study will examine the co-existence of these two secured transaction regimes, which has produced considerable uncertainty that undermines the efficiency of Canada's secured transaction law.
<p><i>Leveraging Knowledge Assets: Resolving Uncertainty for Security Interests in Intellectual Property</i></p> <ul style="list-style-type: none"> ▪ The Law Commission published <i>Leveraging Knowledge Assets: Resolving Uncertainty for Security Interests in Intellectual Property</i>, which highlights the deficiencies of our commercial law with respect to access to credit in a modern economy based on knowledge and intellectual property. Our economic relationships are marked by the transition to a knowledge economy. Commercial law that supports the credit and investment infrastructure must be adapted to these transformations. ▪ The publication focuses on the legal and institutional changes required to facilitate secured lending based on intellectual property rights. 	<ul style="list-style-type: none"> ▪ The publication provides recommendations for: <ul style="list-style-type: none"> ○ Parliament to improve the legal framework governing federal intellectual property rights to reduce the legal uncertainty associated with taking such rights as collateral. ○ The federal intellectual property registration system to be overhauled to ensure that it supports reliable, current, on-line searching of the full chain of title of all intellectual property rights. ○ Governments to encourage the development of expertise in the valuation of intellectual property rights and facilitate the development of best practices in this domain. ○ The Canadian Bar Association, the Intellectual Property Institute of Canada, law schools, business schools and law societies to support the development of educational materials and courses dealing with security interests in intellectual property and promote expertise in commercial and intellectual property law.
<p>Actual appropriations allocated to Economic Relationships activities for the period ending March 31, 2004: \$817,376</p>	

Social Relationships

Prior Commitments

Harmonious and healthy social relationships are built on trust, interdependence and respect. Disagreement and conflict are inevitable products of everyday life and human interaction. The law often relies on public institutions such as the criminal justice system and the police to resolve conflict and ensure security. Increasingly, however, Canadians are relying on more informal methods of conflict resolution and on private institutions to ensure their security.

For 2003-04, under Social Relationships, the Law Commission committed to consult Canadians on their perceptions of the justice system and on the possibility that the principles and practices of restorative justice might provide an effective response to conflicts, in criminal and civil law contexts, and submit a report on the challenges of participatory justice. In addition, the Law Commission committed to continue consultations and research to further the debate on the future of policing.

Main Activities Implemented

Results Achieved

Transforming Relationships through Participatory Justice

- The Law Commission published *Transforming Relationships through Participatory Justice*, which recognizes the needs of disputants to participate fully in resolving their conflicts. The document traces the role of conflict resolution within the framework of increasingly fragmented social relationships, reviews developments in mediation, conciliation and restorative justice.

- The report examines Canada's current experience with participatory justice. It offers recommendations that propose ways that governments, justice officials, community groups and individuals working in conflict resolution can support the development of innovative justice processes that have citizen participation at their core. These include victim-offender mediation, collaborative family lawyering, sentencing circles and judge-led settlement conferencing.

In Search of Security

- The Law Commission continued consultations and research aimed at examining actors involved in offering guarantees of security to citizens, including private policing organizations such as private security firms, insurance companies, forensic accountants, and private, in-house corporate security departments.
- The Law Commission sponsored the *International Conference on Policing and Security*, and a 10 hour radio series broadcasted nationally on CBC radio.

- The consultations and research stimulate debate in media and policing institutions about the role that private security firms should have and the regulations required.
- The consultations and research also identify the need for improved communication and partnerships among public police and private security agencies, including steps to make this happen.

Actual appropriations allocated to Social Relationships activities for the period ending March 31, 2004: \$715,362

What is a Crime?

Prior Commitments

The Law Commission is continuing work on a fundamental question which involves all four key target areas: What is a Crime? The objective of this research is to identify why certain behaviours are conceptualized as crimes, and to determine the impact of this conceptualization on personal, social, economic and governance relationships.

For 2003-04, the Law Commission committed to understand the reasons why certain patterns of behaviour are identified under the concept of crime, and to examine the impacts of such a concept on personal, social, economic and governance relationships, by assessing the various options available for regulating undesirable behaviour.

Main Activities Implemented

What is a Crime?

- The Law Commission released the discussion paper *What is a Crime? Challenges and Alternatives*.
- The Law Commission funded six multi-disciplinary case studies:
 - *Medical Fraud and Over-billing*
 - *Welfare Fraud*
 - *Information Privacy*
 - *Gambling*
 - *Aboriginal Harvesting*
 - *Civility and Neighbourhood Order / Disorder in an Urban Setting*

Results Achieved

- The discussion paper *What is a Crime? Challenges and Alternatives* stimulates discussion and debate about a range of strategies for dealing with unwanted conduct, including the choices that are made to use one or more strategies, and the impacts of the decisions taken. Questions which are asked include:
 - Why do we define certain behaviour as criminal?
 - Why do we use criminal law to respond to some behaviours and not others?
 - Is criminal law always necessary?
 - Can other public forms of intervention be more satisfactory?
 - What are the dangers of using one mode of intervention over another?
- The case studies examined the factors that contribute to the definition of unwanted criminal behaviour and mechanisms and techniques for responding to certain behaviour.

Actual appropriations allocated to Other Key Target Areas activities for the period ending March 31, 2004: \$559,873

Management Accountability Framework Improvement Initiatives

In September 2003, the Law Commission completed its Modern Comptrollership Capacity Assessment. The assessment results were comparable with other small departments and agencies, and improvement opportunities were identified to build on existing activities and strengthen management practices in certain areas. The Law Commission also examined expectations from the Management Accountability Framework (MAF) issued by Treasury Board Secretariat, and recently developed an action plan to implement modern management improvement opportunities.

The President of the Law Commission is the Sponsor and Advocate for implementation of the action plan. In this role the President is responsible to ensure that adequate resources and funding are available for the achievement of the planned actions. The President also provides active support for the implementation of modern management, and is responsible to keep the Commissioners and external stakeholders informed of developments on a regular basis.

The Executive Director is the Champion for the implementation of modern management, and is accountable for the overall implementation of the action plan. In this role, the Executive Director makes decisions for how to implement the planned actions, and assigns specific responsibilities to staff and/or consultants where required.

As part of its MAF action plan, the Law Commission identified improvement opportunities relating to all ten MAF elements. A brief description of the improvement opportunities and their current status is provided below.

Governance and Strategic Directions

Managers and staff were informed of the modern comptrollership capacity assessment results and expectations from the MAF, and the approach taken to develop the action plan. The Law Commission also realigned its planning and budgeting process to its new Program Activity Architecture (PAA), and resources were reallocated from communication activities to research activities.

Public Service Values

The Law Commission recognizes the benefits of developing values and ethics guidelines. A briefing was provided to managers and staff on the new Values and Ethics Code for the Public Service recently issued by Treasury Board Secretariat. The Law Commission is currently assessing whether a customized research ethics policy should be developed for conducting research projects. A needs assessment has been developed, and a review of research ethics models or frameworks has been undertaken.

Policy and Programs

The Law Commission has an effective mechanism to ensure that research priorities are identified, and to ensure that research is effectively conducted and reported. Research themes and priorities are decided by Commissioners, with input from an Advisory Council comprised of external stakeholders. Based on the themes and priorities identified, a research plan and business case for research projects are developed and presented to Commissioners and the Advisory Council. There is daily interaction among Research Officers, and weekly meetings are held to discuss the status of research projects conducted with internal or external resources. Formal status updates are provided to senior management and the Commissioners on a regular basis.

People

The Law Commission operates very much as a flat-structure organization, where senior management is actively involved in day to day operations. Law Commission staff are encouraged to discuss work related matters as part of staff meetings, and are invited to suggest whether other means of providing feed-back may be helpful. The Law Commission is currently undergoing a change of leadership, as both the current President and the Executive Director have accepted positions with other public sector organizations.

Citizen-Focussed Service

The Law Commission continues to develop innovative methods to engage Canadian citizens in providing input / feed-back relating to specific research projects, before, during and after the research is conducted. A communication plan has been developed to create awareness of the Law Commission's mandate and research.

The *Law Commission of Canada Act* defines formal service standards, including the requirement to consult Canadians, which is done through the use of Study Panels and the Advisory Council. The Law Commission has an effective approach to ensure that its research is citizen-focussed, and will continue to develop innovative methods to engage Canadian citizens in providing input and feed-back relating to specific research projects.

The Law Commission continues to use its website to solicit comments from Canadians. All documents published by the Law Commission are available on the website, and on-line users can order paper versions of the documents if they wish. The Law Commission also conducts on-line and e-mail consultations with its multiple partners on an ongoing basis.

Risk Management

The Law Commission conducted an exercise with Commissioners to define the concept risk and discuss various risk issues. The next step will involve the development of a risk profile consistent with the TBS Integrated Risk Management Framework.

One important potential risk of the Law Commission relates to the identification of relevant research topics and the management of research projects. Guidance and advice is received from the Advisory Council on the relevance of proposed research. Study Panels are appointed as needed to provide advice on specific research projects. A consistent approach is used to request research proposals, which are then assessed for merit, including the credibility of the research partner and the complexity of the research proposed. Law Commission Research Officers manage research projects in relation to perceived risks, and review research reports thoroughly. Commissioners approve research reports prior to publication.

The Law Commission has documented its management framework including its mission, mandate, guiding principles, strategic directions, priorities, project selection criteria, and key operational policies and procedures for managing research projects.

Stewardship

Once the risk profile is developed, the Law Commission will consider undertaking a management framework audit, program evaluation, or other type of specific audit, evaluation or consulting project aimed at providing an independent assessment of risk management practices or evaluation of results achieved in relation to program objectives.

Accountability

In order to improve the public engagement framework, a position has been created for a Director of Communications and Citizen Engagement. The position will provide an expanded role and will help to clarify roles and responsibilities between the Communications and Research branches.

It is expected that the new President and the new Executive Director will discuss how decision-making roles and responsibilities should be allocated, and will communicate expectations to staff. It is also expected that individual performance objectives will be established for all managers and staff at the beginning of the fiscal year, and that individual performance reviews will be conducted after completion of the fiscal year.

The Executive Director met with representatives from the Canadian Human Rights Commission (CHRC), to discuss functional support available and to renew the Memorandum of Understanding for corporate services.

Learning, Innovation and Change Management

On occasion, special guests are invited for a lunch session with Law Commission managers and staff to share knowledge and experience in areas of interest. For example, representatives from the Justice Department and Statistics Canada met with Law Commission Research Officers to discuss best practices relating to research projects. Special meetings are also organized with managers and staff to share lessons learned relating to specific research projects when considered relevant and useful.

Results and Performance

The Law Commission has developed its Program Activity Architecture (PAA) and submitted related budget information consistent with TBS requirements. The Law Commission's Report on Plans and Priorities and the Departmental Performance Report have been reconfigured to demonstrate commitments, main activities planned or implemented, results expected or achieved, and actual spending in relation to each key target area supporting main program initiatives.

The Law Commission has also updated its "results chain" performance model in relation to the activities, outputs, and resources supporting the strategic outcome. The Law Commission will consider whether certain aspects of the Results-Based Management Accountability Framework (RMAF) guide could be used to further define its performance management framework.

Annex 1 – Financial Tables

Table 1 - Summary of Voted Appropriations (\$ thousands)

		2003-2004			
Vote		Main Estimates	Planned Spending	Total Authorities	Actual Spending
Law Commission of Canada					
35	Program expenditures	2,943	2,954	3,521	3,409
(S)	Contribution to employee benefit plan	167	167	204	204
Total		3,110	3,121	3,725	3,613

The 2003-2004 total authorities represent an increase of \$615,000 or 20% over the Main Estimates of \$3,110,000. This difference represents mainly funding received through Supplementary Estimates for the relocation and fit-up at the new location, the 2002-2003 operating budget carry forward and salary increases for executives.

Table 2 - Comparison of Total Planned Spending to Actual Spending (\$ thousands)

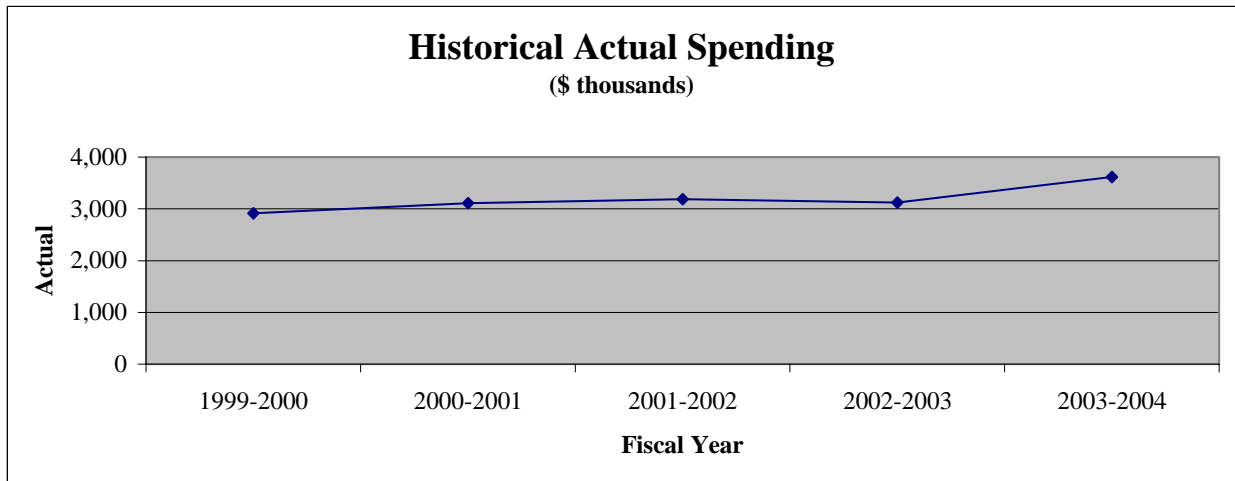
		2003-2004			
Law Commission of Canada		Main Estimates	Planned Spending	Total Authorities	Actual Spending
Full-time equivalents (FTEs)		11	11	11	12
Operating expenses		3,110	3,121	3,725	3,613
Capital expenditures		-	-	-	-
Grants and contributions		-	-	-	-
Total parliamentary appropriations available/used		3,110	3,121	3,725	3,613
Other revenues and expenditures					
Non-responsible revenues		-	-	-	-
Cost of services provided by other departments		224	224	164	164
Net cost of program		3,334	3,345	3,889	3,777

This table shows the total cost of the program including services provided without charge by other departments such as accommodation and employee insurance plans.

The 2003-2004 actual spending represents 97% of the total authorities. The difference of \$112,000 between the actual spending and total authorities is primarily attributed to the relocation and fit-up cost, which were lower than forecasted.

Table 3 - Historical Comparison of Total Planned Spending to Actual Spending (\$ thousands)

Business Line	2001-2002 Actual	2002-2003 Actual	2003-2004			
			Main Estimates	Planned Spending	Total Authorities	Actual Spending
Law Commission of Canada	3,188	3,122	3,110	3,121	3,725	3,613



Comparatively to previous years, the 2003-2004 expenses increase is mainly due to the relocation and fit-up cost at the new location.

Annex 2 – Statute Administered

Statute Administered by the Law Commission of Canada

Law Commission of Canada Act (S.C., 1996, c. 9)

Annex 3 – Contact Information

The law affects every member of our society, and everyone has an interest in ensuring that it is relevant, responsive, effective, accessible and just. Public participation in the Law Commission's work, and in the ongoing renewal of our legal system, is essential. The Law Commission of Canada encourages the Canadian public to get involved and make a difference.

Law Commission of Canada
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Annex 4 – Financial Statements

Statement of Management Responsibility

LAW COMMISSION OF CANADA

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2004 and all information contained in this report rests with management.

These statements have been prepared in accordance with Treasury Board Accounting Standards based upon generally accepted accounting principles, using management's best estimates and judgements where appropriate. Readers of these statements are cautioned that the financial statements are not necessarily complete; certain assets, liabilities and expenses are only recorded at a government-wide level at this time. These statements should be read within the context of the significant accounting policies set out in the Notes.

Management has developed and maintains books, records, internal controls and management practices, designed to provide reasonable assurance that the Government's assets are safeguarded and controlled, that resources are managed economically and efficiently in the attainment of corporate objectives, and that transactions are in accordance with the *Financial Administration Act* and regulations as well as the Commission policies and statutory requirements.

The transactions and financial statements of the Commission have not been audited.

Dennis Cooley
Executive Director

June 11, 2004

Denis Pelchat
Senior Full-time Financial Officer

June 11, 2004

Statement of Financial Position (unaudited)

LAW COMMISSION OF CANADA

As at March 31
(in dollars)

2004

2003

Assets

Financial Assets

Receivables		
Other government departments	7,896	78,613
External parties	-	3,297
Advances	1,000	1,000
Total Financial Assets	8,896	82,910

Non-Financial Asset

Capital assets (note 5)	271,058	-
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Total Assets	279,954	82,910
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Liabilities

Accounts payable and accrued liabilities	359,843	540,722
Provision for vacation pay and accumulated overtime	84,900	92,200
Total Liabilities	444,743	632,922

Net Assets

Net assets, beginning of year	(550,012)	(389,117)
Cost of operations	(3,476,623)	(3,182,008)
Net cash provided by government	3,698,046	2,893,113
Services provided without charge (note 6)	163,800	128,000
Total Net Assets	(164,789)	(550,012)

Total Liabilities and Net Assets	279,954	82,910
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Commitments (Note 7)

The accompanying notes are an integral part of the financial statements.

Statement of Operations (unaudited)

LAW COMMISSION OF CANADA

For the year ended March 31 2004 2003
(in dollars)

Expenses

Salaries and wages	1,445,893	1,335,697
Professional and special services	1,051,816	935,402
Information	452,307	319,237
Travel and relocation	173,675	209,563
Rentals	160,859	137,046
Communication	61,346	59,959
Amortisation of capital assets	33,882	-
Vacation pay and accumulated overtime	32,807	4,553
Repairs	24,035	36,986
Utilities, material and supplies	20,951	39,961
Equipment expenses	18,769	103,552
Miscellaneous	283	52
Cost of Operations	3,476,623	3,182,008

The accompanying notes are an integral part of the financial statements.

Statement of Cash Flow (unaudited)

LAW COMMISSION OF CANADA

For the year ended March 31 2004 2003
(in dollars)

Operating activities

Cost of operations	(3,476,623)	(3,182,008)
<i>Non-cash items included in Cost of operations</i>		
Amortisation of capital assets	33,882	-
Services provided without charge	163,800	128,000
<i>Statement of Financial Position adjustments</i>		
Change in financial assets	74,014	(33,023)
Change in liabilities	(188,179)	193,918
Net Cash used in Operating Activities	(3,393,106)	(2,893,113)

Capital activities

<i>Capital assets</i>		
Acquisitions	(304,940)	-
Net Cash used in Capital Activities	(304,940)	-
Net Cash Provided by Government	(3,698,046)	(2,893,113)

The accompanying notes are an integral part of the financial statements.

Notes to the Financial Statements (unaudited)

1. Authority and purpose

The mandate of the Law Commission of Canada is derived from the *Law Commission of Canada Act*, which came into force in 1997. The Commission's expenditures are funded by an annual appropriation from Parliament.

The mandate of the Law Commission of Canada is to engage Canadians in the renewal of the law to ensure that it is relevant, responsive, effective, equally accessible to all, and just.

2. Significant accounting policies

These financial statements have been prepared on an accrual basis of accounting in accordance with Treasury Board Accounting Standards. These standards are based on Generally Accepted Accounting Principles in Canada. The primary source of the accounting principles is from the recommendations of the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants supplemented by the recommendations of the Accounting Standards Board of the Canadian Institute of Chartered Accountants for situations not covered by the Public Sector Accounting Board. Readers of these statements are cautioned that the introduction of accrual accounting at the Commission level is evolutionary. Not all assets, liabilities and expenses applicable to the Commission are recorded at this time. As such, the financial statements are not necessarily complete. However, all such assets, liabilities and expenses are recorded at a government-wide level in the financial statements of the Government of Canada. The accompanying notes provide additional details and should be read with care.

The significant accounting policies include the following:

(a) Parliamentary appropriations

The Commission is primarily financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Commission do not parallel financial reporting according to generally accepted accounting principles as they are, in a large part, based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 8 to these financial statements provides information regarding the source and disposition of these authorities.

(b) Net cash provided by government

All departments including agencies and departmental corporations operate within the Consolidated Revenue Fund (CRF) which is administered by the Receiver General for Canada. All cash receipts are deposited to the CRF and all cash disbursements made by departments are paid from the CRF. Net cash provided by government is the difference between all cash receipts and all cash disbursements, including transactions between departments and agencies.

2. Significant accounting policies (continued)

(c) Expenses

Expenses are recorded when the underlying transaction or expense occurs subject to the following:

- ✓ Employee termination benefits are expensed by the Commission when paid. Estimated accruals are not recorded at the Commission level, rather they are recognized in the consolidated financial statements of the Government of Canada.
- ✓ Vacation pay and overtime are expensed in the year that the entitlement occurs.
- ✓ Contributions to superannuation plans are recognized in the period that the contributions are made. Actuarial surpluses or deficiencies are not recorded in the Commission's books but are recognized in the consolidated financial statements of the Government.
- ✓ Services provided without charge by other government departments and agencies are recorded as operating expenses at their estimated cost and a corresponding amount is credited directly to the Net Assets.

(d) Receivables

Receivables are stated at amounts expected to be ultimately realized. A provision is made for receivables where recovery is considered uncertain.

(e) Capital Assets

Leasehold improvements having an initial cost greater than \$5,000 are recorded at cost and are amortised on a straight line basis over the term of the lease. Amortisation commences the month following the asset is put in service.

(f) Foreign currency transactions

Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions.

3. Measurement of uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts for assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are accrued liabilities, provision for vacation pay and accumulated overtime and amortisation of capital assets.

4. Related party transactions

The Commission is related in terms of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Commission enters into transactions with these entities in the normal course of business. Certain of these transactions are on normal trade terms applicable to all individuals and enterprises, while others are services provided without charge to the Commission. (See note 6)

5. Capital assets and accumulated amortisation

Capital Assets	Balance beginning of year	Acquisitions	Disposals/ adjustments	Balance end of year
(in dollars)				
Leasehold improvements	-	304,940	-	304,940
	-	304,940	-	304,940
Accumulated Amortisation				
(in dollars)				
Leasehold improvements	-	33,882	-	33,882
	-	33,882	-	33,882
Net Capital Assets	-	271,058	-	271,058

6. Services provided without charge

During the year, the Commission received services that were obtained without charge from other government departments and agencies. These amounts are reflected in the Statement of Operations.

(in dollars)	Current Year	Prior Year
Accommodation provided by PWGSC	80,900	67,600
Contributions covering employers' share of employees' insurance premiums and expenditures paid by TBS	82,900	60,400
	163,800	128,000

7. Commitments

The Commission signed some multi-year contracts regarding operating leases whereby the Commission will be committed to make some future payment when the services are rendered. Future year commitments are as follows:

(in dollars)	
2004-2005	89,600
2005-2006	89,600
2006-2007	59,100

8. Parliamentary appropriations

(in dollars)	Current Year	Prior Year
Operating expenditures - Vote 35	2,943,000	2,915,000
Supplementary Vote 35a	-	47,896
Supplementary Vote 35b	543,804	-
Transfer from TB - Vote 10	11,100	-
Transfer from TB - Vote 15	23,000	36,000
	3,520,904	2,998,896
Lapsed	112,260	92,487
	3,408,644	2,906,409
Contributions to employee benefits plan	204,262	215,233
Use of Appropriations	3,612,906	3,121,642

9. Reconciliation Cost of operations to appropriations used

(in dollars)	Current Year	Prior Year
Cost of operations	3,476,623	3,182,008
<i>Adjustments for items affecting cost of operations but not affecting appropriations:</i>		
Services provided without charge	(163,800)	-128,000
Adjustments of previous year's expenditures	21,725	62,934
Change in provision for vacation pay and accumulated overtime	7,300	4,700
Amortisation	(33,882)	-
	(168,657)	(60,366)
<i>Adjustments for items not affecting cost of operations but affecting appropriations:</i>		
Capital acquisitions	304,940	-
Use of Appropriations	3,612,906	3,121,642