

Law Commission of Canada
2006 Annual Report



Law Commission
of Canada

Commission du droit
du Canada

Canada 

Canada

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Law Commission of Canada

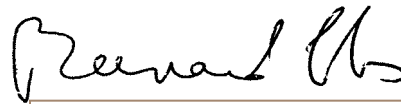
Web site: www.lcc.gc.ca

Mission

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.



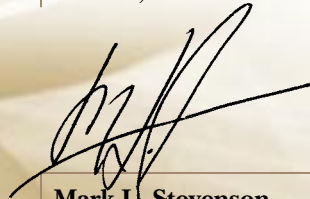
Yves Le Bouthillier
President
Ottawa, Canada




Bernard Colas
Vice-President and Commissioner
Montréal, Québec



Sheva Medjuck
Commissioner
Halifax, Nova Scotia



Mark L. Stevenson
Commissioner
Comox, British Columbia



Roderick J. Wood
Commissioner
Edmonton, Alberta



Table of Contents

Globalization.....	2
Informal Money Transfer Networks.....	3
Indigenous Legal Traditions.....	4
The Métis.....	5
What is a Crime?.....	6
Policing.....	7
Financing on Reserves.....	7
Vulnerable Workers.....	8
Age and Law.....	9
Audacity of the Imagination.....	10
Immigrant Settlement.....	11
Appointment.....	11
Roderick A. Macdonald Contest 2005.....	12
Legal Dimensions 2006.....	13
Virtual Scholar in Residence.....	14
Published Research.....	14
Relationships in Transition: Customary Practices and the Law in Canada.....	15
Sharia Law.....	15
Students Create a Video.....	15
Consultations, Conferences, and Presentations.....	16
Staff and Advisory Council.....	18
Management Report.....	19

President's Message

On June 6, 2005, I became President of the Law Commission of Canada. It is now my responsibility to report on the Commission's accomplishments between April 1, 2005 and March 31, 2006. Having been at the Commission for a year, I think it is an opportune time to share my view of what the Commission is all about. Briefly stated, the Law Commission is about making the law relevant to Canadians. It does so by acting on three key propositions:

a) To strive for relevant law, one has to first accept that society is much more dynamic than law. Written rules adopted by legislators and judicial pronouncements can only speak to parts of today's complex society characterized by ever more rapid change. Adopting new concepts and approaches to law is one of the means that society relies on to respond to change. In other words, law is rarely at the root of change; rather it is an instrument that, to maintain its relevance, needs to be updated regularly to respond to evolving needs. The Law Commission is currently working on issues such as the increasing number of vulnerable workers, the growing space that private security services occupy, the advent of globalization, and the strong affirmation of indigenous legal traditions by many aboriginal peoples. These are all examples of societal changes that the law must address to remain relevant.

b) The relevance of the law cannot be determined solely through legal analysis. It is one of the hallmarks of modern society that new knowledge emerges from a multitude of disciplines. These various disciplines can help assess the potentialities and the limits of the law. The Law Commission is committed to attracting various disciplines interested in the law.



c) The relevance of the law is best reflected by the public it is designed to serve. It is not enough to rely on expertise if it is not sensitive to and informed by the people most directly affected by the law, particularly the most vulnerable members of society. As an independent federal entity, the Law Commission is committed to engaging Canadians in a non-partisan dialogue on the nature of required changes to the law. While it is ultimately for politicians to determine which laws will best serve society's interests, their choices are better informed if they benefit from the input of experts and ordinary Canadians channelled through an independent entity.

These propositions are not new. They are directly inspired by the founding statute of the Commission. I have simply rephrased the statute to reflect what I have observed during my first year. I can confidently report that the Commission, through its research agenda, partnership building and its consultations calendar, remains faithful to the mission entrusted to it nine years ago: to make the law relevant to Canadians.

A handwritten signature in black ink that reads "Yves Le Bouthillier".

Yves Le Bouthillier

June 6, 2006



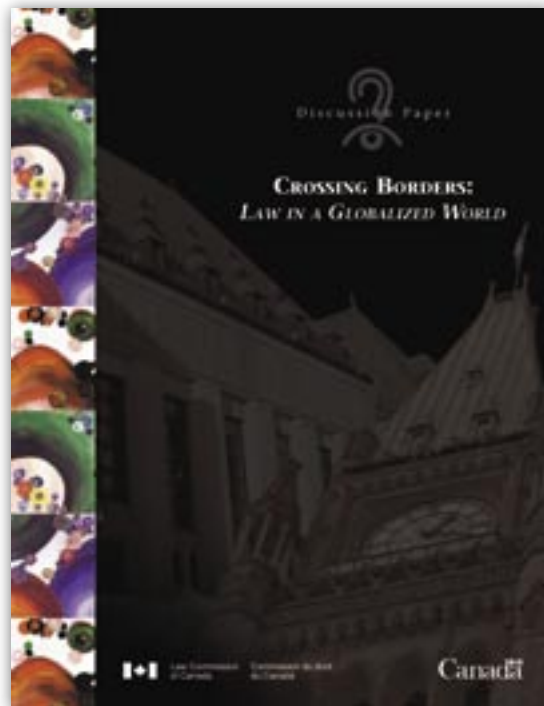
Globalization

The effects of globalization are becoming progressively apparent. The way Canadians live, work and think is increasingly influenced by actions and events that occur beyond our borders. Many issues that were once addressed within the domestic legal system are now addressed through international agreements. These range from formal treaties to non-binding commitments. Some international agreements establish intergovernmental organizations that create forums for discussion or the resolution of international disputes. The mounting impact of international agreements and organizations on Canadian law-making raises important issues of legitimacy and democratic accountability.

In March 2006, the Law Commission released a Discussion Paper entitled *Crossing Borders: Law in a Globalized World*. This consultation document sets out the issues and seeks input on the ways in which legal reforms could enhance the ability of the domestic legal system to respond effectively to the opportunities and complex challenges that globalization presents.

Crossing Borders is divided into two sections. The first addresses the role played by various domestic actors in the negotiation and implementation of international obligations, whether treaties or non-binding 'soft' law. The discussion paper asks whether, in the name of ensuring greater transparency, participation and accountability, Canadians, Parliamentarians, and various levels of government should have more formalized or direct input into a process controlled by the federal executive branch of government. The paper goes on to ask whether sufficient measures are in place to ensure that Canada's international obligations have been implemented domestically and that Canada is meeting them.

The second part of *Crossing Borders* acknowledges that, while many international laws exist in various areas, they are not always effectively enforced. With the increasing flow of goods, services, capital and



people crossing borders, harmful activities may take place with few consequences. Some people may go to countries with fewer laws or enforcement mechanisms to engage in activities that are not allowed in Canada or in international agreements, raising questions of civil or criminal responsibility. Canadians too may suffer wrongs with little or no recourse against a foreign individual or entity. The question asks to what extent Canada should apply its laws extraterritorially to reach people and activities outside its borders. This raises the concomitant issue of how

Canada should react to other countries seeking to apply their laws here.


Over 2005-2006, the Law Commission began to engage Canadians on these questions. In October 2005, a panel of experts discussed the roles of Parliament, of provinces and of other stakeholders and the application and interpretation by the courts of international law. The panel consisted of Senator Raynell Andreychuk, Michel Fr  d  rick, Qu  bec government representative, the Honourable Marc Lalonde, former federal minister, Debra Steger, University of Ottawa Faculty of Law and Gib van Ert, private practitioner. Following remarks by the panelists, a lively discussion ensued. While most participants agreed that there is a need for greater

transparency and broader involvement in the negotiation and implementation of important treaties, differences of opinion arose on the role of provinces and territories in international law-making.

Stephen Clarkson of the University of Toronto, Department of Political Science and Stepan Wood of Osgoode Hall Law School, Virtual Scholars in Residence with the Law Commission, prepared an extensive background paper and organized multidisciplinary panels at conferences to discuss the issues surrounding the interaction of domestic and international law. Scholars working in the field made excellent comments, which helped inform the discussion paper.

In addition, the President of the Law Commission delivered a lecture on January 19, at the Raoul Wallenberg Symposium in New York City, on the topic of foreign states' immunity in Canada for civil lawsuits alleging fundamental violations of human rights.

In keeping with the current context of globalization, linkages have been made to other institutions around the world, including the Hague Institute for the Internationalization of Law and other law reform agencies that are working on some of these issues. Consultations with Canadians and input from experts, both within and outside Canada, will take place over the next year with a view to preparing a final report to Parliament.

 The discussion paper and information on this project is available on-line at: <http://www.lcc.gc.ca>

INFORMAL MONEY TRANSFER NETWORKS

The Law Commission of Canada, in partnership with the Nathanson Centre for the Study of Organized Crime and Corruption at York University, funded two research studies on international informal banking, which involves the transfer of funds or value by trusted financial agents without a formal system or paper trail. It is especially used to transfer value between regions or countries to family members in areas without formal banking systems. According to authors R. Cheran and S. Aiken in *The Impact of International Informal Banking on Canada: A Case Study of Tamil Transnational Money Transfer Networks*, the remittances sent by transnational communities are the most stable and second largest capital inflow to developing countries. Many transfers take place through informal networks. As mentioned by Kalyani Munshani in *International Informal Banking Systems Operating in the Greater Toronto Area*, this transfer of funds can often be critical to the survival of family members and communities located across borders. Since September 9, 2001, many of these systems have become suspect due to their alleged role in financing illegal and/or terrorist activities. These two documents explore the nature of these systems in various communities.

Reference No: 6599

Date	Amount (\$)	Service Charge (\$)	Total Received (\$)
1/7/99	3000	0	3000



Indigenous Legal Traditions

Indigenous peoples in Canada and around the world have a long and rich history of legal traditions. Living together in communities and nations, Indigenous peoples developed social, political and spiritual customs to guide their interactions and relationships. These diverse customs developed into complex systems of law. Evolving to meet the needs of the communities and their members, the laws of Aboriginal peoples reflected the principles and values of the peoples they governed. In North America, recognition of Indigenous laws waned in the face of increased European settlement. Laws and dispute resolution mechanisms reflecting the unique cultures of Aboriginal peoples were displaced by a legal system that reflected the values and culture of the European settlers.

In Canada, as in other countries, many Aboriginal communities have developed and maintained their traditions and continue to be guided by them in the governance of their communities and the resolution of disputes. Other communities, faced with the loss of many of their traditions, are taking steps to reclaim these traditions, the values and principles upon which they are based.

Indigenous traditions – often transmitted orally – provide the basis for good community practices, healthy relationship building and sound decision-making. Culturally appropriate laws enhance the acceptability and the legitimacy of legal systems and governance structures. It is recognized that control over decision-making, including decisions on the enactment and enforcement of laws, is vital to good governance, which is key to enhancing the success – economic, social and political – of Aboriginal communities. Indigenous legal traditions also could be of benefit to the wider public if given space to grow and flourish. They have the potential to greatly enrich Canadian society and the current legal system by providing alternatives for dealing with issues and problems that often end up in the mainstream justice system.

Many countries today are realizing the importance of Indigenous legal traditions. Canada has distinguished itself as a country adept at handling and respecting different systems of legal thought. As a legally pluralistic state, in which the common law and the civil law are recognized and operate alongside each other, Canada is uniquely



well-placed to accommodate reinvigorated Indigenous legal traditions.

“ . . . I don't think there's another country on the planet that is better placed to have that thread inserted into our system because we have all the mechanisms in place already.”

Métis lawyer Jean Teillet speaking in the Law Commission of Canada video, *Justice Within: Voices of Indigenous Legal Traditions*

In a forthcoming discussion paper, the Law Commission explores the nature and diversity of Indigenous legal traditions, the practical and theoretical challenges to making greater space for these traditions and the different means of recognizing, developing and nurturing Indigenous laws in Canada. Through its partnership with the Social Sciences and Humanities Research Council of Canada, the Law Commission engaged John Borrows of the Faculty of Law at the University of Victoria to prepare a comprehensive background document on these issues. To assist Canadians in understanding Indigenous legal traditions and Aboriginal law-making, the Law Commission of Canada also undertook the production of a video documentary that portrays the richness of Canada's Indigenous legal traditions and explores some of the ways Aboriginal communities are working to regenerate and reinvigorate their traditions. The discussion paper, Professor Borrows' research paper and the video documentary will be released as a package in mid-2006.

THE MÉTIS

Five papers exploring different aspects of Indigenous legal traditions were also produced through the 2005 Legal Dimensions Initiative, a legal and socio-legal research program run by the Law Commission of Canada, the Canadian Association of Law Teachers, the Canadian Law and Society Association and the Council of Canadian Law Deans. The Law Commission is working with UBC Press and Les Presses de l'Université Laval on the publication of these papers.

Throughout the year, the Law Commission continued its consultations on the question of respect for and protection of Indigenous legal traditions, meeting with Aboriginal leaders, Elders, community members and policy-makers in Iqaluit, Whitehorse,



Carcross, Teslin and Vancouver. Several presentations on the Law Commission's work on Indigenous legal traditions were given in Ottawa, Calgary and Regina. In June 2005, the Legal Dimensions scholars presented their papers in Vancouver and in Harrison Hot Springs, British Columbia.

In February 2006, the Law Commission of Canada and the Métis National Council co-sponsored a symposium on the relationship between the Métis and the federal government. The *National Symposium on Crown-Métis Relations* provided a "safe forum" for Métis representatives, government officials, lawyers and academics to discuss outstanding legal and policy issues that must be resolved in order to improve the relationship between the Métis and the Crown.

Four major topics were addressed during the symposium: the status of the Métis people under section 91(24) of the *Constitution Act, 1867*, Métis Self-Government, Métis Identity and Registration, the Aboriginal Rights of the Métis and the Doctrine of Inter-jurisdictional Immunity. The symposium provided a unique opportunity for participants to gain a better understanding of the issues, to share information, and to build new partnerships.

The Law Commission is now working on the publication of a collection of the papers presented at the symposium. It is hoped that the publication of this volume will contribute to the evolving relationship between the Crown and the Métis.



The video documentary will be available on-line in the coming months.



What is a Crime?

A family calls the police after returning from vacation to find their home burgled. A company dismisses an employee after an internal audit reveals suspect accounting practices. A schoolteacher leads her students in an anti-bullying discussion after a series of bullying incidents at the school. Legislators contemplate introducing harsher punishments for driving-related offences after the tragic death of several youth involved in car street racing. Mandatory minimum sentences are introduced for drug trafficking offences. A municipal government introduces a new anti-smoking campaign in response to reports of a rise in smoking by young people.

In contemporary society, there is a range of mechanisms and techniques that are used to suggest, invite or compel appropriate behaviour and, conversely, to discourage, deter and punish behaviour considered “unwanted” or “criminal.” The ways in which certain behaviours are understood and defined will affect whether or not they are deemed to be “criminal” and whether one or more intervention strategies will be used to deal with them. Although we frequently rely on criminal law to guard against certain types of unwanted behaviour, it is not the only intervention strategy at our disposal, nor is it necessarily the most effective choice.

For the past several years, the Law Commission has undertaken a multifaceted program of research and public engagement to examine questions relating to “What is a Crime?” Why are certain behaviours criminalized while others are not? What are the legal, social, and cultural factors that influence the decision to criminalize or not criminalize unwanted behaviours? Why are certain behaviours addressed as a legal, health, educational or lifestyle issue? What are the consequences of responding or not responding in certain ways to unwanted behaviour?

In 2005, the Law Commission, through its Virtual Scholar in Residence partnership with the Social Sciences and Humanities Research Council, contracted Professor Roger Shiner, University of British Columbia – Okanagan Campus to begin drafting its report to Parliament on this important issue. A one-day study panel composed of experts from various disciplines was held in February 2006 to discuss a preliminary draft of the report. The report seeks to develop an analytical framework that will encourage legislators, policy-makers and Canadians to better understand the processes that both underlie and inform responses to unwanted behaviour, as well as the consequences of choosing various response and control mechanisms. The overall goal is to provide an approach for reflecting on what we are trying to accomplish when defining something as criminal, including whether or not existing strategies allow us to meet these objectives and the impact of criminalization for the most vulnerable and marginalized groups in society. The next step would be to reflect on how we might go about embracing a broader range of non-punitive and socially inclusive intervention techniques. The Law Commission expects to complete its “What is a Crime?” report in early 2007.

Policing

Like many countries around the world, Canada is experiencing a transformation in how policing services are delivered and understood. Traditionally, policing has been associated primarily with modern public police institutions. Today, however, the reality of policing presents a somewhat different picture. Policing is no longer the sole purview of the uniformed municipal, provincial or federal police officer. Instead, our daily lives are inundated with a complex mix of public and private policing activities. This is evidenced through the proliferation of private security services (often provided by multinational corporations) as well as through changes to the nature of public policing, including those in response to increasing demands for better and more cost-effective policing services. Over the past several years, the Law Commission of Canada has examined the changing nature of policing in society, focussing on how these transformations interrelate with the legal, policy and social contexts. Building on our successful international conference that brought together the world's leading experts on policing and security to examine the complex relationship between public and private police, as well as a program of multifaceted research and public engagement, the Law Commission of Canada will submit a report to Parliament that proposes a strategy to better understand and deal with the complex continuum of policing activities in contemporary society. *In Search of Security: The Future of Policing in Canada* will be tabled in Parliament in 2006.

FINANCING ON RESERVES

The ability to secure short and longer term financing is recognized internationally as a key requirement for most forms of economic development. Canadian secured financing law is amongst the most advanced in the world. As a result, most Canadians have good access to credit. First Nations and residents of Indian reserves, however, face barriers to access private credit markets resulting from specific legislative provisions in the *Indian Act*, which create unique economic disincentives.

Pursuant to section 89 of the *Indian Act*, neither the real nor the personal property of an Indian or a band on a reserve may be pledged as collateral to secure credit financing. Unlike off-reserve property, property on reserves may not be seized by or in favour of anyone other than an Indian or an Indian band. As a result, First Nations and their members living on reserves often face high costs imposed by private lenders to offset the risks of lending without security or are unable to secure credit financing.

Recognizing the need to provide individuals and First Nations with less costly and more secure ways of financing debt, the Law Commission has undertaken a project to examine the enforcement of security interests and money judgments on reserves. Research funded by the Law Commission examines the key issues and explores the different ways in which First Nations members and businesses on reserves access credit despite the barriers. In 2005-2006, professor Stephanie Ben-Ishai and Kirk Goodtrack prepared a draft paper entitled *Enforcing Security Interests and Money Judgments on Reserve*. In December 2005, this topic was discussed at a roundtable composed of various experts and concerned actors in Edmonton. The Law Commission is continuing to research options for reform.



Vulnerable Workers

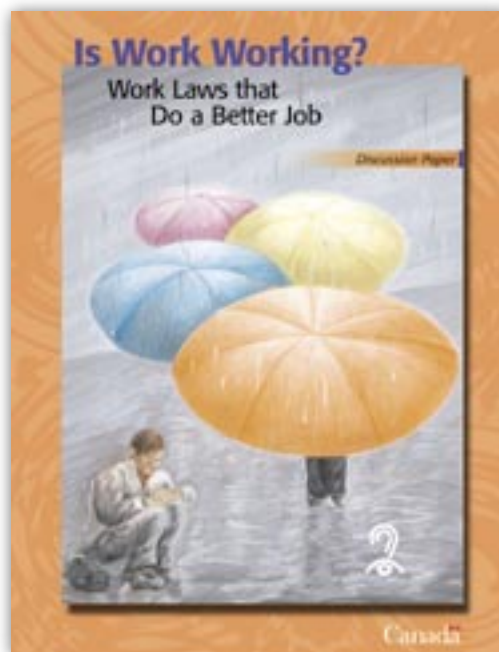
The landscape of the Canadian labour market has changed dramatically since the years following the end of the Second World War and the introduction of the comprehensive scheme of labour and employment regulation that has governed labour relations in Canada for the past 50 years. Globalization has produced both pressures on employers to lower the costs associated with the highly regulated standard employment contract and increasing opportunities to do so. Contracting out and the reorganization of work into non-standard arrangements such as self-employment, contract, part-time, casual, temporary and contingent work have become commonplace.

Work arrangements today are characterized by a greater degree of flexibility and more and more often they do not fit the norm of full-time, long-term employment with the same employer. Research funded by the Law Commission demonstrates that Canada's labour and employment laws and policies have not kept pace with its changing labour market. Eligibility for most labour- and employment-related rights, benefits and protections continues to be based on the standard employment relationship. As a result, the changes to the structure of work in Canada have resulted in many workers falling outside the scope of labour and employment regulations.

Individuals, families and society all benefit when everyone is provided with an opportunity to train for, find and sustain meaningful work and an income that is sufficient to maintain a reasonable standard of living. But improving working conditions requires money and there is a clear tension between the social value in enhancing the income and working conditions of vulnerable workers and the continuing pressure to deregulate the labour market.

This tension raises questions about how Canada should respond to the increasing numbers of vulnerable workers and what should be the overarching goal of reforms. In the year following release of its discussion paper *Is Work Working? Work Laws that Do a Better Job*, the Law Commission

consulted broadly with Canadians on these issues. Roundtables, workshops and presentations were held in Ottawa, London, Toronto, Vancouver, Waterloo and Whitehorse. In the coming year, the Commission will continue the consultation process, talking with Canadians about the values they believe should be embodied in labour and employment law and the ways in which the working conditions and income of the country's vulnerable workers can be enhanced, while remaining responsive to the interests of employers and businesses in our globalized economy.



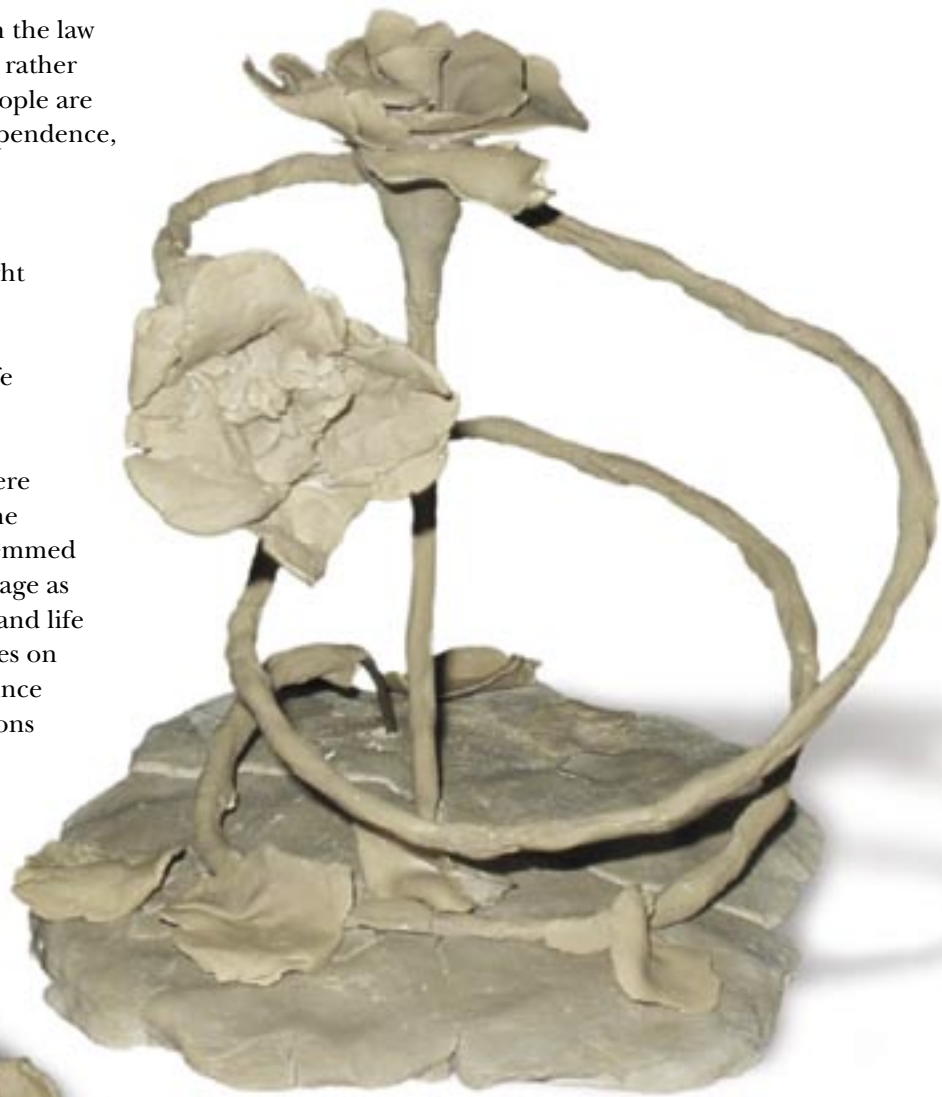
The Law Commission will also fund research that takes an in-depth look at how Canada might respond to the changes in the structure of labour market and the resulting problems of precarious workers detailed in the discussion paper. The Commission has challenged researchers to reconsider the purpose of labour and employment law and to examine alternatives to the contract of employment as the vehicle for delivering the array of rights, benefits and protections long associated with employment. It is expected that this research will inform the Commission in the preparation of its final report.

Age and Law

There are many age distinctions in the law targeting primarily children, youth and older adults. Age distinctions, whether based on specific chronological ages or age groups, are found in the following areas: mandatory retirement, access to social security regimes, access to employment, driving, insurance, voting, immigration and human rights laws, to name a few. The project questions whether these distinctions are fair, just, or discriminatory and what their effects are on relationships between the generations. While age is an easy criterion to manage, it assumes that everyone within a specific age group is homogeneous and different from people in other age groups. The use of age also assumes that people live a standard life course, from birth to school to work to retirement, whereas many Canadians nowadays do not follow that standard path and may “fall between the cracks”. There may also be a failure to recognize that laws and policies targeted at a certain age group may have a continued impact in later life. In addition, lawmakers may fail to remember that people are in interdependent relationships and, as a result, fail to consider how laws can affect others and strain relationships. Finally, there may be instances in which laws based on age are needed to promote justice.

This project examines the current focus in the law on identity or status (child, youth, senior) rather than the function or activities in which people are engaged (emotional or economic interdependence, school, work, and retirement).

In February 2006, following extensive consultations, the Law Commission brought together a multidisciplinary group of experts working on issues related to age, intergenerational relationships and the life course approach to provide input on the direction of the project and the extent to which additional research is required. There was a consensus among the experts that the originality of the Commission’s project stemmed from the inclusion of three key elements: age as a marker, intergenerational relationships and life course approach. In 2006-2007, case studies on specific areas of law will be undertaken. Since many other countries with aging populations are examining these issues, the Law Commission is seeking expertise beyond Canadian borders.



Research papers are available
on-line at: [http://www.lcc.gc.ca/
research_project/age_matter-en.asp](http://www.lcc.gc.ca/research_project/age_matter-en.asp)



Audacity of the Imagination

Co-sponsored by the Law Commission of Canada and the Humanities and Social Sciences Federation of Canada, the **Nathalie Des Rosiers Audacity of Imagination Award** is for graduate students who are actively engaged in original and innovative research in pursuit of masters or doctoral degrees in law or the social sciences and humanities. Each year, the co-sponsoring agencies invite graduate students from a variety of disciplines across Canada to submit proposals relating to an important law reform issue. Up to six winners present their papers at the annual Congress of the Humanities and Social Sciences.

The theme for the 2006 *Nathalie Des Rosiers Audacity of Imagination* competition is, “Diverse Cities, Cultural Practices and the Law”.



Canada’s urban centres increasingly comprise a rich diversity of peoples from different parts of the world. A fundamental aspect of this diversity is the convergence of a broad range of cultural, religious and traditional practices and experiences. At times, these practices and traditions inform and enrich existing

legal and social policies. In other instances, however, these experiences present challenges for dominant or mainstream frameworks of law and social policy. Within this increasingly diverse context, the need to renew the law and related policy is revealed not only in the courtroom, but also in the marketplace, workplace, schools and universities, scientific laboratories, hospitals, social welfare centres and the home. These and other questions constitute part of important critical discussion and debate about the nature and role of law and social policy in Canada’s diverse cities.

This year’s winners are:

- **Matthew Herder**, LL.M Candidate, Law, Dalhousie University: “*Innovating Innovation in the Context of Canadian Health-Related Research*”
- **Megan Bradley**, PhD Candidate, International Relations, Oxford University: “*From Divided Cities to Diverse Cities: Legal and Cultural Approaches to Reparations for Returning Refugees*”
- **Aude-Claire Fourot**, PhD Candidate, Science politique, Université de Montréal: “*Diversité culturelle et religieuse, intégration des immigrants et gouvernance urbaine*”
- **Ramshee Singh**, PhD Candidate, Criminology, University of Toronto: “*Woman Abuse, Immigrant Victims and Community Legal Advocacy: Potentials for Intervention*”
- **Karen Macfarlane**, PhD Candidate, History, York University: “*Understanding Justice: An Historical and Comparative Study of Courtroom Interpretation*”
- **Patrick Turmel**, PhD Candidate, Philosophy, University of Toronto: “*Are Cities Illiberal? Pluralism and Constraints in Urban Centres*”
- **Vanessa Iafolla**, PhD Candidate, Criminology, University of Toronto: “*This Branch Isn’t Like Other Branches: Money Laundering and Terrorist Financing Detection Across the City*”

The students will present their research papers (in draft form) at the Congress to be held at York University in June 2006.



information on this Award is available on-line at:

http://www.lcc.gc.ca/partnership/des_rosiers_award-en.asp

Immigrant Settlement

On a per capita basis, Canada admits proportionately more immigrants than most other immigrant-receiving countries. Immigrants to Canada today are from a wide variety of countries, with varying backgrounds and experiences and with differing integration needs. There is much evidence that immigrants face significant barriers in settling in Canada and are not doing as well as their predecessors. Canada faces the challenge of continuing to improve its capacity to successfully integrate immigrants with different backgrounds and settlement needs.

In 2005, the Law Commission in partnership with the Community Foundations of Canada, the national membership organization for Canada's 145+ community foundations, funded a Community Scholar in Law Reform to study the legal and policy barriers to successful immigration settlement.

Consulting broadly with immigrants, settlement organizations and government departments and agencies, Sarah Wayland will produce a comprehensive report on the barriers faced by immigrants to Canada. She will also examine programs and initiatives of public and private actors that are having a positive impact on immigration settlement and will explore possible avenues for reform of relevant law and legal policy. The research of the Community Scholar is expected to assist the Community Foundations of Canada in allocating funding and advocating for changes to immigration law and policy to improve immigrant settlement. The research will inform the Law Commission's understanding of the legal and public policy implications of immigrant settlement.

APPOINTMENT

In June 2005, Yves Le Bouthillier became President of the Law Commission of Canada.

From July 2002 to June 2005, he held the position of Vice-Dean of the French Common Law Program at the University of Ottawa. An expert in international law, Professor Le Bouthillier was Scholar in Residence at the Oceans, Environmental and Economic Law Division at the Department of Foreign Affairs and International Trade from August 2000 to June 2002. In 2001, he was a member of the negotiating team that won the Head of the Public Service Award for its contribution to the development and adoption of the Stockholm Convention on Persistent Organic Pollutants. From 1999 to 2000, he was responsible for human rights law projects at the Agence universitaire de la Francophonie in Paris. He has appeared before a number of Parliamentary Committees, and acted as an authority in the Quebec Secession Reference. For several years, he was Vice-President of the Canadian Council on International Law, for which he co-directed the publication of two books.

He has taught international law, specifically in the areas of international human rights law, international environmental law and in related areas such as immigration and refugee law. He also has an interest in the protection of minorities.

Professor Le Bouthillier has a Bachelor of Arts degree in Social Sciences from the Université de Moncton, an LL.B from the University of Ottawa and a DEA from the Université de Paris II. He is a member of the Law Society of Upper Canada.



Roderick A. Macdonald Contest

The theme for the 2005 art and literary contest for high school students was “**Globalization: Canadians as Citizens of the World**”. Many people see themselves as global citizens and are not just interested in how their own country is being affected by decisions made by other countries but also how others around the world are affected by decisions made in Canada. Students were asked to select a topic of interest such as the environment, human rights, trade policies or international crime and explore how it affects Canada and other countries. Eight students won prizes for the English submissions category and seven for the French.

List of winners:



ENGLISH ENTRIES:

LITERATURE

First Prize (\$800)

Jason Ivany
Park View Education Centre
Bridgewater, NS

Second Prize (\$500)

Christopher Brideau,
Jenna Gonzalez and Kaitlin Perri
Moncton High School
Moncton, NB

Third Prize (\$300)

Patricia MacAulay
Hants East Rural High School
Milford, NS

ART

First Prize (\$800)

Rhydon Rayment
Holy Cross High School
St. Catharines, ON

Second Prize (\$500)

Wynn Coates
St. Paul’s Alternate
Education Centre
St. Paul, AB

Third Prize (\$300)

Kelly-Lynn Russel
Eastern Shore District High School
Musquodoboit, NS

HONOURABLE MENTION

ENGLISH LITERATURE

Mafaza Assan
David and Mary Thomson
College Institute
Scarborough, ON

HONOURABLE MENTION

ART

Amber Mason
Park View Education Centre
Bridgewater, NS

FRENCH ENTRIES:

LITERATURE

First Prize (\$800)

Jennie Barnes
Park View Education Centre
Bridgewater, NS

Second Prize (\$500)

Fatmé Moussa
École secondaire La Dauversière
Montréal, QC

Third Prize (\$300)

Arjun Bhatti
École secondaire Des Sources
Dollard-des Ormeaux, QC

ART

First Prize (\$800)

Geraldine C. Chong
École secondaire La Dauversière
Montréal, QC

Second Prize (\$500)

Danielle Deveau and Alicia DeBaie
Park View Education Centre
Bridgewater, NS

Third Prize (\$300)

Jennifer Richards
Park View Education Centre
Bridgewater, NS

HONOURABLE MENTION

FRENCH LITERATURE

Emily Lopez
Patrick Tremblay
Kaila Morin
Annabelle Pellerin
Stephanie St-Onge
École secondaire Marc-Garneau
Trenton, ON

The theme for the 2006 contest is *Cultural Diversity*.

Legal Dimensions

SOCIAL AND ECONOMIC RIGHTS: ADDRESSING SOCIAL INEQUALITIES

The Legal Dimensions Initiative is an annual legal and socio-legal research initiative sponsored by the Canadian Association of Law Teachers (CALT), the Canadian Law and Society Association (CLSA), the Council of Canadian Law Deans (CCLD), and the Law Commission of Canada.

The co-sponsors invite legal and socio-legal scholars in Canada to submit proposals for research papers for presentation (in draft form) at the annual meetings of the CALT and the CLSA. These will be held in June 2006 at York University in Toronto.

The theme for the 2006 Legal Dimensions Initiative is *Social and Economic Rights: Addressing Social Inequalities*.

Canada has adopted legislation, policies and programs to provide access to education, a public health care system and social security regimes. Nevertheless, the question remains as to whether Canadians' social and economic well-being is adequately protected and promoted. Scholars from all disciplines were invited to discuss social inequalities and Canada's approach to addressing them.

Research contracts have been awarded to:

Adelle Blackett

Associate Professor
Faculty of Law
McGill University

Redressing Racial Inequality through Social and Economic Rights? Reflections on Centre Maraîcher Eugène Guinois, Indivisibility, and Decent Work

Lucinda Ferguson

Assistant Professor
Faculty of Law
University of Alberta

Rights, Social Inequalities and the Persuasive Force of Interpersonal Obligation

Judy Fudge

Professor
Osgoode Hall Law School
York University

Governing the Employment Relationship in the New Economy: Labour and Social Rights?

Alana Klein

JSD Candidate
Columbia Law School

The Promise of Experimentalist Models for the Protection of Social and Economic Rights in Canada

Lucie Lamarche

Professeure
Faculté de sciences politiques et de droit
Département des sciences juridiques
Université du Québec à Montréal

Quelques réflexions sur l'évolution de la mise en forme juridique des droits sociaux au Canada et au Québec

Constance MacIntosh

Professor
Faculty of Law
Dalhousie University

Aboriginal living standards and jurisdictional divisions: Or, why reserves have become the wild west of water law



Virtual Scholar in Residence

The Virtual Scholar in Residence is a joint initiative of the Law Commission of Canada and the Social Sciences and Humanities Research Council of Canada. The purpose of the program is to promote multidisciplinary research on issues surrounding law reform and to strengthen relationships between academic disciplines, the Law Commission, and policy-makers by providing support to individuals conducting innovative socio-legal research. The Virtual Scholar in Residence program provides funding for individuals to work with the Commission for an eight-month period to advance its research agenda.

The Virtual Scholar in Residence program is an innovative way of linking academic research and policy-making.

In 2005-2006, Elaine Gibson of the Health Law Institute at Dalhousie University is studying “*The role of consent in the use of personal health information for infectious disease surveillance and research*”. Her research will examine the information gathered in the public health context and its use for surveillance and research purposes and the governance of public

health research. This work will be particularly helpful in understanding the balance between individual and group interests in the collection and use of personal information.

Roger Shiner of the Department of Philosophy at the University of British Columbia, Okanagan Campus is assisting with the preparation of a final report to Parliament on *What is a Crime?*

PUBLISHED RESEARCH

Law and Risk by UBC Press was released in June 2005 (from the 2003 *Legal Dimensions* competition)

Qu'est-ce qu'un crime? was released by Les Presses de l'Université Laval (from the 2002 *Legal Dimensions* competition)

The following documents were published on our web site during 2005-2006:

Lucinda Ferguson

The End of an Age: Beyond Age Restrictions for Minors' Medical Treatment Decisions
October 2004

Rafael Gomez and Morley Gunderson

The Impact of Age Distinctions in Law and Policy on Transitions to Retirement
December 2004

Louise Lalonde and Georges A. Legault

Study of the normative framework (standards and policies) for participation and reflection offered to seniors and their families in decisions and approaches concerning treatment in institutions
March 2005

John Irwin, Stephen McBride and Tanya Strubin

Child Labour And Training Wages: Are British Columbia's New Employment Standards Fair To Youth?
March 2005

Mary Kelly and Norma Nielson

Correlation of age with driving behaviour: Aging and driving ability, risk classification of insurance, and public policy and automobile insurance
April 2005

Robert L. Brown, Darren Charters, Sally Gunz and Neil Haddow

Age as an Insurance Rate Class Variable
December 2004

Relationships in Transition:

Customary Practices and the Law in Canada

The pace and depth of social change have rendered some areas of law obsolete, ineffective or inadequate. Given the need to renew the law, the Social Sciences and Humanities Research Council and the Law Commission of Canada have joined forces in a strategic joint research initiative, the *Relationships in Transition* program.

Our country is becoming increasingly diverse as more people immigrate from all over the world bringing cultural, religious, and traditional practices that differ from those that have dominated our legal system. Canada values its diversity. The concept of legal pluralism acknowledges that laws do not exist solely in the formal system but that laws and norms are established to control people's behaviour in many different areas of their lives—in communities, the workplace, families, and religion, to name a few. Canada, under the auspices of multiculturalism and its human rights systems, has endeavoured to accept and accommodate cultural practices that differ from the established ones. To date, this has been accomplished in an ad hoc way where individuals and groups, bearing much of the burden, challenge the formal legal system.

Through the research undertaken in this competition, the Commission examines how customary practices and traditions co-exist with the formal legal system, and the extent to which they can be accommodated, while maintaining the values of human rights, equality, freedom of religion and multiculturalism.

The winners of the 2005 competition are:

Jean-Luc Bacher

School of Criminology, University of Montréal:

"Hawala: Informal practices and criminal opportunities"

Sébastien Lebel-Grenier

Law Faculty, University of Sherbrooke:

"Norms and Concealment: Arranged Marriages in Canada"

SHARIA LAW

The Law Commission funded the National Association of Women and the Law (NAWL) to research the legal implications of arbitration tribunals set up under Ontario's *Arbitration Act* to determine civil disputes pursuant to Islamic law. The paper, *Arbitration, Religion and Family Law: Private Justice on the Backs of Women* by Natasha Bakht, explores the legal implications of arbitration tribunals using Sharia law, including the role of arbitrators, the importance of legal representation and the gender-based impact on women. It also considers the increasing privatization of family law. The Law Commission subsequently supported and participated in a conference organized by NAWL entitled "International Perspectives on Faith-Based Arbitration".

STUDENTS CREATE A VIDEO

One of the Law Commission of Canada's primary functions is to engage citizens in the renewal of the law. Following the Commission's guiding principles to use innovative practices, to foster relationships by establishing partnerships with post-secondary institutions, and to maintain an inclusive and open relationship with the public, two students created a video that offered a fresh, "outside the box" approach to the Law Commission's work.

Because the students are trained directly for the film industry, this endeavour provided them with an opportunity to apply their skills to a professional project as they are always looking to expand their portfolios.



Consultations, Conferences...

INDIGENOUS LEGAL TRADITIONS

June 7-9

Wendake, Québec
Canadian Heritage National Gatherings
on Indigenous Knowledge

June 19

Ottawa, Ontario
Workshop, 2005 Annual Conference
of the Council of Canadian
Administrative Tribunals

June 20

Iqaluit, Nunavut
Presentation

June 22

Grand River, Ontario
Six Nations of the Grand River, Ontario:
Canadian Heritage National Gatherings
on Indigenous Knowledge

June 24

Vancouver, British Columbia
Legal Dimensions Initiative
Presentation, Canadian Association
of Law Teachers Annual Meeting

June 27

Harrison Hot Springs, British Columbia
Presentation, 2005 Canadian Law and
Society Association Conference

August 12

Vancouver, British Columbia
Roundtable

September 26-27

Whitehorse, Yukon
Consultations, Yukon Department of
Justice and other local organizations

October 27

Calgary, Alberta
Session, 30th Canadian Congress on
Criminal Justice

November 9-13

Whitehorse, Carcross, Teslin, Yukon
Consultations, Interviews

February 5-7

Winnipeg, Manitoba
National Symposium on
Crown-Métis Relations

March 1-3

Regina, Saskatchewan
Presentation, *Moving Towards Justice:
Legal Traditions and Aboriginal and
Canadian Justice*

March 21

Ottawa, Ontario
Presentation, Institute of Public
Administration

March 23

Ottawa, Ontario
Presentation, Aboriginal Policy
Research Conference

PARTICIPATORY JUSTICE

April 27

Montréal, Québec
Presentation, La Traversée

November 19

Ottawa, Ontario
Restorative Justice Week

ELECTORAL REFORM

June 11

Ottawa, Ontario
Presentation, Fair Vote Canada

August 31

Toronto, Ontario
Presentation to Select Committee on
Electoral Reform for the Legislative
Assembly of Ontario

December 15

Gatineau, Québec
Presentation, Rotary Club

February 7-8

Whitehorse, Yukon
Presentation

IS WORK WORKING?

April 15

Ottawa, Ontario
Roundtable, Canadian Policy
Research Networks

April 20

Ottawa, Ontario
Presentation, REACH Canada

June 4

London, Ontario
Panel, Canadian Industrial Relations
Association meeting

June 11

Toronto, Ontario
Consultation, Annual Meeting
of Workers' Action Centre

June 24

Vancouver, British Columbia
Panel, Canadian Association of
Law Teachers Annual Meeting
"Law Forum Day"

August 24

Ottawa (Ontario)
Consultation, Community
Health Centres

September 27

Whitehorse, Yukon
Consultation

November 22

Waterloo, Ontario
Consultation, Opportunities
Waterloo Region

AGE AND THE LAW

April 8-9

Toronto, Ontario
Presentation, 24th Annual Ontario
Gerontology Association

February 13

Ottawa, Ontario
Roundtable

WHAT IS A CRIME?

April 1

Edmonton, Alberta
Presentation, 4th Annual Alberta
Conference on Gambling Research

June 27-29

Glasgow, Scotland
2nd International Society for Criminal
Law Reform Conference

October 27-29

Calgary, Alberta
Canadian Criminal Justice Association
Congress 2005

...and Presentations

February 17

Ottawa, Ontario
Roundtable

March 21

Ottawa (Ontario)
Art's Tools for Justice: Prison to Prism

LEVERAGING KNOWLEDGE ASSETS

September 29

Montréal, Québec
Presentation, Canadian Bar Association
Practitioners' Breakfast

GLOBALIZATION

June 4

London, Ontario
Presentation, Political Science
Association

June 15-16

Montréal, Québec
Participation in the Department of
Justice International Law Symposium

June 27

Harrison Hot Springs, British Columbia
Presentation, 2005 Canadian Law and
Society Association Conference

September 24

Toronto, Ontario
Consultation workshop, McMaster
University/University of Toronto
Globalization and Autonomy
Team Meeting

October 26-28

Ottawa, Ontario
Consultation, Canadian Council
on International Law, 34th Annual
Conference

January 18-21

New York City, New York
Presentation, Raoul Wallenberg
Symposium

IN SEARCH OF SECURITY

June 1

Nicolet, Québec
Presentation, Symposium on "La
police et les citoyens" by Le groupe
Intersection, l'École nationale de police
du Québec and le Centre international
de criminologie comparée de
l'Université de Montréal

GENERAL

May 5

Ottawa, Ontario
Meeting with Bangladesh delegation

May 12-14

Kananaskis, Alberta
Federation of Law Reform Agencies of
Canada Conference

May 16-17

Ottawa, Ontario
Presentation, National Association of
Women and the Law Conference on
International Perspectives on Faith-
Based Arbitration

June 1

Ottawa, Ontario
Presentation, Legislative Committee on
Bill C-38 (legal capacity for marriage)

June 1

Montréal, Québec
Workshop, Conference of Montreal
International Economic Forum of
the Americas

June 4

London, Ontario
Presentation, Audacity of the
Imagination / Humanities and Social
Sciences Federation of Canada

June 22

Iqaluit, Nunavut
Consultations on LCC's projects

July 13

Ottawa, Ontario
Presentation, Senate Standing
Committee on Legal and Constitutional
Affairs (Bill C-38)

July 14

Halifax, Nova Scotia
Dinner with Nova Scotia Roderick A.
Macdonald Contest winners

August 21-25

St. John's, Newfoundland
Uniform Law Conference of Canada
Annual Meeting

September 11-15

London, England
Presentation, 50th Anniversary
Commonwealth Association of Law
Reform Agencies 2005 Conference

September 16

Ottawa, Ontario
Roundtable, Canadian Policy
Research Networks

September 26-27

Whitehorse, Yukon
Consultations with the Yukon
Department of Justice and other
local organizations

September 29 – October 1

Montréal, Québec
Conférence Droit international
humanitaire

October 20-22

Rama, Ontario
Event on Hate and Racism,
Annual Conference of the
Indigenous Bar Association

October 26-29

Calgary, Alberta
Speech, 30th Canadian Congress
on Criminal Justice

November 19

Edmonton, Alberta
Presentation, Financing on Reserves,
University of Alberta Law

December 2

Edmonton, Alberta
Roundtable, Financing on Reserves

January 14

Ottawa, Ontario
Speech, 19th Annual Canadian Jewish
Law Students' Association Conference

January 23

Toronto, Ontario
Presentation, Annual Conference of
the Official Languages Committee
of the Canadian Bar Association

March 22-26

Winnipeg, Manitoba
Workshop, 'You Talkin to Me? Getting
Heard on the Future of Justice',
YouCan Conference: Resolve It! 2006

March 29-31

Washington, DC
American Society of International Law



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Management Report

Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2006 and all information contained in these statements rests with Commission management. 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.

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 its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Commission's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Commission'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 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 Commission.

The financial statements of the Commission have not been audited.



Yves Le Bouthillier, *President*
Ottawa, Canada

June 2, 2006



Lorraine Pelot, *Acting Executive Director*
Ottawa, Canada

June 2, 2006



Statement of Operations (unaudited)

For the year ended March 31 <i>(in dollars)</i>	2006	2005 <i>(restated)</i>
Operating Expenses		
	<i>Recommendations on Law Reform</i>	
Salaries and employee benefits	1,624,357	1,357,423
Professional and special services	1,018,981	1,180,519
Travel	251,242	270,772
Rentals	223,468	212,849
Information	142,122	167,499
Amortization of tangible capital assets	107,459	101,647
Communication	45,520	73,518
Utilities, materials and supplies	19,771	22,157
Repair and maintenance	19,061	34,430
Equipment expenses	6,498	50,479
Miscellaneous	44	127
Total Operating Expenses	3,458,523	3,471,420
Revenues		
Miscellaneous revenues	5	10
Net Cost of Operations	3,458,518	3,471,410

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

Statement of Financial Position (unaudited)

As at March 31 <i>(in dollars)</i>	2006	2005 <i>(restated)</i>
Assets		
<i>Financial Assets</i>		
Accounts receivable (note 5)	5,142	27,000
Advances - petty cash	1,000	1,000
Total Financial Assets	6,142	28,000
<i>Non-Financial Assets</i>		
Tangible capital assets (note 6)	85,202	192,661
Total Assets	91,344	220,661
Liabilities		
Accounts payable and accrued liabilities (note 7)	297,053	292,835
Vacation pay	71,200	74,800
Employee severance benefits (note 8b)	251,800	202,400
Total Liabilities	620,053	570,035
Equity of Canada		
Equity of Canada, beginning of year	(349,374)	(376,889)
Net cost of operations	(3,458,518)	(3,471,110)
Current year appropriations used (note 4b)	3,174,848	3,227,922
Revenue not available for spending	(5)	(10)
Refunds of previous year's expenses	(64,284)	(6,199)
Change in net position in the Consolidated Revenue Fund (note 4c)	(26,076)	86,112
Services received without charge from other government departments (note 10)	194,700	191,100
Equity of Canada, end of the year	(528,709)	(349,374)
Total Liabilities and Equity of Canada	91,344	220,661

Contractual obligations (note 9)

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

Statement of Cash Flow (unaudited)

For the year ended March 31 (in dollars)	2006	2005 (restated)
Operating Activities		
Net Cost of Operations	3,458,518	3,471,410
<i>Non-cash items included in Net Cost of Operations:</i>		
Amortization of tangible capital assets (note 6)	(107,459)	(101,647)
Services received without charge from other government departments (note 10)	(194,700)	(191,100)
<i>Variations in Statement of Financial Position:</i>		
Accounts receivable	(21,858)	19,104
Accounts payable and accrued liabilities	(4,218)	67,008
Vacation pay	3,600	10,100
Employee severance benefits	(49,400)	9,700
Cash Used by Operating Activities	3,084,483	3,284,575
Capital Investment Activities		
Acquisitions of tangible capital assets	-	23,250
Cash Used by Capital Investment Activities	-	23,250
Net Cash Provided by Government	3,084,483	3,307,825
<i>The accompanying notes are an integral part of these financial statements.</i>		

Notes to the Financial Statements (unaudited)

1. Authority and Objective

The Law Commission of Canada, an independent federal law reform agency, was established on July 1, 1997 under an Act of the Parliament of Canada entitled the *Law Commission of Canada Act*. The mission of the Commission is to engage Canadians in the renewal of the law to ensure that it is relevant, responsive, effective, equally accessible to all, and just.

The Commission advises Parliament on how to improve and modernize Canada's laws. In order to do so, the Commission establishes research partnerships with other agencies, develops research programs, conducts extensive public consultations, supports networking activities and produces reports to Parliament with recommendations for law reform. These activities help promote a legal system that meets the changing needs of Canadian society and individuals in that society.

2. Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

(a) Parliamentary appropriations

The Commission is 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 since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 4 provides a high-level reconciliation between the bases of reporting.



Significant Accounting Policies (continued)

(b) Net cash provided by Government

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

(c) Change in net position in the Consolidated Revenue Fund

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

(d) Revenues

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

(e) Expenses

Expenses are recorded on the accrual basis:

- Vacation pay is expensed as the benefits accrue to employees under their respective terms of employment.
- Services received without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

Pension benefits

- Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Commission's contributions to the Plan are charged to expenses in the year incurred and represent the total Commission obligation to the Plan. Current legislation does not require the Commission to make contributions for any actuarial deficiencies of the Plan.

Severance benefits

- Employees are entitled to severance benefits under collective agreements 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 accounts receivable where recovery is considered uncertain.

(h) Tangible capital assets

Tangible capital assets and leasehold improvements having an initial cost greater than \$5,000 are recorded at their acquisition cost and are amortized on a straight line basis over their estimated useful lives as follows:

Tangible capital asset class	Amortization period
Informatics software	3 to 5 years
Leasehold improvements	Over the term of the lease

Amortization commences the month following the asset is put into service.

Significant Accounting Policies (continued)

(i) Measurement uncertainty

The preparation of these financial statements in accordance with Treasury Board accounting policies, which are consistent with Canadian generally accepted accounting principles for the public sector, requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. Accrued liabilities, the liability for employee severance benefits and the useful life of tangible capital assets are the most significant items where estimates are used. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

3. Change in Accounting Policy

The financial statements of prior periods have been restated to conform to the new Treasury Board accounting policies issued in 2005-06. The liability for severance benefits is now recorded in the Commission's accounts and financial statements. This change in accounting policy resulted in a \$9,700 decrease to Net Cost of Operations, a \$202,400 increase to Employee Severance Benefits and a \$202,400 reduction of the Equity of Canada.

4. Parliamentary Appropriations

The Commission receives its funding through annual Parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Commission has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The following tables present the reconciliation between the current year appropriations used, the net cost of operations and the net cash provided by the Government:

(a) Reconciliation of net cost of operations to current year appropriations used:

<i>(in dollars)</i>	2006	2005
Net Cost of Operations	3,458,518	3,471,410
<i>Adjustments for items affecting net cost of operations but not affecting appropriations:</i>		
Services received without charge from other government departments	(194,700)	(191,100)
Variation in vacation pay	3,600	10,100
Variation in employee severance benefits	(49,400)	9,700
Amortization of tangible capital assets	(107,459)	(101,647)
Revenue not available for spending	5	10
Refunds of previous year's expenses	64,284	6,199
	(283,670)	(266,738)
<i>Adjustment for items not affecting net cost of operations but affecting appropriations:</i>		
Acquisitions of tangible capital assets	-	23,250
Current year appropriations used	3,174,848	3,227,922



Parliamentary Appropriations (continued)

(b) Appropriations provided and used:

<i>(in dollars)</i>	2006	2005
Program expenditures - Vote 35	3,174,516	3,131,150
Statutory - Contributions to employee benefits plan	214,894	192,161
	3,389,410	3,323,311
Lapsed	(214,562)	(95,389)
Current year appropriations used	3,174,848	3,227,922

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

<i>(in dollars)</i>	2006	2005
Net cash provided by Government	3,084,483	3,307,825
Revenue not available for spending	5	10
Refunds of previous year's expenses	64,284	6,199
Change in net position in the Consolidated Revenue Fund		
Accounts receivable	21,858	(19,104)
Accounts payable and accrued liabilities	4,218	(67,008)
	26,076	(86,112)
Current year appropriations used	3,174,848	3,227,922

5. Accounts Receivable

<i>(in dollars)</i>	2006	2005
Other government departments	4,719	-
External parties	423	27,000
	5,142	27,000

6. Tangible Capital Assets

Tangible capital assets

<i>(in dollars)</i>	Balance beginning of year	Acquisitions	Disposals/ adjustments	Balance end of year
Informatics software	23,250	-	-	23,250
Leasehold improvements	304,940	-	-	304,940
	328,190	-	-	328,190

Accumulated amortization

<i>(in dollars)</i>	Balance beginning of year	Amortization	Disposals/ adjustments	Balance end of year
Informatics software	-	5,812	-	5,812
Leasehold improvements	135,529	101,647	-	237,176
	135,529	107,459	-	242,988

Tangible Capital Assets (continued)

Net Book Value

<i>(in dollars)</i>	Balance beginning of year	Balance end of year
Informatics software	23,250	17,438
Leasehold improvements	169,411	67,764
	192,661	85,202

Amortization expense for the year ended March 31, 2006 is \$107,459 (\$101,647 in 2005).

7. Accounts Payable and Accrued Liabilities

<i>(in dollars)</i>	2006	2005
External parties		
Accounts payable and accrued liabilities	220,856	260,244
Accrued salaries	28,055	17,543
Other Government Departments		
Accounts payable	48,142	15,048
	297,053	292,835

8. Employee Future Benefits

a) Pension benefits

The Commission's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits provide for pensions equal to 2% of the average of the five highest consecutive years' salary for each year of service to a maximum of 35 years. The benefits are integrated with Canada/Quebec Pension Plan benefits and they are indexed to inflation.

Both the employees and the Commission contribute to the cost of the Plan. In 2005-06, the expenses amount to \$193,404 (\$174,482 in 2004-05), which represents approximately 2.6 times the contributions by employees.

The Commission'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 Commission provides severance benefits to its employees based on eligibility, years of service and final salary. The liability for severance benefits is not funded by Parliamentary appropriations, but the benefits paid during the year are funded. The severance benefits as of March 31 are as follows:

<i>(in dollars)</i>	2006	2005
Liability for employee severance benefits, beginning of year	202,400	212,100
Expense for the year	91,068	10,568
Benefits paid during the year	(41,668)	(20,268)
Liability for employee severance benefits, end of year	251,800	202,400



9. Contractual Obligations

The nature of the Commission's activities can result in some large multi-year contracts and obligations whereby the Commission will be obligated to make future payments when the services are rendered. Significant contractual obligations that can be reasonably estimated are summarized as follows:

(in dollars)

2006-07	425,100
2007-08	43,700

10. Related Party Transactions

The Commission is related as a result 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 and on normal trade terms. Also, the Commission receives services without charge from other departments. Services received without charge have been recognized in the Statement of Operations as follows:

(in dollars)

	2006	2005
Accommodation provided by Public Works and Government Services Canada	109,300	107,500
Employer's contribution to the health and dental insurance plans paid by Treasury Board Secretariat	85,400	83,600
	194,700	191,100

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of the services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada, are not included as an expense in the Commission's Statement of Operations.

11. Comparative Information

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