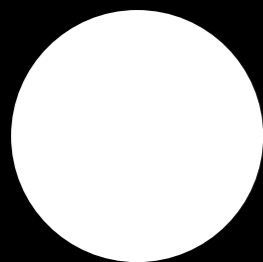


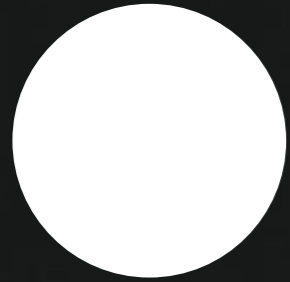
SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL OF CANADA
ANNUAL REPORT 2002-2003



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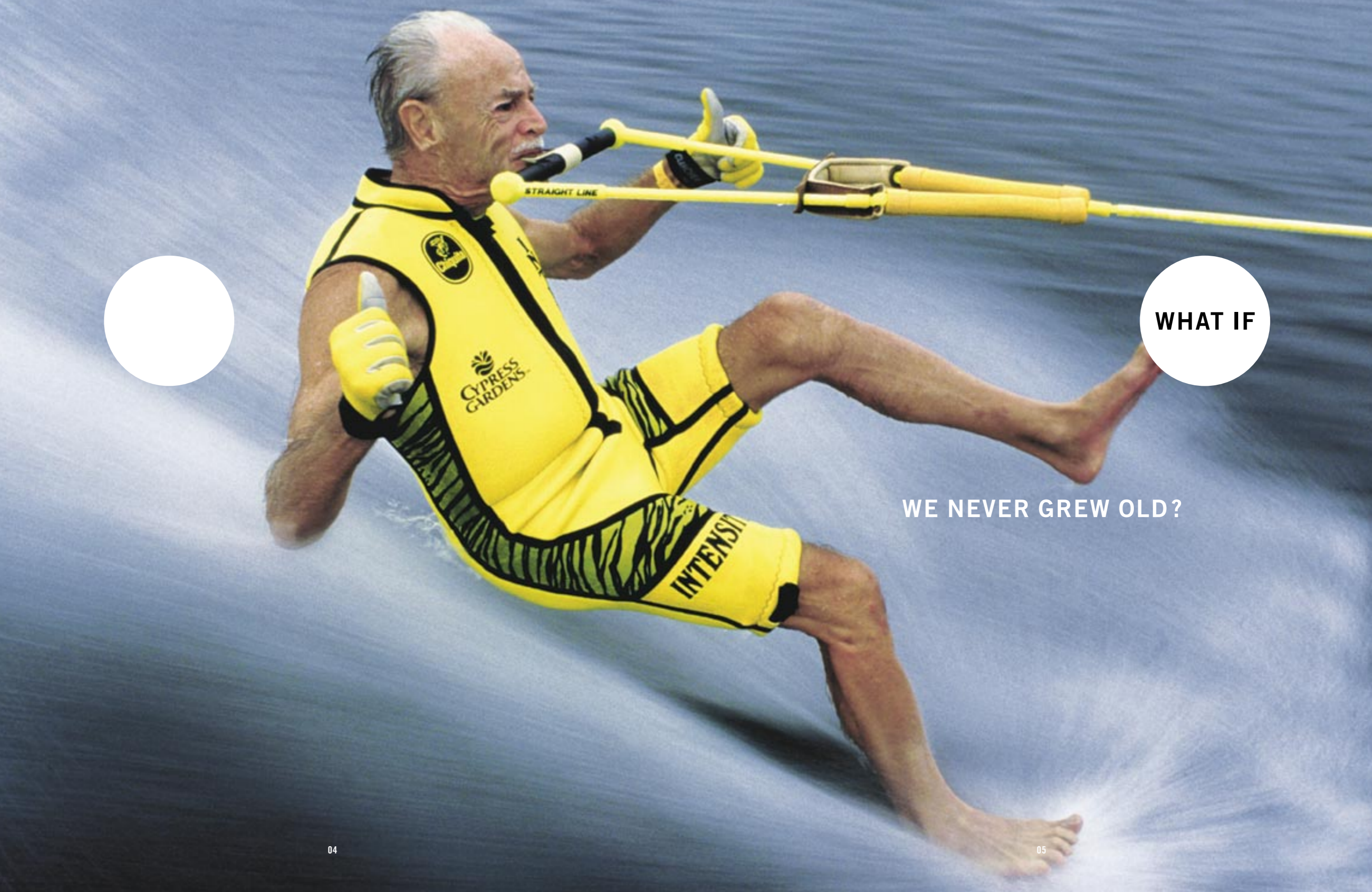
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WHAT IF

HATE COULD BE STOPPED WITH A PILL?



WHAT IF

WE NEVER GREW OLD?



WOMEN STOPPED HAVING BABIES?

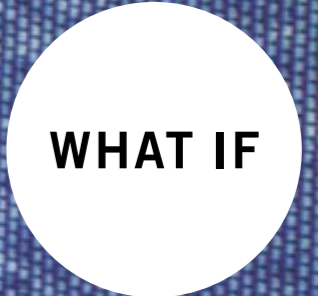


WATER WAS THE NEW WORLD CURRENCY?



WHAT IF

OUR PAST DISAPPEARED?



WE STOPPED ASKING QUESTIONS?

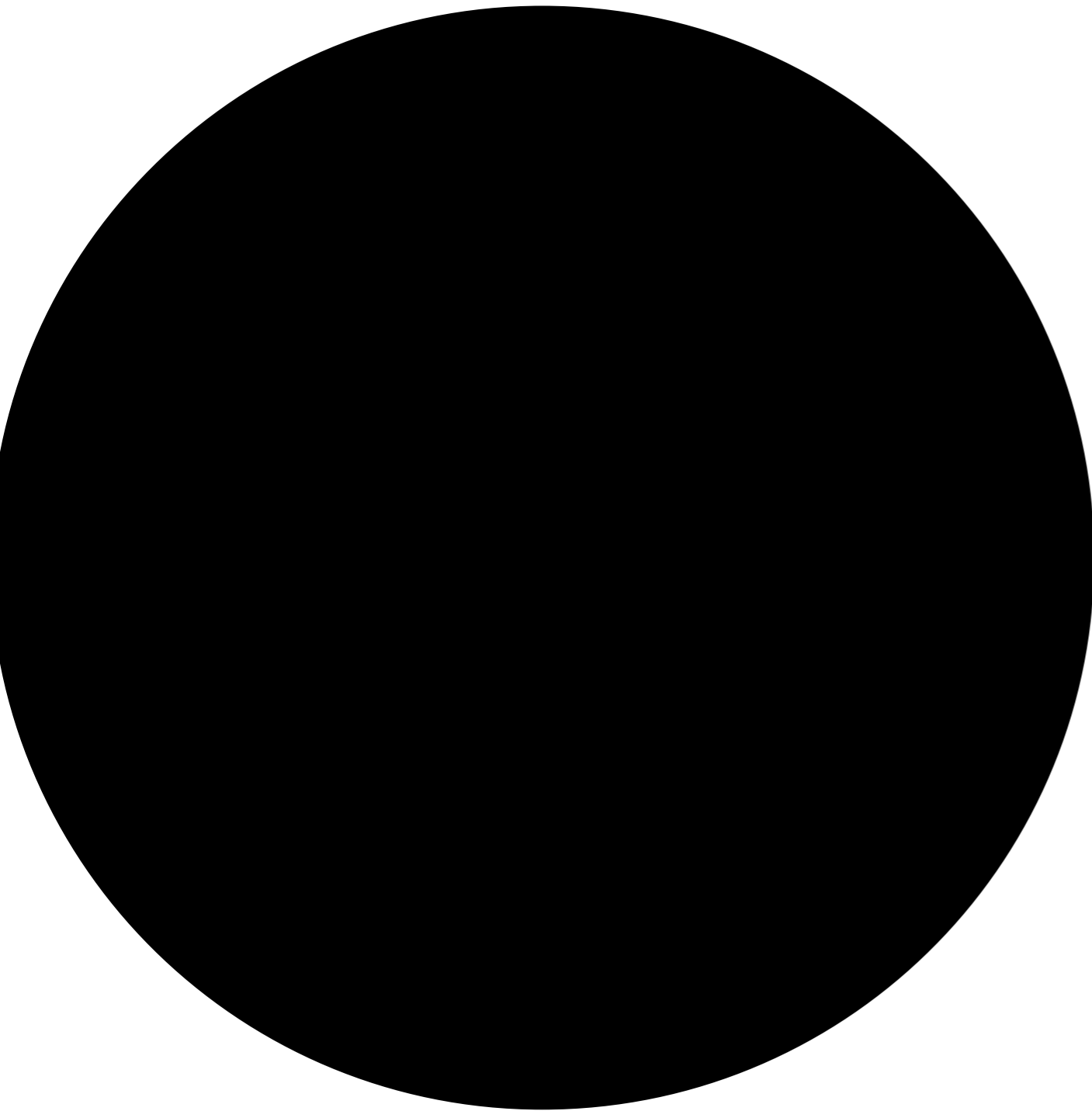
THINGS CHANGE



FAMILIES GROW BIGGER OR SMALLER. TECHNOLOGIES ARE INVENTED AND BECOME OBSOLETE. WARS BEGIN AND END. GOVERNMENTS RISE AND FALL. EACH DAY BRINGS CHANGES TO OUR LIVES, OUR COUNTRY, OUR WORK AND OUR RELATIONSHIPS. THESE CHANGES HAVE MEANING. THEY IMPACT THE DECISIONS WE MAKE, THE POLICIES WE FORM, THE WAY WE SEE OURSELVES IN THE WORLD. TO BUILD REAL UNDERSTANDING, WE HAVE ALWAYS NEEDED ARTISTS, SCHOLARS AND THINKERS TO ASK THE QUESTIONS THAT HELP US MAKE SENSE OF OUR EVER-CHANGING WORLD.

*FOR
25
YEARS
THE
SOCIAL
SCIENCES
AND
HUMAN-
ITIES
RESEARCH
COUNCIL
OF
CANADA
HAS
FUNDED
RESEARCH
THAT
BUILDS
UNDER-
STANDING
IN
TIMES
OF
RADICAL
CHANGE*





MESSAGE FROM THE PRESIDENT

When I sit down with my son and talk about his career plans, or how he views world issues, or... just life, I'm struck by the mind-boggling pace and extent of social change. The world his generation is growing up in is utterly unpredictable. Its distinguishing feature is an incredibly complicated environment of choice. Choice that is more promising, yet more forbidding, than anything my generation faced. What if you could genetically alter your unborn child? What if you had to undergo an eye scan each time you visited a bank, voted, or applied for insurance? What if the world had a CEO? And countries had no borders? These are questions confronted by no previous generation.

To make complex choices, we must ask difficult questions. This process is essential to building a vibrant, thriving society. The answers help us make informed decisions about issues like immigration, education, monetary policy, the environment, culture, even the meaning of life itself — an increasingly challenging question in a genetically modifiable world. This is why the work of social scientists and humanists is just as vital today as it was when the Council was founded 25 years ago.

Social sciences and humanities research has never been more relevant or important. It is public work. It is concrete, imaginative work. It is tireless and profound: ask the questions we all care about, then question your answers. How should our communities operate, and how do we build this vision into the places we live, learn and work? What is the future of art and culture in a globalized world? How can we nurture peace in our homes, our homeland and the lands of others? These are the questions social sciences and humanities researchers continue to ask.

Each year, the list of “what ifs” grows. Now there are more university researchers than ever before. Sixty per cent of them are focused on the social sciences and humanities. Research funding is a key enabler of their important work.

Today, SSHRC is one of the world’s best granting agencies. We have one of the most respected peer review systems, and boast an exceptional financial monitoring system. Even more importantly, we have a staff and community working together to develop and deliver innovative new programs, such as our new grants for research and creation in the fine arts, the Initiative on the New Economy and Community-University Research Alliances.

There are many things SSHRC does at a world-class level as a granting council. These must be preserved. Right now, we’re focused on asking the questions we need to ask to transform ourselves into an even more effective and meaningful council — a knowledge council.

SSHRC’s job over the coming year is to continue to build on our past successes and to support and celebrate the achievements of our research community. The winners of our two 25th anniversary commemorative awards, the Aurora Prize for outstanding new researcher and the SSHRC Gold Medal for achievement in research, will be announced this fall. These new prizes represent our commitment to supporting the exceptional, imaginative work being done by our researchers. But we at SSHRC are also asking ourselves, how can we do better? How do we really build understanding? How can we foster agility in our own practices and programs, and continue to give researchers better tools? How do we get knowledge more effectively into the hands of users?

Some answers are emerging. SSHRC sits at a key node in the knowledge network. Canadian researchers face unique challenges: a vast geography, language barriers and limited opportunities for true collaboration. We can help bring scholars together and foster a rich, deep exchange of shared interest and ideas. Getting our researchers together, and helping them share their knowledge with a wider audience, could deliver a new era of understanding and enhance Canada's intellectual and economic competitiveness.

Building this new era of understanding isn't just SSHRC's mandate. It is a key goal of Canada's government as well. The February budget proposes a \$15-million increase to SSHRC's base budget, a welcome and substantial boost. The federal government also announced the creation of the Canada Graduate Scholarships program, which, when fully implemented, will fund 4,000 master's and doctoral students each year. Sixty per cent of the awards will go to students in social sciences and humanities.

We must continue to find innovative ways to fund research that drives ingenuity in every field, from art to ethics, from politics to psychology. I have been a lifelong academic. I know the dangers of focusing only on "applied" studies. It shortchanges our ability to truly create, innovate and explore.

We must never allow our work in the human sciences to be diluted by political or economic influence. At the same time, we must be willing to test our ideas by asking "How is this relevant?" Doing so breathes meaning into one's contribution. As an organization, SSHRC is asking this very question about its own work. And we'll continue to do so over the years to come.



Marc Renaud, *President*

*Social Sciences and Humanities
Research Council of Canada*

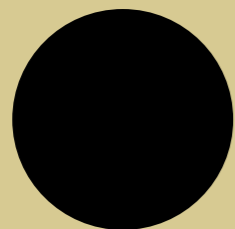




WORK LOVE ETHICS TERRORISM MONEY
SOUL POP CULTURE IDEA BALANCE LIFE

WE BUILD UNDERSTANDING

SSHRC investment, 2002-2003



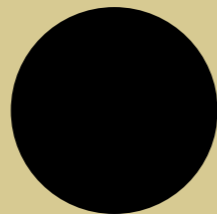
CANADIAN FAMILIES,
HEALTH, AGING

923 PROJECTS
\$29.9 MILLION



EDUCATION,
LITERACY,
LIFELONG LEARNING

460 PROJECTS
\$18.8 MILLION



TECHNOLOGY,
MANAGEMENT,
ECONOMIC
DEVELOPMENT

727 PROJECTS
\$28.0 MILLION



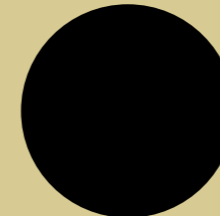
IMMIGRATION,
MULTICULTURALISM,
INDIGENOUS PEOPLE

333 PROJECTS
\$10.8 MILLION



GLOBALIZATION,
POLITICS,
INTERNATIONAL
DEVELOPMENT
AND TRADE

501 PROJECTS
\$14.6 MILLION



ART, LITERATURE,
MUSIC, HISTORY,
THEATRE, RECREATION

1082 PROJECTS
\$28.9 MILLION



ENVIRONMENT
AND NATURAL
RESOURCES

191 PROJECTS
\$12.0 MILLION



LAW, JUSTICE,
ETHICS, POVERTY

360 PROJECTS
\$10.1 MILLION

THE SOCIAL SCIENCES AND HUMANITIES RESEARCH COUNCIL OF CANADA FUNDS RESEARCH THAT HELPS CANADIANS UNDERSTAND THE WORLD AROUND THEM: WHAT WE VALUE, WHAT WE QUESTION, OUR PAST, PRESENT, AND FUTURE. SSHRC-FUNDED RESEARCH HELPS CANADA CREATE EFFECTIVE PUBLIC POLICY, COMPETE IN A GLOBAL KNOWLEDGE-BASED ECONOMY, EDUCATE OUR CHILDREN, IMPROVE HEALTH CARE, BUILD VIBRANT COMMUNITIES, AND SECURE OUR FUTURE IN AN INCREASINGLY COMPLEX WORLD.

SINCE ITS CREATION BY AN ACT OF PARLIAMENT 25 YEARS AGO, SSHRC HAS GROWN INTO ONE OF THE WORLD'S MOST RESPECTED RESEARCH FUNDING AGENCIES. TODAY, THROUGH A RIGOROUS, INTERNATIONALLY-RECOGNIZED, PEER-REVIEW PROCESS, SSHRC GRANTS AND FELLOWSHIPS ASSIST OVER 5,000 RESEARCHERS AND GRADUATE STUDENTS EVERY YEAR.

AS AN ARM'S-LENGTH GOVERNMENT AGENCY, SSHRC HAS FULL AUTHORITY TO MAKE ITS OWN PROGRAMMING AND FUNDING DECISIONS. ITS PROGRAMS SUPPORT AN ENORMOUS RANGE OF RESEARCH IN MORE THAN 30 DISCIPLINES: FROM ARCHAEOLOGY, PSYCHOLOGY AND EDUCATION TO ECONOMICS, LITERATURE AND LAW; FROM INDIVIDUAL SCHOLARS EXPLORING THE NATURE OF HUMANITY, SOCIETY AND THOUGHT ITSELF, TO LARGE MULTIDISCIPLINARY TEAMS CONDUCTING MUCH-NEEDED FIELDWORK IN COMMUNITIES ACROSS THE COUNTRY.

SSHRC GRANTS AND FELLOWSHIPS BUILD CANADIAN EXPERTISE AND COMPETITIVENESS BY CREATING TRAINING OPPORTUNITIES IN CANADA FOR THE NEXT WAVE OF INNOVATIVE THINKERS. MORE THAN HALF OF ALL SSHRC AWARDS HELP CANADIAN GRADUATE STUDENTS, POSTDOC-

SSHRC AT 25

TORAL RESEARCHERS AND NEW FACULTY EXPAND KNOWLEDGE AND LAUNCH THEIR CAREERS.

SSHRC ALSO ADMINISTERS THE CANADA RESEARCH CHAIRS, A \$900 MILLION PROGRAM WHICH WILL ESTABLISH 2000 SENIOR RESEARCH PROFESSORSHIPS AT UNIVERSITIES BY 2007. SINCE THE PROGRAM'S LAUNCH IN 2000, MORE THAN 850 RESEARCHERS HAVE TAKEN UP THEIR NEW POSITIONS AT UNIVERSITIES ACROSS CANADA. THIS PROGRAM HELPS KEEP RESEARCH JOBS AND EXPERTISE IN CANADA, INCREASES NATIONAL RESEARCH CAPACITY, AND GIVES CANADIANS THE TOOLS THEY NEED TO SUCCEED IN A KNOWLEDGE ECONOMY.

A SMART INVESTMENT

The 2003 federal budget plan proposed significant funding increases for research, innovation and skills development, including a 10 per cent increase to SSHRC's base budget. This new funding of \$15 million would allow SSHRC to support more researchers, create innovative approaches to research, and develop new strategic initiatives.

For SSHRC, one of the budget's most welcome new programs is the Canada Graduate Scholarships (CGS). When fully implemented in 2007, this \$105-million-a-year program will directly support 2000 master's students and 2000 doctoral students, with 60 per cent of the total going to social sciences and humanities. For the first time in almost two decades, SSHRC will be able to offer direct support to master's students. The one-year Master's Scholarships are worth \$17,500; the Doctoral Scholarships are worth \$35,000 annually for three years. In the coming year, SSHRC will assess the impact of this new funding on its longstanding doctoral fellowships program and devise ways to manage the new and existing programs so that they are complementary.

The 2003 federal budget also underlined the government's commitment to supporting the indirect costs incurred by universities engaged in federally funded research. First introduced in 2002 as a one-time contribution, the Indirect Costs program, administered through the Canada Research Chairs Secretariat, is expected to become an integral component of Canada's long-term strategy for research and development.

WHO'S WATCHING THE CEO?

FORENSIC ACCOUNTING
AFTER THE ENRON-
WORLDCOM MELTDOWN

An accounting professor at HEC-Montréal, Réal Labelle wants to help prevent recurrences of the wave of corporate fraud that washed away the savings of investors around the world and made Enron and WorldCom household names. Labelle is taking a closer look at forensic accounting — the tools of financial analysis that detect the manipulation of financial statements, embezzlement, money laundering, tax evasion and other crimes that businesses commit to inflate profits and conceal debt.

The fall of large companies like Enron and WorldCom shattered the confidence of investors,” says Labelle. “Forensic accounting has a key role to play in restoring this confidence and ensuring strong corporate leadership.”

Labelle and his team are dissecting management and accounting practices that enable companies to manipulate, distort and hide information. They will then examine forensic accounting practices in Canada and abroad to come up with techniques

that will help detect white collar crime. Partners in this project include the Canadian Institute of Chartered Accountants, the United Nations International Crimes Tribunal, and several Canadian accounting firms.

White collar crime is becoming more common and new information and communications technologies have a big role to play in this,” Labelle says. “We need to better understand how corporations work in this economy so that we can put in place checks and balances to reduce the risk of fraud. In the case of Enron, for example, it's impossible to understand what its senior management did without first understanding the ‘ingenious’ accounting strategies that allowed this type of financial distortion to happen.”

Réal Labelle's research on governance and forensic accounting is funded through SSHRC's Initiative on the New Economy.

WATER WAR AND PEACE

HOW EVAPORATING RESOURCES
DRIVE GLOBAL CONFLICT
AND COOPERATION

As the world's supply of fresh water grows scarce, water-rich nations are struggling to determine how to manage and price their fresh water supply. The commercialization of water has major implications for global economics and security. Canadian researcher Stephen Lonergan studies the unique political, social and economic relationships people and nations build around the use of fresh water. While water has been a major factor in conflicts in Asia, the Middle East and Africa over the past half-century, Lonergan says water is more often an instrument of cooperation. Working with international, multidisciplinary teams of researchers, Lonergan examines how water and other resources can be used as a stimulus for cooperation.

Even with nations that are at war,” he explains, “technical cooperation over a shared, essential resource can be used as a springboard for greater overall cooperation.”

As the world's greatest source of freshwater, Canada faces its own unique challenges and pressures.

Canada and its neighbours will have to make some serious decisions in the years to come,” says Lonergan, “like whether water should be considered part of NAFTA.”

By looking at how water is used for control and cooperation, Lonergan and his colleagues hope to develop systems of preventative diplomacy that will not only protect the environment, but also build sustainable peace.

Stephen Lonergan has received numerous SSHRC grants for his research on climate change, environmental degradation, population displacement and water and security.

ENGAGING COMMUNITIES

The Community-University Research Alliances (CURA) program remains one of SSHRC's most innovative — and acclaimed — programs. CURA projects bring university-based researchers and community organizations together to identify and address pressing local and regional issues like developing sustainable fisheries, protecting the cultural heritage of Canada's founding peoples, and addressing the psychological needs of underprivileged families. This year, the budget increase enabled SSHRC to make CURA a permanent program that will continue to help build more knowledgeable and resilient communities.

SSHRC worked with a range of groups this year to construct new programs that respond directly to community needs. Consultations with Aboriginal leaders and community members drove home the importance of participatory research grounded in Aboriginal communities. SSHRC also worked with the National Roundtable on the Environment and the Economy (NTREE) to define areas of research for a new initiative on the social and human aspects of environment and sustainability. Experts from the public, private and voluntary sectors helped define priorities for new SSHRC-funded programs that will address these research gaps over the next few years.

In the year ahead, SSHRC will also use some of its new funding to revitalize Canadian research on the North — to better understand and meet the needs of this unique and sensitive region as it faces unprecedented social, economic and environmental challenges.

RESEARCH FOR CANADIANS

Research finds its fullest value when it creates new insights, supports concrete action and produces innovative results. This year, Council renewed its commitment to getting human sciences research to the people who can use it to build programs and policies that directly benefit Canadians. SSHRC's strategic programs do just that — connect researchers to groups that are looking for evidence-based solutions to urgent human and social problems. Working with other agencies and experts at the program design stage is the first step to finding solutions.

This year, Council collaborated with Human Resources Development Canada (HRDC), Statistics Canada, and the Council of Ministers of Education, Canada (CMEC), among others, to create new joint initiatives that address issues that have real impact on Canadians. SSHRC's new program with the BIOCAP Canada Foundation looks at the human dimensions of managing greenhouse gas emissions. This program will create a national research network to bridge the knowledge gap between scientific and social policy in this important area. Similarly, the Canadian Education Statistics Council-SSHRC Education Research Initiative is funding quantitative analyses of previously unexamined survey data that will help ministries of education and school boards develop policies and curricula that will best prepare Canadian students to compete and succeed in the global, knowledge-based economy.

This year SSHRC also awarded grants to the first fifteen large-scale projects under the Initiative on the New Economy (INE). These are cutting-edge research consortia that examine real-life issues, ranging from the impact of information technology and international finance on currency and trade, to the fate of literacy in the Internet age. In order to maximize the impact of these innovative

research programs, SSHRC is also experimenting with new strategies to bring together researchers who are investigating related issues. In January 2003, SSHRC's Knowledge Products and Mobilization (KPM) Division brought together the leaders of all 15 INE projects to explore how to effectively share results and ideas, including how to get research knowledge into the hands of people who can use it to effect change. This represents a new approach, where researchers, funded through the same program, get together to share ideas and knowledge at the outset and on a regular basis throughout their projects in order to increase the collective value and impact of the research.

Like the INE, the Major Collaborative Research Initiatives (MCRI) program supports leading-edge collaborative research that responds to broad and critical issues of intellectual, social, economic and cultural significance. This year, SSHRC funded four new MCRI projects that offer significant promise to Canadian and international communities. These large, multinational, multidisciplinary teams are tackling such issues as how best to invest in the health and education of our children; how to understand, appreciate and improve the contributions and lifestyles of the elderly and those who care for them; the cultural factors that influence how governments comply with international human rights and trade agreements; and how businesses, in the face of increasing global competition, can better attract, train and retain their employees.

RAISING DENE VOICES

ELDERS WORK WITH LINGUISTS
TO REVIVE DENE LANGUAGE,
CULTURE AND PRIDE

Sally Rice, a linguistics professor at the University of Alberta, has brought together a team of researchers and local residents to revitalize Dene language and culture in the northern Alberta community of Cold Lake. Cold Lake faces a threat all too familiar to First Nations peoples: so few still speak their ancestral language fluently that the community's connection to thousands of years of traditional knowledge grows weaker every year.

Like a speeding train, the use of English as the primary means of communication has been gathering momentum for generations," explains Rice. "It can't be reversed completely, but this work can help create pride in speaking the Dene language and knowing the community's history."

The first step has been to work with elders to document and analyze what remains a primarily oral language — a daunting task, for Dene can express in a single verb what in English requires a full sentence. The team is also building a database of Dene texts by recording oral narratives and by working closely with elders to develop a standardized writing system.

We've been trying to get elders comfortable with using the printed word so they can write their own stories."

In addition, a teacher-apprentice program pairs youth from the community with elders so they can spend time together speaking Dene and sharing the community's stories, songs and family histories. Although their work focuses on Cold Lake, the team's spin-off project — the Canadian Indigenous Language and Literacy Development Institute — offers First Nations speakers and educators a vigorous model for language revitalization.

This project was funded through SSHRC's Community-University Research Alliances program.

CURBING SCHOOLYARD VIOLENCE

ARE ZERO TOLERANCE
POLICIES THE ANSWER?

Reports of the deadly shootings in Littleton, Colorado and Taber, Alberta only confirmed the fears of many Canadians that school violence is on the rise. But are these fears justified? University of Guelph criminologist Jane Sprott doesn't think so. Nor does she think that the zero tolerance policies put in place to allay public concern are the best way to deter violent behaviour.

While there's been a lot of media coverage on some of the high profile incidents, there's no solid evidence that school violence in Canada is actually increasing," says Sprott. "In fact, all research to date shows schools are one of the safest places for youth."

Sprott believes that zero tolerance policies, with their emphasis on removing troublesome youth from the classroom and placing them in the justice system, may do more harm than good. Her research has shown that students' connections to their schools, classmates and teachers may even help deter violent behaviour and that removing youth from the school environment may encourage more violence.

There's a lot of effort being put into cracking down on school violence when it might be more productive to learn more about how schools can be involved to help prevent violence in the first place."

Jane Sprott's research on school violence has been funded through SSHRC's Standard Research Grants and Doctoral Fellowships programs.

BECAUSE GREAT IDEAS DON'T JUST FALL FROM THE SKY

To mark its 25th anniversary and acknowledge the talent, hard work and contributions of the social science and humanities research community, SSHRC created two high-profile commemorative prizes: the \$25,000 Aurora Prize and the \$100,000 Gold Medal for Achievement in Research.

As the Council's highest honour, the SSHRC Gold Medal will be awarded to an individual whose leadership, dedication and originality of thought have significantly advanced understanding in his or her field of research, enriched Canadian society, and contributed to the country's cultural and intellectual life. The SSHRC Aurora Prize will recognize an outstanding new researcher who is already forging a reputation for exciting and original research in the social sciences or humanities.

CLOSING THE INGENUITY GAP

In addition to rewarding outstanding researchers, SSHRC is encouraging exploration and experimentation through new programs that fund cutting-edge approaches to research and teaching. SSHRC's new Image, Text, Sound and Technology (ITST) program, to be launched in summer 2003, supports researchers who wish to explore and develop new applications for technology in social science and humanities research and teaching. With this support, Canadian researchers will be able to forge powerful national and international networks with other researchers, industries, governments and individual Canadians. Another soon-to-be launched program will for the first time support artist-researchers at Canadian universities. This unique program encourages exploration of the intersections of human sciences and the creative arts.

GRAY POWER BALANCE SHEET

THE HIDDEN COSTS AND
INVISIBLE CONTRIBUTIONS OF
CANADA'S AGING POPULATION

Seniors currently make up 12 per cent of the population; thanks to medical and technological advances, this percentage will double in 40 years.

With skyrocketing hospital costs, people are concerned about the costs of caring for our seniors. But since relatives and friends are taking on more responsibility for care, we have to look at the costs placed on them," says University of Alberta human ecology professor Janet Fast.

These costs are not just financial, explains Fast, although many caregivers lose wages or have to give up their jobs to meet the needs of their loved ones. Fast points to the emotional and physical burdens suffered by caregivers, many of which force caregivers to seek care themselves. In addition to revealing the 'hidden' costs associated

with aging, Fast's research will also bring to light the 'invisible' contributions seniors make to their families and communities.

Seniors are often marginalized because they are viewed only as using resources, not producing them. In fact, seniors may be great resources themselves, able and willing to provide practical knowledge and spiritual guidance."

Fast recognizes that her team of researchers from Canada, the United States, Britain, the Netherlands and Australia has a great opportunity to help build a better support system for seniors and their caregivers.

Population aging in Canada has not peaked yet, so we still have time to learn from what has worked in countries where it has."

Janet Fast's research on aging is funded through SSHRC's Major Collaborative Research Initiatives program.

YOU ARE WHAT YOU READ

READING FOR PLEASURE
KEY TO SUCCESS



Reading mystery thrillers and romance novels need not be just a guilty pleasure anymore. Catherine Ross, dean of the faculty of information and media studies at the University of Western Ontario, says that reading for pleasure may actually hold the key to success. Her research shows that, typically, people who read purely for pleasure have better social skills, stronger vocabularies, and are more knowledgeable about global issues. They are also more productive in the workplace and more likely to enjoy greater professional success. Despite these benefits, surveys in Canada and the United States reveal that only 55 per cent of the population are book readers, with only ten per cent of those qualifying as “heavy readers” — people who read at least 50 books a year.

For heavy readers, reading is part of their identity. If they didn’t read, they wouldn’t be the people they are,” explains Ross.

Ross’ findings also shed light on how childhood reading experiences lead individuals to become committed readers.

Series books, like the Nancy Drew or Hardy Boys mysteries, really help cement a love of reading. Following the experiences of the same character over a number of years starts a pattern that usually continues into adulthood.”

Catherine Ross’ research on reading and literacy was funded through SSHRC’s Standard Research Grants program.

NEW MODELS FOR A NEW ERA

It is fitting that as SSHRC marks its 25th anniversary, a grass-roots self-assessment has emerged within Council and the research community. This movement is based on something our community is very good at — asking critical, difficult questions. What is the role of social science and humanities research today? What should it be tomorrow? What is the best way to share our expertise, knowledge and understanding? Could we do more to get research results into the hands of users? How is this to be achieved? How can SSHRC and its researchers better serve the needs of Canadians in a global society? And what about SSHRC itself? Are its programs, organization and way of doing business responding adequately to the challenges of a growing research community and the needs of Canadians?

These kinds of questions will drive SSHRC’s planning and corporate activities in the year ahead. They will also form the basis for extensive consultations with the research community and our key partners. Council will also continue to build on successful innovations, such as the INE and CURA programs, that have helped make social science and humanities research more relevant and accessible to all Canadians. As SSHRC continues to evolve, one constant will remain: its commitment to supporting independent, curiosity-driven research — the core of SSHRC programming for the last 25 years, and one of the essential pillars of a vibrant university system and a progressive, free and enquiring society.

GOVERNANCE

SSHRC is an arm's-length federal agency, created by Parliament in 1977 to promote and support research in the social sciences and humanities.

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

COUNCIL MEMBERS

SSHRC Council meets regularly to set policy and program priorities, to allocate budgets and to advise the minister of industry and Parliament on research policy for social science and humanities disciplines.

Chair

Marc Renaud
President, SSHRC

Members

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Vice-President, SSHRC
Chief Executive Officer, Community Services
Council of Newfoundland and Labrador
St. John's, Newfoundland and Labrador

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University of Manitoba

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University of Regina

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Chief Executive Officer, Center for Interuniversity
Research and Analysis on Organizations (CIRANO)
Montréal, Québec;
and Faculté des arts et des sciences –
Sciences économiques
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The University of British Columbia

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President, Natural Sciences and
Engineering Research Council
Ottawa, Ontario

PEER REVIEW

SSHRC awards its grants and fellowships through an independent, national, peer-review process designed to ensure excellence. Peer review is universally recognized as the most objective and effective way to allocate public research funds.

Each year, volunteer selection committees totalling some 300 Canadian scholars and experts assess thousands of research proposals. Based on academic excellence, the importance of the research to the advancement of knowledge, and other key criteria, they recommend which projects to fund. Nine thousand other Canadian and international experts provide written assessments of proposals to help the review committees in their decision-making.

FINANCIAL STATEMENTS

45	Auditor's Report
46	Management Responsibility
48	Financial Position
49	Operations
50	Net Liabilities
51	Cash Flows
52	Notes



AUDITOR'S REPORT

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

I have audited the statement of financial position of the Social Sciences and Humanities Research Council as at March 31, 2003 and the statements of operations, net liabilities and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Council as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Richard Flageole, FCA
Assistant Auditor General

for the Auditor General of Canada

Ottawa, Canada
May 30, 2003

STATEMENT OF MANAGEMENT RESPONSIBILITY

(for the year ended March 31, 2003)

Responsibility for the integrity and objectivity of the accompanying financial statements of the Social Sciences and Humanities Research Council of Canada for the year ended March 31, 2003 and all information contained in this report rests with the management of the Council.

We have prepared these financial statements in accordance with Treasury Board of Canada accounting standards which are based upon Canadian generally accepted accounting principles, using management's best estimates and judgements where appropriate. These statements should be read within the context of the significant accounting policies set out in Note 2 of the financial statements.

To fulfil these accounting and reporting responsibilities, the Council maintains a set of accounts which provides a centralized record of the Council's financial transactions. Financial information contained in the ministerial statements and elsewhere in the *Public Accounts of Canada* is consistent with these financial statements.

The Council's Common Administrative Services Directorate develops and disseminates financial management and accounting policies, and issues specific directives which maintain standards of accounting and financial management. The Council maintains systems of financial management and internal control which gives due consideration to costs, benefits and risks. They are designed to provide reasonable assurance that transactions are properly authorized by Parliament and are executed in accordance with the *Financial Administration Act* and the prescribed regulations, and are properly recorded and controlled so as to maintain accountability of Government funds and safeguard the Council's assets. Financial management and internal control systems are augmented by the maintenance of internal audit programs. The Council also seeks to assure the objectivity and integrity of data in its financial statements by the careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that its regulations, policies, standards and managerial authorities are understood throughout the organization.

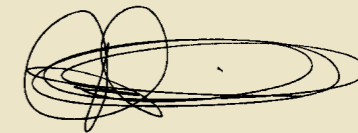
The accounting system and financial statements of the Council have evolved over the years to meet the changes in the structure of the grants and scholarships programs and to give improved reporting and control of expenditures relating to those programs.

Management presents these financial statements to the Auditor General of Canada who audits them and provides an independent opinion, which has been appended to the financial statements.

Approved by:



Daniel Gosselin
Director of Finance
(Senior Full-time Financial Officer)



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

May 30, 2003

STATEMENT OF FINANCIAL POSITION
(as at March 31)

(thousands of dollars)	2003	2002
ASSETS		
Financial assets		
Due from the Consolidated Revenue Fund	\$1,878	\$ 787
Accounts receivable (Note 4)	376	1,285
Advances	322	59
Total Financial Assets	<u>2,576</u>	<u>2,131</u>
Non-financial assets		
Prepaid expenses	31	20
Capital assets (Note 5)	1,275	1,304
Total Non-Financial Assets	<u>1,306</u>	<u>1,324</u>
	<u>\$3,882</u>	<u>\$3,455</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 6)	\$1,938	\$1,572
Allowances for employee vacation and compensatory benefits	663	630
Deferred revenue (Note 7)	458	443
Allowance for employee severance benefits (Note 8)	1,663	1,503
Total Liabilities	<u>4,722</u>	<u>4,148</u>
NET LIABILITIES (Note 9)	<u>(840)</u>	<u>(693)</u>
	<u>\$3,882</u>	<u>\$3,455</u>

Contingencies (Note 11)

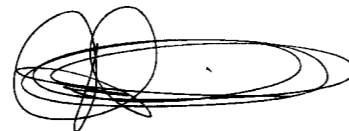
Commitments (Note 12)

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

Approved by the Council:



Marc Renaud
President



Michel Cavallin
Director General –
Common Administrative
Services Directorate

STATEMENT OF OPERATIONS
(for the year ended March 31)

(thousands of dollars)	2003	2002
REVENUES		
Donations for research	\$ 10	\$ –
Interest on overdue accounts receivable	3	–
Total Revenues	<u>13</u>	<u>–</u>
EXPENSES		
Grants and Scholarships		
Research grants	69,121	59,118
Research training	32,283	29,736
Strategic	27,035	34,595
Canada Research Chairs	21,042	11,175
Initiative on New Economy	12,484	4,579
Research communication	5,527	5,080
Donations for research	10	–
	<u>167,502</u>	<u>144,283</u>
Operations (Note 14)		
Salaries and employee benefits	13,237	11,068
Professional and special services	3,309	2,799
Rentals	1,387	1,452
Transportation and communications	1,320	1,045
Information	719	369
Amortization of capital assets	503	421
Repair and maintenance	240	152
Utilities, materials and supplies	223	331
	<u>20,938</u>	<u>17,637</u>
Total Expenses	<u>188,440</u>	<u>161,920</u>
Refunds of previous years' expenditures and other adjustments	(598)	(402)
NET COST OF REGULAR OPERATIONS	<u>187,829</u>	<u>161,518</u>
Grant expenditures for indirect costs of universities (Note 13)	–	199,900
NET COST OF OPERATIONS	<u>\$187,829</u>	<u>\$361,418</u>

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

STATEMENT OF NET LIABILITIES
(for the year ended March 31)

(thousands of dollars)	2003	2002
Net liabilities, beginning of year	\$ (693)	\$ (791)
Net cost of operations	(187,829)	(361,418)
Services provided without charge by other government departments (Note 14)	2,004	1,883
Net cash provided by Government (Note 3c)	184,587	360,807
Change in due from the Consolidated Revenue Fund	1,091	(1,174)
NET LIABILITIES, END OF YEAR	\$ (840)	\$ (693)

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

STATEMENT OF CASH FLOWS
(for the year ended March 31)

(thousands of dollars)	2003	2002
OPERATING ACTIVITIES		
Net cost of operations	\$187,829	\$361,418
Non-cash items included in net cost of operations		
Bad debt expense	(11)	—
Amortization of capital assets (Note 5)	(503)	(421)
Services provided without charge by other government departments (Note 14)	(2,004)	(1,883)
Statement of Financial Position adjustments		
Variation in accounts receivable	(909)	805
Variation in advances	263	54
Variation in prepaid expenses	11	(50)
Variation in accounts payable and accrued liabilities	(366)	346
Variation in allowances for employee vacation and compensatory benefits	(33)	(123)
Variation in deferred revenues	(15)	(18)
Variation in allowance for employee severance benefits	(160)	(322)
Cash used in operating activities	184,102	359,806
INVESTING ACTIVITIES		
Acquisitions of capital assets (Note 5)	485	1,001
Cash used in investing activities	485	1,001
Net cash provided by Government	\$184,587	\$360,807

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

NOTES TO THE FINANCIAL STATEMENTS

(for the year ended March 31, 2003)

1. AUTHORITY AND OBJECTIVE

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

The Council's funding programs provide support through grants, scholarships and fellowships for basic research (by individual researchers and research teams), targeted research (by multidisciplinary teams and research networks), advanced research training (at the doctoral and postdoctoral level) and research communication.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on an accrual basis of accounting in accordance with Treasury Board of Canada accounting standards. These standards are based upon Canadian generally accepted accounting principles. The most significant accounting policies are as follows:

a) Parliamentary appropriations

The Government of Canada finances the Council through Parliamentary appropriations. Appropriations provided to the Council do not parallel financial reporting according to generally accepted accounting principles. They are based in large part on cash flow requirements. Items recognized in the Statement of Operations and the Statement of Financial Position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides information regarding the source and disposition of these authorities and a high-level reconciliation between the two bases of reporting.

b) Due from the Consolidated Revenue Fund and net cash provided by Government

The Council operates within the Consolidated Revenue Fund (CRF). The CRF is administered by the Receiver General for Canada. All cash received by the Council is deposited to the CRF and all cash disbursements made by the Council are paid from the CRF. Due from the Consolidated Revenue Fund represents the amounts of cash that the Council is entitled to draw from the CRF, without further appropriations, in order to discharge its liabilities. Net cash provided by govern-

ment is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government and a corresponding amount is credited directly to the net liabilities.

c) Revenues

Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. Revenues that have been received from external parties for specified purposes are disclosed as deferred revenue. Deferred revenue is recognized as operational revenue when the specified purpose has occurred.

d) Expenses

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

Grants and scholarships Grants and scholarships are recognized in the year in which the entitlement of the recipient has been established when the recipient has met the eligibility criteria, the commitment has been approved and the payment is due before the end of the fiscal year.

Employee severance benefits The Council provides post-retirement and post-employment benefits to its employees through a severance benefit plan. This benefit plan is not pre-funded and therefore has no assets. The Council calculates a liability and an expense for employee severance benefits using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole. Employee severance benefits on cessation of employment represent obligations of the Council that are normally funded through the Treasury Board Secretariat of Canada.

Vacation and compensatory benefits Vacation and compensatory pay are expensed in the year that the entitlement occurs.

Contributions to the Public Service Superannuation Plan Employees participate in the Public Service Superannuation Plan administered by the Government of Canada. Under present legislation, contributions made by the Council to the Plan are 2.14 times the employees' contributions on account of current service. Contributions to the Public Service Superannuation Plan are recognized in the period that the contributions are made. The Council is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Superannuation Account. Actuarial surpluses or deficiencies are recognized and recorded in the consolidated financial statements of the Government of Canada.

Services provided without charge by other Government departments and agencies

Services provided without charge by other government departments and agencies are recorded as operating expenditures at their estimated fair value and a corresponding amount is credited directly to the net liabilities.

e) Refunds of previous years' expenditures and other adjustments

Refunds of previous years' expenditures are deducted from expenditures. These funds are remitted to the Receiver General for Canada.

f) Foreign currency transactions

Transactions involving foreign currencies are translated into Canadian dollars equivalents using rates of exchange in effect at the time of those transactions. Assets and liabilities denominated in foreign currencies are translated using exchange rates in effect on March 31st.

g) Accounts receivable

Accounts Receivable are stated as amounts expected to be ultimately realized. An allowance is made for doubtful accounts from external parties for any amounts where the recovery is considered uncertain. No such provision is made for amounts owing from other government departments.

h) Capital assets

Capital assets with an acquisition cost of \$2,500 or more are capitalized at cost as well as the standard furniture, equipment and desktop personal computer assigned to each employee due to the material number of such items. The capitalization of software and leasehold improvements has been done on a prospective basis from April 1, 2001. Capital assets are amortized over their estimated useful life on a straight-line basis, using a half-year rule in the year of acquisition and disposal, as follows:

Capital asset class	Amortization period
Informatics equipment including standard software issued on desktop computers	3 years
Purchased network software and in-house developed software	5 years
Other equipment	5 years
Furniture	7 years
Motor vehicles	7 years
Items acquired under capital leases	Lesser of their useful life or the term of the lease
Leasehold improvements	

i) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The allowance for employee severance benefits and the estimated useful lives of capital assets are the most significant items where estimates are used. Actual results could differ from those estimated.

3. PARLIAMENTARY APPROPRIATIONS

The operations of the Council are financed through Parliamentary appropriations. These appropriations are recorded when used and any amount not used lapses. Items recognized in the Statement of Operations in one year may be funded through Parliamentary appropriations in a different year. Accordingly, the Council has different net results of operations for the year on a government funding basis than on a full accrual basis of accounting. These differences are reconciled below:

a) Reconciliation of net results of operations to total Parliamentary appropriations used

(thousands of dollars)	2003	2002
NET COST OF OPERATIONS	\$187,829	\$361,418
Adjustments for items not affecting appropriations		
Add Interest on overdue accounts receivable	3	–
Refunds of previous years' expenditures and other Adjustments	598	402
Less Amortization of capital assets	(503)	(421)
Vacation and compensatory pay	(33)	(123)
Services provided without charge by other Government departments and agencies	(2,004)	(1,883)
Severance benefits	(160)	(322)
Adjustments for items affecting appropriations		
Add Capital acquisitions	485	1,002
Prepaid expenses	31	(50)
Other adjustments	(43)	(3)
TOTAL PARLIAMENTARY APPROPRIATIONS USED	\$186,203	\$360,020

b) Reconciliation of Parliamentary appropriations voted to Parliamentary appropriations used

(thousands of dollars)	2003	2002
GRANTS AND SCHOLARSHIPS		
Main estimates – Vote 105	\$180,199	\$146,883
Add Supplementary estimates	2,251	10,225
One-time grant for indirect costs of universities	–	199,900
Less Grants and scholarships lapse	(14,958)	(12,825)
Grants and scholarships expenditures	167,492	344,183
OPERATING EXPENDITURES		
Main estimates – Vote 100	14,432	12,477
Add Supplementary estimates, salary increments	2,651	2,403
Less Operating lapse	(9)	(501)
Operating expenditures	17,074	14,379
Statutory contributions to employee benefit plans	1,637	1,458
TOTAL PARLIAMENTARY APPROPRIATIONS USED	\$186,203	\$360,020

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

(thousands of dollars)	2003	2002
NET CASH PROVIDED BY GOVERNMENT	\$184,587	\$360,807
Refunds of prior year's expenditures	598	402
Variation in accounts receivable	909	(805)
Variation in advances	(263)	(54)
Variation in accounts payable and accrued liabilities	366	(346)
Variation in deferred revenues	15	18
Other adjustments	(9)	(2)
TOTAL PARLIAMENTARY APPROPRIATIONS USED	\$186,203	\$360,020

4. ACCOUNTS RECEIVABLE

(thousands of dollars)	2003	2002
Other government departments	\$ 154	\$ 503
Outside parties	253	824
Allowance for doubtful accounts	(31)	(42)
TOTAL ACCOUNTS RECEIVABLE	\$376	\$1,285

5. CAPITAL ASSETS

	2003				2002
(thousands of dollars)	Opening balance	Net additions for the year	Accumulated amortization	Net book value	Net book value
Capital asset class					
Informatics	\$1,428	\$245	\$(1,232)	\$ 441	\$ 447
Software	316	191	(129)	378	285
Other equipment	135	9	(80)	64	74
Furniture	898	40	(671)	267	328
Motor vehicles	19	—	(19)	—	—
Leasehold improvements	193	—	(68)	125	170
TOTAL	\$2,989	\$485	\$(2,199)	\$1,275	\$1,304

Amortization expense for the period ended March 31, 2003 is \$502,833 (\$421,013 in 2002).

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

(thousands of dollars)	2003	2002
Outside parties	\$ 892	\$1,065
Other government departments	1,046	507
TOTAL ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$1,938	\$1,572

7. DEFERRED REVENUE

Deferred revenue represents the balance, at year-end, of the specified purpose accounts which includes transactions related to the Queen's Fellowship Endowment Fund as well as earmarked funds received in the form of private donations and interest generated thereon. These funds must be used for the purposes for which they were received.

a) Queen's Fellowship Endowment Fund

The Queen's Fellowship Endowment Fund consists of a \$250,000 endowment which has been deposited in the Consolidated Revenue Fund and is internally restricted for specific purposes in the net liabilities (see Note 9). The interest generated on the endowment is used to fund scholarships to graduate students in certain fields of Canadian studies. The amounts below are represented by deposits in the Consolidated Revenue Fund in the name of the Council. Details of the transactions related to the endowment are as follows:

(thousands of dollars)	2003	2002
Balance, beginning of year	\$45	\$36
Interest received	7	9
Fellowships paid	—	—
BALANCE, END OF YEAR	\$52	\$45

b) Restricted gifts, donations and bequests

Deferred revenue also includes transactions for the receipt, interest generated thereon and disbursements related to private restricted gifts, donations and bequests received for the specified purpose of special projects in the field of social sciences and humanities research activities. The amounts below are represented by deposits in the Consolidated Revenue Fund in the name of the Council. Details of the operations related to the restricted gifts, donations and bequests are as follows:

(thousands of dollars)	2003	2002
Balance, beginning of year	\$398	\$389
Restricted donations received	12	1
Interest received	6	8
Fellowships paid	(10)	–
BALANCE, END OF YEAR	\$406	\$398

8. EMPLOYEE FUTURE BENEFITS

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

a) Pension benefits

The Council's contributions to the Public Service Superannuation Account during the year amounted to \$1,408,545 (\$987,066 in 2002).

b) Severance benefits

The Council provides severance benefits to its employees. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the allowance for employee severance benefits. Information about the plan is as follows:

(thousands of dollars)	2003	2002
Allowance for employee severance benefits, beginning of year	\$1,503	\$1,181
Expense for the year	170	385
Benefits paid during the year	(10)	(63)
ALLOWANCE FOR EMPLOYEE SEVERANCE BENEFITS, END OF YEAR	\$1,663	\$1,503

9. NET LIABILITIES

The Government of Canada includes in its revenues and expenses, the transactions of certain consolidated accounts established for specified purposes. The Queen's Fellowship Endowment Fund is a consolidated specified purpose account which consists of an endowment of \$250,000. The transactions generated from the endowment are included in deferred revenue (see Note 7a). The endowment itself does not represent a liability to third parties but is internally restricted for specified purposes. The details of the net liabilities are as follows:

(thousands of dollars)	2003	2002
Consolidated specified purpose account balance		
– endowment fund	\$ 250	\$ 250
Net liabilities excluding endowment fund	(1,032)	(943)
NET LIABILITIES	\$ (782)	\$ (693)

10. GRANTS, SCHOLARSHIPS AND OTHER EXPENDITURES ADMINISTERED AND DISBURSED FOR GOVERNMENT DEPARTMENTS AND AGENCIES AND ORGANIZATIONS OUTSIDE THE GOVERNMENT

Grants, scholarships and other expenditures administered and disbursed by the Council on behalf of government departments and agencies and organisations outside the government, which are not included in the statement of operations, amounted to \$110,475,000 (\$48,225,000 in 2002). Most of these disbursements are made by the Council from funds entrusted to it by government departments and agencies. The Council receives administrative fees in some circumstances where a significant administrative burden is incurred by the Council for the administration of certain funds on behalf of other government departments and organizations.

11. CONTINGENCIES

In the normal course of its operations, the Council becomes involved in various legal actions. Some of these potential liabilities may become actual liabilities when one or more future events occur or fail to occur. To the extent that the future event is likely to occur or fail to occur, and a reasonable estimate of the amount can be made, this estimated amount is recorded in the financial statements. In 2001, the Council was served with a statement of claim arising from Employment Equity. The potential liability of the Council and consequent damages arising from such a liability are estimated by management at \$1,920,000. The Council cannot assess the outcome of this complaint on its operations. The effect, if any, of the ultimate resolution of this matter will be accounted for in the year when known.

12. COMMITMENTS

Payments of grants and scholarships extending in future years are subject to the provision of funds by Parliament. Future years awards adjudicated prior to March 31, 2003 are payable as follows:

(thousands of dollars)

2003-2004	\$157,865
2004-2005	126,077
2005-2006	75,931
2006-2007	38,779
2007-2008 and subsequent years	44,350

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

(thousands of dollars)

2003-2004	\$1,531
2004-2005	1,531
2005-2006	1,521
2006-2007	1,370
2007-2008 and subsequent years	7,704

13. GRANT EXPENDITURES FOR INDIRECT COSTS OF UNIVERSITIES

In 2002, the Council was mandated to administer a program for university indirect costs. This program was a one-time grant expenditure and no costs were incurred in 2003. This program consisted of the awarding of grants to Canadian universities. These grants were for the reimbursement of a portion of the indirect costs associated with the recent increase in federal investments in research performed at universities and their affiliated research hospitals. Payments were aimed at reimbursement of a portion of the expenditures already incurred and, consequently, the funds were provided as a single payment.

14. RELATED PARTY TRANSACTIONS

The Council is related in terms of common ownership to all other Government of Canada departments, agencies and Crown Corporations. The Council enters into transactions with these entities in the normal course of business and on normal trade terms applicable to all individuals and enterprises except that certain services are provided without charge.

During the year, the Council received services without charge, which are recorded at fair value in the financial statements as follows:

(thousands of dollars)

	2003	2002
Accommodations provided by Public Works and Government Services Canada	\$1,170	\$1,170
Payroll and banking services provided by Public Works and Government Services Canada	18	18
Contributions covering the employer's share of employees medical and Dental insurance premiums provided by Treasury Board Secretariat	766	633
Audit services provided by the Office of the Auditor General of Canada	50	62
TOTAL SERVICES PROVIDED WITHOUT CHARGE	\$2,004	\$1,883

15. COMPARATIVE FIGURES

The 2002 comparative figures have been reclassified to conform to the 2003 financial statement presentation.

♻️ This publication has been printed on environmentally friendly paper. The cover is chlorine-free and 15% recycled. The front section is 10% recycled and the financial section is 20% recycled.

Design: Iridium, a design agency (Ottawa)