

Indian Residential Schools Resolution Canada

2005-2006

Departmental Performance Report

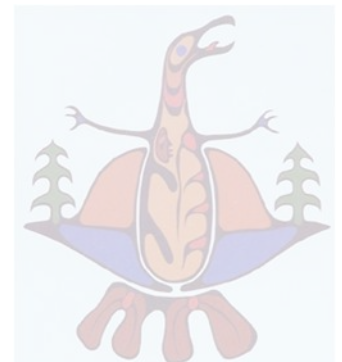
The Honourable Jim Prentice
Minister of Indian Affairs and Northern Development
and Federal Interlocutor for Métis and Non-Status Indians





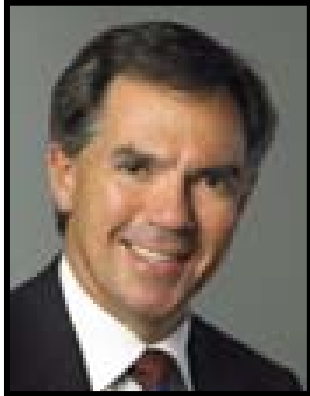
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Minister's Message



I am pleased to present the *2005-2006 Departmental Performance Report* for Indian Residential Schools Resolution Canada.

Indian Residential Schools Resolution Canada is dedicated to the resolution of claims and the legacy of the Indian Residential Schools system. Resolution of this legacy is key to strengthening our Government's relationship with Aboriginal peoples of Canada.

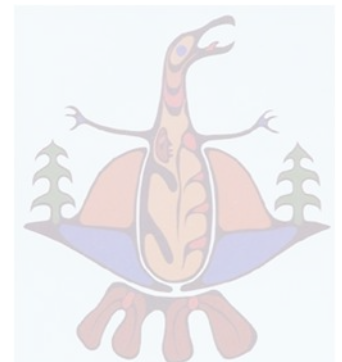
The Department continues to resolve claims through its current resolution tool - the National Resolution Framework – a comprehensive plan that includes an Alternative Dispute Resolution process, the option for litigation, and mental health supports.

Over the last year, the Government was compelled to respond to concerns about the effectiveness of the Dispute Resolution process raised by the Standing Committee on Aboriginal Affairs and Northern Development and other organizations. I was pleased to contribute to the improvement of the existing approach to claims resolution by raising the issue in Parliament. A new approach was adopted to settle the legal claims and other unresolved issues linked to the adverse impacts of the Residential Schools experience in order to work towards reconciliation amongst Aboriginal Canadians, the Government of Canada, the Churches involved in running the schools, and all Canadians.

Legal counsel for former Indian Residential Schools students, and other representatives of former students, including Aboriginal organizations, along with legal counsel for Churches involved in running the schools reached an Agreement in Principle with the Government of Canada on November 20, 2005. This Agreement in Principle proposed a number of elements expected to form the basis of a final settlement agreement that would include a series of individual and collective measures to provide tangible acknowledgement to former students of their Indian Residential Schools experience and give them and their families and communities the opportunity to share their experiences with all Canadians. It was my pleasure to announce the conclusion of the Indian Residential Schools Settlement Agreement by the Government of Canada on May 10, 2006.

This *Departmental Performance Report* describes the Department's performance for fiscal year 2005-2006 and its commitment to resolving the legacy of Indian Residential Schools.

The Honourable Jim Prentice, P.C., M.P.



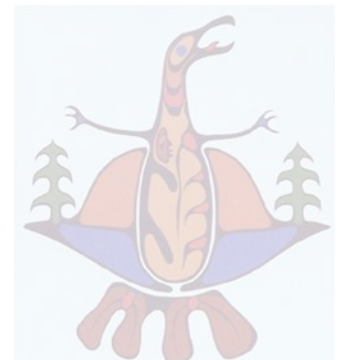
Management Representation Statement

I submit for tabling in Parliament, the 2005-2006 Departmental Performance Report for Indian Residential Schools Resolution Canada.

This document has been prepared based on the reporting principles contained in the Treasury Board Secretariat Guide for the Preparation of Part III of the 2005-2006 Estimates: Reports on Plans and Priorities and Departmental Performance Reports:

- It adheres to the specific reporting requirements outlined in the guide;
- It is based on the Department's approved Program Activity Architecture as reflected in the Treasury Board Secretariat Management Resources and Results Structure;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to it; and;
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Suzanne Tining
Executive Director and Deputy Head



SECTION I – OVERVIEW

The Departmental Performance Report is the key document detailing activities for Indian Residential Schools Resolution Canada for the fiscal year 2005-2006. The report provides an overview (Section I), describes an analysis of program activities by strategic outcome (Section II), and presents financial tables comparing planned spending to the actual expenditures for the recently completed fiscal year (Section III).

The Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians is responsible for reporting to Parliament on Indian Residential Schools Resolution Canada.

Summary Information

Mandate

Indian Residential Schools Resolution Canada was created on June 4, 2001 to focus federal efforts to manage and resolve abuse claims and address the legacy left by the Indian Residential Schools system. The National Resolution Framework, a comprehensive strategy to address the resolution of claims and support former students in those processes, was launched in November 2003 and includes an Alternative Dispute Resolution process, the option for litigation and mental health supports. The Department is responsible for the coordination of all federal government activities relating to Indian Residential Schools. In order to fulfil its mandate, the Department has undertaken to:

- Resolve claims in a timely fashion, through litigation and other methods of dispute resolution that are compassionate for claimants;
- Work with the Department of Justice which represents the Government of Canada in the litigation process, where this process has been chosen by claimants;
- Work with former Indian Residential Schools students, their families and communities in support of projects that promote healing and reconciliation;
- Work with federal government departments, provincial and territorial governments, Aboriginal peoples and organizations, Churches involved in running Indian Residential Schools, and other interested groups;
- Continue to move forward towards equitable resolution with former students through the development of an agreement for a fair and lasting resolution of the legacy of Indian Residential Schools; and
- Promote awareness and public education of Canadians about the intergenerational impacts of the Indian Residential Schools system.

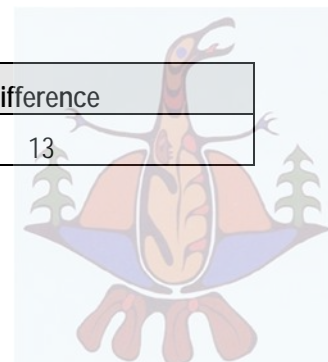
Total Financial Resources (\$millions)

Planned Spending	Total Authorities	Actual Spending
\$121.1	\$188.3	\$159.2

Note: \$40M grant to Aboriginal Healing Foundation approved during the fiscal year 2005-2006 via Treasury Board decision 831983.

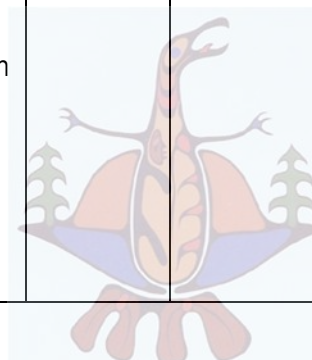
Total Human Resources (full-time equivalents)

Planned	Actual	Difference
195	208	13



Summary of Performance in Relationship to Strategic Outcome, Priorities and Commitments

Status on Performance			2005-2006	
Strategic Outcome				
<p>The Department has one strategic outcome which is to advance reconciliation between former Indian Residential School students and the Government of Canada. The Department strives to achieve its strategic outcome by resolving claims of abuse through the National Resolution Framework, addressing the Indian Residential Schools legacy and contributing to healing for former Indian Residential Schools students, their families and communities. This performance aligned with the Government of Canada's outcomes of improved health of Aboriginal peoples and safe, stable, and sustainable Aboriginal communities as highlighted in <i>Canada's Performance 2005 – The Government of Canada's Contribution</i>.</p>				
Priorities	Program Activity – Expected Results	Performance Status	Planned Spending \$ Millions	Actual Spending \$ Millions
<p>Priority 1: Ongoing: Resolve outstanding claims as efficiently, effectively, humanely and compassionately as possible while ensuring access to the appropriate level of health supports for Indian Residential School claimants.</p> <p>1.1 Ensure both elderly and ill claimants under the National Resolution Framework have priority for resolving their claims without undue delay.</p>	<p>Resolving claims through the National Resolution Framework.</p> <p>Developing an agreement for a fair and lasting resolution of the Indian Residential Schools legacy.</p> <p>Achievement of a Settlement Agreement.</p> <p>1.1 Resolving expedited claims for elderly and ill claimants under the National Resolution Framework.</p>	<p>Increased effectiveness in resolution of claims.</p> <p>Achieved a comprehensive Agreement in Principle leading to a final Settlement Agreement.</p> <p>1.1 Expeditiously resolved all claims made by the elderly or those in ill health.</p>	\$116.3	\$111.0
<p>Priority 2: Ongoing: Maintain and strive toward better collaborative working relations with Aboriginal organizations and their communities to promote or further develop programs that address the legacy of the Indian Residential Schools system and encourage healing and reconciliation of former students, their families and communities.</p>	<p>Providing funding support for public education and consultation, survivor conferences, etc. related to the impact of Indian Residential Schools.</p> <p>Providing additional funding to the Aboriginal Healing Foundation for community-based healing projects for former Indian Residential Schools students, their families and communities.</p> <p>Encouragement and support for Aboriginal people in building and reinforcing sustainable healing</p>	<p>Successfully maintained collaborative working relationships with representatives of former students and Aboriginal organizations.</p> <p>Successfully delivered community-based healing projects through the Aboriginal Healing Foundation.</p> <p>Received positive feedback from former students and the</p>	\$4.5	\$48.0*



	processes that address the intergenerational impacts of physical and sexual abuse in the Indian Residential School system.	Aboriginal community. Promoted public awareness and understanding of healing issues.		
Priority 3: Ongoing: Negotiate with remaining Church entities to determine the apportionment of compensation.	Working on apportionment agreements with Roman Catholic Church entities and in the validation of Alternative Dispute Resolution applications. Increased participation by Churches who have signed agreements in the healing and reconciliation of former students. Increased number of validated claimants receiving 100% of agreed upon compensation.	The Agreement in Principle established the commitment of all Church entities to continue discussions on apportionment issues and negotiations with all stakeholders towards a final agreement.	\$0.3	\$0.2

*Note: \$40M grant to Aboriginal Healing Foundation approved during the fiscal year 2005-2006 via Treasury Board decision 831983.

Operating Environment

The Department plans and sets priorities that are directly linked to its mandate and achieving its strategic outcome. The year 2005-2006 marked a significant change in approach to achieving its strategic outcome. The Department continued to resolve claims through its National Resolution Framework while undertaking to develop a new approach to claims resolution. This new approach would achieve a comprehensive settlement that would include closure for all individual legal claims and provide tangible acknowledgement to former students of their Indian Residential Schools experience. Discussions began in May 2005 between the Government and representatives of former Indian Residential Schools students, including the Assembly of First Nations and other Aboriginal organizations, the Churches involved in running the schools, to develop an agreement for a fair and lasting resolution of the legacy of Indian Residential Schools.

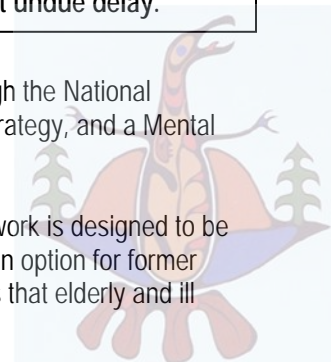
Priorities

Priority 1: Resolve outstanding claims as efficiently, effectively, humanely and compassionately as possible, while ensuring access to the appropriate level of health supports for Indian Residential Schools claimants.

1.1 Ensure both elderly and ill claimants have priority for resolving their claims without undue delay.

To this end, the Department endeavoured to achieve its mandate and strategic outcome through the National Resolution Framework which includes an Alternative Dispute Resolution process, a litigation strategy, and a Mental Health Support Program.

The Alternative Dispute Resolution process, the centrepiece of the National Resolution Framework is designed to be a fair, safe and timely out-of-court option for resolving claims. The litigation process provides an option for former students who choose not to participate in Alternative Dispute Resolution. The process ensures that elderly and ill



claimants in the Alternative Dispute Resolution process, and where possible in the litigation process, have their claims expedited on a priority basis in order to bring closure to their claims in a more timely and compassionate manner. Although Indian Residential Schools Resolution Canada has overall responsibility for the National Resolution Framework, program components of the Mental Health Support Program are delivered and funded by Health Canada.

Over the last year, the Government of Canada initiated a new approach to resolution that recognized the adverse impacts of the Indian Residential Schools system and would settle the legal claims and other unresolved issues that are part of the legacy of that system, in order that true reconciliation might be achieved. On May 30, 2005, the Government of Canada began to work with legal counsel for former students, other representatives including the Assembly of First Nations and other Aboriginal organizations, and legal counsel for Churches involved in running Indian Residential Schools, to develop an agreement for a fair and lasting resolution of the legacy of Indian Residential Schools.

The parties to those discussions reached an Agreement in Principle on November 20, 2005, that proposed a number of elements expected to form the basis of a final settlement agreement. The conclusion of the Indian Residential Schools Settlement Agreement was announced by the Government of Canada on May 10, 2006.

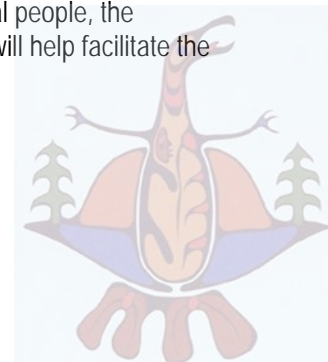
Priority 2: Maintain and strive toward better collaborative working relations with Aboriginal organizations and their communities to promote or further develop programs that address the legacy of the Indian Residential Schools system and encourage healing and reconciliation of former students, their families and communities.

Over the 2005-2006 year, the Department continued to work with Aboriginal organizations. Partnerships were strengthened throughout discussions and negotiations between the federal government, the Churches involved in running the schools, representatives of former Indian Residential Schools students, and other representatives of former students including the Assembly of First Nations and other Aboriginal organizations to develop an agreement for a fair and lasting resolution of the legacy of Indian Residential Schools.

The resulting Agreement in Principle reached in November 2005 speaks to the dedication and commitment of all stakeholders involved in negotiations and leads the way to stronger partnerships with Aboriginal peoples. The Department continued to work with partners towards a final settlement agreement. The conclusion of the Indian Residential Schools Settlement Agreement was announced by the Government of Canada on May 10, 2006.

The Department provided funding support for public education and consultation, survivor conferences, and many other activities related to the legacy of Indian Residential Schools. The Department also undertook regular meetings with the Indian Residential Schools Working Caucus, which includes representation from former students and Aboriginal peoples who are involved in working on Indian Residential Schools issues. The Department also provided additional funding to the Aboriginal Healing Foundation to continue its support of community-based healing projects across the country.

These activities contribute to strengthening relationships and understanding between Aboriginal people, the Government of Canada, and non-Aboriginal Canadians. These stronger relationships, in turn, will help facilitate the healing and reconciliation process.



Priority 3: Negotiate with remaining Church entities to determine the apportionment of compensation.

Over the 2005-2006 year, the Department continued to work with Church entities on apportionment agreements and in the validation of Alternative Dispute Resolution applications and to find ways for all Churches involved in the running of Indian Residential Schools to work together to resolve claims, to participate in settlements and to cooperate in the validation of Alternative Dispute Resolution applications. Discussions were undertaken between the Government of Canada and representatives of former Indian Residential Schools students, the Churches involved in running the schools, the Assembly of First Nations and other Aboriginal organizations.

The resulting Agreement in Principle reached in November 2005 established the commitment of Church entities to continue discussions on apportionment issues and negotiations with all stakeholders towards a fair and lasting resolution of legacy of Indian Residential Schools. The Department continued to work with the Church entities towards a final settlement agreement. The conclusion of the Indian Residential Schools Settlement Agreement was announced by the Government of Canada on May 10, 2006.

SECTION II – ANALYSIS OF PERFORMANCE BY STRATEGIC OUTCOME

Strategic Outcome

The Department has one strategic outcome which is to advance reconciliation between former Indian Residential Schools students and the Government of Canada.

Program Activity: Claims Resolution

The Department has one program activity which is the resolution of claims associated with the operation of the former Indian Residential Schools system. The Department focused its efforts on this program activity via the operation of the National Resolution Framework. Timely and respectful resolution of these claims is essential to healing and reconciliation for former Indian Residential School students and for the Aboriginal community as a whole. The Government currently faces 9, 865 claims of abuse involving more than 16, 039 former students of Indian Residential Schools. As of March 31, 2006, 16, 039 claimants have applied for compensation and 2, 693 claimants have settled through the Alternative Dispute Resolution and litigation processes.

The Department continues to ensure that cases involving elderly and ill claimants are dealt with on a priority basis in order to bring closure to their claims through the identification and expeditious resolution of all claims made by the elderly and those in ill health.

The Department's program activity contributes to the realization of the Department's strategic outcome of reconciliation among former students of Indian Residential Schools and the Government of Canada by resolving claims of abuse, addressing the Indian Residential Schools legacy and contributing to healing for Indian Residential Schools, their families and communities and aligns with the Government of Canada's outcomes of improved health of Aboriginal peoples and safe, stable, and sustainable Aboriginal communities as highlighted in *Canada's Performance 2005 – The Government of Canada's Contribution*.



Financial Resources (\$millions)

Planned Spending	Authorities	Actual Spending
\$121.1	\$188.3	\$159.2

Note: \$40M grant to Aboriginal Healing Foundation approved during the fiscal year 2005-2006 via Treasury Board decision 831983.

Human Resources (full-time equivalents)

Planned	Actual	Difference
195	208	13

Key Programs and Services

National Resolution Framework - The National Resolution Framework has been the central vehicle to achieve the Department's program activity and planned results of resolution of Indian Residential Schools claims since 2003. The National Resolution Framework offers two resolution streams – Alternative Dispute Resolution and Litigation (with the option to settle out of court or to proceed to trial); and a Mental Health Support Program for both streams.

In 2005-2006 the Department received 2,431 Alternative Dispute Resolution process applications and 160 new claims in litigation. The Department settled with 583 Alternative Dispute Resolution claimants and 498 litigation claimants with health supports offered and provided where required.

Alternative Dispute Resolution - The Alternative Dispute Resolution process is a voluntary and confidential process designed to be a timely, fair and safe way for claimants to resolve validated physical and sexual abuse claims, including wrongful confinement claims, outside of the litigation process. Applications for claimants who are 60 years and older and/or are in failing health are given priority. Alternative Dispute Resolution involves an application process and private hearings before an independent adjudicator. The adjudicator is responsible for setting compensation awards within an established compensation framework. The claimant has the option to accept the award, appeal the decision or pursue litigation.

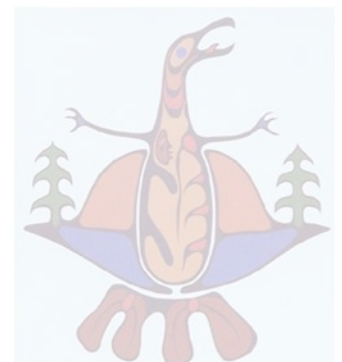
Litigation - Not all claimants choose to resolve their abuse claims through the Alternative Dispute Resolution process. The Department of Justice represents the Government of Canada in Indian Residential Schools claims and continues to work to resolve claims prior to entering the trial stage. Counsel for claimants in litigation who are elderly or ill may approach the Department of Justice to seek expedition in the resolution of their claims out of court. Resolution of litigation claims is a more time consuming process since the Government has little control over the pace of litigation and is largely dependent on the rules of the court and court schedules.

Mental Health Support Program - The Mental Health Support Program delivered by Health Canada continued to support a variety of flexible "frontline" safety supports and coordination services directly to former students involved in the Alternative Dispute Resolution process and the litigation process. Services include access to mental health counselling sessions, on-site emotional health supports by trained Aboriginal health providers, and, transportation costs to traditional healers, to ensure that former students and family members have access to appropriate levels of counselling and mental health supports. Although Indian Residential Schools Resolution Canada has overall responsibility for the National Resolution Framework, the Mental Health Support Program component is delivered and funded by Health Canada that reports on the program separately in their performance report. Indian Residential Schools Resolution Canada funds a 24-hour crisis support line that is operated by trained Aboriginal crisis support workers.



Policy and Consultation - The Department is dedicated to working with stakeholders on the development and refinement of its policies, toward the resolution of the legacy of Indian Residential Schools. In the past year, the Department has provided funding support for public education and consultation, survivor conferences, and other activities related to the legacy of Indian Residential Schools. The Department has funded contribution agreements with 21 regional and national Aboriginal organizations in line with the funding parameters of the program. It has also provided funding support for discussions between the Government and legal counsel for former students, legal counsel for Churches involved in running Indian Residential Schools, and other representatives of former students, including the Assembly of First Nations and other Aboriginal organizations towards the development of an agreement for a fair and lasting resolution of the legacy of Indian Residential Schools. The Department also undertook regular meetings with the Indian Residential Schools Working Caucus, which included representation from former students and Aboriginal peoples involved in working on Indian Residential Schools issues, representatives of the Churches involved in running the schools, and regional and national Aboriginal organizations.

The Aboriginal Healing Foundation - The Department is also responsible for the funding agreement with the Aboriginal Healing Foundation which supports community-based healing projects for former Indian Residential Schools students, their families and communities that address the intergenerational impacts of physical and sexual abuse in the Indian Residential Schools system and provide encouragement and support for Aboriginal people in building and reinforcing sustainable healing processes. Since its inception, the Aboriginal Healing Foundation has committed over \$375 million for participation of over 223,000 individuals in 1,300 community-based healing projects across the country and has promoted public awareness and understanding of healing issues. This past year, the Aboriginal Healing Foundation was provided with an additional grant of \$40 million.



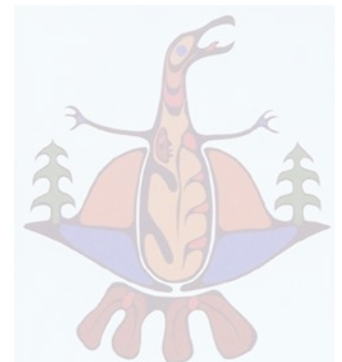
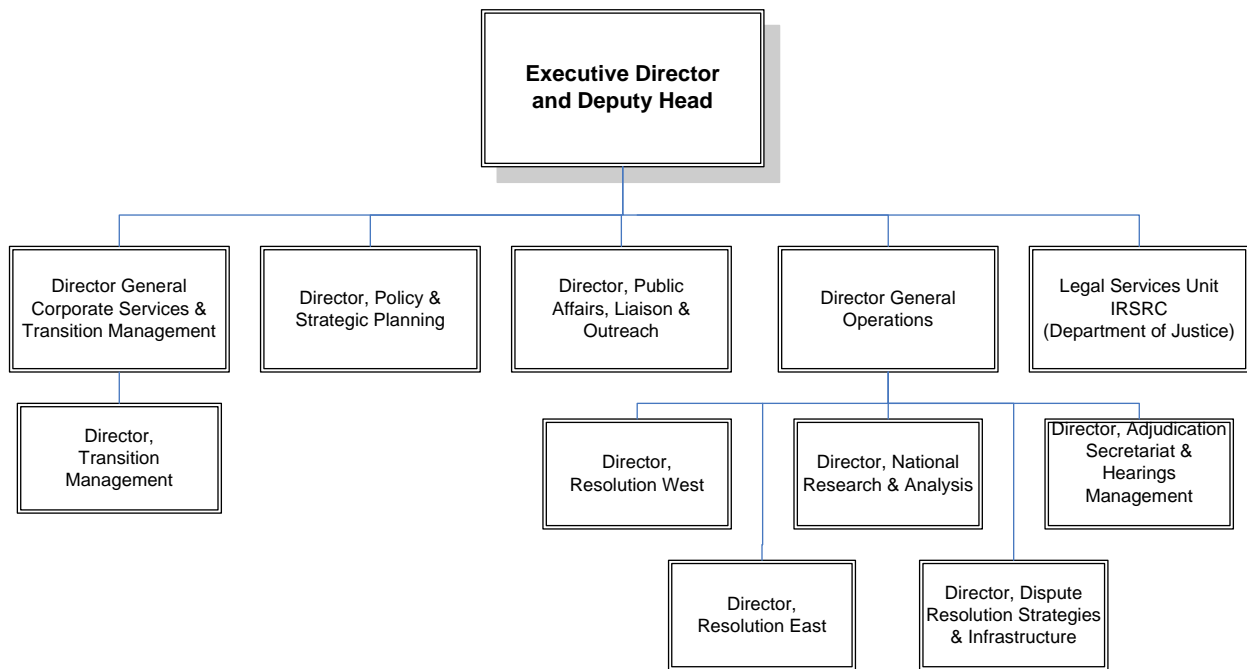
SECTION III – SUPPLEMENTARY INFORMATION

Organizational Information

The Honourable Jim Prentice, Minister of Indian Affairs and Northern Development and Federal Interlocutor for Métis and Non-Status Indians is the Minister responsible for the Department.

As illustrated in the organizational chart below, the Minister is supported by the Department's Executive Director and Deputy Head. The Executive Director and Deputy Head is accountable for the overall management of the Department, strategic policy direction, and the provision of executive support to the Minister.

INDIAN RESIDENTIAL SCHOOLS RESOLUTION CANADA



The Executive Director and Deputy Head is directly supported by the Directors General of Operations and Corporate Services and Transition Management, and the Directors of Policy and Strategic Planning, and Public Affairs, Liaison and Outreach.

The Director General, Corporate Services and Transition Management, is accountable for managing and providing corporate leadership in the development of programs, plans and strategies to integrate and ensure the integrity of corporate priorities in human resources, finance, administration, materiel management, procurement, Information Technology, Access to Information and Privacy Program, internal audit and evaluation, records management, and performance management. The Director General is also accountable for the coordination of all transition issues related to the implementation of a final Settlement Agreement.

The Director General, Operations, is accountable for: the management of operations relating to the Alternative Dispute Resolution process and ensuring that claims are administered and resolved in accordance with established program authorities; processes and the approved compensation framework; as well as the transition from the Alternative Dispute Resolution process to the Independent Assessment Process under a final Settlement Agreement. The Director General is also accountable for: the management of litigation; liaising for the health-related components of the National Resolution Framework; and the management and delivery of an extensive research program which supports both litigation and the Alternative Dispute Resolution process; management of all Departmental transition issues related to implementation of a final Settlement Agreement.

The Director, Policy and Strategic Planning, is accountable for: providing corporate leadership in developing and coordinating the preparation of the Department's strategic plan; developing and monitoring the implementation of the Department's strategic policy framework; and providing policy advice and support to the Executive Director and Deputy Head and the Department on issues related to claims resolution and broader healing and reconciliation.

The Director, Public Affairs, Liaison and Outreach is accountable for communications of the Department which includes: media relations; Parliamentary Affairs; outreach and liaison with Aboriginal communities, Indian Residential Schools survivor societies, and national and regional Aboriginal organizations; and management of the Department's contribution funding authority and agreements.



Tables

Table 1: Comparison of Planned to Actual Spending (including Full Time Equivalents)

(\$millions)	2003-04 Actual	2004-05 Actual	2005-06			
			Main Estimates	Planned Spending	Total Authorities	Total Actuals
Claims Resolution	\$77.4	\$66.6	\$121.1	\$121.1	\$188.3	\$159.2
Total	\$77.4	\$66.6	\$121.1	\$121.1	\$188.3	\$159.2
Less: Non-respendable revenue	-	\$0	N/A	\$0	N/A	\$0
Plus: Cost of services received without charge	\$1.5	\$3.1*	N/A	\$8.8	N/A	\$5.3
Total Departmental Spending	\$78.9	\$69.7	N/A	\$129.9	N/A	\$164.5
Full-time Equivalents	143	166	N/A	195	N/A	

*Note: In the 2004-2005 DPR the cost of services received without charge were indicated as \$8.4M. These were based on the estimates available at that time. The actual costs of services received without charge was \$3.1M.

Table 2: Resources by Program Activity

(\$ millions)		2005-06							
Program Activity	Budgetary							Plus: Non- budgetary	Total
	Operating	Capital	Grants	Contributions and Other Transfer Payments	Total: Gross Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures	Loans, Investments, and Advances	
Claims Resolution									
Main Estimates	\$121.1	-	-	-	\$121.1	-	\$121.1	-	\$121.1
<i>Planned Spending</i>	\$118.1	-	-	\$3.0	\$121.1	-	\$121.1	-	\$121.1
Total Authorities	\$148.3	-	\$40.0*	\$0	\$188.3	-	\$188.3	-	\$188.3
<i>Actual Spending</i>	\$112.0	\$0.7	\$40.0	\$6.5	\$159.2	-	\$159.2	-	\$159.2

*Note: \$40M grant to Aboriginal Healing Foundation approved during the fiscal year 2005-2006 via Treasury Board decision 831983.

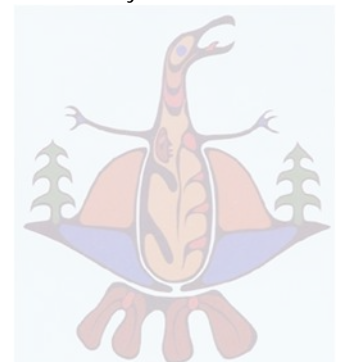


Table 3: Voted and Statutory Items

(\$millions)		2005-06			
Vote or Statutory Item	Truncated Vote or Statutory Wording	Main Estimates	Planned Spending	Total Authorities	Total Actuals
55	Program Expenditures and Gov. Gen Special Warrants	\$115.1	\$113.3	\$145.6	\$116.5
	Court Awards			\$0.4	\$0.4
	Grants and contributions		\$3.0	\$40.0	\$40.0
(S)	Contributions to employee benefit plans	\$6.0	\$4.8	\$2.4	\$2.4
	Total	\$121.1	\$121.1	\$188.3	\$159.2

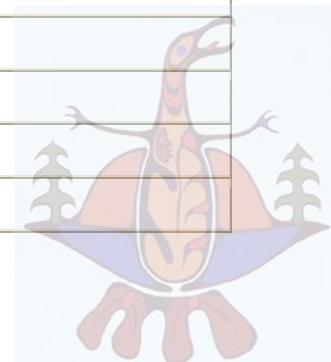
Table 4: Services Received Without Charge

(\$millions)	2005-2006
Accommodation provided by Public Works and Government Services Canada (PWGSC)	\$2.3
Contributions covering employer's share of employees' insurance premiums and expenditures paid by Treasury Board Secretariat (TBS) (excluding revolving funds). Employer's contribution to employees' insured benefits plans and expenditures paid by TBS.	\$1.1
Salary and associated expenditures of legal services provided by Department of Justice	\$1.9
Total 2005-2006 Services received without charge	\$5.3

The table above provides an estimate of the cost of common services received without charge by the Department from other government organizations. The presentation of such amounts is consistent with the presentation of services received without charge in the Department's Financial Statements and Departmental Performance Report.

Table 8: Resource Requirements by Branch or Sector

Organization	Claims Resolution (\$millions)
Office of the Deputy Minister	
Planned Spending	\$1.1
Actual Spending	\$1.4
Operations	
Planned Spending	\$39.8
Actual Spending	\$50.0
Corporate Services and Transition Management	
Planned Spending	\$14.0
Actual Spending	\$9.8
Public Affairs, Liaison and Outreach	
Planned Spending	\$8.8
Actual Spending	\$7.1



Policy and Strategic Planning	
Planned Spending	\$3.0
Actual Spending	\$0.9

Note: Resources for Employee Benefits, Settlement Allotment, ERC Savings, the Aboriginal Healing Foundation and Department of Justice in an amount of \$54.4M (planned) / \$90.0M (actual) have not been apportioned to the Branches.

Table 11: Details on Project Spending

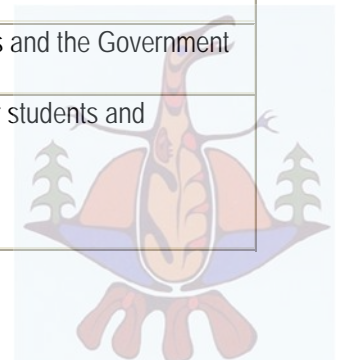
(\$millions)	Current Estimated Total Cost	Actual 2003-04	Actual 2004-05	2005-06			
				Main Estimates	Planned Spending	Total Authorities	Actual
Claims Resolution							
SADRE	\$3.2	\$0.533	\$1.308	N/A	\$1.3	N/A	\$1.063

Single Access to Dispute Resolution Enterprise (SADRE) is a case management tool to assist resolution managers in the management of their claims caseload. The Department developed this case management tool to facilitate greater tracking and automation of the claims process. Version 1 includes case tracking and the automation of some functions. It is also a reporting tool that allows for the production and distribution of statistical information. This statistical information is essential for analyzing performance measures.

Table 13: Details on Transfer Payment Programs (TPPs)

Program: Aboriginal Healing Foundation (AHF)				
Start Date: 1 Apr 05		End Date: 31 Mar 07		
Description: Grant provided to the AHF for support for community -based healing projects for former Indian Residential Schools students, their families and communities.				
Strategic Outcome: Advance reconciliation between former Indian Residential Schools students and the Government of Canada.				
Results Achieved: Ongoing delivery of community-based healing projects for former Indian Residential School students, their families and communities nationwide.				
(\$millions)	Planned Spending	Total Authorities	Actual Spending	Variance between planned and actual spending
Program Activity: Claims Resolution	2005-06	2005-06	2005-06	
	\$0	\$40.0	\$40.0	(\$40.00)

Program: Policy and Consultation	
Start Date: 1 Apr 05	End Date: 31 Mar 06
Description: Providing funding support for public education and consultation, survivor conferences, etc. related to the impact of Indian Residential Schools.	
Strategic Outcome: Advance reconciliation between former Indian Residential Schools students and the Government of Canada.	
Results Achieved: Successful collaborative working relationships with representatives of former students and Aboriginal organizations.	



(\$millions)	Planned Spending 2005-06	Total Authorities 2005-06	Actual Spending 2005-06	Variance between planned and actual spending
Program Activity : Claims Resolution	\$2.0	\$0	\$5.6*	(\$3.6)

*Note: Actual spending includes TB approved (TB decision 832624) authority for \$1.5M to Assembly of First Nations.

Program: Group Dispute Resolution - Alternative Dispute Resolution process

Start Date: 1 Apr 05 End Date: 31 Mar 06

Description: Model A of the Alternative Dispute Resolution process is designed for people with claims for physical abuse with injuries lasting more than six weeks or requiring hospitalization or serious medical treatment and sexual abuse. For this program, claimants choose to move through the process, as part of a group, but appear individually at a private hearing before an adjudicator.

Strategic Outcome: Advance reconciliation between former Indian Residential Schools Students and the Government of Canada.

Results Achieved: Resolution of Model A group resolution claims.

(\$millions)	Planned Spending 2005-06	Total Authorities 2005-06	Actual Spending 2005-06	Variance between planned and actual spending
Program Activity: Claims Resolution	\$1.0	\$0	\$0.3	\$0.7

Program: Dispute Resolution Pilot - Alternative Dispute Resolution process

Start Date: 1 Apr 05 End Date: 31 Mar 06

Description: Group Dispute Resolution pilot projects were designed to test alternative models for resolving abuse claims with groups of former residential school students and church defendants. Each group member had a private hearing before an adjudicator chosen by the parties. The adjudicator's report formed the basis for negotiation of a settlement for the abuse claim.

Strategic Outcome: Advance reconciliation between former Indian Residential Schools Students and the Government of Canada.

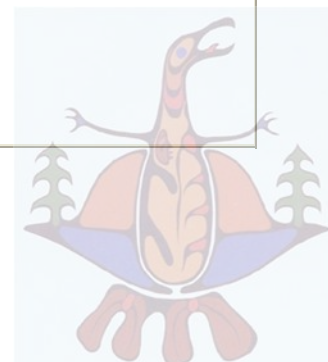
Results Achieved: Resolution of pilot projects claims and partial resolution of outstanding obligations regarding legal fees.

(\$millions)	Planned Spending 2005-06	Total Authorities 2005-06	Actual Spending 2005-06	Variance between planned and actual spending
Program Activity: Claims Resolution	\$0	\$0	\$0.6	\$0.6



Table 16: Horizontal Initiative

Mental Health Support Program	Lead Department: Indian Residential Schools Resolution Canada	
Start Date: Nov. 2003	End Date: Nov. 2010	Total Federal Funding Allocation \$73M
<p>Description: The Mental Health Support Program component of the Indian Residential Schools Canada’s National Resolution Framework ensures that Indian Residential Schools claimants have access to an appropriate level of mental health counselling and emotional support services throughout the Alternative Dispute Resolution or litigation process. Main program components include: the national 24-hour a day toll free Indian Residential School Crisis Line administered and operated by an Aboriginal organization with trained Aboriginal crisis counsellors and funded by our Department; Resolution Health Support Worker emotional support services, Mental Health Counselling, and transportation to access counselling and/or traditional healers funded by Health Canada.</p>		
<p>Shared Outcome(s): Healing for Indian Residential Schools students and their families as they go through the National Resolution Framework processes.</p>		
<p>Governance Structure: Indian Residential Schools Resolution Canada is responsible for the overall Resolution Framework model and working in partnership with Health Canada to identify and maximize services required for Indian Residential Schools claimants who are actively resolving their claim against Canada. Various program components of the Mental Health Support Program will be delivered separately by Health Canada and Indian Residential Schools Resolution Canada.</p>		
<p>A National Health Steering Committee provides guidance, direction and oversees the development and implementation of the Mental Health Support Program and meets on a monthly basis. This Committee is comprised of senior representatives from both Indian Residential Schools Resolution Canada and Health Canada.</p>		
<p>Indian Residential Schools Resolution Canada is responsible for the overall performance of the Mental Health Support Program. Health Canada is responsible for the delivery and performance of the individual and family mental counselling, transportation and the Resolution Health Support Worker program components.</p>		
<p>Additional Indian Residential Schools Resolution Canada responsibilities relating to the Mental Health Support Program include:</p>		
<ul style="list-style-type: none"> • Communicating the entire Resolution Framework to Indian Residential Schools claimants and Aboriginal communities, including the various components of the Mental Health Support Program; • Facilitating Health Canada’s verification of claimant eligibility; • Ensuring that Health Canada’s Mental Health Support Program and that Headquarters is aware of dates for Alternative Dispute Resolution hearings and litigation events as they arise, so that Mental Health Support Program regional officials are prepared to address high claimant settlement areas; • Reviewing, evaluating and auditing those claimant services of the Mental Health Support Program which are provided by Indian Residential Schools Resolution Canada; and • Reviewing in partnership with Health Canada the entire Mental Health Support Program. 		



(\$millions)						
Federal Partner	Name of Program	Total Allocation	Planned Spending for 2005-06	Actual Spending in 2005 -06	Planned Results for 2005-06	Results Achieved in 2005-06
1. Health Canada	Mental Health Support Program	\$8.216	\$8.216	\$3.375	Contribute to the safe and compassionate resolution of claims relating to the legacy of Indian Residential Schools by providing access to mental health counselling and emotional support to eligible claimants and their families.	A 2006 survey of a sample of claimants found that 93% of respondents felt their experience was safer and more supportive as a result of health support services provided, and 89% of claimants that received counselling indicated that the resolution process was a positive experience.
Comments on Variances: Mental health support is a demand driven service that requires client uptake, which is somewhat unpredictable. Lapsing vote 1 funds will be carried forward to 2006-2007						

Table 17: Financial Statements – Indian Residential Schools Resolution Canada

*See below**

Table 20: Procurement and Contracting

Department	Indian Residential Schools Resolution Canada
Points to Address	Organization's Input
1. Role played by procurement and contracting in delivering programs	"Contracting Delegation" is not under Contracts jurisdictions, but to the delegated managers. The role is a service provider, monitoring, quality assurance, and advisory role to managers and Contracting Delegated Authority. A Review of Procurement Practices was identified and consequently measures are being put in place to ensure rules and regulations are followed and complied.
2. Overview of how the department manages its contracting function	The Department has initiated strategic actions to include hiring experience contracting staff, development of individual competency profiles, centralizing procurement and contracting activities, using Standing Offer Agreements, where applicable, and creating a client satisfaction survey. With this in place, the contracting function will be managed in an effective and efficient manner.
3. Progress and new initiatives enabling effective and efficient procurement practices	Key initiatives are being developed to assist Delegated Authority in the Procurement and Contracting for Goods and or Services. Some Initiatives in specific terms: 1. Creation of a Client Guide. 2. Structure Contracting Unit into teams dedicated to specific clients within the Department. 3. Best Practices, i.e. bundling contract requirements for cost savings, use of SOAs, MERX, tendering processes, etc.

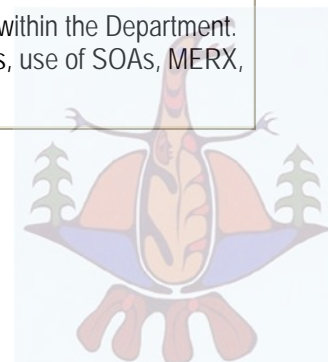


Table 22: Travel Policies

Indian Residential Schools Resolution Canada follows and uses TBS travel policies parameters.

*Financial Statements - Indian Residential Schools Resolution Canada

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

The financial statements of the department have not been audited.

Suzanne Tining, Executive Director and Deputy
Head
(Ottawa, Canada)
(September 18, 2006)

René Paré, Senior Financial Officer



Indian Residential Schools Resolution Canada
Statement of Operations (unaudited)
For the Year Ended March 31
(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Transfer payments to Aboriginal groups	532,099	1,635,146
Operating expenses		
Professional and special services	62,065	41,677
Salaries and employee benefits	17,705	16,267
Other operating	3,746	4,612
Travel	3,237	1,950
Accommodation	2,261	1,414
Communications professional Services	1,170	696
Amortization	534	18
Total operating expenses	<u>90,718</u>	<u>66,634</u>
Total Expenses	<u>622,817</u>	<u>1,701,780</u>
Revenues		
Miscellaneous revenues	1	1,000
Total Revenues	<u>1</u>	<u>1,000</u>
Net Cost of Operations	<u>622,816</u>	<u>1,700,780</u>

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



Statement of Financial Position (*unaudited*)

At March 31

(in thousands of dollars)

	2006	2005
ASSETS		
Financial assets		
Accounts receivable (Note7)	4,620	990
Advances	4	2
Total financial assets	4,624	992
Non-financial assets		
Tangible capital assets (Note 4)	1,977	1,762
Total non-financial assets	1,977	1,762
TOTAL	6,601	2,754
Liabilities		
Accounts payable and accrued liabilities	23,539	7,634
Allowance for claims and litigation (Note 5)	2,951,178	2,513,000
	2,974,717	2,520,634
Equity of Canada	(2,968,116)	(2,517,880)
TOTAL	6,601	2,754

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



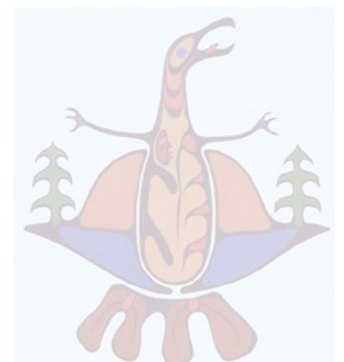
Statement of Equity of Canada (*unaudited*)

For the Year Ended March 31

(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Equity of Canada, beginning of the year	(2,517,880)	(900,351)
Net cost of operations	(622,816)	(1,700,780)
Current year appropriations used (Note 3)	159,186	66,626
Refund of previous year's expenditures	448	499
Change in the net position in the Consolidated Revenue Fund (Note 3)	7,630	13,030
Services received without charge from other departments (Note 7)	5,316	3,096
Equity of Canada, end of the year	<u>(2,968,116)</u>	<u>(2,517,880)</u>

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



Statement of Cash Flow (unaudited)
For the Year Ended March 31
(in thousands of dollars)

	<u>2006</u>	<u>2005</u>
Operating activities		
Cash paid for:		
Transfer payments to Aboriginal groups	(93,921)	(22,146)
Salaries and Employee benefits	(16,569)	(15,460)
Professional and special services	(39,336)	(20,267)
Travel	(3,237)	(1,950)
Communications professional Services	(1,170)	(696)
Other operating	(4,196)	(5,111)
Other Adjustments	(8,080)	(14,431)
Advances and prepaid expenses	(7)	(2)
 Cash received from:		
Miscellaneous revenues	1	1,000
 Cash used by operating activities	<u>(166,515)</u>	<u>(79,063)</u>
 Capital investment activities		
Acquisitions of tangible capital assets	(749)	(1,092)
 Cash used by capital investment activities	<u>(749)</u>	<u>(1,092)</u>
 Financing activities		
Net cash provided by Government of Canada	<u>167,264</u>	<u>80,155</u>
 Net Cash used	<u><u>-</u></u>	<u><u>-</u></u>

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

Direct method is used to facilitate reconciliation of the accounts for the comparative years as IRSRC became a separate department on April 2005, for trial balance purposes.



Notes to the Financial Statements (unaudited)

1. Authority and Objectives

Indian Residential Schools Resolution Canada (IRSRC) was established by Order-in-Council (P.C. 2001-994) on June 4, 2001 and is a department listed in Schedule IV of the Financial Administration Act.

IRSRC is dedicated to resolving the legacy for the estimated 80,000 individuals who attended Indian residential schools and meeting the needs of the more than 13,000 former students seeking compensation for abuses they suffered at these schools.

2. Summary of Significant Accounting Policies

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

Significant accounting policies are as follows:

(a) Parliamentary appropriations – IRSRC is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to IRSRC 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 3 provides a high-level reconciliation between the bases of reporting.

(b) Net Cash Provided by Government – IRSRC operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by IRSRC is deposited to the CRF and all cash disbursements made by the department 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 is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non spendable revenue recorded by IRSRC. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

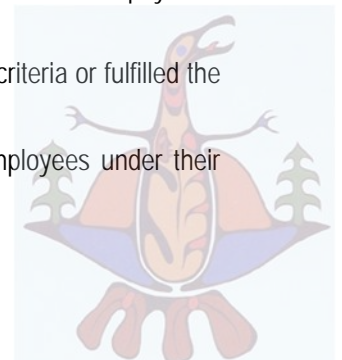
Notes to the Financial Statements (unaudited)

(d) Revenues:

- Other 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:

- Grants are recognized in the year in which the conditions for payment are met. In the case of grants which do not form part of an existing program, the expense is recognized when the Government announces a decision to make a non-recurring transfer, provided the enabling legislation or authorization for payment receives parliamentary approval prior to the completion of the financial statements;
- Contributions are recognized in the year in which the recipient has met the eligibility criteria or fulfilled the terms of a contractual transfer agreement;
- Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.



- Services provided without charge by other government departments for accommodation, the employer's contribution to the health and dental insurance plans and legal services are recorded as operating expenses at their estimated cost.

(f) Employee future benefits

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

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

Notes to the Financial Statements (unaudited)

(h) Tangible capital assets – All tangible capital assets and leasehold improvements having an initial cost of \$10,000 or more are recorded at their acquisition cost. The department does not capitalize intangibles, works of art and historical treasures that have cultural, aesthetic or historical value, assets located on Indian Reserves and museum collections.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization period
Informatics hardware	3 to 5 years
Informatics Software	3 to 5 years
Machinery & equipment	5 to 15 years

(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. The most significant items where estimates are used are contingent liabilities, the liability for employee severance benefits and the useful life of tangible capital assets. 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.



Notes to the Financial Statements (unaudited)

3. Parliamentary Appropriations

IRSRC receives most of 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, IRSRC has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

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

	<u>2006</u>	<u>2005</u>
	(in thousands of dollars)	
Net Results of operations	622,816	1,700,780
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Increase in allowance for claims and litigation	(438,178)	(1,613,000)
Legal services from Justice Canada not charged to appropriations	(20,810)	(20,535)
Services provided without charge	(5,316)	(3,096)
Amortization of tangible capital assets	(534)	(18)
Refund of prior year's expenditures	448	499
Other adjustment	3	902
	<u>158,429</u>	<u>65,532</u>
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (Less):		
Capital Acquisitions of tangible assets	749	1,092
Prepaid expenses and advances	8	2
Current year appropriations used	<u><u>159,186</u></u>	<u><u>66,626</u></u>



Notes to the Financial Statements (unaudited)

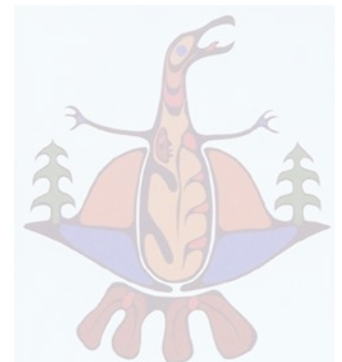
(b) Appropriations provided and used

	<u>2006</u>	<u>2005</u>
	(in thousands of dollars)	
Vote 55 - Program Expenditures and contributions	145,610	93,575
Statutory amounts	<u>42,717</u>	<u>5,343</u>
Less:		
Lapse available for future years	(29,141)	(32,292)
Current year appropriations used	<u><u>159,186</u></u>	<u><u>66,626</u></u>

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

	<u>2006</u>	<u>2005</u>
	(in thousands of dollars)	
Net cash provided by Government	167,264	80,155
Refund of previous year's expenditures	(448)	(499)
Change in the net position in the Consolidated Revenue Fund (1)	(7,630)	(13,030)
	<u>159,186</u>	<u>66,626</u>
Current year appropriations used	<u><u>159,186</u></u>	<u><u>66,626</u></u>

(1) Change in the net position in the Consolidated Revenue Fund reflects the cumulative difference between the changes in assets and liabilities which do not have an impact on either net cash provided by Government or Appropriations Used. Other elements to include are accounts receivable from external parties and accounts receivable for non-respendable revenue.



Notes to the Financial Statements (unaudited)

4-Tangible Capital Assets

Tangible Capital Assets

(in thousands of dollars)

Capital asset class	Cost				Accumulated amortization				2006	2005
	Opening balance	Acquisitions	Disposals & write-offs	Closing balance	Opening balance	Amortization	Disposals & write-offs	Closing balance	Net book value	Net book value
Machinery & equipment	-	31	-	31	-	-	-	-	31	-
Informatics hardware	298	475	-	773	59	191	-	250	523	239
Informatics software	1,476	290	-	1,766	-	343	-	343	1,423	1,476
Other equipment (incl. furniture)	47	-	(47)	-	-	-	-	-	-	47
	1,821	796	(47)	2,570	59	534	-	593	1,977	1,762

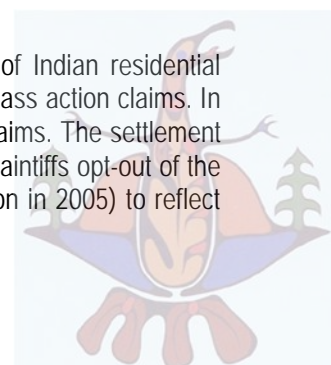
Amortization expense for the year ended March 31, 2006 is \$534,000 (2005-\$18,000).

The 2004-2005 Financial Statements indicated amortization of \$207,000 which was not consistent with the CFMRS. The 2004-2005 amortization expense in these Financial Statements has been adjusted in order to reflect the CFMRS amount (\$18,000).

5-Contingent Liability:

(a) Claims and litigation

IRSRC was established to resolve claims and to address issues arising from the legacy of Indian residential schools. There are 9,865 claims being managed by the department in this regard, including class action claims. In May 2006, the department reached an independent settlement agreement to resolve these claims. The settlement agreement will be implemented only once it is endorsed by the courts and fewer than 5,000 plaintiffs opt-out of the settlement agreement. IRSRC has recorded a liability of \$2,951 million in 2006 (\$2,513 million in 2005) to reflect the estimate costs to settle claims.



Notes to the Financial Statements (unaudited)

6-Employee Benefits

(a) Pension benefits: IRSRC employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plans benefits and they are indexed to inflation.

Both the employees and the department contribute to the cost of the Plan. The 2005-06 expense amounts to \$1,749,601 (\$1,239,826 in 2004-05) which represents approximately 2.6 time the contributions by employees.

IRSRC'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.

7- Related party transactions

IRSRC is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The department enters into transactions with these entities in the normal course of business and on normal trade terms. Also, during the year, the department received services which were obtained without charge from other Government departments as presented in part (a).

(a) Services provided without charge:

During the year the department received without charge from other departments, accommodation, legal fees and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the department's Statement of Operations as follows:

	<u>2006</u>	<u>2005</u>
	(in thousands of dollars)	
Accommodation	2,261	1,414
Employer's contribution to the health and dental insurance plan	1,136	807
Legal Services	1,919	875
Total	<u>5,316</u>	<u>3,096</u>



Notes to the Financial Statements (unaudited)

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 cost of these services, which include payroll and cheque issuance services provided by Public Works and Government Services Canada are not included as an expense in the Department's Statement of Operations.

(b) Payables and receivables outstanding at year-end with related parties:

	<u>2006</u>	<u>2005</u>
	(in thousands of dollars)	
Accounts Receivable with other government and agencies (1)	3,695	981
Accounts payable to other government and agencies	3,186	3,669

(1) A receivable of \$3,600,000 in 2006 (2005-\$945,000) is a credit adjustment made by Treasury Board Secretariat to the amount contributed by IRSRC to the Employee Benefit Plan.

