Our Mission

The C.D. Howe Institute is an independent not-for-profit organization that aims to raise Canadians’ living standards by fostering economically sound public policies. It is a trusted source of essential policy intelligence, with research that is rigorous, evidence-based, and peer-reviewed, recommendations that are relevant, constructive, and timely, and communications that are clear, authoritative and practical.

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CREDITS: DIRECTOR OF COMMUNICATIONS HAL KOBLIN; DESIGN BY YANG ZHAO; STAFF PHOTOS, NICK SPECTOR; PRINT BY ADVERTEK PRINTING.
Measuring the impact and effectiveness of government policies is a primary mission of the C.D. Howe Institute. So is producing policy research that enables ordinary citizens to assess the degree to which policies and programs are meeting their objectives.

The C.D. Howe Institute’s Annual Report is our opportunity to document our own performance and to be accountable for our members and friends.

As Board Chair, I oversee the Institute’s governance on behalf of its primary stakeholders – the individuals, associations, corporations and universities that give so generously in support of its policy work.

As this report indicates, the Institute made a tangible contribution to Canadian public discourse in 2012.

• The Institute convened a record 52 policy events in 2012, bringing together policy and business leaders and senior scholars to discuss policy development in what David Dodge has termed “the best common room in Canada.”

• The Institute published 50 research studies and its Monetary Policy council issued interest rate recommendations in advance of each Bank of Canada rate setting meeting.

• Institute research won three major awards, the best performance of any Canadian policy think tank.

I would be remiss without offering a special thank you to the 25 donors across Canada who responded to Alf Wirth’s challenge grant, and completed the funding of the $2.1 million Endowment for Special Studies.

This year, the Institute lost a close friend. I want to pay special tribute to Roger Phillips, who served on the Institute’s Board from 1991 through 2003, and subsequently was an honorary director. He was an exemplary supporter of the Institute, deeply engaged in its policy work and passionate about its mission. In 2006, he contributed what was then the largest gift in the Institute’s history, donating $1 million to create the Institute’s first endowed chair, the Roger Phillips Scholar in Social Policy. We will miss him.

It is a pleasure to give special thanks to the Institute’s President & CEO, Bill Robson, for his drive and leadership. Duncan Munn, the Institute’s Senior VP & COO, played a critical behind the scenes role in planning and executing the Institute’s major endeavours. Thanks are also due to the policy analysts and scholars who play such an important role in our research and conferences and to the Institute’s staff and executive. Thank you all.

I also want to acknowledge David Dodge, Lindsay Gordon, Brian K. Johnston, Joseph L. Rotman and Henry W. Sykes, who stepped down from the Board in 2012, and thank them for their important contributions. We welcome Charles Brindamour, Dianne Craig, Jeffrey Lozon and Stephen Smith, who joined the Board in 2012.

Finally, I pay tribute to the lofty standards the Institute’s members and friends set for the quality and relevance of its policy work. The Institute plays a crucial role in Canadian policy development. Thank you for your high expectations, and for providing the support that makes all of our work possible.
Canadians had fresh reason to reflect on their happy position among the world’s best governed countries in 2012. Experience elsewhere shows how pervasive pressure to make economically unsound choices is, and the damage to dynamism and living standards that results. The C.D. Howe Institute works with its business and individual members, scholars, experts, and policymakers across the country to reinforce the environment that supports good public policy in Canada.

In 2012, we published top-quality work on a wide range of topics relevant to federal, provincial, and municipal policymakers. To highlight just a few of the reports detailed in the following pages, we addressed Canada’s need to join the Trans-Pacific Partnership, the sustainability of Old Age Security, border infrastructure, the conduct and regulation of the CMHC, water use, healthcare funding, financial-sector regulation, and foreign investment rules. We broke new ground in measuring the impact of land-transfer and property taxes on households and business investment. And we urged reform of MP and federal public service pensions – on which topic a Globe and Mail editorial singled the Institute’s work as a likely spur to government action.

Sometimes the Institute’s impact occurs through gradual changes in awareness of problems and solutions; sometimes it is focused and direct. The latter was evident following the publication of Alex Laurin’s “Killing the Goose that Laid the Golden Egg.” Following its demonstration that proposed personal income-tax increases in Quebec would yield far less revenue than projected, the Quebec government substantially revised its plans to hike rates on high-income earners.

In addition to its contribution to policy development in 2012, the Institute’s research won academic and peer recognition.

• Toward Improving Canada’s Skilled Immigration Policy: An Evaluation Approach by Charles M. Beach, Alan G. Green and Christopher Worswick was shortlisted for the Donner Book Prize, and won the Canadian Economics Association’s 2012 Purvis Memorial Prize for excellence in economic policy writing.

• “Legal for Life: Why Canadians Need a Lifetime Retirement Saving Limit” by James Pierlot won the 2012 John Hanson Memorial Prize from the US-based Actuarial Foundation.

These accomplishments, and the many conferences, policy-council seminars and events that promote high-level conversation and understanding among Canadian leaders in so many fields, are a credit to the talent, drive, and dedication of everyone who works so hard on the Institute’s behalf. In particular, I thank my colleagues on the Institute’s staff, the Institute’s Board of Directors, the many leaders in business, public service and academia who contribute to our efforts – and, of course, the members, subscribers and donors whose support and involvement makes our work possible.

With your help, we are building a stronger environment for public and private prosperity in Canada, in the months ahead, and for generations to come.
The Institute's policy recommendations, and the strategy it pursues for its own management, are remarkably consistent: Think deliberately before acting, base all plans on empirical evidence, and maintain openness and accountability within high ethical standards.

Based on this framework, here’s how the Institute performed on its core administrative objectives in 2012:

1. Utilize contributions and the Institute’s network to launch new policy initiatives
   - Two years ago the Institute launched a quiet fundraising campaign for an ambitious healthcare reform policy program. This program was officially launched in 2012, with four major research publications and a series of healthcare conferences and policy events. Intensive work commenced in 2012 on several major healthcare research projects that will be published in 2013 and beyond.

2. Provide value for members and subscribers by strengthening “the best common room in Canada”
   - The Institute held a record 52 policy events in 2012. We continued to build our events programs in Calgary and Montreal, to increase the ability of members in these cities to participate in our unique, off-the-record policy development dialogue. In addition to holding roundtable events, our Annual Calgary Policy Dinner, sponsored by GE, featured David Mulroney, former Canadian Ambassador to China. In Montreal, our Annual Policy dinner, sponsored by the Power Corporation of Canada, featured Philippe Zeller, Ambassador of France to Canada and Lawrence Cannon, Ambassador of Canada to France.

   In Toronto, we inaugurated the Patrons’ Circle Dinner Series to recognize Institute supporters who contribute at a leadership level. Attendance at this Series is strictly capped to provide an intimate and convivial atmosphere. Jeffrey Immelt, CEO of GE, was the inaugural Patrons’ Circle speaker.

   - The impact of all this work can be seen on the Institute’s bottom line and in the size of its network. Attendance at 2012 policy events increased by roughly 13% compared to 2011, and broke 3,500 for the first time.

   - Policy event revenues surpassed the $500,000 mark, again for the first time.

3. Build on the success of the Endowment for Special Studies and the Monetary Policy Endowment
   - The successful completion of fundraising for these initiatives took the Institute's endowments to the point where a change in administrative procedures was required to optimize return on investment and ensure that donor funds are managed with an appropriate risk-reward balance. The Board of Directors adopted a new investment policy and investment manager. Rather than make an annual income disbursement, the Institute's endowments will disburse three years cash flow based on expected income, which will be maintained short and liquid with the balance of capital invested for a longer horizon. More effective treasury management will improve yield while preserving capital over time.

These initiatives helped advance the Institute’s research agenda and increase the effectiveness of its policy work. They could not have taken place without strong and loyal member support, the involvement of policy leaders and scholars, and the hard work and expertise of my colleagues. Thank you all, for helping us make a positive contribution to Canada’s future through the development of smart and effective public policies.
The Institute’s 2012 Research Mission

The Institute’s Research Program in 2012

“The Institute's research agenda is developed and managed by an engaged, committed team of analysts, supported by a network of best-in-class scholars and sectoral experts.”

Finn Poschmann
Vice President, Research

The Institute’s research program is driven, productive and timely. We aim to address public policy questions that matter, when they matter, and our publications deliver important policy analysis to policymakers, media, business and the public in useable form: with concision and thoroughness.

In recent years, global financial uncertainty, and government policy responses to it, have dominated the research program. Whether in its monetary policy work, or in its approach to big, current fiscal questions, such as to how to unwind expansive government commitments and see to it that spending returns to a sustainable path, the Institute delivers thoughtful, timely analysis.

Sustainability includes a response to the pressures created within private and public pension systems, and the need to develop savings tools that will meet Canadians’ needs in the decades to come, as population ageing and fiscal retrenchment each place negative pressure on our potential growth and income paths.

Against this backdrop, attention to and innovation in approaches to productivity, competitiveness and trade are central features of a thoughtful policy research agenda. Domestic economic and social wellbeing will depend on our abilities to compete and thrive in a dynamic, competitive global marketplace, and making shrewd investment, tax and competition policy choices will emerge as crucial in weaving a vibrant economic policy framework.

The Institute’s research agenda is developed and managed by an engaged, committed team of analysts, supported by a network of best-in-class scholars and sectoral experts. Our agenda stretches over a six to twenty-four month horizon, and projects are reviewed at each stage of development, to ensure their pertinence and accuracy. Every paper is refereed by academic experts and by interested parties with relevant expertise and knowledge. The process ensures the prize-winning quality that characterizes our research publications, and of which our team is very proud, and likewise ensures that our policy research delivers essential policy intelligence, when and where it is needed.

Finn Poschmann
Vice President, Research

The research team: from top left, Senior Policy Analyst, Philippe Bergevin; Vice President, Research, Finn Poschmann; Associate Vice President, Daniel Schwanen; Senior Policy Analyst, Benjamin Dachis; seated from left, Senior Policy Analyst, Colin Busby; Senior Coordinator, Research and Executive Assistant to the Vice President, Research, Kristine Gray, and Associate Director of Research, Alexandre Laurin.
How governments choose to raise revenue, spend and invest on public infrastructure, goods and services, and manage their balance sheets has a big impact on the health of our economy and on our living standards. Sound tax policy ensures that the structure and rates of taxation do not needlessly discourage work, saving and investment. Transparent government accounting and budgeting help ensure hard-earned tax revenues are well spent, yet developing measures to forestall crushing levels of public debt – including contingent liabilities – are an increasingly pressing challenge.

Our annual shadow budget, released prior to the federal budget, focuses on a sustainable fiscal stance, spending discipline, and cost-neutral fiscal policies that foster economic growth. In the same vein, the annual release of the C.D. Howe Institute’s Pinocchio Index, which measures the spending overruns of federal, provincial and territorial governments, addresses control over, and accountability for, government expenditures and stimulates transparent government accounting.

Among the many tax policy publications driven through its Fiscal and Tax Competitiveness Council, the Institute responded to income tax hike proposals by Ontario, Québec, and BC with studies showing their counterproductive impact on the tax base. In difficult budget times, many governments in Canada and abroad attempted to raise tax rates on high-income earners and corporations. Experience has shown, however, that taxpayers in these categories are particularly likely to respond to tax changes by adjusting their behaviour – impeding economic growth and leading to disappointing results. And high quality research matters in the policy world: in the wake of a C.D. Howe study showing destructive likely impacts for its proposal, Quebec retreated from its proposal to dramatically raise tax rates for top earners.

### Fiscal and Tax Competitiveness Council in 2012

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Geoff Trueman, Director, Business Income Tax Division, Department of Finance Canada

Thomas A. Wilson, Senior Advisor, Institute for Policy Analysis, University of Toronto
Monetary Policy in 2012

In 2012, the global economic environment continued to prove challenging for policymakers. Financial risks in the Eurozone and elsewhere, coupled with subdued economic growth in much of the developed world, have heightened the need for in-depth, independent monetary research. In this spirit, the Institute has continued to place a pronounced focus on monetary and macroeconomic policy issues within its research agenda. The creation of the Institute’s Monetary Policy Endowment in 2010 has since provided the means to solidify and enhance the reputation of the Institute as Canada’s foremost independent working group on monetary policy.

While Canada’s monetary policy framework has proven remarkably successful and resilient, the recent financial crisis has compelled a reassessment of its framework. With that objective in mind, the Institute has provided an influential forum for policy studies that covered numerous aspects of potential improvements to Canada’s monetary policy framework. Distinguished authors on these projects include two former Governors of the Bank of Canada, John Crow and Gordon Thiessen, and a former Senior Deputy Governor, Paul Jenkins, as well as the Institute’s monetary policy scholar, Christopher Ragan of McGill University.

Meanwhile, the Institute’s Monetary Policy Council continued to provide policy advice to the Bank of Canada. The Council, composed of 12 of Canada’s most distinguished financial market and monetary economists, provides a regular independent assessment of Canadian monetary policy to the Bank of Canada, financial-market participants and economic policy commentators.

With the tepid world economic recovery, and the continued volatility in financial markets, the Institute’s work on monetary policy issues will continue to command attention throughout 2013.

International Economic Policy in 2012

The C.D. Howe Institute’s International Economic Policy Program focused in 2012 on rules for foreign investment, Canada’s potential accession to the Trans-Pacific Partnership, leading-edge development and regulatory issues, and Canada’s strategic trade priorities.

A major December 2011 paper by Phil Bergevin and Daniel Schwanen proposing reforms to the Investment Canada Act provided the platform for timely interventions on the topic of foreign investment throughout 2012, as debate raged over the proposed acquisition of two Canadian oil and gas companies by foreign state-owned enterprises. This work, presented at the Canadian Bar Association Foreign Investment Review Conference in June 2012, culminated in November in a paper specifically devoted to the issue of foreign SOE acquisitions. That paper prefigured some key aspects of the December 2012 decision by the government of Canada on this issue.

An Institute paper by Laura Dawson, published in February 2012, outlined both the need and possibilities for Canada to join the TPP negotiations with the support of the United States. The route proposed in the paper proved fruitful later that year, when Canada joined the talks with the endorsement of the US administration.

Other in-depth papers published in 2012 called for a renewed strategic focus on more open trade and...
The Institute’s 2012 Research Mission

The Institute’s 2012 Research Mission

Maurice Bitran, Ontario Visiting Fellow in Public Policy and Governance, School of Public Policy and Governance, University of Toronto
Ailish Campbell, Vice President, Policy, International and Fiscal Issues, Canadian Council of Chief Executives
Catherine Cobden, Executive Vice President, Forest Products Association of Canada
John Curtis, Senior Fellow, C.D. Howe Institute
Laura Dawson, President, Dawson Strategic

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International Economic Policy Council in 2012

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John Whitehead, Assistant Deputy Minister, Ontario Ministry of Economic Development and Innovation
Paul Whittaker, Deputy Minister, Municipal Affairs, Government of Alberta
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Economic Growth and Innovation in 2012

The Institute’s economic growth and innovation program focused on some of the pressing themes in the Canadian economy – with results to match. The Institute has created the authoritative guide to business cycles in Canada. By examining data going back to before the Great Depression, the C.D. Howe Institute Business Cycle Council has identified the start, end and severity of every recession since 1926. With recent discussion of whether Canada risks a return to recession, the authoritative word on whether Canada is in a recession will now come from the Institute.

Through the work of its Financial Services Research Initiative, the Institute paid special attention to policy influences on the financial sector’s performance in 2012. With respect to financial stability, former Bank of Canada governors and deputy governors published three studies on the optimal framework for macro-prudential financial regulation in Canada. In the aftermath of the financial crisis, the Institute also tackled the question of credit rating...
The Institute’s 2012 Research Mission

agencies and potential reforms to their regulation. Our payment system also needs changes to its regulatory framework to ensure current payment technologies keep track with innovations in the rest of the world. And in the wake of a key ruling from the Supreme Court of Canada, the Institute’s work assessed the chances of reaching federal-provincial agreement on creating a common securities regulator and having provinces come on board.

The C.D. Howe Institute’s Competition Policy Council’s second full year was also a great success. Its recommendation that the Competition Bureau take a more active role as an advocate for competition in regulated sectors was endorsed in one of the Interim Competition Commissioner’s early addresses.

The Institute’s work in 2012 on innovation policy focused on the role of venture capital in spurring innovation. The Institute’s finding that private venture capital is the most effective means of spurring innovation supported a renewed federal focus on the development of private venture capital funds. Further, the Institute’s work showing the ineffectiveness of Labour Sponsored Venture Capital in spurring innovation was explicitly cited as a reason the federal government eliminated these tax credits in the 2013 budget.

No topic received as much attention in Canada in 2012 as energy infrastructure. With papers on the Churchill Falls Hydroelectric Generating Station and on how to reform the environmental regulatory review process for major infrastructure projects, the Institute figured prominently in this debate. The Institute’s proposals on environmental regulatory review reform prefigured the federal government’s moves in the 2012 budget.

Financial Services Research Initiative in 2012

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Murray J. Taylor, IGM Financial Inc.
Eric Tuer, Bank of Canada
Susan Wolburgh Jenah, President and Chief Executive Officer, Investment Industry Regulatory Organization of Canada
Craig Wright, RBC Financial Group
Zurich Canadian Holdings Ltd.
The design and delivery of Canada’s major social programs – healthcare, education, pensions, social assistance and immigration – are top-of-mind concerns for Canadians and core research areas for the C.D. Howe Institute. For example, the renewing of contracts with provincial physicians in many provinces was a lightning rod for controversy, highlighting the need for research informed by experience in a range of jurisdictions, as we develop a healthcare model that is both sustainable and serves Canadians’ healthcare needs.

The Institute’s social policy research program was active in these and other areas, providing critical advice to policymakers.

An example of policy research’s impact is the C.D. Howe Institute’s groundbreaking work on immigration policy, which fostered reforms to Canada’s skilled worker immigration program. The Purvis Prize winning book, “Toward Improving Canada’s Skilled Immigration Policy: An Evaluation Approach,” by Charles Beach, Alan Green and Christopher Worswick, examined the labour market outcomes for successive waves of immigrants to Canada. They found that the way Canada screens potential skilled applicants – via the “point system” – was giving too much weight to certain characteristics and too little weight to other factors, which was contributing to falling employment and wage outcomes for arriving immigrants over time.

Beach, Green and Worswick suggested that the federal government reweight the points system by giving less value to foreign work experience, which most domestic employers heavily discounted upon arrival, and give relatively more value to language fluency and immigrants in younger age groups. These recommendations were acted upon by the federal government and should lead to improvements in Canada’s immigration system and bolster the employment prospects of new immigrants to Canada.
The organization of government and its institutions, and the incentives they create, have an enormous impact on our quality of life. Among Canada’s regulated industries and institutions, the financial sector constitutes the infrastructure of commerce and the backbone of the economy. Financial intermediation is the mechanism that facilitates risk-sharing and risk mitigation, as well as regional and intertemporal exchange of financial assets and obligations.

Housing finance represents an extraordinarily large component of Canada’s economic framework, and the system has long depended on management of housing market risks through the Canada Mortgage and Housing Corporation. As those risks have mounted, the federal government has drawn on Institute research to step up governance and oversight at CMHC, accompanied by steps to modernize the institutional and financial framework within which the housing finance market operates.

In today’s world of an aging population and low interest rates, the governance of Canada’s pension system is a determining influence on future living standards through its effects on labour markets, on saving and investment, and on productivity growth. Research on this front, led by the Pension Policy Council, looked at recent reforms to the pension plans of federal public servants, uniformed personnel and MPs, and the rapidly climbing fair-value cost of old and new federal employee pension benefit accruals—a looming liability for Canada’s future taxpayers.

When the federal government floated plans to expand pension savings for Canadians via pooled registered savings plans, implementation questions raised a host of concerns, which the Institute addressed in its research program. Other areas of research included proposed reforms to promote optimal annuitization of retirement capital, to limit the risk that Canadians will outlive their retirement savings, and the extent to which defined-benefit public sector pension plans tend to favour plan participants with steep career-earnings profiles at the expense of those with flatter profiles.

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**Pension Policy Council in 2012**

**CO-CHAIRS**

Claude Lamoureux, Former President & CEO of the Ontario Teachers’ Pension Plan

Nick Le Pan, Former Superintendent of Financial Institutions, Canada

**MEMBERS**

Keith Ambachtsheer, Rotman International Centre for Pension Management, Rotman School of Management, University of Toronto

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Tammy Schirle, Wilfrid Laurier University

Randy VanDerStarren, President, Open Access

Fred Vettese, Morneau Shepell

Barbara Zvan, Ontario Teachers’ Pension Plan
2012 Policy Event Speakers

The Institute’s off-the-record, invitation-only policy roundtables, conferences and special events bring together corporate executives, policy leaders, senior civil servants, and acclaimed scholars for substantive discussions on policy issues. We thank the following individuals speaking at the Institute’s policy events in 2012.

David Mulroney, former Ambassador of Canada to the People’s Republic of China, spoke on Canada-China relations at the Institute’s Annual Calgary Policy Dinner on Oct. 24, 2012. The dinner was sponsored by GE Canada (lead sponsor) and Walton Global Investments (supporting sponsor).

Manmohan Agarwal, Former Dean, School of International Studies, JNU, and Senior Fellow, Centre for International Governance Innovation

Craig Alexander, Senior Vice President & Chief Economist, TD Bank

Anil Arora, Assistant Deputy Minister, Minerals and Metals Sector, Natural Resources Canada

Charles Beach, Professor, Economics Department, Queen’s University

Perrin Beatty, President and CEO, Canadian Chamber of Commerce

John Kim Bell, President and CEO, Bell & Bernard Ltd.

Jerome Berthelette, Assistant Auditor General of Canada

Leo de Bever, CEO and Chief Investment Officer, AlMCo

Alexandra Iwanchuk Bibbee, Senior Economist and Head of Canada Desk, Organisation for Economic Cooperation and Development

Ghislain Boudreau, VP Public Affairs, Pfizer Canada

Loren Brandt, Professor, Economics, University of Toronto, and Research Fellow, Institute for the Study of Labor (Bonn)

Andrew Briggs, Chair in Health Economics, University of Glasgow

Nola Buhr, Professor of Accounting, Edwards School of Business, University of Saskatchewan

Colin Busby, Senior Policy Analyst, C.D. Howe Institute

Harold Calla, Chairman, First Nations Financial Management Board

Elizabeth Cannon, President, University of Calgary

The Hon. Lawrence Cannon, Ambassador of Canada to France

Gregory Chin, Associate Professor of Political Economy, York University, and China Research Chair, CIGI

Tom Closson, Past President and CEO, Ontario Hospital Association

Gary Comerford, EVP and Chief Marketing Officer, Reinsurance Group of America

Dean A. Connor, President and CEO, Sun Life Financial

Kevan Cowan, President of TSX Markets and Group Head of Equities, TMX Group Inc.

The Hon. Cal Dallas, Alberta Minister of International and Intergovernmental Relations

Ian Delaney, Chairman, Sherritt International Corporation

David Denison, President and CEO, Canada Pension Plan Investment Board

Wendy Dobson, Professor, Rotman School of Management; Co-Director, Rotman Institute for International Business; and Research Fellow, C.D. Howe Institute

David Dodge, Chancellor, Queen’s University; Senior Advisor, Bennett Jones LLP; and Director, C.D. Howe Institute

Joseph Doucet, Interim Dean and Enbridge Professor of Energy Policy, University of Alberta

Don Drummond, Matthews Fellow on Global Public Policy, Queen’s University; Co-Chair, C.D. Howe Institute Fiscal and Tax Competitiveness Council; Senior Fellow, C.D. Howe Institute

The Hon. Brad Douguid, Ontario Minister of Economic Development and Innovation

Charles Evans, President & CEO, Federal Reserve Bank of Chicago

Herbert Emery, Professor, Department of Economics, University of Calgary

Steve Flynn, Professor and Founding Co-Director, George J. Koestas Research Institute for Homeland Security, Northeastern University

Suzanne Fortier, President, Natural Sciences and Engineering Research Council of Canada (NSERC)

Vincent Fox, Past President of Mexico

Jeremy Fraiberg, Partner, Osler, Hoskin & Harcourt LLP

Diane Francis, Editor-at-Large, National Post

Edward Glaeser, Fred and Eleanor Glaeser Professor of Economics, Harvard University

Newton Glassman, Managing Partner, Catalyst Capital Group Inc.

Lawrence Goodman, President, Center for Financial Stability

Terry Goodtrack, President and CEO, Aboriginal Financial Officers Association

Douglas Goold, Director, National Conversation on Asia, and Senior Editor, Asia Pacific Foundation of Canada

John Graham, President, Patterson Creek Consulting

Feridun Hamdullahpur, President, University of Waterloo

Sunny Handa, Partner, Blake, Cassels & Graydon LLP

Stanley Hart, Chairman, Macquarie Capital Markets Canada Ltd.

Lesleyanne Hawthorne, President, Monarch Corporation

Calvin Helin, Businessman, author of Dances with Dependency, member of the Tshimshant Nation BC

Michael Horgan, Deputy Minister, Finance Canada

Don Husereau, Senior Associate, Institute of Health Economics

Douglas Hyndman, Chair and CEO, Canadian Securities Transition Office

Jeffrey R. Immelt, Chairman and CEO, GE

Sriram H. Iyer, President and CEO, ICICI Bank Canada

David Jacobson, U.S. Ambassador to Canada

Peter Jarrett, Head of Division, Country Studies Branch, Organisation for Economic Cooperation and Development

Tom Jenkins, Executive Chairman and Chief Strategy Officer, OpenText Corporation

Monique Jérôme-Forget, Special Advisor, Osler, Hoskin & Harcourt LLP, and former Finance Minister, Quebec

Warren Justen, Senior Vice President and Chief Economist, Scotiabank

Wenran Jiang, Special Advisor on China to the Energy Council and Associate Professor of Political Science, University of Alberta

Brian K. Johnston, President, Monarch Corporation

Donald Juzwishin, Director, Health Technology Assessment and Innovation, Alberta Health Services

* Titles are as of date of speaking engagement
2012 Policy Event Speakers

Grand Chief Doug Kelly, President, Stó:lo-Tribal Council, Chair of the BC First Nations Health Council
The Hon. Jason Kenney, Minister of Citizenship, Immigration and Multiculturalism Canada
Karim Keshavjee, CEO, InfoClin Inc.
The Hon. Michael Kirby, Chair, Partners for Mental Health
Eva Klein, Professor, Human Resources and Organizational Dynamics, Haskayne School of Business, University of Calgary
Cheryl Knight, Executive Director and CEO, Petroleum Human Resource Council
Andreas Laupacis, Executive Director, Li Ka Shing Knowledge Institute of St. Michael’s Hospital
Leah Lawrence, President, Association of Professional Engineers and Geoscientists of Alberta
Leslie Levin, VP, Evidence Development and Standards, Health Quality Ontario
General Tom Lawson, Chief of Defence Staff
Jim Leech, President and CEO, Ontario Teachers’ Pension Plan
Sheldon Levy, President and Vice Chancellor, Ryerson University
Susan Lund, Principal and Director of Research, McKinsey Global Institute, Washington
Rob MacIsaac, President, Mohawk College of Applied Arts and Technology
Bruce March, Chairman, President and Chief Executive Officer, Imperial Oil Limited
The Hon. Deb Matthews, Ontario Minister of Health and Long-Term Care
The Hon. Ted Menzies, Minister of State for Finance
Jack Mintz, Director and Palmer Chair of Public Policy, School of Public Policy, University of Calgary
David Morhart, Deputy Minister, Alberta Enterprise and Advanced Education
David Mulroney, Former Ambassador of Canada to the People's Republic of China
Paul Murphy, President and CEO, Independent Electricity System Operator
Judy Naiberg, Vice President, Legal and Business Affairs, Sony Music Entertainment Canada Inc.
Robert Nault, Former Minister of Indian Affairs and Northern Development Canada
Gordon Nixon, President and CEO, RBC Royal Bank
Brian O’Rourke, President and CEO, Canadian Agency for Drugs and Technologies in Health
Steve Orsini, Deputy Minister of Finance and Secretary of Treasury Board, Province of Ontario
Kevin Page, Parliamentary Budget Officer
Stephen Poloz, President and CEO, Export Development Canada
Laurence Pollock, President and CEO, Canadian Western Bank
Douglas Porter, Deputy Chief Economist and Managing Director, BMO
Finn Poschmann, Vice President, Research, C.D. Howe Institute
Joseph Quesnel, Policy Analyst, Frontier Centre for Public Policy
Aaron Regent, President and CEO, Barnick Gold Corporation
Prashant Pathak, Managing Partner, ReichmannHauer Capital Partners
Kasi Rao, Senior Advisor, Bennett Jones LLP
John Richards, Professor, Master of Public Policy Program, Simon Fraser University and Roger Phillips Scholar of Social Policy, C.D. Howe Institute
William B.P. Robson, President & Chief Executive Officer, C.D. Howe Institute
Andrew Rose, B.T. Rocca Jr. Professor of International Business and Associate Dean, Haas School of Business, University of California, Berkeley
Preeti Saran, Consul General of India in Toronto
Rana Sarkar, President and CEO, Canada-India Business Council
Daniel Schwanen, Associate Vice President, International and Trade Policy, C.D. Howe Institute
W. A. Sam Shaw, Vice President, Natural Gas Policy Development, Encana
Avery Shenfeld, Managing Director and Chief Economist, CIBC
Jeffrey Simpson, National Affairs Columnist, The Globe and Mail
Monte Solberg, Senior Advisor, Fleshman Hillard, and former Minister of Citizenship and Immigration
Byron Spencer, Professor, Population Economics, McMaster University
Barry Sookman, Partner, McCarthy Tétrault LLP
Paul Spurgeon, Vice President, Legal Services and General Counsel, SOCAN
John Stackhouse, Editor-in-Chief, The Globe and Mail
Don Stephenson, Chief Trade Negotiator, Canada-India CEPA, Department of Foreign Affairs and International Trade
Arthur Sweetman, Ontario Research Chair in Health Human Resources, and Professor, Department of Economics, McMaster University
Daniel Trefler, J. Douglas and Ruth Grant Canada Research Chair in Competitiveness and Prosperity, Rotman School, University of Toronto
Jeffrey Turnbull, Chief of Staff, Ottawa Hospital, and Past President, Canadian Medical Association
Alex Usher, President, Higher Education Strategy Associates
Les Vertesi, Executive Director, BC Health Services Purchasing Organization
Peter Wallace, Head, Ontario Public Service and Secretary to the Cabinet
Prem Watsa, Chairman and CEO, Fairfax Financial Holdings
Harvey Weingarten, President and CEO, Higher Education Quality Council of Ontario (HEQCO)
Michael M. Wilson, President and Chief Executive Officer, Agrium Inc.
Jody Wilson-Raybould, Regional Chief, British Columbia AFN
Pamela Winsor, Director, Health System Strategies and Chief Marketing Officer, Medtronic of Canada Ltd.
Christopher Worswick, Professor, Economics, Carleton University
Durhane Wong-Rieger, President and CEO, Institute for Optimizing Health Outcomes
Craig Wright, Senior Vice President and Chief Economist, RBC
Neil Yeates, Deputy Minister, Citizenship and Immigration Canada
His Excellency Philippe Zeller, Ambassador of France to Canada
Mark Zelmer, Assistant Superintendent, Regulation Sector, OSFI

Prof. Wendy Dobson’s $400,000 gift pushed the Endowment Fund for Special Studies over the top. Alfred G. Wirth’s $1.05 million challenge grant launched the campaign. Twenty-five individuals supported the $2.1 million campaign – the largest in the Institute’s history.
The completion of fundraising for the $2.1 million Endowment for Special Studies marks a key stage in the Institute’s evolution as “a privately funded public good.”

When noted philanthropist Roger Phillips announced a $1 million gift to establish the Roger Phillips Scholar in Social Policy at the 2006 tribute dinner for outgoing CEO Jack Mintz, he initiated a new era of individual philanthropy at the Institute.

Inspired by this gift, Institute Board member and philanthropist Alf Wirth established a challenge grant of $1.05 million to encourage individuals, through matching donations, to increase the Institute’s core research capacity by creating an Endowment for Special Studies. More than 25 individuals from coast to coast supported the campaign. A $400,000 gift from Wendy Dobson, distinguished economics professor at the Rotman School of Management and a former President of the C.D. Howe Institute, pushed it over the top.

In making her gift, Dobson emphasized the Institute’s decades-long contributions to the country’s most important economic policy debates on fiscal and monetary policy goals, trade liberalization, and structural change.

Alf Wirth said that all of the endowment’s supporters have played a major role in strengthening the Institute’s philanthropic culture.

Donors to the Endowment for Special Studies

Robert D. Brown
W. Edmund Clark
Jack Cockwell
Hélène Desmarais
Wendy Dobson
N. Murray Edwards
Peter J. George
Bruce Gordon
Timothy J. Hearn
Paul J. Hill
Stephen Jarislowsky
Brian K. Johnston
David W. Kerr
Richard Legault
Nicholas Le Pan
Brian Levitt
Sabi Marwah
John D. McNeil
William Morneau
Edward P. Neufeld
David P. O’Brien
Herbert C. Pinder
Helen and William B.P. Robson
Henry W. Sykes
Alfred G. Wirth
Adam Zimmerman

An Outstanding Philanthropist:

The Board and Staff of the C.D. Howe Institute mourn the passing of Roger Phillips, who served on the Institute’s Board from 1991 through 2003, and subsequently was an honorary director. He was an exemplary supporter of the Institute, deeply engaged in its policy work and passionate about its mission. In 2006, he contributed what was then the largest gift in the Institute’s history, donating $1 million to create the Institute’s first endowed chair, the Roger Phillips Scholar in Social Policy. We offer our sympathy to his family and friends, and are pleased to acknowledge our profound gratitude for his contributions.
**PROJECT SUPPORT**

Targeted major gifts and event sponsorships enable supporters to bolster the Institute’s research and dissemination capacities in specific areas of interest. They complement the annual membership campaign, strengthening the Institute and enabling it to recruit scholars and support programs that enhance its ability to develop innovative solutions to policy challenges. The Institute’s policy impact would not have been possible in the absence of support from the following donors and sponsors:

- Aurea Foundation
- Briar Foster
- Citizenship and Immigration Canada
- Lotte & John Hecht Memorial Foundation
- The Harold Crabtree Foundation
- The Wilson Foundation

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The Institute’s People

Adrianna Alterman  
Manager, Special Projects and Events

Philippe Bergevin  
Senior Policy Analyst

Colin Busby  
Senior Policy Analyst

Christina Chew  
Event Planner

Benjamin Dachis  
Senior Policy Analyst

Aline Emirzian  
Event Financial & Administration Coordinator

Nairy Emirzian  
Executive Assistant to the SVP & COO and Development Coordinator

James Fleming  
Editor and Vice President, Media

Nicole Gileadi  
Research and Public Affairs Coordinator

Kristine Gray  
Senior Coordinator, Research and Executive Assistant to the Vice President, Research

Rowena Jeffers  
Director of Accounting and Administration

Julie Kelsey  
Senior Event Planner

Hal Koblin  
Director of Communications

Alexandre Laurin  
Associate Director of Research

Warren Mahomed  
System and Database Administrator

Trevor Mayoh  
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Heather McConnell  
Events Coordinator

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Associate Vice President, International and Trade Policy

Jessica Stansfield  
Events Development Coordinator

Kelsey Young  
Office Coordinator

Yang Zhao  
Desktop and Production Assistant

2012 Scholars

FELLOWS-IN-RESIDENCE
Åke Blomqvist
Jean-Yves Duclos
Peter Howitt
Edward Iacobucci
David R. Johnson
David Laidler
Christopher Ragan
John Richards

SENIOR FELLOWS
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John M. Curtis
Don Drummond
Ivan P. Fellegi
Claude Forget
Frederick W. Gorbet
Malcolm Hamilton
Lawrence Herman
Ron Hicks
Lawson A.W. Hunter
Q.C.
Paul Jenkins
Thomas E. Kierans
Nicholas Le Pan
James MacGee
Al O’Brien
Sylvia Ostry
Grant L. Reuber
Gordon G. Thiessen
The Hon. Konrad W. von Finckenstein

RESEARCH FELLOWS
Charles Beach
Richard Bird
Marcel Boyer
John Chant
Dan Ciuniak
Miles Corak
Philip Cross
Bev Dahlby
James Davies
Donald Dewees
W. Erwin Dieuwert

INTERNATIONAL FELLOWS
Wendy Dobson
Pierre Duguay
Ross Finnie
Pierre Fortin
Charles Freedman
Michael Hart
John Helliwell
Dr. Ian Irvine
Mark Jaccard
Jonathan Rhys Kesselman
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Kevin Milligan
Frank Milne
Patrick J. Monahan
Alice Nakamura
Nancy Oleviler
Michael Parkin
Angela Redish
William Scarth
Pierre Siklos
Arthur Sweetman
Michael Trebilcock
Daniel Trefler
William Watson
Thomas A. Wilson
Christopher Worswick
Robert Young

Rosanne Altschuler
Alan J. Auerbach
Richard Blundell
Timothy Brennan
Thiess Buettner
Willem H. Buiter
Janet Currie
Arnold C. Harberger
Edward D. Kleinbard
Neil Quigley
Joel Slemrod
Lawrence J. White
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Carleton University
HEC Montréal
Laval University
McMaster University
Queen’s University
Ryerson University
The University of Calgary
The University of Lethbridge
The University of Western Ontario
University of Alberta
University of British Columbia
University of Manitoba
University of Saskatchewan
Université de Sherbrooke
University of Toronto
Wilfrid Laurier University

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Babak Abbasszadeh
Andrew Abouchar
Michael Adams
Francis R. Allen
KPA Advisory Services Ltd.
James C. Baillie
Bruce Barker
John Bell
Donal Bennett
Jaylyn H. Bennett, C.M.
William Black
David E. Bond
R.A.N. Bonnymcastle
Steven Bright
Gordon Bruce
Peter Buzzi
Robert C. Caldwell
Kenneth Christoffel
Jack Cockwell
Marshall A. Cohen
Marcel Côté
Bryan and Malkin Dare
David F. Denison
Laurent Desbois
Rod Dobson
Wendy Dobson

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Agnico-Eagle Mines Ltd.
Aimia
Algoma Central Corporation
Alpha Group
Altus Group
ARC Financial Corp.
Association of Canadian Pension Management
Assuris
ATB Financial
ATCO Ltd. & Canadian Utilities Limited
Bank of America
Merrill Lynch
Barrick Gold Corporation
Benecaid

Bennett Jones LLP
BILD
Blake Cassels & Graydon LLP
BMO Financial Group
BMO Life Assurance Company
Bombardier Inc.
Borden Ladner Gervais LLP
Brookfield Asset Management Inc.
Brookfield Renewable Power
Bruce Power
BURNCO Group of Companies
Business Council of British Columbia
Business Development Bank of Canada
Cadillac Fairview Corp. Ltd.
Caisse de dépôt et placement du Québec
Campbell Strategies
Canada Deposit Insurance Corporation
Canada Overseas Investments Limited
Canadian Association of Petroleum Producers
Canadian Bankers Association
Canadian Chamber of Commerce
Canadian Energy Pipeline Association
Canadian Federation of Independent Business
Canadian Finance & Leasing Association
Canadian Gas Association
Canadian Imperial Bank of Commerce
Canadian Life and Health Insurance Association Inc.
Canadian Pension & Benefits Institute

From left: Prem Watsa, Chairman and CEO, Fairfax Financial Holdings Limited, and Hugh MacKinnon, Chairman and CEO of Bennett Jones. Watsa was speaking at an Institute Conference on Canada-India Economic Relations sponsored by Bennett Jones, ICICI Bank and Blake.

Charles Evans, President & CEO, Federal Reserve Bank of Chicago gave the Fed’s perspective on U.S. monetary policy at the 2012 Benefactors’ Lecture in Toronto. The Lecture was sponsored by Briar Foster, Chairman and Founder of Foster & Associates.
The Institute’s Members

Vicente Fox, former President of Mexico, spoke at the 2012 Director’s Dinner on “Mapping the North American Geopolitical Landscape – The View from Mexico.” The event was sponsored by Bennett Jones LLP.

Grant Thornton LLP
Greater Saskatchewan Chamber of Commerce
Harvard Developmental Inc., A Hill Company
Home Trust Company
HSBC Bank Canada
Hydro One Inc.
Hydro-Québec
Imperial Oil Limited
Imperial Tobacco Canada Limited
Independent Electricity System Operator
Insurance Bureau of Canada
Intuit
Investment Industry Association of Canada
Investment Industry Regulatory Organization of Canada
Investors Group
J.P. Morgan Securities Canada Inc.
Jackman Foundation
Jarislowsky, Fraser Limited
Johnson and Johnson Family of Companies in Canada
Kinross Gold Corporation
KPMG LLP
Lehigh Hanson Materials Limited
LifeScan Canada Ltd
Maclab Enterprises
Macquarie Capital Markets Canada Ltd.
Manulife Financial
Max Bell Foundation
McCain Foods Limited
McCarthy Tétrault LLP
MD Physican Services
Medisys Health Group
Mercur
Minto Group Inc.
Monarch Corporation
Morgan Meighen & Associates
Morneau Shepell
Mosaic Canada
Mullen Group Ltd.
National Bank of Canada
NAV CANADA
Nexen Inc.
OGRA
Onex Corporation
Ontario Municipal Employees Retirement System (OMERS)
Ontario Power Generation Inc.
Ontario Teachers’ Pension Plan
Ontario Trillium Foundation
Open Text Corporation
O’Regan’s Automotive Group
Osler, Hoskin & Harcourt LLP
Pfizer Canada Inc.
Pirie Foundation
Potash Corporation of Saskatchewan Inc.
Power Corporation of Canada
Procom Consultants Group Ltd.
Procter & Gamble Inc.
Promontory Financial Group Canada
Property and Casualty Insurance Compensation
PwC
RBC
Residential and Civil Construction Alliance of Ontario
Rogers Communications Inc.
SaskTel
Scotiabank
Shell Canada Limited
Sienna Investment Managers
SNC Lavalin Group Inc.
Spectra Energy
Standard Life
Stewart McKelvey
Sun Life Financial Inc.
Suncor Energy Inc.
Talisman Energy Inc.
TD Bank Group
Teck Resources Limited
The Canadian Council for Public-Private Partnerships
The Canadian Institute of Chatered Accountants
The Great-West Life Assurance Company, London Life
Insurance Company and Canada Life
The Institute for Competitiveness and Prosperity
The Investment Funds Institute of Canada
The Mezzanine Group
The Princess Margaret Hospital Foundation
The Railway Association of Canada
The Toronto Board of Trade
ThyssenKrupp Canada, Inc.
Towers Watson
Transat A.T. Inc.
TransCanada Corporation
Valle Canada Limited
Via Rail Canada Inc.
Visa Canada
Viterra
Wawanesa Insurance
Weston Forest Products Inc.
Y&R
Zurich Canada

The views expressed in C.D. Howe Institute publications do not necessarily reflect those of its members.

Philippe Zeller, Ambassador of France to Canada (left) and Lawrence Cannon, Ambassador of Canada to France, spoke at the Annual Montreal Policy Dinner on Dec. 3, 2012. The Dinner was sponsored by Power Corporation of Canada.
To the Members of  
C.D. Howe Institute

The accompanying summary financial statements, which comprise the summary balance sheets as at December 31, 2012, December 31, 2011 and January 1, 2011, and the summary statements of revenue and expenses and of changes in fund balances for the years then ended, and related notes, are derived from the audited financial statements of the C.D. Howe Institute (the “Institute”) for the years ended December 31, 2012 and December 31, 2011. We expressed an unmodified audit opinion on those financial statements in our report dated May 30, 2013. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Institute.

Management’s Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements on the basis described in the Note.

Auditor’s Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, “Engagements to Report on Summary Financial Statements.”

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Institute for the years ended December 31, 2012 and December 31, 2011 are a fair summary of those financial statements, in accordance with the basis described in the Note.

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
May 30, 2013
C.D. Howe Institute
Summary balance sheets
as at December 31, 2012, December 31, 2011 and January 1, 2011

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,509,177</td>
<td>3,244,849</td>
<td>3,123,858</td>
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<tr>
<td>Short-term investments</td>
<td>433,972</td>
<td>3,165,219</td>
<td>3,070,921</td>
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<tr>
<td>Accounts receivable</td>
<td>300,028</td>
<td>161,983</td>
<td>319,726</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>45,721</td>
<td>36,915</td>
<td>63,998</td>
</tr>
<tr>
<td></td>
<td><strong>3,288,898</strong></td>
<td><strong>6,608,966</strong></td>
<td><strong>6,578,503</strong></td>
</tr>
<tr>
<td><strong>Long-term investments</strong></td>
<td>3,844,335</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Capital assets</strong></td>
<td>752,788</td>
<td>759,195</td>
<td>390,462</td>
</tr>
<tr>
<td></td>
<td><strong>7,886,021</strong></td>
<td><strong>7,368,161</strong></td>
<td><strong>6,968,965</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>221,004</td>
<td>203,136</td>
<td>124,467</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>1,657,240</td>
<td>924,855</td>
<td>1,440,180</td>
</tr>
<tr>
<td></td>
<td><strong>1,878,244</strong></td>
<td><strong>1,127,991</strong></td>
<td><strong>1,564,647</strong></td>
</tr>
<tr>
<td><strong>Long-term</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred capital contributions</td>
<td>285,729</td>
<td>309,693</td>
<td>333,657</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>227,295</td>
<td>237,423</td>
<td>234,527</td>
</tr>
<tr>
<td></td>
<td><strong>513,024</strong></td>
<td><strong>547,116</strong></td>
<td><strong>568,184</strong></td>
</tr>
<tr>
<td><strong>Fund balances</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>467,059</td>
<td>449,502</td>
<td>56,805</td>
</tr>
<tr>
<td>Operating</td>
<td>1,098,629</td>
<td>1,071,886</td>
<td>1,401,388</td>
</tr>
<tr>
<td>Endowment funds</td>
<td>3,929,065</td>
<td>4,171,666</td>
<td>3,377,941</td>
</tr>
<tr>
<td></td>
<td><strong>5,494,753</strong></td>
<td><strong>5,693,054</strong></td>
<td><strong>4,836,134</strong></td>
</tr>
<tr>
<td></td>
<td><strong>7,886,021</strong></td>
<td><strong>7,368,161</strong></td>
<td><strong>6,968,965</strong></td>
</tr>
</tbody>
</table>

C.D. Howe Institute
Note to the summary financial statements
December 31, 2012 and 2011

Basis of the summary financial statements

The C.D. Howe Institute (the “Institute”) has prepared these summary financial statements to be included as part of its annual report. The Institute has determined that the level of aggregation presented is adequate for the readers of the annual report. The audited financial statements can be obtained from the Institute.
### C.D. Howe Institute

#### Summary statements of revenue and expenses

**years ended December 31, 2012 and 2011**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and subscriptions</td>
<td>3,330,818</td>
<td>3,167,758</td>
</tr>
<tr>
<td>Meetings revenue</td>
<td>539,712</td>
<td>461,760</td>
</tr>
<tr>
<td>Interest income</td>
<td>20,663</td>
<td>27,662</td>
</tr>
<tr>
<td>Endowments</td>
<td>131,300</td>
<td>9,412</td>
</tr>
<tr>
<td>Sale of publications and sponsorships</td>
<td>18,921</td>
<td>22,306</td>
</tr>
<tr>
<td>Contract revenue</td>
<td>20,590</td>
<td>23,046</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,062,004</td>
<td>3,711,944</td>
</tr>
</tbody>
</table>

| **Expenses**           |               |               |
| Research, administrative and project expenses | 3,884,837 | 3,552,821 |
| Amortization           | 132,867       | 95,928        |
| **Total**              | 4,017,704     | 3,648,749     |

| **Excess of revenue over expenses for the year** | 44,300 | 63,195 |

During the year, the endowments earned investment income of $169,358 (2011 – $51,458). Of this amount, $131,300 (2011 – 59,412) is included in the summary statement of revenue and expenses as endowment revenue and in research, administrative and project expenses, respectively. The unspent amount for the year of $38,058 (2011 – $42,046) is included in the Endowment Fund balance.

### C.D. Howe Institute

#### Summary statements of changes in fund balances

**years ended December 31, 2012 and 2011**

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Invested in Capital</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assets Fund</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Operating Fund</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Endowment Funds</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balances, beginning of year</td>
<td>449,502</td>
<td>1,071,886</td>
</tr>
<tr>
<td></td>
<td>4,171,666</td>
<td>4,171,666</td>
</tr>
<tr>
<td></td>
<td>5,693,054</td>
<td>5,693,054</td>
</tr>
<tr>
<td>Excess of revenue over expenses for the year</td>
<td>(108,903)</td>
<td>153,203</td>
</tr>
<tr>
<td></td>
<td>-</td>
<td>44,300</td>
</tr>
<tr>
<td>Changes to unrealized gains (losses) on short-term investments</td>
<td>-</td>
<td>2,595</td>
</tr>
<tr>
<td>Unrealized gains (losses) on short-term investments</td>
<td>-</td>
<td>50,136</td>
</tr>
<tr>
<td>Contributions received during the year</td>
<td>-</td>
<td>583,664</td>
</tr>
<tr>
<td>Excess of endowment revenue over expenses</td>
<td>-</td>
<td>38,058</td>
</tr>
<tr>
<td>Transfer to deferred revenue</td>
<td>-</td>
<td>(917,054)</td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>126,460</td>
<td>(126,460)</td>
</tr>
<tr>
<td><strong>Balances, end of year</strong></td>
<td>467,059</td>
<td>1,098,629</td>
</tr>
<tr>
<td></td>
<td>3,929,065</td>
<td>3,929,065</td>
</tr>
<tr>
<td></td>
<td>5,494,753</td>
<td>5,494,753</td>
</tr>
</tbody>
</table>

During the year, the endowments earned investment income of $169,358 (2011 – $51,458). Of this amount, $131,300 (2011 – 59,412) is included in the summary statement of revenue and expenses as endowment revenue and in research, administrative and project expenses, respectively. The unspent amount for the year of $38,058 (2011 – $42,046) is included in the Endowment Fund balance.