

*Independent  
Reasoned  
Relevant*



*C.D. Howe Institute*  

---

*Institut C.D. Howe*

# The Board of **DIRECTORS**

## OUR PROFILE

The C.D. Howe Institute is a leading independent, economic and social policy research institution. The Institute promotes sound policies in these fields for all Canadians through its research and communications. Its nation-wide activities include regular policy roundtables and presentations by policy staff in major regional centres, as well as before parliamentary committees. The Institute's individual and corporate members are drawn from business, universities and the professions across the country.

### CHAIR

**David A. Dodge, O.C.**

Chancellor, Queen's University & Senior Advisor, Bennett Jones LLP

### VICE-CHAIR

**Brian M. Levitt**

Co-Chair, Osler, Hoskin & Harcourt LLP

### PRESIDENT & CHIEF EXECUTIVE OFFICER

**William B.P. Robson**

C.D. Howe Institute

### DIRECTORS

**Elyse Allan**

President & CEO, General Electric Canada Inc.

**Scott Burns**

CEO, BURNCO Group of Companies

**W. Edmund Clark**

President & CEO, TD Bank Financial Group

**Philip C. Deck**

Executive Chairman, MKS Inc.

**Hélène Desmarais, C.M.**

Chairman & CEO, Centre d'entreprises et d'innovation de Montréal

**Marc Dutil**

President & COO, Canam Group Inc.

**N. Murray Edwards**

President, Edco Financial Holdings Ltd.

**Sheldon Elman, M.D.**

Chairman & CEO, Medisys Health Group Inc.

**Peter J. George, C.M., O.Ont.**

President & Vice-Chancellor, McMaster University

**Blake Goldring**

Chairman & CEO, AGF Management Ltd.

**Bruce Gordon**

Chairman, Manulife Canada Ltd.

**J. Lindsay Gordon**

President & CEO, HSBC Bank Canada

**Ian Greenberg**

President & CEO, Astral Media Inc.

**Tim Hearn**

Past Chairman, President & CEO, Imperial Oil Limited

**Paul J. Hill**

President & CEO, Harvard Developments Inc., A Hill Company

**Dallas Howe**

Chairman, Potash Corporation of Saskatchewan

**Tom Jenkins**

Executive Chairman & Chief Strategy Officer, Open Text Corporation

**Brian K. Johnston, CA**

President, Monarch Development Corporation

**Richard Legault, CA**

President & Co-CEO, Brookfield Renewable Power

**Hugh L. MacKinnon**

Chairman & CEO, Bennett Jones LLP

**William A. MacKinnon, FCA**

Vice-Chair, Canadian Institute of Chartered Accountants

**Sabi Marwah**

Vice-Chairman & COO, Scotiabank

**Al Monaco**

Executive Vice-President, Major Projects, Enbridge Inc.

**William Morneau**

Executive Chairman, Morneau Sobeco

**David P. O'Brien, O.C.**

Chairman of the Board, EnCana Corporation

**Gilles G. Ouellette**

President & CEO, Private Client Group, BMO Financial Group, & Deputy Chair, BMO Nesbitt Burns

**Steven Parker**

Chairman & CEO, The CCL Group

**Herbert C. Pinder, Jr.**

President, Goal Group of Companies

**Laurence M. Pollock**

President & CEO, Canadian Western Bank

**Tracy Redies**

President & CEO, Coast Capital Savings Credit Union

**Aaron Regent**

President & CEO, Barrick Gold Corporation

**Donald S. Reimer**

Chairman, President & CEO, Reimer Express World Corp.

**Joseph L. Rotman, O.C.**

Chairman & CEO, Roy-L Capital Corporation

**Guy Savard, C.M., FCA**

Chairman, Merrill Lynch Canada Inc.

**Henry W. Sykes, O.C.**

President & Director, MGM Energy Corp.

**Catherine Swift**

President & CEO, Canadian Federation of Independent Business

**Leonard Waverman**

Dean, Haskayne School of Business, University of Calgary

**Alfred G. Wirth**

### HONORARY DIRECTORS

**Robert D. Brown, FCA**

**Marshall A. Cohen, O.C., Q.C.**

Counsel, Cassels, Brock & Blackwell, LLP

**C. Kent Jespersen,**

Chairman & CEO, La Jolla Resources International Ltd

**John D. McNeil**

**Edward P. Neufeld**

**Roger Phillips, O.C., S.O.M.**

**Adam H. Zimmerman, O.C., FCA**

# A Message from the **CHAIRMAN**

## Outstanding Leadership in a Challenging Year

During good times, many economists fret that policy issues receive insufficient attention from political and business leaders.

This was certainly not the case in 2009. Although Canada is weathering the economic storm better than most of its trading partners, the need for independent, evidence-based policy advice will not abate as the economic downturn dissipates.

There is no question that the C.D. Howe Institute played a central role in building the policy framework that prepared Canada to emerge as a global economic leader. As Bill Robson reveals in his President's message, and the following sections of this publication report, your Institute acted nimbly over the past year to help policymakers respond to the market crisis, while at the same time focussing on issues of longer-term importance to the country.

Equally noteworthy is the degree to which we were able to enhance our impact in spite of the effects of the downturn on our funding environment. In many ways, the Institute's own experience paralleled that of the country as the economic downturn took hold, revealing that sound strategy and an ability to make tough choices are as important at the organizational level as they are for governments and enterprises.

A number of members said they were being driven by economic circumstances to reduce their contributions. In response, the Institute reduced its overall payroll costs while enhancing its research budget and capabilities, and increasing its funding from other sources.

Although membership revenues declined in 2009, philanthropic donations, targeted support, and event sponsorships all increased. We also added to the Institute's endowment, thanks to the generous response of Board members to Alfred Wirth's challenge gift for the Endowment for Special Studies, and donations from Canada's financial services sector to the Monetary Policy Endowment. Thank you all.

Here, it is especially significant that an Institute that continually asks government to do more with less and spend taxpayer funds wisely was able to take its own medicine. Notwithstanding an overall budget cut, the Institute's 2009 output and impact both increased. All told, our publications were downloaded more than 950,000 times from our website in 2009 – a new record for the Institute. And our roundtables and conferences continued to set the industry gold standard for quality of debate and participation.

These achievements are testimony to the good work of the Institute's dedicated staff and I want to acknowledge the entire team for this effort. I particularly congratulate President and CEO Bill Robson and Senior Vice President and COO Duncan Munn for their leadership in a difficult year.



David A. Dodge, Chairman of the Board

I also want to thank and acknowledge John T. Ferguson, Daniel Labrecque, Eric P. Newell, Michael E.J. Phelps, and Brian Shaw, whose terms on the Board have ended, for their leadership. I also welcome our newest Board members: Scott M. Burns, Philip C. Deck, Blake C. Goldring, J. Lindsay Gordon, Dallas Howe, Tom Jenkins, Hugh L. MacKinnon, Gilles G. Ouellette, Laurence M. Pollock, and Leonard Waverman.

In closing, I hope that all of the Institute's members and supporters share my pride in our accomplishments. Over the past year, we set a number of new benchmarks for the Institute, in a time of tremendous economic challenge, when the need for relevant and timely policy work was particularly pressing.



*"The Institute has done remarkable work over the years promoting sound economic policies and fiscal prudence, and I always value the opportunity to canvass your policy ideas."*

Rt. Hon. Stephen Harper, Prime Minister of Canada

# A Message from the **PRESIDENT & CEO**



William B.P. Robson, President and CEO

## Smart Policy is Key to Canada's Economic Future

2009 began ominously for many families and enterprises in Canada and around the world, with the financial system still highly fragile, output plunging, and public finances deteriorating precipitously. Happily, we entered 2010 in much better shape. Spending and production are recovering, and Canada is widely acknowledged to have the most stable financial system and the most sustainable public finances of any G7 country.

Canadians may have been lucky in this instance – strong demand for the products of vibrant mining and energy industries has been a huge asset – but our relatively strong position also reflects smart policy decisions in our recent history. The supporters of the C.D. Howe Institute can take legitimate pride in the role they played in establishing the policy base that enabled Canada to weather the recent storm and emerge in such relatively good shape.

The Institute's work over the past five decades – supported at each stage by the advice and resources of its members and subscribers – played a key role in the development of continental free trade, ending the unsustainable deficits of the 1970s and 1980s, the development of rigorous inflation targets and tactically effective monetary policy, the reform of the Canadian and Quebec pension plans, lower and more competitive tax rates, and the development of a key new saving vehicle, the Tax Free Saving Account.

Over the past year, your Institute addressed both near-term issues emerging from the downturn, and longer-term monetary, fiscal and demographic issues that will affect Canada long after the downturn is over. Quite apart from the enduring benefits of the work noted above, our efforts on other fronts yielded tangible results in 2009. Examples include:

- the removal of capital gains tax on gifts of appreciated securities;
- the phasing out of tariffs on capital goods;
- announcement of, and improvements in, harmonized sales taxes in Ontario and British Columbia;
- an improved venture capital climate through the extension of tax treaty provisions on foreign investment, and;
- more liberal rules on foreign investment in the telecommunications sector.

Looking ahead, the challenge facing the Institute's board, staff, and members is to continue influencing Canada's policy agenda in a direction that builds comparative advantage and leads to a strong economic future. And we need to do this in a markedly different domestic and international environment.

During the 1980s, when the Institute was leading the charge for free trade and open borders, who would have envisaged a world in which our trading partners and many domestic voices were advocating higher border barriers and intensified national procurement preferences?

In the 1990s, when the Institute was championing the need for Canada to get its tax and fiscal house in order, who would have envisaged persistent structural overspending, not by Canada, but by most developed countries and the United States foremost among them, making sovereign default and inflation front-of-mind fears for borrowers and lenders everywhere?

And having devoted decades to the challenges of persistent unemployment in many Canadian regions and low incomes in Canadian society, too few in the policy community looked ahead to the imminent shrinking of the relative size of the Canadian workforce, and the urgent need to protect the incomes of tomorrow's workers and savers, and Canadians yet unborn, from erosion by higher taxes, unfunded liabilities and inadequate saving and investment.

The following pages document the impact of the work undertaken over the past year by the Institute's internal and external scholars, with the support and guidance of our Board and our members. I also want to acknowledge the key role played by the policy leaders who participate in our conferences and roundtables, share their concerns and challenges and who – I am delighted to acknowledge – are open to the recommendations and policy prescriptions embodied in our collective efforts.

It is one thing for a think tank to produce a high volume of work – and 2009 set a new mark for the C.D. Howe Institute in that regard – but quite another for a think tank to produce work that is analytically tight and pertinent enough to be taken seriously at the highest policy levels. Our work continues to demand priority attention among policy leaders across the country, and it is our members who provide the support and guidance that make that possible. As our country faces a series of policy challenges – some well known, and others which yet require substantial research and dialogue to elevate on the national agenda – I am confident that we will continue to make a tangible contribution to the development of smart, evidence-based, public policy in Canada.

William B.P. Robson  
*President and CEO*

## 2009 GOALS & RESULTS

The Institute entered 2009 facing a situation that mirrored that of governments and many of its members: how to adapt to revenue challenges, while responding to growing demands from members, media, and policy leaders for research and advice.

**GOAL:** Re-engineer the Institute's deployment of human resources to increase focus on key areas.

**RESULT:** We reduced overall payroll costs by 6 percent, while bolstering our research output, raising the percentage of our salary budget devoted to research from 50 to 61 percent. This reorganization will produce a lasting efficiency in the Institute's overall cost structure while strengthening research output on a long-term basis.

**GOAL:** Increase revenue from alternative sources.

**RESULT:** Project funding increased by more than 20 percent, revenue from conferences and roundtables increased by 7 percent, and sales of publications and sponsorships increased by 4 percent.

**GOAL:** Increase the Institute's output in areas focused on generating economic growth and sustainable monetary and fiscal advantage.

**RESULT:** The Institute's output in Monetary and Fiscal Policy (already a key focus) increased from 17 publications in 2008 to 21 in 2009. Publications on Economic Growth and Innovation doubled, from seven to 14 publications. Overall, the Institute prepared and disseminated 50 research publications in 2009, up from 47 in 2008.

**GOAL:** Build a financial platform to secure the Institute's ability to respond effectively to government, media, and member requests for research and analysis on monetary and macro-financial policy.

**RESULT:** In 2009, the Institute commenced an ambitious campaign to enlist the financial services sector in the creation of a large-scale endowment dedicated to monetary policy. More than \$1 million in commitments towards this objective were secured in 2009.

**GOAL:** Continue to increase the size of the Institute's endowment, to enable the Institute to endure future economic storms and to enable more effective long-term planning and realization of research and dissemination projects.

**RESULT:** Notwithstanding the impact of the economic downturn on endowment balances at many gift-supported organizations, the Institute's focus on capital preservation as an investment strategy, combined with continuing member support for endowed gifts, enabled the Institute to increase its endowment by 18 percent in 2009.

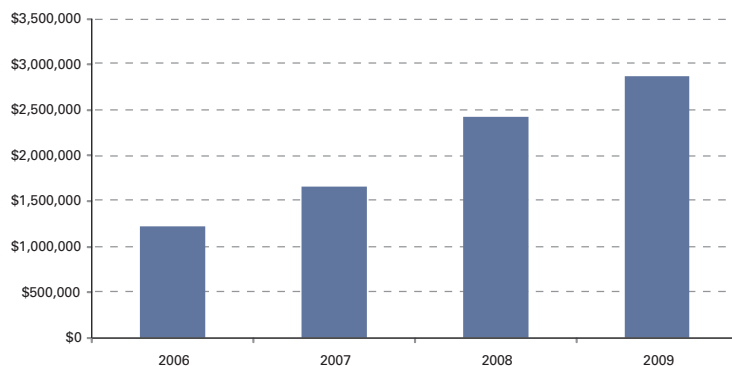
**GOAL:** Continue to increase dissemination.

**RESULT:** Website publication downloads continued to increase, hitting an all-time high of more than 967,000 downloads in 2009, a 25 percent increase over 2008.



Finn Poschmann, Bill Robson, and Duncan Munn.

### ENDOWMENT FUNDS



### PUBLICATION DOWNLOADS



## OUR MISSION

The C.D. Howe Institute is a national, nonpartisan, nonprofit organization that aims to improve Canadians' standard of living by fostering sound economic and social policy. The Institute promotes the application of independent research and analysis to major economic and social issues affecting the quality of life of Canadians in all regions of the country. It takes a global perspective by considering the impact of international factors on Canada and bringing insights from other jurisdictions to the discussion of Canadian public policy. Policy recommendations in the Institute's publications are founded on quality research conducted by leading experts and subject to rigorous peer review. The Institute communicates clearly the analysis and recommendations arising from its work to the general public, the media, academia, experts, and policymakers.

# The Institute's 2009 RESEARCH AGENDA

The aftermath of the financial crisis continued to influence the Institute's research program in 2009, leading to a strong focus on the policy choices Canada should make to build on its strengths.

The global downturn highlighted the importance, for economic success, of a strong, effective and efficient financial sector. The Canadian economy is benefiting from its comparative advantage in finance, and research in monetary and macro-financial policy remains a defining emphasis – and strength – of the Institute. In 2009, the Institute published a series of well-received works on improving the monetary policy framework in which our financial institutions are embedded, the prudential regulatory institutions that oversee them, and the conduct of monetary policy within which financial institutions and their regulators must operate. The Institute's work in this area is overseen by the **Monetary Policy Council** on monetary matters, and the **Financial Services Research Initiative** on financial sector and regulatory matters.

Sound fiscal and tax policies are also important, particularly in an environment in which governments are focussing on the withdrawal of stimulus and the return to balanced budgets. The **Fiscal and Tax Competitiveness Council** oversees the Institute's publications in these areas, and focuses on policies that sustain a positive environment for growth and investment in Canada, while delivering to governments the resources they need to carry out their responsibilities. And monitoring the degree of proper governance over taxing and spending is an ongoing priority for the Institute, which annually reports on governments' "fiscal accountability," the degree to which

INDEPENDENT ■ REASONED ■ RELEVANT

## Monetary Policy

Sound monetary policy, which in the modern world is now often associated with central banks' targeting the domestic inflation rate, is a cornerstone of economic management. As noted above, the Institute reallocated resources to strengthen monetary policy research following the onset of the global financial crisis in late 2008, and maintained this emphasis in 2009. This decision was based on a judgement by the Institute's leadership on the centrality of this research to national prosperity, and in response to the increased volume of requests for policy advice from senior levels of government and the public service, private sector leaders, and media.

Following a conference entitled "Canada's Monetary Policy Regime After 2011" hosted by the Institute in late 2008, a series of research papers was published in 2009 on how to improve the otherwise successful Canadian inflation-targeting regime when it comes up for renewal in 2011.

Among others, Michael Parkin's "What is the Ideal Monetary Policy Regime? Improving the Bank of Canada's Inflation-targeting Program" argued in favor of implementing a regime where the Bank of Canada would target the price level itself, rather than simply the inflation rate. In a related study, Jean Boivin – a former member of the Institute's Monetary Policy Committee and newly-appointed Deputy-Governor of the Bank of Canada – argued that difficulties associated with the measurement of inflation may impact the relative merits of inflation targeting and price-level targeting regimes.

John Crow, former Bank of Canada governor, provided an insider's perspective in

### PUBLICATIONS

"Getting Talk Back on Target: The Exchange Rate and the Inflation Rate," David Laidler.

"Canada's Difficult Experience in Reducing Inflation: Cautionary Lessons," John Crow.

"Getting it Right When You Might Be Wrong: The Choice Between Price-Level and Inflation Targeting," Jean Boivin.

"How Flexible Can Inflation Targeting Be? Suggestions for the Future of Canada's Targeting Regime," Thorsten V. Koepl.

"As Good As It Gets? The International Dimension to Canada's Monetary Policy Strategy Choices," Pierre L. Siklos.

their actual taxing and spending matches what legislatures voted for at budget time.

The range of issues that occupied policymakers' attention over the course of the year was huge, and the Institute also wrote on employment insurance reform, pensions and savings issues – overseen by the **Pensions Advisory Panel** – regulatory harmonization, primary and high-school performance and dropout rates, returns to postsecondary education, health policy, charities – overseen by the **Charities Advisory Group** – demographics and immigration policy. The Institute also published on environmental policy, energy subsidies, water use, and nuclear power in 2009.

This work simply could not happen without the support of our members, the participation of the members of the Institute's advisory groups, nor the energy and engagement of superb authors, most of them university-based. We are also profoundly grateful to the scholars, fellows, and government and business sector policy leaders who referee, advise, comment and read the Institute's publications and attend our events.

The research team that coordinates the Institute's range of work, which in 2009 featured Robin Banerjee, Philippe Bergevin, Colin Busby, Ben Dachis, Alexandre Laurin, and Claire de Oliveira, relies on the executive assistance of Kristine Gray. Special thanks also to James Fleming, Editor and Director of Media, and Heather Vilistis, Graphic Designer. We are also very grateful to the Institute's members, and to our colleagues in the public and private sectors, for their active participation in, and support of, the Institute's policy research and dialogue.

"Canada's Difficult Experience in Reducing Inflation: Cautionary Lessons" and drew valuable lessons for today's monetary policy. Other authors on monetary policy issues in 2009 include Thorsten V. Koepl, David Laidler, William B.P. Robson, Pierre L. Siklos, and Gregor W. Smith.

Finally, the Institute's **Monetary Policy Council** (MPC) continued to play a key role as one of the foremost resources for financial-market and monetary economists in Canada. The Council, composed of 12 of Canada's most distinguished financial-market and monetary economists, provides the Bank of Canada, financial-market participants and economic policy commentators with a regular independent assessment of the appropriate stance of Canadian monetary policy.

### MONETARY POLICY COUNCIL

#### MEMBERS

Edward A. Carmichael Ontario Municipal Employees' Retirement System (OMERS)	Michael Parkin University of Western Ontario	Avery Shenfeld CIBC World Markets Inc.
Thorsten Koepl Queen's University	Doug Porter BMO Capital Markets	Pierre Siklos Wilfrid Laurier University
David Laidler University of Western Ontario	Nicholas Rowe Carleton University	Andrew Spence TD Securities
Angelo Melino University of Toronto	Angela Redish University of British Columbia	Craig Wright RBC Financial Group

"A Bank for All Seasons: The Bank of Canada and the Regulatory Challenge," John Crow.

"The Bank of Canada Needs to Nurture those Green Shoots of Recovery," David Laidler.

"The Missing Links: Better Measures of Inflation and Inflation Expectations in Canada," Gregor W. Smith.

"To the Next Level: From Gold Standard to Inflation Targets – to Price Stability?" William B.P. Robson.

"What is the Ideal Monetary Policy Regime? Improving the Bank of Canada's Inflation-targeting Program," Michael Parkin.

## Fiscal Policy

2009 was a challenging year for government finances, in which the focus of fiscal policy rapidly evolved from balancing budgets to deficit-financed spending. Among noteworthy studies, “Once on the Lips, Forever on the Hips: A Benefit-Cost Analysis of Fiscal Stimulus in OECD Countries” by Bev Dahlby, C.D. Howe Institute Fellow-in-Residence and Professor at the University of Alberta, built a novel yet simple framework for analyzing fiscal stimulus policies.

The Institute’s work also figured prominently in provincial budgets, with the adoption of harmonized sales taxes in Ontario and British Columbia, a reform long advocated by the work of the Institute’s Tax Competitiveness Council. In particular, “New Housing and the Harmonized Sales Tax: Lessons from Ontario,” by professors Bev Dahlby and Michael Smart, with Benjamin Dachis of the Institute, and “Sales Tax Reform in Ontario: The Time is Right,” by the Institute’s Finn Poschmann, helped make the case for shrewd HST implementation in those provinces.

The Institute brought new life to the debate on the taxation of Canadian corporate groups’ subsidiaries and affiliates in “Cleaning Up the Books: A Proposal for Revamping Corporate Group Taxation in Canada,” written by the Institute’s Alex Laurin, who manages the Fiscal and Tax Competitiveness Program. This study set



The research team: from left, Policy Analysts, Philippe Bergevin, Colin Busby, and Benjamin Dachis; Vice President Research, Finn Poschmann; Senior Policy Analyst Alexandre Laurin.

the stage for the 2010 federal budget announcement of the government’s intention to introduce new rules simplifying and improving corporate taxation – such as the introduction of a formal system of loss transfers or consolidated reporting.

The Institute’s **Fiscal and Tax Competitiveness Council** continued its important role. In addition to overseeing the Institute’s proposal on group tax consolidation, it produced a detailed comparison and policy analysis of federal/provincial corporate and personal tax competitiveness, in “The Path to Prosperity: Internationally Competitive Rates and a Level Playing Field” prepared by George Weston Analyst in Tax Policy, Duanjie Chen, and Jack Mintz, Palmer Chair of Public Policy, University of Calgary.

### FISCAL AND TAX COMPETITIVENESS COUNCIL

**CO-CHAIRS** Robert D. Brown, FCA and William A. MacKinnon, FCA

#### MEMBERS

Tracey Ball  
Canadian Western Bank

Darren Barfuss  
CanWest Global  
Communications Corp.

Richard M. Bird  
University of Toronto

Douglas D. Bruce  
Canadian Federation of  
Independent Business

Nancy Cuelenaere  
Alberta Finance and  
Enterprise

Bev Dahlby  
University of Alberta

David Daly  
Canadian Association of  
Petroleum Producers

Pierre Deslozes  
CanWest Global  
Communications Corp.

Tom Di Emanuele  
IBM Canada Ltd.

Steve Easson  
Canadian Life and Health  
Insurance Association Inc.

Ross Hagemeister  
Cargill Limited

Vicki Hamish  
NS Dept. of Finance

Paul Hickey  
KPMG LLP

Brenda Kenny  
Canadian Energy Pipeline  
Association

Jonathan Kesselman  
Simon Fraser University

George McAllister  
Department of Finance  
Province of New Brunswick

Kenneth J. McKenzie  
University of Calgary

Carman R. McNary  
Fraser Milner Casgrain LLP

James B. Milway  
The Institute for  
Competitiveness and  
Prosperity

Robert E. Mitchell, CA  
Procter & Gamble Inc.

William Molson

Al Monaco  
Enbridge Inc.

Luc Monty  
Ministère des Finances  
du Québec

Michael J. O’Connor  
Sun Life Financial Inc.

James S. Palmer,  
C.M., AOE, Q.C.  
Burnet, Duckworth  
& Palmer, LLP

Nick Pantaleo  
PricewaterhouseCoopers

Jocelin Paradis  
Rio Tinto Alcan

David F. Podruzny  
Canadian Chemical  
Producers’ Association

Shawn D. Porter  
Deloitte Management  
Services LP

Donald S. Reimer  
Reimer World Corp.

Chris Saunders  
EnCana Corporation

Michael Smart  
University of Toronto

David Stewart-Patterson  
Canadian Council of  
Chief Executives

Ted Tomkowiak  
RBC Financial Group

Geoff Trueman  
Department of Finance  
Canada

Thomas A. Wilson  
University of Toronto

### PUBLICATIONS

“Once on the Lips, Forever on the Hips: A Benefit-Cost Analysis of Fiscal Stimulus in OECD Countries,” Bev Dahlby.

“New Housing and the Harmonized Sales Tax: Lessons from Ontario,” Benjamin Dachis, Bev Dahlby and Michael Smart.

“The Path to Prosperity: Internationally Competitive Rates and a Level Playing Field,” Duanjie Chen and Jack M. Mintz.

“Getting Off the Rollercoaster: A Stable Funding Framework for the EI Program,” Colin Busby and Alexandre Laurin.

“Near Hits and Big Misses: Canada’s 2009 Fiscal Accountability Rankings,” Colin Busby and William B.P. Robson.

“A Balancing Act: Making the Canadian Secured Credit Facility Work,” Alexandre Laurin.

“Sales Tax Reform in Ontario: The Time is Right,” Finn Poschmann.

“Cleaning Up the Books: A Proposal for Revamping Corporate Group Taxation in Canada,” Alexandre Laurin.

“Lasting Bang for the Stimulus Buck: Priorities for the 2009 Federal Budget,” Alexandre Laurin, Finn Poschmann, and William B.P. Robson.

“Out on a Limb: Assessing the Fiscal Sustainability and Effectiveness of the 2009 Federal Budget,” Colin Busby, Benjamin Dachis and Alexandre Laurin.

“Boomer Bulge: Dealing with the Stress of Demographic Change on Government Budgets in Canada,” William B.P. Robson.

# The Institute's 2009 RESEARCH AGENDA

## Economic Growth and Innovation

The Institute's research in economic growth and innovation in 2009 placed strong emphasis on the policy choices Canada should make to build comparative advantage.

Nick Le Pan, the former head of the Office of the Superintendent of Financial Institutions, argued that the responsibility of ensuring the stability of the financial system should be shared widely and proposed reforms to the systems and institutions designed to monitor risks. Similarly, the Institute proposed reforms to 'mark to market' rules for financial assets and how to foster investment in the wake of a recession. On related matters, Le Pan spoke at a number of C.D. Howe Institute events, and Julie Dickson, the current Superintendent of Financial Institutions, spoke at a very well-attended event in Toronto.

The Institute was also active on demographic and immigration policy, publishing studies estimating the stresses – and finding solutions to these stresses – of demographic change on Canadian living standards, the impact of Atlantic Canada's rapidly aging population on its economic outlook, and how immigration policy influences the number and composition of immigrants to Canada. In addition, the Institute hosted a

## PUBLICATIONS

**"A Clean Canada in a Dirty World: The Cost of Climate-Related Border Measures,"** Benjamin Dachis.

**"Stress Test: Demographic Pressures and Policy Options in Atlantic Canada,"** Colin Busby, Pierre-Marcel Desjardins and William B.P. Robson.

**"Un avenir vert au Québec : réduire les émissions de gaz à effet de serre au moindre coût,"** Jean-Thomas Bernard and Jean-Yves Duclos.

**"Quebec's Green Future: The Lowest-Cost Route to Greenhouse Gas Reductions,"** Jean-Thomas Bernard and Jean-Yves Duclos.

**"Improving Canada's Immigration Policy,"** Charles M. Beach, Alan G. Green and Christopher Worswick.

**"Look Before You Leap: A Skeptical View of Proposals to Meld Macro- and Microprudential Regulation,"** Nick Le Pan.

**"Equipping Ourselves in Tough Times: Canada's Improved Business Investment Performance,"** Colin Busby and William B. P. Robson.

INDEPENDENT ■ REASONED ■ RELEVANT

## International Policy

International and trade policy continued to be a high priority at the Institute in 2009, particularly in our Roundtable program.

Notable Roundtable speakers included: Louis Lévesque (Deputy Minister for International Trade) on the role of trade and investment for the economic recovery; Justin Brown (High Commissioner to Canada, Australian High Commission) on the similarities and divergences of Canadian and Australian positions on major public policy issues; and the Honourable Kevin Lynch on the global context facing Canada. Ron Hoffmann (former Canadian ambassador to Afghanistan) provided a discussion on the unique challenges facing Canada in Afghanistan and Montek Singh Ahluwalia (Deputy Chairman, Planning Commission, Government of India) gave a talk on India's perspective on global events.

The 2009 Sylvia Ostry Lecture featured Angel Gurría, secretary-general of the Organisation for Economic Co-operation and Development (OECD), who discussed the emergence of the G-20 as the premier international forum.

The global financial crisis was a prominent theme in our Roundtables. Georges Akerlof, 2001 Nobel Laureate in economics, spoke on how human psychology drives the economy and how such psychological factors can help understand the

policy conference in Halifax on the demographic outlook for Atlantic Canada.

The Institute also published a number of papers on environmental policy, on assessing the cost of renewable energy subsidies, estimating the cost on Canadian industry of emissions targets, using smarter pricing to better allocate water usage and electricity, reforming regulation to improve the outlook of nuclear power in Canada, and analyzing the problems with carbon-related tariffs on trade. Other key events included a major conference in Calgary on Canada-US climate policy integration, and another in Ontario on electricity policy.

Finally, the **Financial Services Research Initiative (FSRI)** reports and advises on financial sector policy. It addresses the economic environment within which financial intermediation takes place, the regulatory environment, and the future of financial intermediation. The FSRI convenes meetings of experts, policymakers and supporters engaged in the financial services sector, including financial intermediaries, securities market participants and their regulators, among others. The FSRI is chaired by Edward P. Neufeld. Its work program is managed by Finn Poschmann, the Institute's Vice President, Research and Philippe Bergevin, with the assistance of Fellow-in-Residence and Professor Emeritus David E.W. Laidler.

**"Faster, Younger, Richer? The Fond Hope and Sobering Reality of Immigration's Impact on Canada's Demographic and Economic Future,"** Robin Banerjee and William B.P. Robson.

**"Canada's Nuclear Crossroads: Steps to a Viable Nuclear Energy Industry,"** Bruce Doern and Robert Morrison.

**"Low-Carbon Fuel Standards: Driving in the Wrong Direction,"** Benjamin Dachis.

**"Marking to Market for Financial Institutions: A Common Sense Resolution,"** Elena Carletti, Franklin Allen and Finn Poschmann.

**"Going Green for Less: Cost-Effective Alternative Energy Sources,"** Roger A. Samson and Stephanie Bailey Stampler.

**"Wave of the Future: The Case for Smarter Water Policy,"** Steven Renzetti.

**"Pricing Greenhouse Gas Emissions: The Impact on Canada's Competitiveness,"** Chris Bataille, Benjamin Dachis and Nic Rivers.

events associated with the recent financial crisis. Chrystia Freeland, US Managing Editor of the *Financial Times*, offered a global perspective on lessons learned from the financial crisis while Malcolm Knight, vice chairman of Deutsche Bank, discussed the evolving architecture of global financial regulation. The Honourable Tom Hockin – who was recently nominated Executive Director of the International Monetary Fund (IMF) for the constituency of Canada, Ireland and the Caribbean – offered his insights on global financial markets.

Other speakers on international issues include Armand Laferrère on global trends in the nuclear industry, Denis DesRosiers on the North American automotive industry and Harold Kvisle on the North American energy infrastructure.

Looking at the North American market, Michael Hart argued in a C.D. Howe study that divergent regulations and border regimes in Canada and the US are threatening the integrated, cross-border structure of the Canadian auto industry. The author argued in favor of common regulations governing safety, fuel consumption and environmental protection, as well as faster, more efficient border clearances. ("Potholes and Paperwork: Improving Cross-Border Integration and Regulation of the Automotive Industry," Michael Hart.)



## Social Policy

As layoffs and rising unemployment crept across Canada in early 2009, attention shifted to social policy issues. Specifically, the spotlight shone on the growing regional divide in unemployment and the disparities in Canada's regionally-based Employment Insurance (EI) program. In response, C.D. Howe analysts Colin Busby and Alexandre Laurin teamed with EI expert and University of Ottawa professor David Gray to tackle this hot-button issue, and offered solutions to regionally inequitable EI access and benefits.

The Institute's social policy efforts were also bolstered by a contribution from Fellow-in-Residence John Richards, who confronted the increasing pace of high-school dropouts across the country. Calling this problem the "Achilles' heel" of our public education system, he observed the growth of unfinished high-school graduates in the latest Census data, mostly among Aboriginals and Francophone boys. He found that no one-size-fits-all solution exists to the problem, but the issue merits considerable

### PUBLICATIONS

**"Dropouts: The Achilles' Heel of Canada's High-School System,"** John Richards.

**"Back to Basics: Restoring Equity and Efficiency in the EI Program,"** Colin Busby, David Grey and Alexandre Laurin.

**"Ontario's Best Public Schools, 2005/06-2007/08: An Update to Signposts of Success,"** David Johnson.

INDEPENDENT ■ REASONED ■ RELEVANT

## Governance and Public Institutions

In 2009, Canada's pension system received considerable attention from federal and provincial policymakers; a topic that again dominated the Institute's research on governance and institutions. The economic downturn also brought its share of challenges for the Canadian charitable sector, which became the focus of a series of papers.

Institute President William Robson and colleague Alexandre Laurin laid out a fair-value assessment of federal public servant pension obligations in "Supersized Superannuation: The Startling Fair-Value Cost of Federal Government Pensions," showing Ottawa's pension liabilities to be larger and more volatile than they appear, creating risks for plan participants and underappreciated exposure for taxpayers. Also, troubles at the Caisse de dépôt et placement du Québec prompted a study of Quebec Pension Plan's long term sustainability in "Débâcle à la Caisse : Que faire avec le Régime de rentes du Québec?" by the Institute's Alexandre Laurin.

Turning to private sector occupational pension plans, Gretchen Van Riesen in "The Pension Tangle: Achieving Greater Uniformity of Pension Legislation and Regulation in Canada" highlighted Canada's maze of differing provincial pension regulations inhibiting the creation of national plans by employers operating in multiple jurisdictions. Also, author Poonam Puri argued for the elimination and reform of the loosely enforced 30 percent rule regulating the investment decisions of Canadian pension plan managers in "A Matter of Voice: The Case for Abolishing the 30 percent Rule for Pension Fund Investments."

With respect to strengthening Canada's charitable sector, A. Abigail Payne in "Lending a Hand: How Federal Tax Policy Could Help Get More Cash to More Charities" and Malcolm Burrows's "Unlocking More Wealth: How to Improve Federal Tax Policy for Canadian Charities" recommended tax policy changes to help broaden the donation base and increase charitable giving. Adam Aptowitz argued for a new regulatory system for Canadian charities involving a greater role for provincial governments in "Bringing the Provinces Back In: Creating a Federated Canadian Charities Council."

Finally, we are very grateful for the sage advice and active involvement of the Advisory Panel of the Institute's Pension Papers Program. The Panel advises the Institute's Pension Papers program, launched in 2007 to address key challenges facing Canada's system of retirement saving, assess current developments, identify regulatory strengths and shortfalls, and make recommendations to ensure the integrity of pension earnings for the growing number of Canadians approaching retirement.

attention and that some innovative programs in Quebec and the Prairies merit serious attention in other jurisdictions.

With an eye to improving Canadians' well being, Claire de Oliveira, the Institute's Research Fellow for 2008/09, examined the persistent gap in health outcomes between rich and poor Canadians. Building on her doctoral thesis, she found that efforts to bridge this gap would need more emphasis on in-kind transfers of goods and services directed to children, as opposed to more traditional efforts, such as income-related policies or cash transfers.

Continuing with his previous work for the Institute, Education Scholar David Johnson diagnosed and assessed student performance results in Ontario schools and school boards. In addition, he empirically demonstrated a link between declines in Ontario student achievement scores and teacher work stoppages.

**"Good Health to All: Reducing Health Inequalities among Children in High- and Low-Income Canadian Families,"** Claire de Oliveira.

**"Extra Earning Power: The Financial Returns to University Education in Canada,"** Karim Moussaly-Sergieh and François Vaillancourt.

**"Collateral Damage: The Impact of Work Stoppages on Student Performance in Ontario,"** David Johnson.

### ADVISORY PANEL: C.D. HOWE INSTITUTE PENSION PAPERS PROGRAM

#### CO-CHAIRS

Claude Lamoureux, former President and CEO, Ontario Teachers' Pension Plan

Nicholas Le Pan, former Superintendent of Financial Institutions, Canada

#### MEMBERS

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

Bob Baldwin

Steve Bonnar

Elizabeth Brown, Hicks Morley Hamilton, Stewart Storie LLP

Peter Drake, Fidelity Investments

Frank Fedyk, Human Resources and Social Development Canada

Brian FitzGerald, Capital G Consulting Inc.

Bruce Gordon, Manulife Financial Canada

Malcolm Hamilton, Mercer Human Resource Consulting Limited

Bryan Hocking/Scott Perkin, Association of Canadian Pension Management

Steven James, Canada Pension Plan Investment Board

Ian Markham, Director Pension Innovation, Towers Watson

Michael Nobrega, Ontario Municipal Employees' Retirement System

Ellen Nygaard, Alberta Finance

Jim Pesando, University of Toronto

John Por, Cortex Applied Research

Tom Reid, Sun Life Financial Inc.

Jeremy Rudin, Department of Finance

Tammy Schirle, Wilfrid Laurier University

Jack Selody, Bank of Canada

Terri Troy, Pension Investment Association of Canada

Fred Vettese, Morneau Sobeco

Barbara Zvan, Ontario Teachers' Pension Plan

### PUBLICATIONS

**"Supersized Superannuation: The Startling Fair-Value Cost of Federal Government Pensions,"** Alexandre Laurin and William B.P. Robson.

**"Lending a Hand: How Federal Tax Policy Could Help Get More Cash to More Charities,"** A. Abigail Payne

**"Pension Reform: How Canada Can Lead the World,"** Keith Ambachtsheer.

**"Bringing the Provinces Back In: Creating a Federated Canadian Charities Council,"** Adam Aptowitz.

**"Unlocking More Wealth: How to Improve Federal Tax Policy for Canadian Charities – The Charities Papers,"** Malcolm Burrows.

**"The Pension Tangle: Achieving Greater Uniformity of Pension Legislation and Regulation in Canada,"** Gretchen Van Riesen.

**"Building Affordable Rental Housing in Unaffordable Cities: A Canadian Low-Income Housing Tax Credit,"** François Des Rosiers and Marion Steele.

**"Débâcle à la Caisse : Que faire avec le Régime de rentes du Québec?,"** Alexandre Laurin.

**"A Matter of Voice: The Case for Abolishing the 30 percent Rule for Pension Fund Investments,"** Poonam Puri.

# 2009 EVENTS At a Glance

**JAN 14: SPECIAL ROUNDTABLE**  
**Putting Canada First: Profound Challenges, Clear Choices,** Ed Stelmach, Premier, Province of Alberta

**JAN 28: ROUNDTABLE**  
**Potholes or Dead-ends? The Future of the North American Auto Industry,** Dennis DesRosiers, President, DesRosiers Automotive Consultants Inc.

**JAN 29: ROUNDTABLE**  
**Competing to Win in Global Capital Markets,** The Hon. Tom Hockin

**FEB 3: ROUNDTABLE**  
**2009 Post Budget Debriefing,** Robert A. Wright, Deputy Minister, Finance Canada

**FEB 5: ROUNDTABLE**  
**Implementing Change in 2009 and Onward: Ensuring Sustainable Health Care for Ontario,** The Hon. David Caplan, Minister, Ontario Health and Long Term Care

**FEB 19: MINTZ LECTURE**  
**The Reforms that Count: Smart Tax and Fiscal Policy in the Face of Global Competition,** James R. Hines, Professor, University of Michigan

**FEB 23: CONFERENCE**  
**Mark to Market: The Good, The Bad, The Options,** Manmohan Agarwal, Senior Visiting Fellow and Program Leader, Centre for International Governance Innovation; Eric Helleiner, CIGI Chair in International Governance, and Professor, University of Waterloo; Peter Martin, Director, Accounting Standards, Canadian Accounting Standards Board; Pierre Siklos, Professor, Economics, Wilfrid Laurier University

**LUNCHEON:** Nicholas Le Pan, former Superintendent, Office of the Superintendent of Financial Institutions; Dominic D'Alessandro, President and CEO, Manulife Financial

**FEB 26: ROUNDTABLE**  
**Auto Sector Turmoil? Rethinking the Road Ahead,** The Hon. Michael Bryant,

Ontario Minister of Economic Development

**MAR 4: CONFERENCE**  
**Electricity Pricing and Regulation in Ontario: Addressing Electricity Needs in Ontario for the Next Half-Century,** Judith Andrew, Vice-President, Ontario, Canadian Federation of Independent Business; Bruce Boland, Senior Vice President, Corporate Affairs, Ontario Power Generation Inc.; Jan Carr; Pelino Calaiacovo, Managing Director, Morrison Park Advisors; Aleck Dadson, Chief Operating Officer, Ontario Energy Board; Donald Dewees, Professor, Economics, University of Toronto; Rick Jennings, Director, Energy Division, Ministry of Energy, Science and Technology; Paul Murphy, President and Chief Executive Officer, IESO; Amir Shalaby, Vice President of Power System Planning, Ontario Power Authority; George Vegh, McCarthy Tétrault LLP; Frank A. Wolak, Professor, Economics, Stanford University; Michael Wyman

**MAR 6: CONFERENCE**  
**Towards a Canadian Secured Credit Facility,** Kevin Andrews, President and CEO, Corpfinance International Limited; Moe Danis, Managing Director, Lease Finance, Sun Life Financial Inc.; Sheryl Kennedy, Chief Executive Officer, Promontory Financial Group Canada; Colin Kilgour, President, Kilgour Advisory Group; Nicolas Logan, President and CEO, National Leasing; Sean Mann, Managing Director, Canadian Securitization Group, CIBC World Markets; Jerry Marriott, Managing Director, Canadian RMBS/ABS – DBRS Limited; Joel Starks, Director, Canadian Securitization Group, BMO Capital Markets; Matt Stovcsik, Manager of Securitization, Ford Motor Company

**MAR 10: ROUNDTABLE**  
**Building a Strong Economic Framework: Standing Still is Not an Option,** The Hon. Tony Clement, Minister of Industry

**MAR 11: ROUNDTABLE**  
**The \$8 Billion Challenge: Shelley Carroll and Toronto's 2009 Operating Budget and Beyond,** Shelley Carroll, Chair of the Budget Committee, Toronto City Council and Councillor for Ward 33 – Don Valley East

**MAR 13: CONFERENCE**  
**Executing Sales Tax Reform in Ontario,** Richard M. Bird, University of Toronto; Robert D. Brown; Donald Drummond, Senior Vice President and Chief Economist, TD Bank Financial Group; Peter Dungan, Institute for Policy Analysis, University of Toronto; Pierre-Pascal Gendron, Professor, Economics, Humber Institute of Technology & Advanced Learning; Thomas A. Wilson, Senior Advisor, Institute for Policy Analysis, University of Toronto.

**MAR 31: ROUNDTABLE**  
**North American Energy Infrastructure – Opportunities and Challenges,** Harold Kvisle, CEO, TransCanada Corporation

**APR 1: ROUNDTABLE**  
**Powering Up: Nuclear Jobs, the Economy and our Energy Future,** Hugh MacDiarmid, President and CEO, Atomic Energy of Canada Limited

**APR 6: ROUNDTABLE**  
**Minding Your Money: A Governance Model Tested by Financial Crisis,** Robert Astley, Chair, Canada Pension Plan Investment Board

**APR 7: ROUNDTABLE**  
**De-icing the System: Principles for Improving the Regulatory and Fiscal Policies When Credit Markets Freeze,** Jack M. Mintz, Palmer Chair in Public Policy, University of Calgary

**APR 14: ROUNDTABLE**  
**From the Ground Up – Delivering Results in Challenging Times,** David Livingston, President, Infrastructure Ontario

**APR 15: ROUNDTABLE**  
**The Future of Nuclear Power,** Armand Laferrère, President and CEO, AREVA Canada

**APR 16: ROUNDTABLE**  
**India's Perspective on Global Events,** Montek S. Ahluwalia, Deputy Chairman, Planning Commission, Government of India

**APR 22: ROUNDTABLE**  
**What Toronto is Doing for People and Business in this Time of Recession,** David Miller, Mayor, City of Toronto

**APR 24: ROUNDTABLE**  
**Canada's Immigrants: How Many? Who?** The Hon. Jason Kenney, Minister of Citizenship, Immigration & Multiculturalism, Citizenship and Immigration Canada

**APR 27: ROUNDTABLE**  
**A Strong Foundation for a Strong Canada,** The Hon. Rona Ambrose, Minister of Labour

**MAY 12: CONFERENCE**  
**Demographics in Atlantic Canada,** Victor Boudreau, Minister, Department of Finance, Government of New Brunswick; Colin Busby, Policy Analyst, C.D. Howe Institute; Pierre-Marcel Desjardins, Associate Professor, University of Moncton; Colin Dodds, President, Saint Mary's University; Leanne Hachey, Atlantic Vice President, Canadian Federation of Independent Business; Joan McArthur-Blair, President, Nova Scotia Community College; James McNiven, Professor Emeritus, Public Administration, Dalhousie University; William Robson, President and Chief Executive Officer, C.D. Howe Institute; Giuseppe Ruggeri, Professor, Economics, University of New Brunswick; Tammy Schirle, Assistant Professor, Wilfrid Laurier University; Byron G. Spencer, Professor, Economics, McMaster University

**MAY 20: DIRECTORS DINNER**  
**The Three Wise Men: Policy Responses to the Global Economic Turndown,** David Dodge, Senior Advisor, Bennett Jones LLP; John Crow; Gordon G. Thiessen

**MAY 26: ROUNDTABLE**  
**Towards a New Design for the Global Architecture of Financial Regulation,** Malcolm D. Knight, Vice Chairman, Deutsche Bank AG

**MAY 29: ROUNDTABLE**  
**Energy Investment and Conservation in Ontario: The Outlook for Electricity Producers and Consumers,** The Hon. George Smitherman, Minister of Energy and Infrastructure, Ontario

Guests enjoying dinner and listening to address at the Benefactors Lecture.



JUNE 1: ROUNDTABLE

**Pension Reform in Ontario**, The Hon. Dwight Duncan, Minister of Finance, Ontario

JUN 3: ROUNDTABLE

**Survivors: Lessons from the Financial Crisis for the US, Canada and the World**, Chrystia Freeland, US Managing Editor, *Financial Times*

JUN 4: ROUNDTABLE

**Clean Energy: Where Does Canada Go From Here?** The Hon. Jim Prentice, Minister of the Environment

JUN 18: ROUNDTABLE

**Reliable, Long-term Electricity: The GEA in Action**, Colin Andersen, Chief Executive Officer, Ontario Power Authority

JUN 29: ROUNDTABLE

**BDC: What Comes Next?** Jean-René Halde, President and Chief Executive Officer, Business Development Bank of Canada

SEP 3: ROUNDTABLE

**Canada's Engagement in Afghanistan**, Ron Hoffmann, outgoing Ambassador to Afghanistan

SEP 17: ROUNDTABLE

**Where Will Canadians Get their News? Outlook and Challenges for Newspapers and Media in Canada**, Phillip Crawley, Publisher and CEO, *The Globe and Mail*

SEP 23: ROUNDTABLE

**The Global Context Facing Canada: Today and Beyond**, Kevin Lynch, former Clerk of the Privy Council, Privy Council Office

SEP 29: ROUNDTABLE

**Australia and Canada: Converging or Diverging? Where We Agree and Where We Do Not**, Justin Brown, High Commissioner, Australian High Commission

OCT 2: ROUNDTABLE

**Corporate Social Responsibility: Have Directors Gone Too Far Or Not Far Enough?** Paul Desmarais, Jr., Chairman and Co-Chief Executive Officer, Power Corporation of Canada; Charles Sirois, Chairman of the Board and Chief Executive Officer, Telesystem Ltd.; J. Frank Brown, Dean, INSEAD; Filipe Santos, Assistant Professor of Entrepreneurship, INSEAD, and Director, Social Entrepreneurship Initiative

OCT 6: ROUNDTABLE (Calgary)

**Don't Waste a Good Crisis! Fixing the Pension Mess**, William Robson, President and Chief Executive Officer, C.D. Howe Institute

OCT 9: ROUNDTABLE (Vancouver)

**Don't Waste a Good Crisis! Fixing the Pension Mess**, William Robson, President and Chief Executive Officer, C.D. Howe Institute

OCT 14: CONFERENCE

**Telecommunications Convergence Policy Conference**, Adrian Foster, McLean Foster & Co.; Peter Grant, Partner, McCarthy Tétrault LLP; Michael Hennessy, Senior Vice President, Regulatory and Government Affairs, TELUS; Lawson A. Hunter, Counsel, Stikeman Elliott LLP; Edward Iacobucci, Professor, Law, University of Toronto; Sheridan E. Scott, Partner, Bennett Jones LLP; Michael J. Trebilcock, Director, Law and Economics, University of Toronto; Konrad von Finckenstein, Chairman, Canadian Radio-television and Telecommunications Commission

OCT 15: ROUNDTABLE

**Canada's Energy Future: Balancing Economic Impact and Environmental Responsibility**, Marcel R. Coutu, President and CEO, Canadian Oil Sands Limited

OCT 21: CONFERENCE

**Better Together: The Costs and Benefits of an Integrated North American Cap-and-Trade Carbon Policy**, Jared Carbone, Associate Professor, Economics, University of Calgary; Bruce Carson, Executive Director, Canada School of Energy and Environment, University of Calgary; D. R. Collyer, President, Canadian Association of Petroleum Producers; Carolyn Fischer, Senior Fellow, Resources for the Future; Heather Holsinger, Senior Fellow for Domestic Policy, Pew Center on Global Climate Change; Tim Lesiuk, Co-Chair, Western Climate Initiative; Michael Martin, Assistant Deputy Minister, Environment Canada; Bob Page, Vice President, Sustainable Development, TransAlta Corporation; Dave Sawyer, EnviroEconomic; Jeffrey Schott, Senior Fellow, Institute for International Economics; Errick Willis, Willis Climate Group

OCT 21: ROUNDTABLE

**Canada's Economic and Fiscal Outlook: Challenges**, Kevin Page, Parliamentary Budget Officer, Office of the Parliamentary Budget Officer

OCT 21: SPECIAL DINNER

**The Current Economic Climate in Alberta: Challenges and Solutions**, The Hon. Iris Evans, Minister of Finance and Enterprise, Finance and Enterprise, Alberta

OCT 23: ROUNDTABLE

**Tim Hudak's Principles and Priorities for a Better Future for Ontario**, Tim Hudak, Leader, the Ontario Progressive Conservative Party



David Dodge, Bill Robson, Barbara Stymiest, Gordon Thiessen, and John Crow at the Directors Dinner.

OCT 27: CONFERENCE

**Labour Market Policy for the Canadian Forces: Employer and Employee Challenges from Job Protection Legislation for Reservists**, Sonja I. Bata, Director, Bata Limited; Jennifer Bennett, Commander Naval Reserves, Naval Reserves of Canada; Robert Blakely, Labour Lawyer and Reservist, Former Commander, Naval Reserves of Canada; John Dolbec, Chief Executive Officer, Hamilton Chamber of Commerce; John Craig Eaton, Canadian Forces Liaison Council; J. R. MacIsaac, Director, General Reserves and Cadets; John Milne, Deputy Commander of Land Forces Central Area; Gary O'Brien, General Land Reserves

OCT 28: ROUNDTABLE

**Considerations Along the Path to Financial Regulatory Reform**, Julie Dickson, Superintendent of Financial Institutions Canada

OCT 30: ROUNDTABLE

**Food for Thought**, James Prokopanko, President and CEO, Mosaic

OCT 30: ROUNDTABLE

**The Supreme Court's Decision in BCE – The Challenge in Defining Good Corporate Citizenship as a Norm for Directorial Conduct**, Clay Horner, Partner, Osler, Hoskin & Harcourt LLP; Edward J. Waitzer, Chair, Stikeman Elliott LLP

NOV 2: ROUNDTABLE

**Managing Pensions and Endowments for the Long Run, in the Glare of the Public Eye**, Leo de Bever, Chief Executive Officer, Alberta Investment Management Corp.

NOV 9: SYLVIA OSTRY LECTURE

**New Sources of Growth: Creating a Stronger, Fairer and Cleaner World Economy**, Angel Gurría, Secretary-General, Organisation for Economic Co-operation and Development

NOV 10: ROUNDTABLE

**How Should We Pay for Transit?** J. Robert S. Prichard, President and CEO, Metrolinx

NOV 18: BENEFACTORS DINNER & LECTURE

**Pension Reform: How Canada Can Lead the World**, Keith P. Ambachtsheer, Director, Rotman International Centre for Pension Management, University of Toronto; Malcolm P. Hamilton, Worldwide Partner, Mercer; Nicholas Le Pan; William Robson, President and CEO, C.D. Howe Institute

NOV 20: ROUNDTABLE

**Economic Recovery: The Role of Trade and Investment**, Louis Lévesque, Deputy Minister for International Trade, Department of Foreign Affairs and International Trade Canada

DEC 18: ROUNDTABLE

**A New Economic Chapter for Canada: A New Competition Act**, Melanie L. Aitken, Commissioner of Competition, Competition Bureau Canada



Chrystia Freeland, US Managing Editor, *Financial Times* and Bill Robson, CEO, C.D. Howe Institute.

# DEVELOPMENT and Giving

## Memberships and Subscriptions

Member and subscriber support makes it possible for the Institute to mobilize outstanding scholars, push innovative ideas and foster sharper, smarter responses to current and future challenges.

- Annual memberships and subscriptions provide the backbone of our revenue and make all of our work possible.
- Targeted major gifts enable supporters to bolster the Institute's research and dissemination capacities in specific areas of interest. They complement the annual campaign, enabling the Institute to recruit scholars and support programs that strengthen its ability to develop innovative solutions to policy challenges.

The Institute invites support from individuals and organizations and has supporters in every region of the country and every economic sector.

## Major Gifts

Individuals and organizations who would like to support the Institute's work above and beyond the annual membership/subscription campaign can sponsor an event or research project, make a planned gift to the Institute, and secure its ability to effect change in a policy area by making an endowed gift.

### TARGETED GIFTS AND SPONSORSHIPS

As Institute Chair David Dodge notes in his introduction to this report, an increase in major gifts and event sponsorships enabled the Institute to enhance its conference and research programs in 2009.

### ENDOWED GIFTS

Endowed gifts provide a predictable, secure source of funding for research programs, conferences, and publications in priority areas.

The C.D. Howe Institute's Board of Directors ensures that management of donations meets or exceeds accepted standards for good governance and generally accepted accounting principles. The Board maintains an investment policy and an endowment policy, which are overseen and implemented by the Audit Finance and Risk Committee, made up of Directors whose financial and business acumen ranks among the best in Canada.

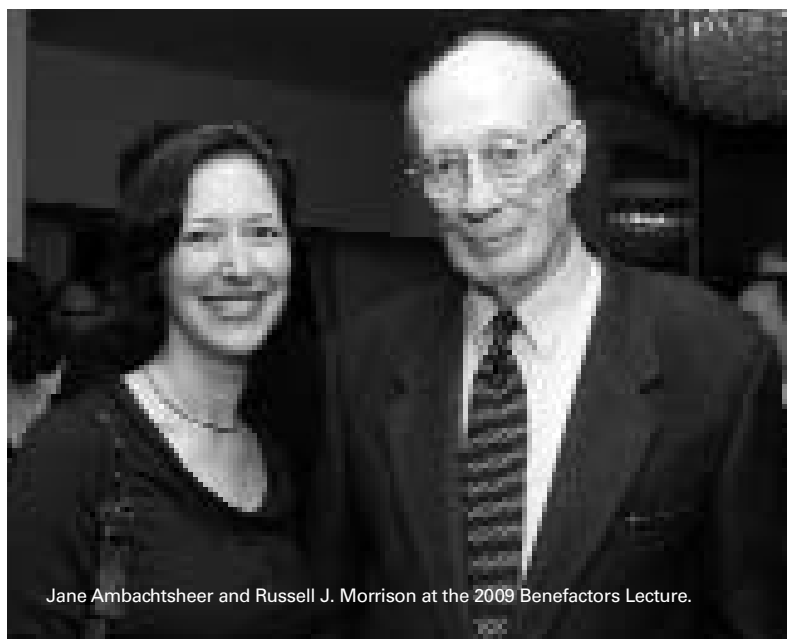
The Institute has several endowed funds to support critical initiatives and funding priorities in perpetuity. These include:

- The Endowment for Special Studies, stimulated by Founding Patron Alfred Wirth.
- The Roger Phillips Chair in Social Policy, funded by Roger Phillips, strengthens the Institute's research and dissemination programming in areas such as education, Aboriginal issues, and healthcare.
- The Jack Mintz Endowment, created by friends and colleagues to honour former Institute President and CEO Jack Mintz, supports the annual Mintz Seminar on public finance.
- The Sylvia Ostry Endowment, created by friends and colleagues to honor Dr. Ostry's leading role in international economic policy, supports the annual Sylvia Ostry Lecture.
- The Monetary Policy Endowment, created with initial support from Canada's financial services industry following the onset of the financial crisis and in response to the increased volume of requests for policy advice from senior levels of government and the public service, private sector leaders, and media. Support from the endowment is strengthening monetary and macro-financial research and programming at the Institute.

## SPONSORS

The Institute's strong performance would not have been possible in the absence of targeted support from the following contributors:

Alberta Environment	David P. O'Brien
Alberta Water Research Institute	Department of Finance Canada
Atlantic Canada Opportunities Agency	The Donner Canadian Foundation
The Aurea Foundation	Enbridge Inc.
Barrick Gold Corporation	Environment Canada
Bennett Jones LLP	GE Canada
Brookfield Renewable Power	The Harold Crabtree Foundation
Business Development Bank of Canada	The Max Bell Foundation
Canadian Defence and Foreign Affairs Institute	The Morrison Foundation
Canadian Finance & Leasing Association	New Brunswick Dept. of Post-Secondary Education
Canadian International Council	Newfoundland and Labrador, Dept of HR
Centre for International Governance and Innovation	Nova Scotia Department of Finance
Certified General Accountants of Ontario	Ontario Power Authority
Conference of Defence Associations	Ontario Power Generation
	RBC Financial Group
	TELUS



Jane Ambachtsheer and Russell J. Morrison at the 2009 Benefactors Lecture.

# The Institute's PEOPLE



Philippe Bergevin  
Policy Analyst  
Colin Busby  
Policy Analyst  
Benjamin Dachis  
Policy Analyst  
Aline Emirzian  
Office Coordinator  
Nairy Emirzian  
Development and  
Membership Coordinator

James Fleming  
Editor and Director of Media  
Sandra Gambóias  
Senior Development Officer  
Madelaine Gileadi  
Conference Coordinator  
Kristine Gray  
Executive Assistant and  
Event Financial Coordinator  
Alyson Henry  
Librarian and Information  
Services Coordinator

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

Jessica Millar  
Development and Public  
Affairs Officer  
Duncan Munn  
Senior Vice President and  
Chief Operating Officer  
Finn Poschmann  
Vice President, Research

Joan Price  
Corporate Secretary and  
Executive Assistant to the  
President and CEO  
William B.P. Robson  
President and CEO  
Heather Vilistus  
Graphic Designer

INDEPENDENT ■ REASONED ■ RELEVANT

## The Funded Scholars Program

The Funded Scholars Program enables the C.D. Howe Institute to engage leading scholars, for a portion of their time, to participate actively in its research program. Chairs are selected on the basis of their record of scholarship and supported by the generous donations of several organizations. We would like to acknowledge the following organizations and individuals who participated in the Program during 2009.

- An anonymous donor for support of Jean-Yves Duclos, Quebec Scholar in Economic Policy;
- *Roger Phillips* for his support of John Richards, Phillips Scholar in Social Policy;
- *The Aurea Foundation* for its support of Bev Dalhby, Public Policy Scholar.

## 2009 Scholars

### Fellows-in-Residence

Bev Dalhby  
Jean-Yves Duclos  
David R. Johnson  
David Laidler  
Abigail Payne  
John Richards

### Senior Fellows

Yvan Allaire  
John W. Crow  
Don Drummond  
Claude Forget  
Frederick W. Gorbet  
Stanley Hartt  
Ron Hicks  
Thomas E. Kierans

Nicholas Le Pan  
Peter Meekison  
Al O'Brien  
Sylvia Ostry  
Grant L. Reuber  
Gordon G. Thiessen

### Research Fellows

Alan Alexandroff  
Charles Beach  
Richard Bird  
Marcel Boyer  
Miles Corak  
James Davies  
W. Erwin Diewert  
Wendy Dobson  
Ross Finnie

Pierre Fortin  
Charles Freedman  
Michael Hart  
John Helliwell  
Ian Irvine  
Jon Kesselman  
Paul R. Masson  
Kevin Milligan  
Frank Milne  
Patrick J. Monahan  
Alice Nakamura  
Nancy Olewiler  
Christopher Ragan  
William Scarth  
Michael Smart  
Mark Stabile  
Arthur Sweetman

Daniel Trefler  
Michael Trebilcock  
William Watson  
Thomas A. Wilson  
Robert Young

### International Fellows

Richard Blundell  
Willem H. Buiter  
Janet Currie  
Arnold C. Harberger  
Peter Howitt  
Neil Quigley  
Hans-Werner Sinn

### C.D. Howe Fellow

Claire De Oliveira

# The Institute's MEMBERS

## UNIVERSITIES AND COLLEGES

Athabasca University  
Cape Breton University  
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  
Université de Sherbrooke  
University of Alberta  
University of British Columbia  
University of Manitoba  
University of Ottawa  
University of Regina  
University of Saskatchewan  
University of Toronto  
University of Waterloo  
Wilfrid Laurier University

R.A.N. Bonnycastle  
Jack Brodsky  
Justin Brown  
Gordon Bruce  
Peter Buzzi  
Robert C. Caldwell  
Kenneth Christoffel  
Jack Cockwell  
Marshall A. Cohen  
E. Kendall Cork  
Marcel Côté  
Glen Cronkwright  
Thomas P. d'Aquino  
Bryan and Malkin Dare  
MKS Inc.  
Laurent Desbois  
Jim Dinning  
Rod Dobson  
Wendy Dobson  
Stephen Dulmage  
Janet Ecker  
William F. Empey  
John T. Ferguson  
James D. Fleck  
Briar Foster  
Peter Goring  
Patrick Gossage  
John A.G. Grant  
James K. Gray  
John Haag  
Geoffrey Hale  
Mary and Graham Hallward  
Victor Harding  
Gerald Hatch  
Mark Hawman

G.R. Heffernan  
Lawrence Herman  
Jim Hinds  
Rebecca Horwood  
Dallas Howe  
H. Douglas Hunter  
Julien Hutchinson  
Richard W. Ivey  
W. Edwin Jarman  
Jon R. Johnson  
Robert Johnstone  
John A. Kazanjian  
Claire M.C. Kennedy  
Thomas E. Kierans  
James T. Kiernan  
Joseph Kruger II  
Daniel Labrecque  
David A. Leslie  
J.W. (Wes) MacAleer  
John MacNaughton  
R.B. (Biff) Matthews  
James W. McCutcheon  
James P. McIlroy  
John D. McNeil  
Jack Mintz  
Bruce H. Mitchell  
William Molson  
Russell J. Morrison  
F.W. Orde Morton  
John P. Mulvihill  
Edward P. Neufeld  
William Orován  
James S. Palmer, C.M., AOE, Q.C.  
Robert B. Pletch  
Nick Pantaleo, FCA  
Anne Poschmann  
Donald S. Reimer  
H. Sanford Riley  
W.P. Rosenfeld, Q.C.  
Scott Samuel  
Guylaine Saucier  
Gavin Semple  
Brian Shaw  
Mary-Anne Sillamaa  
Andrew Spence  
Philip Spencer, Q.C.  
Wayne Steadman  
Jim Stewart  
Christopher Sweeney  
Thomas H.B. Symons  
Frederick H. Telmer  
John D. Tennant  
Craig C. Thorburn  
Robert J. Turner  
Warren Viegas  
David J.S. Winfield  
Alfred G. Wirth  
Adam H. Zimmerman  
Luke Zygalko

ARC Financial Corp.  
Association of Canadian Pension Management  
Assuris  
Astral Media Inc.  
ATB Financial  
ATCO Ltd. & Canadian Utilities Limited  
Balancing Pool  
Bank of America Merrill Lynch  
Barrick Gold Corporation  
Bennett Jones LLP  
bfinance Canada Inc.  
Blake Cassels & Graydon LLP  
BMO Financial Group  
BMO Life Assurance Company  
Bombardier Inc.  
Borden Ladner Gervais LLP  
BP Canada Energy Company  
Brookfield Asset Management Inc.  
Brookfield Renewable Power  
Bruce Power  
Burgundy Asset Management  
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  
Canada Post Corporation  
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 Oil Sands Limited  
Canadian Pacific Railway  
Canadian Tax Foundation  
Canadian Western Bank  
Canam Group Inc.  
Candor Investments Ltd.  
Cargill Limited  
CCL Group Inc.  
Certified General Accountants Association of Alberta  
Certified General Accountants of Ontario  
Chemistry Industry Association of Canada  
Clairvest Group Inc.  
CMA Holdings Incorporated  
CN  
Cogeco Inc.  
Costco Wholesale  
Covarity Inc.  
Credit Union Central of Canada  
Deloitte Management Services LP  
Desjardins Group  
Deutsche Bank AG, Canada Branch  
Devon Canada Corporation  
Donner Canadian Foundation  
E-L Financial Corporation Limited

## INDIVIDUALS

Andrew Abouchar  
Francis R. Allen  
KPA Advisory Services Ltd.  
W.F.C. (Rick) Baker  
John Bell  
Jalynn H. Bennett  
Michel Benoit  
William Black  
David E. Bond



Sylvia Ostry and Angel Gurría, Secretary-General of the OECD, at the Sylvia Ostry lecture, held in November, 2009 in Toronto. Gurría spoke on "New Sources of Growth: Creating a Stronger, Fairer, and Cleaner World Economy." The annual lecture, funded by the Sylvia Ostry Endowment at the Institute, was established in honor of Dr. Ostry's important role in freeing trade in the postwar years.

## ASSOCIATIONS, FOUNDATIONS AND CORPORATIONS

Advocis  
AGF Management Limited  
Agnico-Eagle Mines Ltd.  
Alberta Urban Municipalities Association  
Algoma Central Corporation  
Altus Group  
AON Consulting



Nicholas Le Pan at the Benefactors Lecture.

E.H. Price Limited  
 E.I. du Pont Canada Company  
 Economap Inc.  
 Edco Financial Holdings Ltd.  
 Edmonton Economic Development Corporation  
 Enbridge  
 EnCana Corporation  
 Energy Council of Canada  
 Ensign Energy Services Inc.  
 Ernst & Young LLP  
 Export Development Canada  
 Fednav Limited  
 Fidelity Investments  
 Financial Executives International Canada  
 First National Financial LP  
 Ford Motor Company of Canada, Limited  
 Forest Products Association of Canada  
 Four Halls Inc.  
 Fraser Milner Casgrain LLP  
 GE Canada  
 Gibson Energy ULC  
 Gluskin Sheff + Associates Inc.  
 Goal Group of Companies  
 Goodmans LLP  
 GrantThornton LLP  
 Greater Saskatoon Chamber of Commerce  
 Groupe Aeroplan  
 Harvard Developments Inc., A Hill Company  
 HSBC Bank Canada  
 Hydro One Inc.  
 Hydro-Québec  
 IBM Canada Ltd.  
 Imperial Oil Limited  
 Imperial Tobacco Canada Limited  
 Independent Electricity System Operator  
 Information Services Corporation of Saskatchewan  
 Institute for Catastrophic Loss Reduction  
 Insurance Bureau of Canada  
 Investment Industry Association of Canada  
 Investment Dealers Association of Canada  
 Investors Group  
 J.P. Morgan Securities Canada Inc.  
 Jackman Foundation  
 Jarislowsky, Fraser Limited  
 John Dobson Foundation  
 Kal Tire Ltd.  
 Kinross Gold Corporation  
 KPMG LLP  
 La Jolla Resources International Ltd.  
 Lehigh Inland Cement Limited  
 Maclab Enterprises

Manulife Financial  
 Max Bell Foundation  
 McCarthyTétrault LLP  
 Medisys Health Group  
 Mercer  
 Metro Inc.  
 Minto Group Inc.  
 Monarch Corporation  
 Monitor Group  
 Morgan Meighen & Associates  
 Morneau Sobeco  
 Mosaic Canada  
 Mullen Group Income Fund  
 National Bank of Canada  
 NAV CANADA  
 New Brunswick Power Corporation  
 Nexen Inc.  
 Northern Alberta Institute of Technology  
 O'Regan's Automotive Group  
 Onex Corporation  
 Ontario Centres of Excellence Inc.  
 Ontario Municipal Employees Retirement System (OMERS)  
 Ontario Power Generation Inc.  
 Ontario Teachers' Pension Plan  
 Ontario Trillium Foundation  
 OpenText Corporation  
 Osler, Hoskin & Harcourt LLP  
 Petro-Canada  
 Pirie Foundation  
 Power Corporation of Canada  
 Pratt & Whitney Canada  
 PricewaterhouseCoopers LLP  
 Prism Partners Inc.  
 Procom Consultants Group Ltd.  
 Procter & Gamble Inc.  
 Promontory Financial Group Canada  
 RBC Financial Group  
 Rio Tinto Alcan  
 SaskTel  
 Scotiabank  
 Shell Canada Limited  
 SNC Lavalin Group Inc.  
 Société générale de financement du Québec  
 Stewart McKelvey  
 Sun Life Financial Inc.  
 Suncor Energy Inc.  
 Swiss Bankers Association  
 Tax Executives Institute, Inc.  
 TD Bank Financial Group  
 Teck Cominco Limited  
 Telus



David Dodge, Nancy Hughes Anthony and Joseph Rotman at the Directors Dinner.

The Birks Family Foundation  
 The Canadian Institute of Chartered 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 Railway Association of Canada  
 Standard Life  
 The Toronto Board of Trade  
 ThyssenKrupp Canada, Inc.  
 Torys LLP  
 Towers Watson  
 TransAlta Corporation  
 Transat A.T. Inc.  
 TransCanada Corporation  
 UPS Canada  
 Vale Inco Limited  
 Via Rail Canada Inc.  
 Viterra  
 Wawanesa Insurance  
 Weston Forest Group  
 Workplace Safety & Insurance Board

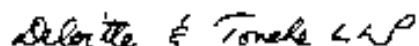
*Views expressed by the C.D. Howe Institute do not necessarily reflect those of its members.*

# To the Members of C.D. Howe Institute

The accompanying summarized balance sheet and summarized statements of revenue and expenses and changes in fund balances are derived from the complete financial statements of C.D. Howe Institute as at December 31, 2009 and for the year then ended on which we expressed an opinion without reservation in our report dated February 26, 2010. The fair summarization of the complete financial statements is the responsibility of management. Our responsibility, in accordance with the applicable Assurance Guidelines of The Canadian Institute of Chartered Accountants, is to report on the summarized financial statements.

In our opinion, the accompanying financial statements fairly summarize, in all material respects, the related complete financial statements in accordance with the criteria described in the Guideline referred to above.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the Institute's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.



*Chartered Accountants*

*Licensed Public Accountants*

Toronto, Ontario

February 26, 2010



# AUDITORS' REPORT ON SUMMARIZED FINANCIAL STATEMENTS

## SUMMARIZED BALANCE SHEET

As at December 31, 2009

	2009	2008
	\$	\$
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	329,240	281,078
Short-term investments	5,281,106	4,489,073
Accounts receivable	203,032	180,533
Prepaid expenses	37,666	45,160
	<b>5,851,044</b>	<b>4,995,844</b>
<b>CAPITAL ASSETS</b>	<b>451,522</b>	<b>544,193</b>
	<b>6,302,566</b>	<b>5,540,037</b>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	123,959	163,809
Deferred revenue	1,320,902	963,647
	<b>1,444,861</b>	<b>1,127,456</b>
<b>LONG-TERM</b>		
Deferred capital contributions	357,620	349,754
Deferred rent	230,446	226,366
	<b>588,066</b>	<b>576,120</b>
	<b>2,032,927</b>	<b>1,703,576</b>
<b>FUND BALANCES</b>		
Invested in capital assets	93,902	194,439
Operating	1,304,081	1,214,313
Endowment funds	2,871,656	2,427,709
	<b>4,269,639</b>	<b>3,836,461</b>
	<b>6,302,566</b>	<b>5,540,037</b>

## SUMMARIZED STATEMENT OF REVENUE AND EXPENSES

Year ended December 31, 2009

	2009	2008
	\$	\$
<b>REVENUE</b>		
Contributions and subscriptions	2,520,153	3,019,772
Meetings revenue	489,982	458,376
Interest income	35,440	74,564
Endowment revenue	32,039	53,224
Sales of publications and sponsorships	31,152	29,843
Contract revenue	38,623	19,284
	<b>3,147,389</b>	<b>3,655,063</b>
<b>EXPENSES</b>		
Research, administrative and project expenses	3,048,431	3,548,199
Amortization	97,361	104,935
	<b>3,145,792</b>	<b>3,653,134</b>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	<b>1,597</b>	<b>1,929</b>

# AUDITORS' REPORT ON SUMMARIZED FINANCIAL STATEMENTS

## SUMMARIZED STATEMENT OF CHANGES IN FUND BALANCES

Year ended December 31, 2009

				2009	2008
	Invested in Capital Assets Fund	Operating Fund	Endowment Funds	Total	Total
	\$	\$	\$	\$	\$
Balances, beginning of year	194,439	1,214,313	2,427,709	3,836,461	3,056,530
Excess of revenue over expenses for the year	(75,227)	76,824	—	1,597	1,929
Changes to unrealized losses on short-term investments	—	(10,671)	—	(10,671)	—
Unrealized (losses) gains on short-term investments	—	(1,695)	(6,079)	(7,774)	10,671
Contributions received during the year	—	—	429,120	429,120	752,339
Excess of endowment revenue over expenses	—	—	20,906	20,906	14,992
Purchases of capital assets	4,690	(4,690)	—	—	—
Deferred capital contributions received	(30,000)	30,000	—	—	—
<b>Balances, end of year</b>	<b>93,902</b>	<b>1,304,081</b>	<b>2,871,656</b>	<b>4,269,639</b>	<b>3,836,461</b>

During the year, the endowments earned investment income of \$52,945 (2008 – \$68,216). Of this amount, \$15,229 (2008 – \$28,224) was spent on events and \$16,810 (2008 – \$25,000) on a Scholar. The \$32,039 (2008 – \$53,224) is included in the summarized statement of revenue and expenses as endowment revenue and in research, administrative and project expenses, respectively. The unspent amount for the year of \$20,906 (2008 – \$14,992) is included in the Endowment Fund balance.