Our Mission

The C. D. Howe Institute is an independent not-for-profit research institute whose mission is to raise living standards by fostering economically sound public policies. It is Canada’s trusted source of essential policy intelligence, distinguished by research that is nonpartisan, evidence-based and subject to definitive expert review. It is considered by many to be Canada’s most influential think tank.

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Delivering top-quality research in public policy and fostering high-level discussion of national priorities are central to the C.D. Howe Institute’s mission. Its pursuit of these goals helps inform public debate in Canada, and equips our policymakers with facts and insights to help make sound decisions.

As Acting Chair, I chair the Board which oversees the Institute’s governance on behalf of its primary stakeholders – the individuals, associations, corporations, postsecondary institutions and foundations that give so generously to support our policy work.

As this report indicates, the Institute made an impressive range of contributions to Canadian public discourse in 2013, holding a record 60 policy events and publishing a record 55 research studies.

On behalf of the Board, I would like to acknowledge and thank our recently retired Chair, Bill Morneau, who provided leadership and wisdom to the Institute during a period of strong growth and accomplishment.

I would also like to give special thanks to the Institute’s President & CEO, Bill Robson, for his passion and dynamic leadership, and to Duncan Munn, the Institute’s Senior VP & COO, who has again played a critical role facilitating the operation of the Institute. Thanks are also due to the research team, scholars and staff of the Institute for another terrific year of achievement.

Sadly, the Institute lost a close friend last year. Robert Brown served as Chair from 1997 to 1999 and, more recently, was an Honorary Director. Bob was a true believer in the Institute’s cause and a major source of advice, notably on fiscal and tax issues. He will certainly be missed.

On a happier note, it is my pleasure to welcome both Gerry McCaughey and Gordon Fyfe, who joined the Institute’s Board in 2013.

Finally, we pay tribute to the high expectations of the Institute’s members and friends. The Institute’s record of top quality research and impact is a direct reflection of the esteem in which they hold the organization, and the advice and support that helps it live up to its stellar reputation.

Yours very truly,

Hugh MacKinnon
Acting Chair
Canadians are rightly proud of their country’s enviable position amongst the world’s best governed countries. Canada’s economic dynamism and quality of life testify to the energy of its business leaders, the public spiritedness of its citizens, and the quality of its policymakers. This combination creates both a supportive environment for our work at the C.D. Howe Institute, and inspiration for our efforts to supply Canadians with high-quality, objective research.

Our supporters know, and news from less favoured countries around the globe reminds us daily, that good government and prosperity are neither automatic nor obtainable simply by wishing for them. Public services that are poor quality, or not delivered at all; bankruptcies and unpaid pensions; distorting and confiscatory taxes; lack of accountability – all these and worse blight lives and livelihoods in much of the world.

Ensuring that Canadians coast to coast get good services, that governments budget wisely and sustainably, that taxes do not needlessly hurt jobs and investment, and that governments at all levels transparently report their activities are all central objectives of the Institute’s publishing program. Key topics in our 2013 research included energy and transportation policy, healthcare, payment technology and governance, labour markets, pension reform, tax rates and credits. Our work on the disincentive to investment that business property taxes create broke new ground in an area critical to Canadian competitiveness, and our fiscal accountability scorecards attracted attention from the Prime Minister, in provincial legislatures, and in municipal councils and local newspapers.

Beyond our written output, the C.D. Howe Institute’s efforts to support good policy extend to our...
forums for informed discussion. In our policy councils, roundtable luncheons and special events such as our Directors Dinner, Benefactors Lecture and Scholars Dinner, we bring policymakers, academics and other experts, elected officials and members of the business community, together to exchange facts, analysis and points of view. Here too, the Institute both thrives in, and contributes to, Canada’s tradition of open and civil debate.

2013 also brought fresh evidence that the C.D. Howe Institute’s production and communication of good ideas fosters progress. The 2013 federal budget’s changes to the Labour-Sponsored Venture Capital Corporations Tax Credit and the creation of the Venture Capital Action Plan both cited Institute research. Policymakers cited our work on topics as varied as urban congestion and pensions. The Institute’s long-standing investigation of the benefits of and approaches to international economic liberalization contributed to the Comprehensive and Economic Trade Agreement between Canada and the European Union – an agreement with many elements, such as carefully crafted intellectual property protection and rules of origin, prefigured in the Institute’s 2011 report “Go Big or Go Home.”

These and other accomplishments and activities documented in the pages that follow are ultimately the result of the steadfast commitment of all of those who work on the Institute’s behalf. I salute my colleagues, the Institute’s Board of Directors and the many leaders in business, the public sector, academia and the professions who contribute to our work. To our members, subscribers and donors, I extend my sincere gratitude. We are privileged to live in a country that provides abundant security and opportunity, and our contributions to better public policy will secure those benefits – and more – for our children and generations to come.

Sincerely,
William B.P. Robson

“The 2013 federal budget’s changes to the Labour-Sponsored Venture Capital Corporations Tax Credit and the creation of the Venture Capital Action Plan both cited Institute research.”
Continued growth in member support and donations enabled the Institute to further its investments in key strategic areas over the course of 2013. These increases in capacity allowed the Institute to accomplish a number of operational goals that enhance the impact of our policy work.

Here is how the Institute performed in meeting our core operational goals in 2013:

1) Increase the Institute’s national reach

- We continued to build our events program in Calgary and Montreal, to increase the ability of members in these cities to participate in our unique off-therecord policy development dialogue.
- C.D. Howe policy work and events, such as the Ottawa Executive Briefing, the Health E-Brief series, and our fiscal accountability work reached into every province.
- Our Annual Calgary Policy Dinner, sponsored by GE Canada, featured three former Bank of Canada Governors: David Dodge, John Crow and Gordon Thiessen. In Montreal, our Annual Policy dinner featured: Claude Bergeron, Executive Vice President and Chief Risk Officer at the Caisse de dépôt et placement du Québec; William Bonnell, Executive Vice President of Risk Management at National Bank; and Morten Friis, Chief Risk Officer at RBC.

2) Launch new initiatives in key policy areas

- This past year the Institute laid the groundwork for the launch of our new Energy Council. In the months and years to come, it will focus on public policy issues facing the Canadian energy sector.
- We were able to add expertise to our Health Policy Council from industry leading organizations such as Canadian Blood Services, BC Care Providers Association, Cystic Fibrosis Canada, GE Canada, PwC and Saint Elizabeth Healthcare.
- With appointments such as that of Dan Ciuriak, former Deputy Chief Economist at DFAIT, as a Research Fellow, we were able to increase the scope of our work in areas concerning Canada’s comparative advantage in services...
and the impact of diplomatic representation on exports.

3) **Increase in the Institute’s event attendance, profile, and revenue**
   
   - The Institute held a record 60 policy events in 2013. These were accompanied by increases in average event attendance, and number of events sponsored.
   
   - Following up on our 2012 Benefactors Lecture and Dinner featuring Charles Evans, President and CEO of the Federal Reserve Bank of Chicago, we were honoured to have Richard Fisher, President and CEO of the Federal Reserve Bank of Dallas, as the keynote speaker at our Annual Directors Dinner, sponsored by Bennett Jones LLP.
   
   - In another landmark event hosted at the Institute in 2013, we were pleased to have both Visa Canada and CIBC sponsor our policy conference on Canada’s payments system in November.
   
   - The impact of the profile and work put into our events can be seen in their contribution to the Institute’s resources – which set a fresh record in 2013, and translates into more and more effective outreach.

4) **Increase the Institute’s outreach and media presence**
   
   - 2013 saw the Institute publish 55 research studies. This work generated a total of 184 citations in both the Globe and Mail and National Post – a 30 percent increase in mentions in these publications since 2010. More generally, C.D. Howe received a total of 1,466 citations across Canadian and international media in 2013 – a 46 percent increase since 2010.
   
   - Online, cdhowe.org surpassed 15,000 monthly visits for the first time. This complements the trend of a steady increase in web traffic to the Institute’s website since 2011.
   
   - These figures indicate that both online and offline, the C.D. Howe Institute continues to be a leader and go-to source for public policy intelligence.

5) **Diversify the Institute’s funding base**
   
   - 2013 saw the Institute successfully increase the average membership contribution per donor through upgrades from generous supporters, and increased policy council participation. We also restructured the development department, which since then has given us significant additional capacity to further deepen relationships with existing donors, as well as broaden the funding base by bringing in new donors.

The goals that were achieved over the past year have helped advance the Institute’s research agenda and increased the effectiveness of its policy work. The new initiatives discussed in this report 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 at the Institute. Thank you all, for helping us make a positive contribution to Canada’s future through the development of smart and effective public policies.

Sincerely,

Duncan Munn
Good economic policy begins with understanding. Understanding of markets, of business, and of government and institutions. Bringing the best of academia together with business and government leaders can produce timely research and advice on the policy questions that matter. The Institute’s research team delivers that analysis to policymakers, the media, business and the public in actionable form.

As the post-2008 macroeconomic policy agenda has shifted from financial stability to concerns over global growth, Canadian governments and financial institutions, and the public have begun to confront life in a low inflation, low interest rate world. The implications for pension and retirement savings are many and challenging: the “new normal” for interest rates, low for an extended period, alongside long-term shifts in global savings and investment – all topics of Institute research publications in 2013 – will require responses. Not least in the public sector, where pension liabilities are backed by taxpayers, and where liabilities are sometimes badly understated.

In this slow-growth environment, governments under pressure to meet rising demands for public service delivery must strike a delicate balance between prudent bottom lines and overtaxing. Striking that balance requires planning, as well as accountability for delivering on budget plans. The Institute’s budget analyses, and the public focus that they bring to where governments do well and where they do not, are powerful forces for change in fiscal planning and accountability.

The fiscal pressures associated with demographic change, especially with respect to health, make the productivity and growth agenda, and the trade agenda, all the more important. Policies aimed at competitive markets, a strong, effective and flexible labour force, and free flows of goods and services all contribute to happy outcomes for Canadians, and our economic wellbeing, and this is what the Institute’s research agenda seeks to support.

The Institute’s work is driven by an engaged team, supported by a network of best-in-class scholars and specialists. The research planning outlook spans a six to twenty-four month horizon; project choices are vetted carefully, and publications are reviewed at each stage of development, ensuring their pertinence and accuracy. Every paper is refereed by the academic experts and...
“Bringing the best of academia together with business and government leaders can produce timely research and advice on the policy questions that matter.”

The Research Team: from top left, Senior Policy Analyst, Mati Dubrovinsky; Associate Vice President, Daniel Schwanen; Associate Director of Research, Alexandre Laurin; Senior Coordinator, Research and Executive Assistant to the Vice President, Research, Kristine Gray; Senior Policy Analyst, Colin Busby; seated from left, Senior Policy Analyst, Benjamin Dachis; President and Chief Executive Officer, William B.P. Robson; Vice President, Research, Finn Poschmann.

Research Mission Cont’d

interested parties who carry the right expertise and experience. This process produces the renowned quality that characterizes our research publications, and of which we are very proud: essential policy intelligence, swiftly and concisely delivered.

Sincerely,
Finn Poschmann
2013 was another challenging year for government finances across the country. The pace of the economic recovery five years after the great recession continued to be slow, with disappointing business investment and little support from abroad. As a consequence, many senior governments are scrambling to raise revenues and letting budget targets slip. In this context, good fiscal and tax policies are essential to healthy economies and higher standards of living.

Business innovation drives productivity growth, making Canada’s lagging performance with respect to research and development (R&D) adoption a concern. Federal and provincial tax systems treat business R&D spending quite generously, as compared with international peers, but the results are disappointing.

A research report released this year presents a new incentive model, known as a “patent box” or “innovation box” – which would improve Canada’s tax treatment of the income derived from exploiting the fruits of R&D. This reform would provide businesses with less tax relief for conducting R&D, and more for adopting, commercializing, or otherwise exploiting the output of the R&D process – in short, a pull, rather than a push, into R&D activity.

Governments must pay attention to the burden their taxes place on investment more generally. Groundbreaking research into the impact of business property taxes (BPTs) in localities across Canada shows where they are highest and lowest. Marginal effective tax rates (METRs) on business investment are significantly higher when we account for the effect of BPTs – a somewhat hidden capital tax but a very real hurdle to business investment, according to a new study.

Governments must also pay close attention to working families, and structure their tax policy to ensure that effective rates do not discourage work, saving, and personal investment. Some working families with children in Canada face high METRs that could dissuade them from earning extra income. In particular, a new report found that low-to- mid-income Canadians face taxes on incremental income generally higher than those faced by high-income families due to the income-tested clawbacks of various fiscal benefits.

### 2013 Publications

**Fiscal and Tax Policy**

- *What You Don’t Know Can’t Help You: Lessons of Behavioural Economics for Tax-Based Student Aid*
  - November 13, 2013 – Christine Neill

- *What Gets Measured Gets Managed: The Economic Burden of Business Property Taxes*
  - October 16, 2013 – Adam Found, Benjamin Dachis, and Peter Tomlinson

- *Treading Water: The Impact of High METRs on Working Families in Canada*
  - July 17, 2013 – Alexandre Laurin and Finn Poschmann

- *The 8 Percent Solution: A Sensible Tax Compromise for Albertans*
  - July 4 – Colin Busby and Alexandre Laurin

- *Improving the Tax Treatment of Intellectual Property Income in Canada*
  - April 25, 2013 – Nick Pantaleo, Finn Poschmann and Scott Wilkie

- *A Reality Check for BC: The Impact of Behavioural Responses on the 2013 Budget’s Proposed Income Tax Increases*
  - April 10, 2013 – Alexandre Laurin

- *Prudence and Opportunity: A Shadow Federal Budget for 2013*
  - March 18, 2013 – Alexandre Laurin and William B.P. Robson

- *Canada’s 2012 Fiscal Accountability Rankings*
  - February 21, 2013 – Colin Busby and William B.P. Robson
The Institute’s 2013 Research

Fiscal and Tax Competitiveness Council in 2013

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Insurance Bureau of Canada
Ted Tomkowiak,
Senior Vice President, Taxation, RBC
Thomas A. Wilson,
Senior Advisor, Institute for Policy Analysis, University of Toronto

Guests at the Annual Montreal Dinner
The peculiar global and Canadian macroeconomic and financial environment continued to shape the Institute’s monetary policy work and its Financial Services Research Initiative.

The “low for long” level of interest rates is connected to long-term trends in global savings and investment, as explained in May 2013 by Paul Beaudry and Philippe Bergevin. Paul Masson flagged the dangers of low central bank policy rates causing excessive risk taking and investment in unprofitable projects in another May paper.

Canada’s Crown financial institutions were also a focus of Institute work. Philippe Bergevin and Finn Poschmann wrote a February 2013 Commentary warning that the current mandates of these corporations – such as providing loans at favourable rates – may fuel asset bubbles. For example, Farm Credit Canada has significantly expanded its loans to the farm sector, driving up both farm values and farm indebtedness, and in the process taking on a large risk of defaults. Bergevin and Poschmann recommended tighter supervision and sunset clauses in the Crown corporations’ enabling legislation – periodic renewal of the legislation would ensure that the goals of crowns were reviewed over time and adjusted to circumstance. Later in 2013 the Office of the Superintendent of Financial Institutions began an investigation of FCC’s lending practices.

2013 also provided instances of prior Institute publications influencing policymaking. As recommended in a February 2010 Commentary by Philippe Bergevin and Todd Zywicki, the Competition Bureau opened the door for Interac to become a for-profit corporation, able to finance needed investments in innovation. The 2013 federal budget announced the government’s intention to pursue a national securities regulator even if all provinces were not on board, as recommended by Jeremy Fraiberg in a 2012 E-Brief.
The Institute’s 2013 Research

Monetary Policy Council in 2013

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Craig Wright,
RBC Financial Group
Much of the Institute’s trade and international economic policy work in 2013 focused on the pending Comprehensive Economic and Trade Agreement (CETA) between Canada and the European Union. Since 2011, the Institute has both explained the need for an ambitious agreement between the two parties, and outlined the key elements such a deal should contain.

In the event, an agreement with the EU was announced in October 2013, with many of its provisions prefigured in the Institute’s work. The Institute subsequently launched a series of E-Briefs explaining the ramifications of the CETA, with the first one focusing on the impact of the CETA on foreign investment rules as they apply to Canada’s other trade partners.

The Institute also tackled tough trade issues. A March 2013 publication, entitled “Putting the Market Back in Dairy Marketing,” offered a novel way to make Canada’s dairy policy less inimical to consumers, industry and trade, consistent with the supply-management framework defended by governments in international trade talks.

Another focus of the Institute’s work in 2013 was the interface between trade and development, a topic made more salient by the creation in June of a new Department of Foreign Affairs, Trade and Development. One 2013 publication outlined new possibilities for bringing negotiations on a Canada-CARICOM agreement to a fruitful close, while another discussed the ramifications of tragedies in the garment industry in Bangladesh for Canada’s approach to development.

Institute experts were also active as guest lecturers at conferences across the country and abroad, presenting to business, government and academic audiences on issues ranging from Canada-India trade and the CETA to foreign direct investment policy, and trade in services. A short article on the impact of North American free trade rounded up the year, on the occasion of the 25th anniversary of the implementation of Canada-US free trade and 20th of the NAFTA.

2013 Publications
Trade and International Policy

Who Else Benefits from CETA? Some Implications of “Most-Favoured Nation” Treatment
December 19, 2013 – Lawrence L. Herman

Diplomacy, Trade and Aid: Searching for “Synergies”
November 27, 2013 – John Richards

Uneasy Birth: What Canadians Should Expect from a Canada-EU Trade Deal
August 15, 2013 – Daniel Schwanen

The Seductive Myth of Canada’s “Overvalued” Dollar
June 25, 2013 – Christopher Ragan

Improving Immigrant Selection: Further Changes Are Required Before Increasing Inflows
June 19, 2013 – Christopher Worswick

Prudence and Opportunity: A Shadow Federal Budget for 2013
March 18, 2013 – Alexandre Laurin and William B.P. Robson

Putting the Market Back in Dairy Marketing
March 13, 2013 – Colin Busby and Daniel Schwanen

A Canada-CARICOM “Trade-not-Aid” Strategy: Important and Achievable
January 10, 2013 – Phil Rourke
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Chair, Barclays Capital Canada

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Forest Products Association of Canada
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Senior Fellow, C.D. Howe Institute
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Pierre Pyun,
Vice President, Government Affairs, Bombardier
Victor Severino,
Assistant Deputy Minister, Ontario Ministry of Economic Development and Innovation
TBD, Kinross Gold Corporation
TBD, Manulife
Daniel Trefler,
University of Toronto
Michael Wenban,
Senior Partner, Monitor-Deloitte
Paul Whittaker,
Deputy Minister, Municipal Affairs, Government of Alberta
Ted Wigdor,
Vice-President, Government and Corporate Affairs, Certified General Accountants of Ontario

Janice Gross Stein and William B.P. Robson
The Institute made major contributions to policy debates over transportation infrastructure and economic growth in 2013. The Institute’s groundbreaking work on putting cities and connections between people—rather than supporting specific industries—at the heart of economic growth is now becoming a key part of how governments plan infrastructure investments.

The Institute was also prominent in Ontario’s energy policy debates in 2013: how best to deliver electricity to homes and businesses and how to reform the wholesale electricity market. The Institute’s efforts in this area are helping create a climate that will support further growth-friendly reforms.

The Institute continued its work on competition policy and regulated industries. The Competition Bureau is taking a more proactive stance in regulated sectors, as Institute papers have recommended. The Institute’s Competition Policy Council was again at the forefront of competition policy debates as the courts and competition watchdogs tackled issues such as cartel fines and class action lawsuits.

Canada’s labour markets also figured in Institute work in 2013. Institute papers showed how the federal government can increase the availability of job market information and the provinces can tackle antiquated regulations in the skilled trades. Here too, governments are taking action.

One of the key promises in the 2014 federal budget was the creation of the Canada First Research Excellence Fund available to all post-secondary institutions on a competitive, peer-reviewed basis. Having governments fund academic research along these lines was a core recommendation of the Institute’s work in 2013.

Financial services research was, yet again, a key part of the Institute’s success. Our work on high-frequency trading policy, the controversy over corporate cash holdings and new approaches to dating business cycles led the policy debate in these areas in 2013.
2013 Publications
Economic Growth & Innovation

Equipping Canadian Workers: Business Investment Loses a Step against Competitors Abroad
November 6, 2013 – Benjamin Dachis and William B.P. Robson

High Frequency Traders: Angels or Devils?
October 10, 2013 – Jeffrey G. MacIntosh

Absent With Leave: The Implications of Demographic Change for Worker Absenteeism
September 24, 2013 – Finn Poschmann and Omar Chatur

A New Blueprint for Ontario’s Electricity Market
September 18, 2013 – A.J. Goulding

Predicting Recessions in Real-Time: Mining Google Trends and Electronic Payments Data for Clues
September 4, 2013 – Greg Tkacz

Cars, Congestion and Costs: A New Approach to Evaluating Government Infrastructure Investment
July 11, 2013 – Benjamin Dachis

From Curiosity to Wealth Creation: How University Research Can Boost Economic Growth
June 5, 2013 – Peter Howitt

Beer, Butter, and Barristers: How Canadian Governments Put Cartels Before Consumers
May 22, 2013 – Robert Mysicka and Marty McKendry

Access Denied: The Effect of Apprenticeship Restrictions in Skilled Trades
May 1, 2013 – Robbie Brydon and Benjamin Dachis

Improving the Tax Treatment of Intellectual Property Income in Canada
April 25, 2013 – Nick Pantaleo, Finn Poschmann and Scott Wilkie

Strength in Numbers? The Weak Effect of Manufacturing Clusters on Canadian Productivity
April 3, 2013 – Kristian Behrens

Mergers by Choice, Not Edict: Reforming Ontario’s Electricity Distribution Policy

Prudence and Opportunity: A Shadow Federal Budget for 2013
March 18, 2013 – Alexandre Laurin and William B.P. Robson

Putting the Market Back in Dairy Marketing
March 13, 2013 – Colin Busby and Daniel Schwane

Who is Still Standing in Line? Addressing a Mismatch of Skills and Jobs in the Canadian Labour Market
March 6, 2013 – Philippe Bergevin

Not Dead Yet: The Changing Role of Cash on Corporate Balance Sheets
January 16, 2013 – Finn Poschmann

Compensation Policy Council in 2013

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Healthcare and education were prime focuses of the C.D. Howe Institute’s social policy research in 2013.

The performance of Canada’s publicly funded healthcare and education systems are key to Canadians’ quality of life. Canadians need the human capital development effective education can provide, while healthcare both builds and maintains human capital, helping Canadians reduce the actual or feared impacts of ill health on their wellbeing.

The constant pressure of healthcare financing on other budget priorities makes the effective use of resources in the publicly funded system an ongoing concern. Hospital funding reforms and better tools to select drugs and devices for adoption in the public health system were among the topics addressed by the Institute’s Health Policy Council in 2013. In its second full year of operation, the Healthcare Policy Initiative’s research has achieved considerable profile. The Institute’s work on demographic pressure on health budgets, and such responses as changes to the financing of drugs and long-term care are key reminders of the importance of sound economics in sustaining healthcare in Canada.

In education, 2013 provided a clear example of the Institute’s policy impact. Institute Fellow in Residence John Richards has long urged improvements in Aboriginal education reforms, both on- and off-reserve, driven by evidence of what works. A 2013 example was his influential publication: “Why is BC Best? The Role of Provincial and Reserve School Systems in Explaining Aboriginal Student Performance.”

In late 2013, the federal government released a First Nation Education Act, which proposed ways for Ottawa to encourage and enforce higher education standards for on-reserve schools. The Act would require band councils to organize the equivalent of school boards or superintendents for groups of on-reserve schools. While the future of the Act remains uncertain, persistently high Aboriginal dropout rates require policy changes – a central message of the Institute’s work in the area.

Åke G. Blomqvist, Adjunct Research Professor at Carleton University and Health Policy Scholar at the C.D. Howe Institute.
2013 Publications
Social Policy

Capturing Value from Health Technologies in Lean Times
December 18, 2013 – Åke Blomqvist, Colin Busby and Don Husereau

Accountability and Access to Medical Care: Lessons from the Use of Capitation Payments in Ontario
November 19, 2013 – Åke Blomqvist, Boris Kralj and Jasmin Kantarevic

What You Don’t Know Can’t Help You: Lessons of Behavioural Economics for Tax-Based Student Aid
November 13, 2013 – Christine Neill

Paying Hospital-Based Doctors: Fee for Whose Service?
October 23, 2013 – Åke Blomqvist and Colin Busby

Why is BC Best? The Role of Provincial and Reserve School Systems in Explaining Aboriginal Student Performance
October 2, 2013 – John Richards

Absent With Leave: The Implications of Demographic Change for Worker Absenteeism
September 24, 2013 – Finn Poschmann and Omar Chatur

Alberta’s Best Schools – 2013
August 21, 2013 – David Johnson

The Main Challenge of Our Times: A Population Growing Younger
July 24, 2013 – Marcel Boyer and Sébastien Boyer

Treading Water: The Impact of High METRs on Working Families in Canada
July 17, 2013 – Alexandre Laurin and Finn Poschmann

Improving Immigrant Selection: Further Changes Are Required Before Increasing Inflows
June 19, 2013 – Christopher Worswick

Rethinking Pharmacare in Canada
June 13, 2013 – Steven Morgan, Jamie Daw and Michael Law

Access Denied: The Effect of Apprenticeship Restrictions in Skilled Trades
May 1, 2013 – Robbie Brydon and Benjamin Dachis

Paying for Hospital Services: A Hard Look at the Options
April 17, 2013 – Jason Sutherland, R. Trafford Crump, Nadya Repin and Erik Hellsten

Who is Still Standing in Line? Addressing a Mismatch of Skills and Jobs in the Canadian Labour Market
March 6, 2013 – Philippe Bergevin

Healthcare for an Aging Population: Will Demographics Push Newfoundland and Labrador into a Fiscal Deep Freeze?
February 2013 – Colin Busby and William B.P. Robson

Managing the Cost of Healthcare for an Aging Population: Provincial Perspectives
January 2013 – Colin Busby and William B.P. Robson
The role and governance of institutions, public and private, invoke fundamental and evolving policy questions, which bear deeply on Canadians’ quality of life. The range of issues is broad, from the design of public pensions to the role of public agencies to infrastructure finance decisions.

The Institute’s pensions policy work is steered by the Pension Policy Council, co-chaired by Claude Lamoureux and Nick Le Pan, which harnesses the intellectual power of a superb group of pension policy specialists, pension providers, sponsors and advisers, and policymakers. The Council has stimulated energetic policy debate on the design of workplace pensions, and triggered reform in the financing of and accounting for public-sector pension liabilities. This work is important, as Canadian society faces financing needs for an ageing population, as the system emerges from an era of profound underfunding, and must do so in the context of sustained, low interest rates and returns.

Proper accounting for long-term costs and returns requires economically defensible assumptions about discount rates, in the pensions world and in infrastructure finance. Prudent assumptions are crucial, and as emphasized by Boyer, Gravel and Mokbel, a stream of costs and benefits must be discounted at a plausible rate and adjusted for risk. Failure to adjust project costs to take account of taxpayers’ financing risk will lead to low value projects’ being selected to proceed. Likewise, the public benefit of infrastructure investment, such as transport investments that reduce congestion costs, need properly to be accounted for, as observed by Benjamin Dachis.

The design of institutions normally responds to the needs of the day, and so it has been with Canada Post. As our economic structure has changed, powerfully affected by the communications revolution, so too has the demand for postal services – sustainable reform is in order – the subject of “How Ottawa Can Deliver a Reformed Canada Post.” Among institutions, as in the rest of economic life, attention to governance and the design of incentives, and responsiveness to them, are essential to shrewd policy choices.
Pension Policy Council in 2013

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2013 POLICY EVENTS

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. The Institute held the following events in 2013 (in chronological order):

Doug Horner, President of the Treasury Board and Minister of Finance, Alberta
Market Access and its Impact on Alberta and Canada
Roundtable, Calgary

Dennis DesRosiers, President, DesRosiers Automotive Consultants Inc.
Stunningly Positive: The Outlook for North American Vehicle Sales and Production to 2020
Roundtable, Toronto

David Rosenberg, Chief Economist and Strategist, Gluskin Sheff + Associates Inc.
Income Outcome
Roundtable, Toronto

Karen Stintz, Councillor, City of Toronto, and Chair, Toronto Transit Commission
One City: The Case for New Mobility Infrastructure in Toronto and How to Pay for It
Roundtable, Toronto

Dianne Craig, President and Chief Executive Officer, Ford Motor Company of Canada Limited
An Incredible Journey: What’s Next for the Automotive Industry?
Executive Reception and Briefing, Ottawa

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William B.P. Robson, President and CEO, C.D. Howe Institute; Colin Busby, Senior Policy Analyst, C.D. Howe Institute; Scott Clark, former Deputy Minister of Finance; Catherine Swift, Chair, CFIB
Unveiling Canadian Governments’ Pinocchio Index: Budget Votes and Financial Results
Roundtable, Toronto

Gordon Nixon, President and CEO, RBC; and Kevin Lynch, Vice-Chair, BMO Financial Group
Can Ontario Compete? Results from the Jobs and Prosperity Council’s Final Report
Roundtable, Toronto

Bill Currie, Vice Chair and Americas Managing Director, Consulting, Deloitte; and Don Drummond, Matthews Fellow/Distinguished Visiting Scholar, Queen’s University, and Chair, Fiscal Tax and Competitiveness Council, C.D. Howe Institute
Canada’s Productivity Gap: Who Should Fill It and How?
Roundtable, Toronto

F. Edward (Ted) Price, Deputy Superintendent, OSFI
Corporate Governance and the International Financial Regulatory Agenda
Roundtable, Toronto

John Pecman, Interim Commissioner of Competition, Competition Bureau of Canada
The Interim Commissioner of Competition’s Priorities in Applying Canadian Competition Law
Roundtable, Toronto

Bob Paulson, Commissioner, Royal Canadian Mounted Police
Bill C-42, Enhancing the RCMP Accountability Act: Moving the RCMP into the Present and Positioning for the Future
Roundtable, Calgary

David Moloney, Senior Advisor to the Privy Council Office
The Shared Canada-US Vision: Regulatory Cooperation Council and Beyond the Border Action Plans
Roundtable, Toronto

Ian Shugart, Deputy Minister, Human Resources and Skills Development Canada
Canada’s Labour Market: Skills to Support Jobs and Growth
Roundtable, Toronto
Leo de Bever, Chief Executive Officer, AIMCo
Imagining a Better Future: Why Forecasts of a Mediocre Future are Probably Wrong
Roundtable, Toronto
SPONSORED BY RBC CAPITAL MARKETS

Sudhir Vyas, Secretary (West), Ministry of External Affairs, Government of India
Canada-India Relations: The Untapped Potential
Roundtable, Toronto

Chief Risk Officers: Claude Accum, Sun Life Financial; Rahim Hirji, Manulife; Robert Pitfield, Scotiabank; Surjit Rajpal, BMO; and Tom Woods, CIBC
Risky Business: How to Manage in an Uncertain Economy
Patrons’ Circle Dinner, Toronto
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Michael Horgan, Deputy Minister, Finance Canada
Finance Canada’s View of the 2013 Budget
Roundtable, Toronto
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Andrew Treusch, Commissioner of Revenue and Chief Executive Officer, Canada Revenue Agency
CRA’s Strategic Directions for Tackling Aggressive Tax Avoidance
Annual Mintz Economic Lecture, Toronto
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Janice Stein, Director, The Munk School of Global Affairs, University of Toronto
New Nuclear Powers? The Challenges of North Korea and Iran
Roundtable, Toronto

Dr. Kerry Bowman, Clinical Ethicist, Mount Sinai Hospital; and Dr. Bernard Dickens, Professor Emeritus of Health Law and Policy, University of Toronto
Confronting End-of-Life Care: Patient Choices
Healthcare Policy Roundtable Series, Toronto
SPONSORED BY MANULIFE

John Helliwell, Professor, University of British Columbia, and Research Fellow, C.D. Howe Institute
Scholars’ Dinner, Toronto
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Wayne Smith, Chief Statistician, Statistics Canada
The Collection of Official Statistics in a Modern Democracy
Roundtable, Toronto

Craig Alexander, Senior Vice President and Chief Economist, TD Bank
The Rocky Road Ahead: Risk in European and American Markets and What It Means for Canadians
Roundtable, Toronto

Lawson Hunter, Counsel, Stikeman Elliot LLP; Paul Boothe, Professor and Director, Lawrence National Centre for Policy and Management, Ivey Business School; Daniel Barclay, Head of Canadian M&A, BMO Capital Markets; Moderator – The Hon. Michael Wilson, Chairman, Barclays Capital Markets Inc.
The State of Play of the ICA: What We’ve Learned and Where We’re Going with the Investment Canada Act
Roundtable, Toronto
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Steve Orsini, Deputy Minister, Ontario Ministry of Finance
The Ontario 2013 Budget
Roundtable, Toronto

Richard Fisher, President and CEO, Federal Reserve Bank of Dallas
The Dallas Maverick: A Different Take on Monetary Issues
Annual Directors’ Dinner, Toronto
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Gordon J. Fyfe, President and CEO, Public Sector Pension Investment Board
Lifting the Veil on PSP Investments: One of Canada’s Largest Yet Least-known Pension Investment Funds
Roundtable, Toronto

Dr. Peter Scherer, Director, Centre for Applied Genomics, Hospital for Sick Children; and Dr. Timothy Caulfield, Canada Research Chair in Health Law and Policy, University of Alberta
Genomics: The Evolving Science and its Implications for Health Policy
Healthcare Policy Roundtable Series, Toronto
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Dan Kelly, President and CEO, Canadian Federation of Independent Business
Are We too Good for “Bad” Jobs? A Look at Small Business and the Temporary Foreign Worker Program
Roundtable, Toronto
2013 Policy Events

Bob Rae, Member of Parliament, Toronto Centre
Political Leadership: Lessons Learned in the Hot Seat
Roundtable, Toronto

Tim Hudak, Ontario PC Leader and Leader of the Official Opposition
Choosing a Better Ontario Roundtable, Toronto

Policy Conference: Commercial Aviation and Airports’ Role in the Global Value Chain
Policy Conference, Toronto
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Is Canada Open for Business? The Past, Present, and Future of the Investment Canada Act Roundtable, Calgary
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Peter Van Loan, Leader of the Government, House of Commons
The Future of Parliamentary Institutions in a Modern State Roundtable, Toronto

Jos Schmitt, Chief Executive Officer, Aequitas Innovations
Improving Equity Market Quality, Promoting Fairness and Fostering Economic Growth Roundtable, Toronto
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Mark Wiseman, President and CEO, CPP Investment Board
Investing on the World Stage for Canadians Roundtable, Toronto
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David Alward, Premier, New Brunswick
Energizing Canada’s Economic Future through Responsible Natural Resource Development and Innovation Roundtable, Toronto

Marcel Côté, Montreal Mayoral Candidate
Priorities for the City of Montreal Roundtable, Montreal

Jeffrey Lozon, President and CEO, Revera; Åke Blomqvist, Health Policy Scholar, C.D. Howe Institute; Stephen Frank, Vice President, Policy Development and Health, CLHIA
Long-Term Care: Outlook and Future Options Healthcare Roundtable Series, Toronto
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Priorities for the City of Toronto Roundtable, Toronto

Michel Clair, President, Sedna Health Group Inc.; and Claude Castonguay, Invited Fellow, CIRANO
Is Quebec’s White Paper the Answer? Roundtable, Montreal

Dwight Duncan, Senior Strategic Advisor, McMillan LLP
Post Retirement Income in Canada: Challenges and Opportunities Roundtable, Toronto with videoconference to Calgary
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Alice Rivlin, Senior Fellow, Brookings Institution
Is the United States Governable? Annual Sylvia Ostry Lecture and Luncheon, Toronto

Policy Conference: The Canadian Payments System: Ensuring Stability, Increasing Efficiency and Balancing Interests
Policy Conference, Toronto
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Former Bank of Canada Governor: David Dodge, John Crow, Gordon Thiessen
Slow Growth and Big Debts: Challenges for the World Economy and Monetary Policy since the Crisis Annual Calgary Dinner
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Eric Sprott, Chief Executive Officer, Senior Portfolio Manager, Sprott Asset Management
Mania. Manipulation. MELTDOWN. An Insider’s Perspective on the Economy, Precious Metals and Investment Opportunities Roundtable, Toronto with videoconference to Calgary
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Steve Baker, President and CEO, Union Gas; Ian Delaney, Chairman, Sherritt International Corporation; Rick Ekstein, President and CEO, Weston Forest Products
A Resourceful People: Commodities and Canada’s Economic Future Patrons’ Circle Dinner, Toronto
Michael Horgan, Deputy Minister, Finance Canada
Fall 2013: Economic and Fiscal Update
Annual David Laidler Luncheon, Toronto
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Don Coxe, Chairman, Coxe Advisors LLP
Low for Long: Interest Rates and Impacts on the Canadian Economy
Roundtable, Calgary

Dean Connor, President and CEO, Sun Life Financial;
Don Coxe, Chairman, Coxe Advisors LLP; Gerry McCaughey, President and CEO, CIBC
The Economy is in Limbo: What Happens When Rates – and Returns – Stay so low, for so long?
Annual Benefactors’ Lecture and Dinner, Toronto
SPONSORED BY BRIAR FOSTER AND JOHN AND REBECCA HORWOOD

Nicolas Marceau, Minister of Finance and the Economy, Quebec National Assembly
Quebec Economic Development
Roundtable, Montreal

Russ Girling, President and CEO, TransCanada Corporation
Market Access for Canadian Energy
Roundtable, Calgary
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Jim Keohane, President and Chief Executive Officer, Healthcare of Ontario
Pension Plan
Why HOOPP Works and the Critical Role of Defined Benefit Plans in the Pension Landscape
Roundtable, Toronto

Claude Bergeron, Executive Vice President and Chief Risk Officer, Caisse de dépôt et placement du Québec;
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Morten Friis, Chief Risk Officer, RBC
Risky Business: How to Manage in an Uncertain Economy
Annual Montreal Dinner

Charles Sousa, Minister, Ontario Ministry of Finance
Retirement Income Security Roundtable, Toronto

Dorian Lo, Executive Vice President, Pharmacy and Healthcare, Shoppers Drug Mart; Craig Worden, Executive Vice President, Public Affairs, Pollara Strategic Insights; Margaret Wente, Columnist, The Globe and Mail
What Matters to Canadians: How Public Perceptions Influence Policy Choices
Healthcare Policy Roundtable Series, Toronto
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Rupert Duchesne, Group CEO, Aimia
The Age of Big Data: Building Real Relationships
Executive Reception and Briefing, Ottawa
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The Events Team: from left, Development Officer, Events, Heather McConnell; Event Planner, Renata Nicmans; Senior Event Planner, Christina Chew; Manager, Special Projects and Events, Adrianna Alterman.
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“The purpose of my giving is to facilitate the Institute’s growing role in exploring ‘smart policy’ which anticipates, rather than reacts to, the huge global shifts underway in the world economy today. Canada’s favorable position in the wake of the global financial crisis needs to be matched by a strategic inter-generational response to these global economic and geo-political shifts. The C.D. Howe Institute’s independent research is a critical asset to policy makers. I hope my gifts inspire others to make personal contributions to the Institute’s future work.”

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2013 Annual Report / C.D. Howe Institute
2013 Major Gifts and Grants

Throughout much of its history, the C.D. Howe Institute has operated with a staff and budget that were modest relative to the scope of its mandate and the resources of other think tanks. At times, this constraint has forced the Institute to allocate fewer resources to key areas than would have been ideal, limited its ability to maintain relationships with key scholars, or hampered the sustained, effective communication of its conclusions.

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 in 2013 would not have been possible in the absence of support from the following donors and sponsors:

**Aurea Foundation:** Aurea is a charitable foundation established in 2006 by Peter and Melanie Munk to undertake initiatives and support qualified institutions and affiliated individuals involved in the study and development of public policy. Aurea Foundation’s grant program aims to facilitate exchanges in the marketplace of ideas to the benefit of all who live or aspire to live in free societies. In 2013, Aurea Foundation provided major support for the Institute’s International Economic Policy Program and for research on human capital and competitiveness.

**Donner Canadian Foundation:** The Donner Canadian Foundation was established in 1950 by William H. Donner. In addition to ongoing funding of public policy research, the Foundation supports environmental, international development, and social service projects. Every year, the Donner Book Prize honours the best book on Canadian public policy, and the Donner Canadian Foundation Awards recognize excellence in the delivery of social service. In 2013 the Foundation provided major support to the overall policy work program of the Institute.

**Lotte & John Hecht Memorial Foundation:** Established in 1962, the Lotte and John Hecht Memorial Foundation has two major objectives: investigation and support of complementary and alternative medicine, particularly in the treatment of cancer, and; economic education that promotes the principles of a free market. In 2013 the Foundation provided major support for the Institute’s policy work on federal and provincial government financial accountability.

**Max Bell Foundation:** Since its creation in 1972 by the late Mr. George Maxwell Bell, Max Bell Foundation has made grants across Canada for a wide range of charitable purposes which benefit all Canadians. In contributing to Canadians and their communities, the Foundation has always sought to support innovative endeavours which encourage the development of human potential in pursuit of social, educational, and economic goals. In 2013 the Foundation supported the Institute’s work on the fiscal preparedness of provincial governments to manage the healthcare costs associated with an aging population.

**Pfizer Canada Inc.:** Pfizer Canada Inc. is the Canadian operation of Pfizer Inc., one of the world’s leading biopharmaceutical companies. In 2013 Pfizer provided major support for policy research and events on healthcare reform. The grant was offered on a completely philanthropic basis, with full respect for the Institute’s commitment to academic independence and research objectivity.

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REPORT OF THE INDEPENDENT AUDITOR ON THE SUMMARY FINANCIAL STATEMENTS

To the Members of
C.D. Howe Institute

The accompanying summary financial statements, which comprise the summary balance sheet as at December 31, 2013, and the summary statement of revenue and expenses and of changes in fund balances for the year then ended, and related note, are derived from the audited financial statements of the C.D. Howe Institute (the “Institute”) for the year ended December 31, 2013. We expressed an unmodified audit opinion on those financial statements in our report dated May 22, 2014.

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 year ended December 31, 2013 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 22, 2014
# C.D. Howe Institute

## Summary balance sheet
as at December 31, 2013

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>2,677,220</td>
<td>2,509,177</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>555,109</td>
<td>433,972</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>242,903</td>
<td>300,028</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>52,113</td>
<td>45,721</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3,527,345</td>
<td>3,288,898</td>
</tr>
<tr>
<td><strong>Long-term investments</strong></td>
<td>4,822,952</td>
<td>3,844,335</td>
</tr>
<tr>
<td><strong>Capital assets</strong></td>
<td>660,713</td>
<td>752,788</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>9,011,010</td>
<td>7,886,021</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>157,105</td>
<td>221,004</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>1,841,362</td>
<td>1,657,240</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>1,998,467</td>
<td>1,878,244</td>
</tr>
<tr>
<td><strong>Long-term liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred capital contributions</td>
<td>261,765</td>
<td>285,729</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>217,167</td>
<td>227,295</td>
</tr>
<tr>
<td><strong>Total long-term liabilities</strong></td>
<td>478,932</td>
<td>513,024</td>
</tr>
<tr>
<td><strong>Fund balances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>398,948</td>
<td>467,059</td>
</tr>
<tr>
<td>Operating</td>
<td>1,313,147</td>
<td>1,098,629</td>
</tr>
<tr>
<td>Endowment funds</td>
<td>4,821,516</td>
<td>3,929,065</td>
</tr>
<tr>
<td><strong>Total fund balances</strong></td>
<td>6,533,611</td>
<td>5,494,753</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>9,011,010</td>
<td>7,886,021</td>
</tr>
</tbody>
</table>

---

## Note to the summary financial statements

**December 31, 2013**

### 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 statement of revenue and expenses

**year ended December 31, 2013**

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and subscriptions</td>
<td>3,397,582</td>
<td>3,462,118</td>
</tr>
<tr>
<td>Meetings revenue</td>
<td>581,282</td>
<td>539,712</td>
</tr>
<tr>
<td>Investment income- realized gain</td>
<td>8,641</td>
<td>21,484</td>
</tr>
<tr>
<td>Investment income- unrealized losses</td>
<td>(12,090)</td>
<td>(821)</td>
</tr>
<tr>
<td>Sale of publications and sponsorships</td>
<td>14,205</td>
<td>18,921</td>
</tr>
<tr>
<td>Contract revenue</td>
<td>36,344</td>
<td>20,590</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>4,025,964</td>
<td>4,062,004</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Expenses</strong></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research, administrative and project expenses</td>
<td>3,733,362</td>
<td>3,884,837</td>
</tr>
<tr>
<td>Loss on disposal of capital assets</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Amortization</td>
<td>137,166</td>
<td>132,867</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,879,557</td>
<td>4,017,704</td>
</tr>
</tbody>
</table>

| **Excess of revenue over expenses for the year** | 146,407 | 44,300 |

---

# C.D. Howe Institute

## Summary statement of changes in fund balances

**year ended December 31, 2013**

<table>
<thead>
<tr>
<th></th>
<th>Invested in Capital Assets Fund</th>
<th>Operating Fund</th>
<th>Endowment Funds</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2013</strong></td>
<td><strong>2012</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Balances, beginning of year</strong></td>
<td>467,059</td>
<td>1,098,629</td>
<td>3,929,065</td>
<td>5,494,753</td>
</tr>
<tr>
<td>Excess of revenue over expenses for the year</td>
<td>(122,231)</td>
<td>268,638</td>
<td>-</td>
<td>146,407</td>
</tr>
<tr>
<td>Unrealized gains on short-term investments</td>
<td>-</td>
<td>-</td>
<td>368,565</td>
<td>368,565</td>
</tr>
<tr>
<td>Contributions received during the year</td>
<td>-</td>
<td>-</td>
<td>320,000</td>
<td>320,000</td>
</tr>
<tr>
<td>Excess of endowment revenue over expenses</td>
<td>-</td>
<td>-</td>
<td>431,421</td>
<td>431,421</td>
</tr>
<tr>
<td>Transfer to deferred revenue</td>
<td>-</td>
<td>-</td>
<td>(227,535)</td>
<td>(227,535)</td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>54,120</td>
<td>(54,120)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balances, end of year</strong></td>
<td>398,948</td>
<td>1,313,147</td>
<td>4,821,516</td>
<td>6,533,611</td>
</tr>
</tbody>
</table>

---

Approved by the Board

Chairman of the Board

Chairman, Audit, Finance and Risk Committee

---

2013 Annual Report / C.D. Howe Institute
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