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ANNUAL REPORT 2016

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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. Widely considered to be Canada’s most influential think tank, the Institute is a trusted source of essential policy intelligence, distinguished by research that is nonpartisan, evidence-based and subject to definitive expert review.

Celebrating Canada’s 150th year!
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#1 Awarded Think Tank

The C.D. Howe Institute has won more research awards than any Canadian think tank, including over a quarter of all Purvis Prizes, the highest honour in Canadian economic policy writing.

Essential Output

66 high-quality research and policy council reports

82 exclusive, off-the-record events
Stimulating Debate

8,569
Citations in Canadian and international media

4,288
Citations in social media

584,037
Website pageviews

Impacting Government

46
Policy outreach presentations

141
Interviews

221
Citations in the Globe and Mail and National Post
The C.D. Howe Institute’s mission is simple: to raise Canadian living standards by fostering economically sound public policy. As citizens across the country celebrate our 150th anniversary, the Institute takes great pride in its many decades of contributions to Canada’s enviable position as a global economic leader.

As Chair of the Board, I help oversee 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 2016, holding a record 82 policy events and publishing 66 research and policy council reports. This work generated over 8,000 citations in Canadian and international media, and over half a million webpage views.

On behalf of the Board, I would like to thank the Institute’s President & CEO, Bill Robson, for his first-rate leadership, and the Institute’s Senior Vice President and Chief Operating Officer, Duncan Munn, who ensures the Institute, despite its relatively modest funding, operates a lean and highly effective operation. Thanks are also due to the outstanding research team, scholars and staff of the Institute for another terrific year of achievement.

It is my pleasure to acknowledge Dianne Craig, Murray Edwards, Richard Legault, Heather Munroe-Blum and William B. Thomas, who stepped down from the Board in 2016, and to thank them for their invaluable service. Last year, we were delighted to welcome Gordon Fyfe, Rich Kruger and Cyrus Madon to the Board.

Finally, we pay tribute to the Institute’s members and friends. Your philanthropic support enables the Institute to work towards a stronger and more prosperous Canada. Thank you.

Sincerely,
Hugh L. MacKinnon
Canada’s sesquicentennial is an apt time to reflect on our country’s many achievements – not least the economic dynamism that has underpinned the success of our businesses, the quality of our public services, and the living standards of our citizens.

While the C.D. Howe Institute is not as old as the country, for more than half a century, it has been an authoritative provider of analysis and advice on the economic policies that matter for prosperity. And that successful record is a direct result of the intellectual and financial contributions of the Institute’s members and supporters.

That support has allowed the C.D. Howe Institute to make its voice heard across the spectrum of economic policies. Among the areas where the Institute’s work has made a positive difference are: liberalization of international trade and investment; inflation control and the development of inflation targets; the transparency of governments’ financial reporting; reforms that put the Canada and Quebec Pension Plans on a sustainable footing; policies affecting major sectors such as manufacturing, energy, financial services, telecommunications and transportation; and growth-friendly changes to personal, business and sales taxes.

More recent changes show how the Institute’s work continues to help Canadians and governments at all levels frame and address challenges in these and other areas.

Cont’d next page ...
2016 marked the signing of the Canada-EU Trade Agreement – the latest major reduction of barriers to foreign trade and investment. The federal government also announced plans to ease foreign ownership restrictions on domestic airlines. The Bank of Canada renewed its inflation target agreement for another five years with a 2% target – a development that would once have appeared inconceivable.

The quality of financial reporting by Canada’s senior governments continued to improve; Ontario’s 2016 Annual Report and Consolidated Financial Statements devoted a section to the Institute’s fiscal accountability grades. And at the municipal level, Toronto announced plans to use tax-increment financing – an innovative form of financing first prefigured in Institute research – as one of the largest portions for financing its Smart Track plan, and Quebec municipalities are following suit.

The federal government eliminated grain-carrying quotas for railroads, as recommended in C.D. Howe Institute work, and that marks a step forward for the railroads and their other customers. The Alberta Government adopted recommendations from its review of oil and gas royalties that would follow Institute recommendations to make the system more akin to a cash-flow tax.

Of course, much remains to do: as the following pages document, the C.D. Howe Institute’s output in 2016 covered desirable policy changes in areas as diverse as commodity taxation, pensions, communications, services delivery in large Canadian cities, electricity sector governance and continuing care for the elderly. And the Institute launched a major research program devoted to addressing Canada’s human capital issues, with a fresh look at the prevalence of non-standard employment.

In addition to its written output, the C.D. Howe Institute fosters informed discussion. Our policy councils, roundtable luncheons and special events bring policymakers, business leaders, academics and other experts 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.

I am proud to acknowledge the contributions to the accomplishments documented in this Annual Report from many eminent members of the Institute’s community. I salute my colleagues, the Institute’s Board members, its Fellows, and the many leaders in business, government, academia and the professions who support our work. To them, and to our members, subscribers and donors, I extend my sincere gratitude. Thanks to your support, the Institute has entered 2017 stronger than ever, and will contribute to Canada’s dynamism and success in the years ahead.

Sincerely,

William B.P. Robson
Thank You for Your Charitable Giving

$100,000 gift in 2016

I support the C.D. Howe Institute because, in addition to conducting excellent research, it attracts great speakers from the business, government, academic and the not-for-profit sectors to its “off the record” luncheons and dinners on important public policy issues.

– Don Johnston, Member, Advisory Board, BMO Capital Markets

$30,000 Gift in 2016

“Why should we support the Institute? Because it is only through support from civil society that an independent voice such as the C.D. Howe can survive.”

– Hélène Desmarais, C.M., Chairman & CEO, Centre d’entreprises et d’innovation de Montréal
As a charity, private support makes the C.D. Howe Institute’s work possible. People are often surprised by our modest resources. We have only one office, and about 30 staff. We have no eight-figure endowments or major, multi-year government grants. All donations are purely philanthropic – the Institute does not accept any donations that stipulate a predetermined result or otherwise inhibit the independence of its staff and authors.

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. We gratefully acknowledge the following donors and sponsors:

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2016 saw continued growth in Institute memberships and philanthropic donations. This allowed for strategic investments in its events and outreach programs. As a result, we were able to solidify our position as a trusted and independent source of essential policy intelligence.

Here is how the Institute performed in meeting its core operational goals in 2016:

**Goal – Drive stakeholder engagement and enhance value for membership**

**Result:**

83% of members reported strong value for membership over the course of 2016. This is in no small part due to the Institute’s focus on increasing the value proposition for membership, implementation of member acquisition pricing strategies, and deepening relationships with our strong and loyal membership. As a result, we saw corporate membership contributions soar to an all-time high, and new membership revenue grow by over 100%. 2016 also saw the launch of our Inside Access conference call series, which give members unprecedented access to Institute authors and policy intelligence.

Cont’d next page ...
Goal – Broaden the reach of Institute events and grow the bottom line

Result:
A speakers lineup including the likes of Christine Lagarde, Stephen Poloz, and Frank McKenna helped turn 2016 into yet another banner year for C.D. Howe Institute events. A 10% increase in attendance, coupled with innovative programs, such as blockchain, bail-in bonds, and our annual health policy summit, also led to increased revenue and a 10% increase in year-end surplus. 2016 also saw a 30% increase in the number of dinners and conferences hosted by the Institute.

Goal – Enhance the Institute’s position as Canada’s leading voice on essential public policy matters

Result:
2016 saw the Institute punch above its weight in national media citations, as well as achieve strong growth on its social media channels and website traffic. We also launched our Intelligence Memos blog, which gave the Institute an ability to provide rapid and timely responses to pressing policy matters such as the fallout from Brexit and the US election. The launch of the C.D. Howe App also brought daily policy intelligence updates right to your fingertips.

As a philanthropic organization, the C.D. Howe Institute could not have achieved these results without our strong and loyal member support, the involvement of policy leaders and scholars from across the country, and the hard work and expertise of my colleagues. Thank you for helping the Institute make a positive contribution to Canada’s future through the development of essential public policies that are raising living standards for all Canadians.

Sincerely,
Duncan Munn
The mission of the Institute’s research team is to illuminate the important issues and policy choices faced by Canadian decision-makers in the public and private sectors, and to provide them with sound economic policy options.

The C.D. Howe Institute’s research is organised around core areas of expertise. In nine of these, research efforts are supported by advisory Councils that represent a wealth of practical government, business and professional experience in the subject area, blended with strong academic insights.

The year 2016 saw the launch of the Institute’s Human Capital Council, which supports research on policy questions related to education, skills, training, labour market, immigration and demographic trends. Enabled by the support from the Human Capital Council, the renewed focus on these crucial questions for Canadians’ success and well-being has already begun to considerably magnify the impact of the Institute’s work in this area.

The Institute seeks to maximize the impact of the resources it devotes to research. To this end, each Institute research paper must meet a three-pronged test of: relevance to an important policy issue facing Canadians; ability to make a timely and constructive policy recommendations on, or contribute to the understanding of, that issue; and ability of the Institute to execute on the project in the context of its overall resources and commitments.

The coherence of the research program across all areas is further ensured by the requirement that each C.D. Howe Institute paper address one or more of these four overarching challenges: generating stronger economic growth and prosperity; ensuring fiscal and financial stability and sustainability; promoting greater opportunities for individual Canadians to enhance their well-being; and enhancing the effectiveness of our economic and social-policy institutions.
The Institute’s work is conducted along strictly non-partisan lines, and its external authors are asked to disclose any conflict of interest. The Institute does not accept donations that are predicated on its research concluding in favour of a particular conclusion or policy stance, or otherwise inhibiting an author’s independence.

Peer-reviewed publications constitute the bedrock of the Institute’s research output. The quality of these publications is underpinned by the Institute’s comprehensive, state-of-the-art external review process. In turn, the integrity of this external review process is assessed once a year through a formal audit conducted by academic or other experts.

The number of peer-reviewed Institute publications has been rising steadily since 2014. In addition, the Institute’s research output also comprises the eight-yearly reports of our monetary policy council, as well as occasional conference reports, speeches and presentations, translations, and numerous op-eds published in Canada’s key media platforms, resulting in a dynamic blend of research-based output suiting various occasions and our various audiences.

In that vein, a new and immediately popular Institute publication appeared on the scene in 2016: The “Intelligence Memo”, a blog whose posts are written in the form of timely, reasoned advice to policymakers on the key issues confronting them. Intelligence memo contributors include Institute in-house experts, external fellows and other authors, and highly informed outside experts and decision-makers. I encourage you to read the “Intelligence Memo” blog for short, accessible expert takes on the important policy issues of the day.

This is an apt point at which to recognize the enormous intellectual contributions that Council members and other Institute members, fellows and authors, and expert reviewers across Canada and beyond, make to the quality of our deliberations and the relevance and quality of our research output. The Institute’s reputation for authoritative analysis owes a great deal to their insights and advice, which stems from a shared commitment to improve the lives of Canadians through good public policy. To all of them, we are deeply grateful.

Sincerely,

Daniel Schwanen
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C.D. Howe Institute publications undergo rigorous external review by academics and independent experts drawn from the public and private sectors. We thank the following reviewers for their support in 2016:

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Mark Zelmer
Canada is recognized for its well-regulated financial, insurance and pensions systems. The stability and sustainability of those systems are fundamental to the ability of Canadians to plan their economic affairs with confidence.

These systems must constantly be re-evaluated in light of evolving broader economic, demographic and other external circumstances, and of updated assessment of risks. At the same time, an over-emphasis on sustainability and stability should not come at the expense of these systems’ core roles in efficiently financing economic growth.

The Institute research in 2016 addressed a number of these and other issues related to fiscal and financial stability. For example, an Institute publication recommended strengthened backstop arrangements to address the ripple effect on financial markets of severe, one-off insurance industry loss due to earthquake or other catastrophic events. Another proposed the institution by the Bank of Canada of permanent emergency liquidity facilities to better prepare for the eventuality of another severe financial crisis.

While Canadians retiring over the next few years can feel secure relative to impending retirees in a number of other OECD countries, last year saw a vigorous debate over the need to expand the Canada Pension Plan, or even create a new public pension plan in Ontario, should CPP expansion not materialize. This debate took place in the context of an assumed shortfall in Canadians’ retirement savings.

The Institute’s research sought to illuminate these discussions in a number of useful ways. Given the sometimes confusing retirement preparedness debate, one Institute study reviewed five often-quoted studies to show how different prescriptions for retirement income policies could arise from fairly similar assessments of the facts.

Another publication provided a comprehensive assessment of the “fourth pillar” of retirement preparedness, in the form of assets that Canadians hold outside of public, workplace or registered retirement savings plans, and which they can draw upon to finance their retirement. The study suggested that this fourth pillar contributed in a substantial yet underappreciated way to Canadians’ retirement preparedness.

The Institute’s work also contributed to a better understanding of the impact of an expanded CPP on lower income earners, and of the impact of a likely significant decline in spending by retirees past a certain age on workplace pension plans.

Sound macroeconomic policy provides, by definition, the broad framework most conducive to growth in standards of living. As the new
federal government touted deficit financing in a period of economic slack, the Institute’s 2016 Shadow Budget showed that a reasonably prompt return to budgetary balance at the federal level could not only be achieved without reducing essential support that Canadians expect at a difficult time, but could make room for well-thought-out measures to stimulate the economy. The Institute continued to draw attention to the unappreciated burden and risks for taxpayers of federal employee pension plans.

Two Institute publications examined questions facing the Bank of Canada and the government ahead of the 2016 renewal of the Inflation-Control Agreement. In that vein, the Institute published research that confirmed the benefits of the current inflation targeting regime, and analyzed the conduct of monetary policy in a low interest rate environment.

The Institute made a number of original contributions in 2016 towards improving our understanding of economic data, notably through the creation of a new index of the diffusion of economic ups and downs by economic sectors, under the aegis of the Institute’s Business Cycle Council, and a more specific examination of the monetary policy response to the ripple effects of oil price shocks. The Institute also published a guide to interpreting the various measures of GDP used by statistical agencies and economic commentators.
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2016 Research

Monetary Policy, Financial Services and Pensions

Looking for Liquidity: Banking and Emergency Liquidity Facilities
February 9, 2016 – Jeremy Kronick

Mounting Evidence: Findings from Natural Experiments in Inflation Targeting
March 31, 2016 – Michael Parkin

Worse Than It Looks: The True Burden and Risks of Federal Employee Pension Plans
May 3, 2016 – William B.P. Robson and Alexandre Laurin

DC Plans and the ORPP: Why Fees Matter
May 11, 2016 – Barry Gros and James Pierlot

How Spending Declines with Age, and the Implications for Workplace Pension Plans
June 16, 2016 – Frederick Vettese

Toward the Next Renewal of the Inflation-Control Agreement: Questions Facing the Bank of Canada
June 29, 2016 – Steve Ambler

The Pressing Question: Does CPP Expansion Help Low Earners?
July 13, 2016 – Kevin Milligan and Tammy Schirle

Taking the Economic Pulse: An Improved Tool to Help Track Economic Cycles in Canada
July 26, 2016 – Jeremy Kronick

August 3, 2016 – Nicholas Le Pan

Ripple Effects: Oil Price Shocks and Monetary Policy
August 30, 2016 – Steve Ambler

Assessing the Retirement Income Prospects of Canada’s Future Elderly: A Review of Five Studies
September 20, 2016 – Bob Baldwin

The Bigger Picture: How the Fourth Pillar Impacts Retirement Preparedness
September 27, 2016 – Jeremy Kronick and Alexandre Laurin

Swimming with Whales: How to Encourage Competition from Small Banks
October 4, 2016 – John Jason

Putting Money to Work: Monetary Policy in a Low Interest Rate Environment
November 3, 2016 – Steve Ambler

Takeover Rules: In Support of the Longer Minimum Bid Period
November 10, 2016 – Sharon Geraghty
Generating Stronger Growth and Prosperity

Over the decades, the Institute’s work has improved our understanding of economic policy choices that matter most for Canadians’ prosperity.

In that spirit, the Institute’s work on tax policy, infrastructure, energy and trade, continued to focus in 2016 on ways that policies could spur productive investments in Canada, help Canadian firms access new markets, and remove or mitigate existing obstacles to economic growth.

The Institute published in 2016 a major study recommending the modernization of business taxation, addressing the current system’s distortions of firms’ investment and financing decisions, and discouragement of risk-taking and innovation efforts. As well, the Institute updated its seminal work on taxes in major Canadian cities, which points out the often-neglected but important impact business property taxes have on the overall tax burden falling on new business investments.

In light of the emphasis put by Canadian governments on modernizing Canada’s infrastructure, the Institute published a paper on how to get more bang for the public infrastructure buck. Another paper showed how local governments can use so-called “tax increment financing” to finance certain types of investments.

On energy, the Institute provided an overview of the key energy policy issues facing the then new Canadian government, while another study made a strong argument for less rather than more political intervention in Ontario’s electricity sector. Another Institute paper argued that upstream greenhouse gas emissions should not play a role in the National Energy Board’s assessment of pipeline projects, since the former are already covered by the overall emissions price set by governments.

The federal government’s plan to use nation-wide carbon pricing to reduce Canada’s carbon emissions inspired a number of Institute contributions on the most effective and least economically costly ways to achieve this goal. Contributions illuminating the policy debate included papers on how to link the carbon-emissions policies of Canadian provinces to a nation-wide plan, on how Canadian LNG exports could help meet world GHG reduction goals, and on the complex topic of how best to promote low-emissions technology as part of the policy solution.

The Institute’s work on trade policy in 2016 included an overview of Canadian trade priorities for 2016, affirming the importance of new trade agreements for gaining access to large or fast-growing markets, and the importance of continued efforts to reduce trade and border irritants with the United States. A little-known trade barrier is Canada’s small threshold for applying taxes and duties on small parcels coming into Canada – the Institute’s work showed that the cost of collecting these duties exceeds the revenues from them.

Cont’d next page ...
The Institute’s 2016 Research (continued)

Business Cycle Council

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As debates raged in Europe over the investor-state dispute settlement provisions of the Comprehensive Economic and Trade Agreement between the EU and Canada, the Institute published a study demonstrating that the trade deal provisions met key legitimate criticism of the dispute settlement system. The Institute also produced an in-depth examination of the impact of the ill-fated Trans-Pacific Partnership agreement, which concluded that the agreement was a net positive for Canada, in particular as it provided more certainty for Canadian services exporters. The Institute also updated its work on financial services trade, identifying key prospective foreign markets that Canada’s trade negotiators should target to parlay Canada’s growing strength in this overall sector.

Whether on taxes, infrastructure, energy or trade, the Institute continued in 2016 to contribute to a better understanding of the issues and options for decision-makers focused on delivering a better standard of living for Canadians.

International Economic Policy Council

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The Hon. Howard I. Wetston, Q.C.
The Senate of Canada

Calvin S. Goldman, Q.C.
Goodmans LLP

Investor-state Dispute Settlement in CETA: Is it the Gold Standard?
October 24, 2016 – Tony VanDuzer

Joint Venture: A Blueprint for Federal and Provincial Marijuana Policy
April 20, 2016 – Anindya Sen

Rights of Passage: The Economic Effects of Raising the DMT Threshold in Canada
June 23, 2016 – Christine McDaniel, Simon Schropp and Olim Latipov

Ralph A. Winter
University of British Columbia

Learning from Mistakes: Improving Governance in the Ontario Electricity Sector
February 24, 2016 – George Vegh

Changing the Channel on Canadian Communications Regulation
May 25, 2016 – Daniel Schwanen and Benjamin Dachis

Playing from Strength: Canada’s Trade Deal Priorities for Financial Services
November 29, 2016 – Daniel Schwanen, Jeremy Kronick and Ramya Muthukumaran

At the Global Crossroads: Canada’s Trade Priorities for 2016
March 3, 2016 – Daniel Schwanen

Joint Venture: A Blueprint for Federal and Provincial Marijuana Policy
April 20, 2016 – Anindya Sen

Better in than Out? Canada and the Trans-Pacific Partnership
April 21, 2016 – Ali Dadkhah, Dan Ciuriak and Jingliang Xiao

Rights of Passage: The Economic Effects of Raising the DMT Threshold in Canada
June 23, 2016 – Christine McDaniel, Simon Schropp and Olim Latipov

Clearing the Air: How Canadian LNG Exports Could Help Meet World Greenhouse Gas Reduction Goals
August 24, 2016 – James W. Coleman and Sarah Marie Jordaan

2016 Research

Competition, Investment, Trade and Innovation
2016 Research

Energy and Infrastructure

The Future of Canadian Energy Policy
January 7, 2016 – Benjamin Dachis

Getting More Buildings for our Bucks: Canadian Infrastructure Policy in 2016
January 13, 2016 – Benjamin Dachis and Grant Bishop

The National Energy Board's Limits in Assessing Upstream Greenhouse Gas Emissions
February 18, 2016 – Benjamin Dachis and Grant Bishop

Learning from Mistakes: Improving Governance in the Ontario Electricity Sector
February 24, 2016 – George Vegh

Tapping the Land: Tax Increment Financing of Infrastructure
March 29, 2016 – Adam Found

A Blueprint for Going Green: The Best Policy Mix for Promoting Low-Emissions Technology
July 19, 2016 – David Popp

Clearing the Air: How Canadian LNG Exports Could Help Meet World Greenhouse Gas Reduction Goals
August 24, 2016 – James W. Coleman and Sarah Marie Jordan

Carbon Copies: The Prospects for an Economy-Wide Carbon Price in Canada
September 15, 2016 – Tracy Snodden

Energy Policy Council

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Harvey Weingarten
Higher Education Quality Council of Ontario

Jay Yakabowich
Career Edge Organization

2016 Research

Human Capital

Students in Jeopardy: An Agenda for Improving Results in Band-Operated Schools
January 28, 2016 – Barry Anderson and John Richards

Job One is Jobs: Workers Need Better Policy Support and Stronger Skills
February 2, 2016 – Craig Alexander

Unequal Access: Making Sense of EI Eligibility Rules and How to Improve Them
May 18, 2016 – David M. Gray and Colin Busby

Moving Parts: Immigration Policy, Internal Migration and Natural Resource Shocks
March 10, 2016 – Michel Beine, Robin Boadway and Serge Coulombe

Precarious Positions: Policy Options to Mitigate Risks in Non-standard Employment
December 2, 2016 – Colin Busby and Ramya Muthukumaran
For too many Canadians, growth in the country’s overall prosperity does not translate into opportunities to enhance their personal well-being. Notably, technological and demographic changes present both opportunities and challenges to which our labour markets, healthcare and education systems could do a better job of responding for the benefit of all Canadians.

As part of a series of papers providing policy suggestions to the then-new government in Ottawa, the Institute’s work pointed to the need for better policy support and training for Canadian workers to meet the challenges of quickly changing workplace. Specific suggestions to that effect were also at the core of policy recommendations of another Institute study examining the phenomenon of non-standard or “precarious” work, despite the study finding that non-standard employment is not rising as fast as is often thought.

With growing ranks of unemployed Canadians in 2015 and 2016, particularly in resource-based regions, an Institute report endorsed the federal government’s announced boost to eligibility to employment insurance for new entrants and re-entrants to the labour force, and recommended a lower, more geographically uniform, hours-based requirement for employment insurance. In the same vein, the Institute also addressed the changes in Canada’s labour market brought about by the sharp fluctuations in oil prices – concluding that openness to temporary foreign workers where they are needed should be carefully calibrated to not crowd out opportunities for workers that would add permanently to Canada’s human capital.

The Institute also continued to point out the high costs of getting ahead in the job market, due to high effective tax rates on lower-income families. Building on past research addressing unsatisfactory education outcomes for First Nations’ students, another study recommended a greater focus on measurable goals and on band accountability for on-reserve students. This was followed by a workshop where a variety of expert perspectives were presented on next steps.

The Institute’s work in 2016 also continued to focus on questions of both affordability and preparedness of the health and long-term care systems for the challenges ahead. One study recommended that Canadians that are financially capable should be encouraged to purchase long-term care insurance, so as to lessen the burden on the next generations. At the same time, the Institute’s research reasserted the need to challenge vested
interests in the medical system, if Canadians are to be able to take full advantage of medical innovation.

The Institute produced its annual assessment of whether the healthcare cost curve was bending as much as it appeared from yearly budget projections. While on that basis the year-to-year increases seem restrained, this unfortunately does not take into account the fact that each year’s final spending tally is often higher than the amount initially budgeted. This means that cumulatively, the increases are higher than what one would gather from adding each year’s projected increase.

In the same vein, with a view to assessing the sustainability of the system, the Institute also published a study of past cycles of booms and restraints in public health care spending, showing that current provincial restraint on healthcare spending may have come at expense of distorting spending in certain parts of the system, and for that reason may not be sustainable.

The upshot of this work is that the incentives within health and long-term care systems need to be substantially reformed, if Canadians are to be able to count on these systems in the years ahead.

Wendy Dobson

Charles Beach and Kevin Milligan

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Erik Sande
Medavie Health Services

Marcel Saulnier
Health Canada

Shirlee Sharkey
Saint Elizabeth Health Care

Dr. Graham Sher
Canadian Blood Services

Cynthia Valaitis
HealthPRO Canada

Dr. David Walker
Queen’s University

Kevin Wark
The Conference for Advanced Life Underwriting

Janet Yale
The Arthritis Society

Dr. Jennifer Zelmer
Azimuth Health Group

Manulife Financial

2016 Research

Health Policy

Shifting Towards Autonomy: A Continuing Care Model for Canada
January 19, 2016 - Ake Blomqvist and Colin Busby

January 20, 2016 - Ake Blomqvist and Colin Busby

The Naylor Report and Health Policy: Canada Needs a New Model
July 6, 2016 - Ake Blomqvist and Colin Busby

Hold the Applause: Why Provincial Restraint on Healthcare Spending Might Not Last
August 9, 2016 - Colin Busby and Livio Di Matteo

Healthcare Spending Decelerating? Not so Fast!
September 7, 2016 - William B.P. Robson
The Institute’s work in 2016 continued to emphasize the need for transparency in governments’ dealings with its citizens, the need for competition and governance rules that support a more efficient Canadian economy, and regulation that achieves its goals effectively, notably in light of evolving technologies.

The Institute’s annual report card on the fiscal accountability of Canada’s senior levels of government continued to hold governments to account. In many cases, governments do not present their financial information in a way that citizens can easily follow revenue and spending projections in their budgets, to reconcile them with spending estimates that must be approved by legislators, or to reconcile them with final numbers once they are published.

Similarly, the Institute graded the financial reports of Canada’s cities. Most of Canada’s major cities use inconsistent accounting, and lack transparency in public documents with respect to key numbers the public needs to understand their cities’ finances.

At the intersection of urban governance and competition studies, another Institute paper pointed out that forced amalgamation or sharing of services among cities have produced few economies of scale while undermining local autonomy. Provinces should instead help municipalities improve service delivery by supporting cooperative and flexible local governance.

The Institute also published a paper which recommended that, in the interest of more efficient tax auditing efforts, metrics of success for government auditors should include a measure of the ultimate taxes paid after any appeals, and any possible court decisions, have been completed.

The Institute’s Competition Policy Council is comprised of leading competition law and economics experts. The group concluded that the federal government should cautiously expand the kinds of anti-competitive acts that private parties – and not just the Competition Bureau – could take legal action against in Canada to include abuses of dominance. The Council also concluded that, with respect to abuse of dominance, the federal government should make the aim of the *Competition Act* the protection against harm to competition in general, rather than harm against particular competitors.
In addition, the Institute published a study on how to encourage competition from small banks, by better calibrating regulatory requirements to the size of these smaller institutions.

Having published a paper inveighing against the proposed longer minimum bid period for hostile takeovers, contemplated at the time by Canadian securities administrators, the Institute published a paper in support of the longer minimum bid period, which was eventually implemented. This contrary view urged security regulators to monitor the longer minimum bid period’s possible negative impact on the number of takeover bids.

Finally, the Institute weighed in on two important regulatory issues on governments’ agenda in 2016: telecommunications and marijuana. The Institute’s paper on telecommunications showed how Ottawa can modernize communications regulation and cultural policies in light of technological changes. The Institute laid out a regulatory blueprint for marijuana to ensure that the planned legalization of marijuana – touching on tax policy, distribution, and criminal convictions – did not pose health or security issues for Canadians.
National Council

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Senior Advisor, Bennett Jones LLP; Former Governor, Bank of Canada

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Susan Wolburgh-Jenah
Aird & Berlis LLP
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 2016 (in chronological order):

Bob Bell, Deputy Minister, Ontario Ministry of Health and Long-Term Care  
Progress on Patients First Strategy  
Toronto Roundtable Luncheon  
January 18

Jos Schmitt, CEO, Aequitas Innovations  
Competitiveness and Efficiency: Canada’s Evolving Capital Markets  
Toronto Roundtable Luncheon  
January 20

Paul Godfrey, CEO, Postmedia Group  
The Evolving Canadian Media Landscape  
Toronto Roundtable Luncheon  
January 26

Lou Eccleston, CEO, TMX Group  
Fossil Fuels, Dinosaurs and Rocket Ships  
Toronto Roundtable Luncheon  
January 28

General Jonathan Vance, Chief of the Defence Staff, Canadian Armed Forces  
Chief of the Defence Staff Vision and Priorities for the Canadian Armed Forces  
Toronto Roundtable Luncheon  
February 4

Diane Craig, President & CEO, Ford Motor Company of Canada  
Ford: Going Further  
Toronto Roundtable Luncheon  
February 9

Malcolm Hamilton, Senior Fellow, C.D. Howe Institute; with Jim Keohane, President and CEO of HOOPP  
Leverage in Canadian Pension Funds  
Toronto Roundtable Luncheon  
February 10

Brian Jean, Leader of Alberta’s Official Opposition  
Alberta’s Economic and Fiscal Crisis: What Albertans and Canadians can Do  
Toronto Roundtable Luncheon  
February 22

John Ruffolo, CEO, OMERS Ventures  
Time to Scale Up  
Toronto Roundtable Luncheon  
February 23

Ian Russell, President and CEO, IIAC; Wendy Rudd, Senior VP, Market Regulation and Policy IIROC; and Raj Kothari, Partner at PriceWaterhouseCoopers; and Hugh Moncrieff, Senior Vice President, Great-West Life  
The Role of Regulation in Retail Financial Services  
Toronto Roundtable Luncheon  
March 1

John Stackhouse, Senior Vice President, Office of the CEO, RBC  
Mass Disruption: Thirty Years on the Front Lines of Media  
Toronto Evening Event  
March 3

William Charnetski, Chief Health Innovation Strategist, Ontario  
Catalyst for Collaboration and Commercialization  
Toronto Roundtable Luncheon  
March 7

James Arnett, former Chair, Hydro One; Jim Hinds, Director, Hydro One; and Bob Huggard, President and CEO, OEA  
The New Reality: Energy Prices in Ontario  
Toronto Roundtable Luncheon  
March 9

Evan Siddall, President and CEO, Canadian Mortgage and Housing Association  
Why Housing Matters to Canada’s Financial Stability: Insights on Housing Market Risks and CMHC’s Financial Stability Role  
Calgary Roundtable Luncheon, Web conference to Toronto  
March 14

Gaeton Caron, Executive Fellow, School of Public Policy at the University of Calgary; James Coleman, Assistant Professor, University of Calgary; and Chris Bloomer, President and CEO of CEPA  
Getting to Markets: Natural Resource Projects in Canada  
Calgary Roundtable Luncheon  
March 22

Christine Hogan, Deputy Minister of International Trade  
Sponsored by Barrick Gold Corporation  
Toronto Roundtable Luncheon  
March 30

Frances Woolley, Professor at Carleton University; with David Gray, Professor at the University of Ottawa  
Employment Insurance Reform  
Ottawa Roundtable Luncheon  
March 31
Annual Directors’ Dinner

Patrons’ Circle Dinner

2016 Policy Events (continued)
Dave Mowat, President and CEO of ATB Financial  
You’re in Oil (Royalty) Country!  
Calgary Roundtable Luncheon  
April 4

John McCallum, Minister, Immigration, Refugees, and Citizenship  
The Future of Canadian Immigration: A Key Pillar to Nation Building  
Toronto Roundtable Luncheon  
April 5

Paul Rochon, Deputy Minister of Finance Canada  
Post-Budget Briefing  
Toronto Roundtable Luncheon  
April 7  
Sponsored by the Canadian Bankers Association

Tax Policy Conference  
Special Policy Conference, Toronto  
April 8  
Presented by CPA Canada and the Canadian Tax Foundation

Bonnie Lysyk, Auditor General of Ontario; Michael Ferguson, Auditor General of Canada; and William Robson, President and CEO, C.D. Howe Institute  
Fiscal Accountability in Canada’s Federal, Territorial and Provincial Governments  
Toronto Roundtable Luncheon  
April 11  
Made possible by a grant from the Hecht Foundation

Jennifer Keesmaat, Chief Planner, City of Toronto; Andy Byford, CEO, Toronto Transit Commission; and Bruce McCuaig, President and CEO, Metrolinx  
The Future of Transit in the GTHA  
Toronto Roundtable Luncheon  
April 12

First Nations Education Meeting  
Special Policy Conference, Toronto  
April 15  
Made possible by a grant from the Max Bell Foundation

Stéphane Marion, VP and Chief Economist, National Bank Financial; Wayne Foster, Director, Capital Market Division, Department of Finance; and Craig Alexander, VP Economic Analysis, C.D. Howe Institute  
How Concerned Should we be about Canada’s real estate boom?  
Toronto Roundtable Luncheon  
April 20  
Sponsored by National Bank Financial

Peter Hall, Chief Economist, Export Development Canada; Scott Clark, Professor, Carleton University; and Tim Egan, President and CEO, Canadian Gas Association  
Implications of Low Oil and Gas Prices in Canada  
Ottawa Roundtable Luncheon  
April 20

Richard Nathan, Managing Director, Kensington Capital Markets; and Michael McDermont, Co-Founder and CEO, FreshBooks  
Should Canadian Entrepreneurs Choose US Venture Capital?  
Toronto Roundtable Luncheon  
April 25

Tiff Macklem, Dean, Rotman School of Business; Robert Richards, President, Heathbridge Capital Management; and Peter Routledge, Managing Director of Financial Services Research, National Bank Financial  
Bail-in Bonds: Are Taxpayers Really Better Off?  
Toronto Roundtable Luncheon  
April 26

Diane Lebouthillier, Minister, National Revenue  
Cracking Down: Ensuring Tax Fairness for All Canadians  
Montréal Roundtable Luncheon  
April 27

Kirstine Stewart, VP Media, Twitter Inc.  
In Conversation with Kirstine Stewart  
Toronto Breakfast Event  
April 29

Hugh O’Reilly, President and CEO, OPTrust  
How Pension Plans Can Thrive in a Low Interest, High Volatility World  
Toronto Roundtable Luncheon  
May 5  
Sponsored by Osler, Hoskin and Harcourt LLP

Frank McKenna, Deputy Chair, TD Bank  
The Future of the Canada-US Relationship  
Toronto Roundtable Luncheon  
May 9

Ray Boisvert, CEO, I-SEC; with John Proctor, VP Cyber Security, CGI  
Hacked: Keeping your Business Safe from Cyber Threats  
Patrons’ Circle Dinner  
May 10

Health Partnership Summit  
Special Policy Conference, Niagara-on-the-Lake  
May 13  
Sponsored by Bayer Canada, Cerner, IBM, Medavie, PwC LLP, St. Elizabeth Healthcare

David MacDonald, President & CEO, SoftChoice  
Unleashing Productivity: The Role of Innovative Technology in Canada’s new Economy  
Toronto Roundtable Luncheon  
March 18
Linda Mantia, Executive Vice President, Digital, Payments and Cards, RBC; Anthony Di Iorio, Chief Digital Officer, TMX Group; and Jeremy Clark, Professor, Concordia University
Blockchain Technologies and the Future of Finance
Toronto Roundtable Luncheon
May 30
Sponsored by BMO Bank of Montreal

Pierre Arcand, Minister, Energy and Natural Resources
Powering Quebec’s Economy – Energy as a Source of Growth
Montréal Roundtable Luncheon
May 30
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Ann Cavoukian, Executive Director, Privacy and Big Data Institute, Ryerson University
Every Click you Make: Embed Privacy, By Design, into All things Big Data
Toronto Roundtable Luncheon
June 2
Sponsored by AIMIA

Kathleen Wynne, Premier of Ontario
Annual Directors’ Dinner
June 7
Sponsored by Bennett Jones LLP

Simon Kennedy, Deputy Minister, Health Canada
Health Canada’s Priorities for the Year Ahead
Toronto Roundtable Luncheon
June 8
Sponsored by Johnson and Johnson

Eldar Shafir, William Stewart Tod Professor of Psychology and Public Affairs, Princeton University
Behavioural Policy in Contexts of Scarcity
Annual Scholars’ Dinner
June 9
Made possible by a grant from Dr. Wendy Dobson

Warren Bell, Chief Operating Officer, OMERS; Owen Davies, Managing Director, Accenture; and Rosemarie McLean, Senior Vice President and Chief Operations Officer, OTPP
Digital Disruption: How Technology is Innovating Pension Delivery
Toronto Roundtable Luncheon
June 13
Sponsored by Accenture

George Cooke, Chair of the Board, OMERS Administration; James Daw, former Toronto Star columnist; and Larry Ritchie, Partner, Osler, Hoskin and Harcourt LLP
Reviewing Ontario’s Fiscal Regulators: A Discussion with the Panel
Toronto Roundtable Luncheon
June 15
Sponsored by the Toronto Financial Services Alliance

Richard Fadden, former National Security Advisor to the Prime Minister
Canada’s National Security in the 21st Century
Ottawa Roundtable Luncheon
June 21

The Hon. John Baird, Former Minister of Foreign Affairs; with Daniel Schwanen, Vice President, Research, C.D. Howe Institute
Panel Discussion on Brexit
Toronto Roundtable Luncheon
July 5

Christine Lagarde, Managing Director, International Monetary Fund
Reshaping the Globalization Debate
Toronto Roundtable Luncheon
September 13
Sponsored by Citibank Canada and Osler, Hoskin and Harcourt LLP
Colin Busby, Associate Director of Research, C.D. Howe Institute; John Manley, President and Chief Executive Officer, Business Council of Canada; and Derek Newton, Assistant Vice President, Innovation, Partnerships, and Entrepreneurship, University of Toronto

Canada's Innovation Agenda: Maximizing Canada's Economic Potential to Win the Next Century
Ottawa Roundtable Luncheon September 14
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Jean-Yves Duclos, Minister of Families, Children and Social Development

Real Change: Bringing Innovation to the Social Policy Agenda in Canada
Montréal Roundtable Luncheon September 16

Toni Gravelle, Chief of Financial Markets, Bank of Canada; with Thorsten Koeppl, Professor, Queen's University

Uncharted Territory: Negative Interest Rates in Canada
Toronto Roundtable Luncheon September 19
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Charles Bouchard, Chief Executive Officer, Lockheed Martin Canada; with Whitney Lackenbauer, Professor, University of Waterloo

Arctic Sovereignty: The Threats and the Opportunities
Toronto Roundtable Luncheon September 26
Sponsored by AGF Management Ltd.

David MacNaughton, Canada's Ambassador to the United States

Innovation, Integration and Prosperity: The Future of the Canada-US Relationship
Calgary Roundtable Luncheon September 26
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René Beaudry, Partner, Normandin Beaudry; Bernard Morency, Special Advisor, Former Executive Vice-President, Depositors, Strategy and Chief Operations Officer, Caisse de dépôt et placement du Québec (CDPQ); and Luc Godbout, Director of the Tax Department, Sherbrooke University

Pensions in Québec: QPP to CPP
Montréal Roundtable Luncheon September 27

Michael Denham, President and Chief Executive Officer, Business Development Bank of Canada

Building Champions: How Canadian Entrepreneurs can Take on the World
Toronto Roundtable Luncheon September 28
Made possible by a grant from the Petman Foundation

Jeff Aarssen, SVP, Group Retirement Services, Great-West Life; Tammy Schirle, Wilfred Laurier University; and Alexandre Laurin, Director of Research, C.D. Howe Institute

CPP Expansion: Winners and Losers
Toronto Roundtable Luncheon September 29
Sponsored by the Conference for Advanced Life Underwriting

Rich Kruger, Executive Chairman, President, and Chief Executive Officer, Imperial Oil Ltd.

Canada’s Energy Outlook
Toronto Roundtable Luncheon October 3
Sponsored by TD Bank Group

Paul Fenton, Senior Vice-President and Chief Economist, Caisse de dépôt et placement du Québec; Malcolm Hamilton, Former Partner, Mercer; and Tim Sargent, Associate Deputy Minister, Department of Finance Canada

Canada’s Household Debt Crisis
Ottawa Roundtable Luncheon October 13

Housing Conference
Special Policy Conference, Toronto October 17
Presented by Canada Guaranty, the Ontario Real Estate Association, Home Trust, Canadian Mortgage and Housing Corporation, Mattamy Homes, and Genworth Canada

Terry Stuart, Chief Information Officer, Deloitte; with Gabriel Woo, Vice President, Innovation, Royal Bank of Canada

Resistance is Futile: The New Technology Mandate for Canadian Business
Patrons’ Circle Dinner October 19
Sponsored by Boyden Executive Search

Patrick Brown, Leader, Ontario Progressive Conservative Party

Toronto Roundtable Luncheon October 20
Sponsored by Manulife

John Chen, Chief Executive Officer, BlackBerry Ltd.

Toronto Roundtable Luncheon October 21

Kathleen Taylor, Chair, RBC

Making Your Own Human Capital Rising Leaders Series October 25
Sponsored by RBC Financial

Jack Mintz, President’s Fellow, School of Public Policy, University of Calgary; with Joseph Doucet, Dean, Alberta School of Business

Alberta’s Economy: Diversify or Double Down?
Annual Calgary Dinner October 27
Sponsored by GE Canada
2016 Policy Events (continued)

Richard Alvarez

John Knubley, Deputy Minister, Innovation, Science and Economic Development; Ajay Agarwal, Peter Munk Professor of Entrepreneurship, University of Toronto; and Sabrina Geremia, Managing Director, Integrated Solutions, Google Canada

Beyond the Buzzwords: How Canadian Companies Must Innovate to Thrive
Patrons’ Circle Dinner
November 1
Sponsored by Grant Thornton LLP

Kevin Uebelein, Chief Executive Officer, Alberta Investment Management Corporation

Calgary Roundtable Luncheon
November 3
Sponsored by TD Bank Group

Dan Ciuriak, Former Deputy Chief Economist, Department of Foreign Affairs and International Trade, Director and Principal, Ciuriak Consulting Inc.; Peter Hall, Vice-President and Chief Economist, Export Development Canada; and Ross Hornby, VP Government Affairs & Policy, GE Canada, former Ambassador of Canada to the European Union

The Global Economy & Rising Challenges to International Trade
Ottawa Roundtable Luncheon
November 7
Sponsored by Export Development Canada

Terry Stuart, Chief Innovation Officer, Deloitte; John Ruffolo, Chief Executive Officer, OMERS Ventures; and Ian Collyer, Partner, Boyd Executive Search

Canada’s Tech Appeal – Making Canada #1 for Global Tech Talent
Rising Leaders Series
November 9
Sponsored by the DeGroote School of Business

Jean Marc Gagnon, Partner, Blakes, Cassels & Graydon LLP; Jean-Nicolas Guillemette, General Manager, Uber Quebec; and Michel Leblanc, President and Chief Executive Officer, Board of Trade for Metropolitan Montréal

Tax and Other Implications of the Sharing Economy
Montréal Roundtable Luncheon
November 10
Sponsored by Grant Thornton LLP

Brian Vassjo, President and CEO, Capital Power Corporation; with John Matovich, Senior Managing Director, Financial Advisory, Deloitte

The True Costs of Phasing Out Coal
Calgary Roundtable Luncheon
November 12
Sponsored by Deloitte

Bob Hamilton, Commissioner of Revenue and Chief Executive Officer, Canada Revenue Agency

CRA’s Priorities for the Year Ahead
Toronto Roundtable Luncheon
November 14
Sponsored by OpenText and Thomson Reuters

Carlos Leitao, Minister of Finance, Québec

The Economic and Financial Situation in Québec
Montréal Roundtable Luncheon
November 21
Sponsored by Intact Financial

Bjarne Graven Larsen, Chief Investment Officer, Ontario Teachers’ Pension Plan

Chasing Growth Generating Returns in a Low Rate Environment
Toronto Roundtable Luncheon
November 22
Sponsored by JPMorgan Chase & Co.
Jim McCarter, Former Auditor General, Ontario; with Bill Robson, President and Chief Executive Officer, C.D. Howe Institute  
*Shining Sunlight on the Cities – Municipal Accountability in Canada*  
Municipal Accountability Panel  
November 24  
**Supported by the Hecht Foundation**

Stephen S. Poloz, Governor of the Bank of Canada  
*The Ascent of Services and the Rise of Canada’s New Economy*  
Annual Benefactors’ Lecture  
November 28  

Nicolas Le Pan, Former Superintendent of Financial Institutions; and Charles Brindamour, Chief Executive Officer, Intact Financial  
*Earthquakes and Insurance Preparedness*  
Toronto Roundtable Luncheon  
November 29  
**Sponsored by the Insurance Bureau of Canada**

David Dodge, Former Governor, Bank of Canada; Senior Advisor, Bennett Jones LLP  
*The Role of Macro-Economic Policies in an Era of Global Economic Stagnation*  
Toronto Roundtable Luncheon  
December 2  

Kathleen Taylor, Chair, RBC; with Neil Yeates, Deputy Minister, Citizenship and Immigration Canada  
*Talent First: How Canada can Leverage its Greatest Resource*  
Patrons’ Circle Dinner  
December 5  
**Sponsored by Hugessen Consulting and Morneau Shepell**

Jeremy Anderson, Global Financial Services Lead, KPMG; Terry Campbell, President, Canadian Bankers Association; and Glenn Campbell, Director of Financial Institutions and Financial Sector Policy, Finance Canada  
*Financial Services Trends to Watch in 2017*  
Toronto Roundtable Luncheon  
December 5  
**Sponsored by KPMG LLP**

Paul Kovacs, Executive Director, Institute for Catastrophic Loss Reduction; Don Forgeron, President and CEO, Insurance Bureau of Canada; and Norma Nielson, Professor and Chair-Insurance & Risk Management, University of Calgary  
*Insurance & Disaster Recovery: Fort Mac and the Bow Valley*  
Calgary Roundtable Luncheon  
December 12  
**Sponsored by the Insurance Bureau of Canada**

Caroline Hughes

Payments Conference  
Special Policy Conference, Toronto  
December 15  
**Presented by CIBC, Visa Canada, and the Canadian Bankers Association**

Jim Fleck and Guests
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Top: Richard Venn, Douglas Turnbull, Geoff Reeves, Royee Mendes and Peter Bethlenfalvy

Bottom right: Claire Prashaw, Robyn Naylor and Reg Swamy

Bottom left: Nancy Zorzi and Aida Femandes
The Institute’s Members in 2016

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Top: Our guests at the Patrons’ Circle Dinner

Bottom right: George Huang, Jenn Labire, Kristin Gorkoff and Chase MacDougall

Bottom left: Khilola Zakhidova and Adrienne Wai
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Marcel Boyer
John Chant

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(as of April 30th, 2017)

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Associate Director, Research

Nairy Cappiello
Executive Assistant to the SVP & COO, HR and Development Coordinator

Benjamin Dachis
Associate Director, Research

Aline Emirzian
Office Manager

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Editor and Vice President, Media

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Rowena Jeffers
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Allison Kehoe
Development Officer, Member Relations

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Director of Research Advancement

Jeremy Kronick
Senior Policy Analyst

Alexandre Laurin
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Parisa Mahboubi
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Polina Moskvina
Event Planner

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Part-Time Researcher

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Event Planner

Mandy van Waes
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Jacquelin Wong
Event Coordinator

Christina Wong
Event Logistics Manager

Rosalie Wyonch
Policy Analyst

Yang Zhao
Graphic Designer
TO THE MEMBERS OF
C.D. HOWE INSTITUTE

We have audited the accompanying financial statements of the C.D. Howe Institute, which comprise the statement of financial position as at December 31, 2016, the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the C.D. Howe Institute as at December 31, 2016 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants
Licensed Public Accountants
Vaughan, Ontario
May 3, 2017
# C.D. Howe Institute
## Statement of Financial Position
### As at December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>3,819,353</td>
<td>3,224,691</td>
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<tr>
<td>Accounts receivable</td>
<td>223,126</td>
<td>413,716</td>
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<tr>
<td>Prepaid expenses</td>
<td>83,251</td>
<td>56,646</td>
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<tr>
<td></td>
<td><strong>4,125,730</strong></td>
<td><strong>3,695,053</strong></td>
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<tr>
<td>Long-term investments (Note 4)</td>
<td>5,788,637</td>
<td>5,293,661</td>
</tr>
<tr>
<td>Capital assets (Note 5)</td>
<td>733,759</td>
<td>592,846</td>
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<tr>
<td></td>
<td><strong>10,648,126</strong></td>
<td><strong>9,581,560</strong></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities (Notes 5 and 6)</td>
<td>356,990</td>
<td>172,160</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>2,058,832</td>
<td>1,799,032</td>
</tr>
<tr>
<td></td>
<td><strong>2,415,822</strong></td>
<td><strong>1,971,192</strong></td>
</tr>
<tr>
<td>Long-term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred capital contributions</td>
<td>189,873</td>
<td>213,837</td>
</tr>
<tr>
<td>Deferred rent</td>
<td>186,783</td>
<td>196,911</td>
</tr>
<tr>
<td></td>
<td><strong>376,656</strong></td>
<td><strong>410,748</strong></td>
</tr>
<tr>
<td></td>
<td><strong>2,792,478</strong></td>
<td><strong>2,381,940</strong></td>
</tr>
<tr>
<td><strong>Fund balances</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invested in Capital Assets (Note 7)</td>
<td>543,886</td>
<td>379,009</td>
</tr>
<tr>
<td>Operating</td>
<td>1,539,225</td>
<td>1,541,406</td>
</tr>
<tr>
<td>Endowment Funds (Note 8)</td>
<td>5,772,537</td>
<td>5,279,205</td>
</tr>
<tr>
<td></td>
<td><strong>7,855,648</strong></td>
<td><strong>7,199,620</strong></td>
</tr>
<tr>
<td></td>
<td><strong>10,648,126</strong></td>
<td><strong>9,581,560</strong></td>
</tr>
</tbody>
</table>

Approved by the Board

Chair of the Board

Chair, Audit, Finance and Risk Committee

The accompanying notes to the financial statements are an integral part of this financial statement.
C.D. Howe Institute  
Statement of Operations  
Year ended December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and subscriptions</td>
<td>4,413,658</td>
<td>3,835,348</td>
</tr>
<tr>
<td>Events revenue</td>
<td>1,076,356</td>
<td>991,513</td>
</tr>
<tr>
<td>Investment income – realized gains</td>
<td>17,362</td>
<td>20,654</td>
</tr>
<tr>
<td>Investment income – unrealized gains</td>
<td>4,550</td>
<td>3,665</td>
</tr>
<tr>
<td>Publication sales</td>
<td>5,640</td>
<td>11,360</td>
</tr>
<tr>
<td>Contract revenue</td>
<td>12,787</td>
<td>48,595</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,530,353</td>
<td>4,911,135</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research, administrative and project expenses</td>
<td>5,153,020</td>
<td>4,728,932</td>
</tr>
<tr>
<td>Amortization</td>
<td>214,637</td>
<td>114,971</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5,367,657</td>
<td>4,843,903</td>
</tr>
<tr>
<td>Excess of revenue over expenses for the year</td>
<td>162,696</td>
<td>67,232</td>
</tr>
</tbody>
</table>

C.D. Howe Institute  
Statement of Changes in Fund Balances  
Year ended December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>Invested in Capital Assets Fund</th>
<th>Operating Fund</th>
<th>Endowment Funds</th>
<th>2016 Total</th>
<th>2015 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balances, beginning of year</td>
<td>379,009</td>
<td>1,541,406</td>
<td>5,279,205</td>
<td>7,199,620</td>
<td>7,078,674</td>
</tr>
<tr>
<td>Excess of revenue over expenses for the year</td>
<td>(190,673)</td>
<td>353,369</td>
<td>-</td>
<td>162,696</td>
<td>67,232</td>
</tr>
<tr>
<td>Unrealized (losses) on investments (Note 8)</td>
<td>-</td>
<td>-</td>
<td>(16,169)</td>
<td>(16,169)</td>
<td>(125,041)</td>
</tr>
<tr>
<td>Contributions received during the year (Note 8)</td>
<td>-</td>
<td>-</td>
<td>137,785</td>
<td>137,785</td>
<td>50,000</td>
</tr>
<tr>
<td>Investment income (Note 8)</td>
<td>-</td>
<td>-</td>
<td>589,420</td>
<td>589,420</td>
<td>343,275</td>
</tr>
<tr>
<td>Transfer to deferred revenue during the year (Note 8)</td>
<td>-</td>
<td>-</td>
<td>(217,704)</td>
<td>(217,704)</td>
<td>(214,520)</td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>355,550</td>
<td>(355,550)</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Balances, end of year</td>
<td>543,886</td>
<td>1,539,225</td>
<td>5,772,537</td>
<td>7,855,648</td>
<td>7,199,620</td>
</tr>
</tbody>
</table>

The accompanying notes to the financial statements are an integral part of this financial statement.
C.D. Howe Institute
Statement of Cash Flows
Year Ended December 31, 2016

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Excess of revenue over expenses for the year</td>
<td>162,696</td>
<td>67,232</td>
</tr>
<tr>
<td>Items not affecting cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amortization of capital assets</td>
<td>214,637</td>
<td>114,971</td>
</tr>
<tr>
<td>Amortization of deferred capital contributions</td>
<td>(23,964)</td>
<td>(23,964)</td>
</tr>
<tr>
<td>Unrealized gains on operating investments</td>
<td>(4,550)</td>
<td>(3,665)</td>
</tr>
<tr>
<td>Amortization of deferred rent</td>
<td>(10,128)</td>
<td>(10,128)</td>
</tr>
<tr>
<td></td>
<td>338,691</td>
<td>144,446</td>
</tr>
<tr>
<td>Changes in non-cash working capital items</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>190,590</td>
<td>(306,352)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(26,605)</td>
<td>21,741</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities (Note 5)</td>
<td>45,133</td>
<td>38,710</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>259,800</td>
<td>123,338</td>
</tr>
<tr>
<td></td>
<td>807,609</td>
<td>21,883</td>
</tr>
<tr>
<td><strong>Investing activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Purchases of capital assets (Note 5)</td>
<td>(215,853)</td>
<td>(107,951)</td>
</tr>
<tr>
<td>Purchases of long-term investments</td>
<td>(4,507,710)</td>
<td>(814,029)</td>
</tr>
<tr>
<td>Proceeds on sale of long-term investments</td>
<td>4,017,284</td>
<td>763,423</td>
</tr>
<tr>
<td></td>
<td>(706,279)</td>
<td>(158,557)</td>
</tr>
<tr>
<td><strong>Financing activity</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Endowment contributions and income, less expenses and transfer (Note 8)</td>
<td>493,332</td>
<td>53,714</td>
</tr>
<tr>
<td>Increase (decrease) in cash and cash equivalents during the year</td>
<td>594,662</td>
<td>(82,960)</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of year</td>
<td>3,224,691</td>
<td>3,307,651</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of year</strong></td>
<td>3,819,353</td>
<td>3,224,691</td>
</tr>
</tbody>
</table>

Cash and cash equivalents is comprised of:


The accompanying notes to the financial statements are an integral part of this financial statement.
1. Description of organization

The C.D. Howe Institute (the “Institute”) is an independent, not-for-profit, research and educational organization. It carries out independent analysis and critique of public policy issues and translates scholarly research for action by the government and the private sector. The Institute is a registered charity exempt from paying income taxes under Section 149(1) (f) of the Income Tax Act. The Institute was incorporated under Part II of the Canada Business Corporations Act on April 23, 1958 and was continued under the Canada Not-for-Profit Corporations Act on June 6, 2014.

2. Summary of significant accounting policies

The financial statements of the Institute have been prepared in accordance with Canadian accounting standards for not-for-profit organizations published by the Chartered Professional Accountants of Canada using the deferral method and reflect the following significant accounting policies:

Contributions

Contributions are recorded as received, except when specified by the donor that they relate to the following year(s), in which case they are deferred until eligible expenses are incurred. Contributions of materials and services used in the normal course of the Institute’s operations are recorded at their fair value when the amounts can be reasonably estimated. Endowment contributions are recognized as direct increases in the Fund balance. Transfers from the Endowment Fund to deferred revenue are recognized in keeping with the agreements with the Endowers.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value when the Institute becomes a party to the contractual provision of the financial instrument. Subsequently, all financial instruments are measured at amortized cost, except for long-term investments. The Institute has elected to use the fair value option to measure long-term investments, with any subsequent changes in fair value recorded in the Statement of operations.

Financial assets measured at amortized cost are assessed at each reporting date for indications of impairment. If such impairment exists, the asset is written down and the resulting impairment loss is recognized in the Statement of operations.

Cash and cash equivalents

Cash and cash equivalents are defined as cash, interest bearing deposits that are redeemable on demand, and Canadian securities with original maturity dates of three months or less.

Long-term investments

Long-term investments are accounted for on the settlement date basis and any transaction costs are expensed as incurred.

Capital assets

Capital asset additions are recorded at cost. Amortization is calculated using the straight-line basis at 33-1/3% per annum for electronic equipment, and computer hardware and software and 10% per annum for furniture, fixtures and equipment. Conference equipment is amortized on the straight-line basis over six years. Signage and leasehold improvements are amortized on the straight-line basis over the term of the lease.
C.D. Howe Institute
Notes to the Financial Statements
December 31, 2016

2. Summary of significant accounting policies (continued)

Publications
Publications are not recorded as inventory. Costs are accrued for publications in progress. All costs of publications that have entered the production stage by the end of the year are expensed.

Deferred capital contributions
Deferred capital contributions relate to funds received for office leasehold improvements and are amortized on the straight-line basis over the term of lease.

Deferred rent
Deferred rent, consisting of tenant allowances, free rent and reduced rent, is amortized on the straight-line basis over the term of the lease.

Measurement uncertainty
The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect amounts reported therein. Areas which involve a significant degree of estimation include the valuation of long-term investments, accounts payable and accrued liabilities, deferred revenue and the useful life of capital assets. Actual results may differ from such estimates.

Description of funds

Operating Fund
Amounts received, used or held for the research and educational goals of the Institute, are recorded in the Operating Fund.

Endowment Funds
Endowment Funds represent amounts received which are externally endowed, together with any designated unspent investment income.

Invested in Capital Assets Fund
The Invested in Capital Assets Fund records the Institute’s cost of capital assets, less accumulated amortization and unamortized deferred capital contributions.

3. Commitments
The Institute has a lease commitment for premises located at 67 Yonge Street, Toronto, Ontario. The lease expires on November 30, 2024. Future minimum commitments (excluding operating costs) under the lease are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>85,284</td>
</tr>
<tr>
<td>2018</td>
<td>85,284</td>
</tr>
<tr>
<td>2019</td>
<td>87,061</td>
</tr>
<tr>
<td>2020</td>
<td>106,608</td>
</tr>
<tr>
<td>2021 and thereafter</td>
<td>417,533</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>781,770</strong></td>
</tr>
</tbody>
</table>
4. **Long-term Investments**

Long-term investments are recorded in the following funds:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Endowment</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Unrestricted</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td><strong>Long-term</strong></td>
<td>$5,772,537</td>
<td>16,100</td>
</tr>
</tbody>
</table>

Long-term investments consist of:

- Fixed income: $1,802,559 (2015: $1,952,201)
- Canadian equity: $946,290 (2015: $1,724,255)
- International equity: $1,529,847 (2015: $767,600)

5. **Capital assets**

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cost</td>
<td>Accumulated amortization</td>
</tr>
<tr>
<td>Furniture, fixtures and equipment</td>
<td>$462,548</td>
<td>$349,117</td>
</tr>
<tr>
<td>Computer hardware and software</td>
<td>$881,209</td>
<td>$674,430</td>
</tr>
<tr>
<td>Electronic equipment</td>
<td>$69,468</td>
<td>$66,043</td>
</tr>
<tr>
<td>Conference equipment</td>
<td>$92,866</td>
<td>$68,166</td>
</tr>
<tr>
<td>Signage</td>
<td>$12,289</td>
<td>$6,093</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>$726,310</td>
<td>$347,082</td>
</tr>
</tbody>
</table>

|                        | $2,244,690 | $1,510,931 | $733,759 | $592,846 |

Capital assets include purchases during the year of $355,550 (2015 – $107,951), of which $139,697 (2015 – $Nil) are included in accounts payable and accrued liabilities as at December 31, 2016.
6. **Accounts payable and accrued liabilities**

Accounts payable and accrued liabilities include $Nil (2015 – $Nil) with respect to amounts owing to the Government.

7. **Invested in Capital Assets Fund**

The Invested in Capital Assets Fund balance consists of:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital assets (Note 5)</td>
<td>733,759</td>
<td>592,846</td>
</tr>
<tr>
<td>Deferred capital contributions</td>
<td>(189,873)</td>
<td>(213,837)</td>
</tr>
<tr>
<td></td>
<td>543,886</td>
<td>379,009</td>
</tr>
</tbody>
</table>

8. **Endowment Funds**

<table>
<thead>
<tr>
<th></th>
<th>Roger Phillips</th>
<th>Jack Mintz</th>
<th>Special Studies</th>
<th>Sylvia Ostry</th>
<th>Monetary Policy</th>
<th>Total</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balances, beginning of the year</td>
<td>1,131,496</td>
<td>227,669</td>
<td>2,267,066</td>
<td>719,309</td>
<td>933,665</td>
<td>5,279,205</td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions received</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>137,785</td>
<td>137,785</td>
<td></td>
</tr>
<tr>
<td>Unrealized (losses) gains</td>
<td>(14,181)</td>
<td>(2,021)</td>
<td>(18,389)</td>
<td>12,323</td>
<td>6,099</td>
<td>(16,169)</td>
<td></td>
</tr>
<tr>
<td>Investment income</td>
<td>138,137</td>
<td>27,554</td>
<td>272,862</td>
<td>58,304</td>
<td>92,563</td>
<td>589,420</td>
<td></td>
</tr>
<tr>
<td></td>
<td>123,956</td>
<td>25,533</td>
<td>254,473</td>
<td>70,627</td>
<td>236,447</td>
<td>711,036</td>
<td></td>
</tr>
<tr>
<td>Transfer to deferred revenue</td>
<td>(96,236)</td>
<td>(9,462)</td>
<td>(94,227)</td>
<td>(7,217)</td>
<td>(10,562)</td>
<td>(217,704)</td>
<td></td>
</tr>
<tr>
<td>Balance, end of year</td>
<td>1,159,216</td>
<td>243,740</td>
<td>2,427,312</td>
<td>782,719</td>
<td>1,159,550</td>
<td>5,772,537</td>
<td></td>
</tr>
</tbody>
</table>

C.D. Howe Institute
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016
The Roger Phillips Endowment Fund was established to advance social policy dialogue. The capital is to be invested and the investment income earned is available to fulfill the purpose of the endowment.

The Jack Mintz Endowment Fund was established to support an annual visit and economic seminar by an eminent expert. The capital is to be invested and the investment income is available to fulfill the purpose of the endowment.

The Special Studies Endowment Fund was established to support special projects which would otherwise be difficult to fund through annual membership contributions. The capital is to be invested and the investment income earned is being retained in the Fund to fulfill the purpose of the endowment.

The Sylvia Ostry Endowment Fund was established to stage an annual lecture in Sylvia Ostry's name, featuring a distinguished speaker on a topic related to international economic policy. The capital is to be invested and the investment income earned is available to fulfill the purpose of the endowment.

The Monetary Policy Endowment Fund was established during 2009 to support research, publications and events resulting in further understanding of, and offer policy advice on, Canadian Monetary policy. During the year, further contributions of $137,785 (2015 – $50,000) were received. The capital is to be invested and the investment income earned is being retained in the Fund to fulfill the purpose of the endowment.

During the year, in accordance with the wishes of the Endowers, $217,704 (2015 – $214,520) was transferred to deferred revenue for the purpose of funding future activities over the fiscal years 2017 to March, 2020.

The Endowment Funds have been invested in long-term investments (Note 4).

The Institute sponsors a group registered retirement savings plan for its employees. The Institute's liability is limited to matching contributions for the year and these amounted to $93,223 (2015 – $87,675).

The Institute sponsors a registered pension plan and contributions for the year amounted to $38,117 (2015 – $35,457).

In the normal course of business, the Institute enters into agreements that meet the definition of a guarantee. The Institute’s primary guarantees are as follows:

(a) The Institute has provided indemnities under a lease agreement for the use of operating facilities. Under the terms of the agreement, the Institute agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(b) Indemnity has been provided to all directors and/or officers of the Institute for various items including, but not limited to, all costs to settle suits or actions due to involvement with the Institute, subject to certain restrictions. The Institute has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the
indemnified party served as a trustee, director or officer of the Institute. The maximum amount of any future payment cannot be reasonably estimated.

(c) In the normal course of business, the Institute has entered into agreements that include indemnities in favour of third parties, such as confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Institute to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparties as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Institute from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Institute has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the financial statement, with respect to these agreements.

11. Risk management

The Institute follows a Statement of Investment Policies, which provides the investment objectives, performance expectations and guidelines for the management of its investments.

Market risk

Market risk is the risk that the value of an investment will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the specific individual investment or factors affecting all securities traded in the market. To mitigate this specific risk, the Institute invests in a diversified portfolio of investments in accordance with the Institute’s Statement of Investment Policies.

Interest rate risk

The Institute is exposed to interest rate risk with respect to its long-term investments. Changes in the prime interest rate will have a positive or negative impact on the Institute’s interest income. Such exposure will increase accordingly should the Institute maintain higher levels of long-term investments in the future.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss. The Institute’s investment policies define permitted investments and provide guidelines and restrictions on acceptable investments, which minimizes credit risk.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Institute invests in non-Canadian equities and is therefore directly exposed to currency risk, as the value of equities denominated in other currencies will fluctuate due to changes in exchange rates.
Annual Calgary Dinner with Jack Mintz (left), Bill Robson (centre) and Joe Doucet (right)
**Become a Member**

Your membership is a philanthropic investment in research that seeks to advance systems, structures and policies that support our businesses, and improves the economic and social well-being of all Canadians. Your support of these efforts means a great deal to the Institute.

For more information about becoming a member of the Institute, please contact:
Stephane Paris at 416-865-1904, ext 0238, or email SParis@cdhowe.org

**Support the Institute**

Your personal support is critical to the Institute enhancing its policy impact. As a charity, we ask that you take a moment and consider making a personal contribution to the C.D. Howe Institute today. You can call in your donation at 416-865-1904 or send an email to cdhowe@cdhowe.org.

**Contact Us**

You can contact us by telephone at 416-865-1904 or visit our website at cdhowe@cdhowe.org.

C.D. Howe Institute
67 Yonge Street, Suite 300 Toronto, Ontario M5E 1J8