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

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A MESSAGE FROM THE CHAIRMAN

Building on an Unmatched Legacy in Canadian Public Life

A truism in western culture is the belief that many accomplishments are made while “standing on the shoulders of giants.” From the perspective of someone who has been C.D. Howe Institute Chair for a short time, I am very aware of the fundamental truth underlying this maxim.

Every action the Institute takes is built on a legacy of credibility, objectivity and timeliness unmatched in Canadian public life.

On a personal note, I think of my predecessor as Institute Chair, David Dodge, a man who is a giant in Canadian public service. His term as Institute Chair coincided with some of the most challenging years of the recent global financial crisis. Notwithstanding the many challenges that affected Institute members and the broader Canadian economy, the Institute prospered, and produced two record years of policy research and events on his watch.

The Institute made significant strides in 2010. Publication downloads increased significantly, we offered well-attended events in key cities across Canada, and our funding base continued to increase.

David’s drive and vision also helped bring the Institute’s Monetary Policy Initiative to fruition. A two-year campaign secured $1.725 million in endowment contributions that we celebrated last May at a fundraising dinner yielding an additional $300,000 in ticket sales. We were proud to announce the creation of the David Dodge Chair in Monetary Policy, in the presence of nearly 400 of the Institute’s closest friends, including the current Governor of the Bank of Canada, and three former governors.

Looking ahead, our task is to continue building our support base, so that our resources are appropriately solid and diversified. Our policy work could not take place without the generosity and involvement of our members and supporters.

I am confident that we will continue to live up to the legacy of the scholars and policy leaders whose work at the Institute has strengthened Canada’s economy and social fabric for more than five decades. Our country deserves no less.

Sincerely,
William Morneau

Looking ahead, our task is to continue building our support base, so that our resources are appropriately solid and diversified. Our policy work could not take place without the generosity and involvement of our members and supporters.

I also want to thank and acknowledge Marc Dutil, Peter George, Tim Hearn, Bill MacKinnon, Sabi Marwah (who also did a wonderful job as Chair of the Board’s Audit, Finance & Risk Committee), David O’Brien, Herb Pinder and Guy Savard, whose terms on the Board have ended, for their hard work and dedication to the Institute. I am particularly grateful that Tim Hearn, Guy Savard, and Bill MacKinnon will be maintaining their involvement with our organization – Tim and Guy have accepted appointments as Honorary Directors, and Bill will remain as co-Chair of the Fiscal and Tax Competitiveness Council. I also welcome Ford of Canada CEO David Mondragon, who was appointed to the Board in 2010. Further, we are very proud that David Dodge will continue to play an active role at the Institute, as a Director, as a conference speaker, and as an author.

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Sincerely,
William Morneau
MESSAGE FROM THE
PRESIDENT & CEO

Our Policy Work Touched Virtually Every Building Block for National Prosperity

For many Canadian families, businesses and policymakers, 2010 marked a welcome change from the previous two years. Low interest rates on high-quality debt and solid world demand for key products were a tonic for our economy. The job market firmed, incomes rose, investment surged, and buoyant tax revenues started prompting downward revisions to projections of government borrowing.

At the C.D. Howe Institute, the abatement of short-term fears about the economy prompted us to rebalance our research program. Around the world, political turmoil, unsustainable sovereign debt and distorted central bank balance sheets are creating myriad policy challenges. Closer to home, Canada is facing demographic and sectoral pressures and the multifaceted task of raising productivity.

In November 2010, the Board approved a new strategic plan for the Institute. Macroeconomics continues as a mainstay, while work on several vital longer-term issues will proceed with fresh energy.

- In May, close to 400 Institute supporters attended a gala dinner addressed by Bank of Canada Governor Mark Carney to celebrate the launch of our new initiative on monetary and macrofinancial policy, and McGill professor Christopher Ragan’s appointment to the Institute’s new David Dodge Chair.
- We prepared to launch an ambitious new research series on healthcare reform in 2011. Last November’s annual Benefactor’s Lecture, delivered by eminent historian Michael Blais, prefigured upcoming work on reforms to healthcare financing and delivery.
- Our Fiscal and Tax Competitiveness Council will proceed with a fresh mandate to promote a sustainable Canadian fiscal advantage, in which governments’ budgetary policies support work, saving, and investment.

- More broadly, we are maintaining our focus on social policy, good government, financial services regulation and retirement saving, and increasing our focus on energy infrastructure; all are critical to Canada’s future prosperity.

Looking back from the vantage of early 2011, I am struck by the degree to which our policy research, conferences and outreach touched virtually every building block for national prosperity with interventions that were pertinent and timely. In field after field, the C.D. Howe Institute expanded its reputation for top-quality, policy-relevant advice.

That excellence won fresh recognition. The Commentary on the benefits and costs of fiscal stimulus internationally by Fellow-in-Residence Bev Dahlby of the University of Alberta won the 2010 Doug Purvis Memorial Prize from the Canadian Economics Association – the fourth time an Institute publication has won this prestigious prize since its establishment in 1994.

The Institute’s friends can also take pride in the extent to which policymakers, business leaders and opinion makers sought the expertise of its staff and its scholars in 2010. A January pre-budget session with Prime Minister Stephen Harper was only the beginning – federal and provincial finance ministers, deputy ministers and departments, international think tanks and NGOs, and industry associations and universities across Canada sought the Institute’s collaboration and counsel.

Our own outreach and events program reached a new level in 2010, and the opportunities the Institute presents for deep and timely insight from experts remained unparalleled. As the following pages detail, we were active from Victoria to Halifax, with speaking engagements, dinners, conferences, and unique off-the-record roundtables that featured federal and provincial cabinet ministers, business leaders, ambassadors to and from Canada, and world renowned scholars.

I close by noting the passing in 2010 of Carl Beigie, whose leadership of the Institute from 1971 through 1982 launched it as a highly-respected, nationally prominent policy think tank. To celebrate his accomplishments, the Institute has named an annual roundtable in his memory. We held the inaugural Carl Beigie Roundtable in April, 2010, with David Jacobson, the United States Ambassador to Canada, as speaker.

It is particularly a pleasure, as we look ahead to the challenges of 2011 and beyond, to thank the Institute’s members and subscribers for the support that enabled us to perform so well in 2010. Your participation is the foundation for our research, events and outreach – everything the Institute does to promote a more dynamic Canadian economy. We never forget it, and we will work every bit as hard to earn it again in 2011.

Sincerely,
William B.P. Robson,
President and CEO

“...in field after field, the C.D. Howe Institute expanded its reputation for top-quality, policy-relevant advice.”
The Institute made significant progress on its strategic objectives in 2010. Thanks to stabilized membership revenues and growing restricted fund revenues, the Institute was able to make targeted investments aimed at building its research infrastructure and its presence in key centres across Canada. Membership contributions and donations in 2010 increased by 13.5%, relative to 2009.

We could not have achieved our objectives in 2010 without the generosity and involvement of our members and supporters. Special thanks are also due to the Institute’s authors and conference/roundtable speakers, and to the Institute’s staff, who continually go beyond the call of duty.

Goal: Stabilize the Institute’s membership base, which declined in the wake of the 2008-09 economic downturn.

Result: A number of corporate members who had resigned for financial reasons during the economic downturn rejoined, and we secured a number of new high profile individual, corporate and association memberships. Our membership base is the backbone of our financial support, and further bolstering is vital to our continued strength.

Result: The Institute celebrated the completion of fundraising for the Monetary Policy Initiative with almost 400 of its friends and supporters in May 2010. More than $2 million was contributed by lead sponsors and ticket purchasers in support of the Institute’s monetary policy programs. More information on the Initiative can be found on page 14.

Goal: Secure the resources to launch a new Healthcare Policy Program.

Result: Pfizer Canada made a $400,000 gift to fund research and conferences on health policy, the fourth-largest gift in the Institute’s 50+ year history. It was offered on a completely philanthropic basis, with full respect for the Institute’s commitment to academic independence and research objectivity.

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

Result: The Institute increased its endowment by 17.6 percent in 2010, thanks to continuing member support for endowed gifts, and the strength of its endowment investment policies.

Goal: Continue to increase dissemination.

Result: Website publication downloads continued to increase, hitting an all-time high of more than 1 million downloads in 2010.

Sincerely,
Duncan Munn
**THE INSTITUTE’S 2010 RESEARCH MISSION**

The C.D. Howe Institute responded to the wide range of pressures confronting policymakers in 2010 with 52 research publications, 47 policy roundtables, conferences and policy events, and eight meetings of the Monetary Policy Council. Our primary focus, as Canada contemplated recovery from a financial market shock and economic recession, was on sound money, a stable financial system, responsive social policy and secure pensions, and dynamic, competitive, productive markets: these are the features of a strong society and economy, and these are the issues on which the Institute focuses.

Work on the nation’s Monetary Policy is spearheaded by the Institute’s Monetary Policy Council; the new, generously funded Monetary Policy Initiative, launched in 2010, will generate research publications and advice that will inform the public and the Bank of Canada in 2011 and beyond. In addition to the Institute’s Fellow-in-Residence, Professor David Laidler, our monetary policy program in 2010 gained the inaugural David Dodge Chair in Monetary Policy, Professor Christopher Ragan, whose expertise will sustain Institute research in future.

The Fiscal and Tax Competitiveness Council, co-chaired by Bill MacKinnon and Bob Brown, oversees the Institute’s fiscal policy publications, aimed at choices which support a strong growth environment and promote investment in Canadians’ productive capacity, while providing the revenue needed to sustain core government programs. In 2010 the Council was assisted by Professor Bev Dahlby, whose 2009 C.D. Howe publication, “Once on the Lips, Forever on the Hips: A Benefit-Cost Analysis of Fiscal Stimulus in OECD Countries,” won the Doug Purvis Memorial Prize for public policy research, awarded by the Canadian Economics Association and the Canadian Association of Business Economists.

The Financial Services Research Initiative, chaired by Edward Neufeld, guides the Institute’s work on financial sector and regulatory matters. In 2010, our publications examined issues that are central to the financial crisis and recovery: the payments system, the use of ratings, securitization, bank failure, housing markets and institutional stability.

The Institute’s Pensions Advisory Council, co-chaired by Claude Lamoureux and Nicholas Le Pan, focuses on pensions, pension adequacy and regulation, and savings-related matters. All of these issues are critically important to an economy facing the demographic challenges caused by an aging population.

None of this, of course, could happen without the generous support of our members, the participants in the Institute’s advisory groups, or the intellect, skills and energy of our authors, many of whom are engaged in busy academic lives. We are immensely grateful to the scholars, fellows, and government and business policy leaders who advise, comment on and referee the Institute’s publications and contribute their insight and expertise to our roundtables and conferences.

The research team that coordinates the Institute’s work, which in 2010 featured Philippe Bergevin, Colin Busby, Ben Dachis and Alexandre Laurin, relies on the executive assistance of Kristine Gray. We are dependent on and thank our Editor and Director of Media James Fleming, and Graphic Designer Yang Zhao. We are grateful as well to the Institute’s members and our public and private sector colleagues, for their active engagement in, and support of, the Institute’s policy research program.

Sincerely,

**Finn Poschmann**

Vice President, Research
Fiscal Policy

The beginning of global economic recovery in 2010 saw domestic fiscal policy switch focus from economic stimulus to debt concerns and deficit elimination. And in “Back to Balance: A Shadow Federal Budget for 2010,” Alexandre Laurin, William Robson, Colin Busby and Finn Poschmann made the case for targeted spending restraints, rather than increasing taxes; scaling back federal employment; raising the employee contribution to the cost of federal pensions; containing defense spending growth; and limiting growth in federal transfers to the provinces.

The long-term benefits of tackling federal and provincial budgetary deficits were made clear in “The Glacier Grinds Closer: How Demographics Will Change Canada’s Fiscal Landscape.” Written by William Robson, this study calculated that ongoing spending trends on age-sensitive programs – healthcare, education, elderly and children’s benefits – represent an implicit liability of $2.8 trillion for Canadian governments’ balance sheets. The study concludes that prompt corrective action is required to avoid intolerable future fiscal burdens.

Institute research also focused on the difficulty that governments have sticking to budget projections, leaving them more vulnerable than necessary to the budgetary impacts of the financial crisis. In “Target Practice Needed: Canada’s 2010 Fiscal Accountability Rankings,” Colin Busby and William Robson showed that government spending overruns and missed revenue targets were a common occurrence in Canada over the last ten years. The paper underlined the need for more careful revenue projections, tighter spending scrutiny and better oversight by legislators.

In Quebec, the 2010 provincial budget aimed at restoring public finances to a sustainable footing. The budget, which contemplated spending cuts along with sales tax rate increases and new health premiums, drew some criticism over its apparent distributional inequity. However, in “Le Budget 2010 du Québec: Effets sur la taille et la progressivité du fardeau fiscal,” the Institute’s Alexandre Laurin showed that even with the new tax measures, Quebec’s tax system would remain the most geared-to-income in Canada and, for good or ill, that Quebec’s top income earners would remain the most heavily taxed in the country.

In Alberta, the government’s dependence on highly volatile, energy-related sources of revenues have made its fiscal revenues considerably more volatile than those of other provinces. A study by Stuart Landon and Constance Smith, “Energy Prices and Alberta Government Revenue Volatility,” proposed the creation of a resource revenue stabilization fund to make the province’s revenues more predictable, thus helping to curb procyclical fiscal planning.
Monetary Policy

The Institute increased its focus on monetary policy and macroeconomic-related research in response to the global financial crisis that began in 2007-08. This decision was based on two factors: a belief that this area is central to national prosperity, and that the Institute should respond to the increased volume of requests for information and policy advice from government, the public service, private sector leaders and media. Following the conclusion of a successful fundraising campaign (please see page 14), the Institute celebrated its Monetary Policy Initiative on May 17, 2010.

Turning to policy matters, while the economic outlook for Canada considerably brightened in 2010, much uncertainty remains as to the sustainability of the current economic recovery. The need and demand for monetary policy research remains high, particularly with respect to macroeconomic and financial stability.

In the Canadian context, the imminent renewal of the monetary policy agreement between the Bank of Canada and the Canadian government was top of mind for many policymakers and researchers in 2010. To provide a comprehensive analysis of issues related with this renewal, the Institute published “Securing Monetary Stability, Canada’s Monetary Policy Regime after 2011.” Edited by David Laird, this book features a number of preeminent monetary policy thinkers, including among others Jean Boivin and John Crow, on the challenges and prospects and policy implications associated with the renewal of Canada’s inflation targeting regime.

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

Canada’s prosperity is strongly linked to its success in finding international markets for goods and services, and its ability to compete for international investment and talent. International and trade policy continued to be a priority at the Institute in 2010, through publications and particularly in our Roundtable program.

Among published works, Michael Hart – Professor and Simon Reisman Chair in Trade Policy at the Norman Paterson School of International Affairs at Carleton University in Ottawa – analyzed issues surrounding the Canada-US border and proposed steps to reduce obstacles to cross-border trade and investment. In his paper, “A Matter of Trust: Expanding the Preclearance of Commerce between Canada and the United States,” Professor Hart argued that preclearance of people and goods before they arrive at the physical border offers one of the best ways to address cross-border obstacles while ensuring public security.

In “Trend Spotting: NAFTA Disputes After Fifteen Years,” trade law and policy specialist Lawrence Herman, an international trade lawyer at Cassels Brock, pointed out that recent cross-border disputes under NAFTA have been dominated by investor complaints over provincial actions, but that Ottawa must carry the legal and financial ball in court. Who is in the end really responsible, and who should pay? Mr. Herman suggested that the federal government and the provinces should settle these questions before the problem grows bigger.

Notable Roundtable speakers included: His Excellency Shashishekar M. Gavai, High Commissioner to Canada from India, on Canada and the Rise of India; Wendy Dobson, Professor and Director, Institute for International Business, Rotman School of Management, on Can the G20 Survive the Global Financial Crisis?; Dr. William Gale, Arjay and Frances Miller Chair in Economic Policy, who delivered the annual Mintz seminar on Train Wreck: Status Report on America’s Looming Fiscal Crisis; Anthony Cary, British High Commissioner to Canada, on The Age of Austerity: Britain’s Budget Challenges and Priorities; David Mulroney, Ambassador of Canada to the People’s Republic of China, on New Directions in the Canada-China Relationship; and Stewart Beck, High Commissioner of Canada to the Republic of India, on Canada-India: Where Knowledge Economies Meet.

David Jacobson, United States Ambassador to Canada, delivered the inaugural Carl Beigie lecture in April 2010, on The Canada-US Border and the Mutual Defense of North America. Mr. Jacobson argued that finding the right balance between security and border efficiency is critical to the economies of both Canada and the United States. Ambassador Jacobson offered a candid assessment of what works and what does not and, while ensuring the security of both countries, how best to enable the efficient transit of travelers and commerce.

OTHER EVENTS INCLUDED:

“Global Financial Turmoil: Challenges and Opportunities for Canada,” featuring David Dodge, Senior Advisor, Bennett Jones LLP and former Governor, Bank of Canada.

“Better Together: The Costs and Benefits of an integrated North American Cap-and-Trade Policy,” a major conference in Washington DC, organized with the Peterson Institute, that explored how best to reconcile the environmental and economic interests of Canada and the United States. Among the speakers was Gary Doer, Ambassador of Canada to the United States.

Financial markets and financial services were again at the forefront of the Institute’s research agenda in 2010. The Institute looked at the potential underpinnings of financial crises, from examining the risks of a housing bust in Canada, to the use and misuse of credit ratings. Warding off financial market failure was the key theme of work from former Bank of Canada Deputy Governor David Longworth, and Clyde Goodlet that showed the large costs associated with – and high thresholds for invoking – policies that bail out financial institutions considered too big to fail. And C.D. Howe Institute Policy Analyst Philippe Bergevin made the case for reforming outdated policies to enable competition in Canada’s credit and debit card markets.

Energy and environmental policy was also a major focus. Research publications included studies on the interaction of Canadian and United States emissions abatement, the regional impacts within Canada of domestic environment policy, and the benefits of smarter pricing and greater provincial integration in electricity.

As the labour market began to improve in 2010, the Institute looked at ways to strengthen policies aimed at market resilience. These ranged from reducing barriers that impede the ability of workers to move between provinces; to providing Canada’s workers more investment in productive capacity (more and better tools to do their jobs better); to improving Aboriginal educational performance; to showing the unintended consequences on wages and strikes of public- and private-sector labour legislation.

The Institute also published two major studies on key issues in the telecommunications and broadcasting sector. The first pointed to the future of competition, regulation and Canadian content in Canadian entertainment, as television and the internet change faster than regulators can respond. The second addressed how the federal government should allocate scarce wireless spectrum, which is vital to the development of data and telecommunications networks, especially as analog transmission frequencies are reallocated to data intensive, mobile uses.

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**ECONOMIC GROWTH AND INNOVATION PUBLICATIONS IN 2010**

“The Canadian ABS Market: Where Do We Go From Here?”  David C. Allan and Philippe Bergevin

“The Eco-Fee Imbroglio: Lessons from Ontario’s Troubled Experiment in Charging for Waste Management,”  Andrew Green and Michael Trebilcock

“Warding Off Financial Market Failure: How to Avoid Squeezed Margins and Bad Haircuts,”  David Longworth


“Disarmed and Disadvantaged: Canada’s Workers Need More Physical Capital to Confront the Productivity Challenge,”  Colin Busby and William B.P. Robson

“Too Big to Fail: A Misguided Policy in Times of Financial Turmoil,”  Clyde Goodlet

“Not Here? Housing Market Policy and the Risk of a Housing Bust,”  Jim MacGee


“Power Sharing: Developing Inter-Provincial Electricity Trade,”  Jan Carr


“Who Can Work Where: Reducing Barriers to Labour Mobility in Canada,”  Robert Knox

“Manitoba’s Demographic Challenge: Why Improving Aboriginal Education Outcomes is Vital for Economic Prosperity,”  Colin Busby


“Addicted to Ratings: The Case for Reducing Governments’ Reliance on Credit Ratings,”  Philippe Bergevin

“Change is in the Cards: Competition in the Canadian Debit Card Market,”  Philippe Bergevin

“Scrambled Signals: Canadian Content Policies in a World of Technological Abundance,”  Lawson A.W. Hunter, Edward Iacobucci, and Michael J. Trebilcock

“The Price Isn’t Right: The Need for Reform in Consumer Electricity Pricing,”  Donald N. Dewees
As Canadian economic growth recovered in 2010, provincial governments coped with rising health costs in the context of significant revenue challenges, presenting some difficult policy choices. Big social policy questions that governments confronted, and on which the Institute published unique research, also included employment rates, and education performance and outcomes. The province of Quebec, reacting to a deficit driven by falling revenues and rising healthcare spending, proposed a healthcare deductible — a health user fee — in its 2010 budget. Mark Stabile and Sevil N-Marandi evaluated the revenue generating potential vis-à-vis the distributional effects of the deductible. In late 2010, Quebec backed away from the proposal — a decision endorsed by the authors.

The recession’s impact on employment raised questions about social assistance design, and in “Down but Not Out: Reforming Social Assistance Rules that Punish the Poor for Saving,” John Stapleton argued that encouraging asset accumulation, even in small amounts, is crucial in helping to lift people out of poverty.

The Institute’s work continued to benefit from the efforts of Fellow-in-Residence John Richards, the Roger Phillips Social Policy Scholar, who drew the policy lessons from the drop-off in Canadian lone-parent poverty. Professor Richards found that a dramatic increase in employment had spurred major reductions in poverty for lone-parent families. Further behind these labour market improvements, the author says, were “tough love” initiatives that rendered access to welfare more difficult for the employable, and “soft love” measures to support working parents, such as better support for child care and the national child benefit system.

Using a carefully constructed and unique statistical approach for assessing schools’ contributions to students’ learning outcomes, thereby providing a measure of school performance, Education Policy Scholar David Johnson diagnosed and assessed results in Alberta’s and British Columbia’s schools and school boards. His research provides “apples-to-apples” comparisons that reveal “good” schools where principals, teachers and staff are making a positive difference in student performance.
The Institute’s governance and institutions work in 2010 was dominated by pension security and reform questions. We continue to be grateful for the advice and involvement of the Institute’s Pension Policy Council, co-chaired by Nicholas Le Pan and Claude Lamoureux. The Council was launched in 2007 to identify strengths and shortfalls of Canada’s retirement savings system, and make recommendations to ensure the integrity of pensions for the growing ranks of retired Canadians.

Related papers closely examined the arithmetic of pension adequacy. In “Canada’s Looming Retirement Challenge,” Kevin D. Moore, Senior Researcher at Statistics Canada’s Modeling Division, William Robson, President and CEO of the C.D. Howe Institute, and Alexandre Laurin, Associate Director of Research at the Institute, examined whether Canadians will be able to maintain their living standards in retirement, and if policy needs to respond to the risk that some will experience painful declines. What makes this work unique is its use of advanced data and modeling tools to peer closely into the set of likely future outcomes.

In “The Public-Sector Pension Bubble: Time to Confront the Unmeasured Cost of Ottawa’s Pensions,” Alexandre Laurin and William Robson revealed that Ottawa’s employee pension obligations are larger and more volatile than they appear, a problem shared by European and US state governments.

Other work examined retirement savings options across provinces, and recommended key reforms: pensions plan sponsors and members should clearly understand what benefits constitute a promise; funding rules, especially on amortization, should apply equally strictly when economic conditions are good and when times are bad and the risk of insolvency is higher; and regulations and governance should move more to risk-based supervision, alongside an upgrade of regulatory capacity.

Other important governance topics that received Institute attention included the legal or constitutional divide between regulation and legislation, when it comes to taxing power, fiscal accountability, governance of access to water and competition for it, agricultural supply management, and competition in municipal service delivery.

**Governeance and Public Institutions Publications in 2010**

- “Canada’s Looming Retirement Challenge: Will Future Retirees Be Able to Maintain Their Living Standards Upon Retirement?” Kevin D. Moore, Alexandre Laurin, and William Robson
- “The Public-Sector Pension Bubble: Time to Confront the Unmeasured Cost of Ottawa’s Pensions,” Alexandre Laurin and William Robson
- “Seeking Certainty in Uncertain Times: A Review of Recent Government-Sponsored Studies on the Regulation of Canadian Pension Plans,” Bob Baldwin and Brian FitzGerald
- “Picking up Savings: The Benefits of Competition in Municipal Waste Services,” Benjamin Dachis
- “Unbalanced Books: How to Improve Toronto’s Fiscal Accountability,” Colin Busby, Benjamin Dachis and William B.P. Robson
- “Freeing up Food: The Ongoing Cost, and Potential Reform, of Supply Management,” Colin Busby and William B.P. Robson
- “Ontario’s Green Energy “Fee”: The Trouble with Taxation through Regulation,” Benjamin Alarie and Finn Poschmann
- “The Piggy Bank Index: Matching Canadians’ Saving Rates to Their Retirement Dreams,” David A. Dodge, Alexandre Laurin, and Colin Busby

**Members of the Pension Policy Council in 2010**

**Co-Chairs**
- Claude Lamoureux, Former President & CEO of the Ontario Teachers’ Pension Plan
- Nick Le Pan, Former Superintendent of Financial Institutions, Canada

**Advisory Council Members**
- Keith Ambachtsheer, International Centre for Pension Management
- Bob Baldwin
- Leo de Bever, Alberta Investment Management Corporation (AIMCo)
- Steve Bonnar
- Elizabeth Brown, Hicks Morley Hamilton Stewart Storie LLP
- Peter Drake, Fidelity Investments
- Brian FitzGerald, Capital G Consulting Inc.
- Bruce Gordon, Manulife Financial Canada
- Malcolm Hamilton, Mercer Human Resource Consulting Limited
- Barry Gros, AON Consulting
- Bryan Hocking/Scott Perkin, Association of Canadian Pension Management
- Bill Kyle, The Great-West Life Assurance Company
- Ian Markham, Towers Watson
- Bernard Morency, Caisse de dépôt et placement du Québec
- Michael Nobrega, Ontario Municipal Employees’ Retirement System
- Ellen Nygaard, Alberta Finance and Enterprises
- James Pierlot
- Jim Pesando, University of Toronto
- John Po, Cortex Applied Research
- Tom Reid, Sun Life Financial Inc.
- Jeremy Rudin, Department of Finance
- Tammy Schirle, Wilfrid Laurier University
- Terri Troy, Pension Investment Association
- Fred Vettese, Monique Shepel
- François Weldon, Human Resources & Social Development Canada
- Barbara Zvan, Ontario Teachers’ Pension Plan
2010 EVENTS AT A GLANCE

JANUARY 19: CONFERENCE
Price Regulation and Social Welfare: The Case of Automobile Insurance in Canada
Cara Blank, Chief Property and Casualty Actuary, Government of Massachusetts; Janet Ecker, President, Toronto Financial Services Alliance; Bob Fitzgerald, EVP, Chief Marketing & Underwriting Officer, Aviva Canada Inc.; Don Forgeron, President & CEO, Insurance Bureau of Canada; Philip Howell, CEO and Superintendent of Financial Services, Financial Services Commission of Ontario; Mary Kelly, Associate Professor, Finance and Insurance, Wilfred Laurier University; Rafal Lapkowski, Trade and Economic Advisor and Second Secretary, European Union Delegation to Canada; Frederick Lazar, Department of Economics, Faculty of Arts, York University; Saskia Matheson, Associate Professor, Cornell University; and Ralph A. Winter, Canada Research Chair in Business Econ & Policy, Sauder School of Business

JANUARY 20: ROUNDTABLE
Keeping Canada’s Competitive Advantage in Banking
Nancy Hughes Anthony, President and CEO, Canadian Bankers Association

JANUARY 20: SPECIAL EVENT
Pre-budget Consultation with Prime Minister Stephen Harper
Senior staff and Board of Directors

FEBRUARY 3: CONFERENCE
Gary Hufbauer, Senior Fellow, Peterson Institute for International Economics; James Bradbury, Senior Associate, World Resources Institute; Gary N. Horlick, Law Offices of Gary N. Horlick; Jeffrey Schott, Senior Fellow, Peterson Institute for International Economics; Carolyn Fischer, Senior Fellow, Resources for the Future; Dave Sawyer, EnviroEconomics; and The Honourable Gary Doer, Canadian Ambassador to the United States

FEBRUARY 4: ROUNDTABLE
Storm Warnings: Demographic Pressures and Policy Options in Atlantic Canada
J. C. Dodds, President, Saint Mary’s University

FEBRUARY 5: ROUNDTABLE
The Race is On: Toyota’s Innovative Approach to the Canadian Auto Market
Stephen Beatty, Managing Director, Toyota Canada Inc.

FEBRUARY 17: ROUNDTABLE
The Bank of Canada’s Liquidity Facilities: Past, Present and Future
David Longworth, Deputy Governor, Bank of Canada

MARCH 9: ROUNDTABLE
2010 Post Budget Debriefing
Michael Horgan, Deputy Minister, Finance Canada

MARCH 10: ROUNDTABLE
The Evolving Structure of Financial Regulation: An International Perspective
Tiff Macklem, Associate Deputy Minister & G7 Deputy for Finance, Canada

MARCH 25: ROUNDTABLE
Canada and the Rise of India
His Excellency S. M. Gavai, High Commissioner for India to Canada

MARCH 30: ROUNDTABLE
2010 Ontario Budget Debriefing
Peter Wallace, Deputy Minister and Secretary of the Treasury Board, Ontario Ministry of Finance

APRIL 12: INAUGURAL CARL BEIGIE MEMORIAL ROUNDTABLE
The Border and our Mutual Defence of North America
David Jacobson, U.S. Ambassador to Canada

APRIL 16: ROUNDTABLE
Canada’s National Security: Issues in 2010
Richard B. Fadden, Director, Canadian Security Intelligence Service

APRIL 20: ROUNDTABLE
Can the G20 Survive the Global Financial Crisis?
Wendy Dobson, Professor and Director, Rotman School of Management, Institute for International Business, University of Toronto

APRIL 22: ROUNDTABLE
The Real Value behind Canada’s Commodity Conundrum
Elyse Allan, President and CEO, GE Canada

MAY 4 AND 11: POLICY DEBATE
Presented by the Woodrow Wilson International Centre for Scholars

Buy American / Buy Canadian: The New Protectionism?
William B.P. Robson, President & CEO, C.D. Howe Institute; Robert Baugh, Executive Director, AFL-CIO Industrial Union Council
MAY 6 & 7: CONFERENCE
Boom and Bust Again: Policy Challenges for Alberta's Commodity-based Economy
Two-day conference organized in partnership with the University of Alberta's Institute for Public Economics.
Speakers were: Mark Anielski, author, The Economics of Happiness; Bob Asch, U. of Alberta; Ken Boessenkool, G3 Canada; Paul Boothe, Industry Canada; Jason Brisbois, U. of Alberta; Colin Busby, C.D. Howe Institute; Edward Chambers, U. of Alberta; Biv Dalhby, U. of Alberta; Dr. Stephen Dukett, Alberta Health Services; Herbert Emery, U. of Calgary; Brad Ferguson, PricewaterhouseCoopers; Roger Gibbins, Canada West Foundation; Linda Hughes, U. of Alberta; Brad Humphreys, U. of Alberta; Ron Kneebone, U. of Calgary; Stuart Landon, U. of Alberta; Andrew Leach, U. of Alberta; Kathleen Macaspac, U. of Alberta; Victor Matheson, College of the Holy Cross; Hon. Anne McLellan, Bennett Jones LLP and U. of Alberta; Shirley McClellan, U. of Alberta; Mel McMillan, U. of Alberta; Carman R. McNary, Fraser Milner Casgrain; Hon. Ted Morton, Alberta Minister of Finance and Enterprise; John Murray, Deputy Governor, Bank of Canada; Al O'Brien, U. of Alberta; Rolando Ossowski, International Monetary Fund; William Robson, C.D. Howe Institute; David Ryan, U. of Alberta; Barry Scholnick, U. of Alberta; Constance Smith, U. of Alberta; Doug West, U. of Alberta

MAY 7: ROUNDTABLE
Canada's Retirement Income System: The Role of Tax-Assisted Private Savings
The Hon. James M. Flaherty, Minister of Finance

MAY 10: ROUNDTABLE
The Private Sector Solution to the Pension "Crisis"
Frank Swedlove, President, Canadian Life and Health Insurance Association Inc.

MAY 12: MINTZ ECONOMIC POLICY SEMINAR
Train Wreck: Status Report on America's Looming Fiscal Crisis
William Gale, Senior Fellow and Arjay and Frances Miller Chair in Economic Policy, The Brookings Institution

MAY 17: SPECIAL EVENT
C.D. Howe Institute Monetary Policy Endowment Dinner
Mark Carney, Bank of Canada Governor, David Dodge, Institute Chair and former Bank of Canada Governor, and Christopher Ragan, McGill professor and David Dodge Chair in Monetary Policy, C.D. Howe Institute

MAY 20: ROUNDTABLE
Healthcare Reform Luncheon
David Dodge, Senior Advisor, Bennett Jones LLP and former Governor, Bank of Canada, William B.P. Robson, President and Chief Executive Officer, C.D. Howe Institute, and Monte Solberg, Senior Advisor, Fleishman-Hillard Canada Inc.

SEPTEMBER 8: SPECIAL EVENT
Global Imbalances, Sovereign Debt Risk and the Potential for a Double Dip Recession
Dinner/Lecture with Dr. Nouriel Roubini, Chair, Roubini Global Economics and Professor, NYU Stern School of Business

SEPTEMBER 9: ROUNDTABLE
Tackling Manitoba's Big Challenges: Demographics, Fiscal Pressures, and the Role of Government
William Robson, President and CEO, C.D. Howe Institute; Peter Holle, President, Frontier Centre for Public Policy; and Colin Busby, Policy Analyst, C.D. Howe Institute

SEPTEMBER 13: ROUNDTABLE
What Will the OECD Say About Canada in its Upcoming Economic Survey?
Peter Jarrett, Head of Division, Country Studies Division 1, OECD and Yvan Guillemette, Analyst, Canada/New Zealand Division, OECD

SEPTEMBER 15: ROUNDTABLE
The Auto Industry in Canada: Facing the Inflection Point
David Mondragon, President and CEO, Ford Motor Company of Canada, Limited

SEPTEMBER 24: ROUNDTABLE
Government restraint, deficit reduction and Canada's economic prosperity
The Hon. Stockwell Day, President, Treasury Board of Canada

SEPTEMBER 30: POLICY SPEECH
The Fiscal Impact of the Crisis and Implications for Canadian Business
William B.P. Robson, President & CEO, C.D. Howe Institute

SEPTEMBER 30: ROUNDTABLE
Alberta's Clean Energy Future
The Hon. Rob Renner, Alberta Minister of the Environment

OCTOBER 5: CONFERENCE
Canada's Monetary Policy Regime after 2011
John Crow, Chair, The Public Accountants Council; Don Drummond; Paul Jenkins; David Laidler, Fellow in Residence, C.D. Howe Institute; David Longworth; Angelo Melino, Professor of Economics, University of Toronto; Michael Parkinson, Professor Emeritus, University of Western Ontario; Christopher Ragan, Associate Professor, McGill University; William Robson, President and Chief Executive Officer, C.D. Howe Institute; Gregor Smith, Douglas D. Purvis Professor of Economics, Queen's University; Wayne Smith, Chief Statistician of Canada, Statistics Canada; Gordon D. Thiessen, Director, Manulife Financial

OCTOBER 6: ROUNDTABLE
The Importance of Globally Competitive Airlines to Canada's Economic Future
Calin Rovinescu, President and CEO, Air Canada

OCTOBER 8: SYLVIA OSTRY LECTURE
Canada-EU Relations at a Crossroads: What Does It Mean for Canada?
Ambassador Ross Hornby, Mission of Canada to the European Union
OCTOBER 15: ROUNDTABLE
If Countries Go Bankrupt, Who Will Do the Bailing?
Peter Bethlenfalvy, former Co-President, Dominion Bond Rating Service (DBRS)

OCTOBER 19: POLICY DINNER
The Next Expansion? Opportunities and Challenges for Entrepreneurs and Investors
Warren Jestin, Senior Vice President & Chief Economist, Scotiabank; Douglas Porter, Deputy Chief Economist and Managing Director, BMO Capital Markets; Avery Shenfeld, Managing Director & Chief Economist, CIBC World Markets; Craig Wright, Senior Vice President & Chief Economist, RBC

OCTOBER 26: ROUNDTABLE
Electrical Power: Building on Canada’s Legacy
Jan Carr, Board Member, Alberta Electric System Operator

OCTOBER 28: ROUNDTABLE
The Age of Austerity: Britain’s Budget Challenges and Priorities
Anthony Cary, British High Commissioner to Canada

NOVEMBER 2: ROUNDTABLE
When Do Crown Corporations Compete Unfairly?
David Phillips, President and CEO, Credit Union Central of Canada

NOVEMBER 3: CONFERENCE
The Canadian Secured Credit Facility and the Future of the Term-ABS Market in Canada
Presenters included: David C. Allan, Financial Services Consultant; Paula Cruickshank, Vice President, Securitization, Business Development Bank of Canada; Nuz Khan, Managing Director, Asset-Backed and Mortgage-Backed Securitization, RBC; Jerry Marriott, Managing Director, Canadian RMBS/ABS Canadian Structured Finance, DBRS Ltd.; William B. P. Robson, President & CEO, C.D. Howe Institute; Jeremy Rudin, Assistant Deputy Minister, Department of Finance Canada; Julie Kinsley, President, DBRS; Elizabeth Pratt, President, DBRS; and Alex Laurin, Associate Director of Research, C.D. Howe Institute; Marcus Robertson, Partner, Robertson, Eadie & Associates Ltd.; Kevin D. Moore, Senior Researcher, Modeling Division, Statistics Canada; Charlene Moriarty, Principal, Morneau Sobeco; and Thomas Walker, Senior Consulting Actuary, Morneau Shepell.

NOVEMBER 5: ROUNDTABLE
New Directions in the Canada-China Relationship
David Murroney, Ambassador of Canada to the People’s Republic of China

NOVEMBER 15: ROUNDTABLE
Canada’s Strong Housing Finance System: By Chance or By Design?
Karen Kinsley, President & CEO, Canada Mortgage and Housing Corporation

NOVEMBER 17: BENEFACTORS LECTURE
Critical Condition: The Prognosis for Canada’s Aging Healthcare System
Michael Bliss, Distinguished Professor Emeritus, University of Toronto

NOVEMBER 23: ROUNDTABLE
Finance Canada’s View of the Financial Outlook
Michael Horgan, Deputy Minister, Finance Canada

NOVEMBER 25: ROUNDTABLE
The Future of Newspapers
John Stackhouse, Editor in chief, The Globe and Mail

NOVEMBER 26: ROUNDTABLE
The Bench and the Boardroom: When the Supreme Court Meets the Business World
The Right Honorable Madam Chief Justice Beverley McLachlin

NOVEMBER 30: ROUNDTABLE
What Today’s CEO Should Fear Tomorrow
Richard Ward, CEO, Lloyd’s

DECEMBER 1: ROUNDTABLE
The Open Ontario Plan for Jobs and Economic Growth
The Hon. Dwight Duncan, Ontario Minister of Finance

DECEMBER 8: CONFERENCE
Getting Pension Reform Done: Issues, Options and Next Steps
Presenters included: Keith Ambachtsheer, President, KPA Advisory Services Ltd.; Bob Baldwin, Steve Bonnar, Robert L. Brown, University of Waterloo; Malcolm Hamilton, Senior Partner, Mercer; Don Fuerst, Former Senior Partner and Retirement Consultant, Mercer; Keith Horner, Keith Horner Consulting; Emily Kessler, Senior Fellow, Intellectual Capital, Society of Actuaries; Alex Laurin, Associate Director of Research, C.D. Howe Institute; Marcus Robertson, Partner, Robertson, Eadie & Associates Ltd.; Kevin D. Moore, Senior Researcher, Modeling Division, Statistics Canada; Charlene Moriarty, Principal, Morneau Sobeco; and Thomas Walker, Personal Consulting Actuary

DECEMBER 9: ROUNDTABLE
The Way Forward for Pensions in Canada
Allen Loney, President and Chief Executive Officer, Great-West Lifeco Inc.

DECEMBER 17: ROUNDTABLE
Canada-India: Where Knowledge Economies Meet
Stewart Beck, Canadian High Commissioner to the Republic of India
Member and subscriber support makes it possible for the Institute to mobilize outstanding scholars, push innovative ideas and foster sharper, smarter responses to current and future challenges.

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

An increase in major gifts and event sponsorships enabled the Institute to enhance its conference and research programs in 2010. The Institute’s strong performance would not have been possible in the absence of support from the following contributors:

- Alberta Environment
- Alberta Water Research Institute
- Aurea Foundation
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- Society of Actuaries

Monetary Policy Endowment

Two years ago, in the wake of the global financial crisis, a group composed of Institute and Bank economists, corporate leaders, and former Bank of Canada governors came together, and set out to create Canada’s foremost independent program for monetary policy research.

The Institute raised $1.725 million in combined commitments from Founding Lead Sponsors BMO Financial Group; CIBC; RBC; Scotiabank Group; and TD Bank Financial Group, and Founding Supporting Sponsors Great-West Life, London Life and Canada Life; Manulife Financial Corporation; National Bank Financial Group; and Sun Life Financial.

In addition, close to 400 friends of the Institute attended a fundraising dinner on May 17th to celebrate the creation of the Monetary Policy Endowment and the naming of McGill professor Christopher Ragan as the inaugural holder of the David Dodge Chair. Ticket sales totalled more than $300,000.
The Funded Scholars Program

The Funded Scholars Program enables the C.D. Howe Institute to engage leading scholars, for a portion of their time, to participate actively in its research program. Chairs are selected on the basis of their record of scholarship and supported by the generous donations of several organizations. We would like to acknowledge the following organizations and individuals who participated in the Program during 2010.

• Roger Phillips for his support of John Richards, Phillips Scholar in Social Policy;
• The donors to the Institute’s Monetary Policy Initiative for their support of David Laidler as a Fellow-in-Residence.
• The donors to the Institute’s Monetary Policy Initiative for their support of Christopher Ragan as the David Dodge Chair in Monetary Policy.

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The views expressed in C.D. Howe Institute publications do not necessarily reflect those of its members.
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, 2010, and the summary statements of revenue and expenses and changes in fund balances for the year then ended, and related notes are derived from the audited financial statements of the C.D. Howe Institute (the “Institute”) for the year ended December 31, 2010. We expressed an unmodified audit opinion on those financial statements in our report dated May 19, 2011. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. 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 in accordance with 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, 2010 are consistent, in all material respects, with those financial statements, in accordance with the basis described in the Note.
### C.D. Howe Institute
#### Summary Balance Sheet
**As at December 31, 2010**

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
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<tbody>
<tr>
<td><strong>Assets</strong></td>
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<tr>
<td>Current</td>
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<tr>
<td>Cash</td>
<td>467,411</td>
<td>329,240</td>
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<td>Short-term investments</td>
<td>5,727,368</td>
<td>5,281,106</td>
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<tr>
<td>Accounts receivable</td>
<td>319,726</td>
<td>203,032</td>
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<td>Prepaid expenses</td>
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<td>37,666</td>
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<td>6,578,503</td>
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<tr>
<td>Capital assets</td>
<td>390,462</td>
<td>451,522</td>
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<td>6,968,965</td>
<td>6,302,566</td>
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<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>124,467</td>
<td>123,959</td>
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<tr>
<td>Deferred revenue</td>
<td>1,440,180</td>
<td>1,320,902</td>
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<tr>
<td></td>
<td>1,564,647</td>
<td>1,444,861</td>
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<tr>
<td>Long-term</td>
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<tr>
<td>Deferred capital contributions</td>
<td>333,657</td>
<td>357,620</td>
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<tr>
<td>Deferred rent</td>
<td>234,527</td>
<td>230,446</td>
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<td>568,184</td>
<td>588,066</td>
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<td>2,132,831</td>
<td>2,032,927</td>
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<tr>
<td><strong>Fund balances</strong></td>
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<td></td>
</tr>
<tr>
<td>Invested in capital assets</td>
<td>56,805</td>
<td>93,902</td>
</tr>
<tr>
<td>Operating</td>
<td>1,401,388</td>
<td>1,304,081</td>
</tr>
<tr>
<td>Endowment funds</td>
<td>3,377,941</td>
<td>2,871,656</td>
</tr>
<tr>
<td></td>
<td>4,836,134</td>
<td>4,269,639</td>
</tr>
<tr>
<td></td>
<td>6,968,965</td>
<td>6,302,566</td>
</tr>
</tbody>
</table>

### C.D. Howe Institute
#### Note to the summary financial statements
**December 31, 2010**

**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 their 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, 2010

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions and subscriptions</td>
<td>2,859,299</td>
<td>2,520,153</td>
</tr>
<tr>
<td>Meetings revenue</td>
<td>527,894</td>
<td>489,982</td>
</tr>
<tr>
<td>Interest income</td>
<td>12,798</td>
<td>35,440</td>
</tr>
<tr>
<td>Endowment revenue</td>
<td>15,664</td>
<td>32,039</td>
</tr>
<tr>
<td>Sale of publications and sponsorships</td>
<td>50,236</td>
<td>31,152</td>
</tr>
<tr>
<td>Contract revenue</td>
<td>10,987</td>
<td>38,623</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,476,878</td>
<td>3,147,389</td>
</tr>
<tr>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research, administrative and project expenses</td>
<td>3,322,963</td>
<td>3,048,431</td>
</tr>
<tr>
<td>Amortization</td>
<td>95,400</td>
<td>97,361</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,418,363</td>
<td>3,145,792</td>
</tr>
<tr>
<td><strong>Excess of revenue over expenses for the year</strong></td>
<td>58,515</td>
<td>1,597</td>
</tr>
</tbody>
</table>

---

## C.D. Howe Institute
### Summary Statement of Changes in Fund Balances
#### Year Ended December 31, 2010

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Invested in Capital Assets Fund</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balances, beginning of year</td>
<td>93,902</td>
<td>2,871,656</td>
</tr>
<tr>
<td>Excess of revenue over expenses for the year</td>
<td>(71,437)</td>
<td>–</td>
</tr>
<tr>
<td>Changes to unrealized gains (losses) on short-term investments</td>
<td>–</td>
<td>129,952</td>
</tr>
<tr>
<td>Unrealized gains (losses) on short-term investments</td>
<td>–</td>
<td>1,695</td>
</tr>
<tr>
<td>Contributions received during the year</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Excess of endowment revenue over expenses</td>
<td>–</td>
<td>6,079</td>
</tr>
<tr>
<td>Purchases of capital assets</td>
<td>34,340</td>
<td>–</td>
</tr>
<tr>
<td><strong>Balances, end of year</strong></td>
<td>56,805</td>
<td>3,377,941</td>
</tr>
</tbody>
</table>

---

During the year, the endowments earned investment income of $24,347 (2009 – $52,945). Of this amount, $2,164 (2009 – $15,229) was spent on events and $13,500 (2009 – $16,810) on a Scholar. The $15,664 (2009 – $32,039) is included in the summary statement of revenue and expenses as endowment revenue and in research, administrative and project expenses, respectively. The unspent amount for the year of $8,863 (2009 – $20,906) is included in the Endowment Fund balance.