

NEXT STEPS

ANNUAL REPORT 2022

INSTITUT C.D. HOWE



C.D. HOWE INSTITUTE

OUR MISSION

The C.D. Howe Institute is a registered charity, and 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.

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YOUR PHILANTHROPIC DOLLARS AT WORK IN 2022

#1 AWARDED THINK TANK

The Institute is Canada's top economic policy think tank in worldwide *Research Papers in Economics (IDEAS/RePEc)* and *Think Tanks and Civil Societies Program (TTCSP)* global rankings and is the winner of six Douglas Purvis Prizes for excellence in Canadian economic policy writing.

ESSENTIAL OUTPUT



40

Exclusive, off-the-record events

27

Policy council meetings



50

High-quality research and policy council reports

193

Intelligence Memos

STIMULATING DEBATE



8,210 +

Citations in Canadian and international media

9,600 +

Citations in social media

5,335,400 +

Website page views

Most cited think tank in the *Globe and Mail* and *National Post*, Canada's two national dailies.

ENGAGING GOVERNMENT



107

Policy outreach presentations

MESSAGE FROM THE CHAIRMAN

The C.D. Howe Institute's strength lies in its ability to raise Canadians' living standards by fostering economically sound public policies.

This comes from its high-quality, peer-reviewed research addressing the most pressing issues impacting citizens today; its numerous events nurturing ideas from leading critical thinkers; its robust policy councils, convening industry leaders, policymakers, subject-matter experts and leading academics to advise its programs; and strong dedication to members.

In 2022, the Institute was able to accomplish all of this despite difficult worldwide challenges, including the pandemic.

The power of sound public policy is especially important when it comes to harnessing Canada's future potential. A significant task that weighs heavily on the C.D. Howe Institute and all that it does, this vision can be easily observed in the Institute's steadfast focus on responsible fiscal policy, sound monetary theory, assessment of our energy transition and dedication to helping future generations succeed.

Alongside this commitment, Canada's leading think tank continues to have a profound impact with policymakers, the public and the media. As these pages demonstrate, the 2022 Annual Report offers a time to reflect on that impact, and we are grateful for all of the contributions of our board, our members and our friends.

In particular, I want to acknowledge the service of outgoing directors Victor G. Dodig and Shirlee Sharkey. They greatly assisted with ensuring the Institute is held to the highest standards. I would also be remiss to not recognize incoming board members Laura Dottori-Attanasio and Geoff Smith. We look forward to the insight they will bring to the Institute.

I wish to thank the C.D. Howe Institute and its board members for continuing to work relentlessly towards a better future for Canada.



Hugh L. MacKinnon
Chair, C.D. Howe Institute

Sincerely,
Hugh L. MacKinnon

MESSAGE FROM THE PRESIDENT AND THE CEO



Duncan Munn
President, C.D. Howe Institute



William B.P. Robson
CEO, C.D. Howe Institute

The C.D. Howe Institute's core mission is to address economic policy challenges, fostering understanding and solutions to make Canadians better off. We could all wish Canada had faced fewer challenges in 2022. From excessive government spending and borrowing and inflation, through breakdowns in supply chains and government services such as healthcare, education to immigration and passports, to regulatory overreach in areas as diverse as energy and the digital economy, Canada seemed besieged – both with crises originating outside our borders.

The Institute responded to these challenges in 2022 with its trademark mix of objective analysis, measured interventions, and civil discourse. The Institute published 37 research reports and 197 intelligence memos that offered compelling insights and advice on the above topics, and more. Our podcast series, now in its fourth year, extended Institute perspectives in a format welcomed by thousands of listeners. Its events featured current and former policymakers such as Steven Del Duca, Bob Hamilton, Travis Toews, Bill Morneau, Bob Rae and Victor Fidei.

The pages that follow detail the C.D. Howe Institute's output and the many ways it brings researchers, business leaders, officials and concerned citizens together to address the issues that will affect the dynamism of Canada's economy and the living standards of Canadians in the years ahead. Economic turbulence and political polarization make the Institute's commitment to facts, logic and nonpartisanship as valuable as ever.

Message from the President and the CEO (continued)

This review of the Institute's activity in 2022 also shows the professionalism and energy of our colleagues and the many collaborators who support the Institute with their ideas and their donations. The Institute's internal team has successfully confronted the policy and workplace challenges of the past few years, and seized the opportunities of more digital collaboration and hybrid work. Its network of fellows, authors, reviewers and council members has enriched its program more than ever. Longstanding members have been steadfast, often upping their support, and new members have augmented the Institute's ideas and our resources.

It is a pleasure to acknowledge the efforts and contributions from colleagues and supporters that made 2022 a success for the C.D. Howe Institute, and which have positioned the Institute so well to help Canadians surmount the challenges of 2023 and beyond. Thank you all.

Sincerely,

Duncan Munn and William B.P. Robson



From Left:

Gino Scapillati, Duncan Munn, Maureen Farrow and Laura Bouchard



From Left:

Bill Morneau, Dominique T. Hussey and William B.P. Robson

THE INSTITUTE'S 2022 RESEARCH MISSION

The C.D. Howe Institute deployed the power of its research in 2022 on a range of critical issues affecting Canadians' standards of living.

Internationally, this was a year of turmoil. In a landmark Institute study, the global costs of Russia's invasion of Ukraine were determined to be at US\$8.9 trillion conservatively at its five-month mark, a loss equivalent to more than four times the entire annual income of all Canadians.

Canadians were also subjected to much higher inflation in 2022, following the bout of large, unsustainable monetary and fiscal stimulus meted to keep incomes and jobs afloat during the pandemic. Institute research was at the leading edge of understanding the impact of these measures and of proposing policies to return to lower inflation and a sustainable fiscal track.

We also devoted substantial efforts to dissecting Ottawa's 2030 Emissions Reduction Plan – with our research determining that Canadians would need to retrofit half a million houses per year to meet the 2030 target for that sector. In a similar vein, an in-depth *Intelligence Memo* series also pulled together forecast models on other specific sectors impacted by the planned transition, providing a realistic assessment of what is *actually* needed to meet these goals.

Additionally, our research informed pressing issues for both workers and employers with studies on the digital skills gap, on youth recovery from the pandemic, and on EI reform. Issues stemming from the digitalization of Canada's economy and the importance of financing to help small businesses grow and innovate were also high on the agenda, the latter addressed by a new Institute working group.

Health and recovery from the pandemic were also top of mind. Widely cited in the media, our experts found that vaccination campaigns against the virus saved Canada billions in averted health and economic costs. Our work also pointed to ways to improve care for Canada's vulnerable seniors, to strengthen the pharmaceutical supply chain, and ultimately to deliver better healthcare for Canadians. The Institute's Health Policy Program was also strengthened by the appointment of former Deputy Minister of Health for Alberta, and current administrator of Nova Scotia Health, Janet Davidson, as our inaugural Don Johnson Fellow-In-Residence.



Daniel Schwanen

Vice President, Research, C.D. Howe Institute

We also unveiled an Intelligence Memo Competition in 2022, aimed at discovering and promoting next generation policy thought leaders. Memos produced under this initiative examined a range of issues, from the need to improve employment insurance benefits in order to protect children, to better pandemic preparation, and whether the central bank's role should be expanded to include more socially-oriented issues. As well, thanks to an intern program sponsored for the third consecutive year by the Investment Management Corporation of Ontario, six promising graduates gained the invaluable opportunity to grow at the Institute.

We will continue to promote actionable ideas, backed by research and dialogue, toward raising Canadians up. I am grateful to our Fellows, Chairs, members of our Advisory Councils and Working Groups, staff, and other authors, reviewers and conference participants, for their intellectual contribution toward that goal. Thank you for continuing to support our work.

Sincerely,
Daniel Schwanen

OUR EXTERNAL REVIEW PROCESS

Institute publications undergo rigorous external review by academics and independent experts drawn from the public and private sectors. We are very grateful to those reviewers, some of whom are identified on page 22.

We evaluate potential reports using methods such as single and double-blind review, to ensure objectivity. The research and commentary – rather than the identity of authors and reviewers – is the paramount consideration. We work continually to improve the review process so that it is the best in class: it is audited every year by two academics or other professionals, and a formal response to their recommendations is provided and implemented by Institute management. Our peer-review process ensures the quality and integrity of the policy research, and we will not publish any study that, in our view, fails to meet the standards of that review process.

The C.D. Howe Institute's Research Quality Auditors:

2022	Louis Lévesque and Jennifer Robson
2021:	John Murray and Christine Neill
2020:	Philip Howell and Nobina Robinson
2019:	Tracy Snoddon and Wayne Wouters
2018:	Gorden Thiessen and Frances Woolley
2017:	Kevin Dancey and Angelo Melino
2016:	Charles M. Beach and Lawrence Herman
2015:	Steve Ambler and Thorsten Koeppl
2014:	Peter Howitt and Kevin Milligan
2013:	Edward Iacobucci and David Laidler

2022 RESEARCH AUDIT COMMITTEE



Louis Lévesque

Former Deputy Minister, Transport, Infrastructure and Communities, and International Trade

“The Institute is to be commended for the importance it affords to the integrity of its publication process.”



Jennifer Robson

Program Director and Associate Professor of Political Management at Carleton University

“The Institute has a unique and important role to play in producing and disseminating policy relevant research and analysis.”

THE INSTITUTE'S 2022 REVIEWERS

C.D. Howe Institute publications undergo rigorous external review by academics and independent experts drawn from the public and private sectors. We thank our reviewers, including those who wished to remain anonymous.

Keith Ambachtsheer KPA Advisory Services Ltd.	Miles Corak The City University of New York	Gary Hufbauer Peterson Institute for International Economics	James Pierlot Blue Pier
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Bob Baldwin	Edward Devlin Devlin Capital Inc.	David Laidler Western University	Rogers Communications Canada Inc.
Randy Bauslaugh	Derek Dobson CAAT Pension Plan	Allan Lanthier	Robbie Rolfe Canadian Association of Petroleum Producers (CAPP)
Chris Benedetti Sussex Strategy Group	Pierre Duguay	John Lester University of Calgary	Gary Rose
Alison Blair Simon Fraser University	Ken Engelhart Engelhart Law	Danny Leung Statistics Canada	Marcel Saulnier
Åke Blomqvist Carleton University	Paul Fogolin Entertainment Software Association of Canada	Dave Longworth Carleton University	Mikal Skuterud University of Waterloo
Robin Boadway Queen's University	Peter Glossop Osler, Hoskin & Harcourt LLP	Stéfane Marion National Bank Financial	Gregor Smith Queen's University
Marcel Boyer CIRANO	Jan Gorski Pembina Institute	Jim McCarter	Angela Splinter Trucking HR Canada
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Ted Carmichael Ted Carmichael Global Macro	Colin Guldemann RBC	William Molson	Jeffrey Trossman Blake, Cassels & Graydon LLP
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Frank Chong Stabilization Central Credit Union	Lawrence Herman Cassidy Levy Kent	Christopher Naugler University of Calgary	Ari Van Assche HEC Montréal
Dan Ciuriak Ciuriak Consulting	Fred Horne Horne and Associates	Christine Neill Wilfrid Laurier University	David Walker Queen's University
Tom Closson Tom Closson Consulting	Phil Howell	Joe Nunes Actuarial Solutions Inc.	Brent White Mount Allison University
Dave Collyer	Peter Howitt Brown University	Philip Palmer Internet Society Canada Chapter	Tom Wilson University of Toronto
		Nick Pantaleo	Mark Zelmer
		Jocelin Paradis Rio Tinto Canada Management Inc.	
		Troy Pariag IBM Canada Ltd.	

FISCAL, MONETARY, AND PENSIONS SUSTAINABILITY

In 2022, inflation hit a peak of 8.1 percent in June and remained at 6.3 percent at year-end, prompting the Bank of Canada to initiate an unprecedented interest rate hike cycle. The sudden increase in interest rates became a policy concern, and fears of increased government spending undermining monetary tightening in the face of inflation resurfaced.

The Bank of Canada's balance sheet increased massively due to quantitative easing (QE) to support the economy and financial markets during the pandemic. The Bank purchased a large amount of Government of Canada bonds financed through settlement balances. A study explored the consequences of an enlarged balance sheet on the Bank, ranging from its first operational loss in its history, ensuing risks to the Bank's independence, and to the abandonment of the traditional corridor system around the policy rate.

In addition, QE and the surge in government borrowing raised concerns about money creation and its impact on inflationary pressures. A study showed that despite monetary aggregates falling out of favor with central banks as predictors of inflation beginning in the mid-1980s, that link returns when there are big shocks to money and is exacerbated when inflation becomes unanchored from its target.

An Institute study evaluated the importance of fiscal and monetary policy coordination in driving down inflation expectations, concluding that while coordination between fiscal and monetary authorities certainly helps combat inflation, the central bank continuing its tightening cycle – even if it puts them in conflict with fiscal authorities – is the most crucial factor in re-anchoring inflation expectations.

On the fiscal policy front, the federal government's massive spending and borrowing during the pandemic have desensitized Canadians to fiscal excess. The government has promised costly new programs without revenue to cover them or measures to boost economic growth and the tax base. The Institute's Shadow Federal Budget proposed measures focused on growth and ensuring Canadians have the means to face new challenges, including the capacity to face higher interest costs in the future.

Innovation is a major driver of growth, and Institute research looked at the role of tax policy in encouraging investment in the development of innovative products and their commercialization. Reforms to the tax treatment of business expenses for research and development, as well as a regime for taxing income generated from intellectual property at a special low rate, can help.

In addition to these pressing issues, the Institute's research covered a wide array of themes related to monetary, fiscal, and pension policy. For example, one study examined the challenges Ottawa is facing in personal tax filing automation, and another looked at the difficulties Canada faces in implementing the global framework for a minimum tax for multinationals. Other studies explored legislative and regulatory changes required to ensure more Canadians have access to retirement savings options that provide assisted lifetime decumulation of assets, rather than self-managed solutions.

The Institute will continue to prioritize fiscal sustainability and a return to low inflation in 2023.

Fiscal and Tax Competitiveness Council

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Senior Advisor, Bennett Jones LLP, Former Deputy Minister, Finance Canada

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Rémi Benoit

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Ben Brunnen

Canadian Association of
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Bev Dahlby

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Québec Ministère des
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EY Law LLP

Adrienne Oliver

Norton Rose Fulbright
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C.D. Howe Institute

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Rio Tinto Alcan

Shawn Porter

Deloitte

Sky Shapiro

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Canadian Life and Health
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Underwriting

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Department of Finance,
Province of New Brunswick

Thomas A. Wilson

University of Toronto

Fiscal and Tax Policy Research

Automatic Tax Filing: A Challenging Idea for Canada

January 2022 – Alexandre Laurin and Nicholas Dahir

Getting Serious: A Shadow Federal Budget for 2022

March 2022 – William B.P. Robson, Don Drummond and
Alexandre Laurin

Fixing, Funding, and Reforming Health Services

March 2022 – Don Drummond and Duncan Sinclair

An Intellectual Property Box for Canada: Why and How

April 2022 – John Lester

High Stakes Ahead: Canada and the Global Minimum Tax for Multinationals

May 2022 – Angelo Nikolakakis

Tax Support for R&D and Intellectual Property: Time for Some Bold Moves

July 2022 – John Lester

Decapitalization: Weak Business Investment Threatens Canadian Prosperity

August 2022 – William B.P. Robson and Mawakina Bafale

The Right to Know: Grading the Fiscal Transparency of Canada's Senior Governments, 2022

September 2022 – William B.P. Robson and Nicholas Dahir

Softening the Bite: The Impact of Benefit Clawbacks on Low-Income Families and How to Reduce It

November 2022 – Alexandre Laurin and Nicholas Dahir

Crossed Wires: Does Fiscal and Monetary Policy Coordination Matter?

December 2022 – Jeremy M. Kronick and Luba Petersen

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Monetary Policy Research

Climate Risk and Canadian Banks: Is More Capital Required?

June 2022 – Glen Hodgson

Money Talks: The Old, New Tool for Predicting Inflation

July 2022 – Steven Ambler and Jeremy M. Kronick

Lessons from the Yield Curve: Evaluating Monetary Policy in Different Interest Rate Environments

August 2022 – Thorsten Koepl and Jeremy M. Kronick

The Consequences of the Bank of Canada's Ballooned Balance Sheet

November 2022 – Steven Ambler, Thorsten Koepl and Jeremy M. Kronick

Crossed Wires: Does Fiscal and Monetary Policy Coordination Matter?

December 2022 – Jeremy M. Kronick and Luba Petersen

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Financial Services and Regulation Research

Time for a Tune-up: Reforms to Private-Sector Auto Insurance could Lower Costs and Add Value for Consumers

March 2022 – David Marshall

Put to the Test: Ranking Canada's Universities on Their Climate Change and Endowment Activities

April 2022 – Catherine Jackson, Abhishek Kumar and Ramisha Ashgar

Climate Risk and Canadian Banks: Is More Capital Required?

June 2022 – Glen Hodgson

Lessons from the Yield Curve: Evaluating Monetary Policy in Different Interest Rate Environments

August 2022 – Thorsten Koepl and Jeremy M. Kronick

Aiming Higher: How to Build Greater Resiliency for Large Credit Unions in Canada

September 2022 – Marc-André Pigeon and Murray Fulton

The Consequences of the Bank of Canada's Ballooned Balance Sheet

November 2022 – Steve Ambler, Thorsten Koepl and Jeremy M. Kronick

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National Bank of Canada

COMPETITION, INNOVATION AND BUSINESS GROWTH

Innovation is the name of the game in raising standards of living, and innovation is intimately linked to competition, investment and business growth.

Slow growth and fast-rising prices drew greater attention to competition, or lack thereof, in many countries in 2022. Canada was no exception. While a lot of the focus of these concerns was the “digital economy,” many other sectors got official and popular attention.

As Ottawa prepared to revamp the country's *Competition Act*, the Institute, under the aegis of its eminent and long-standing Competition Policy Council, published a wide-ranging series of views on specific aspects of the reforms, as well as on competition issues pertaining more specifically to the digital age – the focus of the federal government's consultation on the future of competition policy in Canada.

While this rich body of work approached the challenge in a variety of ways, a key thrust of the analysis was that the rising role of data and platforms in the digital age requires updated competition tools and rules, but that applying special rules to a few large companies or presuming the direction of marketplace dynamics when evaluating acquisitions, would be unnecessary and unwise.

The Institute has also continued to highlight Canada's poor capital investment performance, including investments in intellectual property, which puts it near the bottom of OECD countries in terms of capital stock and new capital investments per worker. Inadequate capital per worker undermines labour productivity and Canadians' standards of living. Canadian governments should examine tax, regulatory and trade policies that inhibit investment compared to our peers, so that Canadian firms enjoy greater rewards from productive investments, and suffer commensurately more when they fall.

Relatedly, while Canada has a great track record getting businesses off the ground, we are much less successful growing them into the kinds of companies that can benefit from scale to improve productivity in a country that has fallen behind in this regard.

Given the vexing barriers to growth of small businesses into medium-sized and larger ones in Canada, the Institute launched in 2022 an SME Working Group to explore ways governments can remove barriers to the availability and access to patient long-term financing, and deepen capital markets. The working group is chaired by Michael Denham, former President and CEO of the Business Development Bank of Canada.

Among other findings, Canada's concentrated financial sector means there is scope to deepen capital markets to alleviate the high interest rates Canadian SMEs face from a dearth of alternatives. Alongside access to capital, governments need to use tools at their disposal to improve competitiveness and incentivize small businesses to grow. Research enabled by the working group has produced a number of policy solutions, some emulating successful policies in peer countries, which the Institute will continue to promote and deepen in 2023.

The Institute's 2022 Research Mission (continued)

Human Capital Policy Council

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Human Capital Policy Research

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July 2022 – Parisa Mahboubi and Amira Higazy

**The Knowledge Gap: Canada Faces a Shortage in Digital
and STEM Skills**

August 2022 – Parisa Mahboubi

**Uneven Odds: Men, Women and the Obstacles to
Getting Back to Work with Kids**September 2022 – Tammy Schirle, Ana Ferrer and Annie
(Yazhuo) Pan**Correcting Course: Employment Insurance Needs a
Redesign to Counter Recessions and Achieve Equity**

October 2022 – David Gray and Colin Busby

HEALTH AND HUMAN CAPITAL

Canada's health and education systems and labour market entered 2022 in challenging circumstances due to two years of pandemic-related disruptions. Health and educational institutions had to face the continuing threat of COVID-19, which resulted in the need to address learning losses due to inconsistent learning environments and expanding healthcare capacity to address backlogs of diagnostics and treatments. Meanwhile, many employers faced challenges retaining and recruiting employees amid a tight labour market. More generally, the pandemic intensified the need for digital skills across all sectors.

The Institute provided insights on addressing these learning losses, skills and labour gaps. Institute research proposed ways Canada could increase its supply of necessary skills by developing, attracting and retaining talent, while also investing in upskilling its workforce. To tackle COVID-19 related learning losses and build skills, research suggested targeted tutoring and expanding summer schools for K-12 students. Modernizing school curricula will help to ensure strong fundamental skills, including numeracy and literacy, which will raise performance of all students in essential subjects. This will help to increase postsecondary enrolment and graduation numbers, particularly among under-represented groups and in more demanding fields of study, including STEM. Specific research papers also addressed barriers to participation for non-student youth and mothers re-entering the workplace.

Research also concluded that federal and provincial governments should improve Canada's immigration performance by, for example, increasing the admission of immigrants with prior study-permit-holder status, particularly in STEM fields. The research also found that governments should also be collaborating to address international credential recognition issues, particularly in healthcare, where labour market shortages are pronounced and many internationally trained professionals face difficulty becoming licensed to practice in their fields.

Addressing the challenges in healthcare will require more extensive systemic changes. The pandemic highlighted many gaps in access to care and strained healthcare capacity to near its break-point. Institute research proposed improving seniors' care by enhancing home and community care while also improving infrastructure in long-term care homes to better protect the most vulnerable Canadians. The Institute also published research on improving efficiency through systemic reforms in the funding and management of healthcare services. This would ease capacity constraints on addressing shortages of healthcare workers through investments in education, in addition to providing opportunities for internationally trained medical professionals.

It is also important to evaluate the healthcare system's performance and to adapt emergency policies to better manage future infectious disease outbreaks. On that front, the Institute published research on procurement strategies for newly developed vaccines and long term policies to ensure that Canada has access to new innovative treatments. Other research evaluated the public health vaccination campaign and estimated the net economic benefits that resulted from achieving high vaccine uptake.

Going into 2023, the Institute will focus on removing systemic obstacles to innovation in Canada's healthcare systems; keeping pace with the growing complexity of treatment and the population's needs; matching Canada's immigration system with its skills needs, including health; and on housing and meeting infrastructure needs to serve a growing population.

The Institute's 2022 Research Mission (continued)

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Health Policy Research

Policy Seminar Report – Pharmaceutical Supply Chain Sustainability

January 2022 – Rosalie Wyonch with assistance from Ji Yoon Han and Uditia Upadhyay

Fixing, Funding, and Reforming Health Services

March 2022 – Don Drummond and Duncan Sinclair

Going Dutch: Choice, Competition and Equity in Healthcare

April 2022 – Åke Blomqvist

Home Remedies: How Should Canada Acquire Vaccines for the Next Pandemic?

May 2022 – Paul Grootendorst, Javad Moradpour, Michael Schunk and Robert Van Exan

Troubles in Canada's Health Workforce: The Why, the Where, and the Way Out of Shortages

November 2022 – Don Drummond, Duncan Sinclair and Jillian Gratton

Damage Averted: Estimating the Effects of COVID-19 Vaccines on Hospitalizations, Mortality and Costs in Canada

December 2022 – Rosalie Wyonch and Tingting Zhang



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David L. Cohen and Heather Chalmers

The Institute's 2022 Research Mission (continued)

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Pension Policy Research

The Challenges Facing Target-Benefit Plans: Changes Are Needed to Provincial Pension Standards

March 2022 – Barry Gros

The Evolving Wealth of Canadians: Who Is Better Fixed for Retirement? Who is Not?

May 2022 – Bob Baldwin

Money for Life: Putting the “Pension” Back in Employee Pension Plans

October 2022 – Idan Shlesinger, Michelle Loder and Gavin Benjamin

ESG and Climate Change: Pension Fund Dos and Don'ts

November 2022 – Randy Bauslaugh

ENERGY, TRADE AND SUPPLY CHAINS

Canadian producers faced major challenges in 2022. The war in Ukraine and lockdowns in China exacerbated an already fragile recovery of supply chains from the COVID pandemic.

The war, and the aftermath of sanctions against Russia, threatened shortages of important agricultural and energy commodities, putting the spotlight on food prices and on the impact on energy supplies of the global transition away from carbon-intensive sources of energy.

In the midst of this turmoil, Canada sought to reinforce security and economic alliances with our closest partners, while continuing to expand trade links with nations willing to foster predictable trade rules. Canada's Indo-Pacific strategy, released in November, embodies this continued search for more reliable trade links, in a context of heightened security issues.

In this vein, the Institute released major studies on the impact of the war in Ukraine on the global economy, and on how the Canada-ASEAN free trade agreement currently being negotiated would affect Canadian incomes, production and trade.

At the same time, massive US industrial subsidies aimed at retooling that economy away from carbon-intensive activities, threw down the gauntlet before Canadian policy-makers, for them to ensure that Canada's suite of policies aimed at dramatically lowering carbon dioxide emissions would not result in Canada losing "green" investments to our neighbours to the south.

In that context, the Institute conducted an in-person special seminar on the achievability of Ottawa's Emissions Reduction Plan. The report stemming from the seminar examined a number of challenges, ranging from the stated timelines for achieving reductions, to the need for greater policy stability and speed of permitting for the necessary investments.

Other Institute publications delved more deeply into these challenges, finding that the costs of replacing fossil fuels with electricity for heating in Canadian homes won't be fast or cheap, and questioning the achievability of planned emissions reduction in buildings, transportation, industry and electricity. A study looking into the oil sands' unique cost structure concluded that their production may in fact constitute the "last barrel" in the face of potential declining demand, meaning that, absent significant reductions in emissions intensity, reducing emissions from the oil sands will have to be enforced at a significant economic cost. Another report examined the potential role for small modular reactors in meeting growing zero-emission electricity needs and determined they are likely to be competitive if developers can control costs.

The Institute will continue in 2023 to assess the feasibility of policies toward the energy transition, notably by continuing to examine the implications of the United States' *Inflation Reduction Act* of 2022.

Throughout 2022, the Institute also commented on other sources of existing or potential costly trade restrictions on trade between Canada and the United States, ranging from auto content rules to dairy restrictions, emphasizing the benefit to consumers of lower trade barriers in these and other sectors.

On the heels of a major conference report on pharmaceutical supply chains and a leading-edge paper on vaccine manufacturing in Canada, both released in 2022, the Institute launched a supply chains working group of eminent experts and stakeholders, which will make recommendations in support of a long-overdue National Supply Chain strategy for Canada. The aim is to ensure Canada's security of supplies and competitiveness within international supply chains, in the context of rapidly evolving security and climate stresses, industrial policy initiatives by our trade partners, and continued supply bottlenecks within Canada itself.

The Institute's 2022 Research Mission (continued)

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Energy, Resources and Infrastructure Research

Conference Report – Canada's 2030 Emissions Reduction Plan: What's Realistic?

July 2022

Only Hot Air? The Implications of Replacing Gas and Oil in Canadian Homes

September 2022 – Charles DeLand and Alexander Vanderhoof

Power When You Need It: The Case for Small Nuclear Reactors

November 2022 – John Richards and Christopher Mabry

Last Barrel Standing? Confronting the Myth of "High-Cost" Canadian Oil Sands Production

December 2022 – G. Kent Fellows

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Trade and International Policy Research

Canada's Pivot to the Indo-Pacific: The Strategic Importance of Prioritizing a Trade Agreement with ASEAN

February 2022 – Dan Ciuriak, Lucy Ciuriak, Ali Dadkhah, Yingkang Lyu and Yun Wen

A Friend in High Places: A Proposal to Add a National Security Amicus to Canada's Investment Review Regime

February 2022 – Joshua Krane, Stephen Wortley and Connor Campbell

The Economic Consequences of Russia's War on Ukraine

April 2022 – Dan Ciuriak

At What Cost? The Economic and Human Costs of Russia's Invasion of Ukraine

August 2022 – Dan Ciuriak

The Institute's 2022 Research Mission (continued)

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Regulation, Competition and Growth Research

Building Bridges for 5G: How to Overcome the Infrastructure Barriers to Deployment of Canada's Next-Generation Broadband Networks

January 2022 – Leslie Milton, Jay Kerr-Wilson and Paul Burbank

A Friend in High Places: A Proposal to Add a National Security Amicus to Canada's Investment Review Regime

February 2022 – Joshua Krane, Stephen Wortley and Connor Campbell

An Intellectual Property Box for Canada: Why and How

April 2022 – John Lester

Bring on the Competition: Reforming Canada's *Competition Act*

April 2022

Home Remedies: How Should Canada Acquire Vaccines for the Next Pandemic?

May 2022 – Paul Grootendorst, Javad Moradpour, Michael Schunk and Robert Van Exan

Decapitalization: Weak Business Investment Threatens Canadian Prosperity

August 2022 – William B.P. Robson and Mawakina Bafale

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Building Bridges for 5G: How to Overcome the Infrastructure Barriers to Deployment of Canada's Next-Generation Broadband Networks

January 2022 – Leslie Milton, Jay Kerr-Wilson and Paul Burbank

Solving the Municipal Budget Mystery: Fiscal Accountability in Canada's Cities, 2021

February 2022 – William B.P. Robson and Miles Wu



Clockwise from top left:
Victor Dodig; Donald Johnson; Michael Denham; Maureen Farrow

2022 POLICY EVENTS

The Institute's off-the-record, invitation-only 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 2022 (in chronological order):

Evan Siddall, President and Chief Executive Officer, Alberta Investment Management Corporation

Putting Clients First: Implications for AIMCo

Webinar, January 18, 2022

Sponsored by: Torys LLP

Joe Davis, Frances Donald and Todd Hirsch

Pandemics and the Canadian Economy: Where Do We Go From Here?

Webinar, January 27, 2022

Sponsored by: Manulife Financial Corporation

Steven Del Duca, Leader, Ontario Liberal Party

Ontario's Challenges and Opportunities: Steven Del Duca's Look Ahead

Webinar, February 8, 2022

Sponsored by: TD Bank

Mark Brisson, Chris Elgar and Mark White

Changes in Pension Regulation: What's Coming and What it Means

Webinar, February 9, 2022

Bob Hamilton, Commissioner, Canada Revenue Agency
Innovation Through Collaboration: Investing in Continuous Improvement

Webinar, February 10, 2022

Sponsored by: Intuit

Angelo Nikolakakis, Shawn Porter and Sky Schapiro

Fair Share? Implications of a Global Minimum Corporate Tax

The Annual Jack Mintz Lecture, February 16, 2022

Balázs Égert, Stéfane Marion and William B.P. Robson

Capital Losses: Canada's Business Investment Crisis

Webinar, February 18, 2022

Sponsored by: Canadian Finance & Leasing Association

Edward Iacobucci, Navin Joneja and the Honourable Howard Wetston

The Canadian Competition Act in the Digital Era

Webinar, March 1, 2022

Sponsored by: Blake, Cassels & Graydon LLP

The Honourable Travis Toews, Minister, Alberta Treasury Board and Finance

The Government of Alberta's Budget 2022

Webinar, March 3, 2022

Dominic Barton, Former Canadian Ambassador to the People's Republic of China

Business as Usual? Engaging with China in the Long-term

Patrons Circle Webinar, March 8, 2022

Kim Furlong, Nancy Harrison and Anne Woods

Injecting Capital: Opportunities and Barriers to Institutional Investment in Canada's Life Sciences

Executive Access Briefing, March 10, 2022

Sponsored by: McMaster Innovation Park, TRIO Capital Group, Meridian Credit Union, and Forstner Group Inc.

Edward Waitzer and Paul Rochon

Sustainability Reporting: The Next Frontier in Canadian Standard Setting

Executive Access Briefing, March 17, 2022

Sponsored by: CPA Canada

The Honourable Peter Bethlenfalvy, Minister, Ontario Ministry of Finance

The Government's Plans to Rebuild the Ontario Economy

Webinar, April 11, 2022

Sponsored by: Bruce Power

The Honourable Jonathan Wilkinson, Minister, Natural Resources Canada

Canada's 2030 Emissions Reduction Plan

Webinar, April 12, 2022

Michael Sabia, Deputy Minister, Department of Finance Canada

Post-budget Briefing

Webinar, April 13, 2022

Sponsored by: Intact Financial Corporation

Barry Eichengreen and William White

The Weaponization of Finance and the Future of the International Monetary System

Webinar, April 20, 2022



Top: Dr. Parisa Mahboubi, Hon. Sean Fraser and Janet Ecker

Bottom left: Lalit Aggarwal

Bottom right: Ben Dachis and Marlene Cepparo

Ben Brunnen, Eric Nuttall and Douglas Porter
A New Energy Crisis?
 Webinar, April 25, 2022
Sponsored by: Canadian Association of Petroleum Producers

Daniel Kahneman, Professor of Psychology and Public Affairs Emeritus at the School of Public and International Affairs; The Eugene Higgins Professor of Psychology Emeritus, Princeton University
Improving Government Decision-making with Daniel Kahneman
 Scholars' Webinar Series, May 5, 2022
Sponsored by: Wendy Dobson

David Dodge and Stephen Poloz
Inflation: The Threat and the Response
 Patrons Circle Dinner, May 10, 2022

David Eaves, Anant Gadia and Shaifa Kanji
The Digital Transformation of Government Services — How Fast, How Far?
 Webinar, May 31, 2022
Sponsored by: Accenture

Bill Morneau, Former Minister, Department of Finance Canada
An Economic Growth Plan for Canada
 Directors' Dinner, June 1, 2022
Sponsored by: Bennett Jones LLP

Carmen Reinhart, Senior Vice President and Chief Economist, The World Bank; Minos A. Zombanakis Professor of the International Financial System, Harvard Kennedy School
Wobbling World Economy?
 Scholars' Webinar Series, June 7, 2022
Sponsored by: Wendy Dobson

Ambassador David L. Cohen, Étienne Chabot and Gary Sutherland
The Québec Advantage: Providing clean, reliable and competitively-priced electricity to North America
 Dinner, June 15, 2022
Sponsored by: GE Canada

Robert Asselin, John Lester and Stephen Lopes
Shred the SR&ED Credit? Supporting R&D and Commercialization in Canada
 Webinar, June 17, 2022
Sponsored by: The Petman Foundation

The Honourable Bob Rae, Ambassador and Permanent Representative of Canada to the United Nations
New World Order? Russia's Attack on Ukraine
 The Annual Sylvia Ostry Lecture, June 21, 2022

Canada's 2030 Emissions Reduction Plan – What's Realistic?
 Conference, June 23, 2022
Sponsored by: Alberta Energy

Kristina Namiesniowski, Senior Associate Deputy Minister at Employment and Social Development Canada
Youth Forward: Building the Workforce Canada Needs
 Webinar, June 28, 2022
Sponsored by: Toronto Metropolitan University

Michael D. Bordo, Board of Governors Professor of Economics and Director of the Center for Monetary and Financial History, Rutgers University
Is the Fed Behind the Curve? Determining the Trajectory of Inflation
 The Annual David Laidler Lecture, September 15, 2022,

Christopher Alexander, Paul Johnson and Lauren Haw
Open House: Who should have access to property listing data?
 Webinar, September 29, 2022
Sponsored by: Canadian Real Estate Association

Grant Vingoe, Chief Executive Officer, Ontario Securities Commission
Putting Principles into Practice: Regulation in Today's Changing Capital Markets
 Toronto Roundtable Luncheon, October 3, 2022
Sponsored by: TMX Group

Jeremy Kinsman, Anne Leahy and Ralph Lysyshyn
Cool Heads in Hot Times: Three Former Ambassadors on Russia's Invasion of Ukraine
 Patrons Circle Dinner, October 3, 2022

The Honourable Sean Fraser, Minister, Immigration, Refugees and Citizenship
Immigration Nation: Tackling Canada's Labour Shortage with Skilled Newcomers
 Toronto Roundtable Luncheon, October 24, 2022
Sponsored by: University of Toronto

Ed Cass, Ziad Hindo and Vincent Delisle
The Great Rebalancing Act – Canadian Pension Funds Perspectives
 Toronto Roundtable Luncheon, October 26, 2022
Sponsored by: J.P. Morgan Chase & Co.



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Carolina Gallo; Gary Sutherland and Mayaz Alam;
Sarah Carama; Hélène De Kovachich

Housing Affordability in Ontario and Canada
Workshop, November 8, 2022

Sponsored by: **Mattamy Homes, Ontario Real Estate Association and KingSett Capital**

Joseph Stiglitz, Professor, School of International and Public Affairs, Columbia University; Recipient of the Nobel Memorial Prize in Economic Sciences

2022 Scholar's Webinar Series, November 10, 2022

Sponsored by: **Wendy Dobson**

Janet Davidson, Kimberlyn McGrail, Michael Hillmer and David O'Toole

Leveraging Real-time Data for Real Health Benefits

Webinar, November 15, 2022, 12:30 pm to 1:30 pm ET

Sponsored by: **Johnson & Johnson**

Ben Felix and Rob Carrick

Will Unaffordability Cripple a Generation of Young Canadians?

Toronto Roundtable Luncheon, November 22, 2022

The Honourable John R. Baird, Clint Davis and Robert Huebert

Arctic in Play: Strengthening Canada's Position in the North

The Annual Kierans Lecture, November 29, 2022

Sponsored by: **Tom Kierans and Mary Janigan**

Ronan Seagrave, Tracy Johnson and James Brodie

Back in Operation: Innovative Solutions to Increasing Surgical Capacity

Webinar, December 1, 2022

Sponsored by: **Johnson & Johnson**

The Honourable Victor Fedeli

Toronto Roundtable Luncheon, December 12, 2022

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Clint Davis, Robert Huebert, William B.P. Robson and The Honourable John R. Baird



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Donald Reimer
Robert Richards
William B.P. Robson
Christine Robson
W.P. Rosenfeld, K.C.
Cameron Ross
George Rossolatos
Gale Rubenstein
Fred Rumak
Walter Schroeder
Daniel Schwanen
Lawrence Schwartz
Gerald Schwartz
Helen Sinclair
Paul G. Smith
Geoff Smith
James K. Stewart
Daniel Sullivan
Richard Tattersall
John Tennant
Simon Thang
Keith Thompson
Craig Thorburn
Tom Trimble
Annette Verschuren
Warren Viegas
Robert Weese
Howard Wetston
Catharine Whiteside
Gordon Wiebe
John Wilkinson
Alfred Wirth
David Wishart
Tom Woods



Top from left: Kristen Rogers, Farhana Mishra and Nancy Wright

Bottom left: Sharon Beepath

Bottom right: Goldy Hyder

The Institute's Members in 2022 (continued)

POST SECONDARY

Carleton University
 HEC Montréal
 McMaster University
 Northeastern University
 Queen's University
 University of Toronto
 Western University
 Wilfrid Laurier University

**CORPORATE,
 ASSOCIATION AND
 FOUNDATION
 MEMBERS**

3 Sixty Public Affairs Inc.
 3M Canada
 Accenture
 Advocis
 AGF Management Limited
 Aird & Berlis LLP
 Alberta Blue Cross
 Alberta Investment Management Corporation
 Algoma Central Corporation
 Amazon Canada
 Amgen Canada Inc.
 Appraisal Institute of Canada
 Association of Canadian Pension Management
 Assuris
 AstraZeneca Canada Inc.
 ATCO Ltd. & Canadian Utilities Limited
 Bayer Inc.
 BC Pension Corporation
 BD Canada
 Bennett Jones LLP
 BlackRock
 Blake, Cassels & Graydon LLP
 BMO Financial Group
 Boehringer Ingelheim (Canada) Ltd.
 Borden Ladner Gervais LLP
 Boston Consulting Group Canada ULC
 Brookfield Asset Management Inc.
 Brown Mills Klinck Prezioso LLP
 Bruce Power
 BURNCO Group of Companies
 Business Council of British Columbia
 Business Council of Canada
 Business Development Bank of Canada

C.S.T. Consultants Inc.
 CAAT Pension Plan
 Caisse de dépôt et placement du Québec
 Calgary Real Estate Board
 Canada Deposit Insurance Corporation
 Canada Guaranty
 Canada Infrastructure Bank
 Canada Mortgage and Housing Corporation
 Canada Pension Plan Investment Board
 Canada-Belgium Committee
 Canadian Association of Petroleum Producers
 Canadian Bankers Association
 Canadian Blood Services
 Canadian Credit Union Association
 Canadian Electricity Association
 Canadian Finance & Leasing Association
 Canadian Gas Association
 Canadian Generic Pharmaceutical Association
 Canadian Imperial Bank of Commerce
 Canadian Institute for Climate Choices
 Canadian Institute for Health Information
 Canadian Life and Health Insurance Association Inc.
 Canadian Nuclear Association
 Canadian Organization For Rare Disorders
 Canadian Real Estate Association
 Canadian Tax Foundation
 Canadian Wireless Telecommunications Association
 Candor Investments Ltd.
 Capital Power Corporation
 CBI Health
 Cenovus Energy Inc.
 CEO Global Network
 Ceridian
 CFA Societies Canada
 Chantier Davie Canada Inc.
 Chemistry Industry Association of Canada
 Citibank Canada
 Clairvest Group Inc.
 Clean Prosperity
 Cogeco Communication Inc.
 Colleges Ontario
 Credit Union Central Alberta Limited

CWB Financial Group
 Deloitte
 Desjardins Group
 Digital Technology Supercluster
 Donner Canadian Foundation
 Dupont Canada
 Earncliffe Strategies
 EastLink
 Economap Inc.
 Edwards Lifesciences (Canada) Inc.
 E-L Financial Corporation Limited
 Elevate Export Finance Corp.
 EllisDon Inc.
 Empire Communities
 Enbridge
 Entertainment Software Association of Canada
 Equitable Bank
 Export Development Canada
 Fidelity Investments
 First National Financial LP
 FleishmanHillard Highroad
 Ford Motor Company of Canada, Limited
 Forest Products Association of Canada
 FortisBC
 Fuse Strategy
 GE Canada
 GlaxoSmithKline Inc.
 Google Canada Inc.
 Green Shield Canada
 GWN Capital Management Ltd.
 H&R Block Canada, Inc.
 H.H. Angus & Associates Limited Consulting Engineers
 Healthcare of Ontario Pension Plan
 Hoffmann-La Roche Limited
 Home Trust Company
 Honda Canada Inc.
 Hugessen Consulting
 Hydro One Networks Inc.
 Hydro Ottawa Holding Inc.
 Imperial Oil Limited
 Independent Electricity System Operator (IESO)
 Innovate Cities
 Innovative Medicines Canada
 Instacart
 Insurance Brokers Association of Canada (IBAC)
 Insurance Bureau of Canada
 Intact Financial Corporation
 Interac Corp.
 Intuit

The Institute's Members in 2022 (continued)

Investment Industry Association of Canada	MindBeacon Group	Sagen
Investment Industry Regulatory Organization of Canada	MITACS	Scotiabank
Investment Management Corporation of Ontario	Morgan Meighen & Associates	SE Health
ITCAN	National Bank of Canada	Seymour Management Consulting Inc.
J.P. Morgan Securities Canada Inc.	National Payroll Institute	Stewart McKelvey
Jackman Foundation	NATIONAL Public Relations	Summerhill Capital Management
Johnson & Johnson Inc. Canada	NAV CANADA	Sun Life Financial Inc.
JUUL Labs Canada Ltd.	Normandin Beaudry	Suncor Energy Inc.
KingSett Capital Inc.	Norton Rose Fulbright Canada LLP	Sussex Strategy Group
Kiwetinohk Energy Corp.	NOVA Chemicals Corporation	TC Energy Corporation
KPMG LLP	Novartis Pharmaceuticals Canada Inc.	TD Bank Group
Kyndryl Canada	Nutrien Ltd.	Teck Resources Limited
Life Sciences Ontario	Oak Hill Financial	Teladoc Health
LifeLabs	OMERS	TELUS
Maclab Development Group Maclab Properties Group	Ontario Long Term Care Association	Terrestrial Energy
Magris Performance Materials Inc.	Ontario Power Generation Inc.	The Canada Life Assurance Company
Manulife	Ontario Real Estate Association	The Conference for Advanced Life Underwriting
Market Surveillance Administrator	Ontario Retirement Communities Association (ORCA)	The Investment Funds Institute of Canada
Mastercard Canada	Ontario Teachers' Pension Plan	The Woodbridge Company Limited
Matco Investments Ltd.	OPTrust	TMX Group Inc.
Mattamy Asset Management	Osler, Hoskin & Harcourt LLP	Torkin Manes LLP
Mattamy Homes	Parkland Corporation	Toronto Leadership Centre
Maverix Private Equity	Patriot Forge Co.	Toronto Region Board of Trade
Max Bell Foundation	Payments Canada	TorQuest Partners Inc.
McCain Foods Limited	Persis Holdings Ltd	Torys LLP
McCarthy Tétrault LLP	Pfizer Canada Inc.	Toyota Canada Inc.
McKesson Canada	Pharmascience Inc.	TransAlta Corporation
McMaster Innovation Park	Power Corporation of Canada	Trucking HR Canada
McMillan LLP	PwC Canada	Uber Canada, Inc
Medavie Health	Property and Casualty Insurance Compensation Corporation	Vanguard
Medcan Health Management Inc.	Randstad	Weston Forest
Medtech Canada	RBC	
Merck Canada Inc.	Residential Construction Council of Ontario (RESCON)	
Meridian Credit Union Limited	Revera Inc.	
Meta	Rogers Communications Inc.	
Metrolinx	Rothmans, Benson & Hedges Inc.	
	Sagard Holdings	

THE INSTITUTE'S PEOPLE

2022 SCHOLARS

FELLOWS-IN-RESIDENCE

Steve Ambler
Åke Blomqvist
Dan Ciuriak
Janet Davidson
Bev Dahlby
Don Drummond
G. Kent Fellows
Glen Hodgson
Edward Iacobucci
Thorsten Koeppl
Kevin Milligan
Mikawo Nitani
Tammy Schirle
Ari Van Assche

Kenneth G. Engelhart
William Falk
Angela Ferrante
Claude Forget
Malcolm Hamilton
Lawrence Herman
Philip Howell
Lawson Hunter
Paul Jenkins
Maureen Jensen
Jon Johnson
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Thomas Kierans
John Knubley
Guillaume Lavoie
Nicholas Le Pan
Sheila Leggett
Louis Lévesque
Wendy Levinson
Pierre Lortie
Jeffrey Lozon
Janice MacKinnon
John Manley
Jim McCarter
Michael McNair
Brian Mills
Jack Mintz
Ronald Mock
Bernard Morency
John Murray
Hugh O'Reilly
Stephen Orsini
Nick Pantaleo
John Pecman
Gerard Protti
Nobina Robinson
Mark Romoff
Henri-Paul Rousseau

Ian Russell
Marcel Saulnier
Shirlee Sharkey
Mark Smith
John Stackhouse
Jamison Steeve
Debra Steger
James K. (Jason) Stewart
Frank Swedlove
Gordon Thiessen
Miville Tremblay
Peter van Dijk
Konrad von Finckenstein
Edward Waitzer
Peter Wallace
Leonard Waverman
Harvey Weingarten
Howard Wetston
William White
Kenneth Whyte
Donald Wright
Mark Zelmer
Barbara Zvan

Pierre Duguay
Ross Finnie
Pierre Fortin
John Helliwell
Ian Irvine
David Johnson
Cally Jordan
David Laidler
David Longworth
Deirdre McCloskey
Angelo Melino
Michael Parkin
John Richards
William Scarth
Tammy Schirle
Anindya Sen
Pierre Siklos
Arthur Sweetman
Steven Tobin
Michael Trebilcock
Daniel Trefler
Thomas Wilson
Jennifer Zelmer

SENIOR FELLOWS

Elyse Allan
Richard Alvarez
John Armstrong
Robert Bell
Ben Brunnen
Alister Campbell
John Crow
John Curtis
Kevin Dancey
Leo de Bever
Joanne De Laurentiis
Dawn Desjardins
Edward Devlin
Dwight Duncan
Timothy Duncanson
Janet Ecker

RESEARCH FELLOWS

Charles Beach
Marcel Boyer
John Chant
Susan Christoffersen
Miles Corak
Michael Devereux
Donald Dewees
Erwin Diewert
Wendy Dobson

INTERNATIONAL FELLOWS

Timothy Brennan
Martin Eichenbaum
Peter Howitt
Beatriz Leycegui
Mark Stabile
Lawrence White

INSTITUTE STAFF

Mawakina Bafale

Research Assistant

Ana Remedios Bondoc

Office Coordinator

Laura Bouchard

Director, Communications

Gillian Campbell

Communications Officer

Nairy Cappiello

Executive Assistant to the President
and HR Coordinator

Ben Dachis

Associate Vice President, Public Affairs

Nicholas Dahir

Research Assistant

Charles DeLand

Associate Director of Research

Aline Emirzian

Manager, Corporate Services

James Fleming

Vice President Editor, Research

Rowena Jeffers

Controller

Holly Joys

Coordinator, Development and
Member Relations

Angelica Kakridas

Program Officer

Tala Khaki

Programs Officer

Hal Koblin

Director of Research Advancement

Jeremy Kronick

Director, Monetary and Financial
Services Research

Alexandre Laurin

Director of Research

Christopher Lawson

Senior Development Officer

Colin MacKenzie

Editor, Intelligence Memos

Parisa Mahboubi

Senior Policy Analyst

Lauren Malyk

Communications Officer

Yann Martin

Senior Development Officer

Duncan Munn

President

Stephane Paris

Director of Development and Member
Relations

Christa Perez

Coordinator for Research

Joan Price

Corporate Secretary and Executive
Assistant to the CEO

Zain Rashid

Development Officer – Policy Councils

William B.P. Robson

CEO

Daniel Schwanen

Vice President, Research

Craig Seeley

Program Officer

Mitch Tentsos

Senior Event Planner

Dharti Thakkar

Office Coordinator

Tammy Trepanier

Senior Event Planner

Rosalie Wyonch

Senior Policy Analyst

Tingting Zhang

Junior Policy Analyst

Yang Zhao

Senior Graphic Designer

FINANCIAL STATEMENTS OF C.D. HOWE INSTITUTE

INDEPENDENT AUDITOR'S REPORT

To the Members of
C.D. Howe Institute

Opinion

We have audited the financial statements of C.D. Howe Institute (the "Institute"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Institute as at December 31, 2022, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Institute in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Institute's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Institute or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Institute's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Institute's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
May 16, 2023

C.D. HOWE INSTITUTE STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022

	Notes	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents		7,013,983	6,011,664
Accounts receivable		257,423	206,406
Prepaid expenses		91,377	79,110
		7,362,783	6,297,180
Long-term investments	4	6,597,426	7,366,486
Capital assets	5	208,187	312,330
		14,168,396	13,975,996
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	199,962	152,595
Deferred revenue		4,057,821	3,252,713
		4,257,783	3,405,308
Long-term			
Deferred capital contributions		46,090	70,054
Deferred rent		60,266	91,718
		106,356	161,772
		4,364,139	3,567,080
Fund balances			
Invested in capital assets	7	162,097	242,276
Operating		4,573,032	4,373,725
Endowment funds	8	5,069,128	5,792,915
		9,804,257	10,408,916
		14,168,396	13,975,996

The accompanying notes are an integral part of the financial statements.

Approved by the Board

Chair of the Board

Chair, Audit, Finance and Risk Committee

C.D. HOWE INSTITUTE STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2022

	Notes	2022 \$	2021 \$
Revenue			
Contributions and subscriptions		5,702,511	5,899,600
Events revenue		1,245,036	599,362
Investment income – realized gains		160,771	44,149
Contract revenue		3,496	2,040
Investment income – unrealized (losses) gains on operating fund investments		(92,105)	18,894
Publication sales		3,811	5,242
Government assistance		—	919,946
		7,023,520	7,489,233
Expenses			
Research, administrative and project expenses	9	6,752,214	5,929,090
Amortization		152,178	181,971
Loss on disposal of capital assets		—	2,937
		6,904,392	6,113,998
Excess of revenue over expenses for the year		119,128	1,375,235

The accompanying notes are an integral part of the financial statements.

C.D. HOWE INSTITUTE STATEMENT OF CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2022

	Notes	Invested in Capital Assets Fund \$	Operating Fund \$	Endowment Funds \$	2022 Total \$	2021 Total \$
Balances, beginning of year		242,276	4,373,725	5,792,915	10,408,916	9,020,143
Excess (deficiency) of revenue over expenses for the year		(128,214)	247,342	—	119,128	1,375,235
Unrealized (losses) gains on investments during the year	8	—	—	(488,825)	(488,825)	454,780
Investment income	8	—	—	293,481	293,481	500,966
Transfer to deferred revenue during the year	8	—	—	(528,443)	(528,443)	(942,208)
Purchases of capital assets		48,035	(48,035)	—	—	—
Balances, end of year		162,097	4,573,032	5,069,128	9,804,257	10,408,916

The accompanying notes are an integral part of the financial statements.

C.D. HOWE INSTITUTE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2022

Notes	2022 \$	2021 \$
Operating activities		
Excess of revenue over expenses for the year	119,128	1,375,235
Items not affecting cash		
Amortization of capital assets	152,178	181,971
Loss on disposal of capital assets	—	2,937
Amortization of deferred capital contributions	(23,964)	(23,964)
Unrealized losses (gains) on operating fund investments	92,105	(18,894)
Amortization of deferred rent	(31,452)	(31,452)
	307,995	1,485,833
Changes in non-cash working capital items		
Accounts receivable	(51,017)	431,362
Prepaid expenses	(12,267)	2,415
Accounts payable and accrued liabilities	47,367	13,397
Deferred revenue	805,108	296,632
	1,097,186	2,229,639
Investing activities		
Purchases of capital assets	(48,035)	(105,860)
Purchases of long-term investments	(1,033,545)	(2,961,800)
Proceeds on sale of long-term investments	1,710,500	1,413,173
	628,920	(1,654,487)
Financing activity		
Endowment contributions, unrealized gains and investment income, less unrealized losses and transfers	8 (723,787)	13,538
Increase in cash and cash equivalents during the year	1,002,319	588,690
Cash and cash equivalents, beginning of year	6,011,664	5,422,974
Cash and cash equivalents, end of year	7,013,983	6,011,664
Cash and cash equivalents is comprised of		
Cash	541,668	284,175
Cash equivalents	6,472,315	5,727,489
	7,013,983	6,011,664

The accompanying notes are an integral part of the financial statements.

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

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 restricted through specific direction from the donor, 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.

Government assistance

The Institute recognizes unrestricted government assistance as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government assistance that is restricted is deferred and recognized as revenue when there is reasonable assurance that the Institute has complied with the conditions related to the government assistance.

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

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

2. Summary of significant accounting policies (continued)

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 at the time of acquisition. 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.

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.

Use of estimates

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. Actual results may differ from such estimates used in preparing the financial statements. Estimates are used when accounting for a number of items including, but not limited to accrued liabilities, deferred revenue and the useful life of capital assets.

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.

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

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:

	\$
2023	106,605
2024	97,721
	\$ 204,326

4. Long-term Investments

Long-term investments are recorded in the following funds:

	Endowment	Operating	2022 Total	2021 Total
	\$	\$	\$	\$
Long-term	5,069,128	1,528,298	6,597,426	7,366,486
Long-term investments consist of				
Fixed income			2,142,671	2,265,555
Canadian equities			1,032,111	1,168,597
International equities			3,422,644	3,932,334
			6,597,426	7,366,486

The amortized cost of long-term investments is \$6,357,007 (\$6,526,360 as at December 31, 2021).

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

5. Capital assets

	Cost \$	Accumulated amortization \$	2022 Net book value \$	2021 Net book value \$
Furniture, fixtures and equipment	450,968	421,267	29,701	42,273
Computer hardware and software	1,221,647	1,161,493	60,154	95,232
Electronic equipment	84,490	78,416	6,074	6,529
Conference equipment	94,556	92,867	1,689	—
Signage	15,674	12,022	3,652	5,552
Leasehold improvements	759,195	652,278	106,917	162,744
	2,626,530	2,418,343	208,187	312,330

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$2,659 (\$1,419 in 2021) with respect to remittances owing to the Government.

7. Invested in Capital Assets Fund

The Invested in Capital Assets Fund balance consists of:

	2022 \$	2021 \$
Capital assets (Note 5)	208,187	312,330
Deferred capital contributions	(46,090)	(70,054)
	162,097	242,276

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2022

8. Endowment Funds

	Roger Phillips \$	Jack Mintz \$	Special Studies \$	Sylvia Ostry \$	Monetary Policy \$	2022 Total \$	2021 Total \$
Balance, beginning of year	840,277	280,377	2,287,976	839,380	1,544,905	5,792,915	5,779,377
Unrealized (losses) gains	(75,027)	(22,732)	(197,342)	(70,639)	(123,085)	(488,825)	454,780
Investment income	45,419	14,054	110,251	46,108	77,649	293,481	500,966
	(29,608)	(8,678)	(87,091)	(24,531)	(45,436)	(195,344)	955,746
Transfer to deferred revenue	(122,936)	(14,942)	(255,905)	(78,920)	(55,740)	(528,443)	(942,208)
Balance, end of year	687,733	256,757	1,944,980	735,929	1,443,729	5,069,128	5,792,915

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. During the year, no further contributions were received (nil in 2021). 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, no further contributions were received (nil in 2021). 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, \$528,443 (\$942,208 in 2021) of accumulated realized investment income was transferred to deferred revenue for the purpose of funding future activities over the fiscal years 2023 through to 2026.

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

C.D. HOWE INSTITUTE

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9. Pension plan

The Institute sponsors a group registered retirement savings plan and a group tax free savings plan for its employees. The Institute's liability is limited to matching contributions for the year and these amounted to \$141,162 (\$135,789 in 2021).

The Institute sponsors a defined contribution registered pension plan and contributions for the year amounted to \$47,617 (\$44,295 in 2021).

10. Guarantees

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.

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11. Risk management (continued)

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.

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