

INSTITUT C.D. HOWE INSTITUTE

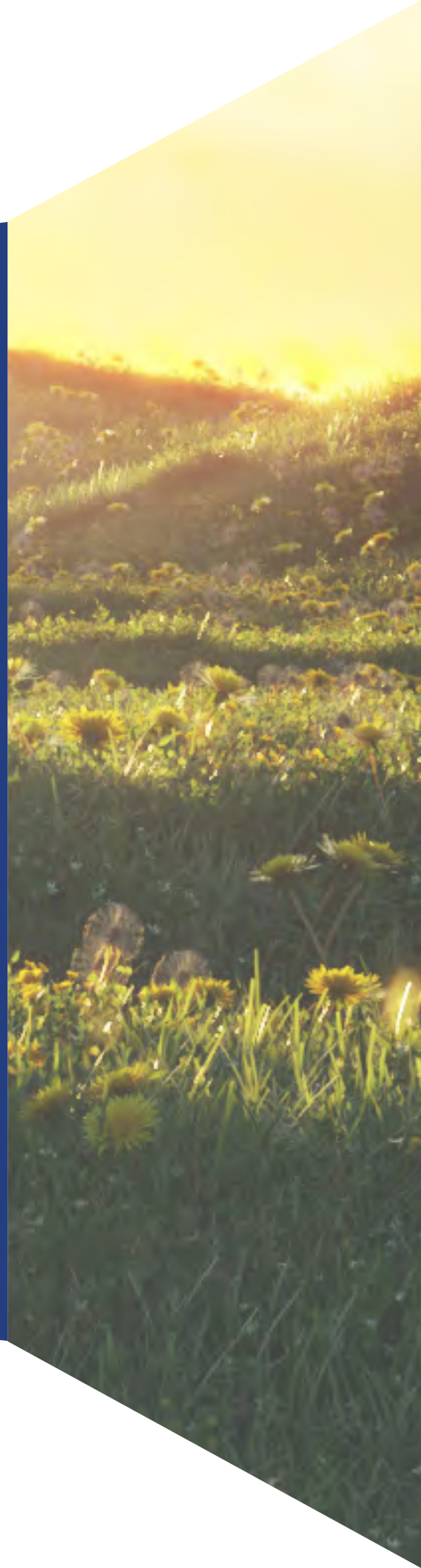
ANNUAL REPORT 2023



OPPORTUNITIES AHEAD

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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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 seven Douglas Purvis Prizes for excellence in Canadian economic policy writing.

ESSENTIAL OUTPUT



50

Exclusive,
off-the-record events

27

Policy council
meetings



44

High-quality research
and policy council
reports

197

Intelligence
Memos

STIMULATING DEBATE



179

Citations in the *Globe and Mail* and the *National Post*

8,890 +

Citations in social media

713,537 +

Website page views

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



MESSAGE FROM THE CHAIR OF THE BOARD

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

The C.D. Howe Institute continues its long-standing tradition of being a trusted and impartial voice for independent, non-partisan economic research, and 2023 was certainly no exception. The Institute's in-depth research and commentary on top-of-mind issues facing Canadians, including on the topics of healthcare, energy and tax policy, have been truly inspirational.

Among the many accomplishments in the past year, 2023 marked the launch of the new Centre of Financial and Monetary Policy. Led by Jeremy Kronick, Associate Vice President and Director of the Centre, the Centre of Financial and Monetary Policy aims to be the foremost hub of influence and direction on critical and emerging issues in both financial and monetary policy. I am greatly looking forward to watching the Centre's continued growth and advancement in 2024 and the years ahead.

I would also like to congratulate Jeremy and his co-authors, Steve Ambler and Thorsten Koeppl for their 2023 Purvis Prize win for their publication "The Consequences of the Bank of Canada's Ballooned Balance Sheet." Their work examined the Bank of Canada's balance sheet, which ballooned during the COVID-19 pandemic, and calls for changes to the *Bank of Canada Act* to allow the Bank to deal with losses due to rising interest rates. This marks the Institute's seventh time winning this prize.

Finally, it is with great sadness that I acknowledge the passing of Donald Reimer on November 12, 2023. Donald was a long-standing Member of the Board, having served since his initial appointment in 2006, and we are very grateful to have benefitted from his ongoing support and advice. We will miss him and his many contributions, and I would like to personally extend my deepest condolences to his family, friends and associates. His absence will not go unnoticed.

On behalf of the Board, I would like to thank Bill Robson, CEO, and Duncan Munn, President, for their enduring leadership, hard work and dedication to the Institute.

Sincerely,
Hugh L. MacKinnon



MESSAGE FROM THE CEO

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

It is a pleasure to tell the C.D. Howe Institute's friends and supporters that the Institute is thriving – as the reviews of its publications, events, and communications in 2023 elsewhere in this *Annual Report* describe. All the more so, because the economic mood in Canada as we go into 2024 is sombre. With Canada's economic and fiscal challenges as serious as they are, and worsening in key respects, a vigorous C.D. Howe Institute is all the more important for Canada.

As many readers of the *Annual Report* know too well, incomes and output per Canadian have been declining since 2022. The surging immigration that has kept aggregate GDP growing in real terms is straining our ability to house ourselves, provide healthcare, and even manage our borders. Unrestrained government spending – particularly, though not only, at the federal level – is hampering the Bank of Canada's fight to reduce inflation, and adding to debts that will compromise our future ability to deliver services without more damaging taxes.

Businesses and households are feeling the pinch. The failure of today's bloated federal government to deliver better services, legislate effectively, or frame a compelling vision of the national interest is undermining our vision of Canada as a country that works – a land of peace, order and good government. A focus on populist slogans rather than economic logic and practical implementation undermines confidence in our institutions and optimism about the future.

What does the C.D. Howe Institute – with its mission to raise living standards through fostering economically sound public policies, and its commitment to logic, facts and nonpartisanship – do in such fraught circumstances? We double down. We drive harder than ever to help policymakers and thought leaders understand the challenges, advance solutions, and improve our prospects.

On the research side, my own work highlights Canada's struggles to equip its workers with capital investment equal to or better than their counterparts in other countries, notably the United States, and the changes in tax and other policies that could enhance our competitiveness. Greater fiscal transparency and accountability of senior and municipal governments is another personal focus. Don Drummond, Alexandre Laurin, and I combine forces on the Institute's annual Shadow Federal Budget, which frames a more sustainable and growth-friendly track for the government's spending, taxes and bottom line.

The output of the Institute's research team is prolific, addressing challenges ranging from monetary policy and inflation, through trade, competition policy and business growth to taxation, healthcare delivery, labour markets and demography.



From Left: William B.P. Robson and Bank of Canada Governor Tiff Macklem

Institute events provide a platform for members and guests to engage in meaningful dialogues with policymakers, business leaders and renowned scholars that has no equal in Canada. Last year featured two Regent Debates on crucial topics such as immigration and competition in healthcare, a conference on tax reform, and dinners and luncheons addressed by federal and provincial cabinet ministers and party leaders, diplomats, business leaders, policymakers and eminent experts.

Our *Intelligence Memos*, podcasts, interviews and columns in major media outlets, including *The Globe and Mail* and *The National Post*, amplify the Institute's messages, and contribute to its reputation for insight, independence and positive influence.

We are grateful for the C.D. Howe Institute's donors, members, Fellows, authors, and other collaborators who help the Institute push through partisan noise and offer reasoned and practical insights to better Canadians' lives in 2023. Combined with the Institute's talented and professional team, you give me confidence that the outlook for Canada's economy and Canadians' living standards will be brighter in the years ahead.

Sincerely,
William B.P. Robson



MESSAGE FROM THE PRESIDENT

Duncan Munn
President, C.D. Howe Institute

The C.D. Howe Institute is on a mission to address economic policy challenges by providing non-partisan and impartial commentary on Canadian economic, social and fiscal issues that affect Canadians most. As we returned to a normalcy not seen since 2019, we've seen our economy contract while the national population swelled to unprecedented levels due to more people choosing to call Canada home. It made for an exciting year at the Institute, although not without challenges to overcome and opportunities to look forward to.

Despite the economic challenges of 2023, the C.D. Howe Institute continues to reflect on the past year with a sense of accomplishment by maintaining our reputation of being an impartial, non-partisan voice in the public policy landscape. Our esteemed authors, researchers and academics supported us through the publication of nearly 200 *Intelligence Memos*, which are addressed directly to government leaders and policymakers; 44 research studies on matters ranging from fiscal policy to health policy to energy policy; and authored more than 70 opinion pieces for Canada's major print news dailies. We also continued to welcome prominent thinkers and experts to the CDHI Podcast with Michael Hainsworth, our on-going in-depth interview series that discusses critical economic issues and its impacts on Canadians. Finally, I would like to acknowledge everyone who joined us or participated in our series of roundtable-luncheon events, webcast presentations and conferences. It's thanks to all the hard work and positive energy of our members, colleagues and guests that make all that we do possible.

As always, we are grateful for your continued support and faith in the Institute as we work to respond to pertinent matters of economic, social and fiscal policy. The following pages will reveal further details of the C.D. Howe Institute's research area priorities for 2023 and how we continue to bring together leaders in academia, business and government together to address the issues facing Canada's economy and standard of living. Thank you to everyone who contributed to a successful 2023, and I am looking forward to future opportunities in 2024 and beyond.

Sincerely,
Duncan Munn

MAJOR GIFTS AND GRANTS IN 2023

Thank you for making our work possible.

The C.D. Howe Institute relies on charitable support to deliver on its mission. We have modest resources. We have never received eight-figure endowments or major, multi-year government grants. All donations are purely philanthropic – the Institute does not accept any donations that stipulate a predetermined result or otherwise inhibit the independence of its staff and authors.

Targeted major gifts and event sponsorships enable supporters to bolster the Institute's research and dissemination capacities in specific areas of interest. They complement the annual membership campaign, strengthening the Institute and enabling it to recruit scholars and support programs that enhance its ability to develop innovative solutions to policy challenges while ensuring its independence.

We gratefully acknowledge the following supporters:

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Top: Chile Eboe-Osuji and Marc Miller

Bottom left: Jack Mintz and Noeline Simon

Bottom right: Raza Hasan



THE INSTITUTE'S 2023 RESEARCH MISSION

Daniel Schwanen

Vice President, Research, C.D. Howe Institute

The mission of the C.D. Howe Institute's research team is to help raise Canadians' living standards, by generating practical ideas and useful information in support of policies that can contribute to that goal.

Initial questions at the formative stage of each of our peer-reviewed research publications include what is the larger impact of the policy issue we are addressing? And why does this question need to be a priority for the C.D. Howe Institute as well as policymakers? Alongside a rigorous review process, which itself is audited by external experts, these considerations ensure our research remains highly relevant to the key issues for today.

I am happy to say that our work continued to serve this calling in 2023.

Our research publications delved into the pandemic's impact on government finances and accountability; the key drivers behind inflation's path in Canada; problematic interactions between inflation and taxes; the implications of the *US Inflation Reduction Act*; Canadian small- and medium-sized enterprise growth, hurdles and access to finance; the cost and barriers to building housing; supply chains; and privacy legislation.

Among the research team's signal accomplishments this past year, we were awarded our seventh Purvis Prize from the Canadian Economics Association for Steve Ambler, Thorsten Koepl and Jeremy Kronick's publication on the future of the Bank of Canada's balance sheet.

In addition, 2023 saw the creation of a new long-term venue for deeper research and engagement on financial services and on monetary policy with practitioners and thought leaders in business, government, and academia, in the form of a new Centre of Financial and Monetary Policy. The activities of the Centre will be directed by Associate Vice-President Jeremy Kronick. I am pleased to also say Gherardo Caracciolo joined the research team as a Senior Policy Analyst to support the Centre's work.

In its initial growth phase, the Centre has begun offering free access to customized datasets from past Institute publications, to assist with understanding and analyzing monetary policy. Through a new Domestic Stability Buffer Council, it now also provides independent assessment of the direction of the regulated capital buffer that the systematically important Canadian banks need to set aside to cover potential losses during periods of financial stress. And a new Financial Regulatory Excellence Initiative will help design and maintain a modern regulatory framework across financial services subsectors.

Aimed at being the foremost hub of influence and direction on critical and emerging issues in both financial and monetary policy, the Centre would not be possible without the generous donation of Hugh L. MacKinnon, the Institute's Chair of the Board of Directors, who is also featured in these pages. We are immensely grateful for this donation.

This year also saw the Institute further discussion on pressing issues such as competition in our healthcare system and Canada's immigration levels with two Regent Debates. Both topics were among the six priority areas for the Institute overall in 2023, illustrating the symbiosis between Institute events and communications products, and its research agenda.

Similarly, a special Policy Conference on personal and business taxation discussed reforms that could make our tax regimes more growth-friendly, fair, and effective. These discussions will feed into a renewed effort at tax policy research at the Institute in coming months, in turn informing another Institute priority, that of fiscal sustainability.

Looking towards 2024, our focus is also turning to issues that Canada will face in the review of the Canada-United States-Mexico Agreement, which will take place in 2026.

Our work would not be possible without the contributions of our staff, Fellows and esteemed Policy Council and Working Group members. Thank you for helping us offer meaningful research and insights from leading thinkers that open new doors for Canadians.

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:

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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 Koepl
2014	Peter Howitt and Kevin Milligan
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2023 RESEARCH AUDITORS



Angela Redish

Professor Emeritus, Vancouver School of Economics,
University of British Columbia

“The material I reviewed gave evidence of robust and thorough processes that achieve appropriate levels of quality, integrity and objectivity. I applaud the C.D. Howe Institute for auditing their review procedures.”



Nicholas Le Pan

Former Superintendent of Financial Institutions for Canada,
and Senior Fellow at the C.D. Howe Institute

“Reviewers selected by the C.D. Howe Institute were authoritative and knowledgeable individuals in the various subject areas. Many comments were thoughtful and evidenced detailed review. Authors and C.D. Howe personnel clearly took the comments seriously. All this is evidence of a robust and well-functioning review process that ensures high quality output of the research program.”

THE INSTITUTE'S 2023 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.

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FISCAL, MONETARY AND PENSIONS SUSTAINABILITY

Throughout 2023, the Institute's work emphasized that the federal government's large post-pandemic deficits are imprudent and unfair to future generations. The Institute's Shadow Federal Budget for 2023 suggested measures that involve more efficient spending, smarter taxation, and a fiscal strategy designed to prevent tax increases caused by excessive spending and borrowing – increases that would only exacerbate Canada's economic difficulties. Complementing this work, a risk analysis by the Institute showed that the long-term federal debt is on an unsustainable path, given the high probability of events blowing it off course.

The Institute's research team also analysed the impact of proposed changes to the Alternative Minimum Tax for individuals. These changes might disproportionately damage the charitable sector when compared to the slight increase in tax revenues we projected they will generate. Ottawa concurred with our analysis and revised these provisions in its latest budget.

The Institute continued to highlight the crucial importance of fiscal accountability at all levels of government, to good fiscal policy outcomes, emphasizing transparency and timeliness of budgets.

On the inflation front, the Bank of Canada continued, albeit at a slower pace, its tightening cycle in the first half of 2023, to combat inflation that stayed stubbornly above the 2 percent target. The continued increase in the overnight rate exacerbated the effect on the Bank's finances, as the deposit rate on settlement balances outpaced the interest rate earned on the bonds purchased during the quantitative easing period. Institute research looked into this effect on the Bank's finances, and also investigated how the central bank should approach these balance sheet issues from a risk governance perspective moving forward.

With signs of progress on inflation overall, the discussion turned towards the composition of the remaining inflation, both in terms of specific goods and services, and of the breakdown between demand-driven and supply-driven factors. An Institute study examined the latter, a crucial piece of information feeding into the discussion about when to start reducing interest rates.

Also on the theme of when the Bank might begin cutting rates, another paper looked at the importance of money growth in terms of predicting the future path of inflation. When inflation becomes de-anchored from its target, as it did during this recent surge, money growth returns as an important predictor. Money's growth rate spiked in advance of recent inflation, and, depending on the measure, either slowed or fell for much of 2023 – the latter indicating a continued disinflation as price growth returns to target. An investigation published by the Institute of a range of different rules used by Central Banks – the so-called Taylor Rule which, broadly speaking, uses the output gap and inflation deviations from target to advise on the direction for the overnight rate – indicated that monetary policy had caught up and was now sufficiently tight.

Meanwhile, consumer price inflation rising well above the Bank of Canada's target not only reduces affordability but also interacts with the tax system to increase tax burdens, often with limited transparency or legislative oversight. Research by the Institute highlighted problematic interactions between inflation and taxes, particularly concerning certain thresholds and amounts. Automatic inflation adjustments are preferable to ad hoc changes, which governments often present as tax relief, even though they merely prevent taxpayers from being worse off.

In addition to addressing pressing issues of fiscal and monetary sustainability, the Institute published important research aimed at enhancing the Canadian retirement system. One study, for instance, explored how straightforward modifications to tax regulations could boost retirement security, make the system more equitable across different savers, and enhance risk management in retirement. Another study highlighted the challenges posed by longer life expectancies and lower returns, which increase the likelihood that mandatory minimum withdrawals from Registered Retirement Income Funds could result in seniors having minimal income from their tax-deferred savings in their later years. It is crucial that government eagerness for revenue does not compel retirees to prematurely deplete their savings.

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Fiscal and Tax Policy Research and Selected Publications

Reversal of Fortunes: Rising Interest Rates and Losses at the Bank of Canada

January 2023 – Trevor Tombe and Yu (Sonja) Chen

The Morning After: A Post-Binge Federal Shadow Budget for 2023

February 2023 – William B.P. Robson, Don Drummond and Alexandre Laurin

Show Us Our Money: Fiscal Accountability in Canada's Cities, 2022

March 2023 – William B.P. Robson and Nicholas Dahir

Ottawa Needs a New Approach to Fiscal Policy

March 2023 – John Lester and Alexandre Laurin

Fiscal COVID: The Pandemic's Impact on Government Finances and Accountability in Canada

July 2023 – William B.P. Robson and Nicholas Dahir

Double the Pain: How Inflation Increases Tax Burdens

August 2023 – William B.P. Robson and Alexandre Laurin

The ABCs of Fiscal Accountability: The Report Card for Canada's Senior Governments, 2023

October 2023 – William B.P. Robson and Nicholas Dahir

Working Harder for Less: More People but Less Capital Is No Recipe for Prosperity

November 2023 – William B.P. Robson and Mawakina Bafale

Capital Gains and Charitable Donations: The Silent Targets of AMT Federal Reforms

November 2023 – Alexandre Laurin and Nicholas Dahir

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Monetary Policy Research and Selected Publications

Reversal of Fortunes: Rising Interest Rates and Losses at the Bank of Canada
January 2023 – Trevor Tombe and Yu (Sonja) Chen

The Global Safe Asset Shortage: Why it Matters for Canada
January 2023 – Jeannine N. Bailliu, Jeremy Kronick and Wendy Wu

Stablecoins: Sailing without a Rudder
February 2023 – Jeremy Kronick and Mark Zelmer

Slaying the Beast: The Bank of Canada's Ongoing Battle With Inflation
April 2023 – Jeremy Kronick and Steve Ambler

Losses, Risks and Reputation: Bolstering the Bank of Canada for the Road Ahead
October 2023 – Janet Cosier

Rise, Stall, or Fall: The Key Drivers Behind Inflation's Path in Canada
November 2023 – Yu (Sonja) Chen and Trevor Tombe

The Need for Speed: The Benefits of Faster Payments and How to Achieve Them
December 2023 – Jeremy Kronick and Thorsten Koepl

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Amit Prakash
Alberta Investment
Management Corporation

Simone Reitzes
Scotiabank

Paulo Salomao
Accenture

Barbara Sanders
Simon Fraser University

Joy Savage
Fuse Strategy

Tammy Schirle
Wilfrid Laurier University

Allan Shapira
Aon

Peter Shena
Ontario Pension Board

Noeline Simon
Canadian Life and Health
Insurance Association

Nicole Stewart
Ontario Ministry of
Finance

Blair Stransky
Healthcare of Ontario
Pension Plan

George Turpie
The Canada Life
Assurance Company

Daniella Vega

Deron Waldock

Aaron Walker-Duncan
BC Pension Corporation

Pension Policy Research and Selected Publications

Financial Resilience Index Highlights Provincial Differences: Quebec a Leader
March 2023 – Eloise Duncan

A Scorecard Grading Ontario's Proposed Framework for Target Benefits
April 2023 – Barry Gros

Live Long and Prosper? Mandatory RRIF Drawdowns Raise the Risk of Outliving Tax-Deferred Saving
April 2023 – William B.P. Robson and Alexandre Laurin

Strengthening Retirement Income Security: Fairer Tax Rules and More Options Needed
June 2023 – Alexandre Laurin and George Turpie

FINANCIAL SERVICES AND BUSINESS GROWTH

The C.D. Howe Institute accelerated its work in financial services and on business growth in 2023, two key pillars supporting the future prosperity of Canadians.

The Institute leveraged its already recognized and long-standing thought leadership on financial services, to launch the Centre on Financial and Monetary Policy, which will allow us to investigate a broader range of topics and dive deeper into each, providing more resources and opportunities for sustained policy impact.

Two initiatives have begun under the aegis of the Centre: The Financial Regulatory Excellence Initiative and the Domestic Stability Buffer Council. The former undertakes rigorous and independent assessments of existing and proposed financial sector regulations, identifies regulatory effectiveness and gaps, and promotes a common understanding of optimal regulation – one that balances the need for stability with the need for dynamism in the economy. The latter provides an independent evaluation of the appropriate size of the capital buffer in pursuit of OSFI's mandate of contributing to public confidence in the Canadian financial system.

Research examined the banking collapses which dominated the headlines in early 2023, first with the fall of Silicon Valley Bank, followed soon after by that of a globally systemically important financial institution, Credit Suisse. Given the speed of events, the Institute produced a number of shorter memos and op-eds to address the immediate concerns – why did this occur, what was the likelihood of spillover to Canada? Later in the year, the Institute published an in-depth paper on the differences between Canadian and U.S. financial banking regulation, and what lessons these can provide for regulators as they seek to pre-empt future crises without resorting to stifling regulation.

Forward-looking concerns played a prominent role in our research in 2023. An Institute publication explored a regulatory framework for stablecoins that combines elements of financial stability, innovation and competition. Another investigated the benefits that Canadians – both households and businesses – could reap from a real-time rail retail payments system here at home, discussing obstacles to its adoption and how to get this system over the finish line.

The Institute also ramped up its work on the challenges of SME growth in 2023. Our research took a nuanced look at exactly where the access to capital gaps existed and found, as an example, a significant shortfall in the equity capital \$2-5 million range. Another paper looked at the gap in commercialization of our ideas relative to what businesses are able to achieve south of the border. Governments and companies do well in their focus on research and development, but struggle to commercialize their ideas, and the paper recommended ways to address this specific gap in order to accelerate the success of smaller Canadian companies.

Economy-wide, however, the news on capital investment by Canada's business sector continues to be bleak, as reported in the Institute's annual "Tools for Workers" publication. It is clear that falling capital investments per worker – resulting in a growing chasm between Canada and the US in that regard – contributes to the stagnation of Canadians' standards of living. Much of the Institute's work in 2023 and into 2024 is being devoted to researching and fostering the adoption of policies that can reverse that trend.

Financial Services Research Initiative

Co-Chairs

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Senior Fellow, C.D. Howe Institute

Peter Levitt

Corporate and Philanthropic Director

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Stuart Bergman

Export Development Canada

Tracey Black

Payments Canada

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Rob Galaski

Deloitte

Debbie Gamble

Interac Corp.

Curtis Gergley-Garner

Canada Guaranty

Ali Ghiassi

The Canada Life Assurance Company

Blake Goldring

AGF Management Ltd

Victor Gomez

Sun Life Financial Inc.

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Canadian Credit Union Association

Mark Hardisty

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C.D. Howe Institute

Sheila Judd

Investment Industry Regulatory Organization of Canada

Thorsten Koepl

Queen's University

Paul Kovacs

Institute for Catastrophic Loss Reduction, Western University

Nicholas Le Pan

C.D. Howe Institute

David Longworth

Queen's University

Winsor Macdonell

Sagen

Monica Masciantonio

Scotiabank

Howie Millard

TD Bank Group

Andy Mitchell

The Investment Funds Institute of Canada

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BC Financial Services Authority

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Jessica Oliver

Wealthsimple

Anthony Ostler

Canadian Bankers Association

Celyeste Power

Insurance Bureau of Canada

Kurt Reiman

BlackRock

Geoff Rush

KPMG LLP

Pierre Siklos

Wilfrid Laurier University

Jennifer Sloan

MasterCard Canada

Sunny Sodhi

Meridian Credit Union Limited

Gordon Thiessen

Robert Vokes

Accenture

Craig Wright

RBC

Mark Zelmer

C.D. Howe Institute

Financial Services and Regulation Research and Selected Publications

The Global Safe Asset Shortage: Why it Matters for Canada

January 2023 – Jeannine N. Bailliu, Jeremy Kronick and Wendy Wu

Stablecoins: Sailing without a Rudder

February 2023 – Jeremy Kronick and Mark Zelmer

Scaling Up Is Hard To Do: Financing Canadian Small Firms

July 2023 – Miwako Nitani and Aurin Shaila Nusrat

The Missing Ingredient: Solving Canada's Shortcomings in Growing Large Firms and Increasing Productivity

August 2023 – Charles Plant

Let it Fail? Reflections on the SVB Collapse and the US and Canadian Approaches to Bank Crises

December 2023 – Dan Ciuriak

The Need for Speed: The Benefits of Faster Payments and How to Achieve Them

December 2023 – Jeremy Kronick and Thorsten Koepl

Business Cycle Council

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Philip Cross

Statistics Canada

Eric Lascelles

RBC

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Edward A. Carmichael

Ted Carmichael Global
Macro

Stephen Gordon

Université Laval

Stéfane Marion

National Bank of Canada

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Export Development
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Cathy Cranston

BMO Financial Group

Peter Levitt

Corporate and
Philanthropic Director

Mark Zelmer

C.D. Howe Institute

HEALTH AND HUMAN CAPITAL

The twin questions of economic pressures generated by the large influx of temporary migrants into Canada, and labor shortages which this influx partly sought to address, remained atop the C.D. Howe Institute's human capital research agenda in 2023.

The Institute raised the alarm about the potential effects on productivity and wages of Canada's rapidly rising influx of migrants, given that it coincided with low capital investments. This situation highlighted the need to manage the number of temporary residents: our work offered ways to reduce the number of international students and temporary foreign workers.

In this vein, an Institute study highlighted significant challenges in obtaining accurate estimates of the temporary resident population's size. It provided solutions to address this data gap, which in turn is crucial to our ability to understand the impact of the influx of temporary residents on the labour market and housing.

Research also emphasized addressing wage discrepancies to mitigate shortages among small and medium-sized enterprises. Recommendations included optimizing immigration utilization, enhancing human resource practices, and investing more in automation, highlighting the roles that both employers and governments can play.

At the same time, the Institute's work continued to address labour shortages in specific occupations such as truck drivers, early childhood educators, and skilled trades workers. Proposed solutions focused on encouraging participation in training, removing barriers to employment — especially among women, youth, immigrants, and underrepresented communities — and enhancing retention efforts. We also studied the relative effectiveness of various work-integrated learning programs in easing graduates' transition into the labour market, providing insights on how these programs can be more effectively deployed.

Meanwhile, multiple severe challenges continued to befall Canada's healthcare system in 2023, including labour shortages and strained hospital capacity, too many Canadians lacking access to primary care, and a more challenging economic environment limiting new spending to address the issues, as the federal government has sought to expand pharmaceutical and dental coverage.

The Institute's Healthcare Policy Research Initiative provided many insights for policymakers to navigate this challenging landscape, in the quest to improve access to and quality of care. Among our published work, we produced a consensus roadmap for reform and viable options to improve Canada's healthcare systems, in conjunction with a conference with health sector leaders to discuss priority issues.

Improving the capacity and quality of seniors' care is critical to ensuring the sustainability of healthcare overall. An Institute study comparing Canada's performance to peer countries shows that this remains a challenge and highlights areas for improvement. Similarly, expanding access to drug insurance resurfaced as a government priority. Expert commentary from Institute events and a study on improving coverage through a provincially led portable benefits model helped frame the discussions on expanding national pharmacare.

From offering practical solutions to labour shortages to providing valuable insights into healthcare policy reforms, the Institute remains committed to providing insights and solutions that advance Canadians' living standards. Looking ahead, the Institute will continue its research efforts, engage with stakeholders, and support evidence-based policies that promote good outcomes in both the labour market and the healthcare sector.

Health Policy Council

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Don Johnson Fellow-in-Residence
C.D. Howe Institute

Neil Fraser

Former President, Medtronic of Canada Ltd.

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Boehringer Ingelheim
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Richard Alvarez

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Associates

Angela Behboodi

Amgen

Joseph Berger

McKesson Canada

Åke Blomqvist

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Jennifer Chan

Merck Canada Inc.

Karen Cutler

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Sheri Dodd

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Ontario Long Term Care
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AstraZeneca Canada

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Michael Green

Canada Health Infoway

Mike Hamilton

GE Healthcare Canada

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Pfizer Canada Inc.

Fred Horne

Horne and Associates

Alok Kanti

Bayer Inc.

Irene Keller

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Mark Komlenic

Alberta Blue Cross

Geneviève Lavertu

Johnson & Johnson

Guy Legault

The Conference
for Advanced Life
Underwriting

Wendy Levinson

Choosing Wisely Canada

Jeffrey Lozon

Lozon Associates

Trinh Luong

Edwards Lifesciences

David O'Toole

Canadian Institute for
Health Information

Christian Ouellet

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Ivy Parks

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Public Affairs, BD

Erik Sande

Medavie Health Services

Debra Sandomirsky

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Graham Sher

Canadian Blood Services

Jocelyne Voisin

Health Canada

David Walker

Queen's University

Joan Weir

Canadian Life and Health
Insurance Association

Thomas Wellner

Revera Inc.

Alex Wellstead

John Yip

SE Health

Jennifer Zelmer

Healthcare Excellence
Canada

Health Policy Research and Selected Publications

Hey: Private Healthcare has Always Been With Us

February 2023 – Rosalie Wyonch

Steps to a First Class Canadian Health Information System

February 2023 – Don Drummond and Duncan Sinclair

Better for Workers, Better for All? Assessing a Portable Health Benefits Plan in Ontario

February 2023 – Chris Bonnett

Roadmap for Reform: A Consensus View of the Viable Options Ahead for Canada's Healthcare "System"

June 2023 – Don Drummond, Duncan Sinclair, David Walker and David Jones

Shortcomings in Seniors' Care: How Canada Compares to its Peers and the Paths to Improvement

September 2023 – Rosalie Wyonch and Tingting Zhang

National Pharmacare – Time to Get On With It

November 2023 – Marcel Saulnier

Health and Ageing

December 2023 – Don Drummond



From Left: Shaun Francis, Christy Clark, William B.P. Robson, Dr. Danielle Martin and Thomas Mulcair

Human Capital Policy Council

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Neil Yeates

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McDonald's Canada

Fiona Bertram

Accenture

Daniel Brown

Ontario Ministry of Finance

Warren Collier

BlackRock

Christiane Fox

Immigration, Refugees and
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Jane Friesen

Simon Fraser University

Stephen Harrington

Deloitte

Andrew Heisz

Statistics Canada

Claudia Hepburn

Windmill Microlending

John Hepburn

Mitacs

Diana Kelly

NAV Canada

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Kevin Milligan

University of British
Columbia

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Helena Pagano

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Munir Sheikh

Carleton University;
Former Chief Statistician
of Canada

Mikal Skuterud

Roger Phillips Scholar of
Social Policy

Lara Speirs

Randstad

Angela Splinter

Trucking HR Canada

Michelle Tan

Hugessen Consulting

Jean-François Tremblay

Employment and Social
Development Canada

Ann Marie Vaughan

Humber College Institute
of Technology & Advanced
Learning

Harvey Weingarten

C.D. Howe Institute

Zoya Zayler

Amazon Canada

Human Capital Policy Research and Selected Publications

Reforming Canada's EI System

January 2023 – David Gray

Where Have the Jobs Gone in These Five Sectors?

February 2023 – Parisa Mahboubi and Tingting Zhang

**Better for Workers, Better for All? Assessing a Portable
Health Benefits Plan in Ontario**

February 2023 – Chris Bonnett

**From Class to Career: How Work Integrated Learning
Benefits Graduates Looking for Jobs**

May 2023 – Rosalie Wyonch and Bradley Seward

**Juggling Act: Women, Work and Closing the Gaps
with Men**

June 2023 – Parisa Mahboubi and Tingting Zhang

**Canada's Missing Workers: Temporary Residents
Working in Canada**

September 2023 – Mikal Skuterud

**Empty Seats: Why Labour Shortages Plague Small and
Medium-Sized Businesses and What to Do About It**

November 2023 – Parisa Mahboubi and Tingting Zhang

ENERGY, SUPPLY CHAINS AND COMPETITION

The travails of attempts by Canada and its trade partners to reduce greenhouse gas (GHG) emissions at the same time as global demand for fossil fuels continued to increase featured prominently in the Institute's 2023 research. The implications of US policy developments in particular on the choices facing Canadian industry and policymakers were examined in a paper on Canada's potential responses to the massive "green" subsidies embedded in the United States' *Inflation Reduction Act* of 2022, which impacted prospects for Canadian trade relations, supply chains, and investment.

The Institute commented on the need for greater realism and modelling in Ottawa's emissions reduction efforts across all economic sectors. Notably, the Institute examined the impact of the zero-emission vehicle mandate from multiple perspectives. Several pieces touched on the need for greater investment in natural resources such as critical minerals, liquefied natural gas, and carbon capture and storage to mitigate emissions, within an environment of falling Canadian capital investment and weak productivity.

Several memos discussed the need to clarify the relationship between federal and provincial jurisdiction in policy and project approval, before and after the Supreme Court's October 2023 ruling which found much of the *Impact Assessment Act* unconstitutional. Institute analysts also noted that the federal pause on collecting carbon tax on heating oil undermined the policy's goals and credibility, to the point that a replacement "plan B", which we outlined in some detail, might be necessary.

With rising Canadian electricity demand the Institute commented on nuclear investments in Ontario and the potential benefits and costs in other provinces. We also weighed in on the conflicts inherent in Ottawa's plans to reduce emissions in Canada's provincially-regulated collection of electricity systems, and on Alberta's plans to revisit the framework regulating renewable energy.

Of note, the Institute hosted in 2023 its first post-pandemic in-person event outside of Toronto, a luncheon roundtable with Alberta Premier Danielle Smith.

We are developing exciting avenues of inquiry, and are bringing new ideas and new resources to bear on our energy policy research and our ability to disseminate it in 2024. Canada's ability to use its resources to generate higher and sustainable standards of living for Canadians will remain at the heart of our work.

The Institute's supply chain initiative examined, in a series of meetings throughout 2023, the implication of global and national supply chain challenges for Canadian industry, and ways that the federal government can address them as it develops its National Supply Chain Strategy. Ranging from the supply chain implications – and vulnerabilities – of low-carbon technologies, to investments needed in transportation infrastructure and strengthening internal trade, to human resources and software, and to how Canada can address security challenges threatening supply chains, the discussion will culminate in a number of reports in 2024 outlining a medium-term supply chain strategy for Canada. The strategy will highlight and build on the mutually reinforcing links between efficient and resilient supply chains and overarching policy objectives such as security, competitiveness, higher incomes, and affordability.

The use of digital technologies, and AI in particular, continued to spread rapidly in 2023, forcing policymakers into a reactive stance on issues as diverse as competition, taxation, cultural policies, privacy, and the governance of AI systems themselves. The Institute has commented in many of these areas, broadly speaking alerting policymakers to the dangers of hurting Canadian innovation and Canadian consumers through ill-thought out regulation targeting large companies, often seemingly just because of their size, rather than smart, evidence-based rules and action by governments to ensure Canadians are protected from actual harms to them while also reaping the benefits of innovation, open competition, fair taxation, and access to markets to products of their own culture.

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Bryan Gould

Aspenleaf Energy

Kim Lauritsen

Ontario Power Generation

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Carla Nell

Independent Electricity System Operator (IESO)

Christina Paradiso

Natural Resources Canada

Gerry Protti

C.D. Howe Institute

Laurie Pushor

Alberta Energy Regulator

Doug Slater

FortisBC

Greig Sproule

Canadian Association of Petroleum Producers

Andrew Swart

Deloitte

Brian Vaasjo

Capital Power Corporation

Chris Vivone

TC Energy Corporation

Energy, Resources and Infrastructure Research and Selected Publications

Oil Sands are Richer Than You Think

January 2023 – G. Kent Fellows

Current Energy Modelling for Buildings is a Roadblock to Net Zero

January 2023 – Erica Myers and Maya Papineau

Missing the Emission Reduction Mark: Let Us Count the Ways

January 2023 – Brian Livingston

What's Under the Hood of Ottawa's Emissions Reduction Roadster?

February 2023 – Charles DeLand

EU Climate Policy and Implications for Canadian Competitiveness

March 2023 – Glen Hodgson

Game On: The Implications of the US Inflation Reduction Act for Canadian Competitiveness

April 2023 – Glen Hodgson

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Department of Global Affairs Canada

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Department of Global Affairs Canada

Andrew Thomson**Daniel Treffer**

Rotman School of Management

Ari Van Assche

HEC Montréal

Trade and International Policy Research and Selected Publications

Private-Sector Global Standards Still Need Some Government Help

January 2023 – Lawrence Herman

Whither the WTO? Some Thoughts on its Future

April 2023 – Lawrence Herman

Investor-State Disputes: The Record and the Reforms Needed for the Road Ahead

May 2023 – Lawrence Herman

The Economics of Supply Chain Politics: Dual Circulation, Derisking and the Sullivan Doctrine

May 2023 – Dan Ciuriak

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Omar Wakil

Torys LLP

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Queen's University

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Wetston, K.C.**

C.D. Howe Institute

Ralph A. Winter

Sauder School of Business
at the University of British
Columbia

Regulation, Competition and Growth Research and Selected Publications

Calibrating Competition Policy for the Digital Age

February 2023 – Daniel Schwanen

**Buyers Beware: The Cost of Barriers to Building Housing
in Canadian Cities**

May 2023 – Benjamin Dachis

**Scaling Up Is Hard To Do: Financing Canadian Small
Firms**

July 2023 – Miwako Nitani and Aurin Shaila Nusrat

**Getting Personal: The Promise and Potential Missteps of
Canada's New Privacy Legislation**

November 2023 – Daniel Schwanen

**Working Harder for Less: More People but Less Capital Is
No Recipe for Prosperity**

November 2023 – William B.P. Robson and Mawakina Bafale

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LLP

Leonard Waverman

McMaster University

Susan Wolburgh Jenah

Neil Yeates

Public Governance and Accountability Research and Selected Publications

A New Year's Resolution: Let's Embrace Realism

January 2023 – Duncan Munn

Wake Up Cities, Your Budgets are Late (Again)

January 2023 – William B.P. Robson and Nicholas Dahir

**Show Us Our Money: Fiscal Accountability in Canada's
Cities, 2022**

March 2023 – William B.P. Robson and Nicholas Dahir

**Pooling Piggybanks: The Case for Combining Ontario's
Municipal Reserves**

April 2023 – Andrew Kaufman

**The ABCs of Fiscal Accountability: The Report Card for
Canada's Senior Governments, 2023**

October 2023 – William B.P. Robson and Nicholas Dahir



Top: Naheed Nenshi, John Tory, Mitzie Hunter, Jason Kenney and William B. P. Robson

Bottom left: Aaron Regent

Bottom right: Shannon Joseph

2023 EVENTS

The Institute's off-the-record, invitation-only roundtables, conferences and special events bring together business leaders, policy leaders, senior civil servants, and acclaimed scholars for substantive discussions on policy issues. The Institute held the following events in 2023 (in chronological order):

David L. Cohen, US Ambassador to Canada
A Fireside Chat with David L. Cohen, US Ambassador to Canada
Toronto Roundtable Luncheon
Thursday, February 9, 2023
Sponsored by: Citibank Canada

Goldy Hyder and William B.P. Robson
Pre-Budget Recommendations
Toronto Roundtable Luncheon
Monday, February 13, 2023

Patrons' Circle Event with Victor G. Dodig, President and Chief Executive Officer, CIBC
Patrons' Circle Dinner
Monday, February 13, 2023

Romy Bowers, Tim Hudak, Ene Underwood and Tony Irwin
Brick by Brick, Building Ontario's Housing Supply
Toronto Roundtable Luncheon
Wednesday, February 22, 2023
Sponsored by: Federation of Rental-housing Providers of Ontario

Regent Debate: Be it Resolved: Competition will Save Canada's Broken Healthcare System
The Fourth Regent Debate
Thursday, February 23, 2023
Sponsored by: Aaron Regent

Melanie Aitken, Elisa Kearney and John Pecman
Why Canadians Should Pay Attention to the Competition Policy Review
Webcast
Friday, February 24, 2023

Bob Hamilton, Commissioner, Canada Revenue Agency
Future Directions of the CRA
Toronto Roundtable Luncheon
Tuesday, February 28, 2023
Sponsored by: Intuit

Darren Hannah, Dan Kelly and Sasha Krstic
Value of Acceptance: The Evolution of Canada's Payments System
Toronto Roundtable Luncheon
Wednesday, March 8, 2023

The Honourable Doug Ford, Premier of Ontario
Toronto Roundtable Luncheon
Friday, March 24, 2023
Sponsored by: Ford Motor Company of Canada and Nova Chemicals

Michael Sabia, Deputy Minister, Department of Finance Canada
Post-Budget Briefing with Michael Sabia, Deputy Minister of Finance Canada
Toronto Roundtable Luncheon
Tuesday, April 4, 2023
Sponsored by: Canadian Association of Petroleum Producers

Tolga Yalkin, Assistant Superintendent, Policy, Innovation and Stakeholder Affairs, Office of the Superintendent of Financial Institutions
The Importance of Sound Mortgage Underwriting
Toronto Roundtable Luncheon
Thursday, April 13, 2023
Sponsored by: Canada Guaranty

Daniel Brown, Stéfane Marion and Marie-France Paquet
Three Chief Economists on the State of Canada's Economy
Webcast
Tuesday, April 18, 2023

John Graham, President & Chief Executive Officer, CPP Investments
Toronto Roundtable Luncheon
Thursday, April 20, 2023
Sponsored by: Torys LLP

Sarah Kutulakos, Guy Saint-Jacques and Rob Stewart
Recalibrating Relations: Canada's ties with China and the Asia Pacific
Webcast
Tuesday, April 25, 2023

Prabmeet Sarkaria, President, Treasury Board of Ontario
Toronto Roundtable Luncheon
Thursday, April 27, 2023
Sponsored by: Insurance Bureau of Canada



Top: Maureen Farrow, Joanne De Laurentiis, Jeremy Kronick, Laura and Hugh L. MacKinnon

Bottom left: Olivia Chow

Bottom right: Prabmeet Sarkaria

2023 Policy Events (continued)

Natalie Heisler, Patricia Kosseim and Elissa Strome
Data and AI: Will Regulation Drive or Slow Growth?
Toronto Roundtable Luncheon
Tuesday, May 2, 2023
Sponsored by: Accenture

Rebecca Cowdery, Joanne De Laurentiis and Gary Edwards
Closing the Gap: The Role of Financial Advice in Delivering Economic Security for Canadians
Toronto Roundtable Luncheon
Thursday, May 11, 2023
Sponsored by: Primerica

Leah Anderson, Nicholas Le Pan and Jeremy Rudin
Ensuring the Future Stability of Canada's Financial System
Patrons' Circle Dinner
Tuesday, May 23, 2023

Dr. Sacha Bhatia, Don Drummond, Kimberlyn McGrail and David O'Toole
An Evidence-Informed Path to Better Health
Webcast
Wednesday, May 31, 2023
Sponsored by: Canadian Institute for Health Information

Tiff Macklem, Governor of the Bank of Canada
Directors Dinner
Thursday, June 8, 2023
Sponsored by: Bennett Jones

Tax Reform Conference: Day 1 – Personal Taxation
Conference
Wednesday, June 14, 2023
Sponsored by: Canadian Tax Foundation, KPMG, The Petman Foundation

Tax Reform Conference: Day 2 – Business Taxation
Conference
Thursday, June 15, 2023
Sponsored by: Canadian Tax Foundation, KPMG, The Petman Foundation

Phil Verster, President & CEO, Metrolinx
Toronto Roundtable Luncheon
Wednesday, June 21, 2023
Sponsored by: Deloitte

Victor Fedeli, Ontario Minister of Economic Development, Job Creation and Trade
Toronto Roundtable Luncheon
Tuesday, June 27, 2023
Sponsored by: Johnson & Johnson

General Wayne Eyre, Chief of the Defence Staff of Canada
Toronto Roundtable Luncheon
Tuesday, September 12, 2023
Sponsored by: Medcan

Dr. Bob Bell and John Yip
Code Blue: Dr. Bob Bell and John Yip Diagnose the Problems with Ontario's Healthcare System
Webcast
Tuesday, September 26, 2023
Sponsored by: Johnson & Johnson

Vicky Eatrdes, Chairperson and Chief Executive Officer, Canadian Radio-Television and Telecommunications Commission
Toronto Roundtable Luncheon
October 3, 2023

Yoshua Bengio, Professor at the Department of Computer Science and Operations Research at the Université de Montréal and Scientific Director of the Montreal Institute for Learning Algorithms
2023 Scholar's Webinar Series
Wednesday, October 4, 2023
Sponsored by: Dr. Wendy Dobson

Michael H. McCain, Executive Chairman of the Board, Maple Leaf Foods
First Annual C.D. Howe Institute Lecture at the Odette School featuring Michael McCain
Lecture
Wednesday, October 4, 2023

The Honourable Peter Bethlenfalvy, Ontario Minister of Finance
Toronto Roundtable Luncheon
Tuesday, October 10, 2023
Sponsored by: Hydro One

Wei Cui, Meredith Lilly and Watson M. McLeish
An Overview of the Digital Services Tax
Webcast
Wednesday, October 11, 2023

Marit Stiles, Leader of the Official Opposition, New Democratic Party of Ontario
Toronto Roundtable Luncheon
Tuesday, October 17, 2023
Sponsored by: Bruce Power

John Hannaford, Clerk of the Privy Council
Toronto Roundtable Luncheon
Thursday, October 19, 2023
Sponsored by: Torys LLP



Clockwise from top left:
Crystal Smith; Suyi Kim and Katie Dunphy; Richard Howson; Duncan Munn and Cyrus Madon

Scott Chan, Alexandre Roy and Michael Wissell

Long-Term Investing in Volatile Markets

Toronto Roundtable Luncheon

Tuesday, October 24, 2023

Sponsored by: J.P. Morgan

Mark Carney, Chair of Brookfield Asset Management; United Nations Special Envoy for Climate Action and Finance; and Co-Chair for the Glasgow Finance Alliance for Net Zero

A Conversation with Mark Carney

Patrons' Circle Dinner

Wednesday, October 25, 2023

Sponsored by: Brookfield

Glen Doucet, Marcel Saulnier and Rosalie Wyonch

Pharmacare Back on The Radar: Canada's Need for Federal-Provincial Cooperation

Webcast

Thursday, October 26, 2023

Sponsored by: Johnson & Johnson

Huston Loke, Executive Vice President, Market Conduct, Financial Services Regulatory Authority of Ontario

Regulation with a Purpose: FSRA's Approach to Fair Consumer Treatment

Toronto Roundtable Luncheon

Tuesday, October 31, 2023

Sponsored by: Insurance Bureau of Canada

Better Health Outcomes: What is Holding Canada Back?

Conference

Thursday, November 2, 2023

Sponsored by: HealthCareCAN

Marc Miller, Minister of Immigration, Refugees, and Citizenship Canada

Toronto Roundtable Luncheon

Thursday, November 2, 2023

Louise Baird, Claudia Hepburn and Andrew Thomson

An Immigration System for Canada's Future: Perspectives on Where to go From Here

Toronto Roundtable Luncheon

Tuesday, November 7, 2023

Peter Wallace and Paul Wells

The Divide Between Policymakers and Those They Serve

The Annual Kierans Lecture

Wednesday, November 8, 2023

Sponsored by: Tom Kierans and Mary Janigan

Ben Gully, Deputy Superintendent, Office of the Superintendent of Financial Institutions Canada

What Makes an Effective Prudential Supervisor?

Toronto Roundtable Luncheon

Tuesday, November 14, 2023

Susannah Pierce, Crystal Smith and Martin Castro

LNG, Reconciliation and the Road to COP28

Toronto Roundtable Luncheon

Wednesday, November 15, 2023

Sponsored by: Energy for a Secure Future

The Honourable Danielle Smith, Premier of Alberta

Future Directions of Alberta: In Conversation with Premier Danielle Smith

Calgary Roundtable Luncheon

Wednesday, November 15, 2023

Sponsored by: McCarthy Tétrault

Olivia Chow, Aled ab Iorwerth and Tsur Somerville

How to Get More Rental Housing Stock Built

Toronto Roundtable Luncheon

Monday, November 20, 2023

Bert Clark, Sacha Ghai and Blake Hutcheson

Global Investment Trends for 2024

Toronto Roundtable Luncheon

Tuesday, November 21, 2023

Sponsored by: Torys LLP

William White, Former Economic Advisor, Head of Monetary and Economic Department, Bank for International Settlements

The Annual Sylvia Ostry Lecture

Wednesday, November 22, 2023

Simon Kennedy, Deputy Minister, Innovation, Science and Economic Development Canada

Toronto Roundtable Luncheon

Thursday, November 23, 2023

Sponsored by: University of Toronto

Stephen Poloz, Special Advisor, Osler, Hoskin & Harcourt LLP; Former Governor, Bank of Canada

The Annual David Laidler Lecture

Wednesday, November 29, 2023

Sponsored by: Osler, Hoskin & Harcourt LLP

Pierre Poilievre, Leader of the Opposition of Canada and the Conservative Party of Canada

Inaugural Hugh and Laura MacKinnon Roundtable Luncheon

Friday, December 1, 2023

The Fifth Regent Debate with Mitzie Hunter, Jason Kenney, Naheed Nenshi and John Tory

Regent Debate

Wednesday, December 6, 2023

Sponsored by: Aaron Regent



Clockwise from top left:

Victor G. Dodig; Mohit R. Sahni and Angela Ferrante; Tim Hodgson and Lalit Aggarwal; Jay Hamilton and Heather Chalmers

2023 SPONSORS

POLICY DINNERS

Aaron Regent



Bennett Jones

Brookfield

POLICY CONFERENCES



The Petman Foundation *PF*



WEBINARS/ROUNDTABLE LUNCHEONS/LECTURES



Sylvia Ostry

Hugh and Laura MacKinnon



David Laidler



J.P.Morgan



Tom Kierans



Wendy Dobson

THE INSTITUTE'S MEMBERS IN 2023

INDIVIDUAL MEMBERS

Lalit Aggarwal
Elyse Allan
Keith Ambachtsheer
Richard Anderson
Andrée Appleton
James Appleyard
Dany Assaf
James Baillie
Bruce Barker
George Bezaire
Thomas Bogart
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Michael Horgan
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Robert Kaplan
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Angelo Nikolakakis
Joe Nunes
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Dani Peters
Reginald Petersen
Theresa Redburn
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Robert Richards
Christine Robson
William B.P. Robson
Helen Robson
David Rogan
Lawrence Rosen
George Rossolatos
Gale Rubenstein
Mohit R. Sahni
Walter Schroeder
Daniel Schwanen
Lawrence Schwartz
Gerald Schwartz
Helen Sinclair
Paul G. Smith
Geoff Smith
Paul Stanley
Michael Stein
James K. Stewart
Tracey Stock
Daniel Sullivan
Richard Tattersall
John Tennant
Simon Thang
Keith Thompson
Craig Thorburn
Tom Trimble
Annette Verschuren
Warren Viegas
Mark Walker
Howard I. Wetston
John Wilkinson
Christine Williams
Alfred Wirth
David Wishart
Susan Wolburgh Jenah

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Carleton University
HEC Montréal
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Technology and Advanced Learning
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Business Council of Canada

Business Development Bank of
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CAAT Pension Plan
Caisse de dépôt et placement du
Québec
Calgary Real Estate Board
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Corporation
Canada Guaranty
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Corporation
Canada Pension Plan Investment
Board
Canada-Belgium Committee
Canadian Association of Petroleum
Producers
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Canadian Gas Association
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Canadian Institute for Health
Information
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Canadian Real Estate Association
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Canadian Tax Foundation
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Canadian Trucking Alliance
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Chemistry Industry Association of
Canada
Clairvest Group Inc.
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CPA Ontario
CSA Group
DBRS

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Empire Communities
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Entertainment Software Association
of Canada
Equitable Bank
Export Development Canada
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Federated Co-operatives Limited
Federation of Rental Housing
Providers of Ontario
Fidelity Investments
Financial Resilience Institute
First National Financial LP
FleishmanHillard Highroad
Food, Health & Consumer Products of
Canada
Ford Motor Company of Canada,
Limited
Forest Products Association of
Canada
FortisBC
Fuse Strategy
GE Canada
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Google Canada Inc.
GT&Company
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H&R Block Canada, Inc.
Healthcare of Ontario Pension Plan
Hoffmann-La Roche Limited
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Hydro One Networks Inc.
Hydro Ottawa Holding Inc.
Imperial Oil Limited
Independent Electricity System
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Innovative Medicines Canada
Insurance Brokers Association of
Canada
Insurance Bureau of Canada
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The Institute's Members in 2023 (continued)

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J.P. Morgan Securities Canada Inc.	NuVista Energy Ltd.	Stabilization Central Credit Union
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KingSett Capital Inc.	Ontario Power Generation Inc.	Sun Life
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LifeLabs	Ontario Sewer and Watermain Construction Association	Teck Resources Limited
Loyalist Public Affairs	Ontario Teachers' Pension Plan	TELUS
Maclab Development Group Maclab Properties Group	OPTrust	The Canada Life Assurance Company
Magris Performance Materials Inc.	Osler, Hoskin & Harcourt LLP	The Conference for Advanced Life Underwriting
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Market Surveillance Administrator	Pathways Alliance	The Investment Funds Institute of Canada
Mastercard Canada	Patriot Forge Co.	The Woodbridge Company Limited
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Max Bell Foundation	Pharmascience Inc.	Toronto Leadership Centre
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Medcan Health Management Inc.	RBC	University Pension Plan
Merck Canada Inc.	Regina & Region Home Builders' Association	Vancouver Fraser Port Authority
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MITACS	Rogers Communications Inc.	Wellington Advocacy
Mohawk Medbuy Corporation	Rothmans, Benson & Hedges Inc.	Weston Forest
Morgan Meighen & Associates	Sagard Holdings	Workplace Safety & Insurance Board
National Bank of Canada	Sagen	
National Payroll Institute		
NATIONAL Public Relations		
NAV CANADA		
Normandin Beaudry		



Top: The Fifth Regent Debate with Jason Kenney, Mitzie Hunter, William B.P. Robson, John Tory and Naheed Nenshi

Bottom: Directors Dinner with Tiff Macklem, Governor of the Bank of Canada



Top from left: Duncan Munn, William B.P. Robson, Chen Yang, Tiff Macklem, Peter Hall, Paul Hill and Gareth Seltzer

Bottom left: Huston Loke

Bottom right: Mark Carney

THE INSTITUTE'S PEOPLE

2023 FELLOWS

FELLOWS-IN-RESIDENCE

Steve Ambler
Dan Ciuriak
Janet Davidson
Don Drummond
Kent Fellows
Peter Hall
Glen Hodgson
Edward Iacobucci
Thorsten Koeppl
John Lester
Kevin Milligan
Miwako Nitani
Mikal Skuterud
Ari Van Assche

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Richard Alvarez
Richard Anderson
John Armstrong
Robert Bell
Paul Bourque
Ben Brunnen
Alister Campbell
Christy Clark
John Crow
John Curtis
Kevin Dancey
Leo de Bever
Joanne De Laurentiis
Edward Devlin
Dwight Duncan
Timothy Duncanson
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William Falk
Angela Ferrante

Claude Forget
Malcolm Hamilton
Lawrence Herman
Philip Howell
Jamey Hubbs
Lawson Hunter
Mitzie Hunter
Paul Jenkins
Maureen Jensen
Jon Johnson
Jason Kenney
Jim Keohane
Thomas Kierans
John Knubley
Timothy Lane
Guillaume Lavoie
Nicholas Le Pan
Sheila Leggett
Louis Lévesque
Wendy Levinson
Brian Lewis
Pierre Lortie
Jeffrey Lozon
Bonnie Lysyk
Janice MacKinnon
John Manley
David Marshall
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
Sandra Papatello
Nobina Robinson
Mark Romoff
Henri-Paul Rousseau

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

RESEARCH FELLOWS

Charles Beach
Åke Blomqvist
Marcel Boyer
John Chant
Miles Corak
Michael Devereux
Donald Dewees
Erwin Diewert
Wendy Dobson
Pierre Duguay
Ross Finnie
Pierre Fortin
Adam Found

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

INTERNATIONAL FELLOWS

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

INSTITUTE STAFF

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Ana Remedios Bondoc

Office Coordinator

Laura Bouchard

Director, Communications

Gillian Campbell

Communications Officer

Nikita Campbell

Digital Media Officer

Nairy Cappiello

Executive Assistant to the President
and HR Coordinator

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Aline Emirzian

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Holly Joys

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the Centre on Financial and Monetary
Policy

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Colin MacKenzie

Editor, Intelligence Memos

Parisa Mahboubi

Senior Policy Analyst

Adi Malev

Event Planner

Lauren Malyk

Senior Communications Officer

Yann Martin

Senior Development Officer

Duncan Munn

President

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Relations

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Coordinator for Research

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Assistant to the CEO

Zain Rashid

Development Officer – Policy Councils

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Mitch Tentsos

Senior Event Planner

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Office Coordinator

Tammy Trepanier

Senior Event Planner

Rosalie Wyonch

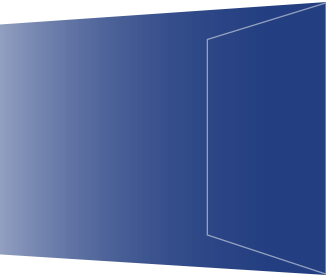
Senior Policy Analyst

Tingting Zhang

Junior Policy Analyst

Yang Zhao

Senior Graphic Designer



FINANCIAL STATEMENTS OF C.D. HOWE INSTITUTE

DECEMBER 31, 2023

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, 2023, 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, 2023, 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 10, 2024

C.D. HOWE INSTITUTE
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2023

	Notes	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents		6,771,497	7,013,983
Short-term investments	4	1,585,435	—
Accounts receivable		587,516	257,423
Prepaid expenses		131,051	91,377
		9,075,499	7,362,783
Long-term investments	4	5,265,154	6,597,426
Capital assets	5	169,224	208,187
		14,509,877	14,168,396
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	387,642	199,962
Deferred revenue		3,930,874	4,057,821
		4,318,516	4,257,783
Long-term			
Deferred capital contributions		22,126	46,090
Deferred rent		28,814	60,266
		50,940	106,356
		4,369,456	4,364,139
Fund balances			
Invested in capital assets	7	135,653	162,097
Operating		4,739,614	4,573,032
Endowment funds	8	5,265,154	5,069,128
		10,140,421	9,804,257
		14,509,877	14,168,396

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, 2023

	Notes	2023 \$	2022 \$
Revenue			
Contributions and subscriptions		5,775,768	5,702,511
Events revenue		1,628,339	1,245,036
Investment income – realized gains		354,566	160,771
Contract revenue		1,313	3,496
Investment income – unrealized gains (losses) on operating fund investments		26,784	(92,105)
Publication sales		3,565	3,811
		7,790,335	7,023,520
Expenses			
Research, administrative and project expenses	9	7,519,905	6,752,214
Amortization		130,292	152,178
		7,650,197	6,904,392
Excess of revenue over expenses for the year		140,138	119,128

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, 2023

	Notes	Invested in Capital Assets Fund \$	Operating Fund \$	Endowment Funds \$	2023 Total \$	2022 Total \$
Balances, beginning of year		162,097	4,573,032	5,069,128	9,804,257	10,408,916
Excess (deficiency) of revenue over expenses for the year		(117,773)	257,911	—	140,138	119,128
Unrealized gains (losses) on investments during the year	8	—	—	176,141	176,141	(488,825)
Investment income	8	—	—	220,302	220,302	293,481
Transfer to deferred revenue during the year	8	—	—	(200,417)	(200,417)	(528,443)
Purchases of capital assets		91,329	(91,329)	—	—	—
Balances, end of year		135,653	4,739,614	5,265,154	10,140,421	9,804,257

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

C.D. HOWE INSTITUTE
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2023

	Notes	2023 \$	2022 \$
Operating activities			
Excess of revenue over expenses for the year		140,138	119,128
Items not affecting cash			
Amortization of capital assets		130,292	152,178
Amortization of deferred capital contributions		(23,964)	(23,964)
Unrealized (gains) losses on operating fund investments		(26,784)	92,105
Amortization of deferred rent		(31,452)	(31,452)
		188,230	307,995
Changes in non-cash working capital items			
Accounts receivable		(330,093)	(51,017)
Prepaid expenses		(39,674)	(12,267)
Accounts payable and accrued liabilities		187,680	47,367
Deferred revenue		(126,947)	805,108
		(120,804)	1,097,186
Investing activities			
Purchases of capital assets		(91,329)	(48,035)
Purchases of investments		(2,503,607)	(1,033,545)
Proceeds on sale of investments		2,277,228	1,710,500
		(317,708)	628,920
Financing activity			
Endowment contributions, unrealized gains and investment income, less unrealized losses and transfers	8	196,026	(723,787)
(Decrease) increase in cash and cash equivalents during the year		(242,486)	1,002,319
Cash and cash equivalents, beginning of year		7,013,983	6,011,664
Cash and cash equivalents, end of year		6,771,497	7,013,983
Cash and cash equivalents is comprised of			
Cash		280,619	541,668
Cash equivalents		6,490,878	6,472,315
		6,771,497	7,013,983

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

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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.

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 investments. The Institute has elected to use the fair value option to measure 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.

Investments

Investments are accounted for on the settlement date basis and any transaction costs are expensed as incurred.

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

2. Summary of significant accounting policies (continued)

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, 2023

3. Commitments

The Institute has a lease commitment for premises located at 67 Yonge Street, Toronto, Ontario. During 2023, the lease was extended for a further six months and expires on May 31, 2025. Future minimum commitments (excluding operating costs) under the lease are as follows:

	\$
2024	106,605
2025	44,419
	151,024

4. Investments

Investments are recorded in the following funds:

	Endowment \$	Operating \$	2023 Total \$	2022 Total \$
Short-term	—	1,585,435	1,585,435	—
Long-term	5,265,154	—	5,265,154	6,597,426
	5,265,154	1,585,435	6,850,589	6,597,426
Investments consist of				
Fixed income			3,426,979	2,142,671
Canadian equities			792,878	1,032,111
International equities			2,630,732	3,422,644
			6,850,589	6,597,426

The amortized cost of investments is \$6,325,265 (\$6,357,007 as at December 31, 2022).

C.D. HOWE INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

5. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
	\$	\$	\$	\$
Furniture, fixtures and equipment	452,039	431,332	20,707	29,701
Computer hardware and software	1,216,926	1,190,371	26,555	60,154
Electronic equipment	84,490	83,085	1,405	6,074
Conference equipment	142,606	74,890	67,716	1,689
Signage	15,674	13,923	1,751	3,652
Leasehold improvements	759,195	708,105	51,090	106,917
	2,670,930	2,501,706	169,224	208,187

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$1,301 (\$2,659 in 2022) with respect to remittances owing to the Government.

7. Invested in Capital Assets Fund

The Invested in Capital Assets Fund balance consists of:

	2023 \$	2022 \$
Capital assets (Note 5)	169,224	208,187
Deferred capital contributions	(22,126)	(46,090)
	147,098	162,097

C.D. HOWE INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2023

8. Endowment Funds

	Roger Phillips	Jack Mintz	Special Studies	Sylvia Ostry	Monetary Policy	2023 Total	2022 Total
	\$	\$	\$	\$	\$	\$	\$
Balance, beginning of year	687,733	256,757	1,944,980	735,929	1,443,729	5,069,128	5,792,915
Unrealized gains (losses)	17,003	8,833	69,505	27,305	53,495	176,141	(488,825)
Investment income	33,973	11,298	83,620	31,282	60,129	220,302	293,481
	50,976	20,131	153,125	58,587	113,624	396,443	(195,344)
Transfer to deferred revenue	(97,405)	(9,963)	(48,348)	(7,538)	(37,163)	(200,417)	(528,443)
Balance, end of year	641,304	266,925	2,049,757	786,978	1,520,190	5,265,154	5,069,128

The Roger Phillips Endowment Fund was established to advance social policy dialogue. The capital is to be invested and the investment income earned is available to fulfill the purpose of the endowment.

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

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

The Sylvia Ostry Endowment Fund was established to stage an annual lecture in Sylvia Ostry's name, featuring a distinguished speaker on a topic related to international economic policy.

The capital is to be invested and the investment income earned is available to fulfill the purpose of the endowment.

The Monetary Policy Endowment Fund was established during 2009 to support research, publications and events resulting in further understanding of, and offer policy advice on, Canadian monetary policy. 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, \$200,417 (\$528,443 in 2022) of accumulated realized investment income was transferred to deferred revenue for the purpose of funding future activities over the fiscal years 2024 through to 2027.

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

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

9. Pension plan

The Institute sponsors a group registered retirement savings plan, a group tax free savings plan and a defined pension plan (“Dbplus”) for its employees. The Institute’s liability is limited to matching contributions for the year and these amounted to \$154,979 (\$141,162 in 2022).

The Institute sponsors a defined contribution registered pension plan and contributions for the year amounted to \$56,503 (\$47,617 in 2022).

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.

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023

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 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 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.

BECOME A MEMBER

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

For more information about becoming a member of the Institute, please contact:
Stephane Paris at 416-937-0718,
or email SParis@cdhowe.org

SUPPORT THE INSTITUTE

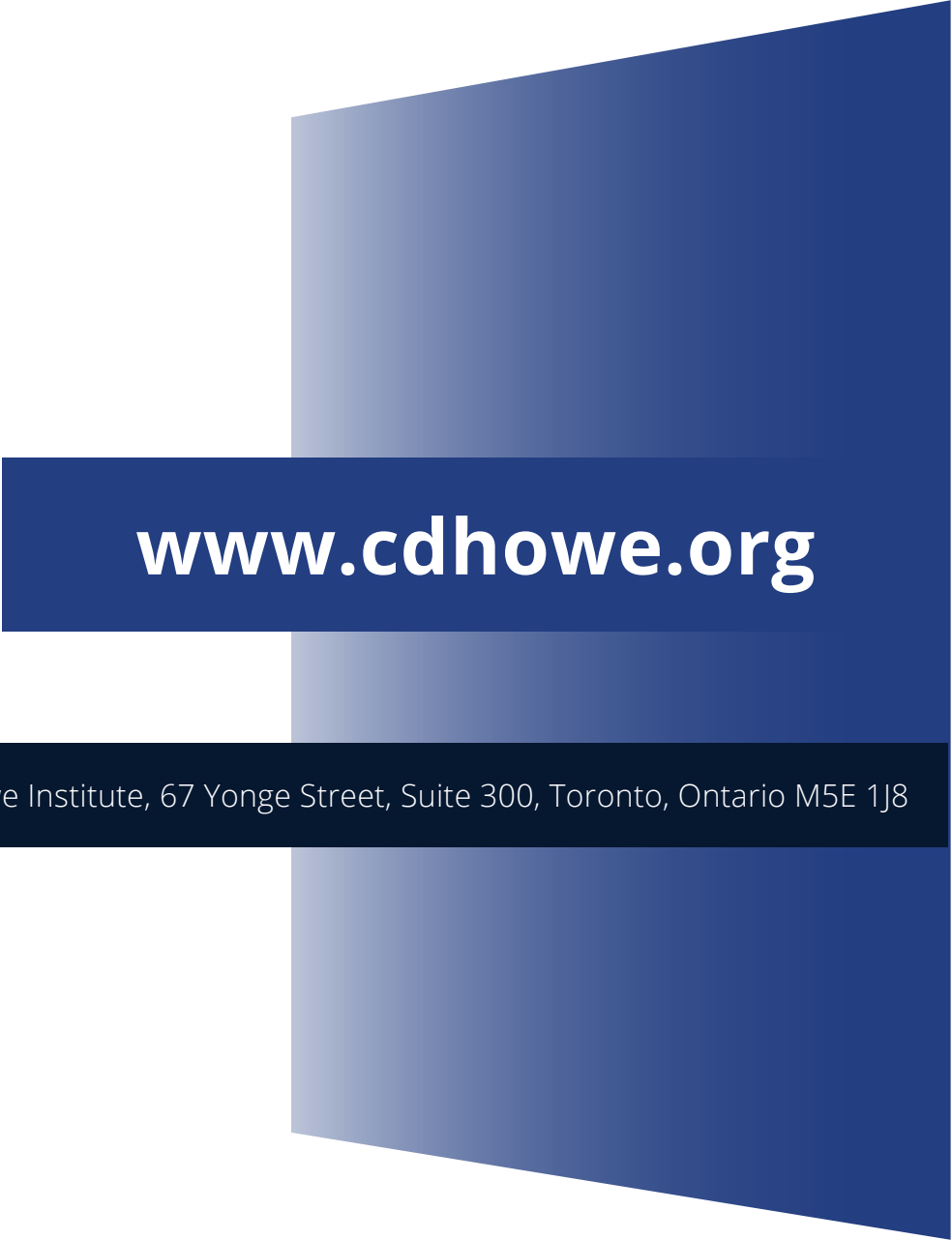
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CONTACT US

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

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

Credits: Gillian Campbell,
Communications Officer,
Lauren Malyk, Senior
Communications Officer
and Laura Bouchard, Director,
Communications;
Design by Yang Zhao,
Senior Graphic Designer

The background features a large, stylized blue geometric shape that resembles a thick, slanted letter 'H' or a series of overlapping rectangular blocks. The shape is composed of three main vertical sections connected by horizontal bars. The top and bottom sections are wider at the top and bottom respectively, creating a trapezoidal effect. The central horizontal bar is a solid dark blue rectangle. The overall color is a deep navy blue.

www.cdhowe.org

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