

GUIDING CANADA TOWARDS RECOVERY



ANNUAL REPORT 2020



INSTITUT C.D. HOWE INSTITUTE
Trusted Policy Intelligence | Conseils de politiques dignes de confiance

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.

YOUR PHILANTHROPIC DOLLARS AT WORK IN 2020

#1 Awarded Think Tank

The C.D. Howe Institute has won more research awards than other Canadian think tank, and has six times been awarded the Canadian Economics Association's Purvis Prize, the highest honour in Canadian economic policy writing.

Essential Output

65

Exclusive, off-the-record events

88

High-quality research and policy council reports

16

Policy council meetings

Stimulating Debate

13,000+

Citations in Canadian and international media

11,000+

citations in social media

620,000+

Website page views

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

Engaging Government

66

Policy outreach presentations

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MESSAGE FROM THE CHAIRMAN

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

2020 saw the most widespread and damaging pandemic in a century ravage the globe. Governments worldwide scrambled to react to the crisis – both in the public health and fiscal spheres – with varying levels of success.

In Canada, lockdown restrictions shuttered businesses, employees were obliged to work from home, and in schools and universities regular classes were disrupted. At the same time, the federal government provided unprecedented levels of fiscal support that have caused the deficit to rocket to levels previously unimaginable. With vaccinations ramping up, there is hope that the virus will soon be under control. However, the fiscal cost of the pandemic remains.

The Board of the C.D. Howe Institute oversees its governance on behalf of all stakeholders – the individuals, corporations, postsecondary institutions and foundations whose generous donations support our policy work. On behalf of the Board, I would like to extend a warm welcome to Brad W. Corson, who joined us in 2020. I would also like to note that your Board was extremely pleased with the adroit performance of the Institute's senior leadership and staff as they successfully handled a very difficult year.

As this Annual Report will demonstrate, the Institute jumped into the discourse around how best to deal with the economic fallout of the COVID pandemic with both feet. No Canadian think tank's work had more impact on the policies pursued by governments during the crisis than that of the C.D. Howe Institute. Over the course of 65 policy events, 44 peer-reviewed research papers and 45 Council and Working Group reports, the Institute worked relentlessly to

advance innovative policy changes to meet the ever-shifting conditions of the pandemic. With more than 13,000 hits in Canadian and global media, the Institute's messages reached key decision-makers and countless Canadians.

Sadly, the Institute lost a number of great friends in 2020: Sylvia Ostry, the trailblazing economist and public servant, in whose name the Institute continues to host an annual lecture; Adam Fanaki, who co-chaired the Institute's Competition Policy Council with great wisdom and insight; and Allan Gotlieb, whose tireless work with many of Canada's foremost charitable foundations contributed to the creation of the Institute's International Economic Policy Council. They will all be greatly missed.

Finally, we pay tribute to the Institute's members and friends. It is because of your continuing philanthropic support and dedication to evidence-based public policy that the Institute is able to continue to help guide Canada through this crisis. Throughout the crisis, you stepped up with donations and demonstrated your dedication to bettering the livelihoods of Canadians. You gave us crucial support when the situation for charities like ours was uncertain. The energy and dedication of our community never ceases to amaze and inspire. The road to economic recovery in Canada will be long, but with your strong and resolute support, the C.D. Howe Institute will continue to flourish – and provide independent policy advice to improve the well-being of Canadians.

Sincerely,
Hugh L. MacKinnon



MESSAGE FROM THE CEO

William B.P. Robson
Chief Executive Officer, C.D. Howe Institute

The year 2020 was trying, and on occasion tragic, for all of us in Canada and around the world. The resilience of our economies and societies, in large part owing to people who did crucial jobs in conditions that were suddenly more difficult and even dangerous, was impressive.

The policy challenges of 2020 were also severe, and the C.D. Howe Institute, its members and donors mobilized to meet them. Thanks to its supporters, the Institute had the capacity to pivot and delivered vital policy insights and analysis to help Canada through the pandemic and towards recovery.

The pandemic forced governments to make decisions very quickly and with little time for analysis. The Institute ramped up its Intelligence Memo series and op-ed publishing, covering the full spectrum of policy issues governments faced, from tax deferrals through credit supports to the wage subsidy and other income supports. The Institute also established Crisis Working Groups of academics, business leaders, experts and policymakers to tackle critical issues relating to the pandemic. Focusing on four key areas—business continuity and trade, household income and credit support, monetary and financial measures, and public health and emergency measures—the Crisis Working Groups issued a series of influential communiqués to inform Canadians and

help policymakers respond to the crisis. Like the Intelligence Memos and op-eds, these became key sources of policy ideas for Canadian policymakers.

Even while responding to the crisis, the C.D. Howe Institute maintained its output of top-quality research in areas of ongoing importance. Canadians looking for insights on topics as diverse as money laundering and open banking, or labour market automation, education and social assistance, or municipal budgets and taxes, or public-sector pensions, asset-based finance, and the CUSMA, found those, and more, on the Institute's website in 2020.

Our events team also made the pivot from in-person to virtual events, extending our reach to speakers and attendees outside Canada's large cities. A virtual fireside chat with former US Treasury Secretary Larry Summers was just one highlight in a year that featured parliamentarians, senior officials, ambassadors, Federal Reserve Bank presidents, and dozens of experts from academia, professions, and the Institute's own fellows and staff.

A review of the Institute's activities in 2020 is an apt occasion for me to salute my colleagues for their professionalism and dedication – and for the personal qualities that make the C.D. Howe Institute an outstanding organization to work for, and to work with. Over the course of the year, I received many notes from authors, event participants, policymakers and members, complimenting not

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MESSAGE FROM THE CEO (CONTINUED)

only the quality of the Institute's work, but the quality of its people. I have never been so grateful to work with such an outstanding team.

To close, I underline my own appreciation, and that of my colleagues, for the financial and intellectual support the C.D. Howe Institute receives from our members, fellows, donors and directors. You are vital contributors to

the Institute's success in fostering greater prosperity for Canadians.

Sincerely,
William B.P. Robson



Bill Robson and Ben Gully



MESSAGE FROM THE PRESIDENT

Duncan Munn
President, C.D. Howe Institute

2020 was a year like no other. Amidst the economic shock and damage – not to mention the health crisis that gripped, and continues to grip, the country – the C.D. Howe Institute shifted into high gear to provide trusted policy intelligence that informed the decisions made by all levels of government.

At all stages of the crisis – through the creation of the programs that supported Canadian individuals and businesses, to the ongoing discussion on how to deal with the cost of these programs – the Institute was there, providing informed and nonpartisan advice and ideas to key decision-makers.

The strength of the Institute lies in its network of colleagues, friends and collaborators, a network that was scrambled in the early weeks of the crisis to form working groups to tackle the policy issues around public health, the continuation of supply chains, monetary and financial measures, and household income. These expert voices came together to provide guidance and clarity on the direction that governments needed to take to mitigate the harm caused by the crisis. I am pleased to say that these groups became essential fonts of key policy ideas, and our communiqués were widely studied by policymakers. Consequently, many of the solutions arrived at by governments drew heavily from our work.

Like every other workplace, the Institute has found its operations disrupted in many ways. Working from home, and the new physically distanced reality we live in, has taken getting used to. In particular, the Institute's events program was upended. However, the skill and hard work of our

events team allowed us to deftly pivot from physical events to online webinars, and we managed to deliver a stellar selection of policy events. In 2020 the Institute hosted a slate of high-profile speakers including the likes of Bill Morneau, Jason Kenney, Travis Toews, Peter Bethlenfalvy, Naheed Nenshi, Carolyn Wilkins, Rick Leary, and Janet Yale.

The Institute's audience reach increased throughout the pandemic. Our following on social media saw marked increases, with our Twitter account seeing a 29 percent increase, and our LinkedIn following increasing by nearly 200 percent. In traditional media, we saw a total of 287 citations in the *Globe and Mail* and *National Post*, Canada's two national dailies, more than any other think tank.

Despite the increased output and disruption throughout this crisis period, the C.D. Howe Institute's membership, and our relationships with academia, business and government have continued to expand. In a year fraught with difficulties, the Institute worked hard to advance our research program, broaden our audience and ensure that our policy work remains effective and incisive.

The C.D. Howe Institute could not have achieved all of this without the enthusiastic support of our dedicated base of members, the knowledge and expertise provided by scholars, business leaders and policy experts from across the country, and the energy and motivation of our staff. It is this great community of people that allows the Institute to continue to advocate for smart, evidence-based economic policy, and focus its energies on the task of guiding Canada towards recovery.

Sincerely,
Duncan Munn

2020 MAJOR GIFTS AND GRANTS

As a charity, the C.D. Howe Institute depends on private support to do its work. People are often surprised by our modest resources. We have only one office, and fewer than 40 staff. We have no eight-figure endowments or major, multi-year government grants. All donations are purely philanthropic – the Institute does not accept any donations that stipulate a predetermined result or otherwise inhibit the independence of its staff and authors.

Targeted major gifts enable supporters to bolster the Institute’s research and dissemination capacities in specific areas of interest. They complement the annual membership campaign, strengthening the Institute and enabling it to recruit scholars and support programs that enhance its ability to develop innovative solutions to policy challenges. We gratefully acknowledge the following donors:

Major Gifts and Grants

Alberta Electric System Operator
Amgen Canada
Brian and Colleen Johnston
Canada Mortgage and Housing Corporation
Donald Johnson
Donner Canadian Foundation
Independent Electricity System Operator
Investment Management Corporation of Ontario
John Dobson Foundation

Judi and Marshall Cohen
Lotte and John Hecht Memorial Foundation
Maureen Farrow
Max Bell Foundation
Petman Foundation (Richard Howson)
Ryerson University Future Skills Centre
Telus Health
Walter & Maria Schroeder Foundation
Wilson Foundation (Red Wilson)

Max Bell Challenge Fund

Special thanks to those who helped us raise more than \$100,000, triggering a \$75,000 Max Bell Foundation challenge grant.

Elyse Allan	Lillian and Rick Ekstein	Damien Liddle	Maryse Robert
Constantine Angyridis	Charitable Fund	Hugh MacKinnon	Deborah Robinson
George Bezaire	Heather Evans	Cyrus Madon	William Robson
Alec Blair	David Don Ezra	Leif Malling	Thomas Ross
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Neil Campbell	Jock Finlayson	Ronald Mock	Gino Scapillati
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Edmund Clark	Louis Gagnon	Gilles Morel	Duncan Sinclair
Dian Cohen	Blake Goldring	Duncan Munn	Stephen Smith
Kevin Comeau	Bruce Gordon	Joe Nunes	Geoff Smith
John Crow	Rohit Gupta	Gilles Ouellette	Suzie St-Cerny
Ben Dachis	Paul Hill	Paul Owens	Jonathan Tétrault
Greg D'Avignon	Glen Hodgson	Nicola Pantaleo	Craig Thorburn
John Denham	Rebecca Horwood	A. David Pelletier	George Vasic
Ted Dobbie	Brian Johnston	André Plourde	Eric Warden
David Dodge	Richard Julien	David Powell	Christine Williams
Victor Dodig	Anna Kennedy	Joan Price	
Rupert Duchesne	Hal Koblin	Donald Reimer	
Robert Dunlop	Brian Levitt	Robert Richards	

Tomorrow's Policy Leaders

With the support of partners, the C.D. Howe Institute is providing opportunities for the policy leaders of the future.

Partnering with McGill University's Max Bell School of Public Policy and the Investment Management Corporation of Ontario (IMCO), the Institute is providing research opportunities for outstanding students and recent graduates of policy and economics programs.

Working alongside the Institute's research team, these rising stars have the unique opportunity to inform debates over economic and social policy work in Canada.

Thanks to the Max Bell Foundation and IMCO for supporting the Institute in its mission of fostering economically sound policies, and for supporting tomorrow's policy leaders.

Max Bell Foundation Policy Scholar

Momanyi Mokaya

IMCO Policy Research Interns

Joel Balyk	Sana Maqbool
Elodie Girves	Linda Yang
Rhys Godin	Luc Zara



\$150,000 gift

Mickey and Judi Cohen

“For almost 50 years, I have been involved in the work of the Institute, initially across the table and then as a member in many different capacities. Throughout this long journey, I have marvelled at how the Institute has always maintained its high quality of work, its objectivity, and its ability to influence public policy and make an important contribution to the welfare of Canada. More recently, the Institute has recognized that the modalities of society are changing and that it must adapt to these changing times. Judi and I are pleased to support and contribute to these new initiatives.”



\$100,000 gift

Maureen Farrow

“Communication and objective discussion of the key policy issues of concern to Canadians is of critical importance. The C.D. Howe Institute has a history of delivering credible, timely analysis that helps shape our future. This is of value to us all, and for this reason the Institute should be supported and encouraged to make its unique contribution to Canadian society.”



\$150,000+ in grants over the past three years

Donner Canadian Foundation

“The C.D. Howe Institute is a respected and independent voice for smart public policy. Through its top-quality, peer-reviewed research and signature off-the-record events, the Institute excels in influencing policymakers and educating the public about the policy issues that matter to Canadians. The Donner Canadian Foundation is proud to continue to assist the Institute in its mission to better the lives and livelihoods of all Canadians.” – Gregory Belton, Chair



THE INSTITUTE'S 2020 RESEARCH MISSION

Daniel Schwanen

Vice President, Research, C.D. Howe Institute

Commitment to quality, rigorous analysis and nonpartisanship makes the Institute's research a source for trusted policy intelligence.

These attributes were in evidence throughout 2020, as our research team pivoted toward providing real-time monitoring and advice as the COVID-19 crisis unfolded, while continuing to deliver penetrating analysis on issues affecting Canadians' standards of living over a longer term horizon – from trade, housing, energy and infrastructure policy to the robustness of public finances and governance, and the functioning of Canada's education and healthcare systems.

As governments began to announce shutdowns to limit the spread of COVID-19 in March 2020, the Institute mobilized some of Canada's foremost experts, business leaders and other decision-makers into four Crisis Working Groups that met regularly to advise on the type and extent of economic and health measures needed to cushion the blow from the crisis. These working groups met regularly to provide rapid expert policy advice to policymakers across the country.

The Public Health and Emergency Measures Working Group made recommendations ranging from addressing the acute public health and long-term care emergencies to laying out the critical path to vaccination. The Business Continuity and Trade Working Group focused on policies to ensure businesses that needed to stay running had the workers, supplies, and financial support needed to survive, and on avoiding disruptions to trade. It also looked at how to support those sectors most affected by the pandemic. The Household Income and Credit Support Working

Group advocated a number of emergency measures that were subsequently adopted, while also providing guidance on their withdrawal or modification as conditions evolved and their impact became better understood. Finally, the Monetary and Financial Measures Working Group advised on ways to ensure stable financial markets and access to emergency borrowing while considering the medium- to long-run impact on Canada's fiscal and monetary anchors.

Starting in the fall of 2020, the Institute also launched the Fiscal and Tax Working Group dedicated to tackling the mounting fiscal cost of, and how to pay for, COVID-19 measures.

In addition to the issues addressed by the working groups, Institute research in 2020 explored a breadth of topics related to how Canadians can build a better economy post-COVID. These include the expansion of virtual healthcare, the impact of automation on the labour market, more resilient pensions, strengthening Canada's domestic market, and highlighting the wide differences in electrical power prices across Canada.

Institute publications continue to undergo rigorous external review by academic and independent experts from the public and private sectors. Studies are published only if they meet our high standards for analytical soundness, factual accuracy and policy relevance. The Institute also subjects its review and publication process to an annual audit by external experts.

To tie up 2020, the Institute released a compilation book of the Institute's policy recommendations in response to the pandemic. *Climbing Out of COVID* compiled communiqués from the Institute's working groups, as well as Intelligence Memos and op-eds. Read by government policymakers

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THE INSTITUTE'S 2020 RESEARCH MISSION (CONTINUED)

and the public, these ideas prefigured many of the policy responses that emerged in 2020.

I thank the Institute's research and publication staff and its communications team for stepping up as they did in 2020 to quickly deliver the high level of relevant advice demanded by the crisis. I also wish to extend special thanks to the chairs and co-chairs of our Policy Councils and working groups, and to our authors, reviewers, council members and benefactors for their time, guidance and

support during this momentous year. Our work and impact would not be possible without them. Together, we stepped up and delivered trusted advice at a time when Canada needed it most.

Sincerely,
Daniel Schwanen



Daniel Schwanen

Our Peer-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 13.

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 Audit:

- 2020: Nobina Robinson and Philip Howell
- 2019: Tracy Snoddon and Wayne Wouters
- 2018: Gordon Thiessen and Frances Woolley
- 2017: Kevin Dancy and Angelo Melino
- 2016: Charles M. Beach and Lawrence Herman
- 2015: Steve Ambler and Thorsten Koepl
- 2014: Peter Howitt and Kevin Milligan
- 2013: David Laidler and Edward Iacobucci



Nobina Robinson

Former Chief Executive Officer, Polytechnics Canada;
Senior Fellow and 2020 Auditor, C.D. Howe Institute

“The C.D. Howe Institute’s annual review process of research quality reveals that its reports meet high standards of quality, integrity and objectivity and have been subject to an ethical review approach by which to prove these qualities.”



Philip Howell

Former CEO and Superintendent of Financial Services, FSCO; Senior Fellow and 2020 Auditor, C.D. Howe Institute

“Maintaining the quality and public policy relevance of the Institute’s published research is a critically important determinant of the Institute’s sustainability and success.”

The Institute's 2020 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 for their support in 2020.

Mark Agnew Canadian Chamber of Commerce	Kevin Dawson Alberta Electric System Operator	Brian Johnston Create Toronto	Michael Rothe Canadian Finance and Leasing Association
Keith Ambachtsheer KPA Advisory Services	Colin Deacon Senate of Canada	Jim Keohane	Bill Scarth McMaster University
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John Crow	Philip Howell	Christian Ouellet Sandoz	
Kevin Dancey IFAC	Paul Jenkins	Nick Pantaleo	
		James Pierlot Blue Pier	

Ensuring Fiscal and Financial Stability

Maintaining fiscal and financial stability can be a balancing act at the best of times. And 2020 was not the best of times.

As fiscal support to Canadians rose to historically uncharted levels, public deficits, and the public debt, skyrocketed. Much of the Institute's work this year under its Fiscal and Tax and Monetary Policy programs, and under its Financial Services Research Initiative, has been concerned with helping governments and the Bank of Canada shape the necessary economic and financial support, while ensuring that Canada's fiscal position can return to sustainability.

The Institute's Crisis Working Groups provided real-time advice on household income and credit support, business support and extraordinary monetary and financial measures during the crisis. At the same time, against the backdrop of rising debt, we led the discussion on Ottawa's need to adopt a clear fiscal anchor. Notably, an Institute report highlighted scenarios to restore the debt-to-GDP rate to sustainable levels, while ensuring that our pandemic debts are not handed off to the next generation.

The C.D. Howe Institute's fiscal work also reviewed how fiscal policy could help revive long-term growth, while instilling greater confidence in the country's budgetary process. Recommendations along those lines included tax reform to boost investment, more generous and flexible provisions for retirement savings, levelling the tax playing field regarding digital services, rationalizing ineffective tax expenditures, and improving the estimates process to allow parliamentarians to reconcile spending votes with budget projections.

Our monetary policy research explored the Bank of Canada's large-scale asset purchases, engineered to support the stability of Canada's financial markets, which, in turn, helped support the Canadian economy through the pandemic. At the same time, Institute research urged the Bank of Canada to recommit to its 2 percent inflation target in 2021 and beyond, and warned against the potential mistake of "going direct," disbursing cash to stimulate demand, which would leave the door open to political interference in monetary policy. Further, with a view to better understanding how to avoid financial crises, we re-examined the debt-service ratio as a method of predicting such events.

On the financial stability side, we released work recommending a large-scale funding program designed to bolster asset-based finance in the wake of the pandemic, since without such targeted liquidity support, too many non-bank financing entities and service providers could disappear from the Canadian marketplace in times of crisis. We also examined the possible effects of COVID-19 on the housing market, and provided a model for policymakers and regulators on the timing of future interventions. Other key work on the housing market argued that longer-term mortgages would have a positive effect on financial stability, but that careful regulation was needed to ensure their success. The Institute's Monetary Policy Council was not idle in this crisis period, and continued its crucial work of assessing the stance of Canada's monetary policy in relation to its 2 percent inflation target, and providing key recommendations to the Bank of Canada before each rate announcement. Nor was the Business Cycle Council idle, continuing its work monitoring the peaks and troughs of the economy, and providing policymakers with key insights.

Fiscal and Tax Competitiveness Council

Chair

Michael Horgan

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

Members

Robert Asselin

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Young LLP

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Canadian Life and Health
Insurance Association Inc.

Michael Smart

University of Toronto

Ted Tomkowiak

RBC

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Blake, Cassels & Graydon
LLP

Linda Williams

Department of Finance,
Province of New Brunswick

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Fiscal and Tax Policy Research

**Supporting Growth, Restoring Confidence: A Shadow
Federal Budget for 2020**

March 2020 – Alex Laurin and William Robson

**Adjusting to Reality: As Proposed, Restricting Corporate
Interest Deductibility is Ill-Advised**

April 2020 – Jack Mintz and V. Balaji Venkatachalam

**Business Tax Burdens in Canada's Major Cities: The
2019 Report Card**

April 2020 – Adam Found and Peter Tomlinson

**Gaps, Quirks and Fixes: Accounting for Broader Public-
Sector Pension Plans in Canada**

July 2020 – William Robson

**The ABCs of Fiscal Accountability: Grading Canada's
Senior Governments, 2020**

August 2020 – Farah Omran and William Robson

**Assessing the Canada Revenue Agency: Evidence on
Tax Auditors' Incentives and Assessments**

September 2020 – Kenneth Klassen and Nick Pantaleo

**Busted Budgets: Canada's Senior Governments Can't
Stick to Their Fiscal Plans**

October 2020 – Farah Omran and William Robson

Canada's Foggy Economic and Fiscal Future

October 2020 – Don Drummond

Monetary Policy Council

Chair

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

Members

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Université du Québec à Montréal

Beata Caranci
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Monetary Policy Research

Monetary Policy, Income Inequality, and Inflation – What's the Link?

January 2020 – Jeremy Kronick and Francisco Villarreal

Water in the Wine? Monetary Policy and the Impact of Non-bank Financial Intermediaries

February 2020 – Jeremy Kronick and Wendy Wu

Predicting Financial Crises: The Search for the Most Telling Red Flag in the Economy

February 2020 – Jeremy Kronick and Steve Ambler

“Going Direct”: Not a New Tool, But an Old Pitfall for the Bank of Canada

August 2020 – Thorsten Koepl and Jeremy Kronick

Calibrating Macroprudential Policies for the Canadian Mortgage Market

April 2020 – Scott A. Brave, Jeremy Kronick and Jose A. Lopez

“Going Direct”: Not a New Tool, But an Old Pitfall for the Bank of Canada

August 2020 – Thorsten Koepl and Jeremy Kronick

Canadian Monetary Policy in the Time of COVID

October 2020 – Steve Ambler and Jeremy Kronick

Financial Services Research Initiative

Chair

Nicholas Le Pan

Former Superintendent of Financial Institutions, Canada; Director, CIBC

Members

Leah Anderson

Department of Finance
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John Armstrong

KPMG LLP

Paul Bourque

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of Canada

Peter Bowen

Fidelity Investments

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Property and Casualty
Insurance Compensation
Corporation

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Canada Deposit Insurance
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Financial Services and Regulation Research

One More Case for Longer-Term Mortgages: Financial Stability

January 2020 – Michael Feldman

Predicting Financial Crises: The Search for the Most Telling Red Flag in the Economy

February 2020 – Steven Ambler and Jeremy Kronick

Water in the Wine? Monetary Policy and the Impact of Non-bank Financial Intermediaries

February 2020 – Jeremy Kronick and Wendy Wu

The Era of Digital Financial Innovation: Lessons from Economic History on Regulation

March 2020 – David Longworth

Filling the Gap: Emergency Funding Programs and Asset-Based Finance in Times of Economic Crisis

March 2020 – David Powell

Calibrating Macroprudential Policies for the Canadian Mortgage Market

April 2020 – Scott Brave, Jeremy Kronick, and Jose Lopez

Open Banking in Canada – The Path to Implementation

September 2020 – Thorsten Koepl and Jeremy Kronick

BC's Public Registry to Combat Money Laundering: Broken on Arrival

November 2020 – Kevin Comeau

Business Cycle Council

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Generating Stronger Growth and Prosperity

The C.D. Howe Institute's mission is to find ways to enhance Canada's prosperity, and through it the livelihoods of all Canadians. Economic growth is a key plank of that mission.

To that end, in addition to the timely work and advice provided throughout the COVID crisis and business shutdowns by its ad hoc Crisis Working Group on Business Continuity and Trade, the Institute's ongoing work on taxation, energy and international trade focused on ways to spur productive investments and help Canadian businesses and workers succeed as the economy re-opens.

With CUSMA coming into effect in 2020, the Institute's research took stock of the changes brought about by the pact in Canada's most important trading relationship. Research paid particular attention to the more constraining rules of origin for autos that raised costs for the industry on balance, and on protectionist measures affecting steel and aluminum trade. As well, the Institute's trade-related commentaries focused on keeping global supply chains open in the face of COVID-related shutdowns and growing global protectionism.

Given especially the disruptions to international trade, the Institute renewed its research emphasis on the possibilities offered by Canada's internal market. Institute research made a strong case for measures to overcome internal barriers to trade within Canada as the crisis abates, including through

a more effective complaints process and greater ability of workers to ply their trade across the country. In that vein, a paper specifically focused on Alberta illustrated how labour mobility reforms and breaking down barriers across occupations, sectors and regions could boost incomes and assist in post-COVID recovery. This followed a study arguing that the cost of occupational regulation in Canada was unnecessarily burdensome.

We also honed in on a key barrier to economic growth and a drag on the prosperity of Canadians: electricity prices. We provided an interprovincial comparison of power prices across Canada, and explored how overall electricity costs matter for economically efficient power consumption and provincial competitiveness for new business investment. At the intersection of taxes and investment, we looked at the best and worst cities for business tax burdens – again highlighting impediments to businesses' ability to invest; and examined the advisability of capping interest deductions for business taxes, something our authors argue would add to Canada's corporate tax burden at a time when companies are becoming increasingly indebted due to the crisis.

Economic growth is key to maintaining prosperity and boosting living standards for Canadians. The work of the C.D. Howe Institute contributed to a better understanding of how to address barriers to growth to help Canada thrive.



Lionel Pimpin



Eric Prud'homme

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Business

Trade and International Policy Research

Quantifying CUSMA: The Economic Consequences of the New North American Trade Regime

February 2020 – Dan Ciuriak, Ali Dadkhah, and Jingliang Xiao

The Trade and Economic Impact of the CUSMA: Making Sense of the Alternative Estimates

June 2020 – Dan Ciuriak

Internal Trade in Focus: Ten Ways to Improve the Canadian Free Trade Agreement

July 2020 – Ryan Manucha

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NOVA Chemicals Corp.

Energy, Resources and Infrastructure Research

The Price of Power: Comparative Electricity Costs across Provinces

October 2020 – Grant Bishop & Blake Shaffer

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Regulation, Competition and Growth Research

**Licence to Capture: The Cost Consequences to
Consumers of Occupational Regulation in Canada**

July 2020 – Robert Mysicka, Lucas Cutler and Tingting
Zhang

**Gimme Shelter: How High Municipal Housing Charges
and Taxes Decrease Housing Supply**

November 2020 – Ben Dachis

Human Capital Policy Council

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Andrew Thomson
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Human Capital Policy Research

A Work in Progress: Measuring Wage Gaps for Women and Minorities in the Canadian Labour Market

January 2020 – Tammy Schirle and Moyosoreoluwa Sogaolu

Work-Ready Graduates: The Role of Co-op Programs in Labour Market Success

January 2020 – Rosalie Wyonch

No Easy Answers: Insights into Community Well-being among First Nations

May 2020 – John Richards

No Easy Answers: Insights into Community Well-being among First Nations

May 2020 – John Richards

Lifting Lives: The Problems with Ontario's Social Assistance Programs and How to Reform Them

June 2020 – Parisa Mahboubi and Mariam Ragab

Licence to Capture: The Cost Consequences to Consumers of Occupational Regulation in Canada

July 2020 – Robert Mysicka, Lucas Cutler, and Tingting Zhang

Student Performance in PISA 2018: Nettlesome Questions for Canada

July 2020 – John Richards

Alberta's Opportunity: The Ins, Outs and Benefits of Greater Job Mobility

September 2020 – Daniel Schwanen and Trevor Tombe

The Next Wave: Automation and Canada's Labour Market

December 2020 – Rosalie Wyonch

Enhancing Opportunities for Canadians

The pandemic that hit the country in 2020 not only threatened the health of Canadians, but policies to control the spread of the virus and the public's reaction to the new risk wiped away previous years' employment gains in the private sector.

Many Canadians saw their jobs disappear and their livelihoods subjected to unforeseen pressure, while healthcare delivery became front of mind like never before as Canada's health and long-term care systems struggled to deal with the stress of the COVID pandemic. Against this background, the C.D. Howe Institute's work in the fields of health and labour markets is perhaps more important than ever before.

In response to the pandemic, the C.D. Howe Institute initiated Crisis Working Groups to meet the need for rapid expertise on many emerging and pre-existing policy issues. The Public Health and Emergency Measures Working Group was the first to provide a substantive report and policy advice on the effects of COVID-19 on Canadian seniors, particularly in residential care facilities. Publications from the Group provided information and advice on strategies to improve testing and tracing, efficient allocation of scarce medical supplies and the broader health impacts of public health restrictions implemented to limit the spread of infection.

The current crisis highlighted many pre-existing conditions in Canada's healthcare and social support systems. To understand short-term developments, it is important to understand longer-term trends. In that vein, we began the year with research quantifying the wage disparities for women and minorities in Canada's private sector, raising issues which only became more pronounced as the year went on and job losses, disproportionately affecting women and low-wage earners, hit the country. In related research, we showed how the positive effects of participation in work/school co-op programs were dampened for women, immigrants and visible minorities. Worryingly, another paper identified black and Indigenous people as more susceptible to job loss from automation.

We also turned our attention to community well-being in First Nations and identified areas particularly in need of increased access to employment for members of these communities. Elsewhere, an assessment of Ontario's social assistance programs recommended trimming welfare clawbacks and hiking earnings exemptions to make the system more effective.

On the education front, an examination Canadian students' performance in the OECD's Program for International Student Assessment (PISA) found declining scores in core subjects and wide gaps in achievement between advantaged and disadvantaged students, emphasizing the need for increased pre-school education and mentoring programs that target low-income areas.

Retirement savings are crucial for quality of life as the population ages, and in 2020 we continued to produce top-quality research focused on reforming pension rules to bolster the capacity of Canadians to save more. One such paper argued for raising the age at which savers can contribute to tax-deferred savings vehicle to give more Canadians the option of working and saving for longer. In other pension work, we explored pension design and how regulations need to reflect current realities and allow more flexibility in plan designs, and also advocated for a reform of rules governing target-benefit pension plans that play an increasingly prominent role in the pensions landscape.

The crisis increased public awareness of chronic health policy issues, existing inequities and gaps in social welfare supports. It also catalyzed change to social welfare programs and healthcare delivery. Near the end of the year, in the healthcare policy sphere, we looked at the virtual healthcare revolution brought on by the pandemic, and presented a roadmap for policymakers on how to embrace it in a patient-friendly and cost effective manner.

In a year of unexpected pressures, the C.D. Howe Institute worked hard to move the dial on issues that would make a marked improvement in economic opportunities, bolster savings, and protect the health of Canadians.

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Retirement Saving and Income Research

The Power of Postponed Retirement

March 2020 – Joseph Nunes

The Shifting Ground of Pension Design: Reflections on Risks and Reporting

May 2020 – Bob Baldwin

Room to Thrive: Why Principles-based Standards Make Sense for Regulating Contingent Pension Plans

June 2020 – Barry Gros

Gaps, Quirks and Fixes: Accounting for Broader Public-Sector Pension Plans in Canada

July 2020 – William Robson

Under the Rug: The Pitfalls of an “Operating Balance” Approach for Reporting Federal Employee Pension Obligations

November 2020 – Alex Laurin and William Robson

Sources of Comfort and Chills: What We Can Learn from CPP Valuation Reports

December 2020 – Bob Baldwin

Health Policy Council

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Canadian Foundation for
Healthcare Improvement

Health Policy Research

There is No Try: Sustainable Healthcare Requires Reining in Spending Overshoots

February 2020 – William Robson

Conference Report – Vaping and E-Cigarette Regulation in Canada

March 2020

COVID-19: A Catalyst for Change in Health and Healthcare?

October 2020 – Don Drummond & Duncan Sinclair

Climbing out of COVID: A Special Intelligence Memo Series

November 2020 – edited by Grant Bishop, Benjamin Dachis, Jeremy Kronick, Parisa Mahboubi, and Rosalie Wyonch

Canada's Virtual Care Revolution: A Framework for Success

December 2020 – R. Sacha Bhatia, Trevor Jamieson, James Shaw, Carole Piovesan, Leah T. Kelley, and William Falk



Roundtable Luncheon in Calgary

Strengthening the Effectiveness of Our Institutions

A strong and dynamic economy requires effective regulatory and competition frameworks and accountable public bodies. With that in mind, the C.D. Howe Institute's research in 2020 continued to emphasise the need to improve the systems that hold decision-makers to account and bolster the effectiveness of Canadian economic policy-making.

Institute research has long highlighted that federal and provincial governments collectively need to improve their budget transparency. Our report card on the accessibility, timeliness and reliability of federal and provincial governments' financial reporting welcomed improvements over recent years, but highlighted the worrying failure of the federal government, as well as that of Newfoundland and Labrador, to produce budgets last spring. And a comparison of governments' budget targets with what they actually ended up spending and raising at year-end, shows that governments went into the COVID-19 crisis spending far more, and taxing far more heavily, than they would have if they had met their budget promises over the past two decades.

One issue we honed in on was the accounting treatment of federal employee pensions in the budget and public accounts. We examined a proposed revamp of the federal statement of operations that highlighted an "operating balance" in addition to the annual surplus or deficit and the resulting change in the government's accumulated deficit. Moving the annual change in the valuation of the accrued costs of federal employee pensions that had been undervalued (or overvalued) in the past out of program

expenses and into a "below the line" item will make federal finances look rosier (or worse) than they are, potentially biasing federal budgets toward larger deficits. The Institute's annual report card on municipal budget transparency once again examined the budgets of Canada's 31 largest municipalities, and raised the importance of a switch to public-sector accounting standards. Since the inception of this annual paper, we are pleased to see some improvements in the number of cities now presenting budget numbers that match their end-of-year financial statements, but there is still more work to be done. A related paper quantified the differences between these budgets and results and pointed out huge "surprise" surpluses, that fly in the face of the prevailing narrative of impoverished municipal governments.

We also built on past work discussing the fairness and effectiveness of our tax auditing system, with a paper exploring the incentives for CRA auditors stemming from higher tax revenue targets. The paper's recommendations included reducing the importance of a measure of revenues collected when assessing the performance of CRA compliance activities, and adjusting that measure to take into account reassessments that are eventually ruled in taxpayers favour.

A major regulatory and competition issue in 2020 concerned mandated access to telecommunications facilities. The Institute's Competition Policy Council – comprised of leading figures in the fields of competition law and economics – examined the issue in depth and raised concern that mandated access could impair market efficiency and the building of next generation digital infrastructure. This and related issues were subsequently taken up by a newly established Telecommunications Working Group.



Adam Hardi, Paul Lebane, Stephen Ogilvie and Bill Robson

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Human Capital Policy Council

Public Governance and Accountability Research

What You See is Not What You Get: Budgets versus Results in Canada's Major Cities, 2019

February 2020 – Farah Omran and William Robson

The ABCs of Fiscal Accountability: Grading Canada's Senior Governments, 2020

August 2020 – William Robson and Farah Omran

Busted Budgets: Canada's Senior Governments Can't Stick to Their Fiscal Plans

October 2020 – William Robson and Farah Omran

COVID-19 Working Group Communiqués

Crisis Working Group on Business Continuity and Trade

August 20: Support Digitization of Small Businesses and Boost Interprovincial Trade

June 17: Accelerate Infrastructure Projects and Adapt Restructuring Processes

May 19: Financing Bridge Needed to Protect At-Risk Sectors as Canada Faces a Long, Hard Road to Recovery

May 4: For Resilient Re-opening of Economy, Test, Trace and Target Support

April 24: Restart Playbook Must Balance Risk with Economic Cost

April 17: Canada Needs Playbook for Restarting Economy

April 9: Canada Must Be Champion of Open Trade

April 2: Safeguard Critical Supply Chains by Addressing Weak Links

March 26: Subsidize Wages, Backstop Credit, Protect Supply Chains

Crisis Working Group on Household Income and Credit Support

June 23: Ottawa Should Use CERB Extension Time Wisely

June 8: Data Needed for Income Support Transition Planning

May 26: Staggered Re-opening Should Inform Tailored Income Supports

May 11: Extending CEWS Smart Move, More to be Done

April 27: When the Smoke Clears - Tackling Disincentives to Work

April 20: Risk Management Approach Integral to Back-to-Work Strategy

April 13: Ottawa Should Release EI and CERB Data Quickly, Regularly

April 3: Data Vital Tool for Individuals, Businesses, Decision-Makers

March 27: Wage Subsidies and Emergency Financial Support Needed

Crisis Working Group on Monetary and Financial Measures

June 22: Guidelines and Creativity Key to Restoring Financial Confidence

May 25: Canada Must Recommit to Fiscal and Monetary Anchors

May 7: Viable Businesses Need Access to Capital

April 23: Expanded Bank of Canada Balance Sheet Requires Balancing Act

April 7: Provinces Will Require Support to Finance Increased Borrowing

April 1: Time of the Essence for CEBA

March 25: Enhanced Government Credit Facility Needed

Crisis Working Group on Public Health and Emergency Measures

October 28: Lessons from the First Wave of COVID-19

June 2: Nursing Home Fatalities Expose Weakness in Long-Term Care Provision

April 30: National Process Needed to Hasten Vaccine Development

April 8: COVID-19 Response Lacking Information and Supplies

April 1: COVID-19 Exposes Cracks in the System

Fiscal and Tax Working Group

September 22: Further Unfunded, Ongoing Spending Unsustainable for Ottawa

September 14: Ottawa Needs a Clear Fiscal Anchor



Bill Robson, Alberto Alesina, and Jack Mintz



Lucie Tedesco



Rick Leary

2020 POLICY EVENTS

The Institute's off-the-record, invitation-only roundtables, conferences and special events bring together corporate executives, policy leaders, senior civil servants, and acclaimed scholars for substantive discussions on policy issues. The Institute held the following events in 2020 (in chronological order):

Ben Gully, Assistant Superintendent, Regulation Sector, Office of the Superintendent of Financial Institutions
Sound Mortgage Underwriting: Foundation for Stability
Toronto Roundtable Luncheon, January 24, 2020
Sponsored by Equitable Bank

Dan Doctoroff, Chairman and Chief Executive Officer, Sidewalk Labs
An Update on Sidewalk Labs' Plans for Toronto's Quayside Neighbourhood
Toronto Roundtable Luncheon, January 28, 2020

Julien Brazeau, Directeur général, Direction de la politique du secteur financier, Ministère des Finances Canada; Pierre Piché, Vice-Président, Corporation Financière Power; Lionel Pimpin, Directeur général, Slalom
Le Système Bancaire Ouvert au Canada
Montreal Roundtable Luncheon, January 30, 2020
Sponsored by McCarthy Tétrault LLP

Janet Yale, Chair, Broadcasting and Telecommunications Legislative Review Panel
Canada's Communications Future: Time to Act
Toronto Roundtable Luncheon, February 6, 2020

Alberto Alesina, Nathaniel Ropes Professor of Political Economy, Harvard University
Austerity and the Economy: Spending Cuts Versus Tax Increases
Toronto Roundtable Luncheon, February 12, 2020
The Annual Jack Mintz Lecture

The Honourable Travis Toews, Minister of Finance of Alberta and President of the Treasury Board
Budget 2020: A Plan for Jobs and the Economy
Calgary Roundtable Luncheon, March 2, 2020
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Adam Hardi, Assistant Vice President-Analyst, Sub-Sovereign Group, Moody's Canada; Paul LeBane, Vice President, Public Finance, Global Corporates, DBRS Limited; Stephen Ogilvie, Director, Sovereign & International Public Finance Ratings, S&P Global
Debt Watch: The Outlook for Provincial Credit Ratings in Canada
Toronto Roundtable Luncheon, March 5, 2020

The Honourable Bill Morneau, Minister, Department of Finance Canada
Toronto Roundtable Breakfast, March 6, 2020
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Rick Leary, Chief Executive Officer, Toronto Transit Commission
Making Headway: The TTC's Capital Investment Priorities
Toronto Roundtable Luncheon, March 12, 2020
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The Honourable Jason Kenney, Premier, Government of Alberta
A Fair Deal for Alberta in the Federation
Ottawa Roundtable Luncheon, March 12, 2020

William Comanor, Professor of Health Policy Management, UCLA and Professor of Economics, Emeritus, UCSB, University of California, Santa Barbara; Former Chief Economist and Director of the Bureau of Economics, U.S. Federal Trade Commission; Kimberly Robinson, Director of Pricing and Market Access, PDCI Market Access
The Promise and Perils of Drug Pricing Regulations
Webinar, March 23, 2020

William B.P. Robson, President and Chief Executive Officer, C.D. Howe Institute
Ask Me Anything... about the Canadian Governments' Responses to COVID-19
Webinar, March 26, 2020

David Dodge, Senior Advisor, Bennett Jones LLP; Former Governor, Bank of Canada; Dwight Duncan, Senior Strategic Advisor, McMillan LLP; Former Deputy Premier and Minister of Finance, Government of Ontario; Janet Ecker, President, Kilwaughter Consulting; Former Minister of Finance, Government of Ontario; Michael Horgan, Senior Advisory, Bennett Jones LLP; Former Deputy Minister of Finance, Government of Canada
COVID-19 Crisis and Recovery: The Policy Playbook
Webinar, April 2, 2020



Michelle Holland



Pierre Piche



Scott Burns

2020 POLICY EVENTS (CONTINUED)

Scott Hendry, Senior Special Director, Financial Technology (FinTech), Funds Management and Banking Department, Bank of Canada; Thorsten Koepl, Professor of Economics and RBC Fellow, Queen's University; Virgile Rostand, President and Founder, Coinsquare

The Future of Money: Is Canada Ready for a National Digital Currency?

Webinar, April 22, 2020

Dr. Christopher Mody, Professor and Head, Department of Microbiology, Immunology & Infectious Diseases Microbiology, University of Calgary

Ask Me Anything... about Shrinking the Curve

Webinar, April 24, 2020

Dr. Edward Brown, Chief Executive Officer, Ontario Health (OTN); Michael Green, President and Chief Executive Officer, Canada Health Infoway; Dr. Philip Lam, Assistant Professor, Department of Medicine, University of Toronto; Virtual Care Lead, Department of Medicine, Sunnybrook Health Sciences Centre

Virtual Beats Viral: Lessons Learned on Digital Health and COVID-19

Webinar, April 28, 2020

Sponsored by Canada Health Infoway

Walied Soliman, Chair, Taskforce to Review Capital Markets, Government of Ontario; Chair, Norton Rose Fulbright

Capital Markets Modernization Review

Webinar, April 29, 2020

Katherine Fisher, Associate, Bennett Jones LLP; Robert Myatt, Director, Deloitte; Lara Speirs, Executive Vice President & General Counsel, Legal & Public Affairs, Randstad Canada

Safeguarding Canada's Workforce During a Pandemic

Webinar, April 30, 2020

Carolyn Wilkins, Senior Deputy Governor, Bank of Canada

Bridge to Recovery: The Bank's COVID-19 Pandemic Response

Webinar, May 4, 2020

Samuel Duboc, Chair and Chief Executive Officer, MindBeacon Health; The Honourable Michael A. Tibollo, Associate Minister of Mental Health and Addictions, Government of Ontario; Dr. Juveria Zaheer, Clinician Scientist, The Institute for Mental Health Policy Research, Centre for Addiction and Mental Health

Caring for Canadians' Mental Health During the Pandemic

Webinar, May 7, 2020

Janet Davidson, Co-chair of the Public Health and Emergency Measures Working Group, C.D. Howe Institute; Dwight Duncan, Co-chair of the Business Continuity and Trade Working Group, C.D. Howe Institute; Kathleen Taylor, Co-chair of the Household Income and Credit Support Working Group, C.D. Howe Institute; Mark Zelmer, Co-chair of the Monetary and Financial Measures Working Group, C.D. Howe Institute

Re-opening the Economy: A Roadmap from the C.D. Howe Institute's Crisis Working Groups

Webinar, May 11, 2020

Yves Giroux, Parliamentary Budget Officer, Office of the Parliamentary Budget Officer

Ask Me Anything... about the Federal Deficit

Webinar, May 12, 2020

Bert Clark, President and Chief Investment Officer, Investment Management Corporation of Ontario

Sticking to the Fundamentals During a Time of Crisis

Webinar, May 13, 2020

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The Honourable Tanya Fir, Minister of Economic Development, Trade and Tourism, Government of Alberta

Roots of Revival: Alberta's Path Forward

Webinar, May 19, 2020

Dr. Sylvain Charlebois, Professor, Food Distribution and Policy, Faculty of Management and Professor, Faculty of Agriculture, Dalhousie University; Director, Agri-food Analytics Lab; Keith Currie, President, Ontario Federation of Agriculture; Barry Sawyer, National Council Vice-President and Executive Assistant to the National President, United Food and Commercial Workers of Canada

Keeping Food on the Table: COVID-19 and the Canadian Food Supply Chain

Webinar, May 20, 2020

Jasmin Guénette, Vice-président aux affaires nationales, Fédération canadienne de l'entreprise indépendante;

Michel Leblanc, Président et chef de la direction, Chambre de commerce du Montreal métropolitain; Jeanette Patell, Vice-président des affaires gouvernementales, GE Canada

Retour aux affaires : Relancer l'économie Québécoise et Canadienne

Webinar, May 22, 2020



Amanda Lang and Bill Morneau



Janet Yale



Travis Toews

2020 POLICY EVENTS (CONTINUED)

Jack Mintz, Chair, Alberta Recovery Council
Webinar, May 25, 2020

Luz María de la Mora, Undersecretary for Foreign Trade,
Ministry of Economy of Mexico
The Implementation of CUSMA: Relevance Post- COVID-19
Webinar, May 26, 2020

James Bullard, President and Chief Executive Officer,
Federal Reserve Bank of St. Louis
Views on the Pandemic from Onset to Reopening the Economy
Webinar, May 27, 2020

Alex Greco, Director of Policy and Government Relations,
Canadian Manufacturers and Exporter; Kevin Dawson,
Director of Market Design, Alberta Electric System
Operator; Blake Shaffer, Assistant Professor at the
Department of Economics and School of Public Policy,
University of Calgary
*Flipping the Switch: Connecting Electricity Pricing and Canadian
Competitiveness*
Webinar, June 1, 2020
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David Dodge, Senior Advisor, Bennett Jones LLP; Former
Governor, Bank of Canada; Greg Ip, Chief Economics
Commentator, The Wall Street Journal
Monetary Policy in the Age of COVID-19
Webinar, June 11, 2020

Ian Archer, Director, North American Natural Gas Team,
IHS Markit; Hal Kvisle, Co-chair, Natural Gas Advisory Panel,
Government of Alberta; Former Chief Executive Officer,
Talisman Energy; The Honourable Dale Nally, Associate
Minister of Natural Gas & Electricity
Up in Fumes? The Outlook for Natural Gas in Western Canada
Webinar, June 16, 2020

Marta Morgan, Deputy Minister, Global Affairs Canada
Canada's International Response to the COVID-19 Pandemic
Webinar, June 18, 2020

Joe Cressy, City Councillor, City of Toronto; Chair of the
Board of Health, Toronto Public Health
The Road Ahead: How Will Toronto Rebuild After the Crisis?
Webinar, June 23, 2020

Minister Plenipotentiary First Class Kareen Rispol, the
French Ambassador to Canada
France's COVID-19 Response and Lessons Learned
Webinar, June 29, 2020

Chief Justice Geoffrey Morawetz, Chief Justice, Ontario
Superior Court of Justice; The Honourable Douglas Downey,
Attorney General, Ontario Ministry of the Attorney General
Can COVID-19 Propel Ontario's Justice System into the Digital Age?
Webinar, July 23, 2020

His Worship Naheed Nenshi, Mayor, City of Calgary
Build Back Better? – Cities in a Post-Pandemic World
Webinar, July 24, 2020

Dr. David Naylor, Co-Chair, COVID-19 Immunity Task Force,
Government of Canada
*Fighting the Unseen Enemy: Update from the COVID-19
Immunity Task Force*
Webinar, July 29, 2020

David Denison, Former President and Chief Executive
Officer, Canada Pension Plan Investment Board (2005-
2012); Jim Leech, Former President and Chief Executive
Officer, Ontario Teachers' Pension Plan (2007-2013);
Henri-Paul Rousseau, Former President and Chief Executive
Officer, Caisse de dépôt et placement du Québec (2002-
2008)
Managing a Pension Fund Through a Crisis
Webinar, August 12, 2020
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Prudential Policy, Canadian Bankers Association; Mikael
Khan, Director, Real Sector Stability, Financial Stability
Department, Bank of Canada; Stéfane Marion, Chief
Economist and Strategist, National Bank Financial
*What Role Does the Housing Market Play in Sustaining Canada's
Financial Stability?*
Webinar, August 18, 2020
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Steven Altman, Adjunct Assistant Professor, New York University; Executive Director of the Center for the Globalization of Education and Management, Stern School of Business, New York University; Ailish Campbell, Chief Trade Commissioner and Assistant Deputy Minister, International Business Development, Global Affairs Canada; Paul Deegan, Managing Partner and Chief Executive Officer, Deegan Public Strategies; Former Deputy Executive Director, National Economic Council, The White House
Globalization in a Post-pandemic World
Webinar, August 19, 2020
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Michael Bourque, Chief Executive Officer, Canadian Real Estate Association; Bob Dugan, Chief Economist, Canada Mortgage and Housing Corporation; Katherine Judge, Economist, CIBC Capital Markets
What can we expect for housing demand as economies re-open across the country?
Webinar, August 20, 2020
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Romy Bowers, Senior Vice-President, Client Solutions, Canada Mortgage and Housing Corporation; Jeremy Wedgbury, Senior Vice President, Commercial Mortgages, First National Financial LP
How will the Pandemic Impact Real Estate in Canada's Urban Centres?
Webinar, August 24, 2020
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The Honourable Peter Bethlenfalvy, President, Treasury Board of Ontario; Sarah Davis, President, Loblaw Companies Limited; Melissa Kennedy, Executive Vice President, Chief Legal Officer & Public Affairs, Sun Life Financial; Jeffrey Russell, President and Senior Managing Director, Accenture Canada
New Ways of Working: Re-inventing Your Business in the Age of COVID-19
Webinar, August 31, 2020
Sponsored by Accenture

Craig Alexander, Partner & Chief Economist, Deloitte LLP; Douglas Porter, Chief Economist, BMO Financial Group; Craig Wright, Senior Vice-President & Chief Economist, RBC
The Outlook for Canada's Recovery
Webinar, September 9, 2020
Sponsored by the Canadian Bankers Association

Grant Vingoe, Acting Chair and Chief Executive Officer, Ontario Securities Commission
Regulatory Focus in Turbulent Times
Webinar, September 14, 2020
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Charles Emond, President and Chief Executive Officer, Caisse de dépôt et placement du Québec
View from CDPQ: Driving Performance and Progress in Challenging Times
Webinar, September 21, 2020
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Chris Bataille, Research Associate, Institute for Sustainable Development and International Relations, IDDRI.org, Paris; Adjunct Professor, Simon Fraser University; Michael Bernstein, Executive Director, Canadians for Clean Prosperity; Steve Oldham, Chief Executive Officer, Carbon Engineering Ltd.
Is Carbon Pricing Key to a Low-Carbon Future?
Webinar, September 22, 2020

Ben Gully, Assistant Superintendent, Regulation Sector, Office of the Superintendent of Financial Institutions
Adapting Prudential Policy for the New Normal
Webinar, September 28, 2020

Dr. Ann Collins, President, Canadian Medical Association; Don Drummond, Adjunct Professor and Stauffer-Dunning Fellow, Queen's University; Dr. Duncan G. Sinclair, Distinguished Fellow, School of Policy Studies, Queen's University
Change Accelerator: A Post-COVID Healthcare Reform Agenda
Webinar, September 20, 2020

Corey Diamond, Executive Director, Efficiency Canada; Don Forgeron, President and Chief Executive Officer, Insurance Bureau of Canada; Bruce Lourie, President, Ivey Foundation
Going Green and Climate Resilient: Advancing Canada's Economic Recovery
Webinar, October 5, 2020
Sponsored by the Ivey Foundation

Kirsten Hillman, Canada's Ambassador to the United States, Global Affairs Canada
Canada-US Relations: COVID-19 Economic Recovery and Beyond
Webinar, October 6, 2020
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2020 POLICY EVENTS (CONTINUED)

Dr. Kyle Hanniman, Assistant Professor of Political Studies, Queen's University; Paul Jenkins, Senior Fellow, C.D. Howe Institute; Former Senior Deputy Governor, Bank of Canada; Warren Lovely, Managing Director, Head of FICC Strategy, National Bank Financial

Provinces in the Red: Crisis Debt Loads?

Webinar, October 15, 2020

The Annual David Laidler Lecture

Dr. Deirdre McCloskey, Distinguished Professor Emerita of Economics and of History, and Professor Emerita of English and of Communication, University of Illinois at Chicago

How Liberalism Made Us Rich, and Pretty Good, Too

Webinar, October 20, 2020

Scholars' Webinar Series

Dr. Catherine Mann, Global Chief Economist, Citibank; Former Chief Economist, Organisation for Economic Co-operation and Development; Richard M. Rosenburg Professor, International Economics & Finance, Brandeis University

Global Prospects: How Deep and Persistent the COVID Scars

Webinar, October 22, 2020

Scholars' Webinar Series

James Brodie, General Manager, Johnson & Johnson Medical Devices Companies of Canada; Dr. Chris Simpson, Chair, Surgical and Procedural Planning Committee, Government of Ontario; Vice-dean, School of Medicine, Queen's University; Altaf Stationwala, President and Chief Executive Officer, MacKenzie Health; Chair of the Board, Ontario Hospital Association

Ontario Surgical Waitlists and COVID-19: Lessons for the Second Wave

Webinar, October 26, 2020

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Dr. Lawrence H. Summers, Charles W. Eliot University Professor and President Emeritus at Harvard University; Former Treasury Secretary, United States Department of the Treasury; Former Director, National Economic Council

The Outlook for Global Growth and Living Standards Pre and Post-COVID-19

Webinar, November 3, 2020

Scholars' Webinar Series

Dr. Gerald Batist, Professor, Departments of Medicine and Oncology, McGill University; Director, Segal Cancer Centre, Jewish General Hospital; Dr. Patricia Danzon, Celia Moh Professor at The Wharton School, University of Pennsylvania; Dr. Pierre-Gerlier Forest, Professor and Director of the James S. and Barbara A. Palmer Chair in Public Policy, University of Calgary

Innovative Policies for Life Sciences Innovation

Webinar, November 19, 2020

Sponsored by Johnson & Johnson Canada and Life Sciences Ontario

Brenda Brouwer, Interim Dean, Smith School of Business, Queen's University; John Hepburn, Chief Executive Officer and Scientific Director, Mitacs; Rachel Wernick, Senior Assistant Deputy Minister, Skills and Employment Branch, Employment and Social Development Canada

Graduating into a Crisis: Entering the Workforce During the COVID Recession

Webinar, November 24, 2020

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Bev Dahlby, Distinguished Fellow, Tax and Economic Growth, University of Calgary; Alexandre Laurin, Director of Research, C.D. Howe Institute; Michael Smart, Professor, Department of Economics, University of Toronto

Adrift: Finding a New Fiscal Anchor for Canada

Webinar, November 30, 2020

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Nicholas Bloom, William D. Eberle Professor of Economics, Stanford University; Dan Kelly, President and Chief Executive Officer, Canadian Federation for Independent Business; Jon Ramscar, Executive Vice President and Managing Director, CBRE Canada

A Towering Problem? COVID-19 and the Demand for Commercial Real Estate

Webinar, December 7, 2020

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

Resilience Through Change

Webinar, December 9, 2020

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Dr. Mohit Bhandari, Professor and Associate Chair of Research in the Department of Surgery, McMaster University; President, Ontario Orthopedic Association; Dr. Ann Collins, President, Canadian Medical Association; Dr. Ronald Denis, Surgeon and Head of the Department of Surgery, CIUSSS du Nord de l'Île de Montréal; Director, Trauma Program, Associate Clinical Professor, University of Montreal; Dr. James Kinross, Founder, PanSurg Collaborative; Consultant Colorectal Surgeon, St. Mary's Hospital London; Clinical Senior Lecturer in Colorectal Surgery, Faculty of Medicine, Department of Surgery & Cancer, Imperial College London; Dr. Kimberley Simmonds, Executive Director, Health System Planning & Quality Branch, Alberta Ministry of Health; Chief of Analytics, Alberta COVID Response

Canadian Surgical Waitlists and COVID-19: Lessons for the Second Wave

Webinar, December 10, 2020

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Daniel Yergin, Pulitzer Prize-winning Author; Vice Chairman, IHS Markit

The New Map: Energy, Climate, and the Clash of Nations
Webinar, December 11, 2020

Jimmy Jean, Stratège macro-économique, Desjardins; Norma Kozhaya, Vice-présidente à la recherche et économiste en chef, Conseil du patronat du Québec; Miville Tremblay, Senior Fellow à l'Institut C.D. Howe
Les perspectives de reprise au Québec et au Canada
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Associate Director, Research

Alexandre Laurin
Director of Research

Colin MacKenzie
Editor, Intelligence Memos

Parisa Mahboubi
Senior Policy Analyst

Yann Martin
Development Officer

Melissa McGee
Grant Writer

Duncan Munn
President

Stephane Paris
Manager, Development and Member
Relations

Christa Perez
Coordinator for Research

Joan Price
Corporate Secretary and Executive
Assistant to the Chief Executive Officer

Hannah Riordan
Manager, Programs

William B.P. Robson
Chief Executive Officer

Nancy Schlömer
Communications Officer

Daniel Schwanen
Vice President, Research

Dharti Thakkar
Office Coordinator

Tammy Trepanier
Senior Event Planner

Jennifer West
Event Coordinator

Jacquelin Wong
Senior Event Planner

Miles Wu
Research Assistant

Rosalie Wyonch
Senior Policy Analyst

Yang Zhao
Senior Graphic Designer

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, 2020, 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, 2020, 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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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.

The image shows a handwritten signature in cursive script that reads "Deloitte LLP". The signature is written in dark ink on a light-colored background.

Chartered Professional Accountants
Licensed Public Accountants
May 3, 2021

C.D. HOWE INSTITUTE

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents		5,422,974	2,958,211
Short-term investments		—	874,095
Accounts receivable		637,768	605,423
Prepaid expenses		81,525	56,407
		6,142,267	4,494,136
Long-term investments	4	5,798,965	5,780,047
Capital assets	5	391,378	446,766
		12,332,610	10,720,949
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	6	139,198	137,957
Deferred revenue		2,956,081	2,046,376
		3,095,279	2,184,333
Long-term			
Deferred capital contributions		94,018	117,982
Deferred rent		123,170	154,622
		217,188	272,604
		3,312,467	2,456,937
Fund balances			
Invested in capital assets	7	297,360	328,784
Operating		2,943,406	2,173,827
Endowment funds	8	5,779,377	5,761,401
		9,020,143	8,264,012
		12,332,610	10,720,949

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, 2020

	2020 \$	2019 \$
Revenue		
Contributions and subscriptions	5,159,032	4,786,806
Events revenue	237,708	1,523,240
Investment income – realized gains	26,987	56,265
Contract revenue	4,234	4,140
Investment income – unrealized gains on operating fund long-term investments	2,113	6,481
Publication sales	5,428	8,383
Government assistance	1,242,499	—
	6,678,001	6,385,315
Expenses		
Research, administrative and project expenses	5,740,466	6,174,865
Amortization	199,250	181,096
Loss on disposal of capital assets	130	1,969
	5,939,846	6,357,930
Excess of revenue over expenses for the year	738,155	27,385

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, 2020

	Notes	Invested in Capital Assets Fund \$	Operating Fund \$	Endowment Funds \$	2020 Total \$	2019 Total \$
Balances, beginning of year		328,784	2,173,827	5,761,401	8,264,012	7,946,941
(Deficiency) excess of revenue over expenses for the year		(175,416)	913,571	—	738,155	27,385
Unrealized gains on investments during the year	8	—	—	32,952	32,952	447,456
Contributions received during the year	8	—	—	25,100	25,100	25,000
Investment income	8	—	—	241,171	241,171	200,585
Transfer to deferred revenue during the year	8	—	—	(281,247)	(281,247)	(383,355)
Purchases of capital assets		143,992	(143,992)	—	—	—
Balances, end of year		297,360	2,943,406	5,779,377	9,020,143	8,264,012

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

C.D. HOWE INSTITUTE

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2020

Notes	2020 \$	2019 \$
Operating activities		
Excess of revenue over expenses for the year	738,155	27,385
Items not affecting cash		
Amortization of capital assets	199,250	181,096
Loss on disposal of capital assets	130	1,969
Amortization of deferred capital contributions	(23,964)	(23,964)
Unrealized gains on operating long-term investments	(2,113)	(6,481)
Amortization of deferred rent	(31,452)	(11,905)
	880,006	168,100
Changes in non-cash working capital items		
Accounts receivable	(32,345)	(296,246)
Prepaid expenses	(25,118)	7,823
Accounts payable and accrued liabilities	1,241	(83,235)
Deferred revenue	909,705	414,159
	1,733,489	210,601
Investing activities		
Purchases of capital assets	(143,992)	(96,309)
Purchases of long-term investments	(999,666)	(655,403)
Purchases of short-term investments	—	(874,095)
Proceeds on sale of short-term investments	874,095	—
Proceeds on sale of long-term investments	982,861	370,208
	713,298	(1,255,599)
Financing activity		
Endowment contributions, unrealized gains and investment income, less unrealized losses and transfers	8 17,976	289,686
Increase (decrease) in cash and cash equivalents during the year	2,464,763	(755,312)
Cash and cash equivalents, beginning of year	2,958,211	3,713,523
Cash and cash equivalents, end of year	5,422,974	2,958,211
Cash and cash equivalents is comprised of:		
Cash	319,015	324,349
Cash equivalents	5,103,959	2,633,862
	5,422,974	2,958,211

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

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

1. Description of organization

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

2. Summary of significant accounting policies

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

Contributions

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

Government assistance

The Institute recognizes unrestricted government assistance as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Government assistance that is restricted is deferred and recognized as revenue when there is reasonable assurance that the Institute has complied with the conditions related to the government assistance. Deferred revenue includes \$Nil (\$Nil as at December 31, 2019) with respect to government assistance.

Financial instruments

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

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

Cash and cash equivalents

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

Short-term investments

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

2. Summary of significant accounting policies (continued)

Short-term investments consist of Canadian securities with original maturity dates of more than three months and less than one year.

Long-term investments

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

Capital assets

Capital asset additions are recorded at cost at the time of acquisition. Amortization is calculated using the straight-line basis at 33-1/3% per annum for electronic equipment and computer hardware and software and 10% per annum for furniture, fixtures and equipment. Conference equipment is amortized on the straight-line basis over six years. Signage and leasehold improvements are amortized on the straight-line basis over the term of the lease.

Publications

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

Deferred capital contributions

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

Deferred rent

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

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not for profit organizations requires management to make estimates and assumptions that affect amounts reported therein. Actual results may differ from such estimates used in preparing the financial statements. Estimates are used when accounting for a number of items including, but not limited to the valuation of long-term investments, accounts payable and 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

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

2. Summary of significant accounting policies (continued)

investment income.

Invested in Capital Assets Fund

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

3. Commitments

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

	\$
2021	106,605
2022	106,605
2023	106,605
2024	97,721
	417,536

4. Long-term Investments

Long-term investments are recorded in the following funds:

	Endowment \$	Operating \$	2020 Total \$	2019 Total \$
Long-term	5,779,377	19,588	5,798,965	5,780,047
Long-term investments consist of				
Fixed income			1,811,347	1,705,488
Canadian equities			931,802	939,623
International equities			3,055,816	3,134,936
			5,798,965	5,780,047

The amortized cost of long-term investments is \$5,412,807 (\$5,427,783 as at December 31, 2019).

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

5. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
	\$	\$	\$	\$
Furniture, fixtures and equipment	455,182	400,234	54,948	61,509
Computer hardware and software	1,100,190	976,580	123,610	121,693
Electronic equipment	70,481	70,481	—	188
Conference equipment	92,867	91,534	1,333	3,887
Signage	12,289	9,219	3,070	3,851
Leasehold improvements	751,128	542,711	208,417	255,638
	2,482,137	2,090,759	391,378	446,766

6. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities include \$Nil (\$Nil in 2019) with respect to amounts owing to the Government.

7. Invested in Capital Assets Fund

The Invested in Capital Assets Fund balance consists of:

	2020	2019
	\$	\$
Capital assets (Note 5)	391,378	446,766
Deferred capital contributions	(94,018)	(117,982)
	297,360	328,784

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

8. Endowment Funds

	Roger Phillips \$	Jack Mintz \$	Special Studies \$	Sylvia Ostry \$	Monetary Policy \$	2020 Total \$	2019 Total \$
Balance, beginning of the year	1,030,730	249,356	2,384,725	801,526	1,295,064	5,761,401	5,471,715
Revenue							
Contributions received	—	100	—	—	25,000	25,100	25,000
Unrealized gains	1,888	1,266	16,755	4,247	8,796	32,952	447,456
Investment income	44,475	10,356	100,149	33,283	52,908	241,171	200,585
	46,363	11,722	116,904	37,530	86,704	299,223	673,041
Transfer to deferred revenue	(90,608)	(9,983)	(95,684)	(32,092)	(52,880)	(281,247)	(383,355)
Balance, end of year	986,485	251,095	2,405,945	806,964	1,328,888	5,779,377	5,761,401

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

The Jack Mintz Endowment Fund was established to support an annual visit and economic seminar by an eminent expert. During the year, further contributions of \$100 (\$NIL in 2019) were received. The capital is to be invested and the investment income is available to fulfill the purpose of the endowment.

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

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

The Monetary Policy Endowment Fund was established during 2009 to support research, publications and events resulting in further understanding of, and offer policy advice on, Canadian Monetary policy. During the year, further contributions of \$25,000 (\$25,000 in 2019) were received. The capital is to be invested and the investment income earned is being retained in the Fund to fulfill the purpose of the endowment.

During the year, in accordance with the wishes of the Endowers, \$281,247 (\$383,355 in 2019) of realized investment income was transferred to deferred revenue for the purpose of funding future activities over the fiscal years 2021 to 2023.

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

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

9. Pension plan

The Institute sponsors a group registered retirement savings plan and a group tax free savings plan for its employees. The Institute's liability is limited to matching contributions for the year and these amounted to \$129,644 (\$117,113 in 2019).

The Institute sponsors a defined contribution registered pension plan and contributions for the year amounted to \$41,205 (\$42,421 in 2019).

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.

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

C.D. HOWE INSTITUTE

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020

11. Risk management (continued)

market. To mitigate this specific risk, the Institute invests in a diversified portfolio of investments in accordance with the Institute's Statement of Investment Policies.

Interest rate risk

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

Credit risk

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

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Institute invests in non-Canadian equities and is therefore directly exposed to currency risk, as the value of equities denominated in other currencies will fluctuate due to changes in exchange rates.

12. Subsequent event

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Institute in future periods.

BECOME A MEMBER

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

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

SUPPORT THE INSTITUTE

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

CONTACT US

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

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

www.cdhowe.org

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