



**2008 annual report**

### financial highlights of operating fund

The IRPP operations have run at a surplus for the last three years.

(in thousands of dollars)

	<b>2008</b>	<b>2007</b>	<b>2006</b>
Operational budget	2,629	2,663	2,745
Operational expenses	2,474	2,485	2,717
Operational budget over expenses	155	178	28

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## message from the chair of the board of directors

### board of directors

Janice MacKinnon  
Chair

Graham Scott  
Vice-Chair

Peter Aucoin, Halifax  
Jim Dinning, Calgary  
Catherine Delaney, Toronto  
Ann Fitz-Gerald, UK  
Fred Gorbet, Toronto  
Shira Herzog, Toronto  
Antonia Maioni, Montreal  
John Manley, Ottawa  
Barbara McDougall, Toronto  
A. Anne McLellan, Edmonton  
L. Jacques Ménard, Montreal  
Martha Piper, Vancouver  
Guy Saint-Pierre, Montreal  
Bernard Shapiro, Montreal  
Mary Simon, Ottawa  
Gordon Smith, Victoria  
Paul Tellier, Montreal  
Gordon Thiessen, Ottawa  
Kent Weaver, Washington, DC  
Wanda Wuttunee, Winnipeg

It has been another stellar year for the IRPP. I was able to attend the two-day conference last fall on the issue of security and human rights and was impressed with the quality of the presentations and the diversity of views expressed in the debate. The staff of the IRPP are also to be congratulated for publishing high-quality publications that address issues of current concern from a variety of perspectives. Mel Cappe's new emphasis on engaging directly with government decision-makers is also paying important dividends.

Turning to Board business, Nellie Cournoyea, Doug Emsley, Pierre Marc Johnson and Kathleen Mahoney are stepping down from the Board after two consecutive terms. Yvan Bourdeau is stepping down after two years on the Board. Peter Dobell, who was present at the founding of the Institute and recorded his long experience in a 2003 history of the IRPP, now updated in a postscript, is stepping down after 38 years of service. On behalf of the Board I want to thank them all very much for their valuable contributions to the Institute.

**JANICE MACKINNON** SASKATOON, JUNE 2008



Ann Fitz-Gerald and Wanda Wuttunee are renewing for a second term. Joining the Board are **Jim Dinning**, Chairman of the Board of Directors of Western Financial Group; **Anne McLellan**, deputy prime minister under the Right Honorable Paul Martin; **Jacques Ménard**, Chairman of BMO Nesbitt Burns and President of BMO Financial Group, Quebec; **Mary Simon**, President of Inuit Tapiriit Kanatami and formerly ambassador for circumpolar affairs at the Department of Foreign Affairs and International Trade; and **Paul Tellier**, formerly with CN and Bombardier. I want to thank the renewing members for agreeing to continue their service to the Institute, and I welcome the new Board members. ■



## message from the president

This has been a busy year for the IRPP. We continue to be guided by the IRPP mission statement calling for us to improve public policy by “generating research, providing insight and sparking debate.” The key to our brand is the quality of our research and we certainly maintained our high standards in the 17 research publications released in 2007-08.

In our efforts to implement the strategic plan approved by the Board in December 2006, we maintained our focus on connecting our research to decision-makers, as well as the public at large. We held a total of 15 mostly sold-out public events in various Canadian cities with a view to engaging with the public, NGOs, and business and government leaders on our work. We also had the opportunity to present and discuss the results of our research with, among others, senior officials at the federal Departments of Finance, Citizenship and Immigration, the Bank of Canada, Queen’s Park, the Ministère de l’Immigration et des Communautés culturelles du Québec and the City of Toronto.

The IRPP communications team is central to our success in sparking public policy debate. An illustrative example was the op-ed “How to Make Free Riders

Pay?,” drawn from Thomas Courchene and John Allan’s March 2008 *Policy Options* article on carbon tariffs, and initially published in the *Globe and Mail*. The piece triggered a ripple effect, generating several letters as well as several responses in competing newspapers, including several columns by the *National Post*’s Terence Corcoran. References to our research were frequent in the popular media, including 305 print articles, columns and editorials, as well as 26 radio or television appearances. A total of 69 opinion articles under the byline of IRPP authors or staff appeared on the comment pages in newspapers across Canada, or more than one a week.

The IRPP’s Web site, which has become the focal point of dissemination of the Institute’s research, moved into its second decade in 2007-08, with over 300,000 visitors downloading on-line documents and publications over 1.2 million times. We have also seen explosive growth in the RSS feeds and podcasts that were begun in 2007.

Over the past few years the IRPP has made a concerted attempt to seek out highly talented up-and-coming scholars to take part in our studies. This year, we published Mark Jaccard and Nic Rivers’s work on policies for greenhouse gas reductions, as well as work by other young researchers, like Maude Boulet, Éric Charest and Elizabeth McIsaac.

While I have highlighted the work of some of our younger researchers, none of this takes away from the myriad high-quality studies we have published in the past year by highly respected scholars, such as Thomas Courchene, Henry Milner, Jonathan Kesselman, Marie-Thérèse Chicha and Gillian Doherty, whom we continue to attract.

One of the many examples that illustrate the Institute’s ability to gather diverse actors for high-level cross-disciplinary policy discussions was the [Canadian Priorities Agenda](#) project, whose results were published in October 2007. This innovative two-year project enlisted 45 of the best policy minds in Canada for a broad-based public debate on policy choices for Canada over the medium term. The results of this project have sparked unprecedented interest on the part of policy-makers as well as the academic community. >>

*Policy Options*, our flagship magazine, under the capable editorial leadership of L. Ian MacDonald, has been able to move closer to the news cycle and yet maintain its high quality of insightful and thought-provoking articles, as well as interviews and articles by and about political leaders. Articles are available on our Web site free of charge and account for nearly half of total publication downloads. Ian is ably assisted by associate editor Sarah Fortin (who is also research director for Investing in Our Children, Work-Life Balance and The Faces of Aging).

To recognize the long-standing contribution of Ronald Watts to the Institute and our research on federalism, at a *festschrift* launch organized by Queen's University we publicly made Ron a Lifetime Fellow of the IRPP. Ron continues to serve on the Institute's Research Committee.

Peter Dobell was present before the Institute's creation in 1972, actually going back to 1969 when he helped Ron Ritchie, then the executive vice president of Imperial Oil, prepare a report for Prime Minister Trudeau entitled "An Institute for Research on Public Policy." And for the 36 years of the IRPP's existence Peter has been, in one way or another, associated with the Institute, and is now completing the second of two consecutive terms on the Board. In order to maintain that relationship and in recognition of his contribution to research on public policy in Canada, Peter was made a Lifetime Fellow of the IRPP, joining Gordon Robertson, Michael Kirby, Claude Ryan, Tom Kent, Hugh Segal and Ron Watts.

This year saw some changes in staff. Geneviève Bouchard, director of research for the program Diversity, Immigration and Integration as well as Strengthening Canadian Democracy, spent six months in Brussels at the Centre for European Policy Studies, while also pursuing her projects for IRPP. Jackson Wightman resigned as communications director to work with a private public-relations firm. While Jackson upped the IRPP communications game, Kate Shingler has ably filled his shoes to extend the reach of our research. Jo-Anne Boluk, after several years of capably being the Institute's eyes and ears in Toronto, took her leave. And Virginie Leduc left us to work for the government on the 2008 meeting of la francophonie.

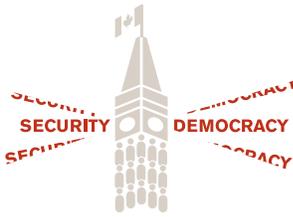
The rest of the staff of the IRPP form a very strong multitasking team. Chantal Létourneau capably works on the production of *Policy Options* and all our other research publications. Félice Schaeffli is my personal assistant and helps out with translation, editing and proofreading. Francesca Worrall is the very able editorial coordinator. Jeremy Leonard also wears several hats, serving as research director for Innovation and Productivity and the Canadian Priorities Agenda as well as offering counsel on outreach strategies and serving as Webmaster. Suzanne Lambert professionally coordinates the logistics and operations of all the many events. Guadalupe Bermejo looks after the finances and acts as comptroller. And Leslie Seidle is Senior Research Associate for Aboriginal Quality of Life and Northern Exposure. Jean-Simon Farrah provides helpful research assistance on a wide array of issues.

In addition, there is an invaluable network of highly competent and professional copy editors, translators, designers and printers who are part of the IRPP family and who help make our product so polished and professional.

At the end of the day, the IRPP's accomplishments would not be possible without the effective and demanding leadership of France St-Hilaire, Vice President, Research; and Suzanne Ostiguy McIntyre, Vice President, Operations. I thank them both very much for a job well done. Suzanne spent a part of this past year recovering from health challenges and she was sorely missed. We are happy to see her return healthy and operating on all cylinders.

I would be remiss if I did not thank the distinguished members of the Board of Directors of the IRPP. Under Chair Janice MacKinnon's leadership, the Board provides strategic direction to the Institute and me and protects our independence.

I look forward to 2008/09 as another year of contributing to improving public policy by "generating research, providing insight and sparking debate." ■



## security and democracy

As Parliament continues to try to attain the potentially coherent objectives of security and democracy, the Institute's research program looks at the role of institutions and legislation in meeting those objectives. As well, it examines the lessons for modern anti-terrorism policy of Canadian experience in the past with terrorism and dealing with threats to the state.

In September 2007 the Institute organized a conference, "Protecting Security and Human Rights: The Case of Migration in Canada." In this way we were able to examine linkages between the Security and Democracy and the Diversity, Immigration and Integration research programs. The event provided a unique opportunity for dialogue among academics, senior public servants and practitioners in the fields of both security and human rights, who do not often have the occasion for a frank exchange of views and perspectives. Among the attendees were several deputy ministers and a judge. Keynote speakers included the prime minister's national security advisor as well as Demetrios Papademetriou of the Washington, DC-based Migration Policy Institute.

RESEARCH DIRECTORS: **MEL CAPPE AND WESLEY WARK**

We also published a timely piece by Kent Roach on the capacity of Parliament, particularly in a minority government, to review complex and difficult legislation. The study assesses the policy-making process behind the review of the *Anti-terrorism Act* and the expiry of its provisions regarding preventive arrests and investigative hearings and concludes that the quality of debate and analysis in Parliament is much too low to provide constructive input with regard to whether they should be renewed or not. In addition to extensive coverage in the national and regional print media (including an op-ed under the author's byline in the *Globe and Mail*), the IRPP posted a [podcast](#) discussion featuring the author and project directors Mel Cappe and Wesley Wark, which has been listened to several hundred times and received a strong response from MPs and Senators.

Accountability, foreign intelligence capacity, secrecy, radicalization and extremism, and intelligence failures are some of the topics examined in studies currently underway in this program. ■

### publication

**"Better Late than Never? The Canadian Parliamentary Review of the *Anti-terrorism Act*"**

Kent Roach  
*IRPP Choices*, September 2007

### events

**Conference: "Protecting Security and Human Rights: The Case of Migration in Canada"**  
September 20-21, 2007, Ottawa

**Working Lunch: "Balancing Acts: Canadian Immigration Policy in Context"**  
Demetrios Papademetriou  
(Migration Policy Institute, Washington)  
September 21, 2007, Ottawa

# diversity, immigration and integration



The IRPP undertook an extensive research agenda on Canada's immigration and refugee policy in the wake of the September 11, 2001 terrorist attacks. The main focus was initially on concerns associated with issues of national sovereignty versus economic integration, security and border controls and reconciling humanitarian and economic policy goals, and has since evolved to examine specific aspects of the economic and social integration of immigrants.

This broadening of the scope of our research is reflected in the new title, "Diversity, Immigration and Integration," under the direction of Geneviève Bouchard. In addition to questions of economic integration, the Institute will explore some of the issues that were raised at our third Art of the State conference, "Diversity and Canada's Future," on the policy challenges of growing diversity, recognition and shared citizenship in Canada.

The May 2007 study by Naomi Alboim and Elizabeth Mclsaac on the federal role in immigrant integration generated a great deal of attention. They underscore the lack of policy coherence as a result of too many stakeholders working on different aspects of the problem, and they argue that the role of the federal government should be to improve collaboration and make the connections among the private and public sector players. The authors were joined by senior officials from all levels of government as panel discussants at sold-out public events in Ottawa and Toronto. Media coverage was coast-to-coast, and included a nationally syndicated column by former deputy prime minister Sheila Copps, which said the study "provides critical insights into the challenges facing newcomers." The release of the study coincided with the launch of the Foreign Credentials Referral Office, part of the federal government's policy response.

Another notable release in the context of the Bouchard-Taylor Commission and the "reasonable accommodation" debate in Quebec was "L'intégration des immigrants sur le marché du travail à Montréal: politiques et enjeux" by Marie-Thérèse Chicha and Éric Charest, which casts serious doubt on the ability of existing support programs to address the needs of newcomers to Montreal's labour market. The authors recommend that an independent coordinating agency be established, and that the coverage of effective programs such as bridge training and internships. Released several days after the announcement of several measures to that effect in the March 2008 provincial budget, the study was widely covered by major Montreal media outlets, and its research findings provided timely information for news stories, op-eds, columns and editorials in the postbudget analysis. ■

RESEARCH DIRECTOR: **GENEVIÈVE BOUCHARD**

## publications

### "Making the Connections: Ottawa's Role in Immigrant Employment"

Naomi Alboim and Elizabeth Mclsaac  
*IRPP Choices*, May 2007

### "Détérioration des salaires des nouveaux immigrants au Québec par rapport à l'Ontario et à la Colombie-Britannique"

Brahim Boudarbat and Maude Boulet  
*Choix IRPP*, November 2007

### "Religion-Based Alternative Dispute Resolution: A Challenge to Multiculturalism"

Marion Boyd  
*Art of the State III*, chapter, December 2007

### "Diversité, appartenance et citoyenneté partagée"

Keith Banting, Thomas J. Courchene and F. Leslie Seidle  
*Art of the State III*, conclusion, January 2008

### "L'intégration des immigrants sur le marché du travail à Montréal: politiques et enjeux"

Marie-Thérèse Chicha and Éric Charest  
*Choix IRPP*, March 2008

## events

### **Private Working Lunch: Public Policy Forum Foreign Study Tour**

May 9, 2007, Montreal

### **Policy Panel on immigrant employment**

Moderator: Steve Paikin (TV Ontario)

Presenters: [Naomi Alboim](#) (Queen's University) and [Elizabeth Mclsaac](#) (Toronto Region Immigration Employment Council)

Commentators: Joan Andrew (Ontario Ministry of Citizenship and Immigration), Les Linklater (CIC), Rosanna Scotti (City of Toronto) and Murray Coolican (formerly with Manulife Financial)

May 22, 2007, Toronto

### **Policy Panel on immigrant employment**

Moderator: Gordon Thiessen (former Governor of the Bank of Canada)

Presenters: [Naomi Alboim](#) (Queen's University) and [Elizabeth Mclsaac](#) (Toronto Region Immigration Employment Council)

Commentators: [Malcolm Brown](#) (CIC), [Karen Jackson](#) (HRSDC) and [Carole Gagnon](#) (United Way and Hire Immigrants Ottawa)

May 23, 2007, Ottawa

### **Working Lunch: "Le pluralisme et la société québécoise: le cas des immigrants et des Autochtones"**

Presenters: Daniel Salée (Concordia University) and Annick Lenoir (Université de Sherbrooke)

May 26, 2007, Quebec City

### **Working Lunch: "Does the Quebec Labour Market Welcome New Immigrants? The Realities and Challenges of Economic Integration"**

Presenters: [Brahim Boudarbat](#), [Maude Boulet](#), [Marie-Thérèse Chicha](#) and [Éric Charest](#) (Université de Montréal)

Commentator: [France Pelletier](#) (National Bank of Canada)  
December 10, 2007, Montreal

### **Brown-Bag Lunch: "Détérioration des salaires des nouveaux immigrants au Québec par rapport à l'Ontario et à la Colombie-Britannique"**

Organized by the Quebec Metropolis Centre and the IRPP  
Presenters: [Brahim Boudarbat](#) and [Maude Boulet](#)

(Université de Montréal)

December 12, 2007, Montreal



## innovation and productivity

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The most important high-level driver of productivity is innovation, which is itself the result of complex and poorly understood interactions between research and development, education, investment and a host of other factors. The goal of this project, directed by Jeremy Leonard, is to examine the channels by which efforts to improve Canada's innovation performance can result in productivity improvements.

In 2007-08, the Institute commissioned several research papers that will be published early in the next fiscal year. In the first of these, Donald McFetridge (Carleton University) provides a historical view of how Canada has attempted (and failed) to solve the disconnect between investments in science and technology and commercial innovation over the past several decades, and offers lessons for public policy. In other papers to be published in this series, Jorge Niosi (Université du Québec à Montréal) examines obstacles facing university-industry technology transfer and suggests ways to alleviate them, and James Brox (University of Waterloo) examines how investments in public infrastructure affect the productive capacity of Canadian manufacturers and assesses recent government policy initiatives. ■

RESEARCH DIRECTOR: **JEREMY LEONARD**

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# a canadian priorities agenda

The Institute released *A Canadian Priorities Agenda: Policy Choices to Improve Economic and Social Well-Being* in October 2007, to coincide with the Speech from the Throne. The book is the culmination of a unique two-year project designed to initiate a broad-based public debate on policy priorities for Canada over the medium term. Co-directed by Jeremy Leonard, France St-Hilaire and Christopher Ragan, the project departs from the standard “silo” approach to public policy deliberation by weighing proposals across a wide spectrum of economic and social policy challenges within a consistent methodological framework.

A key objective of this project was to bring together some of the best policy minds in the country to examine and deliberate these challenges. The 45 individuals who played a role in the CPA process – the agenda-setters who helped us identify the eight broad policy challenges at issue; the *analysts* who put forward their policy recommendations; the *critics* who gave their assessment of the policies proposed; and the *judges* whose task it was to review the evidence and arguments presented and assemble a policy package from the proposals on offer – certainly qualify. Each has contemplated, analyzed and debated Canadian policy for many years. Most have experience either in government or advising government at the highest levels.>>

## publications

### “Canadian Policies for Deep Greenhouse Gas Reductions”

Mark Jaccard and Nic Rivers, with commentaries by [Christopher Green](#) and [James Meadowcroft](#)  
Prereleased chapter, May 2007

### “Canadian Engagement in the Global Economy”

Michael Hart, with commentaries by [Jonathan T. Fried](#) and [Keith Head](#)  
Prereleased chapter, August 2007

### “Une feuille de route pour le Canada”

Alain Dubuc  
Translation of “Drawing a Policy Road Map for Canada”  
Policy Options, December-January 2007

### *A Canadian Priorities Agenda: Policy Choices to Improve Economic and Social Well-Being*

edited by Jeremy Leonard, Christopher Ragan and France St-Hilaire  
Monograph, October 2007

## Contents:

### Part I: The Policy Challenges

Human Capital  
“Investing in Human Capital: Policy Priorities for Canada”  
W. Craig Riddell  
Comments by Serge Coulombe and Jane Gaskell

Climate Change  
“Canadian Policies for Deep Greenhouse Gas Reductions”  
Mark Jaccard and Nic Rivers  
Comments by Christopher Green and James Meadowcroft

Natural Capital  
“Securing Natural Capital and Ecological Goods and Services for Canada”  
Nancy Olewiler  
Comments by Wiktor Adamowicz and Peter A. Victor

Population Aging  
“Some Economic and Social Consequences of Population Aging”  
David K. Foot  
Comments by Peter Hicks and Susan A. McDaniel

Economic Security  
“A Better Income Security System for All Canadians”  
Jean-Yves Duclos  
Comments by David A. Green, and Kathy O’Hara and Allen Sutherland

Health Outcomes  
“Improving Health Outcomes in Canada”  
Robert Evans, Clyde Hertzman and Steve Morgan  
Comments by Raisa Deber and Dennis Raphael

Productivity  
“Three Policies to Increase Productivity Growth in Canada”  
Andrew Sharpe  
Comments by Don Drummond and Richard G. Harris

Trade and Globalization  
“Canadian Engagement in the Global Economy”  
Michael Hart  
Comments by Jonathan T. Fried and Keith Head

## Part II: The Policy Choices

“Rising to the Challenges of Economic Transformation”  
Wendy Dobson

“Drawing a Policy Road Map for Canada”  
Alain Dubuc  
French version published in *Policy Options*

“Choosing Policies to Build and Sustain Well-Being”  
John F. Helliwell

“Navigating the Shoals: The Search for Canadian Policy Solutions”  
Richard G. Lipsey

“Policy Priorities for Canada: Making Choices”  
Carolyn Hughes Tuohy

“Think Small and Do No Harm”  
William Watson

## Part III: The Implications

“Epilogue: Some Reflections on the Judges’ Policy Choices”  
Jeremy Leonard, Christopher Ragan and France St-Hilaire

# a canadian priorities agenda



RESEARCH DIRECTORS: **JEREMY LEONARD, CHRISTOPHER RAGAN AND FRANCE ST-HILAIRE**

To build momentum for the release of the book, two chapters were published in draft form at opportune times in the news cycle. In May 2007, the Institute prereleased the chapter by Mark Jaccard and Nic Rivers entitled “Canadian Policies for Deep Greenhouse Gas Reductions,” in the context of the Conservative government’s climate proposals. In August 2007, it prereleased the chapter by Michael Hart, entitled “Canadian Engagement in the Global Economy,” in the aftermath of the meeting of the North American Security and Prosperity Partnership in Montebello, Quebec.

Upon the release of *A Canadian Priorities Agenda*, the IRPP embarked on an ongoing outreach effort, which includes public events around the country, op-ed articles and private meetings with policy-makers. The October 2007 book launch in Ottawa led to a number of private meetings with senior officials both inside and outside of government as well as public events in Toronto, Montreal and Vancouver. The latter, which focused on the interrelated policy challenges of climate change and protection of natural capital, was held just after British Columbia announced the introduction of a carbon tax in its provincial budget. No less than 11 op-eds, editorials and columns have appeared in newspapers across the country on diverse aspects of the process and substance of the project.

The project also caught the attention of several public policy schools, some of which have decided to use the volume as the basis for a graduate seminar, during which the students will play much the same role as the judges did in the CPA process. ■

## events

**Working Lunch (book launch): *A Canadian Priorities Agenda: Policy Choices for Improved Economic and Social Well-Being***  
[Jeremy Leonard](#) (IRPP), [Christopher Ragan](#) (McGill University) and [France St-Hilaire](#) (IRPP)  
November 13, 2007, Ottawa

**Working Lunch: *A Canadian Priorities Agenda: Policy Choices for Improved Economic and Social Well-Being***  
[Alain Dubuc](#) (*La Presse*), [William Watson](#) (McGill University), [Jeremy Leonard](#) (IRPP) and [France St-Hilaire](#) (IRPP)  
November 19, 2007, Montreal

**Working Lunch: *A Canadian Priorities Agenda: Policy Choices for Improved Economic and Social Well-Being***  
[Wendy Dobson](#) (Rotman School of Management) and [Carolyn Tuohy](#) (University of Toronto)  
January 22, 2008, Toronto

**Policy Panel: “A Canadian Priorities Agenda: Policy Choices to Address Climate Change and Environmental Protection”**  
Moderator: [Christopher Ragan](#) (McGill University)  
Presenters: [Nic Rivers](#) (Simon Fraser University) and [Nancy Olewiler](#) (Simon Fraser University)  
Commentators: [Jock Finlayson](#) (Business Council of BC), [Brian Bawtinheimer](#) (BC Ministry of Environment), [Graham Whitmarsh](#) (BC Climate Action Secretariat) and [Carmen Turner](#) (Teck Cominco Limited)  
February 25, 2008, Vancouver

## presentations and meetings

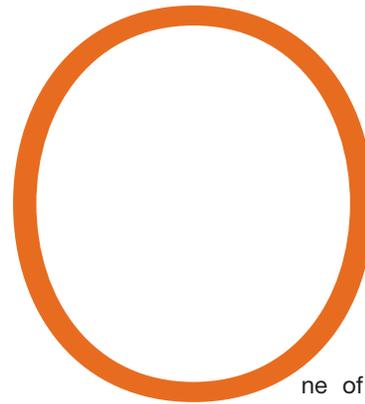
**Presentation, annual meeting of the Fédération des communautés francophones et acadienne**  
[Jeremy Leonard](#)  
February 22, 2008, Ottawa

**Panel participant, Canada School of Public Service conference “Policy in Practice”**  
[Jeremy Leonard](#)  
February 25, 2008, Ottawa

**Keynote address, Ottawa Economics Association/Canadian Association for Business Economics conference**  
[Mel Cappe](#)  
March 17, 2008, Ottawa



## aboriginal quality of life



One of the main objectives of the IRPP's Aboriginal Quality of Life research program, launched in 2006, is to document and analyze innovative approaches to improving the living conditions and community life of Canada's indigenous peoples. Each of the studies focuses on a particular policy field, and the authors have been asked to assess the impact of the innovations they examine and present lessons for policy-makers and other researchers.

This year, IRPP published two studies in the series. Isobel Findlay and Wanda Wuttunee explore innovation in women's community economic development in Canada. Drawing on three case studies of successful initiatives, they call for policy and program decision-making to be redesigned to recognize, learn from and leverage the investments of Aboriginal women's labour. Findlay and Wuttunee also underline the importance of respecting the cultural values at the heart of enterprises led by Aboriginal people. Their study has been downloaded in excess of 2,000 times since publication.

In their study Bruce Minore and Mae Katt examine moves toward Aboriginal self-determination in the health field, with a focus on the experience of community crisis teams in the Nishnawbe-Aski First Nations in northern Ontario. Although Minore and Katt say that progress has been made, they conclude that the processes of standardization across the province have curtailed the local autonomy they consider essential to such community-based programs. The conclusions of the study were discussed in several radio interviews with the authors and Project Director Leslie Seidle, which were broadcast across northern Ontario. ■

### publications

**"Aboriginal Women's Community Economic Development: Measuring and Promoting Success"**

Isobel M. Findlay (University of Saskatchewan) and Wanda Wuttunee (University of Manitoba)  
*IRPP Choices*, August 2007

**"Aboriginal Health Care in Northern Ontario: Impacts of Self-Determination and Culture"**

Bruce Minore and Mae Katt (Centre for Rural and Northern Health Research, Lakehead University)  
*IRPP Choices*, October 2007

RESEARCH DIRECTOR: **LESLIE SEIDLE**



RESEARCH DIRECTOR: SARAH FORTIN

## investing in our children

### publication

**“Ensuring the Best Start in Life: Targeting versus Universality in Early Childhood Development”**

Gillian Doherty  
*IRPP Choices*, December 2007

### events

**Lecture: Is the Class Half Empty? Using Administrative Data to Gain a Population-Based Perspective on Socioeconomic Status and Educational Outcomes**

In collaboration with the Léa-Roback Centre de recherche sur les inégalités sociales de santé de Montréal  
Marni Brownell (University of Manitoba)  
April 3, 2007, Montreal

**Working Lunch: “Measuring Up: Alberta Family Policy Present and Future”**

Presenter: [Paul Kershaw](#) (University of British Columbia)  
Commentators: [Joseph P. Hornick](#) (Canadian Research Institute for Law and the Family) and [Lois Harder](#) (University of Alberta)  
June 13, 2007, Edmonton

**Working Lunch: “Measuring Up: BC Family Policy Present and Future”**

Presenter: Paul Kershaw (University of British Columbia)  
Commentator: Kevin Milligan (University of British Columbia)  
June 14, 2007, Vancouver

his research examines issues related to family policy from the perspective of lifetime investment in human capital based on in-depth empirical evidence and analysis of the strengths and weaknesses of current policies and alternatives.

The ongoing debate surrounding the benefits and drawbacks of a targeted versus universal approach to early childhood development was the focus of our attention this year, both in the context of the Canadian Priorities Agenda and this research program.

In December 2007, the Insitute released “Ensuring the Best Start in Life: Targeting versus Universality in Early Childhood Development” by Gillian Doherty, which reviews 13 initiatives designed to enhance the development of vulnerable children and prepare them for healthy and productive lives. Her analysis suggests Canada’s targeted policies are not working as well as they should, largely because vulnerable children are found across all socio-economic groups, and argues for a universal approach to early childhood education. *Toronto Star* columnist Carol Goar referred to the study in an article highlighting the disadvantages of means-tested child development programs that was reprinted in several regional newspapers as well, and the study was downloaded over 10,000 times within three months.

Several events related to previously published work were instrumental in stimulating debates on family policy at the highest levels. The Institute held two successful working lunches in the west – in Vancouver and Edmonton – featuring IRPP author Paul Kershaw at which he discussed how Alberta and British Columbia compare within Canada and internationally with regard to the generosity of their family benefits. Several deputy ministers and MLAs were in attendance.

In addition to these public activities, Research Director Sarah Fortin had several private meetings with senior decision-makers in this domain, including with the opposition critic on family policy in the Quebec National Assembly and senior deputy ministers in federal ministries with responsibility for family policy. ■

## faces of aging



The Faces of Aging is a new research program launched in 2007 under the direction of Sarah Fortin. It will explore four main topics: retirement decisions and labour force participation; increasing privatization of risk in terms of income, health and care-giving services; implications for the public sector and the social union; and end-of-life issues. It aims to strengthen Canadian policy development in this area, addressing both the means (taxation, services, transfers, regulations) and the ends (equity, efficiency, welfare), and to inform the larger public debate. Using a life-cycle perspective, the project will consider intergenerational implications both from an individual and a family perspective (the care burden on children and grandchildren, the accumulation of resources and support across generations) as well as from a public perspective (trade-offs in public spending and the financing of programs dedicated to older versus younger generations).

To help identify potential directions of research specific to labour market participation, the IRPP organized an expert round table on the policy issues and challenges related to older workers, many of whom wish to continue working but face obstacles such as economic disincentives and outright discrimination. The event brought together 25 of Canada's foremost experts in the field, and the rapporteur's report was subsequently published on the IRPP's Web site. ■

RESEARCH DIRECTOR: **SARAH FORTIN**

### publication

**Expert Round Table on Older Workers: Rapporteur's Report**  
Prepared by Jeremy Leonard and Jean-Simon Farrah  
June 2007

### event

**Expert Round Table on Older Workers**  
May 23, 2007, Montreal



RESEARCH DIRECTOR: **LESLIE SEIDLE**

## the art of the state IV

The Art of the State is a biennial conference series, launched in 2001, designed to examine medium- to long-term policy challenges related to issues that are both multidimensional and multidisciplinary in order to provide needed new research and analysis of policy and governance options. The fourth edition, held in October 2007 at the Château Montebello in Montebello, Quebec, examined the unique governance challenges facing the Canadian North.

Long present in our national imagination as the next frontier, the North is becoming an increasingly important focal point of public policy. Climate change is having a significant impact on the environment and the way of life in the region, underlining the urgency of measures to slow the trend and facilitate adaptation to uncertain conditions. At the same time, international events have underlined the importance of safeguarding Canada's sovereignty in its Arctic regions.

The conference – generously supported by the Walter and Duncan Gordon Foundation; the Canadian Association of Petroleum Producers; the Governments of the Northwest Territories, Nunavut and the Yukon; the Government of Quebec; Foreign Affairs and International Trade Canada; and Indian and Northern Affairs Canada – was structured around the following themes:

- Canada in the circumpolar world – environmental, scientific, foreign policy and governance dimensions
- public, First Nations and Inuit governance
- northern enterprise – sustainable development, economies and communities
- sustaining people – education and human capital
- northern policy for the future

### event

**Conference: "Northern Exposure"**  
October 25-27, 2007, Montebello

The conference was particularly successful in ensuring the participation and involvement of northerners. It brought together four former premiers of territories and one current premier, two former secretaries to cabinet of the territories, several senior officials from the federal government as well as senior scientists, academics and representatives of NGOs, Aboriginal groups and the business community. Sheila Watt-Cloutier, the Nobel Peace Prize nominee, delivered an inspiring keynote address. A refreshing and much-appreciated highlight of the conference was the opening session, in which six young northerners described their aspirations for the North.

Shortly after the conference, the Institute posted podcasts of [Ms. Watt-Cloutier's speech](#) and the [youth panel](#), which have been downloaded well over 500 times.

A volume of the conference proceedings is being prepared under the direction of Frances Abele (Carleton University), Thomas Courchene (Queen's University and IRPP), France St-Hilaire (IRPP) and Leslie Seidle (IRPP). Publication is expected in late 2008 or early 2009. ■

## publications

### **“The Paradox of Compulsory Voting: Participation Does Not Equal Political Knowledge”**

Henry Milner, Peter John Loewen and Bruce M. Hicks  
*IRPP Policy Matters*, November 2007

### **“Political Knowledge and Participation among Young Canadians and Americans”**

Henry Milner  
Working paper, November 2007

## event

### **Conference session: “Political Knowledge and Participation among Young Canadians and Young Americans”**

Presenter: Henry Milner (Université de Montréal)

Commentators: Michael Adams (Environics) and Philip Resnick (University of British Columbia)  
Biennial Conference, Association for Canadian Studies in the United States

November 15, 2007, Toronto



# strengthening canadian democracy

launched in 2000, the Institute’s Strengthening Canadian Democracy program has been instrumental in informing and guiding the many reforms to Canada’s democratic institutions over the past several years. Project Director Geneviève Bouchard has overseen the publication of more than 20 influential studies on democracy, participation and representation.

Recent work has focused on “voter apathy” and more particularly the declining electoral participation of youth. In November 2007, the Institute published a study of the effect of compulsory voting laws on youth voter turnout by Henry Milner, Peter Loewen and Bruce Hicks. Based on a survey of Quebec CÉGEP students, the authors conclude that forcing young electors to vote under threat of a penalty might increase turnout, but will do little to increase young people’s interest in public affairs. The authors presented the results of the study at the 2007 Biennial Conference of the Association for Canadian Studies in the United States, held in Toronto.

Shortly after, the IRPP released a companion study by Henry Milner that compares political knowledge among young people in Canada with that of their American and European counterparts. Based on analysis of survey data, he concludes that the political knowledge of young Canadians is marginally superior to that of young Americans, but far inferior to that of young Europeans. He recommends, among other things, that we examine closely the civic education programs developed by some European countries. The release sparked considerable public interest, with radio interviews in Edmonton, Calgary, Toronto and Cornwall, as well as in-depth news stories in the *National Post* and several regional dailies across the country. ■

RESEARCH DIRECTOR: **GENEVIÈVE BOUCHARD**

**publication**

**“Global Futures for Canada’s Global Cities”**

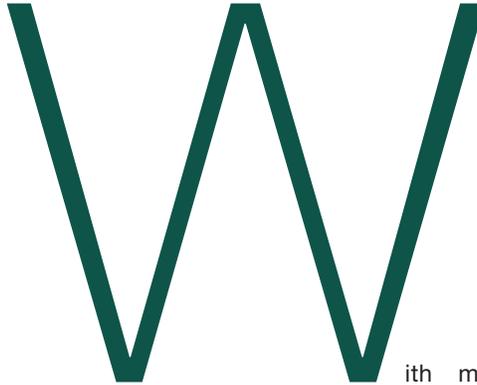
Thomas J. Courchene  
*IRPP Policy Matters*, June 2007

**event**

**Working Lunch: “Global Futures for Canada’s Global Cities”**

Presenter: Thomas J. Courchene  
(Queen’s University and IRPP)  
Commentator: Joe Berridge  
(Urban Strategies Incorporated)  
October 1, 2007, Toronto

## canadian federalism

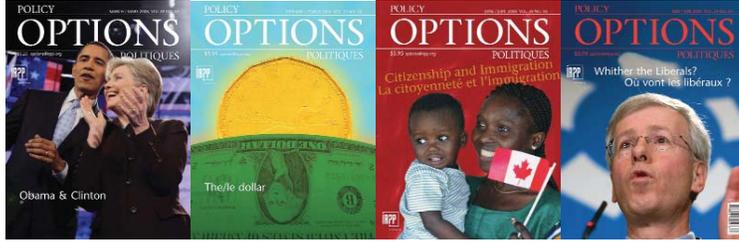


With more than 25 publications released in the past five years on diverse aspects of the workings of the Canadian federation, the IRPP is a recognized authority on the complex and thorny issues that mark its evolution. This year, the Institute focused on the growing economic and social importance of Canada’s large cities, publishing “Global Futures for Canada’s Global Cities” in June 2007. Written by IRPP Senior Scholar Thomas J. Courchene, the study notes that since Canada’s cities have limited constitutional powers with regard to public finance and taxation, they are essentially at the mercy of other levels of government and at a competitive disadvantage relative to their American and European counterparts. As a result, they do not have sufficient financial resources to make the investments required to reach their potential as motors of their regional economies. RESEARCH DIRECTOR: **FRANCE ST-HILAIRE**



The report stimulated considerable reaction in the print media, including eight columns and editorials in the *Globe and Mail* as well as regional dailies in Vancouver, Windsor, Ottawa and Saint John.

Continuing on this theme, in October 2007, the IRPP hosted a sold-out working lunch in Toronto with Courchene and Joe Berridge of Urban Strategies Incorporated to discuss the specific challenges Toronto faces as the hub of the largest regional economy in Canada. Among the attendees were Toronto city councillors as well as senior executives from municipal governments. ■



## policy options

### events

#### Working Lunch: "The Implications of the 2007 Quebec Election"

Presenters: L. Ian MacDonald (Editor, *Policy Options*), Éric Montpetit (Université de Montréal) and Robin Sears (Navigator Limited) May 2, 2007, Toronto

#### Working Lunch: "Au-delà des accommodements raisonnables : les défis des sociétés d'accueil, ici et ailleurs"

Moderator: L. Ian MacDonald (Editor, *Policy Options*)  
Presenters: Jean Renaud (Université de Montréal) and Valérie Amiraux (Université de Montréal)  
September 25, 2007, Montreal

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*olicy Options* continues to play a leading role in setting Canada's agenda for politics and public policy. Our cover thematic in fiscal 2007-08 included extensive coverage of the Quebec and Ontario elections, a special issue on the twentieth anniversary of the Canada-US Free Trade Agreement, and a year-end poll, "The Mood of Canada," which will be an annual feature in the December-January issue, conducted exclusively for the magazine by Nik Nanos of Nanos Research in Ottawa. He found that most Canadians thought the country was on the right track, but were concerned about the economy going forward. Nanos is one of nine Contributing Writers whose work now graces the magazine on a regular basis, a group that also includes Robin Sears, Thomas Courchene, David Herle, Marie Bernard-Meunier and Graham Fox.

The long-form format of *Policy Options* allows our writers to fully develop their ideas and arguments, and their articles have significant reso-

nance in the news media and the public policy community. For example, John Manley's reflections on Afghanistan in the October 2007 issue immediately preceded his appointment as chair of the government's Independent Panel on Canada's Future Role in Afghanistan.

The magazine's well-timed and pertinent articles produced a total of 20 op-eds in French and English newspapers across the country in 2007-08. A five-part op-ed series, drawn from the October 2007 issue's cover package on the twentieth anniversary of the Canada-US Free Trade Agreement, ran in the *National Post*. Its popular end-of-year "Mood of Canada" survey was the subject of 14 print articles published across the country. Two *Policy Options* polls, one on reasonable accommodation and another on attitudes toward free trade, received national front-page media coverage in both French and English.

Editor L. Ian MacDonald enjoys considerable access to political leaders, resulting in exclusive interviews with, among others, Prime Minister Stephen Harper in February 2008 (for the third year in a row) and Liberal leader Stéphane Dion in June 2007. Excerpts of each were reprinted in the national print media.

Our online readership continues to be impressive, with a monthly average approaching 50,000 PDF downloads of current and archived articles. More than half a million *Policy Options* articles a year are now downloaded from our Web site ([www.irpp.org](http://www.irpp.org)).

L. Ian MacDonald, Editor of the magazine, thanks the outstanding *Policy Options* team, led by Associate Editor Sarah Fortin, Production Coordinator Chantal Létourneau, Editorial Coordinator Francesca Worrall, proofreader Barbara Czarnecki, translator Michel Beauchamp, as well as Jenny Schumacher, who does our outstanding cover designs. Another banner year is already underway. ■

## investment committee report

The objective of the Endowment Fund is to support the work of the Institute. The Investment Committee seeks to maintain the real value of the Fund after inflation, so that it can continue to provide significant financial support to the Institute in future years. Therefore, rather than using the actual income generated by the Fund in any one year, the Board of Directors decided to withdraw an amount equal to 5 percent of the average of the last three years' capital value of the Fund measured at the fiscal year-end. A three-year average is used to smooth the impact of changes in the market and increase predictability. Under this formula the money available from the Endowment Fund for fiscal year 2007-08 amounted to \$2,052,567 — a decrease of approximately \$359,253 from the transfer generated the previous year. Realized capital gains of \$228,586 and dividend and interest income of \$1,845,107 during the last fiscal year together amounted to \$2,073,693.

Several years ago, the Investment Committee established a series of benchmarks to provide a basis for evaluating the performance of the fund managers. In an effort to ensure that this benchmark is achieved, the Investment Committee reviews the performance of the fund managers on a quarterly basis.

In 1999, the Investment Committee decided to divide the Fund into two equal portions. Knight, Bain, Seath and Holbrook Capital Management, which had managed the Fund since 1989, was joined by Beutel, Goodman and Company Limited. In 2004, the Committee decided to replace KBSH with McLean Budden Investment Managers.

In 2006, the Committee undertook to explore different options to increase the value of the Fund so that higher returns could be generated for the operations of the Institute without compromising the Fund's ability to provide for the IRPP in the years to come. The Committee completed the process in the spring of 2008 and presented a recommendation to the Executive Committee of the Board in May 2008.

The table at the top left reports the performance of our managers relative to the benchmark over the previous year and over the past four years, where applicable.

The combined market value of the Fund, including other net assets, amounted to \$39,002,064 as of March 31, 2008.

The table at the bottom left reports the asset mix of the Fund at fiscal year-end 2008 and 2007. ■

periods ended	31/3/08	31/3/07	31/3/06	31/3/05
<b>annual return</b>				
Beutel Goodman	-4.2%	8.6%	11.1%	6.9%
Benchmark	0.4%	9.4%	13.0%	6.3%
McLean Budden	-1.3%	9.6%	10.7%	n/a
<b>4 year return (annualized)</b>				
Beutel Goodman	5.4%	8.6%	7.2%	6.1%
Benchmark	7.1%	9.3%	6.0%	5.0%
McLean Budden	n/a	n/a	n/a	n/a

	McLean 31/03/08	Budden 31/03/07	Beutel 31/03/08	Goodman 31/03/07
<b>market value</b>	\$18,036,101	\$19,450,041	\$20,597,595	\$22,708,788
<b>asset mix</b>				
Cash and equivalent	5.8%	4.1%	2.2%	1.6%
Fixed income	45.6%	47.2%	42.3%	37.2%
Canadian equities	22.7%	21.2%	30.1%	30.6%
US equities	13.1%	13.2%	14.8%	19.5%
Non-NA equities	12.8%	14.3%	10.6%	11.1%
Total equities	48.6%	48.7%	55.5%	61.2%

## auditors' report

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To the Directors of the Institute for Research on Public Policy

We

e have audited the balance sheet of the Institute for Research on Public Policy as at March 31, 2008 and the statements of earnings, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by part II of the *Canada Corporations Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Chartered Accountants  
Montreal, May 14, 2008



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National Bank Tower  
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Montréal, Québec H3B 4L8

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[www.rcgt.com](http://www.rcgt.com)

# earnings

YEAR ENDED MARCH 31, 2008 (IN THOUSANDS OF DOLLARS)

	<b>2008</b>	2007
	<b>\$</b>	\$
<b>revenues</b>		
	<b>2,095</b>	2,241
Net investment income (notes 4 and 6)	<b>(1,160)</b>	2,095
Other revenues		
<i>Policy Options</i> magazine	<b>35</b>	25
Other publications	<b>33</b>	26
Advertising	<b>143</b>	133
Other (including contributions of \$183; \$35 in 2007)	<b>197</b>	48
	<b>408</b>	232
<b>expenses</b>		
General research and support services	<b>1,902</b>	1,976
<i>Policy Options</i> magazine	<b>381</b>	344
Other publications	<b>169</b>	115
Investment management and custodial fees	<b>207</b>	212
Interest	<b>6</b>	5
Amortization of capital assets	<b>14</b>	45
	<b>2,679</b>	2,697
Deficiency of revenues over expenses before net investment income	<b>(2,271)</b>	(2,465)
<b>deficiency of revenues over expenses</b>	<b>(3,431)</b>	(370)

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

## changes in net assets

YEAR ENDED MARCH 31, 2008 (IN THOUSANDS OF DOLLARS)

	Restricted for financing of operating activities (note 5)	Invested in capital assets	2008		2007
			Unrestricted	Total	Total
	\$	\$	\$	\$	\$
<b>net assets, beginning of year</b>					
Balance, as previously reported	34,963	36	264	35,263	35,633
Accounting change (note 2)			6,908	6,908	
Balance, as restated	34,963	36	7,172	42,171	35,633
Deficiency of revenues over expenses		(14)	(3,417)	(3,431)	(370)
Invested in capital assets		3	(3)		
Transfer (note 6)	3,488		(3,488)		
<b>net assets, end of year</b>	<b>38,451</b>	<b>25</b>	<b>264</b>	<b>38,740</b>	<b>35,263</b>

## cash flows

YEAR ENDED MARCH 31, 2008 (IN THOUSANDS OF DOLLARS)

	2008 \$	2007 \$
<b>operating activities</b>		
Deficiency of revenues over expense	<b>(3,431)</b>	(370)
Noncash items		
Loss (gain) on disposal of treasury bills	<b>14</b>	(3)
Gain on disposal of investments	<b>(242)</b>	(298)
Reinvested investment income	<b>(3)</b>	(183)
Unrealized investment income	<b>3,234</b>	
Amortization of capital assets	<b>14</b>	45
Changes in working capital items (note 7)	<b>(211)</b>	(222)
Net cash used	<b>(625)</b>	(1,031)
<b>financing and investing activities</b>		
Bank loan	<b>(23)</b>	23
Treasury bills	<b>(584)</b>	(409)
Disposal of treasury bills	<b>721</b>	258
Investments	<b>(13,739)</b>	(12,825)
Disposal of investments	<b>14,292</b>	13,902
Capital assets	<b>(3)</b>	(22)
Net cash generated	<b>664</b>	927
<b>net increase (decrease) in cash</b>	<b>39</b>	(104)
Bank overdraft, beginning of year	<b>(108)</b>	(4)
Bank overdraft, end of year	<b>(69)</b>	(108)

# balance sheet

MARCH 31, 2008 (IN THOUSANDS OF DOLLARS)

	2008 \$	2007 \$
<b>assets</b>		
Current assets		
Treasury bills, 3.292% (3.96% and 4.11% in 2007), maturing in June 2008	75	223
Accounts receivable (note 8)	647	216
Prepaid expenses	30	26
	<b>752</b>	465
Investments (note 9)	<b>38,458</b>	35,095
Capital assets (note 10)	<b>25</b>	36
	<b>39,235</b>	35,596
<b>liabilities</b>		
Current liabilities		
Bank loan (note 11)		23
Bank overdraft	69	108
Accounts payable and accrued liabilities	307	95
Subscription and advertising revenue collected in advance	33	21
Deferred contributions (note 12)	86	86
	<b>495</b>	333
<b>net assets</b>		
Restricted for the financing of operating activities	<b>38,451</b>	34,963
Invested in capital assets	<b>25</b>	36
Unrestricted	<b>264</b>	264
	<b>38,740</b>	35,263
	<b>39,235</b>	35,596

## 1. governing statutes and purpose of the organization

The Institute for Research on Public Policy is incorporated under part II of the *Canada Corporations Act*. Its mission is to improve public policy in Canada by generating research, providing insight and sparking debate that will contribute to the public policy decision-making process and strengthen the quality of the public policy decisions made by Canadian governments, citizens, institutions and organizations. It is a registered charity under the *Income Tax Act*.

## 2. accounting changes

On April 1, 2007, in accordance with the applicable transitional provisions, the Organization applied the recommendations of new section 1506, "Accounting Changes," of the *Canadian Institute of Chartered Accountants' Handbook (CICA Handbook)*. This new section, effective for the years beginning on or after January 1, 2007, prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Furthermore, the new standard requires the communication of the new primary sources of generally accepted accounting principles that are issued but not yet effective or not yet adopted by the Organization. The new standard has no impact on the Organization's financial results.

On April 1, 2007, in accordance with the applicable transitional provisions, the Organization adopted the new recommendations in sections 3855, "Financial Instrument – Recognition and Measurement," and 3861, "Financial Instruments – Disclosure and Presentation," of the *CICA Handbook*. Sections 3855 and 3861 deal with the recognition, measurement, presentation and disclosure of financial instruments and nonfinancial derivatives in the financial statements. The transitional provisions of these sections require that the Organization remeasure the financial assets and liabilities as appropriate at the beginning of its fiscal year. Any adjustment in the prior carrying amount is recognized retroactively without restating the financial statements of prior fiscal years.

Adoption of these new recommendations resulted in the following impacts on the classification and measurement of the Organization's financial instruments, which were previously recognized at cost.

- Treasury bills and investments are classified by the Organization as held-for-trading. They are measured at fair value and changes in fair value are recognized in the statement of earnings. This change led to a decrease of the net investment income of \$3,234, an increase of the deficiency of revenues over expenses of \$3,234, an increase of the opening net assets of \$6,908 and an increase of investments and year-end net assets of \$3,674 as at March 31, 2008;
- Accounts receivable are classified as loans and receivables. They are measured at amortized cost, which is generally the initially recognized amount less any allowance for doubtful accounts. This change had no impact on the financial statements as at March 31, 2008;
- Bank loan, bank overdraft and accounts payable and accrued liabilities are classified as other financial liabilities. They are measured at amortized cost using the effective interest rate method. This change had no impact on the financial statements as at March 31, 2008.

The Organization has identified no incorporated derivative at the adoption of these sections.

## Future accounting standards

In December 2006, the Canadian Institute of Chartered Accountants (CICA) published new section 1535, "Capital Disclosures." The new section establishes standards for disclosing information about an entity's capital and how it is managed. This new standard is effective for fiscal years beginning on or after October 1, 2007 and the Organization will implement it as of April 1, 2008. The new accounting standard only addresses disclosures and will have no impact on the Organization's financial results.

In December 2006, the CICA published new sections 3862, "Financial Instruments – Disclosures," and 3863, "Financial Instruments – Presentation", which establish standards for the presentation and disclosure of financial instruments and nonfinancial derivatives. These new standards are effective for fiscal years beginning on or after October 1, 2007, and the Organization will implement them as of April 1, 2008.

## 3. accounting policies

### Base of presentation

The financial statements are prepared using the historical cost method, except for certain financial instruments that are recognized at fair value. No information on fair value is presented when the carrying amount corresponds to a reasonable approximation of the fair value.

### Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts recorded in the financial statements and notes to financial statements. These estimates are based on management's best knowledge of current events and actions that the Organization may undertake in the future. Actual results may differ from these estimates.

### Financial assets and liabilities

On initial recognition, all financial assets and liabilities are measured and recognized at their fair value. Transaction costs from held-for-trading financial assets and liabilities are recognized in earnings and presented under investment management and custodial fees. Transaction costs from other financial liabilities reduce the carrying amount of the related financial liabilities. Regular-way purchases or disposals of financial assets are recognized at the transaction date. Subsequently, financial assets and liabilities are measured and recognized as follows:

*Held-for-trading financial assets and liabilities* Treasury bills and investments are designated by the Organization as held-for-trading. They are measured at their fair value and changes in fair value are recognized in earnings. Changes in fair value that are recognized in earnings include interest and dividend income, exchange gains or losses and realized and unrealized gains or losses, and are presented under net investment income. The fair value of investments is based on the current bid price.

Upon initial recognition, the Organization designates some financial assets as held-for-trading

because it considers that the financial information generated by this classification is more relevant for decision-making and provides a better means for evaluating the Organization's performance.

*Loans and receivables* Accounts receivable are classified as loans and receivables, and they are measured at amortized cost, which is generally the initially recognized amount less any allowance for doubtful accounts.

*Other financial liabilities* Bank loan, bank overdraft and accounts payable and accrued liabilities are classified as other financial liabilities and are measured at amortized cost.

### Revenue recognition

*Contributions* The Organization follows the deferral method of accounting for contributions. Under this method, contributions restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are reported as direct increases in net assets.

*Investment income* Unrestricted investment income is recognized as revenue in the year as earned. Interest income is recognized based on the number of days the investment was held during the year. Dividends are recognized as of the ex-dividend date. Investment income is recognized in the statement of earnings under net investment income.

*Advertising and publications revenue* Advertising and publications revenue is recognized once there is an agreement between the parties, the price is fixed or determinable and there is reasonable assurance of collection.

In addition to the general principles described above, the Organization applies the following specific principles:

- Advertising revenue is recognized on a straight-line basis over the duration of the contract, once advertising is edited;
- Revenue from publications is recognized on a straight-line basis over the duration of subscriptions;
- Other revenue is recognized when it is earned.

### Amortization

Capital assets are recorded at cost less accumulated amortization and are amortized over their estimated useful lives according to the straight-line method and the following annual rates:

	Rates
Computer equipment	33%
Office equipment	20%

### Foreign currency translation

Monetary assets and liabilities in foreign currency are translated at the exchange rate in effect at the balance sheet date, whereas other assets and liabilities are translated at the exchange rate in effect at the transaction date. Revenue and expenses in foreign currency are translated at the average rate in effect during the year, with the exception of expenses relating to nonmonetary assets and liabilities, which are translated at the historical rate. Gains and losses are included in the earnings for the year. Exchange gains or losses on held-for-trading financial instruments are included in changes in net investment income in the statement of earnings.

## 4. net investment income

	2008	2007
	\$	\$
Interest revenues	851	858
Dividend revenues	995	935
Gain on disposal of investments	228	152
Reversal of an investment write-off		150
Changes in fair value of financial assets designated by the Organization as held-for-trading	(3,234)	
	(1,160)	2,095

## 5. restrictions on net assets

The net assets restricted for the financing of operating activities, and subject to internally imposed restrictions by the Board of Directors, must be maintained to finance the Organization's operating activities. These amounts cannot be used toward other purposes without the consent of the Board of Directors. Investment income is unrestricted.

## 6. transfer

	2008	2007
	\$	\$
Amount obtained from the average fair value of the three preceding years multiplied by 5% (6% in 2007) (a)	2,053	2,411
Net investment income (note 4)	(1,160)	2,095
Investment management and custodial fees	(207)	(212)
Investment income net of the management and the custodial fees (b)	(1,367)	1,883
Unrealized change in fair value at the beginning of years (c)	6,908	
	5,541	1,883
Transfer	(3,488)	528

(a) The Board of Directors authorizes an annual transfer of resources from restricted net assets for financing of operating activities to unrestricted net assets. This transfer of resources was established at 5% and 6%, for the years ended March 31, 2008 and 2007, of the aver-

age fair value of assets held for the financing of operating activities at the end of the three preceding years.

- (b) The decrease in value in the restricted account and the offsetting amount that is unrestricted reflects the unrealized loss during the year on the assets in the restricted account.
- (c) During the course of the year, there was a transfer from unrestricted to restricted in the amount of \$6,908 corresponding to moving to fair market value of restricted net assets as required by the accounting change recommended by the *CICA Handbook* as described in note 2.

## 7. information included in cash flows

The changes in working capital items are detailed as follows:

	2008	2007
	\$	\$
Accounts receivable	(431)	122
Prepaid expenses	(4)	25
Accounts payable and accrued liabilities	212	(19)
Subscription and advertising revenue collected in advance	12	4
Deferred contribution		25
Retirement allowance and sabbatical liability		(379)
	<u>(211)</u>	<u>(222)</u>

## 8. accounts receivable

	2008	2007
	\$	\$
Trade accounts receivable	38	20
Accounts receivable on disposal of investments	399	
Goods and services tax and Quebec sales tax	72	66
Interest and dividends receivable	138	130
	<u>647</u>	<u>216</u>

## 9. investments

Fair values are obtained from market quotes.

	2008 Fair value \$	Fair value \$	2007 Cost \$
<b>Fund units</b>			
Money market	1,404	900	900
Bonds	8,226	9,274	9,260
Shares	10,866	11,994	10,282
	<u>20,496</u>	<u>22,168</u>	<u>20,442</u>
<b>Bonds</b>			
Federal government, 3.6% to 5% (2.75% to 5.25% in 2007), maturing on different dates from June 2012 to June 2017	2,342	3,350	3,319
Provincial government, 4.2% to 10.25% (4.4% to 10% in 2007), maturing on different dates from December 2012 to November 2032	2,511	1,929	1,900
Corporations, 3.906% to 12.2% (3.906% to 12.2% in 2007), maturing on different dates from September 2010 to October 2037	3,873	3,182	3,014
	<u>8,726</u>	<u>8,461</u>	<u>8,233</u>
<b>Canadian shares</b>			
Oil and gas	1,740	1,625	403
Consumer products	36	144	127
Industrial products	60	165	120
Real estate	75	103	74
Transportation and environmental services	177	102	100
Utilities	148		
Communications and media	217	422	383
Merchandising	64	96	126
Financial services	3,519	4,294	1,488
Other	157		
	<u>6,193</u>	<u>6,951</u>	<u>2,821</u>
<b>Foreign shares</b>			
Autos and transportation	85	83	65
Consumer discretionary	242	229	182
Consumer staples	162	178	152
Financial services	283	1,153	961
Health care	435	563	482
Integrated oil company	164	199	63
Other energy	228	222	167
Material and processing		115	116
Producer durables	397	469	324
Technology	529	640	602
Utilities	185	150	156
Other	333	422	329
	<u>3,043</u>	<u>4,423</u>	<u>3,599</u>
	<u>38,458</u>	<u>42,003</u>	<u>35,095</u>

## 10. capital assets

	2008 Cost \$	Accumulated amortization \$	2008 Net \$
Computer equipment	343	337	6
Office equipment	125	106	19
	<u>468</u>	<u>443</u>	<u>25</u>

	2007 Cost	Accumulated amortization	2007 Net
Computer equipment	340	331	9
Office equipment	125	98	27
	<u>465</u>	<u>429</u>	<u>36</u>

## 11. bank loan

The bank loan for an authorized amount of \$500 is unsecured. The loan bears interest at prime plus 0.5% (5.75%; 6.5% in 2007) and is renegotiable in September 2008. The balance of the bank loan is nil as at March 31, 2008 (\$23 in March 31, 2007).

## 12. deferred contributions

	2008 \$	2007 \$
<b>Fourth Decade Fund</b>		
Balance, beginning of year	86	61
Received relating to the following year		25
Balance, end of year	<u>86</u>	<u>86</u>

The Fourth Decade Fund represents amounts received and restricted for purposes specified by the donors.

## 13. financial risk management objectives and policies, and financial risks

### Financial risk management objectives and policies

The Organization is exposed to various financial risks resulting from both its operations and its investment activities. The Organization's management manages financial risks.

The Organization does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

### Financial risks

The Organization's main financial risk exposure and its financial risk management policies are as follows:

#### Interest rate risk

The investment in bonds and fund units in money market and bonds bear interest at a fixed rate and the Organization is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations.

The Organization's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

#### Market risk

The investment in share and fund units in share expose the Organization to the risk of fair value changes attributable to fluctuation of the market quotes.

#### Credit risk

Generally, the carrying amount on the balance sheet of the Organization's financial assets exposed to credit risk, net of any applicable provisions for losses, represents the maximum amount exposed to credit risk.

#### Trade account receivable

The Organizations's credit risk is primarily attributable to its trade accounts receivable. The Organization does not require a guarantee from its customers. Trade accounts receivable balances are managed and analyzed on an ongoing basis and, accordingly, the Organization's exposure to doubtful accounts is not significant.

#### Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Organization has financing sources such as bank loans for a sufficient authorized amount. The Organization establishes budget and cash estimates to ensure it has the necessary funds to fulfil its obligations.

**Foreign exchange risk** The Organization is exposed to foreign exchange risk due to treasury bills and investments denominated in US dollars. As at March 31, 2008, assets denominated in US dollars consisting of treasury bills and investments totalled US\$3,045 (US\$2,906 as at March 31, 2007).

The Organization does not enter into arrangements to hedge its foreign exchange risk.

## 14. commitments

The Organization has entered into long-term lease agreements expiring in 2012, which call for lease payments of \$263 for the rental of equipment and office space. Minimum lease payments for the next five years are \$81 in 2009, \$81 in 2010, \$72 in 2011, and \$29 in 2012.

## 15. comparative figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.



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