

2009 Annual Report



Founded in 1972, the Institute for Research on Public Policy is an independent, national, nonprofit organization.

IRPP seeks 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.

IRPP's independence is assured by an endowment fund established in the early 1970s.

Board of Directors

Janice MacKinnon, Chair (Saskatoon, Saskatchewan)
Graham Scott, Vice-Chair (Toronto, Ontario)

Peter Aucoin (Halifax, Nova Scotia)
Ian Clark (Toronto, Ontario)
Jim Dinning (Calgary, Alberta)
Mary Lou Finlay (Toronto, Ontario)
Ann Fitz-Gerald (Shrivenham, Wiltshire, UK)
Frederick Gorbet (Toronto, Ontario)
Antonia Maioni (Montreal, Quebec)
John Manley (Ottawa, Ontario)
Barbara McDougall (Toronto, Ontario)
Anne McLellan (Edmonton, Alberta)
Jacques Ménard (Montreal, Quebec)
David Pecaut (Toronto, Ontario)
Martha Piper (Vancouver, British Columbia)
Guy Saint-Pierre (Montreal, Quebec)
Bernard Shapiro (Montreal, Quebec)
Gordon Smith (Victoria, British Columbia)
Paul Tellier (Montreal, Quebec)
Kent Weaver (Washington, DC, USA)
Wanda Wuttunee (Winnipeg, Manitoba)

FINANCIAL HIGHLIGHTS OF OPERATING FUND

(In thousands of dollars)

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

	2009	2008	2007
Operational budget ¹	2,579	2,629	2,663
Expenses ²	2,460	2,474	2,485
Operational budget over expenses	119	155	178

FINANCIAL HIGHLIGHTS OF ENDOWMENT FUND

(In thousands of dollars)

	2009	2008	2007
Total year-end market value	31,055	38,633	42,159

¹Operational budget consists of investment income approved for operations, prior year's surplus, revenue from publications and other revenue.

²Expenses do not include investment management and custodial fees.

Message from the Chair of the Board of Directors



*Institute for
Research on
Public Policy*

*Institut de
recherche
en politiques
publiques*



It is time once again to look back at what the IRPP has accomplished this past year, and to look ahead to future projects and objectives. I offer my congratulations to the staff at the IRPP for publishing more than two dozen high-quality publications that address the issues of the day – and of tomorrow – from a variety of perspectives. Mel Cappe's continued emphasis on engaging directly with government decision-makers is an innovative and hands-on approach, one that is already paying important dividends for the Institute and the policy-making community as a whole. Another significant accomplishment of the past year has been the success in bringing more focus and strategic direction to the Institute's research agenda, a change that will help the IRPP adapt to the challenging economic times.

Turning to Board business, Shira Herzog and Gordon Thiessen are stepping down from the Board after two consecutive terms. Ms. Herzog served as chair of the Governance Committee, and Mr. Thiessen as a member of the Audit Committee. Kiki Delaney stepped down in December after more than six years on the Board. Ms. Delaney was chair of the Investment Committee. On behalf of the Board, I want to thank all three for their invaluable contributions to the Institute.

This year, we are fortunate to welcome four new Board members: Ian D. Clark, a professor in the School of Public Policy and Governance at the University of Toronto and Senior Fellow of Massey College; Mary Lou Finlay, long-time host of the popular CBC radio program "As It Happens" and one of Canada's best-known journalists; David Pecaute, senior partner at the Boston Consulting Group and chair of the Toronto City Summit Alliance; and Graham Scott, our very own vice-chair, who has served the Institute since 2005 as a member representing a compatible organization. There are also three new members of the Institute: Howard Bergman, Vice-president and Scientific director of Fonds de la recherche en santé du Québec and Director of the Division of Geriatric Medicine at McGill University; Meyer Burstein, former executive director of Metropolis; and Peter Nicholson, President and Chief Executive Officer of the Council of Canadian Academies. On behalf of the Board, I extend a warm welcome to the new Board members and the new members of the Institute.

I would like to thank the renewing directors, Peter Aucoin and Barbara McDougall, for agreeing to continue their service to the Institute. Mr. Aucoin will continue to serve as chair of the Research Committee and Ms. McDougall has agreed to chair the Governance Committee, in addition to continuing to sit on both the Investment and the Fundraising committees. It is with great pleasure that I have agreed to serve as chair for another term. I want to thank Board members for their support and look forward to continuing to work with an excellent Board of talented people from diverse backgrounds who share a common commitment to excellence in public policy research.

Janice MacKinnon
Saskatoon, June 2009



“We continue to engage the public and policy-makers by promoting an exchange of ideas, thorough analysis and lively debate.”

Message from the President

Mel Cappe

Generating research, providing insight, and sparking debate” is the IRPP’s *raison d’être*, and it would not be possible without the dedication, hard work and creativity of our staff. Under the guidance of our distinguished Board of Directors, and with the freedom and independence our endowment fund assures us, our small team fulfills the Institute’s mission by producing some of the highest quality research on public policy in the country. To recognize the employees who make the Institute the success that it is, the theme of this year’s annual report is “The People behind the IRPP.”

In the current economic context, with the synchronized global recession and sharp contraction in equities markets, we are more aware than ever of the important and varied contributions made by each and every staff member. 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 products so polished and professional. For the first time, then, we have included a section dedicated to the IRPP team, featuring biographies and photographs, to help put faces and names to those who make the work we do possible.

The IRPP continues to seek out scholars and practitioners of the highest calibre to take part in our studies and contribute to our publications. This year, as in the past, we published the research of emerging talents and up-and-comers, as well as the work of highly respected and established scholars. Indeed, it has been a particularly busy and productive year for the Institute, with the publication of 25 research studies an illustrated edited collection, as well as 10 issues of our flagship publication *Policy Options*, Canada’s leading public policy magazine.

Through our research, we continue to address a wide range of issues at the top of the policy agenda, including the education and earnings mobility of second-generation immigrants, the condition of off-reserve Aboriginal housing, the need for high-quality child care for children at risk, and the importance of investing in public infrastructure in the current economic context. One of the many examples that illustrates the Institute’s ability to gather diverse actors for high-level policy discussions was the round table on Senate reform held in Ottawa in November, in collaboration with the Forum of Federations.

We continue to maintain our focus on connecting our research to decision-makers, the policy-making community, and the public at large. We hosted more than a dozen research-related events in various Canadian cities throughout the year, and we also had the opportunity to present and discuss our research findings privately with, among others, deputy ministers, senior officials, and political leaders at the federal, provincial and municipal levels.

The dissemination of our research is central to our success in sparking public policy debate. This year, our communications team has broadened its media and policy community outreach. Our research generated a total of 576 references in print and broadcast media outlets in 2008-09, including 433 articles in print and 143 radio and television appearances, five times more than last year. A total of 66 op-eds under the by-line of IRPP authors or staff appeared in newspapers across Canada, more than one per week. Indeed, in the first index of its kind, the University of Pennsylvania ranked the IRPP in the top five think tanks in Canada and Mexico.

The Institute is adapting to the rapid developments in new and social media, selectively applying these technologies to better reach our target audiences. Our e-reach campaign targeting NGOs, business leaders, senior civil servants, MPs and senators has proved successful in generating further interest in our research and driving more traffic to our Web site — in 2008-09, we had more than 300,000 unique visitors to our Web site. There were more than 1.7 million PDF requests for our publications, an increase in downloads of 42 percent from last year.

I look forward to 2009-10 and another successful year for the IRPP, one in which we will continue to produce high-quality research and share it with you.

Mel Cappe
Montreal, June 2009

Aboriginal Quality of Life

After the publication of three well-received studies, the IRPP's Aboriginal Quality of Life research program drew to a close this year. The key objective of the program was to focus the attention of policy-makers and opinion leaders on the need for innovative approaches to address the gaps between the living conditions and prospects of many Aboriginal people and other Canadians. A total of six papers were published under this program. They all received significant media coverage, and the conclusions of the studies were discussed in English and French broadcast and print interviews. The comprehensive background report that was published to launch the series in 2006 is already a reference point for researchers in this area.

Research Director:
Leslie Seidle

Jessica Ball's study of Aboriginal children in Canada found that a large proportion of young Aboriginal children continue to lack adequate housing, food security, clean water and access to services. This situation is compounded by other factors such as the impact of residential schools on the parenting abilities of generations of Aboriginal mothers and fathers. Her study has been downloaded more than 19,500 times since its publication in June 2008. As well, in disseminating this study the IRPP expanded its reach and increased its presence in the North. Ball was interviewed on CBC North in Yellowknife and CBC Yukon, and her op-ed was published in the *Yukon News*. She presented her findings at the IRPP's symposium on vulnerable children in April, where renowned early childhood development expert Fraser Mustard gave the keynote address.

Ryan Walker's study highlighted the growing number of Aboriginal people in urban areas who live in crowded homes that are in poor repair. The study found that Aboriginal housing organizations have developed innovative ways to address these off-reserve housing problems, but they are not receiving sufficient support from governments to cope with the current need. This study also generated substantial interest from national and northern media. Walker's op-ed appeared in the *Whitehorse Daily Star*, and his research was the subject of two dozen news stories and radio interviews, including articles in *Le Devoir*, the *Edmonton Journal* and the *Winnipeg Free Press*.

While the IRPP's experience working on this program has been rewarding and instructive, it is undoubtedly an area where a lot more work needs to be done. The Institute will continue to address issues of importance for the well-being of Aboriginal people as part of its ongoing research programs. Indeed, some of the complex and difficult challenges that Aboriginal people face in Canada's northern regions are examined in the fourth volume of *The Art of the State* series, *Northern Exposure: Peoples, Powers and Prospects in Canada's North*.

publications

"Social Housing and the Role of Aboriginal Organizations in Canadian Cities"

Ryan Walker
IRPP Choices, May 2008

"Promoting Equity and Dignity for Aboriginal Children in Canada"

Jessica Ball
IRPP Choices, June 2008

"Aboriginal Quality of Life Under a Modern Treaty: Lessons from the Experience of the Cree Nation of Eeyou Istchee and the Inuit of Nunavik"

Martin Papillon
IRPP Choices, August 2008



Leslie Seidle

Senior Research
Associate

"We have learned a good deal about innovative public policies and new Aboriginal community-based partnerships through this program."



**"We care deeply
about the policy
challenges facing
Canada, and
strive to produce
evidence-based
research that
will lead to more
effective policy
approaches and
solutions."**

Vice President, Research

France St-Hilaire

publications

"Defining the Federal Government's Role in Social Policy: The Spending Power and Other Instruments"
With contributions by Hamish Telford, Peter Graefe and Keith Banting
IRPP Policy Matters, September, 2008

"Reflections on the Federal Spending Power: Practices, Principles, Perspectives"
Tom Courchene
IRPP Working Paper, June 2008

events

Round Table: "Defining the Federal Government's Role in Social Policy: The Spending Power and Other Instruments"
June 12, 2008, Ottawa

Round Table: "Visions renouvelées du fédéralisme au Québec"
May 13, 2008, Montreal

Canadian Federalism

Research Directors:
Leslie Seidle,
France St-Hilaire
and Sarah Fortin

The IRPP is a recognized authority on the complex and thorny issues that mark the evolution of the Canadian federation. In the past six years, the Institute's Canadian Federalism research program has produced more than two dozen publications on various aspects of the workings of the federation.

In the 2007 Speech from the Throne, Prime Minister Stephen Harper's government promised to introduce legislation to place limits on the use of the federal spending power for new shared-cost programs in areas of exclusive provincial jurisdiction. However, the government did not introduce legislation before the 2008 election was called, and the matter of restricting the spending power is likely to remain unresolved for some time yet. In June this year the IRPP, in collaboration with the Canadian Medical Association, invited experts and practitioners to discuss the broader, though related, issue of defining the federal role in social policy in a round table discussion in Ottawa. Among the attendees were some of the country's top academics, senior civil servants, journalists, elected officials and university deans. An *IRPP Policy Matters* included a report by Keith Banting summarizing the discussions at the round table, together with two studies on the historical use of the federal spending power and avenues for reform. The event and the publication were the subjects of columns in the *Globe and Mail* and *Le Devoir*.

IRPP Senior Scholar Tom Courchene also contributed to the debate in a study about the difficulties that could arise from limiting the federal spending power. His study, which argued that limiting the use of federal spending power will do little – or will even be counterproductive – for the rest of Canada, was the subject of print and broadcast media coverage in national and western Canadian media outlets, including the *Calgary Sun* and Radio-Canada Regina. Courchene's paper also appeared in the *Queen's Law Journal*.

Canadian Priorities Agenda

The Canadian Priorities Agenda (CPA) was a two-year project (2006-07) whose goal was to initiate a broad-based and informed public debate on the economic and social policy choices and priorities for Canada over the medium term.

The resulting volume, *A Canadian Priorities Agenda: Policy Choices to Improve Economic and Social Well-Being*, was released in October 2007. This year, the Institute published a series of eight policy briefs, in English and in French, summarizing the eight broad policy challenges identified in the CPA: human capital, climate change, natural resources, population aging, economic security, health outcomes, productivity, and trade and globalization. The policy briefs were released just before the 2008 federal election call to help policy-makers, voters and the media better understand the policy issues debated during the campaign.

As well, some of the country's top public policy schools, including the School of Public Policy and Governance at the University of Toronto, are using the volume as the basis for graduate seminars. IRPP president Mel Cappe spoke several times to public policy students at the University of Toronto about the project, and CPA co-director Jeremy Leonard presented the CPA process and findings to faculty and students at the Queen's School of Policy Studies.

The challenge of carbon taxes was the topic of a working lunch in June in Toronto. Coinciding with the Liberal Party's formal announcement of its Green Plan to levy a carbon tax and reduce income taxes, the high profile event was attended by a host of important players in the carbon tax debate, including municipal councillors, senior economists, lawyers, and CEOs. In a panel discussion with IRPP Senior Fellow Tom Courchene and a representative from the Canadian Council of Executives, CPA author Mark Jaccard spoke about his contribution to the climate change portion of the book, including his recommendations for reducing greenhouse gas emissions.

In addition to this public event, the project's co-directors were invited to discuss the project in private meetings with, among others, the Governor of the Bank of Canada and senior officials at the federal Department of Finance.

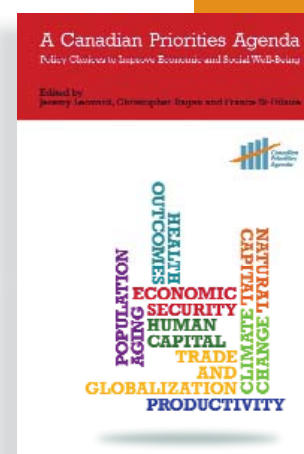
Research Directors:
Jeremy Leonard,
Christopher Ragan (McGill
University and Finance
Canada) and
France St-Hilaire

publication

Bilingual 4-page policy briefs on each CPA challenge:
Human Capital; Climate Change; Natural Resources;
Population Aging; Economic Security; Health Outcomes;
Productivity; Trade and Globalization
Jeremy Leonard and France St-Hilaire
September 2008

event

Working Lunch: "Thinking Through Carbon Taxes:
Competitiveness and Federalism Challenges"
Presenters: Mark Jaccard (Simon Fraser University),
Thomas J. Courchene (Queen's University and IRPP), and
Sam Boutziouvis (Canadian Council of Chief Executives)
June 18, 2008, Toronto





Jeremy Leonard

Research Director; Webmaster

"The relevance and reach of our research is a top priority. In the past year, visitors to our Web site downloaded more than 1.7 million copies of our publications."

Research Director

Geneviève Bouchard

"It is important for policy-makers to better understand the process of and obstacles to the social and economic integration of immigrants in Canada."



Diversity, Immigration and Integration

Research Director:
Geneviève Bouchard



This research program examines various aspects of the economic and social integration of immigrants. In addition to these questions, the research explores the policy challenges of growing diversity, social cohesion and shared citizenship in Canada.

This year, the IRPP released five studies in this program, including Lesleyanne Hawthorne's revealing comparison of the impact of economic selection policy on labour market outcomes in Australia and Canada. The study, which argues that the Australian model of selecting economic immigrants who can make an immediate contribution to the economy would address Canada's current immigration underemployment problem and promote growth in the knowledge economy, generated substantial media coverage, and was the theme of events in Ottawa and Toronto. Hawthorne's study was released in the weeks leading up to the vote on Bill C-50, which contained controversial amendments to Canada's immigration law. These amendments give the Immigration Minister greater selection powers to limit the number of new immigration applicants and allow the government to fast-track applications from the types of immigrants it wants, such as skilled workers, and freeze applications from others. In this heated context, Hawthorne's research was the subject of columns in the *Globe and Mail*, the *National Post*, the *Ottawa Citizen* and the *Victoria Times Colonist*. It was also the focus of numerous news and radio stories, including several in-depth articles in major daily newspapers, such as the *Toronto Star*. An op-ed by Hawthorne was published in the *National Post*.

publications

"The Impact of Economic Selection Policy on Labour Market Outcomes for Degree-Qualified Migrants in Canada and Australia"
Lesleyanne Hawthorne
IRPP Choices, May 2008

"Breaking Down Barriers to Labour Market Integration of Newcomers in Toronto"
Nan Weiner
IRPP Choices, September 2008

"The Economic and Social Integration of Second Generation Immigrants in Canada"
Miles Corak
IRPP Choices, October 2008

"Changing Perceptions of Islamic Authority among Muslims in Canada, the United States and the United Kingdom"
Karim Karim
IRPP Choices, February 2009

"Les difficultés d'insertion en emploi des immigrants du Maghreb au Québec: Une question de perspective"
Annick Lenoir-Achdjian, Sébastien Arcand, Denise Helly, Isabelle Drainville, and Michèle Vatz Laaroussi
Choix IRPP, March 2009

The IRPP hosted events in Ottawa, Toronto and Montreal for Miles Corak's study on the economic and social integration of second-generation immigrants in Canada. The study was a collaboration between Geneviève Bouchard and the research director of the Faces of Aging and Investing in Our Children research programs, Sarah Fortin. Corak's findings are that the children of immigrants were generally more likely to go to university than are the children of Canadian-born parents, and that they tended to earn a higher weekly wage than the Canadian average. The study was the subject of editorials in the *Globe and Mail* and the **Montreal Gazette**. Corak's research was also the subject of a prominent news story in the *Globe and Mail* that appeared the morning the study was released.

"Children of immigrants – even those without university backgrounds – are better educated than their Canadian-born counterparts, according to a groundbreaking new study [from the IRPP] based on 2001 census data that tracks families over time."

– Marina Jiménez,
The Globe and Mail

events

Working Lunch: "Economic immigration policy in Australia and Canada: What Lessons Can We Learn?"
Presenters: Lesleyanne Hawthorne (University of Melbourne), Howard Duncan (Metropolis), Michael Murphy (Canadian Chamber of Commerce)
May 12, 2008, Ottawa

Brown-bag Lunch: "L'intégration des immigrants sur le marché du travail à Montréal : politiques et enjeux"
Presenters: Marie-Thérèse Chicha, Éric Charest (Université de Montréal)
May 23, 2008, Montreal

Round Table: "Economic Integration of Newcomers : Learning from Toronto and Montreal"
Hosted by the IRPP, in collaboration with the Migration Policy Institute
September 10, 2008, Toronto

Working Lunch: "The Race for Talent: Comparing Canada, US and Australia's Approach to Skilled Worker Migration"
Presenters: Lesleyanne Hawthorne (University of Melbourne), Demetrios Papademetriou (Migration Policy Institute), Naomi Alboim (Queen's University)
September 26, 2008, Toronto

Cocktail: "Comings and Goings: Migration, Policy and Society"
Presenter: Miles Corak (University of Ottawa)
October 16, 2008, Ottawa

Working Lunch: "The Socio-economic Progress of Second Generation Immigrants"
Presenters: Miles Corak (University of Ottawa), Monica Boyd (University of Toronto), Howard Duncan (Metropolis)
November 28, 2008, Toronto

Symposium: "Les enfants d'immigrants: le Canada et le Québec sont-ils des sociétés inclusives?"
Hosted by the IRPP, in collaboration with the Canada Millennium Scholarship Foundation
Keynote address: Patricia Rimok (Conseil des relations interculturelles)
Presenters: Miles Corak (University of Ottawa), Maryse Potvin (Université du Québec à Montréal), Ross Finnie (University of Ottawa), Robert Sweet (Lakehead University), Marie McAndrew (Université de Montréal)
February 13, 2009, Montreal

Working Lunch: "Les difficultés d'insertion en emploi des immigrants du Maghreb à Montréal"
Presenters: Annick Lenoir-Achdjian (Université de Sherbrooke), Marjorie Michel (Perspectives Carrière), Zaki Ghavitian (Ordre des ingénieurs du Québec)
March 26, 2009, Montreal

[Diversity, Immigration and Integration]

"Our public policy events bring together some of the country's best and brightest, linking top researchers with decision-makers and the broader public."

Suzanne Lambert

Events Coordinator

Georgia Kotsakis

Administrative Assistant

"Our research in this area will examine the complex and difficult policy challenges that will emerge as a result of Canada's aging population."



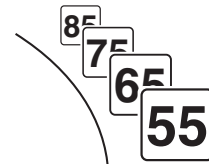
Sarah Fortin

**Research Director;
Associate Editor of *Policy Options***

David Boisclair

Research Director

Faces of Aging



*Faces of Aging
Les défis du vieillissement*

event

Conference: "When I'm 64...Defining Caregiving Policy
for an Aging Canada"
April 2-3, 2009, Montreal

Launched in 2007, this research program examines the broad social and economic policy challenges presented by the aging of Canada's population, topics such as retirement decisions, labour force participation, caregiving services and end-of-life issues.

Canada's population is aging more rapidly than are those in many other industrialized countries. In 2001, one Canadian in eight was over the age of 65. By 2026, one in five will have entered their golden years. Adding to ongoing concerns like uneven pension coverage and shifting retirement patterns, the current economic crisis highlights the fragility of current and future retirees' financial security, with problems facing private pension funds like GM's, public pension programs such as the Quebec Pension Plan, as well as private savings.

Care for older Canadians was the topic of a major two-day conference hosted by the IRPP in Montreal this spring. Researchers from diverse backgrounds like health economics, sociology, political science, medicine and nursing participated in the multidisciplinary meeting, alongside civil servants and practitioners from across Canada. The objective of the conference was to take stock of current initiatives and identify models and gaps in the provision of non-hospital-based care for seniors in Canada. The roles of the public and private sectors in home-care and long-term care, as well as government's role in supporting informal caregiving and regulating private services, were among the issues discussed. The presentations were posted on our Web site (irpp.org), and a series of studies will be published in the coming year on these increasingly important topics.

This conference could not have taken place without the financial contribution of several governments and public and private organizations. The IRPP would therefore like to take this opportunity to thank Health Canada, Human Resources and Skills Development Canada, the Public Health Agency of Canada, Canadian Institutes of Health Research, the governments of Alberta (Seniors and Community Support) and Québec (Ministère de la Santé et des Services sociaux), the Canadian Health Services Research Foundation, the BMO Financial Group and GlaxoSmithKline for their support.

Research Directors: Sarah Fortin and David Boisclair

Investing in Our Children

Last summer the Quebec government announced it would accelerate the creation of 20,000 subsidized daycare spaces in the nonprofit and for-profit sectors. The government's decision to allocate a significant proportion of these spaces to the for-profit sector and to further invest in home-based daycares was the source of some debate over access to high-quality child care in Quebec. Christa Japel's study, which was published in English and French in the midst of that debate, sheds light on an important dimension of child care policy – its potential benefits for vulnerable children.

Japel's research shows that vulnerable children get a boost from high-quality daycare, and that early intervention counteracts the negative effects of multiple risk factors in pre-schoolers. The study was the subject of much public interest, as evidenced by the extent of coverage in both print and broadcast media. Japel's op-ed was published in *Le Devoir*, and the study was the topic of news stories in various on-line and print newspapers. Japel appeared on 17 radio stations to discuss her findings, as well as on Global TV and LCN, an all-news French language television network in Quebec.

With the election of Stephen Harper's Conservative government in 2006, former prime minister Paul Martin's initiative to lay the foundation for a national child care program was abandoned in favour of child care allowances. But the issue of access to affordable quality child care continues to be debated across the country. It was the topic of a working seminar at the University of Toronto on child care policy, where Gordon Cleveland discussed his findings for the IRPP on the use patterns, affordability and quality of child care in Canada. The program's research director, Sarah Fortin, presented the results of other related IRPP studies. Cleveland's study, which shows that the quality of child care available to Canadians is too often not adequate to support child development, was downloaded more than 12,000 times from the Institute's Web site (www.irpp.org).

The Investing in our Children research program examines issues related to family policy from the perspective of lifetime investment in human capital, through research based on in-depth empirical and analytical evidence of the strengths and weaknesses of current policies, as well as evidence supporting alternative strategies.



Publications

"Risques, vulnérabilité et adaptation: les enfants à risque au Québec"
Christa Japel
Choix IRPP, August 2008

"New Evidence about Child Care in Canada: Use Patterns, Affordability, and Quality"
Gordon Cleveland
IRPP Choices, October 2008

"Factors of Risk, Vulnerability and School Readiness among Preschoolers: Evidence from Quebec"
Christa Japel
IRPP Choices, November 2008

Events

Symposium: "Vulnerable Children in Canada: Research Insights and Policy Options"
Keynote speaker: Fraser Mustard (Founding President, Canadian Institute for Advanced Research)
Presenters: Jessica Ball (University of Victoria), Andrea Johnston (Johnston Research Inc.), Christa Japel (Université du Québec à Montréal), Magdalena Janus (McMaster University), Gillian Doherty (consultant in early childhood education), Brenda Patterson (City of Toronto)
April 11, 2008, Toronto

Working Lunch: "Les enfants vulnérables au Québec: résultats de recherche et options de politiques"
Presenters: Christa Japel (Université du Québec à Montréal), Isabelle Laurin and Sylvie Lavoie (Direction de la Santé publique de Montréal)
Commentator: Nathalie Collard (*La Presse*)
June 3, 2008, Montreal

Working Seminar: "After the Election: Which Direction for Child Care and Family Policy?"
Presenters: Sarah Fortin, Gordon Cleveland (University of Toronto), Martha Friendly (Child Care Resource and Research Unit), Linda White (University of Toronto)
December 9, 2008, Toronto

Research Director: Sarah Fortin

"For a small team like ours, the mechanics of publishing more than two dozen research studies in a year – in addition to a monthly magazine – is a daily challenge."

Copy Editor; Administrative Assistant to the President

Félice Schaeffli

Francesca Worrall

Editorial Coordinator

Chantal Létourneau

Production and Layout Coordinator; Administrative Assistant

**Research Director:
Jeremy Leonard**



One of the most important drivers 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 research program is to examine the channels by which efforts to improve Canada's innovation performance can result in productivity improvements.

This year, the IRPP published three studies in this program, including a high-profile paper by Jorge Niosi, which examines obstacles facing university-industry technology transfer and suggests ways to alleviate them. Downloaded more than 50,000 times from the Institute's Web site, Niosi's study calls on Canadian policy-makers to improve commercial prospects for university-developed technologies. The publication includes insightful commentaries by Indira V. Samarasekera, president of the University of Alberta, and Ilse Treurnicht, CEO of MaRS Discovery District. Niosi's op-ed was published in the *Hill Times* Special Policy Briefing on Innovation in April 2008.

James Brox's study addresses one of the central elements of governments' response to the global economic recession; namely, the positive relationship between public infrastructure investment and productivity. Brox reports that Canadian investment in public infrastructure, which includes highways, port facilities, water treatment and distribution systems, and sewage treatment, has fallen dramatically since the 1970s, and an injection of up to \$200 billion is required to address the problem. The study was released in August in the weeks leading up to the second anniversary of the collapse of the De La Concorde overpass in Laval, which crushed several cars and killed five people. Following its release, Brox's study was the subject of nearly two dozen news stories in newspapers across the country – the *National Post*, the *Ottawa Citizen*, the *Edmonton Journal*, the *Winnipeg Free Press* and the *Vancouver Sun*. These issues will remain at the top of the public agenda for some time, as evidenced by the 2009 federal budget, which placed a heavy emphasis on infrastructure investment.

publications

"Innovation and the Productivity Problem: Any Solutions?"
Donald McFetridge
IRPP Choices, April 2008

"Infrastructure Investment: The Foundation of Canadian Competitiveness"
James Brox
IRPP Policy Matters, August 2008

"Connecting the Dots between University Research and Industrial Innovation"
Jorge Niosi, with commentaries by
Indira V. Samarasekera and Ilse Treurnicht
IRPP Choices, October 2008

Innovation and Productivity

Strengthening Canadian Democracy



publications

"Political Legitimacy for an Appointed Senate"
Campbell Sharman
IRPP Choices, September 2008

"Restructuring the Canadian Senate through Elections"
André Blais and Bruce Hicks
IRPP Choices, November 2008

"La montée des tiers partis au Québec à l'élection de 2007: conjoncture ou tendance?"
Éric Bélanger and Richard Nadeau
Choix IRPP, November 2008

"E-Consultation: Enabling Democracy between Elections"
Joseph Peters and Manon Abud, with comments by
Kathleen McNutt and Colin McKay
IRPP Choices, January 2009

events

Round table: "Senate Reform: Options and Comparative Perspectives"
November 18, 2008, Ottawa
Hosted by the IRPP, in collaboration with the Forum of Federations

"[IRPP] is by far the most important think tank in the country, and we use more IRPP research in our newspaper than from any other national think tank."

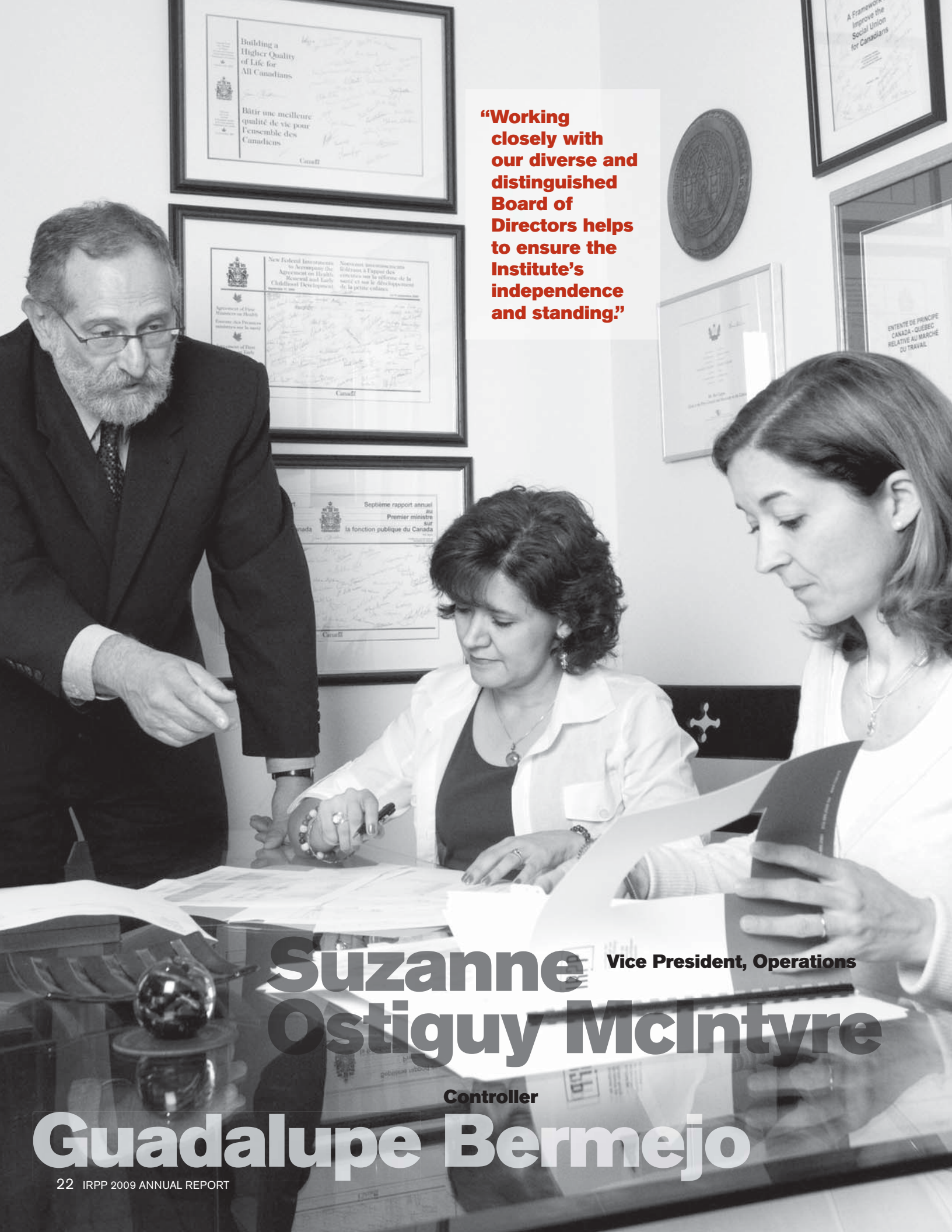
— Andrew Potter, News Editor, *Ottawa Citizen*

Research Director: Geneviève Bouchard

Launched in 1999, 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. This year, the IRPP published four studies in the program.

The debate on Senate reform erupted in the fall, when Prime Minister Stephen Harper urged Senators to support his government's efforts to reform the institution by imposing a limit of eight years for new Senators and creating a process to choose elected Senators. Campbell Sharman's study on Senate reform was released amid this discussion, and it generated interest from media in Canada's capital as well as from the public at large. The study was downloaded over 46,000 times from the IRPP's Web site, making it one of the year's bestsellers. The Institute, in collaboration with the Forum of Federations, held a round table on the subject in Ottawa in November. The event was attended by senators from the Conservative Party and the Liberal Party, as well as MPs, academics and journalists of note. The workshop brought together parliamentarians and other experts to examine how the selection of future senators could improve the legitimacy of the Senate in Canada.

With the overwhelming success of Barack Obama's campaign strategy south of the border, the role and power of new and social media emerged at the forefront of public consciousness this year. It was in this context that the IRPP released Joseph Peters' and Manon Abud's innovative study on e-consultation, with comments by Kathleen McNutt, assistant professor at the University of Regina, and Colin McKay, Director of Research, Education and Outreach at the Office of the Privacy Commissioner of Canada. The study garnered a lot of interest and high quality media coverage, including op-eds in the *Globe and Mail* and Quebec City's daily newspaper *Le Soleil*. Peters appeared on TV Ontario's leading current affairs show "The Agenda with Steve Paikin" to talk about his findings. The study was also the subject of numerous radio interviews in French and English, as well as columns in the *Windsor Star* and the *Vancouver Sun*.



“Working closely with our diverse and distinguished Board of Directors helps to ensure the Institute’s independence and standing.”

Suzanne Ostiguy McIntyre

Vice President, Operations

Controller

Guadalupe Bermejo

publications

"Fixing the Deficiencies in Parliamentary Review of Anti-terrorism Law: Lessons from the United Kingdom and Australia"
Craig Forcese
IRPP Choices, May 2008

"Arar: The Affair, the Inquiry, the Aftermath"
Reg Whitaker
IRPP Policy Matters, May 2008

"The (Un)Peacable Kingdom? Terrorism and Canada before 9/11"
David Charters
IRPP Policy Matters, October 2008

event

Conference: "EU-Canada Cooperation on Anti-Terrorism and Human Rights"
Hosted by the IRPP, in partnership with Centre for European Policy Studies and the Faculty of Law, University of Toronto
September 22, 2008, Ottawa

Security and Democracy



Research Directors:
Mel Cappe and Wesley Wark
(University of Toronto)

Canadian parliamentarians and the public have traditionally been reluctant to devote significant resources to security when threats seem remote. But while Canada has not recently been the subject of attacks, it has not in the past been immune to the major trends in terrorism and will not be in the future.

In an effort to better shape modern anti-terrorism policy, the Security and Democracy research program explores the complex challenges confronting Canada with regard to the post 9/11 security environment. The research addresses issues that are in many ways new to the country and to the formulation of Canadian national security policy, above all to respond to the threat posed by global, transnational terrorism, while respecting human rights.

This year, the Institute published three studies related to security and democracy. The program's research director and IRPP president, Mel Cappe, participated in several events addressing these issues. These include a one-day conference on Canadian cooperation with the European Union on anti-terrorism and human rights, hosted by the IRPP in collaboration with the Centre for European Policy Studies and the University of Toronto's Faculty of Law, and also the Canadian Association for Intelligence and Security Studies conference in Ottawa.

Craig Forcese's study on the need for Parliament to develop an independent review system to scrutinize anti-terrorism measures was the subject of one of three IRPP-authored op-eds that showcased the Institute's research on national security issues, in the *Hill Times* Special Policy Briefing on Defense and Security, in April 2008. In his study, Forcese argues that Canada's *Anti-terrorism Act* overreached and adopted a definition of terrorist activity that was far broader than necessary. He recommends that Parliament use the British and Australian assessment procedures as models to create a precursor expert review system.

In his study, David Charters observes that, contrary to popular belief, there is a long history of terrorism in Canada prior to 9/11. He concludes that in developing responses to terrorism it is best to be proactive rather than reactive, even when the threats are intermittent, and he recommends bolstering Canada's foreign human intelligence capabilities. The study was the subject of print and broadcast news coverage across the country; Charters appeared on CTV Newsnet, the network's national all-news channel, to discuss his findings, and he was a guest on Calgary's popular nightly radio news show "The World Tonight," where he spoke at length about his research and the study's conclusions. To date, the study has been downloaded more than 35,000 times from the Institute's Web site.



publications

"Canada and the Changing International Arctic: At the Crossroads of Cooperation and Conflict"

Rob Huebert

Prereleased book chapter, September 2008

"Canadian Arctic Sovereignty: Time to Take Yes for an Answer on the Northwest Passage"

Franklyn Griffiths

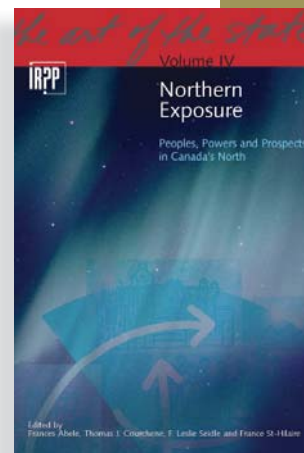
Prereleased book chapter, September 2008

The North is becoming an increasingly important focal point of public policy, a reality that was confirmed in the government's 2007 Speech from the Throne and its promise to bring forward an integrated northern strategy. Recent international events have increased the importance of safeguarding Canada's sovereignty in its Arctic regions, and the federal government has announced a series of measures to further this objective. When Canada's minister of foreign affairs, Lawrence Cannon, spoke to a Yukon audience in mid-March, he called for international cooperation to deal with the challenges unfolding in the Arctic.

Prior to the fall federal election this year, the IRPP prereleased two chapters, by Arctic sovereignty experts Rob Huebert and Franklyn Griffiths, from its illustrated edited collection *Northern Exposure: Peoples, Powers and Prospects in Canada's North*, volume IV of the Institute's *The Art of the State* series. The result of a wide-ranging research program, this multidisciplinary volume explores the themes of Arctic sovereignty, environmental change and science, Aboriginal and public governance, economic development, human capital and education, and northern policy.

Huebert and Griffiths appeared together on "The Agenda with Steve Paikin," as part of an expert panel on Arctic sovereignty, and both conducted lengthy live interviews with well known radio show hosts in British Columbia and Alberta, following the release of their chapters.

The Art of the State



**Research Directors: Leslie Seidle
and France St-Hilaire**

Kate Shingler

Communications Director

“Communicating new ideas to actors inside and outside of government is an important part of shaping the public policy debate in Canada.”



L. Ian MacDonald

Editor, *Policy Options*

"Policy Options is Canada's leading public policy magazine – our contributors have unique insight into the issues that are most important to Canadians."



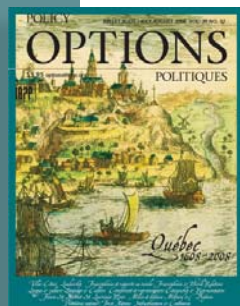
Policy Options

Editor: L. Ian MacDonald
Associate Editor: Sarah Fortin



event

Working Lunch: "The Economic Crisis and the Budget"
Presenters: L. Ian MacDonald, Thomas Courchene
(Queen's University and IRPP), Graham Fox (Fraser Milner
Casgrain), Jeremy Leonard
March 24, 2009, Ottawa



The IRPP's flagship publication *Policy Options* continues to play a valuable agenda-setting role for the public policy community in Canada. The 2008-09 cover packages provided in-depth analyses of the year's biggest stories: Barack Obama and the US presidential campaign, the global economic crisis, the Canadian federal election and the budget. The magazine's topical and timely articles produced a total of 39 op-eds in French and English newspapers across the country, an average of about 4 per *Policy Options* issue, as well as more than 100 columns, editorials, and news items.

The magazine attracts writers of the highest quality from the political and academic milieux, as well as from the private sector, and it has an impressive roster of Contributing Writers, including Nik Nanos, Derek H. Burney, Thomas J. Courchene, Jean-Herman Guay, Jeremy Kinsman, Robin Sears and Gil Troy.

Policy Options Editor L. Ian MacDonald enjoys considerable access to political leaders, which resulted in exclusive interviews with, among others, Quebec Premier Jean Charest on the significance of Quebec City's 400th anniversary, Finance Minister Jim Flaherty in the wake of the 2009 federal budget, and United States Ambassador David Wilkins as part of the magazine's special coverage of the US presidential election.

Policy Options held a sold-out event in Ottawa in March on the economic crisis and the federal budget, which was broadcast live on CPAC. The working lunch was attended by ministers, MPs, senior policy analysts and business leaders.

The magazine's on-line readership is growing, with a monthly average of more than 52,000 downloads of current and archived articles. More than 600,000 *Policy Options* articles a year are now downloaded from our Web site (www.irpp.org).

"Widely read among political insiders."

— John Geddes, *Maclean's*



Guadalupe Bermejo has been the controller and treasurer of the IRPP since August 1996. The Mexico City native studied accounting at the Escuela Bancaria y Comercial in the Mexican capital and completed her equivalences at McGill

University. An enthusiastic number cruncher, Guadalupe oversees all aspects of the Institute's finances. Her expertise in handling an organization funded by an endowment makes her an invaluable part of the IRPP team.



David Boisclair joined the IRPP in the summer of 2008. The latest addition to the Institute's research team, David currently manages and directs research projects on water, on the labour market and retirement segment of the Faces of Aging program, as

well as in the Innovation and Productivity research program. David is a graduate of Université du Québec à Montréal and McMaster University. His impressive and diverse policy research experience at the World Health Organization and the Quebec Ministère de la Santé et des Services sociaux, among others, is proving useful in his new role.



Geneviève Bouchard has been a research director at the IRPP since 2001. The McMaster University Ph.D. graduate supervises two research programs: Strengthening Canadian Democracy and Diversity, Immigration and Integration. She oversaw the publication of nine

studies in 2008-09, making her the Institute's most prolific director this year. In June, Geneviève returned from a six-month assignment in Belgium, where she spearheaded a collaboration between the Institute and the Centre for European Policy Studies.



Mel Cappe was appointed president of the IRPP in 2006. A long-time civil servant, Mel spent more than 30 years in the Canadian public service, most recently as the high commissioner for Canada to the United Kingdom of Great Britain and Northern Ireland. Named Canada's top

public servant as clerk of the Privy Council, secretary to the cabinet and head of the Public Service in January 1999, Mel stepped down three years later to become special adviser to Prime Minister Jean Chrétien. When he isn't meeting with staff at the IRPP's Montreal office or collaborating with authors on questions of national security for the Institute's Security and Democracy research program, which he directs, Mel is briefing senior government officials and decision-makers about the IRPP's research.



Sarah Fortin has been part of the IRPP family since 1997. The Université de Montréal and Université du Québec à Montréal graduate currently directs the Institute's research programs Faces of Aging and Investing in our Children.

A public policy enthusiast who pursued her doctoral studies at McGill University, Sarah is also interested in Canada-Quebec relations, the Canadian social union and intergovernmental relations. She is the associate editor of *Policy Options*. We count on Sarah to play the devil's advocate in our research meetings, making sure we consider all perspectives on an issue.



Georgia Kotsakis joined the IRPP team as administrative assistant in June 2008.

An early riser, Georgia is often one of the first to arrive at the Institute's downtown Montreal headquarters. With her office located beside the Institute's reception area,

the recent Concordia political science graduate welcomes visitors, answers the phones, oversees internal and external mail, and helps coordinate the IRPP's numerous events. Georgia's organizational skills and attention to detail help keep the office running smoothly.



Suzanne Lambert has been the events coordinator at the Institute since 2000.

The Université de Montréal arts graduate coordinates more than a dozen conferences and working lunches each year. IRPP counts on these events to spark and

inform debate on its research results. Suzanne applies her commendable organizational and networking skills to ensure that all of the Institute's events are well planned, professional and successful.

Patrick Lemieux joined the IRPP team as a research assistant in September 2008 for one year. The self-professed news junkie and Université de Montréal master's graduate scours multiple English and French newspapers every morning, looking for items of interest related to the Institute's various research programs. However, his information-gathering activities extend well beyond the Internet. The IRPP's research directors rely on Patrick to dig up research material, government documents and data sources – often on tight deadlines.



Jeremy Leonard has been affiliated with the IRPP in a variety of capacities for more than a decade. Passionate about connecting the dots between academic research and policy-making, he began his career at the IRPP as a research assistant in 1994, and

currently directs the Institute's Innovation and Productivity research program. But like many of his colleagues, Jeremy wears numerous hats. An honours graduate of McGill University and the University of Pennsylvania, the US-born adopted Montrealer also serves as IRPP's webmaster and communications adviser. He is a regular contributor to *Policy Options*.



One of the longest-serving members of the IRPP team, **Chantal Létourneau** has been working at the Institute since February 1994. She was assistant to the then-president, Monique Jérôme-Forget, from 1995 to 1998, and has since taken over as production and layout coordinator. Chantal is responsible for the layout of all IRPP publications, including the Institute's magazine, *Policy Options*. In her spare time she also brings her boundless energy and enthusiasm to many other invaluable tasks.



Named one of the 100 most influential people on the federal political scene by the *Hill Times*, **L. Ian MacDonald** has been editor of the IRPP's flagship publication *Policy Options* since 2002. Ian writes regular columns on politics and policy for the *Montreal Gazette* and the *National Post*, and is a frequent commentator for CTV, CPAC and CBC. He is the author of several books, including the best-selling biography *Mulroney: The Making of the Prime Minister*.



Suzanne Ostiguy McIntyre is vice president of operations and secretary to the Board of Directors. She joined the IRPP in 1998 as administrative director and was promoted to her current position in 2000. As the one responsible for the day-to-day management of the Institute, this law school graduate with an eye for detail keeps the Institute running smoothly and efficiently. Suzanne is also currently spearheading the Institute's latest fundraising efforts.



Félice Schaeffli joined the IRPP in 2007. Holding university degrees in social sciences and in translation, she revises and proofreads French-language texts and articles for *Policy Options*. Félice coordinates the publication of French-language studies, and translates texts for IRPP's communications team. She also assists the president in different tasks.



F. Leslie Seidle has been a senior research associate at the IRPP since 2004. He managed the process leading up to the publication of the 2007 IRPP volume *Belonging? Diversity, Recognition and Shared Citizenship in Canada* (which he also co-edited), and played a similar role for the Institute's edited volume *Northern Exposure: Peoples, Powers and Prospects in Canada's North*, where his superior project management skills were put to the test coordinating contributions from more than 30 authors. He also developed and directed IRPP's Aboriginal Quality of Life research program, which was completed during the past year. Leslie is a senior policy adviser with the Forum of Federations and a public policy consultant.



Kate Shingler was appointed communications director of the IRPP in April 2008. The former television journalist is finding making news, rather than simply reporting it, a refreshing change of pace. When Kate isn't writing press releases or fielding calls from reporters, she is busy making sure the country's public policy community is up to date on the Institute's latest research. A budding new media aficionado, Kate uses some of today's most popular social networking tools to expand the IRPP's reach and reputation.



France St-Hilaire is vice-president of research, having joined the IRPP as a research director in 1992. She currently oversees the Institute's research programs and is always on the lookout for the next big issue likely to surface on the public agenda. France is the author of a number of monographs and articles on public finance, social policy and fiscal federalism, as well as co-editor of several volumes published by the IRPP, including the most recent *Art of the State* volume, *Northern Exposure: Peoples, Powers and Prospects in Canada's North*.



Francesca Worrall has been the editorial coordinator of the IRPP's English language publications since 2002. Over the years she has acquired, in nonlinear fashion, a BA in history, a diploma in translation and an MA in translation studies from Concordia University. Armed with her trademark rubber thimble, Francesca is often found ensconced in her office, with classical music quietly playing in the background, pouring over an upcoming study or proofs of the latest issue of *Policy Options*.

Report of the Investment Committee

Interim Chair: Alfred Wirth
Members: Hugh Cleland,
Germaine Gibara, Lea Hansen,
Michael Koerner, Barbara McDougall
and Jacques Ménard

The objective of the IRPP's 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 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 several years ago 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.

Like most other funds of this nature, the IRPP's Endowment Fund was significantly affected by the economic downturn that began in the fall of 2008. The money available from the Fund for fiscal year 2008-09 amounted to \$2,044,268, a decrease of approximately \$8,299 from the transfer generated the previous year. Realized capital gains of \$227,665 and dividend and interest income of \$1,334,113 during the last fiscal year together amounted to \$1,561,778.

Over the years, the Investment Committee has taken several measures to ensure the optimal management of the Fund. In 1999, it decided to divide the Fund into two equal portions, and Knight, Bain, Seath and Holbrook Capital Management (KBSH), which had managed the Fund since 1989, was joined by Beutel, Goodman and Company Ltd. In 2004, the Committee decided to replace KBSH with McLean Budden Investment Managers. In 2006, the Committee undertook to explore different options to further increase the value of the Fund, so that higher returns could be generated for the Institute's operations without compromising the Fund's ability to provide for the IRPP in the years to come.

The Committee completed its exploration in early 2008, and it presented a recommendation to the Executive Committee of the Board in May 2008.

Periods Ended	31/3/09	31/3/08	31/3/07	31/3/06
Annual Return				
Artio Global	-13.6%	n/a	n/a	n/a
Benchmark (MSCI ACWI ex-US)	-9.0%	n/a	n/a	n/a
Beutel Goodman	-11.8%	-4.2%	8.6%	11.1%
McLean Budden	-10.0%	-1.3%	9.6%	10.7%
Benchmark	-13.0%	0.4%	9.4%	13.0%
4 Year Return (annualized)				
Beutel Goodman	0.5%	5.4%	8.6%	7.2%
McLean Budden	1.9%	n/a	n/a	n/a
Benchmark	2.0%	7.1%	9.3%	6.0%

	Artio Global		McLean Budden		Beutel Goodman	
	31/3/09	31/3/08	31/3/09	31/3/08	31/3/09	31/3/08
Market Value	\$3,022,740	-	\$13,039,711	\$18,036,101	\$14,992,206	\$20,597,595
Asset Mix						
Cash and Equivalent	-	-	1.4%	5.8%	4.3%	2.2%
Fixed Income	-	-	49.6%	45.6%	52.3%	42.3%
Canadian Equities	-	-	26.3%	22.7%	28.2%	30.1%
U.S. Equities	-	-	22.7%	13.1%	15.2%	14.8%
Non-N.A. Equities	100%	-	-	12.8%	-	10.6%
Total Equities	-	-	49.0%	48.6%	43.4%	55.5%

Following this, in June 2008, the Investment Committee hired the firm Julius Baer, now Artio Global, to manage the portion of the IRPP's assets that was invested in foreign markets. As a result, also in June, \$2.5 million was taken from each of Beutel Goodman and McLean Budden and transferred to Artio Global.

The Investment Committee meets with the fund managers on a quarterly basis to review their performance based on benchmarks established several years ago. In 2008 the Committee reviewed the benchmarks to ensure that they still provided the appropriate basis for evaluating the fund managers' performance. The table above reports our managers' performance relative to the benchmark in the previous year and in the past four years, where applicable.

The Fund's combined market value, including other net assets, amounted to \$31,050,665 as of March 31, 2009. Its asset mix is reported in the second table.

Auditors' Report

To the Directors of Institute for Research
on Public Policy



**Raymond Chabot
Grant Thornton**

Raymond Chabot Grant Thornton LLP¹
Suite 2000
National Bank Tower
600 De La Gauchetière Street West
Montréal, Québec H3B 4L8

Telephone: 514-878-2691
Fax: 514-878-2127
www.rcgt.com

W

e have audited the balance sheet of Institute for Research on Public Policy as at March 31, 2009 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 whether 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, 2009 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.

Montréal, May 13, 2009

¹ Chartered accountants. Auditor permit no. 14444.

Earnings

Year ended March 31, 2009 (In thousands of dollars)

	2009 \$	2008 \$
Revenues		
Net investment income (Note 5)	(5,322)	(1,160)
Other revenues		
<i>Policy Options</i> magazine	30	35
Other publications	37	33
Advertising	137	143
Expenses recovery	173	183
Other	10	14
	387	408
Expenses		
General research and support services	1,904	1,902
<i>Policy Options</i> magazine	383	381
Other publications	150	169
Investment management and custodial fees	204	207
Interest	7	6
Amortization of capital assets	17	14
	2,665	2,679
Deficiency of revenues over expenses before net investment income	(2,278)	(2,271)
Deficiency of revenues over expenses	(7,600)	(3,431)

Changes in Net Assets

Year ended March 31, 2009 (In thousands of dollars)

	Restricted for the financing of operating activities (Note 4) \$	Invested in capital assets \$	Unrestricted \$	2009 Total \$	2008 Total \$
Balance, beginning of year	38,451	25	264	38,740	42,171
Deficiency of revenues over expenses		(17)	(7,583)	(7,600)	(3,431)
Invested in capital assets		16	(16)		
Transfer (Note 5)	(7,570)		7,570		
Balance, end of year	30,881	24	235	31,140	38,740

Cash Flows

Year ended March 31, 2009 (In thousands of dollars)

	2009 \$	2008 \$
Operating Activities		
Deficiency of revenues over expenses	(7,600)	(3,431)
Non-cash items		
Fair value of investments	6,654	3,003
Amortization of capital assets	17	14
Changes in working capital items (Note 6)	236	(211)
Net cash used	(693)	(625)
Financing and Investing Activities		
Bank loan		(23)
Short-term investments	(222)	(584)
Disposal of short-term investments	224	721
Investments	(24,221)	(13,739)
Disposal of investments	25,155	14,292
Capital assets	(16)	(3)
Net cash generated	920	664
Net increase in cash	227	39
Bank overdraft, beginning of year	(69)	(108)
Cash (bank overdraft), end of year	158	(69)

Balance Sheet

Year ended March 31, 2009 (In thousands of dollars)

	2009 \$	2008 \$
Assets		
Current Assets		
Cash	158	
Short-term investments (Note 7)	73	75
Accounts receivable (Note 8)	348	647
Prepaid expenses	28	30
	607	752
Investments (Note 9)	30,870	38,458
Capital assets (Note 10)	24	25
	31,501	39,235
Liabilities		
Current Liabilities		
Bank overdraft		69
Accounts payable and accrued liabilities	228	307
Subscription and advertising revenue collected in advance	38	33
Deferred contributions (Note 12)	95	86
	361	495
Net Assets		
Restricted for the financing of operating activities	30,881	38,451
Invested in capital assets	24	25
Unrestricted	235	264
	31,140	38,740
	31,501	39,235

Notes to the Financial Statements

Year ended March 31, 2009 (In thousands of dollars)

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

Recently adopted standards

On April 1, 2008, in accordance with the applicable transitional provisions, the Organization applied the recommendations of Section 1535, "Capital Disclosures", of the *Canadian Institute of Chartered Accountants' Handbook (CICA Handbook)*. This new section, effective for fiscal years beginning on or after October 1, 2007, establishes standards for disclosing information about the Organization's capital and how it is managed. The new accounting standard only addresses disclosures and has no impact on the Organization's financial results.

Future accounting standards

In September 2008, the Canadian Institute of Chartered Accountants (CICA) amended the introduction to accounting standards that apply only to not-for-profit organizations and several sections in the 4400 series as well as consequential changes to other sections of the *CICA Handbook*. The main changes affect the following, in particular:

- Inclusion of not-for-profit organizations within the scope of sections 1540, "Cash Flow Statements", and 1751, "Interim Financial Statements";
- Elimination of the requirement to treat net assets invested in capital assets as a separate component of net assets;
- Amendments to clarify that revenues and expenses must be recognized and presented on a gross basis when the not-for-profit organization is acting as a principal in the transactions in question;
- Inclusion of additional guidance with respect to the appropriate use of the scope exemption in Section 4430, "Capital Assets Held by Not-for-profit Organizations", for smaller entities.

The CICA also published new Section 4470, "Disclosure of Allocated Expenses by Not-for-profit Organizations", which establishes disclosure standards for the not-for-profit organization that classifies its expenses by function and allocates expenses to a number of functions to which the expenses relate.

These changes are effective for fiscal years beginning on or after January 1, 2009 and the Organization will implement them as of April 1, 2009. The Organization's management is not able to measure the impact that the application of these changes will have on the financial statements.

3 - Accounting policies

Basis 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. The main estimates relate to the allowance for doubtful accounts and the estimated useful life of the capital assets. Actual results may differ from these estimates.

Financial assets and liabilities

The Organization has chosen to apply the recommendations of Section 3861, "Financial Instruments – Disclosure and Presentation", of the *CICA Handbook* with respect to the presentation and disclosure of financial instruments.

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. 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

Cash is recognized as held-for-trading and short-term investments, investments, interest and dividends receivable and accounts receivable on disposal of 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 in shares and fund units is based on the current bid price and the fair value of investments in short-term deposit, discount note, bonds according to the rate of return that reflects corresponding market conditions.

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

Trade accounts receivable included in the 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

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.

Advertising and publication revenue

Advertising and publication revenue is recognized once there is an agreement between the parties, the price is fixed or determinable and collection is reasonably assured.

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 and period:

Rates and period

Computer equipment	33%
Office equipment	20%
Leasehold improvements	Length of the lease

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 non-monetary 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 - 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 towards other purposes without the consent of the Board of Directors. Investment income is unrestricted.

5 - Transfer

	2009 \$	2008 \$
Amount obtained from the average fair value of the three preceding years multiplied by 5% (5% in 2008) (a)	2,044	2,053
Net investment income	(5,322)	(1,160)
Investment management and custodial fees	(204)	(207)
Investment income net of the management and the custodial fees (b)	(5,526)	(1,367)
Unrealized change in fair value at the beginning of years		6,908
	(5,526)	5,541
Transfer	7,570	(3,488)

(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%, for the years ended March 31, 2009 and 2008, of the average 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 include the unrealized loss during the year on the assets in the restricted account.

6 - Information included in cash flows

The changes in working capital items are detailed as follows:

	2009 \$	2008 \$
Accounts receivable	299	(431)
Prepaid expenses	2	(4)
Accounts payable and accrued liabilities	(79)	212
Subscription and advertising revenue collected in advance	5	12
Deferred contributions	9	
	236	(211)

7 - Short-term investments

	2009 \$	2008 \$
Treasury bills, 3.292% in 2008		75
Discount note, maturing in May 2009	73	
	73	75

8 - Accounts receivable

	2009 \$	2008 \$
Trade accounts receivable	25	38
Accounts receivable on disposal of investments	148	399
Goods and services tax and Quebec sales tax	55	72
Interest and dividends receivable	120	138
	348	647

9 - Investments

Periods Ended	2009 Fair Value \$	2008 Fair Value \$
Fund units		
Money market	463	1,404
Bonds	6,504	8,226
Shares	9,559	10,866
	16,526	20,496
Bonds		
Federal government, 3.6% to 5% (3.6% to 5% in 2008), maturing on different dates from March 2010 to June 2037	2,750	2,342
Provincial government, 4.4% to 10.25% (4.2% to 10.25% in 2008), maturing on different dates from December 2013 to June 2040	1,220	2,511
Corporations, 3.906% to 12.2% (3.906% to 12.2% in 2007), maturing on different dates from September 2010 to March 2039	3,865	3,873
	7,835	8,726
Canadian shares		
Oil and gas	1,211	1,740
Consumer products	46	36
Industrial products		60
Real estate	37	75
Transportation and environmental services	122	177
Utilities	114	148
Communications and medias	272	217
Merchandising	133	64
Financial services	2,296	3,519
Other		157
	4,231	6,193
Foreign shares		
Autos and transportation		85
Consumer discretionary	241	242
Consumer staples	204	162
Financial services	29	283
Health care	352	435
Integrated oil company	116	164
Other energy	220	228
Producer durables	287	397
Technology	418	529
Utilities	156	185
Communications and medias	40	
Other	215	333
	2,278	3,043
	30,870	38,458

10 - Capital assets

2009	Cost	Accumulated amortization	2009 Net
	\$	\$	\$
Computer equipment	343	340	3
Office equipment	125	115	10
Leasehold improvements	16	5	11
	484	460	24

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

11 - Line of credit

The line of credit for an authorized amount of \$500 is unsecured, bears interest at prime plus 0.5% (2.75%; 5.75% in 2008) and is renegotiable in September 2009. The line of credit was not used as at March 31, 2009 and 2008.

12 - Deferred contributions

	2009	2008
	\$	\$
Fourth Decade Fund		
Balance, beginning of year	86	86
Received relating to the following year	9	
Balance, end of year	95	86

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 risk

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

Interest rate risk

The discount note, 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 short-term investments and the investments expose the Organization to the risk of fair value changes attributable to fluctuation of the market quotes.

Credit risk and the concentration of 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 accounts receivable:

The Organization'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.

- The bond and mutual fund investment balance is managed and analyzed quarterly to detect any impairment. As at March 31, 2009, management considers that the Organization's credit risk with respect to these financial assets is low and, accordingly, no allowance for losses has been recorded.

As at March 31, 2009, cash and term deposits are held by a regulated financial institution.

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 cash, short-term investments and investments denominated in U.S. dollars. As at March 31, 2009, assets denominated in U.S. dollars consisting of cash, short-term investments and investments totalled US\$1,919 (US\$3,045 as at March 31, 2008).

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

14 - Capital management policies and procedures

The Organization defines its capital as its net assets and its capital management objectives are:

- To ensure its ability to continue as a going concern;
- To fulfil its financial obligations.

The Organization manages its capital primarily through investment revenues and the sale of advertising and publications.

To maintain or adjust its capital structure, it may be necessary to adjust the estimates for the expenses of some of its activities.

The Organization is not subject, under outside rules, to capital requirements.

15 - Commitments

The Organization has entered into long-term lease agreements and a service contract, expiring by 2012 which call for payments of \$201 for the rental of equipment and office space and services. Minimum lease payments for the next years are \$90 in 2010, \$81 in 2011 and \$30 in 2012.2 2008.

Supplementary information

	2009	2008
	\$	\$
Net Investment Income		
Interest revenues	856	851
Dividend revenues	478	995
Gain on disposal of investments	228	228
Changes in fair value of financial assets designated by the Organization as held-for-trading	(6,884)	(3,234)
	(5,322)	(1,160)

1470 Peel Street, Suite 200
Montreal, Quebec
H3A 1T1
T 514-985-2461
F 514-985-2559
irpp@irpp.org

www.irpp.org

