

**INSTITUTE FOR COMPETITIVENESS &  
PROSPERITY  
ANNUAL REPORT**

Annual Report 2016-2017  
For the year April 30, 2017

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## Message from the Chair



I am pleased to present the 2017-18 Business Plan of the Institute for Competitiveness and Prosperity. I am pleased to continue in this role as we begin another three-year funding agreement with the Government of Ontario.

This past year was very productive. Our new advisory body, Ontario's Panel on Economic Growth & Prosperity, along with Tiff Macklem, the Panel's Chair and Dean of Rotman School of Management, has ignited new research projects for us, along with new partnership opportunities and greater focus on engaging the business community. The Institute produced five working papers (including a 'revisited' one), a white paper, an annual report on Ontario, 24 blogs and four quarterly reports – a new product for us. As always, we are proud of the nature of our research and the impact of our thoughts.

To expand our reach, relevancy, and relationships, we focused on developing partnerships and conferences this year. As there is more political alignment and appetite than ever to learn about the economic importance of clusters, following the release of Working Paper 26, *Clusters in Ontario*, we hosted an event with Ifor Ffowcs-Williams, a global expert on clusters, and 30 other cluster leaders across the province. In addition, we brought in our first Fellow, Paul Boothe, who was appointed to the Order of Canada at the end of 2016.

For the year ahead, we will be focusing on the power of people in Ontario – from the immigrants who are coming to the province, to the CEOs who run major corporations, and those who participate the least in our labour force (e.g., women, Indigenous peoples, seniors, and immigrants) but have much to give. Most importantly, while we continue to maintain a high level of rigorous academic research and analysis, we are looking to engage stakeholders and partners in our work. We plan on continuing our conversations with successful manufacturing businesses to understand their export strategies, along with CEOs of Ontario's largest companies, and organizations and academics who are working to help workers find gainful employment. We are also seeking opportunities to partner with organizations to round out our research and tap into their resources and audience pools.

We will continue to strengthen our efforts at communicating our findings and recommendations to Ontarians to ensure we are having a significant impact in increasing Ontario's competitiveness, productivity and capacity for innovation. Now, more than ever, our mission is critical to the future fiscal and economic health of the province.

Martha Tory, Chair

# Background

## Vision

Through the provision of support to the newly formed Ontario's Panel on Economic Growth & Prosperity (the "Panel"), the Institute measures and monitors Ontario's competitiveness compared to other provinces and the US states and is respected for its regular reports to the public. As a result, governments, firms, organizations and individuals in Ontario have access to a policy framework for increased competitiveness and prosperity that is second to none.

## Mission

To establish and maintain a Panel to:

- (a) measure, analyze and report on the competitiveness, productivity and economic progress of the Province of Ontario in comparison to other jurisdictions;
- (b) assess the impact of research and development and commercial innovation in Ontario on the province's competitiveness;
- (c) make such recommendations for action on the part of governments, businesses and others as the Panel may consider advisable;
- (d) confer and consult with the public, interested parties and experts regarding the methods for measuring, analyzing, reporting upon or making recommendations in respect of the competitiveness, productivity and economic progress of the Province of Ontario;
- (e) encourage, educate and build awareness of competitiveness, productivity and economic progress indicators for the Province of Ontario; and
- (f) conduct such other activities which are consistent with the foregoing.

To conduct activities and carry out such other complementary purposes which are consistent with the establishment and maintenance of the Panel.

## **Establishment of Ontario's Panel on Economic Growth & Prosperity**

In her April 19, 2001 Speech from the Throne, the Honourable Hilary M. Weston, Lieutenant Governor of the Province of Ontario stated:

... Economic strength and quality of life are inseparable. Only a strong economy provides the means to support important services such as accessible health care and quality education.

... Responsible choices are required to keep the economy growing, and to determine spending priorities among competing demands that in total would far exceed the growth in revenue.

... Growth - growth in the economy, growth in jobs - remains your government's top priority.

... A new task force will measure and monitor Ontario's productivity, competitiveness and economic progress compared to other provinces and the U.S. states.

... The independent task force, led by Roger Martin, Dean of the Joseph L. Rotman School of Management and one of Canada's leading experts on competitiveness, will report to the public on a regular basis.

In the period between the Throne Speech and the announcement of the names of the members of the Task Force, the government approved the establishment of the Institute for Competitiveness and Prosperity whose principal purpose is to establish and maintain the Task Force.

In the Budget Speech of May, 2004, the Government set out the challenge of commercialization for Ontario and set out a role for the Task Force:

A major challenge is to improve on the commercialization of ideas derived from R&D performed in Ontario. Building on the province's strong scientific research base, the government will expand the focus of its innovation programs to enhance commercialization in Ontario's public research institutions. New funding will help these institutions gain better access to private capital. The Ontario Government will work with the federal government to maximize Ontario's participation in the venture capital initiatives announced in the 2004 federal Budget. In addition the Task Force on Competitiveness, Productivity, and Economic Progress will shift its next phase of research to include commercialization issues.

Minister Cordiano expanded on this in a speech on June 24, 2004,

...we're preparing Ontario to lead in both knowledge and innovation. The... government knows that information, invention, and innovation are the new pillars of economic strength and success that create more wealth, increase our prosperity, and achieve a standard of living that is second to none.

The Institute has incorporated commercialization issues in its mission and plans. In November 2014, Roger Martin disbanded the Task Force. The Government of Ontario, along with newly appointed Chair Tiff Macklem established the Ontario's Panel of Economic Growth & Prosperity to replace the Task Force. The inaugural meeting took place in January 2016 and the new members of the Panel was announced in 2016.

## **Administration and Governance**

The Institute was incorporated on August 28, 2001 as a not for profit corporation with Roger L. Martin as Chairman of the Board of Directors. As Roger L. Martin stepped down from the Task Force and Board in 2015, Martha Tory was voted as the Chairman of the Board of Directors [See Appendix A].

The objects of the corporation are the same as the Mission of the Institute as set out above in Section 1.2 (see page 2).

## **Core Businesses**

The incorporation papers of the Institute provide the framework for identifying four core businesses which are the focus of this business plan:

### **1. Secretariat Function:**

To establish and maintain a Panel on competitiveness, productivity, and economic progress.

### **2. Economic Policy Research Function:**

To create a framework to assess Ontario's competitiveness, productivity and economic progress and to develop indicators to measure Ontario's competitiveness, productivity and economic progress compared with the other provinces and the US states.

### **3. Consultation and Communications Function:**

To consult, raise awareness and educate the public and a broad range of stakeholders in all regions of the province on competitiveness issues in general and the work of the Panel in particular.

### **4. Administration Function:**

To maintain an office and a range of services in support of the functions of the Institute.

## Accomplishments and Commitments

The Institute fulfilled the following key commitments identified in the Business Plan for 2016-17:

- Published Working Paper 26, “Clusters in Ontario: Creating an ecosystem for prosperity” (*June 2016*)
- Published White Paper, “Getting to 2030: Comparing and coordinating provincial climate policies”
- Published Working Paper 27, “Looking beyond GDP: Measuring prosperity in Ontario” (*October 2016*)
- Published Annual Report 15, “Collaborating for growth: Opportunities for Ontario” (*December 2016*)
- Published four Quarterly Reports.

## Performance Measures

Core Business	2016-17 Commitments	Results
<b>Establish and maintain a Task Force/Advisory Board. Awaiting appointment of members.</b>	<p>Meetings will occur 4 times annually.</p> <p>References to Panel to begin following Annual Report publication in November 2016.</p>	<p>Panel meetings occurred January, April, September, and December 2016.</p> <p>Panel referenced in Annual Report 15 in November 2016.</p>
<b>Economic Policy and Research</b>	<p>Continue building research and analysis on innovation to inform our competitiveness research.</p> <p>Fulfilment of our research agenda as outlined previously.</p>	<p>Publications outlined in previous section.</p>
<b>Consultation and Communications</b>	<p>Speak at 12+ engagements.</p> <p>Publish Fifteenth Annual Report.</p> <p>Publish at least three Working Papers.</p> <p>Continue to be cited as an important and relevant source.</p> <p>Continue to track and improve website traffic, social media hits, and email blasts.</p>	<p>Spoke at 12 engagements (presentations, briefings, launches, and conferences)</p> <p>Published 3 Working Papers, a white paper, and the Fifteenth Annual Report.</p> <p>Cited and published in 29 sources, including Ontario's Long Term Outlook report and the OECD.</p> <p>Website, email, and social media stats continue to be tracked.</p>
<b>Administration</b>	<p>Business plan to be approved by Board March 2016.</p> <p>Audit and financial results presented to Board by October 2016.</p> <p>Procurement protocol presented to Board by March 2016.</p>	<p>Business plan approved by Board during March 2016 board meeting.</p> <p>Audit completed and presented to the Board during October 2016 board meeting.</p> <p>Procurement protocol reviewed by Board at the March 2016 board meeting.</p>

	<p>Executed RFP for refresh of publications by January 2016.</p> <p>Engage in conversation with government regarding the future of the Institute.</p> <p>Ensure that the Institute is following proper protocols with respect to contracts with external vendors.</p>	<p>Selected publication refresh vendor in 2016.</p> <p>Completed negotiations with the government regarding next funding agreement.</p> <p>Procurement protocol was reviewed by the Board at the March 2016 board meeting.</p>
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## Governance

### Ontario's Panel of Economic Growth & Prosperity

<b>Name</b>	<b>Affiliation</b>
Tiff Macklem, <i>Chair</i>	Joseph L. Rotman School of Management
John Armstrong*	Slalom Inc.
Kilian Berz	The Boston Consulting Group
Stephen Carlisle	General Motors of Canada Company
Marvin DeVries	Trojan Technologies Inc.
Samuel Duboc	Business Development Bank of Canada
Robert Hardt	Siemens Canada
Stu Kedwell	RBC Global Asset Management
Marcia Moffat	BlackRock Asset Management
Tim Penner*	Procter & Gamble (1999-2011)
Joanna Rotenberg	BMO Financial Group
Andrea Stairs Krishnappa	eBay Canada
Dan Trefler*	Canadian Institute for Advanced Research
Annette Verschuren, O.C.	NRStor Inc.

*\*Member of the former Task Force on Competitiveness, Productivity and Economic Progress*

## Board of Directors

The Institute for Competitiveness & Prosperity, Board of Directors

<b>Name</b>	<b>Affiliation</b>
Martha Tory <i>Chair of the Board</i>	Formerly at Ernst & Young LLP
Jamison Steeve <i>President and Secretary</i>	Institute for Competitiveness & Prosperity
Marko Trivun <i>Member and Director</i>	Torys LLP
Suzanne Spragge <i>Member and Director</i>	Board member
Jim Milway <i>Member and Director</i>	Archdiocese of Toronto

## **Institute Staff**

### **Executive Director**

Jamison Steeve  
416 946.7585  
J.Steeve@competeprosper.ca

### **Executive Assistant**

Valeria Sladojevic-Sola

### **Researcher Director**

Dorinda So

### **Policy Analysts**

Philippa French  
Julia Hawthornthwaite  
Christopher Mack  
Saad Usmani

### **Administrative Coordinator (part-time)**

Sally Yeung

### **General Inquiries:**

416 946.7300

Questions or comments about the Institute for Competitiveness & Prosperity's business plan are welcomed. Visit [www.CompeteProsper.ca](http://www.CompeteProsper.ca) or call the offices as listed above.

# **Financial Statements and Auditor's Report**

See inserted financial statements.

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**INSTITUTE FOR COMPETITIVENESS  
AND PROSPERITY**

**FINANCIAL STATEMENTS**

**APRIL 30, 2017**

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**INDEPENDENT AUDITOR'S REPORT**

To the Members,  
Institute for Competitiveness and Prosperity

We have audited the accompanying financial statements of the Institute for Competitiveness and Prosperity which comprise the statement of financial position as at April 30, 2017, and the statements operations and changes in unrestricted net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

*Auditor's Responsibility*

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Institute for Competitiveness and Prosperity as at April 30, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Conporthwaite Mehta*

Chartered Accountants  
Licensed Public Accountants

October 5, 2017  
Toronto, Ontario

# INSTITUTE FOR COMPETITIVENESS AND PROSPERITY

## STATEMENT OF FINANCIAL POSITION

AS AT APRIL 30, 2017

	2017	2016
<b>ASSETS</b>		
Current assets		
Cash	\$ 98,174	\$ 141,550
Short-term investments (notes 2 and 3)	20,000	20,000
Accounts receivable	1,244	20,764
Sales tax recoverable	26,488	27,842
Prepaid expenses	<u>12,954</u>	<u>4,092</u>
	<u>\$ 158,860</u>	<u>\$ 214,248</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 40,924	\$ 127,563
Deferred contributions (note 5)	<u>117,936</u>	<u>86,685</u>
	<u>158,860</u>	<u>214,248</u>
Net assets		
Unrestricted	<u>nil</u>	<u>nil</u>
	<u>\$ 158,860</u>	<u>\$ 214,248</u>

Approved on behalf of the Board:

\_\_\_\_\_, Director

\_\_\_\_\_, Director

see accompanying notes

# INSTITUTE FOR COMPETITIVENESS AND PROSPERITY

## STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS

FOR THE YEAR ENDED APRIL 30, 2017

	2017	2016
<b>REVENUE</b>		
Government funding	\$ 868,750	\$ 900,416
Contract research and other	<u>199</u>	<u>67,059</u>
	<u>868,949</u>	<u>967,475</u>
<b>EXPENSES</b>		
Personnel	578,900	602,933
Communication supplies and services	176,198	200,061
Occupancy costs	36,022	55,736
Training and development	22,955	18,096
Supplies	18,671	24,251
Consulting fees	15,775	26,293
Other services	10,339	18,940
Task force and other meetings	<u>10,089</u>	<u>21,165</u>
	<u>868,949</u>	<u>967,475</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	nil	nil
Unrestricted net assets, beginning of year	<u>nil</u>	<u>nil</u>
<b>UNRESTRICTED NET ASSETS, END OF YEAR</b>	<u>\$ nil</u>	<u>\$ nil</u>

see accompanying notes

# INSTITUTE FOR COMPETITIVENESS AND PROSPERITY

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED APRIL 30, 2017

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Cash received from operations:		
Excess of revenue over expenses for the year	\$ nil	\$ nil
Net change in non-cash working capital items (see below)	<u>(43,376)</u>	<u>(203,344)</u>
<b>NET CASH DECREASE IN THE YEAR</b>	(43,376)	(203,344)
Cash, beginning of year	<u>141,550</u>	<u>344,894</u>
<b>CASH, END OF YEAR</b>	<u>\$ 98,174</u>	<u>\$ 141,550</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	\$ 19,520	\$ (13,212)
Sales tax recoverable	1,354	(13,073)
Prepaid expenses	(8,862)	(642)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(86,638)	46,999
Deferred contributions	<u>31,250</u>	<u>(223,416)</u>
	<u>\$ (43,376)</u>	<u>\$ (203,344)</u>

see accompanying notes

# INSTITUTE FOR COMPETITIVENESS AND PROSPERITY

## NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2017

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The Institute for Competitiveness and Prosperity (the Institute) is a not-for-profit organization incorporated in the Province of Ontario without share capital. The Institute is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the Income Tax Act (Canada).

The Institute's purpose is to deepen public understanding of macro and microeconomic factors behind Ontario's economic progress and stimulate debate on a range of issues related to competitiveness and prosperity. The advisory body to the Institute is the Ontario's Panel on Economic Growth & Prosperity. The Panel's mandate is to measure and monitor Ontario's competitiveness compared to its peer jurisdictions and to report to the public on a regular basis. The Institute entered into a funding agreement with the Ontario Ministry of Economic Development and Growth effective June 5, 2015 to March 31, 2017 that was extended to June 30, 2017. A new three-year funding agreement began on July 1, 2017 at an annual funding envelope amount of \$750,000. Any excess of contributions received over eligible expenses at the end of the funding period is refundable.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The Institute follows the deferral method of revenue recognition for contributions. Contributions related to current expenses are reflected in the accounts as revenue in the current year. Contributions received in the year for expenses to be incurred in the following fiscal year are recorded as deferred contributions. Contributions related to the purchase of capital assets are recorded as capital contributions in the same period the related assets are charged to operations. Contributed materials and services which are normally purchased by the Institute are not recorded in the accounts.
- ii) Contract research and other revenue and related expenses are recognized in the period the services are performed and the costs incurred.
- iii) Interest income is recognized in the period earned.

#### Financial instruments

The Institute records financial instruments, which include cash, short-term investments, accounts receivable and accounts payable and accrued liabilities, initially at fair value. Subsequently, financial instruments are recorded at cost plus accrued interest and less any provision for impairment.

### 2. SHORT-TERM INVESTMENTS

Short-term investments comprise a guaranteed investment certificate issued by a major Canadian chartered bank. The certificate bears interest at 0.95% and matures in April 15, 2019 (see note 3).

### 3. BANK LINE OF CREDIT

The Institute has a credit card with a \$20,000 credit limit. Unpaid balances bear interest at 19.99%. The Institute has pledged a guaranteed investment certificate of \$20,000 as collateral for the credit card (see note 2).

# INSTITUTE FOR COMPETITIVENESS AND PROSPERITY

## NOTES TO THE FINANCIAL STATEMENTS

APRIL 30, 2017

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### 4. RELATED PARTY

The Institute is related to the Martin Prosperity Institute, a department of the Rotman School of Management of the University of Toronto, in that both organizations share the same Executive Director, administrative staff and offices.

Amounts payable or receivable from transactions in the normal course of operations with the Martin Prosperity Institute are non-interest bearing, payable on demand and unsecured. No amounts were due from or payable to the Martin Prosperity Institute at April 30, 2017 and 2016.

### 5. DEFERRED CONTRIBUTIONS

Deferred contributions comprise the following:

	2017	2016
Ontario Ministry of Economic Development and Growth	<u>\$ 117,936</u>	<u>\$ 86,685</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 86,685	\$ 310,102
Add cash received from Ontario Ministry of Economic Development and Growth	900,001	676,999
Less government funding recognized	<u>(868,750)</u>	<u>(900,416)</u>
Deferred contributions, end of year	<u>\$ 117,936</u>	<u>\$ 86,685</u>

### 6. LEASE COMMITMENT

The Institute has been allocated office space by the University of Toronto for an undefined period or for as long as the Institute exists. The rental rate and overhead charge are determined and communicated to the Institute on an annual basis by the Rotman School Financial Services Office.