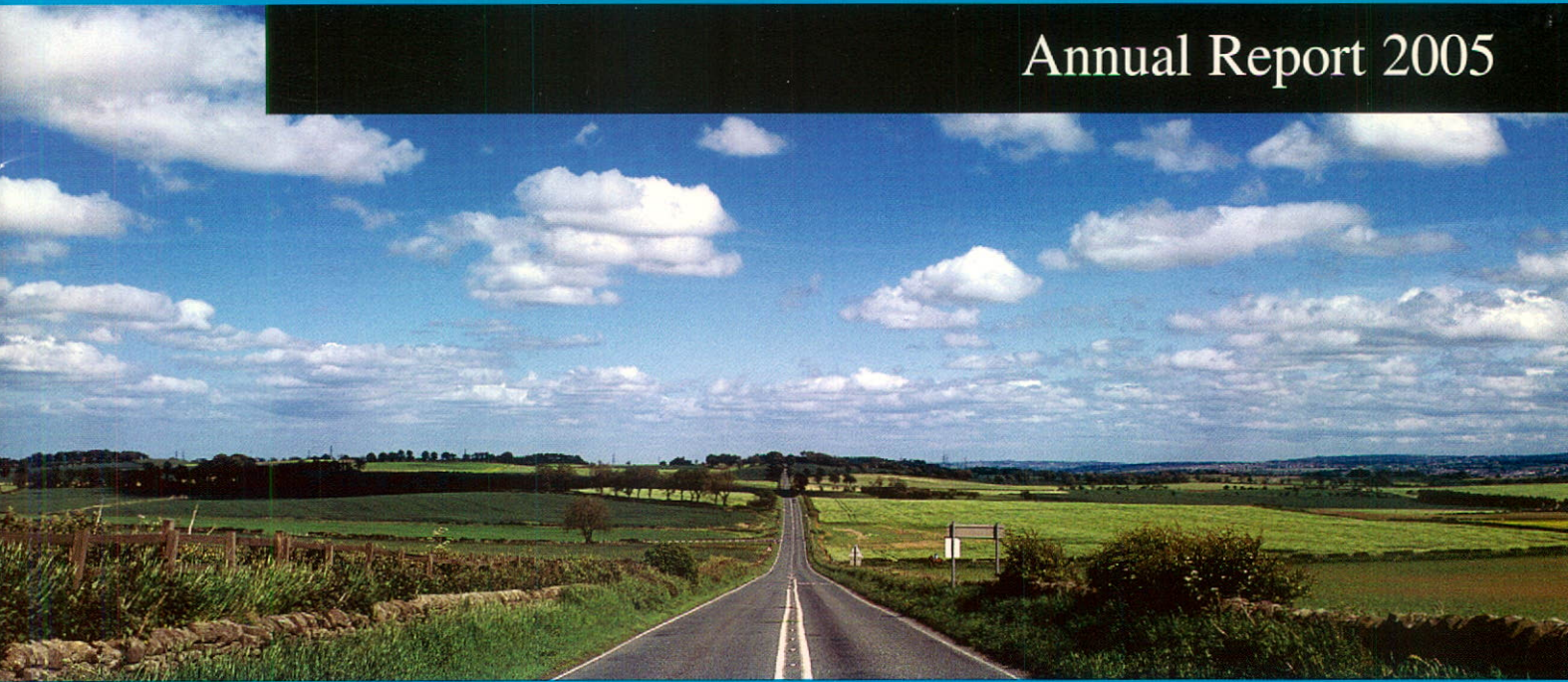


The Conference Board of Canada
Insights You Can Count On



Annual Report 2005



Broadening Canadian Horizons

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About The Conference Board of Canada

We are:

- A not-for-profit Canadian organization that takes a business-like approach to its operations.
- Objective and non-partisan. We do not lobby for specific interests.
- Funded exclusively through the fees we charge for services to the private and public sectors.
- Experts in running conferences but also at conducting, publishing and disseminating research, helping people network, developing individual leadership skills and building organizational capacity.
- Specialists in economic trends, as well as organizational performance and public policy issues.
- Not a government department or agency, although we are often hired to provide services for all levels of government.
- Independent from, but affiliated with, The Conference Board, Inc. of New York, which serves nearly 2,000 companies in 60 nations and has offices in Brussels and Hong Kong.

Vision

The Conference Board will be recognized as Canada's most influential, independent source of insights for leaders.

Mission

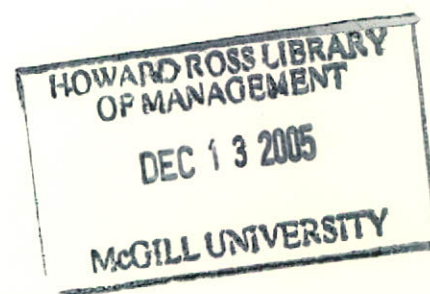
The Conference Board builds leadership capacity for a better Canada by creating and sharing insights on economic trends, public policy and organizational performance.





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An Overview

The Conference Board of Canada is a not-for-profit, non-partisan organization that delivers research and facilitates high-level learning and dialogue for Canadian leaders in the private, public and not-for-profit sectors.

Specialists in [economic trends](#), [public policy](#) and [organizational performance](#), we draw our insights from a comprehensive view of socio-economic conditions and trends across Canada and internationally.

Our History

The Canadian office of the New York-based Conference Board, Inc. was founded in Montréal in 1954. After moving to Ottawa in 1971, it became the independent Conference Board of Canada in 1980. For 50 years, Canadian businesses and governments have sought the Board's expertise in independent research, analysis and dialogue facilitation. Over the decades, we have broadened our research focus beyond analysis of economic trends to practical strategies and policy recommendations in organizational performance and public policy. Today, our mission is to build leadership for a better Canada by providing the global insights that Canadian leaders need to succeed in an interconnected world.

Our Team

The Conference Board of Canada employs 200 staff—economists, research professionals, facilitators, event organizers and support personnel—with deep and varied expertise, both domestic and international. Our people come to us from backgrounds across business, government, academia and the not-for-profit sector. That gives our products the breadth of vision, rigour and balanced perspective for which we are nationally recognized.

Our Services

Funded exclusively through revenues from services to members, we:

- **conduct** and disseminate timely research;
- **make** forecasts and assess trends;
- **facilitate** group learning through conferences and peer-to-peer networks;
- **develop** individual skills; and
- **build** organizational capacity.

Our Strengths

We offer value to our customers through:

- in-house and custom research publications;
- economic forecasts and analyses;
- conferences;
- specialized executive networks;
- facilitation services;
- leadership and director education;
- the quarterly *InsideEdge* newsletter;
- an online library of publications and conference proceedings;
- the e-Data service;
- member-only websites;
- targeted electronic newsletters;
- specialized research and corporate presentations upon request;
- awards programs in education, workplace skills development and corporate governance;
- media commentary; and
- testimony before government committees.

Board Facts

In 2004–05:

- 7,000 organizations and 100,000 individuals from across Canada comprised our member database
- 5,000 people attended our conferences
- 4,000 executives attended our networking meetings
- 1,600 people attended Niagara leadership programs
- 700 current or aspiring board directors attended Directors College courses
- Over \$25 million worth of research reports was downloaded by our members
- Over 700 media requests were received for Conference Board information or interviews
- Almost 2,000 media stories mentioned the Conference Board
- 85 news releases and advisories were issued
- 183 research reports and periodicals were published
- 291 learning events, including conferences, networks and leadership development programs, were delivered



Trusted by Canada's Leaders

MESSAGE FROM THE CHAIR AND THE CEO

The Conference Board of Canada aspires to be the leading source of insights on national and global issues critical to Canada. Along the way, we've realized that the full range of what our organization does is not widely understood. For that reason, this annual report focuses on explaining the issues we tackle, why they're important, and what we've delivered in the past 12 months.

Readers who seek a quick overview of the major challenges facing Canada's private and public sectors might want to begin by looking at the first paragraphs of the major activity areas described in the pages that follow. Then, of course, we hope you'll read on to discover how the Conference Board has been contributing to discussion, learning and policy formulation in these areas during 2004–05.

The Conference Board's annual "state of the nation" reports—*Performance and Potential*—are trusted by government and companies alike. The calibre of national leaders who seek us out for advice and join us in dialogue, the regular requests to give advice or testimony to government bodies, and the citing of our research across the political spectrum of Canada's major newspapers—all attest to the level of confidence that our organization has earned.

Our reputation rests on the Board's many strengths. The scope of our work ranges across economics, public policy and organizational performance, and we address these subjects from both a national and global perspective. Our independent and non-partisan orientation supports objective, balanced and rigorous research standards. Our nuanced vision stems from an organizational recognition that economic goals are part of a wider set of social

aspirations important to Canada and its citizens. And above all, our quality comes from the outstanding people who work for the Board: 200 employees, 100 associates and a dedicated board of directors.

While we are not resting on our laurels by any means, we're pleased and impressed by what the Board has accomplished over the past year. We hope you'll be, too.



Stephen G. Snyder
Chair, Board of Directors

June 30, 2005



Anne Golden
President and Chief Executive Officer



Broadening Canadian Horizons

OUR WORK THIS YEAR

In 2004–05, The Conference Board of Canada focused its research program and learning events on a range of areas that are shaping Canada's future. The following sections highlight major activities within each of these areas.

ECONOMIC FORECASTING AND ANALYSIS

Reliable economic forecasting and analysis, based on strong technical skills and access to state-of-the-art technology and key data, have been a hallmark of The Conference Board

of Canada for decades. The Conference Board remains the only Canadian organization to do model-based forecasting of the global, national and U.S. economies, as well as for all 10 provinces, 27 Canadian metropolitan areas, key industries and the tourism sector.

Industry Sector Analysis

The full Canadian Industrial Outlook Service was launched in 2004, providing customers with five-year forecasts of profitability, prices, output and employment in 10 major national industries. Partnerships are being developed with several industry

associations, allowing them to distribute outlooks to their members. The Canadian Tourism Research Institute made its biannual national and metropolitan travel market outlooks available to online subscribers for the first time in 2004. Customers also received ongoing analysis of pressing issues affecting the tourism sector, such as U.S. proposals requiring all cross-border travellers to carry passports.

Fiscal Forecasting

Canadian governments at all levels turned to the Conference Board's forecasting expertise for specialized analysis in 2004–05. The House

of Commons Finance Committee engaged the Conference Board as one of four forecasters to provide quarterly updates on the federal government's fiscal outlook. The Government of Ontario contracted the Board to conduct an outlook of its fiscal prospects. The Board continued to conduct analysis outlining the fiscal challenges that municipalities are currently and will be facing—in 2004–05, forecasts were completed for the City of Toronto and the Caucus des grandes villes de l'union des municipalités du Québec.

Executive Action reports and newspaper commentaries delivered insights on topical issues.

Using the Board's economic forecasting capacity as the basis for policy analysis, Executive Action reports and newspaper commentaries delivered insights on topical issues, including the emergence of China, the evolution of international business, and sustainability. *A Tale of Two Economies* highlighted the divergence between the weakness of Canada's export-led economy and the strength of its domestic spending and job creation, while *Global Imbalances: Can Canada Avoid Sustaining Collateral Damage?* discussed how Canada would be affected if the U.S. fiscal and trade deficits destabilized the

global economy. Briefings also examined the need to fix the federal equalization program on a permanent rather than an ad hoc basis, the implications of an aging Canadian workforce, the reform of federal rules affecting individual savings rates and the impact of the 2005 federal budget.

CANADA AND THE GLOBAL ECONOMY

As globalization continues to reshape the world economy, the private sector and governments in Canada are grappling with an ever-wider range of questions about how to make new economic realities work to the nation's benefit. While Canada is firmly rooted in the North American economy, many firms recognize that their business prospects are closely linked to the world beyond this continent through supply chains, potential markets and investment prospects. Yet doing business in China, India or other emerging economies creates uncertainties, as their commercial, financial, regulatory and political regimes are still maturing. Governments, meanwhile, are concerned about whether the emerging powerhouses in Asia and elsewhere have the capacity to grow in ways that help Canada and the global economy as a whole.

The Rise of China

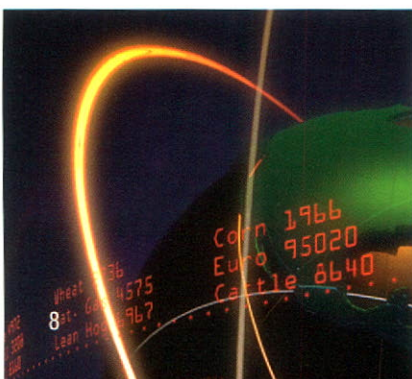
The Conference Board's publications, international partnerships and conferences reflect the implications of Canada's growing involvement with the global economy. In response to a public tempest about potential Chinese investment in Canada's resource sector, the briefing *Should Canada Update Its*

Foreign Investment Rules? The China Minmetals–Noranda Case examined the adequacy of Canada's foreign investment rules. It concluded that reforms to the 1985 *Investment Canada Act* should specifically deal with the implications of a foreign-government-controlled company buying a stake in the Canadian economy. In November, the Board sponsored the International Forum on China: Developing Your China Strategy, which brought together diplomats, non-governmental experts and business leaders to share their understanding of critical issues and strategies for doing business in China. As well, the Board's chief economist gave a briefing on Canadian business opportunities in China to Quebec Premier Jean Charest, members of his cabinet, and 35 representatives from major Quebec businesses and law firms.

The APEC Economic Integration Program is designed to strengthen trade policy capacity in six Southeast Asian economies.

Trade Capacity Building

The largest of the Conference Board's international partnerships is the ongoing Asia–Pacific Economic Co-operation (APEC) Economic Integration Program, being carried out in partnership with the Estey Centre for Law and Economics in International Trade. Funded by the Canadian International Development Agency (CIDA), this five-year, multi-million-dollar program is designed to strengthen trade policy capacity in six Southeast Asian economies in preparation for negotiation of the Doha Development Agenda of the



World Trade Organization. This project aims to make the international trading system function more effectively by increasing member countries' capacity to participate.

Other international work in Asia includes co-managing the Canadian component of CIDA's Public Policy Options Program (China) Phase II with the Institute of Public Administration of Canada. This program has an exemplary record of achieving practical policy reforms by matching Chinese authorities to Canadian experts who contribute to developing policy alternatives for China. The Board contributed to the APEC Tourism Working Group's Tourism Impediments Study, and supported research and professional networking in Canada for the Thailand Development Research Institute.

The Conference Board is also examining the implications for Canada of the enlarged European Union (EU). In partnership with the Canada Europe Roundtable for Business, the Board is organizing two workshops in 2005—one in Toronto and the other in Berlin—and completing a research report investigating the Canada-EU trade and investment relationship.

COMPETITIVENESS AND PRODUCTIVITY

Boosting productivity will be vital to Canada's economic success in coming years. Higher levels of innovation, access to global markets and skilled people, implementing new technologies, and developing specialized, high-value products and services are some of the elements needed to bolster Canada's



The Canada Project

The Canada Project is a three-year program of research and dialogue designed to help leading decision-makers chart a policy course that will improve Canada's standard of living and its position within North America and the world. Spearheaded by the Conference Board and launched in January 2003, the project receives financial, leadership and knowledge support from over 40 companies and public organizations.

Published under the banner of The Canada Project, the Board's flagship publication *Performance and Potential* took as its theme this year the question "How can Canada prosper in tomorrow's world?" The report's analysis of productivity in comparable Canadian and U.S. industries broke new ground by exploring the large gap between Canadian industries and their U.S. counterparts in sectors such as retail trade, machinery, electrical equipment, and computers and electronics. The analysis of Canada's socio-economic performance included an expanded environmental benchmarking exercise and the addition of indicators on foreign direct investment and openness to competition. The report also examined key world events affecting Canada's economic prospects, particularly the U.S. current account deficit, offshoring and the "thicker" Canada-U.S. border. As well, it called for two "new deals" to advance national prosperity: one to enable immigrants to add the full potential of their skilled labour to the economy, and the other to sustain the fiscal, economic and social well-being of Canada's major cities.

Other work under The Canada Project banner in the past year included a round table on the future of Canada-U.S. relations and a workshop on barriers to competition and trade in Canada. Research publications examined why Canada is obtaining a lower share of global foreign direct investment than it did two decades ago, and the prospects for industry clusters. Through a unique collaboration with the Social Sciences and Humanities Research Council of Canada, The Canada Project is also supporting three ongoing academic research projects on Canadian firms' participation and potential in the international economic arena.



productivity. For some years now, national leaders have lamented that our country is faltering in these areas. Despite robust investments in research and development, good Canadian ideas are not getting to market in this country, and commercialization is therefore a priority. Improving the productivity of an increasingly urbanized economy also requires addressing the needs of our city-regions. Some of the country's largest cities currently lack both the fiscal resources and the legislative authority to make them capable of winning the competition for human talent and investment that will, over the decades ahead, determine the winners in the global knowledge economy.

Medium-sized firms offer a model for attaining global success through innovation.

The Merits of Medium-sized Firms

The *6th Annual Innovation Report*, published in November, showed that medium-sized firms (100–499 employees) offer a model for attaining global success through innovation. The fastest-growing medium-sized firms have an outstanding capacity to translate superior innovation capabilities into stellar performance results. The report suggests that businesses are more likely to become profitable, productive and flexible by pursuing innovation than by concentrating solely on growth.

Quick Hits for Commercialization

To move commercialization from talk to action, the Board convened the Leaders' Roundtable on Commercialization. This blue-ribbon panel of 48 chief executive officers (CEOs), university presidents and deputy ministers came together to establish a shared commercialization vision for Canada and an action plan that recognizes the unique challenges facing different sectors and regions. The Roundtable members share a belief that Canadian organizations struggle when taking new products and services to market, which is detrimental to the country's economic prospects. The initial report from the Leaders' Roundtable, *Six Quick Hits for Canadian Commercialization*, highlighted taxation measures, collaborative opportunities and strategic investments for governments and the private sector to implement—as first steps—to spur commercialization.

Growth Management in the Greater Toronto Area

In May, the Board prepared a background paper and facilitated the Premier's Leaders Forum on Strategic Growth. At this event, Ontario Premier Dalton McGuinty and two of his ministers met with 50 invited private-sector leaders, urban policy experts and other professionals to elicit their input on the province's recently released growth management plans for the Greater Toronto Area. Consensus quickly

emerged during the forum that the approaches to growth management advanced in the plans are imperative for the region's economic prosperity and quality of life in the decades ahead. However, a comprehensive suite of supporting policies, from tax to pricing, must be developed and implemented if the plans are to succeed.

A SECURE AND PROSPEROUS NORTH AMERICA

Since 9/11, national security has assumed a high profile with Canadian governments and the private sector. To date, the focus has been on border security, given the dual challenges of keeping Canada and the United States safe while maintaining a free flow of goods and people. National security also demands that Canada safeguard its citizens, cities and critical infrastructure (such as bridges, public transit, communication facilities and energy networks) against the threat of terrorism. While there is a greater need than ever before to respond to this threat—as well as to potential pandemics, computer sabotage and natural disasters—many experts believe that Canadian governments and businesses have not yet committed adequate planning and resources to this end.

Many firms consider spending on corporate security an overhead cost, rather than a sound business strategy.

The Security Imperative

Beginning with the formation of the Council for Security Executives several years ago, the Conference Board has expanded its work on the economic, policy and organizational components of national security. This growing involvement came to the forefront with the First Public–Private Sector Summit on National Security, a two-day event in May that brought to Ottawa some 300 delegates from Canada, the United States and Europe. Participants identified three central challenges. First, private firms are reluctant to share information about critical infrastructure security with governments; second, technology is creating new security risks and solutions; and, third, many firms consider spending on corporate security an overhead cost, rather than a sound business strategy that generates bottom-line benefits.

Canada's best course in bilateral relations is to allocate the necessary resources to safeguard the Canada–U.S. border while facilitating trade.

Canada–U.S. Relations

The Conference Board is on record as favouring a progressive step-by-step approach to advancing both the physical and economic security components of Canada–U.S. relations. To this end, The Canada Project report *In Search of a New Equilibrium in the Canada–U.S. Relationship* made the case for a multi-pronged strategy. Economic integration between the two countries has out-paced the capacity of existing trade agreements and the physical infrastructure to manage the growing volumes of trade, putting Canada's economic security at risk. Canada's best course

in bilateral relations is to allocate the necessary resources to safeguard the Canada–U.S. border while facilitating trade, and to address the deficiencies in the North American Free Trade Agreement. For instance, regulatory barriers, rather than tariffs, impede trade in services. Canada should pursue opportunities for liberalized trade in services through both multilateral and bilateral agreements.

Shortly after the U.S. presidential elections in November, the Conference Board and Canadian–American Business Council co-hosted a strategic breakfast briefing at which 200 guests heard timely commentary from a binational panel of two former U.S. ambassadors to Canada and a former Canadian deputy prime minister. All panellists agreed that Canada can and should have international policy goals that complement those of the United States in order to improve the bilateral relationship. That said, they also identified potential limits to the partnership, in areas such as social policies and the management of wood and water resources.

HUMAN CAPITAL

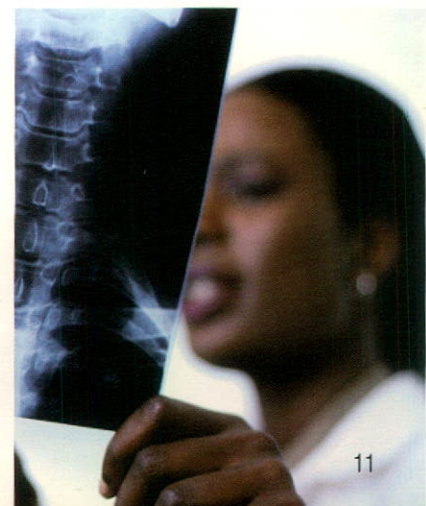
Human resources are widely considered to be as critical to Canada's prosperity as our natural resources. Both the private sector and government are lagging, however, in providing all Canadians with opportunities to enter highly skilled occupations. While we welcome over 200,000 immigrants each year with the expectation that they will constitute the country's labour force growth in future decades, we fail to help them adequately in developing or applying their skills.

Other segments of the population—such as youth, less-educated workers, Aboriginal people and ex-offenders—face obstacles to reaching their full potential in the workforce.

The Conference Board's work on employability skills profiling produced cutting-edge learning tools and workshops aimed at advancing the recognition and assessment of skills important in the workplace—particularly in relation to those groups that need help to enter the job market and succeed. The Skills Solutions Forum executive network worked with hundreds of employers across the country to develop the Skills Credentialing Tool, which will enable employers to measure employability skills, attitudes and behaviours, and will provide a recognized credential to employees who meet these standards.

Inclusive Workplaces

The Board outlined the importance of immigrant employment issues in *Performance and Potential 2004–05* and in its project on maximizing the talents of visible minorities. This two-year program of research and education found that immigrant visible minorities faced specific challenges in adapting to Canadian cultural norms



and in having their skills and credentials recognized. Visible minorities shared their perspectives on obstacles to workplace success in *The Voices of Visible Minorities: Speaking Out on Breaking Down Barriers*. The project culminated with the launch of *Business Critical: Maximizing the Talents of Visible Minorities—An Employer's Guide*. The guide offers practical strategies and tools that employers can apply in the workplace to attract, retain and promote visible minorities. The key is creating an inclusive workplace culture, which often requires changing both individual behaviours and organizational structures from the executive offices to the front lines.

Immigrant visible minorities face specific challenges in adapting to Canadian cultural norms and in having their skills and credentials recognized.

Learning Credentials

In accordance with the broader federal strategy to improve Canada's lifelong learning system, the Conference Board embarked on a pilot study of the benefits of a National Credit Review Service that would generate more credentials for individuals, stimulate employer investment in learning and engage the post-secondary education community more actively in learning recognition for the workplace. Continuing research looked at ways in which workplace learning programs could improve literacy and basic skills for marginal employees. The

Board also conducted research on potential benefits to employers from sector council activities and interventions.

HEALTH CARE

Health care is both the largest budget expenditure for Canadian provinces and Canadians' number-one policy issue. There are major concerns about the quality and sustainability of our current publicly funded health-care system. Canada is spending more than most other developed countries on health, yet it is achieving only middle-of-the-pack health outcomes.

Best Practices

The Conference Board's research is informing Canadian leaders of the best international health-care practices. On the heels of the 2004 report *Understanding Health Care Cost Drivers and Escalators*, Alberta Health and Wellness asked the Board to examine practices in other countries that could advance the health-care debate in Canada. The resulting report, *Challenging Health Care System Sustainability: Understanding Health System Performance of Leading Countries*, asserted that while no country has all the answers, the best-performing systems that Canada might emulate share common characteristics. These include strong leadership, a clear focus on critical issues, a willingness to make and stick to tough decisions, and investments in broad health promotion and

prevention strategies. Alberta Health and Wellness subsequently contracted the Board to organize an International Health Symposium in May, at which 27 international speakers and 420 of Alberta's health-care leaders discussed ways to create high-performing systems.

Alberta Health and Wellness asked the Board to examine practices in other countries that could advance the health-care debate in Canada.

Primary Health-Care Reform

The Enhancing Interdisciplinary Collaboration in Primary Health Care (EICP) Initiative marks the first time that national associations have partnered with governments to create a new vision of how health-care providers can work together. Led by 10 national health-care professional organizations and managed by the Conference Board, the EICP Initiative is designed to create the conditions for providers to work together as teams. It engages health professionals, governments and Canadians in a national effort to create a framework for change and innovation in primary health care. In May 2005, a draft of the principles and framework for interdisciplinary collaboration was developed for the national associations to adopt.

ENERGY, ENVIRONMENT AND TRANSPORTATION

Canada's energy, environment and transportation policy-makers face competing priorities and hard choices. Striking a balance between economic opportunity and environmental constraints is one of the most challenging



policy questions. On one hand, Canada has opportunities to expand its production of fossil fuels to meet demand and benefit its economy; on the other, it must find ways to mitigate greenhouse gas emissions and improve air quality in major urban regions. Forest producers are also concerned about air quality, and the industry is looking for ways to address it. Increasing demand for water supplies and water diversion projects are putting pressure on decision-makers. The reality that many Canadian watersheds cross jurisdictional boundaries further complicates policy decisions, as does the challenge of financing improvements to aging water infrastructure. Canada's transportation infrastructure also requires major investment. Governments will have to decide which projects to fund, given competing interests and goals, and find ways to finance them.

Environment and Energy

Briefings and presentations from the Conference Board's *Sustainability and Energy Security* research outlined long-term strategies for mitigating the environmental hazards of fossil fuels. A greater use of market-based instruments, such as tradeable permit systems, would complement a comprehensive policy approach to achieving the country's environmental and energy goals over the decades ahead.

Wood and Water

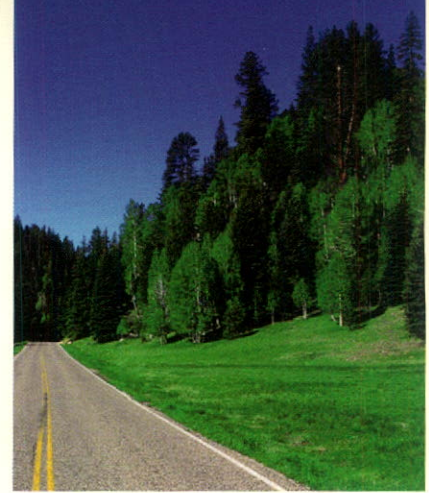
The Leaders' Forum on Water Resource Management and Governance was founded to bring together representatives from private-sector firms, professional associations, and federal, provincial and municipal governments. This three-year program will examine issues of water quality and use, aging infrastructure and public governance.

A research project currently underway is looking at case studies of five watersheds across Canada in order to determine the modifications needed for effective inter-jurisdictional water management and governance.

The Board provided logistical, facilitation and technical support to the Pulp and Paper Air Quality Forum. The forum, a joint initiative of the Forest Products Association of Canada and Environment Canada, brought together industry CEOs, federal and provincial government executives, non-governmental environmental organizations and Aboriginal representatives to develop a new approach to air quality management. This initiative will lead to a 10-year agenda for air quality improvements in areas where Canadian pulp and paper mills are located.

Transportation Infrastructure

Canada's Transportation Infrastructure Challenge: Strengthening the Foundations outlined the changes in funding



Changes in funding and governance are needed to provide modern transportation infrastructure.

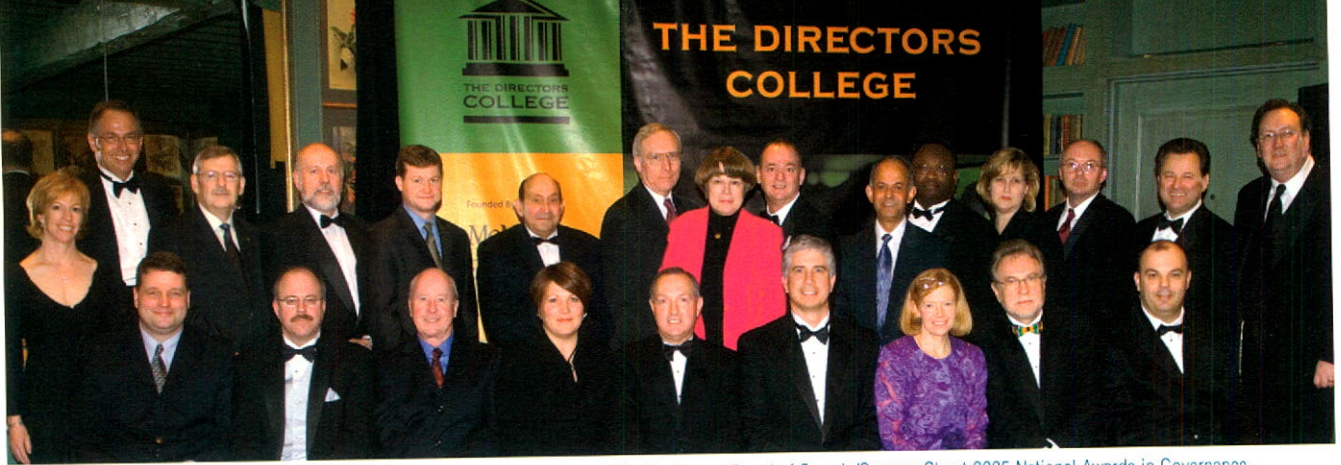
and governance required to develop a transportation infrastructure capable of meeting the country's 21st-century needs. The report identified user fees and dedicated government revenues as preferred options for funding transportation infrastructure. In the area of governance reforms, the report suggested that independent agencies at arm's length from the political

CIBC Scholar-in-Residence Research Chair

This year, the Conference Board was delighted to introduce, in partnership with CIBC, a Scholar-in-Residence Research Chair program. Over the next 10 years, the program will bring distinguished academic expertise to the Board's research agendas, and allow chair-holders to conduct original research that will form the basis of a published report and to deliver an annual high-profile public lecture. Through its funding, CIBC continues its tradition of supporting research and dialogue on issues of national and global importance.



For what matters.



The first graduating class of The Directors College was recognized in February at The Conference Board of Canada/Spencer Stuart 2005 National Awards in Governance.

process assume more responsibility for making decisions concerning transportation infrastructure.

ORGANIZATIONAL PERFORMANCE

To compete successfully in the global economy, firms must be able to adapt to new realities and manage their resources productively amid waves of change. Canadian organizations are facing major challenges in developing business models and practices that will enable them to compete. The trend toward offshore outsourcing is reshaping much of the global supply chain, but many Canadian companies have yet to fully embrace this strategy. In the human resources area, both management and workers are struggling to adapt labour practices to the realities of fierce global competition.

Only six in 10 Canadian businesses that have adopted offshoring practices have achieved their goals.

Offshore Success

Research on business process offshore outsourcing found that fewer than half of the medium-sized and large Canadian firms surveyed currently

send functions to offshore suppliers or are planning to do so. Of those that have adopted offshoring as a business practice, only six in 10 have achieved their goals. If Canadian businesses want to make offshoring work to their benefit, they need to learn from global best practices and develop or recruit individuals who have the necessary skills to manage offshore operations.

Outlooks on Labour Relations and Wages

Industrial Relations Outlook 2005: Pulling Together, Pulling Apart found that current global and national trends are leading some unions and management to work together to improve their organization's competitive position, while other labour relationships are becoming more adversarial than ever. The pressures constraining labour gains made through negotiations are making it difficult for unions to justify their value to members.

The annual *Compensation Planning Outlook* is a widely used benchmark for pay planning among both private-sector and public-sector organizations. This year's survey found that the pay environment for 2005 will remain relatively stable, with the majority of Canadian employees receiving a modest increase in real wages. Average wage increases in the private sector

are expected to exceed those in the public sector for the first time in four years, as governments strive to balance their books.

GOVERNANCE AND LEADERSHIP

How our major private and public organizations are led—the competencies of leaders and their standards of accountability—continues to concern Canadians. Institutions are facing crises of public confidence produced by the failures of those in positions of responsibility. Meanwhile, a backlash is gathering against the extensive and—in the eyes of many—burdensome measures introduced in recent years to prevent repeats of past scandals. Controversy is also swirling around the kinds of responsibility that businesses should assume for the well-being of the communities and environments in which they operate.

The Conference Board's point of view on governance and corporate responsibility is that they are everybody's business. The Board has been a credible source of insights to make governance work in the real world for more than two decades now.

Rebuilding Trust

Among the highlights of the Conference Board's work on governance issues this year was a major project, Rebuilding Trust in Canadian Organizations, that culminated in The Deloitte Leaders' Forum in early June. This research found that two major components are needed if Canadians' trust in private- and public-sector organizations is to be rebuilt: efforts by institutions to make themselves more trustworthy, and independent endorsements by third-party regulators and credible information sources.

Governance and corporate responsibility are everybody's business.

The Board also examined the impact of corporate governance requirements imposed by the 2002 U.S. *Sarbanes-Oxley Act* on Canadian companies and their boards, auditors and investors, and assessed the adequacy of a proposed alternative approach to corporate ethics regulation taken by the Ontario Securities Commission.

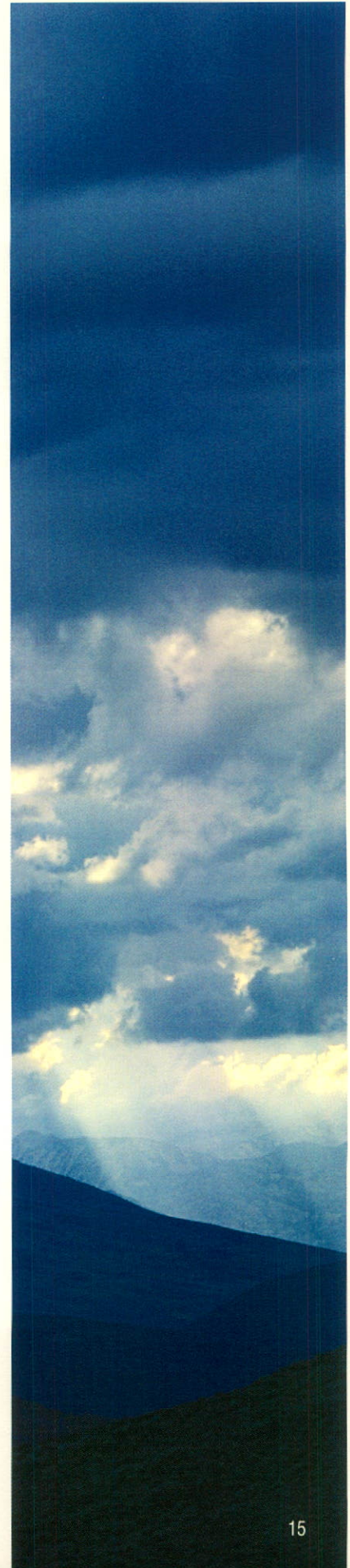
Leadership Development and Director Education

The Niagara Institute continues to help executives build their leadership capacity. Recognized as the premier organization of its kind in Canada, The Niagara Institute reinvigorated

two of its offerings, the Leadership Development Program and Coaching for Influence and Results, and inaugurated a web-based goal-management program to ensure that Niagara attendees achieve sustained on-the-job results. The Institute also developed a new program, Building Leadership Essentials, for launch in 2005-06.

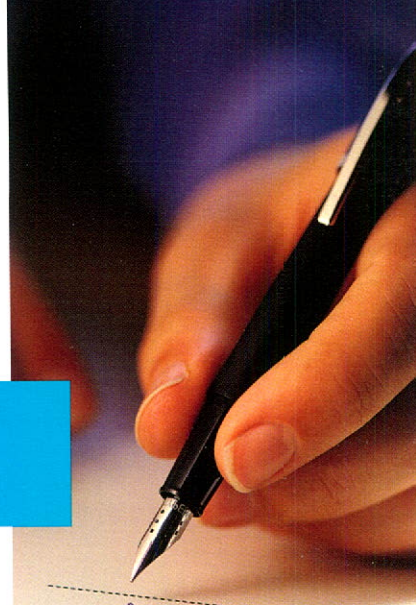
The Directors College is offering new specialized programs in 2005-06.

The Directors College, Canada's foremost program for current and aspiring board directors, celebrated its first graduating class of 26 chartered directors (C. Dir.) in 2005. The graduates completed five learning modules, including a board simulation and a written examination, to obtain their C. Dir. designation. Two more classes of chartered directors will graduate in 2005. A joint venture of the Conference Board and the DeGroote School of Business at McMaster University, The Directors College will offer new programming in 2005-06—including its first programs in Western Canada and an Audit Committee Certification, the first in a series of specialized programs for directors.



Delivering Insights

PRODUCTS AND SERVICES 2004–05



The Conference Board delivers insights through its major activities and services: awards, conferences, courses, custom services, e-Data service, executive networks and publications.

CANADA'S SOCIO-ECONOMIC PERFORMANCE

The Canada Project Publications

- Clusters of Opportunity, Clusters of Risk
- In Search of a New Equilibrium in the Canada–U.S. Relationship
- Performance and Potential 2004–05: How Can Canada Prosper in Tomorrow's World?

Conferences

- The Premier's Leaders Forum on Strategic Growth

Publications

- Premier's Leaders Forum on Strategic Growth

CORPORATE

Conferences

- 46th Executive Weekend Conference
- 47th Executive Weekend Conference
- 81st Canadian Conference
- Annual General Meeting and 24th Honorary Associate Dinner
- Women's Weekender Conference

Publications

- Annual Report 2004: An Insightful and Balanced Perspective
- InsideEdge (quarterly newsletter highlighting Conference Board activities and research)

CORPORATE FINANCE AND RISK MANAGEMENT

Conferences

- 2004 Intergovernmental Forum on Risk Management: From Planning to Implementation
- 2004 International Risk Management Forum: Implementing Enterprise Risk Management

- 2005 CFO Challenge: From Financial Gatekeeper to Strategic Leader
- 2005 Pensions Summit: New Thinking, New Strategies
- Risk Management Strategies for the Financial Services Industry

Executive Networks

- Council on Financial Services Issues
- Council on Risk Management
- National Council of Financial Executives
- Tax Research Centre

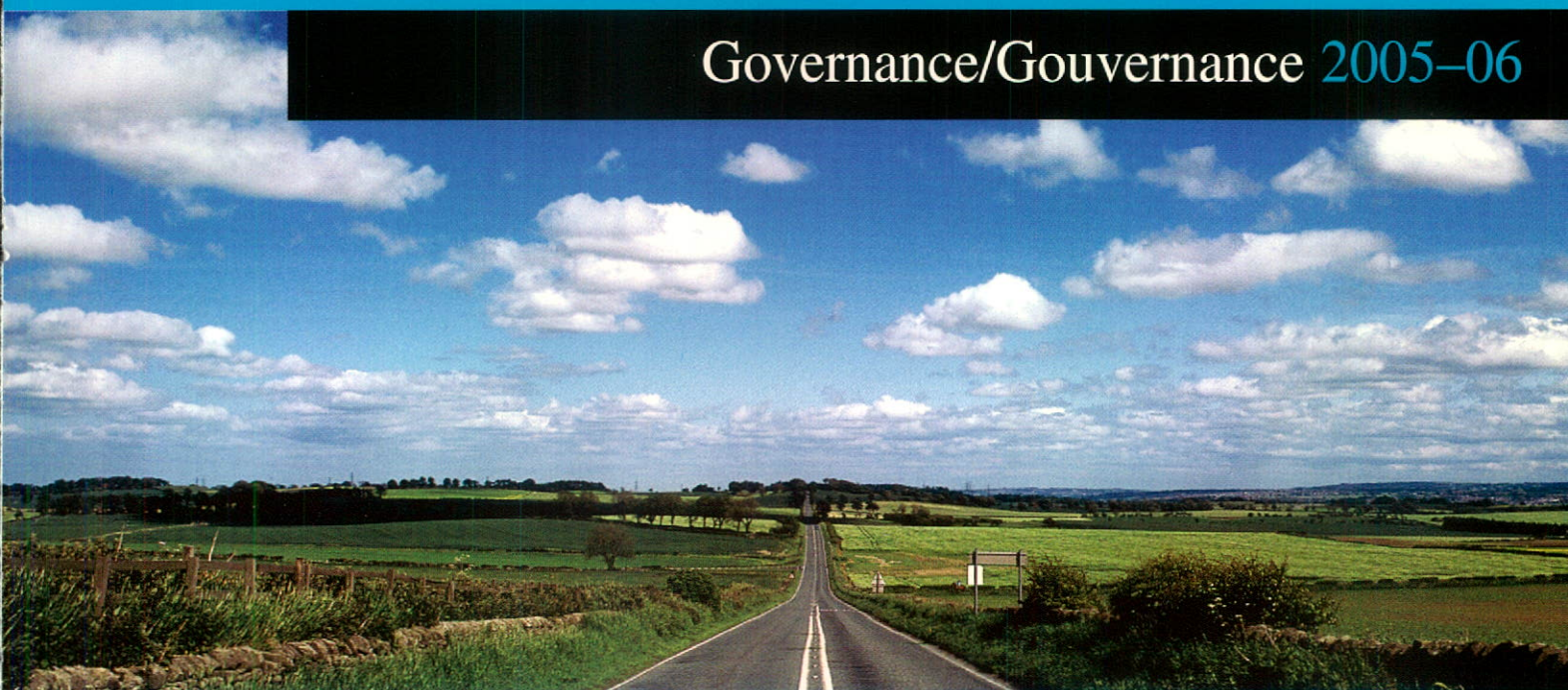
Publications

- The Canadian Financial Services Industry: The Year in Review (briefing)
- The Canadian Financial Services Industry: The Year in Review (report)
- Darned SOX: The Sarbanes–Oxley Act Two Years On
- Is There a Pension Plan Crisis? The Perspectives, Reactions and Strategies of Canadian CFOs

The Conference Board of Canada
Insights You Can Count On



Governance/Gouvernance 2005–06



Board of Directors
Conseil d'administration

Board of Directors/Conseil d'administration 2005–2006

Chair/Président du conseil



Stephen G. Snyder^{1,2}
President and CEO/
Président et chef de la direction
TransAlta Corporation

Past Chair/Ancien président du conseil



Jacques Lamarre^{1,2}
President and CEO/
Président et chef de la direction
SNC-Lavalin Group Inc./
Groupe SNC-Lavalin inc.

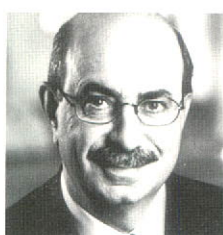
Vice-Chairs/Vice-présidents du conseil



Ed Kilroy^{1,2}
Chief Executive Officer/
Chef de la direction
Sycmor Inc.



Martha Piper^{1,2}
President and Vice-Chancellor/
Présidente et vice-chancière
The University of British Columbia



Réal Raymond^{1,2}
President and CEO/
Président et chef de la direction
National Bank of Canada/
Banque Nationale du Canada



Thierry Vandal^{1,2}
President and CEO/
Président-directeur général
Hydro-Québec

Members/Membres



Jeffery W. Allgrove
President and CEO/
Président et chef de la direction
Unilever Canada Inc.



Katherine A. Bardswick
President and CEO/
Présidente et chef de la direction
The Co-operators Group Limited/
Groupe Coopérateurs limitée



Alain M. Bellemare
President/Président
Pratt & Whitney Canada



Micheline Bouchard
President and CEO/
Présidente et chef de la direction
ART Advanced Research
Technologies Inc./ART Recherches
et Technologies Avancées Inc.



Richard E. Cavanagh^{1,2}
President and CEO/
Président et chef de la direction
The Conference Board, Inc.



Isabelle Courville
President, Enterprise/
Présidente, Marchés grandes
entreprises
Bell Canada



Jay A. Forbes
President and CEO/
Président et directeur général
Aliant Inc.



David A. Ganong
President/Président
Ganong Bros. Limited



Anne Golden
President and CEO/
Présidente et chef de la direction
The Conference Board of Canada/
Le Conference Board du Canada



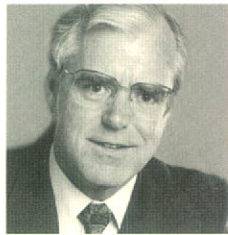
Ian F. Hardgrove
President and General Manager/
Président-Directeur général
3M Canada

¹ Member of the Audit Committee/Membre du comité de vérification • ² Member of the Executive Committee/Membre du comité exécutif

Members/Membres (cont'd/suite)



Brian Hayward
CEO/Directeur Général
Agricore United



Paul Hill
President and CEO/
Président et chef de la direction
Harvard Developments Inc.



Doug Lord
Chairman, President and CEO/
Président du conseil, président
et chef de la direction
Xerox Canada Ltd./
Xerox Canada Ltée



Alan MacGibbon
Managing Partner and Chief
Executive/Associé directeur
général et chef de la direction
Deloitte & Touche LLP/
Deloitte & Touche s.r.l.



Albert Maringer
President and CEO/
Président et chef de la direction
Siemens Canada Limited/
Siemens Canada limitée



Heather Munroe-Blum
Principal and Vice-Chancellor/
Principale et vice-chancelière
McGill University/
Université McGill



Mark D. Norman
Chairman, President and CEO/
Président du conseil et
Président-directeur général
DaimlerChrysler Canada Inc.



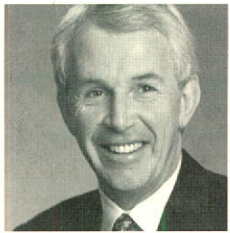
Robert J. Normand
President and CEO/
Président et chef de la direction
ATB Financial



Timothy H. Penner
President/Président
Procter & Gamble Inc.



Gerry V. Price
Chairman and CEO/
Président du conseil et
chef de la direction
E.H. Price Limited



John M. Reid
President and CEO/
Président et chef de la direction
Terasen Inc.



Michael E. Roach
President and COO
Président et chef de l'exploitation
CGI Group Inc./Groupe CGI inc.



Mayo M. Schmidt
President and CEO/
Président et chef de la direction
Saskatchewan Wheat Pool Inc.



Rajesh Subramaniam
President/Président
Federal Express Canada Ltd./
Federal Express Canada Ltée



Robert Tessier
President and CEO/
Président et chef de la direction
Gaz Métro



Sheila Weatherill
President and CEO/
Présidente et chef de la direction
Capital Health



Michael M. Wilson
President and CEO/
Président et chef de la direction
Agrium Inc.

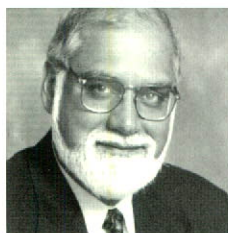


Douglas W.G. Whitehead
President and CEO/
Président et chef de la direction
Finning International Inc.

Management/Direction 2005–2006



Anne Golden
President and CEO/
Présidente et chef de la direction



Prem P. Benimadhu
Vice-President,
Organizational Performance/
Vice-président, Rendement
de l'organisation



Jean-Pierre Boisclair
Vice-President and CFO/
Vice-président et directeur
financier



Perry Eisenschmid
Vice-President, Marketing, Sales
and IT/Vice-président, Marketing,
Ventes et TI



Glen Hodgson
Vice-President and Chief
Economist/Vice-président
et économiste en chef



Gilles Rhéaume
Vice-President, Policy, Business
and Society/Vice-président,
Politiques publiques, Entreprises
et Société

The Conference Board of Canada
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Tel. (613) 526-3280 • Fax (613) 526-4857 • Inquiries 1-866-711-2262

www.conferenceboard.ca

- Les régimes de retraite sont-ils en crise? Points de vue, réactions et stratégies des chefs des finances canadiens
- Restoring Equity to Canada's Retirement Savings System: Helping Today's Workers Save for Tomorrow
- The Sarbanes-Oxley Act, Two Years On

ECONOMIC PERFORMANCE AND TRENDS

Conferences

- 2004 Business Outlook Conference
- 2005 Toronto Business Outlook Conference
- 2005 Western Business Outlook Conference
- Fall Technical Forecasting Seminar
- Spring Technical Forecasting Seminar

Custom Projects

- **Canadian Tourism Research Institute**
 - International Travel Forecasts
 - Outbound Subscription
 - Outbound Tracking Service
 - Tourism Economic Assessment Model (TEAM)
 - Tourism Intelligence Bulletin
 - Short-term Industry Outlook
- **Custom Publications**
 - British Columbia Regional Economic Outlook
 - Canadian Economic and Federal Fiscal Outlook for the House of Commons Standing Committee on Finance

- Les défis fiscaux des grandes villes du Québec et les solutions potentielles
- The Economic Contribution of the Nova Scotia Life Sciences Sector
- The Impact of a High Canadian Dollar on the Manufacturing Sector of Ontario's Economy
- Long-term Demographic Trends in Winnipeg's Census Metropolitan Area
- Measuring Toronto's Fiscal Capacity: An Executive Summary
- Metropolitan Housing Outlook: An In-depth Housing Analysis for Canada, the Provinces and Five Metropolitan Areas
- Performance Measures of the Canadian Agri-Food Supply Chain
- Quebec's Economic Performance Relative to Canada and the United States 1999–2008
- La situation financière de la ville de Gatineau : une mise à jour
- La situation financière de la ville de Montréal et de la RMR de Montréal : une mise à jour

e-Data

Subscription-based website that gives users access to economic information from the Conference Board and other sources.

- Historical data
 - Canada Mortgage and Housing Corporation housing starts
 - Canadian Real Estate Association

- Conference Board Consumer Confidence, Business Confidence, Survey of Forecasters
- Economy.com U.S. data
- Statistics Canada (CANSIM)
- Conference Board of Canada forecast data
 - Canadian
 - Provincial
 - Metropolitan
 - Industry sectors
 - U.S.

Publications

- The 2005 Federal Budget: A Skinny Chicken in Lots of Pots—For Now
- Canada's Aircraft and Aircraft Parts Industry: Industrial Outlook
- Canada's Autos and Parts Industry: Industrial Outlook
- Canada's Construction Industry: Industrial Outlook
- Canada's Food Industry: Industrial Outlook
- Canada's Information Technology and Communications Industry: Industrial Outlook
- Canada's Oil and Gas Industry: Industrial Outlook
- Canada's Paper Products: *Industrial Outlook*
- Canada's Retail Trade Industry: Industrial Outlook
- Canada's Tourism Industry: Industrial Outlook
- Canada's Wood Product Manufacturing Industry: Industrial Outlook

- Canadian Outlook Economic Forecast
- Canadian Outlook Long-term Economic Forecast
- Equalization: Fix It Permanently and Fix It Nationwide
- Fiscal Prospects for the Federal and Provincial/Territorial Governments
- Global Imbalances: Can Canada Avoid Sustaining Collateral Damage?
- Index of Business Confidence
- Index of Consumer Confidence
- Metropolitan Outlook: Economic Insights into 25 Canadian Metropolitan Economies
- Month at a Glance
- Note de conjoncture canadienne
- Note de conjoncture provinciale
- Projection des équilibres financiers des gouvernements du Canada et des provinces et territoires
- Provincial Outlook Economic Forecast
- Provincial Outlook Long-term Economic Forecast
- Survey of Forecasters
- A Tale of Two Economies: Canadian Prospects for 2005
- Travel Exclusive: Key Trends for the Travel Industry
- Travel Markets Outlook: Metropolitan Focus
- Travel Markets Outlook: National Focus
- World Outlook: Global Economic Trends and Prospects

EDUCATION AND LEARNING

Awards

- Awards for Excellence in Workplace Literacy
- Community Learning Awards
- Global Best Awards for Partnerships
- National Award for Small Business Skills Development

Conferences

- Workplace Education and Learning Conference: Investing in People

Custom Projects

- Building Essential Skills in the Workplace
- CANARIE Project: Should Canada Implement an ICT Research Program to Support Commercialization and Development of the e-Society?
- National Credit Review Service Pilot Project
- National Employability Skills Program—"Train the Trainer" workshops for CORCAN
- Review of Human Resources and Skills Development Canada (HRSDC) Learning Indicators
- Securing Literacy's Potential
- Skills Credentialing Tool/Skills Solutions Net
- Websites for U.S. Department of Education
 - www.scorecardforskills.com
 - www.work-basedlearning.org
 - www.workplacebasicskills.com

Executive Networks

- Quality Network for Universities
- Skills Solutions Forum

Publications

- Building Essential Skills in the Workplace: Empowering Employee-Learners with Essential Skills at Durabelt Inc.
- Building Essential Skills in the Workplace: Essential Skills for Multiskilling at National Silicates
- Building Essential Skills in the Workplace: Producing "Productivity through People" at Minas Basin Pulp & Power Company Limited
- Building Essential Skills in the Workplace: Shaping Performance at BHP Billiton Diamonds Inc.
- Building Essential Skills in the Workplace: Teaching the Skills That Enable Employees to Manage Change at Syncrude Canada Ltd.
- Business and Education IdeaBook: 2004
- Community-based Learning Opportunities for Aboriginals Winner, 2004: Connecting Women in Need with ICT Skills
- Community-based Learning Opportunities for Persons with Disabilities Winner, 2004: Skills and Opportunities for Entrepreneurs with Disabilities—IBDE Program
- Community-based Learning Opportunities Winner, 2004: Skills for Change Supports Skilled Immigrant Employment
- Policy for Performance: Valuing Canada's National Network Organization and Its Advanced Network

ENVIRONMENT, ENERGY AND TRANSPORTATION

Conferences

- 2004 Exploration Management Forum
- 2004 Oil and Gas Disclosure: Experiences in Complying with New Rules
- Advancing the Business of Coalbed Methane Conference
- The North American Power Markets Conference: Managing Demand, Encouraging Supply
- Re-thinking the Business of Custom Gas Processing
- Strategic Options for Growth for Mining Companies
- Value Creation Strategies for E & P Companies

Custom Projects

- Implications of "Smart Regulations" for a Canadian energy industry association
- Pulp and Paper Air Quality Forum
- Rail Logistics and Capacity Workshop
- Renewable Energy Workshop

Executive Networks

- Public Sector Council on Regulatory Management
- Leaders' Forum on Water Resource Management and Governance

Publications

- Canada's Transportation Infrastructure Challenge: Strengthening the Foundations

- Expectations of Performance-based Regulation in the Natural Gas Industry
- Improving Efficiency and Effectiveness in Natural Gas Regulation
- Is Further Deregulation of the Natural Gas Industry Beneficial?
- Natural Gas Infrastructure Investments and Capital Renewal
- Sustainability and Energy Security: The Squeeze on Natural Gas
- System Gas in a Regulated Market
- Why Energy Efficiency?

GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY

Awards

- The Conference Board of Canada/Spencer Stuart 2005 National Awards in Governance

Conferences

- 2005 Corporate Governance Conference: Red Flags
- 2005 Corporate Social Responsibility Conference: CSR Case Studies

- Deloitte Leaders' Forum on Rebuilding Trust
- The Western Corporate Governance Forum: Shaping Governance Controls to Fit Your Organization

Courses

- Certificate in Corporate Social Responsibility Program (with St. Michael's College, University of Toronto)
- The Directors College (joint venture with the DeGroote School of Business at McMaster University)
 - Module 1: Accountability and Change
 - Module 2: Leadership and Strategy
 - Module 3: Oversight and Finance
 - Module 4: Communication and Social Responsibility
 - Module 5: The Board Simulation

Custom Projects

- Board Governance Training
- Corporate Governance Diagnostic Reviews

Tembec Inc. won The Conference Board of Canada/Spencer Stuart 2005 National Awards in Governance overall award. Frank Dottori (centre), President and CEO of Tembec, received the award from program co-chairs, Andrew MacDougall, President of Spencer Stuart Canada (left), and Anne Golden, President and CEO of the Conference Board.



- Corporate Governance Seminar
- Corporate social responsibility presentations to conferences and industry associations
- Crown Agencies Governance and Accountability Summit
- Integrated Risk Management/ Governance Tool (CD-ROM version) application
- Laurentian University Institute for Sports Marketing Research

Executive Networks

- Business Network on the Environment
- Corporate Community Investment Council
- Corporate Ethics Management Council
- Council of Public Affairs Executives
- Council on Corporate–Aboriginal Relations
- Public Enterprise Governance Centre

Publications

- Building Public Trust in Canadian Organizations: Preliminary Findings
- Creating Wealth and Employment in Aboriginal Communities

- The Governance Ideabook: Second Edition
- Is Canada Pulling Up Its SOX? New Regulatory Proposals and Their Impact on Corporate Ethics Management in Canada
- Measuring the Performance of Corporate Ethics Programs: Creating an Ethics Performance Story
- Rebuilding Trust in Canadian Organizations: Detailed Findings

HEALTH, HEALTH CARE AND WELLNESS

Custom Projects

- Enhancing Interdisciplinary Collaboration in Primary Health Care (EICP) Initiative
 - Consultations with stakeholders
 - Leaders forums
 - Research into enhancing interdisciplinary collaboration
 - Steering Committee with representation from 10 national associations and one coalition
- Unleashing Innovation in Health Systems—Alberta’s Symposium on Health

Publications

- Challenging Health-Care System Sustainability: Understanding Health System Performance of Leading Countries

HUMAN RESOURCE MANAGEMENT

Conferences

- 2004 Compensation and Human Resources Outlook Conference
- 2004 Human Resources Conference: Connect, Collaborate and Build Human Capacity
- 2004 Quebec Compensation Outlook and HR Best Practices Conference/Nouvelles perspectives en matière de rémunération et de ressources humaines
- 2004 Western Compensation and Human Resources Outlook Conference
- 2005 Government Human Resources: Making HR a Strategic Partner through Effective Talent Management
- 2005 Workplace Health and Well-being: Measurement in Action (East)
- 2005 Workplace Health and Well-being: Measurement in Action (West)
- Leaders’ Summit on Maximizing the Talents of Visible Minorities

Custom Projects

- Executive Study Tour on HR Transformation
- Learning Performance Index Workshop
- Performance of the Workers’ Compensation Board

Stephen Lewis, Special Envoy for HIV/AIDS in Africa and former Canadian Ambassador to the United Nations, addressed the EICP Leaders Forum 2.



- Power of Language in the Global Economy
- Seminar on Maximizing the Talents of Visible Minorities

Executive Networks

- Canadian Centre for Learning and Development
- Compensation Research Centre
- Council of Human Resource Executives (National)
- Council of Human Resource Executives (East)
- Council of Human Resource Executives (West)
- Council of Industrial Relations Executives
- Council on Workplace Health and Wellness
- Effective Work Environments Research Centre
- HR Leaders' Working Group on Mental Health
- Human Resource Development Centre
- Maximizing the Talents of Visible Minorities Advisory Committee
- Strategic Human Resources Management Council

Publications

- Business Critical: Maximizing the Talents of Visible Minorities—An Employer's Guide
- Communication: The Key to Maximizing Your Total Rewards Investment
- Compensation Planning Outlook 2005: Holding the Line on Pay Increases
- Faire disparaître les divisions : les minorités visibles s'expriment



- Hot HR Issues for the Next Two Years
- Industrial Relations Outlook 2005: Pulling Together, Pulling Apart
- Measuring What Matters: People Drive Value
- Optimiser les talents des minorités visibles : une affaire de bon sens—Guide de l'employeur
- Reaching Out Across the Ocean: The Organizational Response to the Tsunami Disaster (updated)
- The Voices of Visible Minorities: Speaking Out on Breaking Down Barriers
- Wrestling with Workload: Organizational Strategies for Success

INNOVATION AND KNOWLEDGE MANAGEMENT

Conferences

- 2004 Innovation and Commercialization Conference

Custom Projects

- Assessing Biotechnology as a 21st Century Technology Platform for Canada
- Assessment of Socio-Economic Impacts from Genomics Research

- Index of Corporate Innovation assessments for customers
- Innovation in Corporate Canada 2005 survey
- Innovation Outlook survey

Executive Networks

- Council for Chief Information Officers
- Council for Information Technology Executives
- Innovation Council
- IT Insights Discussion Group
- Knowledge Strategy Exchange Network
- Leaders' Roundtable on Commercialization

Publications

- Annual Innovation Report 2004: Don't Overlook the "MEs"
- Don't Overlook the "MEs": Medium-sized Firms Show the Way to Global Success
- Exploring Canada's Innovation Character: Benchmarking Against Global Best
- Miser sur la connectivité au Canada: Vers une démonstration de la valeur
- Six Quick Hits for Canadian Commercialization: Leaders' Roundtable on Commercialization

LEADERSHIP

Courses

The Niagara Institute

- Public Programs
 - Coaching for Influence and Results
 - Executive Leadership Program
 - Leadership Development Program (LDP)®*
 - Optimizing Change
 - Le programme de leadership
 - Reaching Agreement
 - Working with Others
- Custom and Client Programs
 - Advanced Coaching for Performance
 - Building Leadership Capacity
 - Change Management for Senior Leadership
 - Change Workshop
 - Coaching for Development
 - Coaching for Performance
 - Coaching Workshop
 - Communicating for Change
 - Developing Leadership
 - Executive Team Coaching
 - Leadership Development Workshop

- Leadership Forum
- Leadership: impact et influence
- Leadership Program
- Leading Change
- The Leading Edge
- Management for Change
- MBTI Workshop
- NCA Team Meeting
- Optimiser le changement
- Senior Leadership Program
- Vous en tant que leader
- You as a Leader

* *The Leadership Development Program is a registered trademark of the Center for Creative Leadership (CCL®).*

Publications

- Organizational Performance Review: Spring/Summer 2005

ORGANIZATIONAL EXCELLENCE

Conferences

- 2004 Organizational Culture Conference: Inspiring Leaders and Inspired Organizations
- 2004 Strategic Project Management Conference: Making Intelligent Business Decisions

- Business Growth 2005: Successful Business and HR Strategies from High-Performance Companies
- Change Management 2005 Conference: Leading Change for Organizational Success
- The First Public–Private Sector Summit on National Security
- Third Annual Business Process Outsourcing Conference: Realizing Business Value in Canada and Offshore

Custom Projects

- Enhancing Information Exchange within the Energy Sector
- Financial Leadership and Management in Government Working Group
- Implementing Shared Services in Government

Executive Networks

- Centre for Customer Market Leadership
- Council for Chief Privacy Officers
- Council for Security Executives
- Public Sector Executives Network

Publications

- Business Process Offshore Outsourcing: Will Canadian Businesses Sink or Swim?

Conference Board Senior Vice-President Charles Barrett (centre) participated in an APEC conference on the World Trade Organization in Beijing in June 2004.



TRADE, INVESTMENT POLICY AND INTERNATIONAL COOPERATION

Conferences

- The International Forum on China: Developing Your China Strategy
- Strategic Breakfast Briefing: Analysis of the American Election and Implications for Canada–U.S. Relations

Custom Projects

- Survey on the Impact of Barriers to Competition in Canada
- World Competitiveness Yearbook 2005: survey and update of Canadian data

International Cooperation Projects

- Asia–Pacific Economic Co-operation (APEC) Economic Integration Program—Canadian International Development Agency
- APEC Tourism Working Group’s Tourism Impediments Study

- APEC World Trade Organization (WTO) Capacity Building Project
- Consulting Assistance for Contracts and Networking in Canada—The Thailand International Development Agency
- Public Policy Options Program (China) Phase II—Canadian International Development Agency
- Thailand Development Research Institute—Support for Research and Professional Networking in Canada

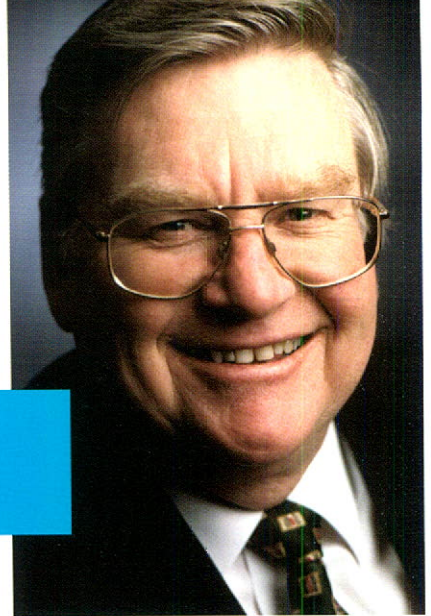
Publications

- Should Canada Update Its Foreign Investment Rules? The China Minmetals–Noranda Case
- Enlargement of the European Union: Its Impact on the Canada–EU Trade and Investment Relationship



Eric P. Newell, O.C.

2004 HONORARY ASSOCIATE



LEADERSHIP AND VISION

Eric Newell is an inclusive leader who unites individuals, businesses and institutions in common cause to achieve great results. In recognition of his stellar career and outstanding contribution to our country, The Conference Board of Canada presented him with the 2004 Honorary Associate Award on Oct. 7, 2004, in Calgary. The award, which is the Conference Board's highest honour, is conferred annually on an individual who has served both organization and country with distinction.

A native of Kamloops, British Columbia, Mr. Newell was educated at the University of British Columbia and the University of Birmingham, England, and began his career with Imperial Oil and Esso in 1969. In 1986, he joined Syncrude Canada Ltd., becoming Chief Executive Officer in 1989 and Chair of the Board in 1994, before retiring in 2003. Under his leadership, Syncrude, the world's largest producer of oil sands crude, achieved its production goal in 1998—five years ahead of schedule. The company's relentless pursuit of innovation has given it the capacity to produce at current levels for another 60 years.

As President of the Alberta Chamber of Resources in the mid-1990s, Mr. Newell spearheaded the creation of the National Oil Sands Task Force in 1995, which set a goal of generating \$20 billion in new investment and producing more than one million barrels per day within 25 years. This production level was achieved within eight years, and more than \$50 billion in investment projects has been committed, bringing our country closer to the task force's vision of "Securing Canada's Energy Future."

Mr. Newell's footprints in the oil sands are just one part of his record. His ability to bring together diverse stakeholders produces win-win outcomes for both business and the larger community. Syncrude is the model of an environmentally and socially responsible corporation, whose communities share in its success. Mr. Newell's focus on providing economic and social opportunities for Aboriginal Canadians has made Syncrude the largest industrial employer of Aboriginal people in Canada.

An Officer of the Order of Canada and a Member of the Alberta Order of Excellence, Mr. Newell believes that education is the foundation of Canada's success. He has channelled his energy

into creating effective partnerships. CAREERS: The Next Generation Foundation, which he founded in 1997 and currently chairs, brought together students, educational institutions and tradespeople to encourage young people to pursue careers in the skilled trades. This program has helped more than 100,000 young people participate in career workshops over the past three years, and the number of apprentices in Alberta has doubled since 1997.

Mr. Newell served on the University of Alberta's board of governors from 1996 to 2002—the last four years as chair—and was appointed chancellor in June 2004. His efforts to forge business-education partnerships brought him into contact with The Conference Board of Canada. During his 10 years on the organization's board of directors and as board chair from 2000 to 2002, he and the Conference Board shared a vision that a holistic approach to economic, environmental and social issues is critical to Canada's success.

Financial Report



OVERVIEW

The consolidated financial statements of The Conference Board of Canada for the year ended May 31, 2005, together with the auditor's unreserved opinion thereon, and a statement of management's responsibility for financial reporting are presented below.

The Board ended the year in a sound financial position with the liquidity needed to sustain its current and forward-looking operations. Net assets were up by slightly more than \$250,000 from the previous year, meeting the key target provided for in the policies established by the Board of Directors.

The Board's revenues are derived from its activities in five activity areas: economic forecasting, public- and private-sector research, conferences, networks and leadership and governance development courses. Total 2005 revenue of just over \$29 million mirrored that of 2004, and operating expenses declined slightly.

Within the five segments of its revenue-producing activity, four exceeded or substantially met their budgeted expectations. These superior performances, taken together with the benefits of lower-than-budgeted costs and other financial management initiatives, fully mitigated the impact on our financial results arising from the lower-than-expected revenues of our fifth line of business.

No significant deficiencies in internal control have been reported by the Board's auditors to the Board of Directors' Audit Committee.

Prior to the Board's May 31, 2005, year end, its Board of Directors approved a program plan for 2006, together with a financial plan and budget designed to support and sustain the achievement of the key strategies and actions that the Board is committed to pursuing in the coming year.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The Consolidated Financial Statements have been prepared by management in accordance with Canadian generally accepted accounting principles. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise, since they include certain amounts based on estimates and judgments. Management has ensured that the Consolidated Financial Statements are presented fairly in all material respects. The financial information presented elsewhere in the Annual Report is consistent with that in the Consolidated Financial Statements.

The Conference Board of Canada maintains adequate systems of internal accounting and administrative controls consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that assets are appropriately accounted for and adequately safeguarded.

The Board of Directors of the Corporation is responsible for reviewing and approving the Consolidated Financial Statements and, primarily through its Audit Committee, ensures management fulfills its responsibilities for financial reporting.

The Audit Committee is appointed by the Board and is composed of directors who are not employees of the Corporation. The Audit Committee meets periodically with management and with external auditors to discuss internal controls, auditing matters and financial and reporting issues to satisfy itself that each party is properly discharging its responsibilities. The Audit Committee reviews the Consolidated Financial Statements and the external auditor's report and also considers, for approval by the Board, the engagement or reappointment of the external auditors. The Audit Committee reports its findings to the Board for its consideration when approving the Consolidated Financial Statements for issuance.

The Consolidated Financial Statements have been audited by KPMG LLP, the external auditors, in accordance with Canadian generally accepted auditing standards. KPMG LLP has full and free access to the Audit Committee.



Anne Golden
President and Chief Executive Officer



Jean-Pierre Boisclair
Vice-President and Chief Financial Officer

June 30, 2005

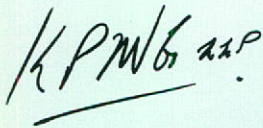
AUDITOR'S REPORT

To the Members of The Conference Board of Canada

We have audited the consolidated statement of financial position of The Conference Board of Canada as at May 31, 2005, and the consolidated statements of operations and net assets, changes in net assets, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at May 31, 2005, and the results of its operations and cash flows for the year then ended, in accordance with Canadian generally accepted accounting principles. As required by the *Canada Corporations Act*, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.



Chartered Accountants
Ottawa, Canada

June 30, 2005

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>As at May 31 (\$ thousands)</i>	Notes	2005	2004
ASSETS			
Current Assets			
Cash and cash equivalents		\$ 4,002	2,427
Marketable securities	2	7,580	8,336
Accounts receivable		3,559	2,794
Prepaid expenses		573	550
		15,714	14,107
Capital Assets			
	3	4,927	5,016
		20,641	19,123
LIABILITIES			
Current Liabilities			
Accounts payable		7,627	6,657
Deferred revenue		5,195	4,904
		12,822	11,561
NET ASSETS			
		\$ 7,819	7,562
Commitments	4		

On behalf of the Board:



Director



Director

CONSOLIDATED STATEMENT OF OPERATIONS AND NET ASSETS

<i>For the year ended May 31 (\$ thousands)</i>	Notes	2005	2004
Revenues	5	\$ 29,214	29,323
Expenses			
Compensation		16,343	16,880
Other		12,176	11,782
Depreciation		739	744
		29,258	29,406
Operational earnings		(44)	(83)
Interest income, net		301	346
Excess of revenues over expenses		257	263
Net Assets, beginning of year		7,562	7,299
Net Assets, end of year		\$ 7,819	7,562

See accompanying notes to financial statements

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS

<i>For the year ended May 31 (\$ thousands)</i>	Invested in Capital Assets	Unrestricted	2005	2004
Net Assets, beginning of year	\$ 5,016	2,546	7,562	7,299
Excess of revenues over expenses	–	257	257	263
Depreciation	(739)	739	–	–
Investment in capital assets	650	(650)	–	–
Net Assets, end of year	\$ 4,927	2,892	7,819	7,562

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>For the year ended May 31 (\$ thousands)</i>	2005	2004
Operating activities		
Excess of revenues over expenses	\$ 257	263
Depreciation	739	744
	996	1,007
Changes in non-cash components of operating working capital	473	(560)
	1,469	447
Financing and investing activities		
Change in marketable securities, net	756	(1,477)
Purchase of capital assets	(650)	(653)
	106	(2,130)
Increase (decrease) in cash and cash equivalents	1,575	(1,683)
Cash and cash equivalents, beginning of year	2,427	4,110
Cash and cash equivalents, end of year	\$ 4,002	2,427

See accompanying notes to financial statements

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at May 31, 2005 (in \$ thousands, unless otherwise stated)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

AERIC Inc. is incorporated under the *Canada Corporations Act* and conducts its operations under the firm name and style as The Conference Board of Canada. An annual licence agreement with The Conference Board, Inc. governs the use of the name The Conference Board of Canada.

The objects of the corporation are exclusively charitable, scientific and educational and are:

- a. To conduct objective scientific research and investigation in the fields of business, economics and public affairs and to make available, through periodicals and other publications, the information resulting from such activities to its members and to other persons, firms, corporations, associations, educational and other institutions, to the federal and provincial governments of Canada and any department, bureau or agency thereof, and to the general public;
- b. To assemble, analyze and disseminate, on a non-political basis, objective information in regard to economic conditions and management experience in Canada and other countries;
- c. To conduct educational and scientific conferences of executives, professional specialists and others for discussion of economic, business and public affairs;
- d. To contribute to the educational and professional training of executives, and in general to encourage and promote the sound development of Canadian industry.

Basis of Consolidation

The consolidated financial statements include the accounts of The Conference Board of Canada and The Niagara Institute for International Studies, also a not-for-profit institution, which provides executive leadership development courses. The proportionate consolidation method is used to account for the 50 per cent interest in the joint venture The Directors College. All significant intercompany transactions and balances are eliminated.

Revenue Recognition

Revenues from memberships are recorded on a proportionate basis over the subscription period. Revenues from fee-paid services are recognized when earned, with the exception of long-term research contracts, which are recognized on an estimated percentage of work-completed basis.

Capital Assets

Capital assets are recorded at cost. Depreciation is calculated by the straight-line method. The estimated useful lives of the assets are:

- Furniture and fixtures5 years
- Computer and other equipment.....3 years
- Software2 years
- Building.....40 years

Use of Estimates

The preparation of financial statements, in accordance with Canadian generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. Actual results could differ from these estimates. These estimates are reviewed on an annual and quarterly basis. Changes in estimates are recorded in the financial period in which such adjustments are determined.

2. MARKETABLE SECURITIES

Marketable securities include accrued interest and are carried at the lower of market and cost or amortized cost, as appropriate. They primarily comprise government, government-guaranteed and bank fixed-income securities (See also Note 6.)

3. CAPITAL ASSETS

	Cost	Accumulated Depreciation	Net Book Value	2004
Land	\$ 621	–	621	621
Building	4,926	1,776	3,150	2,940
Furniture and fixtures	2,632	1,964	668	775
Computer and other equipment	3,016	2,605	411	512
Software	881	804	77	168
	<u>\$ 12,076</u>	<u>7,149</u>	<u>4,927</u>	<u>5,016</u>

4. COMMITMENTS

The approximate future minimum payments for operating lease obligations are as follows:

2006.....	\$150	2009.....	\$120
2007.....	150	2010.....	70
2008.....	150	2011.....	10

5. REVENUES

Revenues are comprised of the following:

	2005	2004
• Research	\$ 8,334	6,724
• Economic forecasting and other publications	5,882	5,788
• Leadership development programs	5,320	6,683
• Conferences	5,219	5,124
• Executive networks	4,459	5,004
	<u>\$ 29,214</u>	<u>29,323</u>

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of cash equivalents, marketable securities, accounts receivable and accounts payable approximate their fair value.



Governance and Management

BOARD OF DIRECTORS 2004-05

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President and CEO
TransAlta Corporation

Past Chair

Jacques Lamarre^{1,2}
President and CEO
SNC-Lavalin Group Inc.

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Tim J. Hearn^{1,2}
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John S. Hunkin^{1,2}
Chief Executive Officer
Canadian Imperial Bank
of Commerce

Ed Kilroy^{1,2}
Chief Executive Officer
Symcor Inc.

Martha Piper^{1,2}
President and Vice-Chancellor
The University of British
Columbia

Réal Raymond^{1,2}
President and CEO
National Bank of Canada

Thierry Vandal^{1,2}
President and CEO
Hydro-Québec

¹ Member of the Audit Committee
² Member of the Executive Committee

Members

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Unilever Canada Inc.

Katherine A. Bardswick
President and CEO
The Co-operators Group Limited

Alain M. Bellemare
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Pratt & Whitney Canada

Micheline Bouchard
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ART Advanced Research
Technologies Inc.

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President and CEO
The Conference Board, Inc.

Isabelle Courville
President, Enterprise Group
Bell Canada

David A. Ganong
President
Ganong Bros. Limited

Anne Golden
President and CEO
The Conference Board
of Canada

Brian Hayward
Chief Executive Officer
Agricore United

Paul Hill
President and CEO
Harvard Developments Inc.

Doug Lord
Chairman, President and CEO
Xerox Canada Ltd.

Alan MacGibbon
Managing Partner and Chief
Executive
Deloitte & Touche LLP

David McD. Mann
Vice-Chairman
Emera Inc.

Albert Maringer
President and CEO
Siemens Canada Limited

Heather Munroe-Blum
Principal and Vice-Chancellor
McGill University

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E.H. Price Limited

John M. Reid
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Terasen Inc.

Michael E. Roach
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CGI Group Inc.

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President and CEO
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Michael M. Wilson
President and CEO
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MANAGEMENT

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President and CEO

Charles A. Barrett
Senior Vice-President
Program Strategy and Delivery

Prem P. Benimadhu
Vice-President
Organizational Performance

Jean-Pierre Boisclair
Vice-President and CFO

Perry Eisenschmid
Vice-President
Marketing, Sales and IT

Glen Hodgson
Vice-President and
Chief Economist

Gilles Rhéaume
Vice-President
Policy, Business and Society



Left to right: Jean-Pierre Boisclair, Charles A. Barrett, Gilles Rhéaume, Prem P. Benimadhu, Perry Eisenschmid, Anne Golden, Glen Hodgson.

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