

HEQCO ANNUAL REPORT 2012/2013

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we explore key issues

- ✓ Identifying and assessing the skills and knowledge postsecondary graduates need to succeed in the 21st century
- ✓ Innovative and effective teaching methods
- ✓ Higher education and the labour market
- ✓ Productivity and cost effectiveness of higher education



we inform solutions

- ✓ Research in partnership with colleges, universities and organizations
- ✓ International conferences, workshops and seminars
- ✓ @ Issue Papers synthesizing research on hot topics
- ✓ Performance indicators for Ontario's postsecondary system
- ✓ Quick Stats on current statistics and trends
- ✓ Itsnotacademic blog: thoughts, ideas, kudos and brickbats

chair's message

hank you for taking the time to read our 2012-13
Annual Report. It has been a year of change here
at HEQCO and I am pleased to share some of our
accomplishments.

My first words must be to thank Frank lacobucci, who stepped down as Chair of the HEQCO Board of Directors in 2012 after six years. His leadership was invaluable to the growth and development of this agency, and his commitment to improving higher education in Ontario is remarkable. His vision will continue to motivate the Board as it guides and supports HEQCO in the production of quality research and policy advice. I also want to thank the members of the Board and the staff at HEQCO for being so welcoming to me since becoming Chair in October.

It has been an eventful year for postsecondary education in Ontario and I am proud to say that HEQCO has been at the centre of a number of important initiatives. In 2012-13, HEQCO produced 24 studies covering issues ranging from teaching and learning strategies to financial literacy to access for underrepresented groups to system design and education quality. These studies are providing important evidence for policy makers, postsecondary administrations, faculty, students and families who are interested in addressing the challenges of continuing to improve higher education in Ontario.

One initiative that received significant attention was the review of Strategic Mandate Agreement (SMA) submissions. At the request of the Ministry of Training, Colleges and Universities, HEQCO established a panel of experts to review and assess SMA proposals submitted by every college and university in Ontario. The SMA

exercise will evaluate the submissions in terms of their ability to achieve significant improvements in productivity, quality and affordability through both innovation and differentiation. The final report will be published in early 2013-14.

The agenda for the coming year is equally challenging and significant. HEQCO will explore issues affecting the future of Ontario's postsecondary education, such as learning outcomes, the needs of the labour market, innovative teaching strategies and designing a more cost-effective postsecondary system.

We count on your ongoing interest in our collective goal of strengthening Ontario's higher education system.

Elizabeth Dowdeswell

Landeswell

Chair





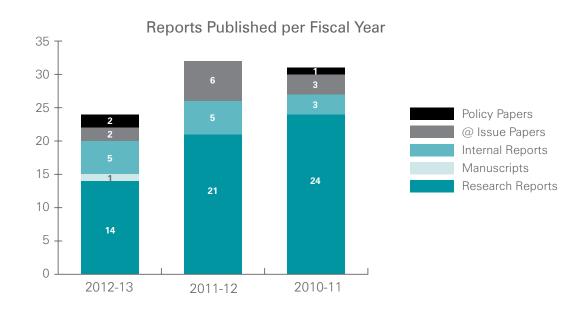
Reports

In 2012-13, HEQCO published 24 reports. Of those, 14 were research publications prepared by external contractors who were, for the most part, from postsecondary institutions; one manuscript co-edited by Ken Norrie, former vice-president research, and Mary Catharine Lennon, senior research analyst, on the proceedings from the 2011 conference *Measuring the Value of a Postsecondary Education*; five research reports produced internally by HEQCO (two were co-authored with outside partners); and two @ Issue Papers produced by HEQCO. HEQCO also published two policy papers: a consultation paper on performance indicators for the Ontario postsecondary education system as well as a report on the productivity of the Ontario system.

Be the authoritative source of current research on accessibility, quality and accountability in Ontario's higher education system.

Opportunities to Innovate Fund

In 2012-13, HEQCO initiated an Opportunities to Innovate Fund (OIF), where we invite organizations and individuals to submit interesting and unique project ideas for potential funding. To be considered for funding, proposed projects should be short term, relatively small in scale, and truly innovative and original (preferably introducing a concept or approach that is well outside of the mainstream). In 2011-12, HEQCO initiated seven OIF projects with partners such as McMaster University to explore professional pathways for graduate students; the Canadian Association of Career Educators and Employers to create a campus recruitment and benchmarking report; and a consortium of research universities, known as the Bay View Alliance, to identify and evaluate more effective ways to inspire and enable enhancements of teaching and learning across universities.



Accessibility

Government policies and funding have already enabled impressive gains in enrolment. In fact, over the past decade, postsecondary enrolment in Ontario has grown more than in any other province in Canada. However, to achieve the government's goal of a 70% postsecondary attainment rate, Ontario's higher education system must be accessible to more than just the traditional 18-24 year old student going directly from high school to college or university. There is a need for the system to be more responsive and accommodating to adult learners and to potential students from groups that are not accessing higher education in appropriate numbers. In addition, the proliferation of technologyassisted learning, especially with the advent of Massive Open Online Courses (MOOCs), may alter the pathways by which students enter and navigate through postsecondary institutions. We understand very little about the ways in which the rapid expansion of online learning will influence traditional patterns of access to postsecondary education.

Participation and persistence

In 2012-13, HEQCO continued its research on the participation of underrepresented groups in postsecondary education, publishing reports on the supports available for students with learning disabilities, the academic engagement of recent immigrant adult students, as well as on the participation of students from underrepresented groups in Ontario. HEQCO also published reports on student attrition in six GTA colleges to better understand why students leave college before completing their programs, a report on the postsecondary decisions of high-achieving students in Ontario, and on the impact of scholarships and bursaries on academic performance in university.

Quality

The significant recent enrolment increases in Ontario's postsecondary system challenge the quality of the student experience. Yet, quality is the most critical variable in any higher education system and is the currency by which the worth and the value of a higher education system and its graduates are measured. Our obligation is to graduate students with credentials that are understood, both within Canada and around the world, as reflecting a high quality, high value, progressive and modern education.

The current system is not sustainable if quality is to be preserved or enhanced. The greatest productivity improvements and cost efficiencies will come from system re-design, not from individual institutions. In the absence of change, the quality of the Ontario system will continue to diminish and lose competitiveness.

Learning outcomes

In 2012-13, HEQCO co-sponsored a conference on learning outcomes with the Council of Ontario Universities, the Ontario College Quality Assurance Service and the Ontario Universities Council on Quality Assurance, and published a monograph from the *Measuring the Value of a Postsecondary Education* conference. We also conducted a set of research projects to define and measure learning outcomes. These include:

- i. a province-wide "Tuning" project to develop learning outcomes in the physical sciences, life and health sciences, social sciences disciplines,
- ii. management of Ontario's participation in the civil engineering Assessment of Higher Education Learning Outcomes (AHELO) project. AHELO is an OECD program to determine if standard generic and discipline-specific tests can be used in different countries to measure what final-year university students should know and be able to do, and,

iii. a set of projects with Ontario colleges and universities to assess the feasibility of the Collegiate Learning Assessment (CLA) and the Community College Learning Assessment (CCLA) to measure critical thinking. The CLA projects will be continuing through 2013-14.

Evaluation of innovations in teaching and learning

In 2012-13, HEQCO had nearly 50 research projects underway with Ontario colleges and universities to evaluate specific teaching innovations, experiments in large classes and technology-enhanced learning. The first reports are already being published, including a report on the impact of the "Teaching in a Canadian Classroom" program that helps international teaching assistants manage pedagogical culture clash.

HEQCO also continued to publish reports in its student success series, including a report on the Peer Helper Program at the University of Guelph, the Student Success Program at George Brown College, improving students' research and critical evaluation skills, and the impact of program-specific ESL courses on academic performance and engagement.

The relationship of postsecondary education to the labour force

One of the primary reasons governments support colleges and universities is because of the centrality of higher education to a robust and vibrant, knowledgebased economy. Similarly, students say that their primary reason for seeking a postsecondary education is the desire to obtain the credential necessary to get a good job. Understanding the linkage between higher education and labour market outcomes is a major area of focus for governments and students, and that is why it represents a major theme in our research. In 2012-13 we published a series of reports on the relationship between postsecondary education and the workforce, including papers on labour market outcomes of graduating students and the 2012 Campus Recruitment and Benchmark Report from the Canadian Association of Career Educators and Employers (supported by our Opportunities to Innovate Fund).

Accountability

All governments are holding their public postsecondary systems to greater account, reflecting the greater scrutiny governments are under regarding how they spend the public purse. The best accountability regimes that governments introduce promote and guide the system towards public goals, are aligned with purposeful government policy and are respectful of traditions of institutional autonomy and governance.

Productivity

During 2012-13, HEQCO offered advice to the government and institutions on the productivity of the Ontario public postsecondary system. As part of its initiation of a province-wide consultation on postsecondary education, the Ontario government asked HEQCO to conduct a productivity analysis of the Ontario system. It is a request and analysis we welcomed. In December 2012, with the guidance of an advisory panel, we published a preliminary analysis of the productivity of the Ontario system. While Ontario's colleges and universities are already quite productive, constrained resources and increased demand mean the system must increase productivity to maintain quality, according to the report. It notes that increased productivity can result from government redesign of the postsecondary system and how it is funded, and at the institutional level from attention to faculty workload distribution.

This analysis led to the identification of some significant data gaps that need to be filled to provide a better and more useful and meaningful assessment, particularly the identification of the most promising areas for productivity improvement. We are committed to continuing this analysis and to initiating projects to fill those data gaps. We have received considerable support and assistance from Colleges Ontario, the Council of Ontario Universities and the Ministry of Training, Colleges and Universities (MTCU) on this project, which also encourage the continuation of these analyses.

Graduate studies

Both provincial (especially Ontario) and federal governments have invested heavily in the expansion of the number of students pursuing graduate degrees. We have already published several reports detailing the impact of these investments in Ontario, including a synthesis of current research about the changing landscape of the doctorate, a report on the views of doctoral students and graduates at two universities, as well as a report on the profile and labour market outcomes of doctoral students.

Performance indicators

Consistent with HEQCO's legislated mandate and a specific request from government, we have been preparing a set of indicators to assess the state of postsecondary education in Ontario and how it compares to other relevant jurisdictions. The first report will be issued in early 2013-14.

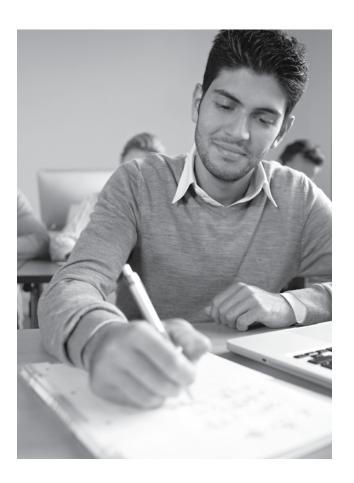
Cost and quality implications of higher education trends

There are several dominant trends in the evolution of public higher education systems, but we understand little about the quality and cost implications of these developments. We have initiated several projects to examine the cost and quality implications of two such trends: i) the shift to competency-based credentialing and ii) the more extensive use of online learning.

On this topic, HEQCO published a report on collegeto-university transfer arrangements, which found that students who transfer from college to university to complete their undergraduate degree are likely to save themselves and the government money.

For a complete list of papers published in 2012-13 by HEQCO, see Appendix A. $\,$

Understanding the linkage between higher education and labour market outcomes is a major area of focus for governments and students, and that is why it represents a major theme in our research.



Symposium on Learning Outcomes Assessment: A Practical Guide

Continuing our focus on learning outcomes, HEQCO, in collaboration with the Council of Ontario Universities, the Ontario College Quality Assurance Service and the Ontario Universities Council on Quality Assurance cohosted a Symposium on Learning Outcomes Assessment: A Practical Guide on April 12-13, 2012. The symposium brought further clarity to the process of defining the learning outcomes of university courses and programs for students. The event was well-attended by international and local university and college faculty, deans, senior administrators and others involved in assessment of learning outcomes.

Learning to Earning: Higher Education and the Changing Job Market

The relationship between postsecondary education and the labour market became a focus for HEQCO in 2012-13. On November 1-2, 2012, HEQCO hosted an international conference, Learning to Earning: Higher Education and the Changing Job Market, to explore postsecondary education's role in preparing students for the world of work.

Research Symposia

In March 2013, HEQCO hosted three symposia to showcase some of the research already underway or completed, to provide some reflection on the overall field and to gather ideas for possible new research topics.

 The Flexible Classroom: A Symposium on Emerging Options for Teaching and Learning in Colleges and Universities. Share research findings with Ontario's higher education institutions and other stakeholders in ways that encourage evidence-based decisions that will improve the quality of higher education.

- Technology Enhanced Learning: A Symposium on the Growing Use of Technologies to Support Postsecondary Teaching and Learning.
- **Redefining Student Success**: A Symposium on the Diverse Pathways through Postsecondary Education and into the Workplace.

HEQCO's National Data Symposium

In March 2013, HEQCO hosted a symposium that brought together the key players in data collection from across the country and beyond to identify opportunities for enhanced data collection and use. The collaborative discussion helped clarify not only the pressing issues at hand but also concrete strategies for moving forward.

For a list of HEQCO events, see Appendix B.

Presentations

HEQCO staff gave over 50 presentations at education-related conferences and events, including:

- A presentation at the Canadian Institutional Research and Planning Association (CIRPA) 2012 Annual Meeting by Richard Dominic Wiggers, executive director, research and programs, on "Assessing the Effectiveness of Work-Integrated Learning: Results of Recent Studies at Ontario Colleges and Universities."
- A presentation by Susan Bloch-Nevitte, Executive director, communications, and Matthew Ross, research communications officer, on crisis communications at the annual conference of the Association of Fundraising Professionals.

Communicate with interested publics about where Ontario stands in attaining the vision of being an international leader in higher education.

To cultivate new partnerships and collaborations and to promote HEQCO research across Canada, as well as in the US and international markets, HEQCO increased its stakeholder mailing list to just over 1,800 subscribers and counting.

Total audience exposure from the mainstream media was up 40% over last year. Top news stories include a report on financial literacy of low-income students, work-integrated learning and Ontario's high-achieving students. Our president, Harvey P. Weingarten, along with Da Hsuan Feng, senior vice-president, global affairs, planning and evaluation of National Tsing Hua University

in Taiwan and former vice-president, research and economic development of the University of Texas (Dallas), co-authored an article "Why Canadian universities should collaborate with Asia" published in University Affairs magazine.

During 2012-13, HEQCO saw steady increases in web traffic with 54,000 total website visits of which, approximately 10% were international—led by the US, UK, India and France. Our social media audience on Twitter and Facebook doubled over the same time period.

54,000 Number of total website visits

1,800 Number of subscribers

Percentage increase in media audience exposure

Social media audience on Twitter and Facebook has doubled

Provide good governance and manage the council's financial, human and information resources effectively.

During 2012-13, the Memorandum of Understanding between HEQCO and the Minister was revised to conform to updated Management Board of Cabinet requirements reflected in the Agency Establishment and Accountability Directive (AEAD). HEQCO also updated its Risk Management Framework to conform to AEAD requirements.

To facilitate better records and project management, HEQCO initiated the implementation of a content management system. This tracking system will automate a number of HEQCO core business processes.

As a result of the retirement of the vice-president research, an administrative reorganization in the research department further clarified roles and responsibilities. The department was divided into three main areas: policy and partnerships, data and statistics, and research and programs, and some positions were re-evaluated. Fiona Deller became the executive director, policy and partnerships; Martin Hicks became the executive director, data and statistics; Richard Dominic Wiggers became the executive director, research and programs; and Louise Winberg became the coordinator, research and programs.

Staffing remains constant at 22 full-time equivalents.







board directors

The Higher Education Quality Council of Ontario's Board of Directors brings a rich diversity of perspectives to the Council. Board members draw upon backgrounds in business, postsecondary education and public service to guide and support the Council's initiatives.

The board of directors is responsible for setting the strategic direction of the Council and ensuring that its activities remain aligned with its mandate. The Council's board of directors met three times during 2012-13: July 4, December 17 and March 25.

All board appointments are made by the Lieutenant Governor in Council.

Elizabeth (Liz) Dowdeswell, OC • Chair



Term: October 24, 2012 – August 28, 2015

Elizabeth Dowdeswell is president and CEO of the Council of Canadian Academies, an independent, not-for-profit corporation that supports the development of evidence-based public policy in Canada. Through assessments and reports by independent, multidisciplinary panels of expert volunteers, the Council of Canadian Academies tackles complex issues of social importance, linking the contributions of science and technology to public policy.

Ms. Dowdeswell was the founding president and CEO of Canada's Nuclear Waste Management Organization, where her work resulted in a government decision on the long-term management of Canada's used nuclear fuel. She is the former executive director of the United Nations Environment Program and Under-Secretary General of the United Nations. As assistant deputy minister of Environment Canada she was responsible for Atmospheric Environment Service, including negotiating the Framework Convention on Climate Change. She has also led a number of public inquiries, including into Canada's unemployment benefits program and federal water policy. Her early career included terms as deputy minister of culture and youth for the Province of Saskatchewan, educational consultant, university lecturer and high school teacher.

Appointed an Officer of the Order of Canada in June 2012, Ms. Dowdeswell serves on the boards of several corporations and is an advisor to a number of not-for-profit organizations.

The Honourable Frank Iacobucci, C.C., Q.C. • Chair

Term: May 12, 2006 - May 11, 2009 • Reappointed: May 12, 2009 - May 11, 2012



The Honourable Frank lacobucci has had a distinguished career in private legal practice, academe, public service and the judiciary. He received his BComm and LLB from the University of British Columbia. He went on to receive his LLM and Dip. Int'l L. from Cambridge University. In 1967, he joined the Faculty of Law, University of Toronto, and was a professor of law there until 1985. He also served as vice-president, internal affairs at the University of Toronto from 1975 to 1979 and dean of the Faculty of Law from 1979 to 1983. From 1983 to 1985, he was vice-president and provost of the University. In 1985, he was appointed deputy minister of justice and deputy attorney general for Canada; in 1988, chief justice of the Federal Court of Canada; and in 1991, a justice of the Supreme Court of Canada.

He retired from the Supreme Court of Canada in June 2004 and served as interim president of the University of Toronto from September 2004 until June 2005. On July 1, 2005, he joined Torys LLP as counsel and became chairman of Torstar Corporation. He currently serves as a conduct review advisor for the Canada Pension Plan Investment Board and is a member of the board of directors of Tim Hortons Inc. As well, he is a member of the Law Commission of Ontario. He is a Companion of the Order of Canada.

Norie Campbell • Board Member

Term: October 5, 2006 – October 4, 2009 • Reappointment: October 5, 2009 – October 4, 2012



Norie Campbell is a senior vice-president and assistant general counsel in the legal department at TD Bank Financial Group. From June 2004 to January 2006, she was vice-president and special assistant to the chief executive officer.

Prior to joining the legal department of TD Bank Financial Group in December 2000, she practised at the firm of McCarthy Tétrault LLP in their business law group. She is a member of the board of directors of the St. Christopher House Community Endowment.

She holds a LLB and LLM (banking and financial services) from Osgoode Hall Law School. She was called to the Bar in Ontario in 1997.

Gisèle Chrétien • Board Member

 $Term: September \ 6, \ 2006 - September \ 5, \ 2009 \ \bullet \ Reappointment: September \ 6, \ 2009 - September \ 5, \ 2012$



Gisèle Chrétien served as president of Collège Boréal in Sudbury from 1998 to 2006. Prior to this, she was vice-president of programs and academic support at Collège Boréal, dean of community and health services, and director of health services. She is currently the chair of the board of directors of the Sudbury Regional Hospital, and chair of the board of directors of TFO.

She holds a diploma in nursing from Cambrian College, a BSc in nursing from Laurentian University, and a MEd from the Ontario Institute of Studies in Education at the University of Toronto.

Navin Dave • Board Member

Term: September 20, 2006 – September 19, 2009 • Reappointed: September 20, 2009 – September 19, 2012



Navin Dave is the managing partner for global resource leveraging for KPMG.

From 1984 to 1988 he was partner-in-charge of the Calgary office management consulting division. In 1994, he transferred to New Delhi, India as managing partner of KPMG India. On his return to Canada, he was appointed Calgary office managing partner and area managing partner for western Canada.

He holds a BSc in mechanical engineering from the University of London and a MSc in production engineering from the University of Birmingham. He is a fellow of the Institute of Chartered Accountants and a certified management consultant.

Richard Dicerni • Board Member

Term: January 23, 2013 - January 22, 2014



Richard Dicerni retired as deputy minister of Industry Canada in 2012. He is currently a director of Holcim (Canada) Inc. and Desjardins Financial Security. He is also Adjunct Professor of Research at the Ivey Business School.

Born in Montreal, Mr. Dicerni received his BA in 1969 from the Université de Montréal and an MPA from Harvard in 1981. Mr. Dicerni worked for the federal government from 1969 to 1992. In 1992 he joined the Government of Ontario as Deputy Minister of Environment and Energy; in 1995 he assumed the position of Deputy Minister, Education and Training. In 1998 he was appointed senior vice-president at Ontario Power Generation (OPG). He stayed at OPG for seven years and led the company between 2003 and 2005. He has served on the boards of Trent University, the Credit Valley Hospital, Atomic Energy of Canada Ltd (AECL) and the Public Policy Forum.

Cindy Dundon Hazell • Board Member

Term: January 23, 2013 – January 22, 2014



Cindy Dundon Hazell, professor emeritus at Seneca College, was the College's vice-president academic from 2001 to 2012. Ms. Hazell joined the faculty at Seneca in 1980, and has since served as chair (Centre for Independent Learning), dean of Continuing Education, dean of Business, and most recently, as the College's senior vice-president. Ms. Hazell served on numerous internal and external committees, including two provincial negotiating teams for the Ontario Council of Regents. She is a past chair and treasurer of the Ontario Colleges' Coordinating Committee of Vice-Presidents Academic; past chair, Heads of Business; past chair, Heads of Continuing Education; and past chair, Vice-Presidents Academic, Polytechnics Canada.

Ms. Hazell currently serves as a director for the Ontario Council for Articulation and Transfer (ONCAT) Board. She holds an Honours BComm, a MEd (Higher Education), and is currently pursuing her PhD in Higher Education at the Ontario Institute for Studies in Education at the University of Toronto, with a focus on system design.

Michael Hill • Board Member

Term: June 11, 2011 – June 10, 2014



Michael Hill was named to the HEQCO board in June 2011 for a three-year term. He is the first president emeritus of Northern College of Applied Arts and Technology and a 30-year veteran of the Canadian community college system. He served as president of Northern College in northeastern Ontario from 1999 to 2009. Previously, he was president of Northwest Community College in British Columbia. He received his undergraduate degree in psychology from the University of Victoria and his master's in psychology from the University of Manitoba. He is working toward his doctorate in education from Uppsala University, Sweden, where he specializes in structuring and organizing educational offerings in remote and developing regions.

In a career dedicated to postsecondary education, Hill was involved in the successful lobby to start a new university in northern British Columbia. In 1991, he was seconded to work with the new University of Northern British Columbia to develop a working model for the regional character of the university. He was a participant in an international group working in service to the Omega University Project in Sweden from 1992 to 1995. In 1995, he was seconded by the Government of British Columbia to serve as the interim inaugural president and CEO of Royal Roads University. He also served as an advisor to the University of the Highlands and Island Projects in Inverness, Scotland while on sabbatical in 1997-98. In 2001, he was named to the Rural and Remote Colleges Task Force of the Association of Canadian Community Colleges – responsible for improving access to postsecondary education and training in rural and remote Canada to ensure on-going social and economic development.

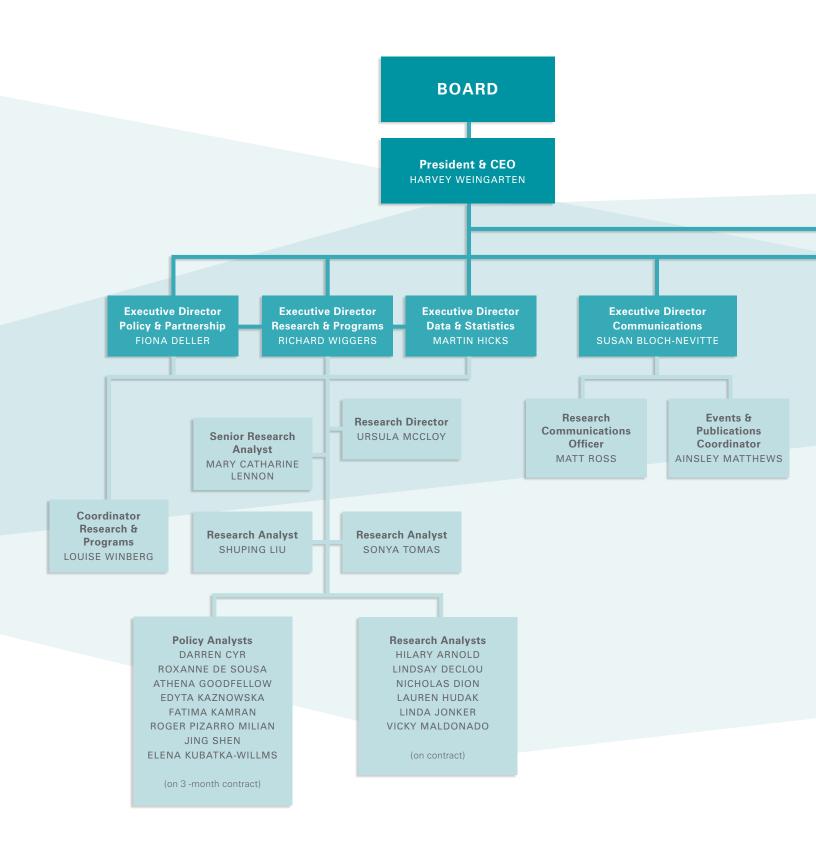
Chris Monahan • Board Member (non-voting)

Term: May 30, 2012 - May 29, 2015

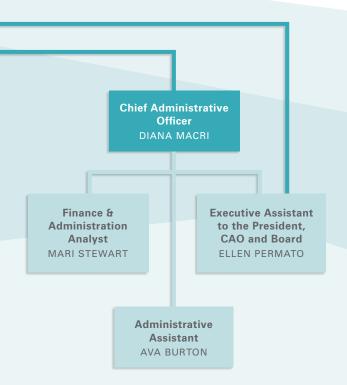


Chris Monahan is the director of the Research and Planning Branch at the Ministry of Training, Colleges and Universities. He has worked at the Ministry since 2005, and previously held positions at the Ministry of Economic Development and Trade as Director of the Business Cluster Policy Secretariat and in the Fiscal Planning Branch at the Ministry of Finance. Originally from Nova Scotia, Chris is a graduate of the University of Toronto and Yale University.

Chris is married to Ashley McCall, who works at the Ministry of Tourism, Culture and Sport, and they have two children, Clare (born in 2000) and Colin (born in 2002).



we are heqco



OFFICERS OF THE COUNCIL

Harvey Weingarten

President and CEO July 1, 2010 – Present

Diana Macri

Chief Administrative Officer December 1, 2009 – Present

Susan Bloch-Nevitte

Executive Director, Communications September 7, 2010 – Present

independent auditor's report

PricerwaterhouseCoopers LLP

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June 11, 2013

To the Board of Directors of Higher Education Quality Council of Ontario

We have audited the accompanying financial statements of Higher Education Quality Council of Ontario, which comprise the statement of financial position as at March 31, 2013 and the statements of operations, changes in net debt, remeasurement gains and losses and cash flows for the year then ended, and the related notes, which comprise 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 public sector accounting standards, 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 Higher Education Quality Council of Ontario as at March 31, 2013 and the results of its operations, its remeasurement gains and losses, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Other matter

The financial statements of Higher Education Quality Council of Ontario for the year ended March 31, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on July 4, 2012.

Pricewaterhouse Coopers LLP

Chartered Accountants, Licensed Public Accountants



Statement of Financial Position

As at March 31, 2013

	2013	2012
Financial Assets		
Cash	\$1,149,623	\$1,674,812
HST receivable	\$42,489	\$45,021
Accounts receivable	\$589	\$20,057
Interest receivable	\$926	\$1,558
	\$ 1,193,627	\$1,741,448
Liabilities		
Accounts payable and accrued liabilities	\$ 1,161,517	\$1,292,512
Deferred revenue	_	\$38,700
Due to Ministry of Training, Colleges and Universities (Note 3)	\$70,478	\$433,088
Lease inducement	_	\$3,215
Deferred capital contributions (Note 4)	\$213,064	\$125,511
	\$1,445,059	\$1,893,026
Net Debt	(\$251,432)	(\$151,578)
Non-Financial Assets		
Tangible capital assets (Note 5)	\$213,064	\$125,511
Prepaid expenses	\$38,368	\$26,067
	\$251,432	\$151,578
Accumulated Surplus	-	_

Approved by the board

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

Statement of Operations

For the Year Ended March 31, 2013

	2013 Budget	2013 Actual	2012 Actual
Revenue			
Provincial funding	\$5,000,000	\$5,536,745	\$4,748,364
Amortization of deferred capital contributions (Note 4)	\$64,870	\$69,583	\$220,067
Interest income	\$12,930	\$10,426	\$11,682
	\$5,077,800	\$5,616,754	\$4,980,113
Expenses (Note 6)			
Governance	\$567,600	\$501,826	\$617,418
Research	\$4,332,520	\$4,956,641	\$4,210,756
Administration	\$177,680	\$158,287	\$151,939
	\$5,077,800	\$5,616,754	\$4,980,113
Surplus for the year	_	_	_
Accumulated surplus - Beginning of year Accumulated surplus - End of year	-	- -	- -

Statement of Changes in Net Debt

For the Year Ended March 31, 2013

	Budget	2012	2011
Net Debt, Beginning of year	\$151,578	\$151,578	\$360,062
Surplus for the year	_	_	_
Acquisition of tangible capital assets	_	\$157,136	\$6,482
Amortization of tangible capital assets	(\$64,870)	(\$69,583)	(\$220,067)
Other adjustments – prepaid expenses	_	\$12,301	\$5,101
Net Debt, End of year	\$86,708	\$251,432	\$151,578

Statement of Cash Flows

For the Year Ended March 31, 2013

	2013	2012
Cash (used in) provided by		
Operating activities		
Surplus for the year	_	_
Items not involving cash		
Amortization of deferred capital contributions	(\$69,583)	(\$220,067)
Amortization of tangible capital assets	\$69,583	\$220,067
Amortization of lease inducement	(\$3,215)	(\$38,585)
Change in non-cash operating items		
HST receivable	\$2,532	(\$16,152)
Interest receivable	\$632	(\$801)
Accounts receivable	\$19,468	(\$20,057)
Prepaid expenses	(\$12,301)	(\$5,101)
Accounts payable and accrued liabilities	(\$130,995)	\$36,288
Deferred revenue	(\$38,700)	\$38,700
Due to Ministry of Training, Colleges and Universities	(\$362,610)	\$245,928
	(\$525,189)	\$240,220
Capital activities		
Acquisition of tangible capital assets	(\$157,136)	(\$6,482)
Financing activities		
Contributions for tangible capital assets	\$157,136	\$6,482
(Decrease) increase in cash for the year	(\$525,189)	\$240,220
Cash, Beginning of year	\$1,674,812	\$1,434,592
Cash, End of year	\$1,149,623	\$1,674,812
Supplemental information		
Interest paid	\$3,565	\$3,175

notes to financial statements

March 31, 2013

1. The organization

Formation and status

The authority to create the Higher Education Quality Council of Ontario (the council) was established in the Higher Education Quality Council of Ontario Act, 2005. The council is a Crown Agency of the Ministry of Training, Colleges and Universities (MTCU) and is classified as an operational services agency.

The Higher Education Quality Council is a corporation without share capital and is not subject to the Corporations Act or the Corporation Information Act. The council is subject to section 132, subsection 134(1) and section 136 of The Business Corporations Act. As an agent of the Crown, the council is not subject to income tax.

The council is, and exercises its powers only as an agent of the Crown. Limits on the council's ability to undertake certain activities are set out in both the Act and The Memorandum of Understanding between the council and MTCU dated December 6, 2006 and as renewed in The Memorandum of Understanding dated January 9, 2013.

Council operations

The objective of the council is to assist the Minister of Training, Colleges and Universities in improving all aspects of the post-secondary education sector, including improving the quality of education provided in the sector, access to post-secondary education and accountability of post-secondary educational institutions.

The council is governed by a Board of Directors who is appointed by Order-in-Council.

2. Summary of significant accounting policies

The financial statements of the Higher Education Quality Council of Ontario are the representations of management prepared in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. No statement of remeasurement gains or losses has been presented as no remeasurement gains or losses have occurred during the year.

Effective April 1, 2012, the council elected to adopt revised standard PS 3410 (Government Transfers) as issued by the Canadian Public Sector Accounting Board on a prospective

basis. The adoption of PS 3410 had no impact on the financial statements of the council.

Accounting policies followed by the council are as follows:

Accrual basis of accounting

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which the transactions or events occurred that give rise to the revenue; expenses are recognized in the period the goods or services are acquired, a legal liability is incurred or transfers are due.

Government transfer payments

The council is funded solely by the Province of Ontario in accordance with budget arrangements established by MTCU. These financial statements reflect agreed funding arrangements approved by the MTCU.

Government transfer payments from the MTCU are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and reasonable estimates of the amount can be made.

Allocation of expenses

The council engages in providing research, support and advocacy for improvement of all aspects of the post-secondary education sector. The cost of each object includes salaries and benefits, research activities, consulting contracts and other operating expenses that are directly related to providing the services. Salaries and benefits are allocated to governance, research and administration based on the activity to which they relate or benefit. Research related contracts and projects have been allocated to research. Other operating expenses have been charged to governance, research and administration based on head count at year-end.

Deferred contributions

Certain amounts, including transfer payments from the MTCU, are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the completion of specific work. Funding is only recognized as revenue in the fiscal year the related expenses are incurred or services performed.

Any amounts received that are used to fund the acquisition of tangible capital assets are recorded as deferred capital contributions and are recognized over the useful life of the

asset reflective of the provision of its services. Deferred capital contributions are amortized into revenue in accordance with the amortization policy applied to the related capital asset recorded.

Tangible capital assets

Tangible capital assets are recorded at historical cost. The cost of tangible capital assets contributed is recorded at the estimated fair value on the date of contribution. Where an estimate of fair value cannot be made, the tangible capital asset would be recognized at nominal value.

Maintenance and repair costs are recognized as an expense when incurred. Betterments or improvements that significantly increase or prolong the service life or capacity of a tangible capital asset are capitalized. Computer software is recognized as an expense when incurred.

Tangible capital assets are stated at cost less accumulated amortization. Tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer equipment3 yearsFurniture and equipment5 yearsLeasehold improvementslife of lease

Expenditures for tangible capital assets that are less than \$1,000 are expensed as incurred.

The council reviews the carrying amount, amortization and useful lives of its capital assets regularly. If the capital asset no longer has any long-term service potential to the council, the excess of the net carrying amount over any residual value is recognized as an expense in the statement of operations.

Financial assets and liabilities

The council initially measures its financial assets and liabilities at fair value. The council subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Leases, rent expense and deferred lease inducements

Leases are accounted for as operating leases wherein rental payments are initially recorded in the statement of revenues and expenses and are adjusted to a straight-line basis over the term

of the related lease. The difference between the straight-line rent expense and the rental payments, as stipulated under the lease agreement, is included in accounts payable and accrued liabilities.

Deferred lease inducements represent cash benefits the Council has received from the landlord pursuant to the building lease agreement. Lease inducements received are amortized over the term of the related lease agreement. The unamortized portion of lease inducements is included in lease inducements.

Use of estimates

The preparation of these financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates relate primarily to accruals for research contracts and amortization of tangible capital assets and related amortization of capital contributions, which are based on estimated useful lives of the tangible capital assets.

Due to the Ministry of Training, Colleges and Universities

In accordance with the council's Memorandum of Understanding, funding received in excess of expenditures may be required to be repaid and is recorded as due to MTCU.

4. Deferred capital contributions

During the year, the council utilized \$157,136 of its MTCU funding (2012 - \$6,482) for additional capital asset purchases. The MTCU funds used to purchase these capital assets have been included as part of deferred capital contributions and are to be amortized into revenue on the same basis as the amortization of the purchased assets.

	2013	2012
Balance - Beginning of year	\$125,511	\$339,096
Contributions received	\$157,136	\$6,482
Less: Amounts recognized in revenue	(\$69,583)	(\$220,067)
Balance, end of year	\$213,064	\$125,511

5. Tangible capital assets

				2013	2012
	Computer equipment	Leasehold improvements	Furniture and equipment	Total	Total
Cost					
Opening balance	\$145,607	\$740,405	\$81,761	\$967,773	\$961,291
Additions	\$6,482	\$130,881	\$19,773	\$157,136	\$6,482
Closing balance	\$152,089	\$871,286	\$101,534	\$1,124,909	\$967,773
Accumulated amortization					
Opening balance	\$83,574	\$724,680	\$34,008	\$842,262	\$622,195
Current year amortization	\$33,476	\$20,724	\$15,383	\$69,583	\$220,067
Closing balance	\$117,050	\$745,404	\$49,391	\$911,845	\$842,262
Net book value	\$35,039	\$125,882	\$52,143	\$213,064	\$125,511

6. Expenses by object

				2013	2012
	Governance	Research	Administration	Total	Total
Salaries and benefits	\$397,701	\$1,672,067	\$131,351	\$2,201,119	\$2,188,187
Research activites	-	\$2,559,123	-	\$2,559,123	\$2,018,139
Consulting contracts	-	\$5,438	\$750	\$6,188	\$6,681
Other operating expenses	\$104,125	\$720,013	\$26,186	\$850,324	\$767,106
	\$501,826	\$4,956,641	\$158,287	\$5,616,754	\$4,980,113

7. Pension agreements

The council makes contributions on behalf of its staff to the Public Service Pension Plan administered by the Ontario Pension Board, which is a multi-employer plan. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The contribution rates in 2012/2013 were 6.40% of the Year's Maximum Pensionable Earnings (YMPE) plus 9.50% on earnings above the YMPE.

Contributions in the amount of \$100,261 (2012 - \$85,944) are included in expenses in the statement of operations, and \$6,777 (2012 - \$12,803) is included in accounts payable and accrued liabilities.

8. Lease obligations and other commitments

The council entered into a lease of 7,670 rentable square feet of office space on the 24th floor of 1 Yonge Street, Toronto, negotiated by the Ontario Realty Corporation, for a term of five years beginning on May 15, 2007. Rentable square feet increased to 7,717 as a result of the landlord's improvements to meet requirements in the council's lease. Rent is payable monthly.

The council's lease provided for a cash payment of \$25 per rentable square foot, as a rent inducement in the original lease. An amount of \$192,925 has been received, and a portion of this has been amortized to reduce rent expense until May 14, 2012.

The council renewed the lease for an additional five years commencing May 15, 2012 and expiring on May 14, 2017. The new net rate is \$17.00 per square foot (\$15.00 per square foot for May 2007 - May 2012).

Net rental payments under operating leases are as follows:

Year	Rent	Equipment
2013–2014	\$131,189	\$8,221
2014–2015	\$131,189	\$1,279
2015–2016	\$131,189	_
2016–2017	\$131,189	_
2017–2018	\$114,790	_
TOTAL	\$639,546	\$9,500

The gross rent rate is \$42.82 per month or \$330,431 for the period from January 1, 2013 to December 31, 2013.

Contractual obligations

The council has signed multi-year contracts with academic researchers where deliverables and payments are due over several years up to 2017. The amounts for research services have yet to be provided and are as follows:

Year	
2012–2013	\$963,119
2013–2014	\$325,010
2014–2015	\$143,288
2016-2017	\$313,244
TOTAL	\$1,744,661

appendix a Published Research 2012-13

Title	Author	Date Published
The Peer Helper Program at the University of Guelph: Analysis of Skills Objectives	Serge Desmarais, Frederick Evers, Olivia Hazelden, Laurie Schnarr and Brenda Whiteside, University of Guelph	March 21, 2013
The Impact on Writing Skills of Tablets in College Developmental English Classes	Andrew Schmitz, Seneca College	March 15, 2013
Measuring the Value of a Postsecondary Education	Ken Norrie and Mary Catharine Lennon, HEQCO	March 8, 2013
The Role of New Faculty Orientations in Improving the Effectiveness of Postsecondary Teaching Part 2: College Sector	Julie Gregory with Maggie Cusson, Carleton University	February 28, 2013
Bridging the Gap: The Impact of the 'Teaching in the Canadian Classroom' Program on the Teaching Effectiveness of International Teaching Assistants	Debra L. Dawson, Nanda Dimitrov, Ken N. Meadows, Karyn Olsen, Western University	February 28, 2013
@ Issue Paper No. 14 - Disability in Ontario: Postsecondary education participation rates, student experience and labour market outcomes	Ursula McCloy and Lindsay DeClou, HEQCO	February 21, 2013
Understanding Student Attrition in the Six Greater Toronto Area (GTA) Colleges	Tet S. Lopez Rabson, Seneca College and Ursula McCloy, HEQCO on behalf of the GTA Colleges Institutional Research (IR) Network	February 14, 2013
The Student Success Program: From Pilot to Implementation	Office of Institutional Research at George Brown College	February 17, 2013
College-to-University Transfer Arrangements and Undergraduate Education: Ontario in a National and International Context	David Trick, David Trick and Associates	January 29, 2013
Information Literacy Competency Standards for Students: A Measure of the Effectiveness of Information Literacy Initiatives in Higher Education	Amanda Duncan and Jennifer Varcoe, Georgian College	January 17, 2013
The Impact of Scholarships and Bursaries on Persistence and Academic Success in University	Martin D. Dooley, A. Abigail Payne and A. Leslie Robb of the Department of Economics, McMaster University	January 7, 2013
Postsecondary Education Participation of Under-represented Groups in Ontario: Evidence from the SLID Data	Huizi Zhao, HEQCO	December 13, 2012

Title	Author	Date Published
The Productivity of the Ontario Public Postsecondary System	HEQCO	December 6, 2012
@ Issue Paper No. 13 - A Report on the Postsecondary Decisions of High-Achieving Students in Ontario	Jeff Burrow, Martin Dooley, Tyler Wright and Lindsay DeClou	November 15, 2012
Work-Integrated Learning and Postsecondary Graduates: The Perspective of Ontario Employers	Peggy Sattler and Julie Peters, Academica Group Inc.	October 31, 2012
Exploring the Canadian Graduate and Professional Student Survey (CGPSS): Results from 2007 and 2010 for Ontario Universities	Huizi Zhao, HEQCO	October 24, 2012
Researching Teaching and Student Outcomes in Postsecondary Education: A Guide	Susan Elgie (lead author), Ruth Childs, OISE/University of Toronto; Betty Ann Levy, McMaster University; Valerie Lopes, Seneca College; Nancy E. Fenton, University of Waterloo; Karen Szala-Meneok, McMaster University	September 18, 2012
Early Labour Market Outcomes of Ontario College and University Graduates, 1982-2005	Shuping Liu, Ursula McCloy and Lindsay DeClou, HEQCO	September 11, 2012
Profile and Labour Market Outcomes of Doctoral Graduates from Ontario Universities	Louise Desjardins, Statistics Canada	July 30, 2012
Impact of Sheltered ESL Support Programming on Student Engagement and Academic Performance at OCAD University	Rebecca Smollett and Mina Arakawa from OCAD University, and Kateryna Keefer	July 17, 2012
Performance Indicators For The Public Postsecondary System In Ontario: A Consultation Paper	HEQCO	July 6, 2012
The NSSE National Data Project: Phase Two Report	Chris Conway, Queen's University and Huizi Zhao, HEQCO	May 14, 2012
Evaluating Postsecondary Supports For Ontario Students With Learning Disabilities	Deborah Tsagris, and Bill Muirhead, Durham College	April 16, 2012
Academic Engagement of Recent Immigrant Adult Students (RIAS) in Postsecondary Education: A Case Study of Ontario Colleges and Universities	Lillie Lum, York University and Sheldon Grabke, Seneca College	April 3, 2012

For more information visit: http://www.heqco.ca/en-CA/Research/Pages/Home.aspx.

appendix b HEQCO Events 2012-2013

Event	Location	Date
Research Symposia: Redefining Student Success: A Symposium on the Diverse Pathways through Postsecondary Education and into the Workplace	George Brown College, Toronto, Ontario	March 28, 2013
HEQCO's National Data Symposium	Delta Ottawa, Ottawa, Ontario	March 18-19, 2013
Research Symposia: Technology Enhanced Learning: A Symposium on the Growing Use of Technologies to Support Postsecondary Teaching and Learning	McMaster University, Hamilton, Ontario	March 18, 2013
Research Symposia: The Flexible Classroom: A Symposium on Emerging Options for Teaching and Learning in Colleges and Universities	University of Toronto, Toronto, Ontario	March 13, 2013
Learning to Earning: Higher Education and the Changing Job Market	Sheraton Centre Toronto, Toronto, Ontario	November 1-2, 2013
Symposium on Learning Outcomes Assessment: A Practical Guide	Delta Chelsea, Toronto, Ontario	April 12-13, 2013

For more information visit: http://www.heqco.ca/en-CA/About%20Us/Events/Pages/Home.aspx.

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