

Financial Services Industry Monitor (fsim.ca): Scorecard Bill Morneau, Minister of Finance

This report is a scorecard I designed in order to rank the performance of the current Minister of Finance, Bill Morneau. I do regular rankings because, otherwise, I cannot measure the performance in a meaningful way. The scoring is based on a variety of metrics as detailed on the 'score-table' on page 3. Examples of the criteria and weighting include:

- Canada's economic ranking against other countries. 1 point for every place we moved up or down in ranking;
- View that money in the hands of consumers has more economic power than spending on infrastructure and subsidizing industry, therefore weight for austerity relatively high;
- Relatively high weight to total private venture capital;
- Concern over CMHC housing liability equal to weighting of -1 for every billion liability for which Canadians are on the hook if the housing bubble bursts;
- Household debt to income ratio resulting in weighting of - 1 point for every 10 basis points over ratio of 90%;

As per the 'score-table', Morneau scored -57 which places ranks him better than Joe Oliver. Joe Oliver often said that '[Canada's economy is the envy of the world](#)', despite dropping rankings from 6th to 16th under the Conservatives watch. By comparison, Jim Flaherty (1949-2014) scored [-3](#) and Joe Oliver a catastrophic [-83](#).

Clearly Morneau's policies have been ineffective, the proof being that promises of balanced budgets have been replaced with \$19 billion in deficit spending geared to creating an illusion of a strong economy as Canadians head into an election.

In fairness to Morneau's performance, I made allowances for the fact that his government was voted in on the heels of the oil crisis, having taken office in 2015. The [oil crisis was](#) an economic calamity that contributed to the '[new normal](#)' of low interest rates and economic stagnation in Canada, despite 'easy money' sloshing around the globe since the start of the credit crisis (2008).

The 'new normal', as the current Bank of Canada governor Stephen Poloz coins it, signifies, in part, low interest rates, low GDP growth, low business investment and low inflation.

Scorecard: Bill Morneau by Mark Sibthorpe fsm.ca

The 'score-table' below outlines some of the key metrics used to rate Morneau's performance. This is followed by more detailed explanations of some of these indicators.

Score-table

Category	Negative indicators	Positive indicators	Weight	Score	Subtotal
Economic Comparison against rest of world	Since 2014, Canada's 2019 ranking of 10 is up one position. Federal debt is growing. In 2014-15—the year before the government was elected—Canada's accumulated deficit (overall debt) totalled \$628.9 billion but has grown to \$687.7 billion in 2018-19, an increase of 9.3 per cent since 2014-15.		5	1	5
GDP growth	The Canadian economy advanced 0.1 quarter-on-quarter in the first quarter of 2019, the same growth rate as the fourth quarter of 2018 which is the lowest since Q2 2016.		2	-2	-4
Jobs		Unemployment at 5.4% is the lowest rate since the 80s	1.3	1.4	1.82
Trade balance	Despite large monthly deficits toward the end of the year, for 2018 as a whole, Canada posted an annual trade gap of \$21.7 billion, down from \$24.6 billion the previous year because of a strong start to 2018.		0.5	-5	-2.5
Business investment	As a portion of GDP, business investment for 2017 in Canada dropped to 10.9%. This places Canada 16th in the world. In 2014 we ranked 8th. Much of this can be attributed to the oil crisis. Weak investment reflects that the stimulus from central banks has failed to spark growth in the overall economy giving firms little means and few incentives to		5	-5	-25

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	invest. Record low interest rates and improved balance sheets should have made investment more attractive but has not done so.				
Venture capital		The venture capital sector has also received help from government through programs like the federal Venture Capital Action Plan and the Venture Capital Catalyst Initiative – each worth \$400 million. A total of \$3.7 billion in venture capital was dispersed to Canadian companies in 2018, according to a report by the Canadian Venture Capital and Private Equity Association.	3	2	6
Credit card fees		Major credit card companies have struck an agreement with the federal government to trim the fees they charge to merchants in a move Ottawa hopes will provide a boost to small businesses.	0.25	3	0.75
Bank rate	The bank rate has risen by 100 basis points since 2014 despite the lowest report unemployment on record.	1.75%	3	1	3
CMHC	IMF sounds fresh alarm over housing market. This issue has magnified slightly since 2014. In addition to issues related to CMHC risk, the government has put in place a loan program to support first time buyers. This adds more risk and further fans the housing bubble.		1	-6	--6
Austerity	The carbon tax has many taxpayers frustrated. Planned tax		5	-4	-20

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	breaks for families seems like an illusion.				
Data		Data on money laundering and foreign real-estate is still not readily available. However, there has been an improvement since 2014.	2	1	2
Balanced budget	Deficit of 19 billion is worrisome and goes against promises made prior to the election.		1	-6	-6
Household debt	173%. Up from 163% under previous government. This is criticized by the IMF as a potential source for a market crash.		2	-8	-16
Inflation	Currently around 2%, considered the target inflation rate.		5	1	5
					-56.9 3

The backstory

This following sections look at the Liberal pre-election platform in more detail; key indicators, such as, how oil and gas related environmental policies impacted the economy, infrastructure spending, trade, immigration and cheaper housing policies. Factors, which, when taken together, contributed to what Stephen Poloz, the Governor of the Bank of Canada has coined, the 'new normal'.

Liberal platform

The 'new normal' is the consequence of policy decisions. Below is a list of the Liberal's economic [platform](#) going into the 2015 election. This list is expanded on in more detail in the subsequent sections.

- Natural resources: oil/gas
- Immigration and cheaper housing
- Infrastructure spending

- Better trade relations between the US and Mexico

Oil/gas

Here are the facts regarding how oil and gas impact the economy:

- 20-30% of the TSX comprised of oil and gas companies
- 19% of exports petroleum products
- Oil and gas comprising 6% of CDN GDP
- [Oil products](#), natural gas and electricity in Canada contributes about \$170 billion to Canada's \$1.8 trillion gross domestic product (GDP) just under 10%.
- In 2017, Canada's energy sector ([78% oil and gas](#)) directly employed more than 276,000 people and indirectly supported over 624,000 jobs
- Canada's energy sector accounts for almost 11% of nominal Gross Domestic Product (GDP)
- Government revenues from energy were \$10.3 billion in 2016

The [2014 oil price shock](#) and Liberal policies had two significant impacts:

1. [Investment in the oil and gas sector](#) went from \$81 billion being spent in the oil and gas industry in 2014, down to \$41 billion for 2018.
2. the perception of taxes and regulatory burdens according to a [Fraser industry survey](#). Ranking went from 17/157 in 2013 to 33/97 in 2017.

To sum it up, amazingly, despite investment drops, the oil and gas industry has increased its contribution to GDP despite perceived environmental and regulatory opposition to pipelines. Oil and gas contribution to GDP has increased to [over 7%](#) of the entire Canadian GDP as of 2018. To put this into perspective, according to the CBC, the oil and gas sector has a larger contribution than finance and insurance combined.

Ultimately investment in the sector dropped by half and [discounts for Canadian crude](#) to the widest margins on record.

Infrastructure spending effect

The third pillar of Morneau's economic policy was his objective to implement unprecedented infrastructure spending. Morneau's policy was to increase infrastructure spending by piling on Federal debt. In total, deficit spending of \$19 billion is forecast for the current budget. The

problem is that the strategy is not working. According to the 2019 Parliamentary Budget Officer (PBO) report, increased federal spending was offset by reduced provincial spending.

Immigration and cheaper housing

Note that I put immigration and cheaper housing in the same category deliberately because immigration has a marked impact on house prices as I will explain.

Instead of adopting a prudent approach with respect to household debt, post the 2008 housing crash, Canada piled on the debt. Under the Harper government, the debt to income ratio went from about [140% to 165%](#), [A reality that sent alarm bells](#) to the **International Monetary Fund**, or **IMF**, an organization intended to promote international financial stability.

Despite global alarm bells, Morneau, who took over in 2015, presided over the economy, witnessing the [debt to income ratio jump to a staggering 175%](#). In dollar terms, according to a [Fraser Institute study](#), this took total consumer debt from about \$1.2 trillion in 2008, to \$2 trillion by 2016.

In dollar terms, Morneau is responsible for a whopping \$200 billion of consumer debt.

Debt is only one of the factors contributing to the housing bubble. Some other issues that policy could control include:

- Immigration: Investor immigration alone pumped an additional \$36 billion in metro Vancouver real-estate.
- [Foreign buyers](#) cleaning money via real-estate. Some reports attribute [house inflation of 20%](#) or more.
- [Hong Kong residents reacting](#) to unrest in the region could cause a resurgence in home buying despite new rules designed to discourage this.
- Banks continuing to providing easy money to highly leveraged consumers without risk because the CMHC assumes all of the riskiest tranches.
- Current policies to loan first time buyers deposits.
- Airbnb, [McGill university estimates that 31,000 rental units](#) have been taken out of the rental market as a consequence of this rental platform.
- Impaired loans, Steve Eisman, author of the big short, argues that impaired loans have increased 77% year-on-year and recommends banks engage in 'counter-cyclical earnings management' which will lead to reduced profits and lower share value.

Trade

[According to Trading Economics](#), between 1970 and 2008 Canada had been recording trade surpluses every year. From 2009 the trade balance shifted to deficit, with an exception of 2011 and 2014. In 2018, the largest trade deficits were recorded with China, Germany and Mexico, while the biggest trade surpluses were recorded with the US, the UK and Norway. In 2018, Canada recorded

a \$21 billion trade deficit. [Bloomberg](#) refers to recent numbers as, 'the worst back-to-back trade deficit on record.' Tarence Corcoran, a writer for the [Financial Post](#) says Trudeau can't land a trade deal because:

The prime minister and his advisers are obsessed with issues that have no relation with the principles of free trade. Labour rules, culture, gender and environmental laws have no place in agreements that aim to open up trade.

Summary

An environment agenda and obsessions with issues not related to economics overshadow fiscal issues related to oil and gas, immigration and housing, infrastructure spending and trade. Consequently we are running a deficit in both trade and government spending. The results are apparent in the score of -57 attribute to Morneau's poor performance. Terrible, but not as bad as Joe Oliver who transformed Canada from an economic power-house into one of the economies most at risk.

Feel free to do your own math on these issues and, by all means, play around with the weightings and data to create your own interpretation.

Compilation of articles related to Bill Morneau

- The following section is a compilation of articles related to Bill Morneau that I compiled using the fsm.ca database of financial issues going back to 2013.

[CANADIANS SHOULD BE WARY OF THE 'ALTERNATIVE ASSET' SALES PITCH](#)

G&M - Tim Kiladze

Considering how aggressively money managers are peddling alternative assets, they must be absolutely convinced these investments are the future. Either that, or they are completely baffled by what else to offer.

[STEEP LEARNING CURVE AHEAD FOR MORNEAU](#)

G&M - David Parkinson

When you look at Bill Morneau's résumé, almost everything about it trumpets a man qualified to be Canada's finance minister. He's a successful executive, he holds master's degrees in both economics and business administration, he has spent a career working on labour and pension issues, he has overseen one of the country's leading public-policy think tanks.

[BAY STREET GIVES NEW FINANCE MINISTER MORNEAU A THUMBS-UP](#)

G&M - Tim Kiladze

Bay Street is giving its blessing to Canada's new Finance Minister – so much so that some bankers who identify as Progressive Conservatives can't help but privately gush about Bill Morneau.

[A CEO, BUT NOT EXACTLY A BAY STREET GUY: BILL MORNEAU'S PATH TO BECOMING CANADA'S FINANCE MINISTER](#)

FP - Peter Kутtenbrouwer

From business to think-tanks to philanthropy to his regular runs through the streets of north Toronto, Bill Morneau seems unable to stop moving. His new position may suit his style

[FINANCE MINISTER BILL MORNEAU COMMENTS ON PBO REPORT ON ECONOMY](#)

CBC - CP

Parliamentary Budget Officer downgrades economic growth in new report, says outlook has 'deteriorated'

[RESPONSIBLE DEFICITS WILL HELP CANADA'S WEAK ECONOMY: MORNEAU](#)

FP - Greg Quinn

Finance Minister Bill Morneau says investing in infrastructure will provide some fiscal stimulus that will strengthen the weak economy inherited from the Conservatives

[LIBERALS TO PROVIDE 1ST LOOK AT THE BOOKS IN FISCAL UPDATE FRIDAY](#)

CBC - CBC

Finance Minister Bill Morneau will deliver the new government's first economic and fiscal update to Canadians on Friday morning.

[LIBERALS DETAIL HOW THEY WILL ROLL BACK TFSA CONTRIBUTION LIMITS](#)

G&M - Claire O'Hara

Federal Finance Minister Bill Morneau confirmed Monday that the contribution limit on the tax-free savings account will drop back to \$5,500 from \$10,000 effective Jan. 1, 2016, but that the limit for 2015 will remain untouched. Mr. Morneau also announced that contributions will be indexed to inflation as of next year.

[SHOULD OTTAWA TARGET FOREIGN BUYERS OF TORONTO, VANCOUVER HOMES?](#)

G&M - Michael Babad

Canada's new government took a unique approach to cool down the Toronto and Vancouver housing markets, but the measures will go only so far, analysts say.

[FINANCE MINISTER BILL MORNEAU SAYS FISCAL RESPONSIBILITY, NEW ADVISORY COUNCIL WILL HELP KICKSTART ECONOMY](#)

FP - FP

Morneau focused on what has become a new Liberal talking point: moving away from a promise to keep annual deficits under \$10BH and instead putting emphasis on lowering Canada's debt-to-GDP ratio

[BIG MORTGAGES, STATIC INCOMES FUEL BOC'S HOUSING-CRASH ANGST](#)

G&M - BARRIE MCKENNA AND TAMSIN MCMAHON

There are roughly 720,000 Canadian households with debts equal to more than 3 1/2 times what they earn every year, the central bank said Tuesday in its semi-annual overview of the financial system.

[OTTAWA'S NEW DOWN PAYMENT RULES AREN'T NECESSARILY A BAD THING](#)

Huffington Post - Samantha Brookes

Newly appointed Finance Minister Bill Morneau grabbed lots of headlines last week with the announcement that the Liberal government was imposing more stringent down payment

requirements for buying a home. Effective February 15, 2016, the minimum down payment for **new insured mortgages will increase** from five per cent to 10 per cent for the portion of any house price that is above \$500,000. The Canada Mortgage and Housing Corporation's current five per cent minimum down payment requirement on properties up to \$500,000 will remain unchanged.

FISCAL FORECASTS SHOULD BE UPDATED BEFORE AN ELECTION, NOT AFTER

G&M - SCOTT CLARK AND PETER DEVRIES

Finance Minister Bill Morneau has come under a lot of criticism over the economic and fiscal projections in his November update and the costing of the middle-income tax cut and the new high-income tax rate. Here are a few suggestions to address this criticism while improving transparency and credibility of both the budget process and the election process.

CANADA'S FINANCE MINISTER ADMITS ECONOMY IN WORSE SHAPE THAN OTTAWA THOUGHT

FP - CP

Projections on growth since the 2015 budget have fallen because of a collapse in oil prices, but Bill Morneau did not reveal what that means for Canada's finances

WHY QUEBEC MUST OPPOSE A NATIONAL SECURITIES REGULATOR

G&M - Francois Bertrand

Opposition to the idea of a pan-Canadian securities commission is nothing new. As a result of the strong opposition among the provinces, former federal finance minister Jim Flaherty submitted his bill to the Supreme Court of Canada one week after its presentation in 2010. The following year, the Supreme Court ruled unanimously that the federal bill aimed at creating a pan-Canadian commission was unconstitutional in its form at the time, and that it encroached on provincial jurisdiction.

LIBERALS PROJECT DEFICIT TO BALLOON TO NEARLY \$30-BILLION

G&M - Bill Curry

The Liberal government is setting the stage for a budget deficit that will be nearly three times the maximum \$10-billion the party promised during the election campaign.

[TO REVIVE CANADA'S ECONOMY, REWARD THOSE WHO PITCH IN](#)

G&M - William A. Macdonald

Vaudeville ain't what it used to be, nor is the Canadian economy. But the economy can bounce back, and this week Finance Minister Bill Morneau announced something to help it do just that.

[SCOTIABANK URGES OTTAWA TO SPEND \\$20-BILLION IN RAPID STIMULUS](#)

G&M - Michael Babad

Bank of Nova Scotia wants the federal government to pump \$20-billion into economic stimulus by mid-2017 to help get Canada out of the economic funk sparked by the collapse in oil prices.

[FINANCE MINISTER'S BUDGET HAS TOUGH ECONOMIC EXPECTATIONS TO FULFIL](#)

G&M - Campbell Clark

Finance Minister Bill Morneau is carrying responsibility for Prime Minister Justin Trudeau's big Liberal promise: expanding economic growth and opportunity for the middle class.

[OSC ENFORCEMENT DIRECTOR EXITS AMID CLIMATE OF UNCERTAINTY](#)

G&M - Janet McFarland

The Ontario Securities Commission is launching a second challenging search for a top executive in a climate of uncertainty over the ultimate fate of Canada's largest securities regulator.

[MEMO TO MARK MACHIN: HERE'S YOUR TO-DO LIST AT CPPIB](#)

G&M - Andrew Willis

After 11 years at Canada Pension Plan Investment Board, CEO Mark Wiseman is handing the reins to the fund's head of Asian investments, Mark Machin, effective June 13. The changing of the guard at the \$279-billion fund comes as federal and provincial finance ministers prepare to gather in Vancouver later in June for talks aimed at enhancing CPP coverage. Against that backdrop, here's the note Mr. Wiseman should leave for his successor:

DATE SET FOR CANADA PENSION PLAN REFORM MEETING

G&M - BNN Video

BNN has confirmed Canada's finance minister and his provincial counterparts will meet on June 20 and 21 in Vancouver to discuss Canada Pension Plan reform. But as Paige Ellis reports, Bill Morneau will have a difficult job gathering sufficient support to make good on the Liberal's election promise.

ALBERTA RECOVERY, NOT 'BREXIT', BIGGEST CONCERN FOR CANADA'S ECONOMY, MORNEAU SAYS

FP - FP

The Brexit referendum is gaining global traction, and many politicians and economists are warning a 'Leave' victory could throw Britain into a recession

OTTAWA DOING 'DEEP DIVE' ON HOUSING MARKETS, MORNEAU SAYS

G&M - DAVID PARKINSON AND TAMSIN MCMAHON

Finance Minister Bill Morneau won't put a timetable on when the federal government might consider further action to cool the country's housing sector, even as concerns escalate about runaway prices in the key Vancouver and Toronto markets.

FINANCE MINISTERS REACH DEAL TO EXPAND CANADA PENSION PLAN

G&M - Bill Curry, Sunny Dhillon

Ottawa and most provincial finance ministers have reached a breakthrough agreement to expand the Canada Pension Plan, with all but Manitoba and Quebec signing on to the deal.

CPP DEAL IS A 'DEVASTATING MOVE,' BUSINESSES WARN

G&M - BERTRAND MAROTTE AND KIRAN RANA

The proposed expansion of the Canada Pension Plan poses a threat to many small and medium-sized businesses and could prevent them from hiring new workers or delay important investments, top business lobby groups say.

[NOW THAT BILL MORNEAU CONQUERED THE CPP IT'S TIME TO MOVE ON TO A HARDER PENSION PROBLEM: DON PITTIS](#)

CBC - Don Pittis

Who would ever have guessed that hammering out a Canada Pension Plan solution would have been so easy?

[BILL MORNEAU SAYS CANADIAN ECONOMY TO REBOUND THIS YEAR](#)

CBC - Reuters

Canada's economy should rebound "over the course of the year" from the impact of the Fort McMurray, Alta. wildfire, Finance Minister Bill Morneau said on Saturday on the sidelines of a G20 meeting in Chengdu, China.

[OTTAWA EYES 'RISK-SHARING' OPTION FOR LENDERS IN HOT HOUSING MARKET](#)

G&M - TAMSIN MCMAHON AND DAVID BERMAN AND BILL CURRY

Ottawa is reviving a proposal that would force lenders to shoulder more risk in Canada's heated housing market.

[UNREGULATED CANADIAN MORTGAGE LENDERS SEE MARKET SHARE SURGE: MEMO](#)

G&M - David Berman

Ottawa is monitoring the growth of unregulated mortgages in Canada as non-bank lenders see their market share surge amid frothy housing conditions in Toronto and Vancouver.

[SLOW GROWTH COULD LEAD TO RATE CUT IN CANADA, ECONOMISTS SAY](#)

FP - FP

Canada's top economists sit down next month with Finance Minister Bill Morneau to carve out a consensus on the country's growth outlook

CANADIAN MORTGAGE INSURERS FACE STEEPER CAPITAL CUSHIONS

WSJ - KIM MACKRAEL and PAUL VIEIRA

Canada's top banking watchdog said it would require mortgage insurers to hold bigger capital cushions for home loans taken out when housing markets are particularly frothy, the latest in a series of measures aimed at easing risks posed by soaring house prices in two of the country's biggest markets.

OTTAWA TO ASSESS STIMULUS PROGRAM IMPACT IN NOVEMBER AFTER ECONOMIC GROWTH WEAKER THAN PROJECTED

FP - FP

Bill Morneau said today that economic growth was slower than expected and that the past 10 years of low growth posed real challenges for the country

LIBERALS CONSIDER ENDING COSTLY CANADA SAVINGS BOND PROGRAM

CBC - CBC

Finance Minister Bill Morneau is seriously considering an end to the Canada Savings Bond program in his next federal budget, according to sources who spoke to Radio-Canada.

TRUDEAU GOVERNMENT TO CLOSE FOREIGN-BUYERS LOOPHOLE

G&M - SHAWN MCCARTHY AND KATHY TOMLINSON

Finance Minister Bill Morneau will unveil Monday new measures aimed at slowing the flood of foreign money pouring into overheated housing markets like Vancouver and Toronto, a significant federal intervention in the sector.

CANADA'S BANKS BRACE FOR MORTGAGE OVERHAUL

G&M - David Berman

The Canadian government is responding to widespread concerns about the country's housing market by introducing sweeping policy changes that will upend the way banks grant mortgages and assess the risks associated with them.

CANADA'S LARGEST BANKS WARM TO SHARING MORTGAGE RISKS

G&M - TIM KILADZE AND TAMSIN MCMAHON

Canada's largest banks are quietly embracing Ottawa's new mantra to share some risk in the country's mortgage system, a fundamental shift that would alter the way the country's \$1.4-trillion mortgage market operates.

BANK OF CANADA BACKS OTTAWA'S BID TO COOL HOUSING MARKET

G&M - Barrie McKenna

"Over time, the measures announced by the federal government ... will help mitigate risks to the financial system posed by household imbalances," senior deputy governor Carolyn Wilkins said Thursday in Trois-Rivières, Que.

MOMENTUM BUILDS FOR STATE-FUNDED CANADIAN INFRASTRUCTURE BANK

FP - FP

Two key advisers to Finance Minister Bill Morneau say they want to see the federal government leverage its planned infrastructure spending with private capital

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NATIONAL INFRASTRUCTURE BANK PLAN COURTS INSTITUTIONAL INVESTORS

G&M - Jacqueline Nelson

If Canada wants its infrastructure projects to attract major institutional investors, it's going to have to walk and talk like them.

**BUILDING 'ECONOMY OF THE FUTURE' MEANS GOOD NEWS WILL HAVE TO WAIT:
CHRIS HALL**

CBC - Chris Hall

Bill Morneau won't have a lot of good news when he rises in the House of Commons on Tuesday to deliver his fall economic update. And that, strangely enough, isn't a bad thing for a finance minister whose job is to build what Liberals call "the economy of the future."

**TRUDEAU LIBERALS BET ON INFRASTRUCTURE MONEY WITH NEW BANK AS
ECONOMY WEAKENS**

G&M - Bill Curry

Taking the advice of his advisory council on economic growth, Finance Minister Bill Morneau will make at least \$35-billion available for a new infrastructure bank with the hope that it will attract four times that amount from global pension funds and other investors.

TD BOOSTS SOME MORTGAGE RATES IN WAKE OF NEW HOUSING RULES

G&M - Tamsin McMahon

One of Canada's largest banks is raising rates on some of its mortgages amid tighter federal mortgage-insurance rules and mounting concerns about soaring home prices.

**CANADA COMMITS NEW SPENDING ON INFRASTRUCTURE AMID SLOW-GROWTH
ECONOMY**

WSJ - WSJ

Canada Finance Minister Bill Morneau pledged to spend additional billions of dollars in infrastructure for the remainder of this decade and beyond as the Liberal government presses ahead with fiscal policy to lift moribund growth.

MORNEAU PULLS BANK ACT CHANGES FROM BUDGET BILL AFTER OBJECTIONS FROM QUEBEC, SENATE

G&M - Bill Curry

Finance Minister Bill Morneau has agreed to remove controversial changes to the Bank Act from his latest budget bill in response to strong objections from Quebec and some Senators.

WHY CANADIANS SHOULD BE MORE CONCERNED ABOUT OTTAWA'S DEFICITS

G&M - Konrad Yakabuski

As Finance Minister Bill Morneau prepares to table his March 22 budget, the Liberal brain-trust is persuaded that Canadians don't care enough about deficits to punish any government that runs them. Not even one whose fiscal projections have Ottawa seeing red through mid-century.

BILL MORNEAU SAYS THERE ARE SIGNS OF IMPROVEMENT IN ALBERTA AS HE TRIES TO REASSURE AN ANXIOUS PROVINCE

FP - CP

Canada's finance minister sought to reassure Albertans in a speech to a Calgary business audience this morning.

MORNEAU MONITORING HOME CAPITAL SITUATION VERY CLOSELY

G&M - Bill Curry

Finance Minister Bill Morneau said he's been keeping a close eye on struggling mortgage lender Home Capital Group Inc. and he's discussed the situation with federal financial regulatory officials.

[ONTARIO SECURITIES COMMISSION NIXED DEAL WITH HOME CAPITAL FOUNDER: SOURCES](#)

G&M - Andrew Willis

The founder of Home Capital Group Inc. attempted to reach a settlement with the Ontario Securities Commission over allegations the company violated securities laws, but the negotiations broke down and led to a formal case that has helped push the mortgage lender into financial trouble.

[BILL MORNEAU SAYS THERE IS NO LINK BETWEEN HOUSING RISKS AND HOME CAPITAL'S TROUBLES](#)

FP - FP

"We do not see those two things as linked," the Canadian Finance Minister told parliament on Tuesday

[HOME CAPITAL RISK CONTAINED, BUT 'UNSUSTAINABLE' HOUSING MARKET A PRIMARY CONCERN: POLOZ](#)

G&M - Eric Reguly

Breaking his silence on Home Capital, Bank of Canada Governor Stephen Poloz said the mortgage lender's problems are contained but the sharp rise in house prices and their potential effects on the financial system have emerged as a primary concern.

[MORNEAU WON'T RULE OUT HOME CAPITAL BAILOUT BUT EXPECTS PRIVATE SOLUTION](#)

G&M - Eric Reguly

Finance Minister Bill Morneau would not rule out a government-led bailout of Home Capital but said he believed the alternative mortgage lender could find private solutions to its problems.

[MONTREAL'S FINANCIAL SECTOR TESTED BY THE BLACK-HOLE PULL OF TORONTO](#)

G&M - Konrad Yakabuski

The 2,250 delegates from 80 countries who arrived in Montreal for this week's Global Public Transport Summit landed at an airport plagued by logistical bottlenecks. They took cabs along an expressway so decrepit it is literally crumbling. Once downtown, they navigated an obstacle course of orange pylons testifying to an aging infrastructure in a chronic state of disrepair.

'NO GOOD REASON FOR THAT': FINANCE MINISTER BILL MORNEAU OUTLINES PLANS TO CATCH TAX AVOIDERS

FP - Peter Kутtenbrouwer

Canada is tightening rules, increasing international co-operation, and stepping up collaboration with the provinces to make sure that companies and individuals all pay their fair share of income tax, the federal finance minister says.

DEAR MR. MORNEAU: IT'S TIME TO STEP IN AND SAVE HOME CAPITAL

FP - Jordan Hymowitz and David Taylor

Funds that we manage own shares in Home Capital Group Inc., the majority of which were purchased after the major sell-off last month. We are writing to ask Finance Minister Bill Morneau to act to save the company, which we believe is the victim of aggressive U.S. investment bears who are drawing unwarranted comparisons with the 2008 U.S. housing crisis.

FORMER RBC CFO PICKED TO CHAIR CANADA INFRASTRUCTURE BANK BOARD

G&M - Bill Curry

The Canada Infrastructure Bank is beginning to take shape, with the federal Liberals naming former Royal Bank chief financial officer Janice Fukakusa as the first chair of the board.

UBS CHAIR SAYS CANADA'S INFRASTRUCTURE BANK COULD BE GLOBAL 'BLUEPRINT'

G&M - James Bradshaw

The chairman of Swiss banking giant UBS AG is throwing his support behind Canada's plans to create a federal infrastructure bank, saying aspects of the plan could provide a "blueprint" for financing global investments.

[MORNEAU TO WEIGH IN ON OSFI'S 'BANK' BRANDING CRACKDOWN](#)

G&M - James Bradshaw

Canada's Finance Minister plans to take a closer look at a decision by the country's banking regulator to crack down on the use of terms such as "banking" and "banker" among non-bank financial institutions.

[FEARS GROW IN OTTAWA THAT BANK OF CANADA HIKED RATES TOO SOON](#)

FP - Bloomberg

While Trudeau and Finance Minister Bill Morneau have steadfastly declined to comment on monetary policy, as is customary, some officials privately think Poloz hiked too soon. The concern comes amid global warnings that an era of rock-bottom interest rates has left consumers and countries alike over-leveraged and more vulnerable than ever to hikes.

[FINANCE LAUNCHES CONSULTATION ON 'BANK' BRANDING, FREEZING OSFI CRACKDOWN](#)

G&M - Alexandra Posadzki

The federal Department of Finance has identified the areas it plans to focus on in its review of the Bank Act, including regulations governing financial technology and examining whether credit unions should be permitted to use terminology such as "banking."

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G&M - Alexandra Posadzki

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[A 93% TAX RATE? PRIVATE CORPORATION TAX COULD MAKE IT POSSIBLE](#)

FP - Jamie Golombek

Small business owners across the land are still reeling from last month's announcement by Finance Minister Bill Morneau targeting private corporations and fundamentally changing the way businesses and incorporated professionals are taxed. The tax strategies being challenged can be categorized into three main areas: income sprinkling, earning passive investment income in a corporation, and converting a corporation's ordinary income into tax-preferred capital gains.

[MORTGAGE RULE CHANGES ARE COOLING HOUSING MARKET: MORNEAU](#)

G&M - Bill Curry

Finance Minister Bill Morneau says last October's sweeping mortgage rule changes aimed at cooling Canada's housing market have successfully dampened high-risk borrowing.

[RBC PROFIT BUOYS OUTLOOK FOR CANADIAN BANKS](#)

G&M - James Bradshaw

Neither interest-rate uncertainty nor hot-and-cold Canadian housing markets could shake Royal Bank of Canada from a steady path toward stronger growth.

[BUSINESS GROUPS AND ENTREPRENEURS MOBILIZE TO BLOCK FEDERAL TAX CHANGES](#)

G&M - Tim Fraser

Rage is turning into action as a firestorm of opposition to proposed federal tax changes gains force among entrepreneurs and business organizations.

[FINANCE COMMITTEE CHAIR WAYNE EASTER DENOUNCES HIS OWN GOVERNMENT'S ROLLOUT OF TAX CHANGES](#)

G&M - BILL CURRY AND GLORIA GALLOWAY

The Liberal chair of the Commons finance committee is rebuking his own government's rollout of proposed tax changes, stating that it was a mistake to portray small-business owners as tax cheats.

[IT'S BEEN A BAD YEAR FOR CANADIAN INVESTORS, AND HERE'S WHY THINGS WILL GET WORSE](#)

FP - Martin Pelletier

This year is shaping up to be a storm of disappointment for Canadian investors especially as they prepare to open their September statements. We think many will be surprised at their performance, but shouldn't be given that the S&P TSX is up a paltry 0.72 per cent this year-to-date (including dividends) while the FTSE TMX Canada Universe Bond Index is essentially flat, up only 0.33 per cent. Meanwhile, the Canadian dollar is up an astounding 10.25 per cent this year, eating away the majority of the 11.5 per cent return for those who invested some of their portfolio into the S&P 500.

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[MORNEAU'S TALK OF 'DEAD MONEY' IGNITES NEW CRITICISM IN TAX DEBATE](#)

G&M - G&M

In a meeting with The Globe's editorial board, Mr. Morneau said the proposals are not just about encouraging tax fairness, but are also aimed at creating incentives for small businesses to re-invest their savings into their businesses rather than leaving the cash as "dead money."

[FINANCE OFFICIALS 'STRUGGLING' TO FIND A FIX FOR FAMILY-BUSINESS CONCERNS AMID TAX CHANGES](#)

G&M - Bill Curry

Finance Department officials admit they are "struggling" to find a way to address concerns about the intergenerational transfer of family businesses and are hoping to get inspiration from suggestions that emerged in public consultations.

CANADA'S INFRASTRUCTURE BANK ON TRACK FOR LAUNCH THIS YEAR, MORNEAU SAYS

G&M - Alexandra Posadzki

Finance Minister Bill Morneau says the federal government is on track to get Canada's new infrastructure bank up and running this year.

MORNEAU TO ADDRESS POTENTIAL 'UNINTENDED CONSEQUENCES' OF SMALL-BUSINESS TAX PLAN

G&M - DAVID PARKINSON AND BILL CURRY

Finance Minister Bill Morneau said he will take the time necessary to address potential "unintended consequences" of his government's proposed small-business tax changes, but he still intends to proceed with the controversial plan "as expeditiously as possible."

BILL MORNEAU DIDN'T PLACE ASSETS IN BLIND TRUST, RAISING CONFLICT-OF-INTEREST RISK

G&M - Robert Fife

Finance Minister Bill Morneau has not placed his substantial personal holdings into a blind trust as Justin Trudeau did for his family fortune – a move that the Prime Minister holds up as the gold standard for avoiding conflicts of interest in federal politics.

TAX REFORMS, BLIND TRUSTS AND THE 1 PER CENT: HOW IT ALL WENT WRONG FOR BILL MORNEAU

G&M - Margaret Wentz

Some blame rookie staffers. Some blame bad luck. The failure to disclose the corporation that owns the villa, according to Mr. Morneau's staff, **was the result** of "early administrative confusion." But the real problem is that Mr. Morneau has been hopelessly flatfooted. The public backlash took him by surprise. He allowed the opposition to gang up on him. He couldn't even

explain his own tax measures to angry citizens. Worst of all, he had no idea that his wealth might work against him. As The Globe's Robert Fife said on CTV, "If you've got a finance minister who can't defend himself when it appears he's going after ordinary working people who are running small businesses, you've got trouble."

[RATE HIKE PROSPECTS DWINDLE AS GROWTH COOLS](#)

G&M - David Parkinson

If you're an economic policy junkie, you'll be in your element in Ottawa this week.

[MORNEAU CLEARED OF INSIDER TRADING, ETHICS COMMISSIONER'S OFFICE STILL REVIEWING PENSION BILL CASE](#)

G&M - Bill Curry

The federal ethics commissioner has dismissed opposition accusations that Bill Morneau benefited from insider trading, but has yet to rule on whether the finance minister was in a conflict of interest when he introduced pension legislation.

[CANADA INFRASTRUCTURE BANK AIMS TO START APPROVING PROJECTS BY END OF YEAR](#)

G&M - Bill Curry

The Canada Infrastructure Bank is heading into its first full year of operation without a permanent CEO, but the bank's chair is hoping the \$35-billion entity will be in a position to start approving projects by the end of 2018.

[VIOLA DESMOND TAKES HER PLACE AS CANADIAN CIVIL RIGHTS ICON WITH NEW \\$10 BILL](#)

G&M - Brett Bundale

Viola Desmond's trailblazing act of defiance — overlooked for decades by most Canadians — was honoured Thursday in a Halifax ceremony that cemented her new status as a civil rights icon.

[OTTAWA VOWS TO COVER TRANS MOUNTAIN LOSSES DUE TO B.C. DELAY](#)

G&M - Steven Chase

The Trudeau government is pledging to cover financial losses suffered by Kinder Morgan if the B.C. government obstructs or delays the Trans Mountain project, federal Finance Minister Bill Morneau announced Wednesday.

[CANADIAN GOVERNMENT, PENSION FUNDS TO LAUNCH G7 INVESTORS GROUP](#)

G&M - Jacqueline Nelson

Some of Canada's largest pension funds and the Canadian government are drumming up international support to invest in issues of importance to the G7.

[PENSION FUNDS POST POSITIVE RETURNS FOR THE SECOND QUARTER](#)

Insurance Journal - IJJ

"Most stock markets delivered excellent results in the second quarter, generating positive pension fund returns. Canadian and U.S. equities did particularly well, with returns of 6.8 per cent for the S&P/TSX and 5.6 per cent in Canadian dollars for the S&P 500. Emerging equities had a tough quarter, returning -6.0 per cent in Canadian dollars. Bond returns were modest in the second quarter, at about 0.5 per cent for the market as a whole," said Jean Bergeron, vice-president responsible for the Morneau Shepell Asset & Risk Management consulting team.

[THE UGLY TRUTH HIDING BEHIND CANADA'S 'LOW' UNEMPLOYMENT RATE SHOULD WORRY US ALL](#)

FP - Charles Lammam and Brennan Sorge

In reality, however, a broader assessment of Canada's labour market performance shows things are not as rosy as Morneau suggests, particularly when measured against the United States. This is concerning because labour markets allocate our most valuable and productive resource: the work, effort and creativity of Canadians. When labour markets perform well, Canadian workers benefit from ample job opportunities, growing wages and a generally prosperous economy.

OPEN BANKING REQUIRES POLICY, NOT JUST TECH SUPPORT

G&M - ANDREW MOOR AND DAN DICKINSON

The Federal budget delivered by Finance Minister Bill Morneau last February contained a commitment to examine the merits of open banking. While policy-makers are busy examining the issue, this move does not appear to have opened much of a broader public debate among the users of banking services on the benefits of open banking, or what Canadians of all walks of life want from the banking industry. A broader debate is needed.

SENATE BANKING COMMITTEE CALLS FOR 'IMMEDIATE' BUSINESS TAX CUTS TO ADDRESS COMPETITIVENESS CONCERNS

G&M - Bill Curry

The Senate banking committee is calling on Finance Minister Bill Morneau to announce immediate tax cuts for business and a longer-term royal commission on taxation to address concerns that Canada is now a less attractive place for investment in light of recent tax cuts in the United States.

LIBERALS PROPOSE TOUGHER CONSUMER PROTECTION RULES FOR BANKS

G&M - Geoff Zochodne

“This legislation is the next step in making sure that every Canadian has an equal and fair chance at success,” said Finance Minister Bill Morneau in a release, which noted the measures aimed to advance “the rights and interests of consumers when dealing with their banks.”

OTTAWA APPOINTS BOARD FOR TRANS MOUNTAIN LED BY FORMER BMO CHIEF EXECUTIVE

G&M - Tim Kiladze

The federal government has assembled a team of blue-chip business leaders to form Trans Mountain Corp.'s board of directors, a move the CEO says will help deal with criticism resulting from Ottawa's takeover of the pipeline company and its expansion plans.

CONTRADICTION SIGNALS ON FREE TRADE WITH CHINA REFLECT COMPLICATIONS FOR CANADA

G&M - Nathan Vanderklippe

Days after the federal government said Canada was focused on making “sector by sector” trade deals with China, another federal delegation has come to Beijing to say Ottawa still hopes for a sweeping comprehensive free-trade agreement.

QUEBEC PLANS TO MATCH ONTARIO'S PROMISED CORPORATE TAX CUT, LEGAULT SAYS

G&M - DAVID PARKINSON

Quebec intends to match the Ontario government’s promised corporate tax cut, Premier François Legault pledged in an interview with The Globe and Mail Monday.

TRUDEAU UNVEILS \$10.5 BILLION IN TAX CUTS TO KEEP UP WITH TRUMP

Bloomberg - Josh Wingrove

“This incentive will encourage more businesses to invest in assets that will help drive business growth over the long term,” Morneau said, according to prepared remarks. “Because our economy is doing well, we also have the fiscal room to follow through on the commitments we made.”

SOARING DEMAND FOR \$100 BILLS LEAVES OFFICIALS PERPLEXED AS EXPERTS POINT TO CRIME, TAX EVASION

G&M - Bill Curry

Demand for \$100 Canadian bank notes is climbing sharply at a time when Canadians are turning away from cash, leaving federal officials perplexed as to what is driving the trend.

MORNEAU SAYS OTTAWA IS NOT CONSIDERING STRESS TESTS FOR PRIVATE LENDERS

G&M - CP

Federal Finance Minister Bill Morneau says he is not considering imposing stress tests on private mortgage lenders.

MORNEAU TO MEET ECONOMISTS AHEAD OF PRE-ELECTION BUDGET

G&M - Bill Curry

Finance Minister Bill Morneau will meet with private-sector economists later this month for a final check-in on the state of the Canadian economy before he delivers the Liberal government's pre-election budget.

HOW A 30-YEAR AMORTIZATION WOULD AFFECT MORTGAGE PAYMENTS

G&M - Matt Lundy

The federal government is looking to make home-buying more affordable for millennials – and one potential solution would have a noticeable impact on mortgage payments.

MORNEAU FACES PRESSURE TO HELP FIRST-TIME HOMEBUYERS IN MARCH BUDGET

G&M - Janet Macfarland

Federal Finance Minister Bill Morneau is facing growing pressure from Canada's real estate industry to use his March budget to help first-time homebuyers as house sales continue to slump in many major markets.

RBC WARNS BILL MORNEAU AGAINST STOKING HOME PRICES AGAIN WITH BUDGET MEASURES

G&M - Michael Babad

Finance Minister Bill Morneau faces a delicate balancing act when it comes to any housing measures in his March 19 budget.

HOW SERIALY BAD PRIVATE-SECTOR ECONOMIC FORECASTS COULD HURT BILL MORNEAU'S FEDERAL BUDGET PLANS

G&M - Barrie McKenna

The federal budget lands Tuesday, and Canadians will be watching to see what fiscal treats Finance Minister Bill Morneau offers up as the Liberals look ahead to the October election.

[FEDERAL BUDGET 2019: OTTAWA TARGETS HOUSING AFFORDABILITY WITH ZERO-INTEREST LOANS, SUBSIDIES](#)

G&M - Barrie McKenna

“Finding an affordable place to call home is not just a challenge. For too many hard-working Canadians, especially for young people, it feels like an impossibility,” Mr. Morneau said in his budget speech.

[MORNEAU DOESN'T BUY ARGUMENT FOR SHORTING CANADIAN BANK STOCKS](#)

Bloomberg - Theophilos Argitis and Josh Wingrove

“The underlying thesis, I don't buy into,” Morneau told reporters Thursday in Washington, after an event at Georgetown University, adding he continues to be “optimistic about our banking sector.”

[THE LIBERALS CMHC MORTGAGE MADNESS IS ANOTHER SUBPRIME CRISIS WAITING TO HAPPEN](#)

G&M - Rita Trichur

Are you a first-time homebuyer who is feeling priced out of the market? Don't worry about saving more money—go see Cammy the Mortgage Closer instead. You probably know the agency, officially known as the Canada Mortgage and Housing Corp. (CMHC), as the federal mortgage insurer. But starting in September, it will also offer home loans to help property newbies just like you.

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[WHAT BILL MORNEAU DOESN'T WANT YOU TO NOTICE IN THE IMF'S REPORT ON THE CANADIAN ECONOMY](#)

FP - Kevin Carmichael

According to [a press release](#) from the Finance Department, the minister “welcomed” the fund’s “findings that ‘Canada has employed a judicious mix of policies to support inclusive growth and reduced vulnerabilities in the financial system.’”

[OTTAWA EXPECTED TO APPROVE HOTLY-DEBATED TRANS MOUNTAIN PIPELINE EXPANSION, TRUDEAU UNLIKELY TO BENEFIT](#)

G&M - David Luggren

Ottawa looks set to approve a hotly debated plan to expand an oil pipeline this week, people familiar with the process told Reuters, but the move is unlikely to help Prime Minister Justin Trudeau rebuild flagging support ahead of an October election.