

Partaker Wealth Management  
of RBC Dominion Securities



Wealth Management  
Dominion Securities

# E-WEDNESDAY

February 13 2019

“

Inflation is when you pay fifteen dollars for the ten-dollar haircut you used to get for five dollars when you had hair.

~Sam Ewing

”

# Money

---

"A man in debt is a man in chains." ~ James Lendall Basford (1845–1915), c.1882

## Vancouver says empty home tax cut number of homes sitting vacant by 15%

The number of vacant properties in Vancouver has fallen by 15 per cent in one year and the city says just over half of those previously empty homes have been returned to the rental market.

The statistics are from initial returns of Vancouver's 2018 empty homes tax.

The figures show 922 properties were listed as vacant last year, compared with 1,085 in 2017, the first year of the initiative.

Of the 163 properties reclassified as occupied, the city says more than half of those are listed as rentals with tenants.

Homeowners who failed to submit a declaration by this month's deadline face a late payment fee of \$250 or a fine amounting to one per cent of the assessed value of the property, if it remains undeclared.

The empty homes tax was developed to encourage homeowners to make unused properties available to tenants who face a near-zero vacancy rate in Vancouver.

Vancouver Mayor Kennedy Stewart says the statistics show empty properties are shifting to the rental market.

"The year-over-year numbers are very encouraging," Stewart says in a news release.

An increase in the one per cent penalty is also being considered and Stewart says that would make the tax "even more effective in driving additional affordable housing to the market."

Ninety-seven per cent of owners made their property status declaration by the deadline, but the city says an update to the program means those who missed the Feb. 4 cutoff will have the option of making a late declaration online after paying the \$250 penalty.

The largest concentration of vacant properties is in the downtown area where more than one per cent of homes are unoccupied.

The 2018 property status statistics are expected to change as the city's audit program continues, people make their late declarations, property owners appeal and complaints are received and resolved, the news release says.



**RBC Wealth Management**  
Dominion Securities

**Partaker Wealth Management of RBC Dominion Securities Inc**  
**403.266.9647 Suite 300, 11012 Macleod Trail SE Calgary, AB T2J 6A5**

## **GM is going 'all-electric,' but it doesn't expect to make money off battery-powered cars until early next decade**

General Motors does not expect its electric vehicles to turn a profit for at least a few more years, CEO Mary Barra told investors last week.

The largest U.S. automaker repeated its commitment Wednesday to make its entire vehicle lineup "all-electric," but provided investors with few details about those plans on a conference call after GM reported fourth-quarter earnings that beat expectations.

However, GM is clear that its electric vehicles won't make money until "early next decade," Barra said.

Turning a profit from electric vehicles has long been considered a major challenge for automakers, which are pouring money into electric vehicle, EV, technology in the face of fluctuating oil prices, government initiatives to reduce carbon pollution and excitement over Tesla.

The California-based electric car maker has recently pulled off two profitable quarters in a row after losing money for years. Tesla CEO Elon Musk has said in the past that he expected the company to start turning regular profits beginning in the third quarter of 2018. So far Tesla has made good on that promise, but some investors are still cautious, if not skeptical that the company can maintain that momentum.

Barra also demurred when asked when customers can expect to see an electric pickup truck from GM, saying simply that the company is "committed to an all-electric future" and to "stay tuned" for more news.

Meanwhile, other automakers have announced their intentions to move further into electric vehicles. For example, Ford is planning an all-electric version of its best-selling F-150 full-size pickup. Its first foray into EVs will be a new crossover inspired by the Mustang that executives say will be built for driving enthusiasts.

GM recently said it plans to make its luxury brand Cadillac the lead brand for its electrification efforts.

## **Canada staying out of U.S. ratification fight over new NAFTA, Leslie says**

After pushing American politicians hard to try to salvage the old North American Free Trade Agreement, Canada is leaving it up to them whether they approve its replacement.

Prime Minister Justin Trudeau says Canada is continuing to work with Americans, including those on both sides of the aisle in Congress, to try to get tariffs on steel and aluminum lifted as the new U.S.-Mexico-Canada Agreement is ratified.



**RBC Wealth Management**  
Dominion Securities

**Partaker Wealth Management of RBC Dominion Securities Inc**  
**403.266.9647 Suite 300, 11012 Macleod Trail SE Calgary, AB T2J 6A5**

But Andrew Leslie, the government's parliamentary secretary for Canada-U.S. relations, says Canada is not interfering with the U.S. ratification process, much as Canadians wouldn't want Americans trying to influence ours.

Canada went on a major charm offensive with politicians and business leaders in the U.S., hoping to save NAFTA from the protectionism of President Donald Trump.

While Trump used his state of the union speech in Congress last week to urge U.S. legislators to pass the updated version, Democrats who now control the House of Representatives are not convinced it is the right deal and are unsure they will vote for it.

Leslie says there is no direct communication between Canadian officials and Democrats to try to get the deal through.

## Technology & Perspective

---

"Chaos is a name for any order that produces confusion in our minds"

~George Santayana

### **Seeing Green in the Oil Patch** - By John Stackhouse

***In a faceless industrial park south of downtown Calgary, our future economy can be found in a blender full of guck.***

The lab device, at Imperial Oil's new research facility, is testing how to pump carbon back into the tailings of an oil-extraction project. Mucky, yes. But if it works, the effort could sharply reduce Canada's greenhouse gas emissions, and save Imperial \$2 billion.

In all the uproar over pipelines, it's easy to miss what is quietly flowing in Alberta's oil patch: some of Canada's biggest investments into research and development.

The oil giants are all investing heavily in projects — often in collaboration with one another — that have the potential to cut costs and cut emissions, as the drive to be globally competitive intensifies.

Suncor is leading the pack, increasing its R&D spending by 75% to \$350 million last year. Canadian Natural is right behind it, at \$345 million. This puts them high on the list of Canada's Top 100 Corporate R&D spenders, just ahead of BlackBerry, and with nearly double the R&D spending of Shopify — companies with innovation built into their DNA.

Even by international standards, the top three Canadian oil and gas companies are spending more on R&D as a percentage of market cap than their top three American counterparts.



**RBC Wealth Management**  
Dominion Securities

**Partaker Wealth Management of RBC Dominion Securities Inc**  
**403.266.9647 Suite 300, 11012 Macleod Trail SE Calgary, AB T2J 6A5**

When you visit the oil patch today, it's not just dozers and drills. A satellite named "Claire" orbits above measuring GHG emissions, and researchers in labs are experimenting with making biofuel out of algae.

Quest, based outside of Edmonton, is the world's first commercial-scale carbon capture and storage project. It's capturing greenhouse gases and sending them deep underground, instead of into the atmosphere. The aim is to capture 2.7 million tonnes every year — the equivalent of removing 570,000 passenger vehicles off the road annually.

In 2019, Suncor will open its long-awaited \$150-million dedicated water testing facility northeast of Fort McMurray. Researchers at the Water Technology Development Centre will test technologies and new practices to reduce water use, improve energy efficiency, and create an overall smaller water footprint.

And if this cleantech zeal helps to improve the industry's public image in Canada along the way — well that can't hurt. Right now oil companies are facing a perfect storm of volatile pricing, political pressure and public scrutiny.

Betting on green could pay off in a big way, delivering a cleaner product at a competitive price. Alberta has already pledged \$40 million for oil sands innovation this year, which will double to \$80 million in 2020-21.

Now is the time to pull off this pivot. Global demand for energy is rising, and is expected to be 10 percent higher by 2030, driven mostly by growth in Asia. If Alberta can successfully position itself as a Silicon Valley for energy innovation, it can capitalize on its reputation and technological prowess and deliver cleaner energy, more efficiently, where it's most needed.

[https://discover.rbcroyalbank.com/seeing-green-in-the-oil-patch/?\\_ga=2.73123477.724931433.1548873016-499024078.1547139881](https://discover.rbcroyalbank.com/seeing-green-in-the-oil-patch/?_ga=2.73123477.724931433.1548873016-499024078.1547139881)

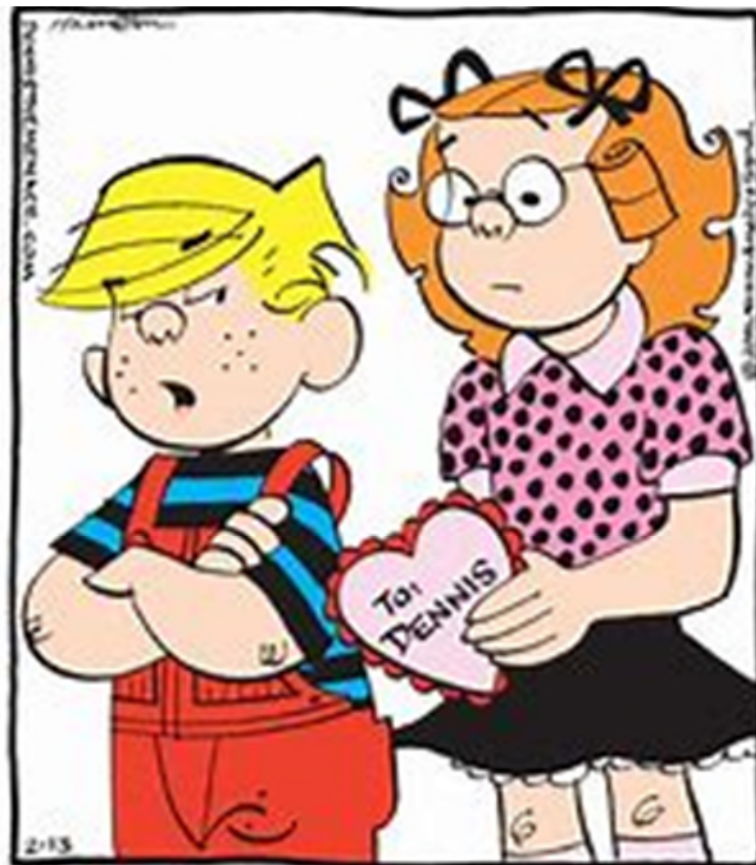


**RBC Wealth Management**  
Dominion Securities

**Partaker Wealth Management of RBC Dominion Securities Inc**  
403.266.9647 Suite 300, 11012 Macleod Trail SE Calgary, AB T2J 6A5

# Wit

"Without Valentine's Day, February would be... well, January." ~ Jim Gaffigan



"I WAS YOUR VALENTINE LAST YEAR.  
HAVEN'T I SUFFERED ENOUGH?"

"HAVEN'T I SUFFERED ENOUGH?"  
"I WAS YOUR VALENTINE LAST YEAR."



RBC Wealth Management  
Dominion Securities

Partaker Wealth Management of RBC Dominion Securities Inc  
403.266.9647 Suite 300, 11012 Macleod Trail SE Calgary, AB T2J 6A5

# Home & Travel

---

"It takes hands to build a house, but only hearts can build a home." ~ Author Unknown

## Human Bonspiel 2019 at Olympic Plaza will have YOU curling down the ice

- Daily Hive Staff

You've tried tubing, you've tried curling – now how about combining the two at the Human Bonspiel? This is basically the love child of riding that tube and sliding those stones.

The aim is to get the stone as close to the centre target as possible (much like curling) but the stones are actually tubes, and the competitors are, you guessed it, on those tubes.

Anyone hoping to try their hand at this new take on an old sport can sign up for the Calgary Corporation Challenge event being held this February at Olympic Plaza.

You and your team of four will compete with other sliders to make it into the finals, with the competition taking place during lunchtimes from February 25 to March 1, and finals on March 4.

Registration costs \$200 per team of four, meaning it's just \$50 to sign up per person, and a portion of the proceeds will be going towards KidSport Calgary.

Sign in starts at 11:30 am, and teams will get some time to practice their sliding. The top five teams of each day will then compete in a "slide-off" to make it into the finals, which will be held on March 4. And no, there are no gigantic brooms to deal with! But you'd still better hurry hard!

**When:** Monday, February 25 to Friday, March 1, finals on Monday, March 4

**Time:** Sign in at 11:30 am each day, finished by 1:15 pm

**Where:** Olympic Plaza – 228 8th Avenue SE, Calgary

**Registration:** \$200 per team of four,



RBC Wealth Management  
Dominion Securities

Partaker Wealth Management of RBC Dominion Securities Inc  
403.266.9647 Suite 300, 11012 Macleod Trail SE Calgary, AB T2J 6A5

## You can go night tubing at Canada Olympic Park this winter - *Daily Hive Staff*

### Looking for a little after work excitement?

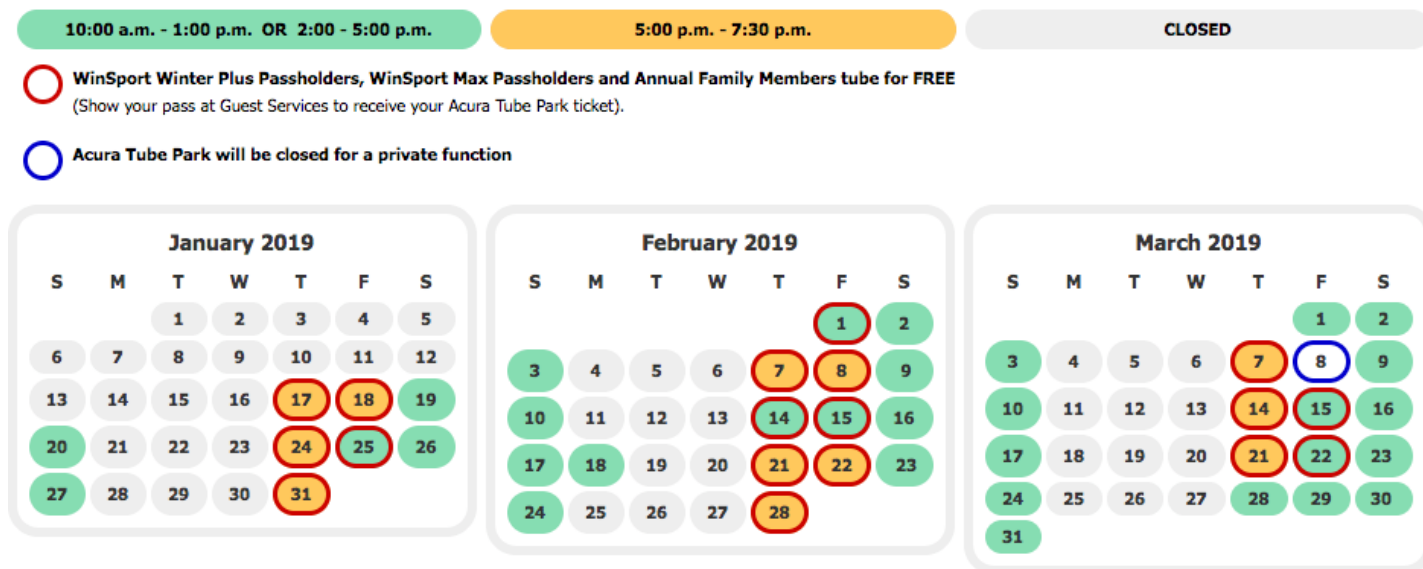
If you're tired of hanging out at the bar once the nine to five is finally up, maybe try heading over to WinSport's Canada Olympic Park for a few hours of night tubing.

For the remainder of this winter season, the Acura Tube Park will be open on select nights from 5 to 7:30 pm, allowing business-hour-workers the chance to go for a few slides — without the hassle of the crowded slopes on the weekend.

The next day for night tubing will be January 31, and the experience will be available on select Thursday and Fridays throughout February and March.

If not night tubing, the park is also open on most weekend days from 10 am to 1 pm or 2 to 5 pm.

Take a look at the schedule below for specifics:



As an added incentive to take to the slopes for night tubing, Winsport's Canada Olympic Park actually offers discounted rates for evening visits, charging an \$11 flat rate for adults, youth, and seniors alike.

Not a bad deal, considering weekend tubing will run adults aged 18 to 64-years-old a full \$20.

<https://dailyhive.com/calgary/human-bonspiel-olympic-plaza-2019>



**RBC Wealth Management**  
Dominion Securities

**Partaker Wealth Management of RBC Dominion Securities Inc**  
403.266.9647 Suite 300, 11012 Macleod Trail SE Calgary, AB T2J 6A5



# Lifestyle & Family

---

"I don't care how poor a man is; if he has family, he's rich. " ~ Dan Wilcox and Thad Mumford, "Identity Crisis," M\*A\*S\*H

## Keeping it in the family

*Investment, tax and lifestyle perspectives from RBC Wealth Management Services*

### **Managing potential conflict and promoting a smooth process with proactive succession planning.**

With statistics indicating that approximately 60 percent of Canada's business owners (of small- and mid-sized enterprises) are aged 50 or over, business succession may be getting closer on the horizon for many.<sup>1</sup> And when it comes to succession among business owners of all ages, findings from a recent study conducted by The Economist Intelligence Unit (EIU), sponsored by RBC Wealth Management, show that almost half have intentions or hopes of passing the business on to their children.

Yet while transferring a business to the next generation may often be viewed as an ideal scenario, the process itself can sometimes present a different set of challenges and complexities when family members and family dynamics are involved. The types of challenges may vary depending on circumstances, but according to the EIU study, a main source of difficulty may be a misalignment in intentions and expectations between generations, and perhaps a lack of ongoing dialogue and early planning in that regard.

Based on the study findings, while 50 percent of younger individuals say they're expected to take over the family business, many identify having other career goals they wish to pursue. And among the owner generation, more than half say that maintaining the interest of a family successor is a challenge, as there's a strong overall belief that the younger generation would prefer to join the corporate world or start their own business rather than take over an existing family business.

"Succession planning is a challenge for any business but it takes on another dimension when the successors are your own family members," says Mark Skeggs, Vice President, Business Owner Specialist, RBC Wealth Management Services.

When putting together a succession plan, Skeggs suggests that business owners and their families consider the following points to help ensure a smooth and conflict-free process.



**RBC Wealth Management**  
Dominion Securities

**Partaker Wealth Management of RBC Dominion Securities Inc**  
403.266.9647 Suite 300, 11012 Macleod Trail SE Calgary, AB T2J 6A5

## **It's never too early — create and implement a clearly defined business succession plan now**

Don't underestimate the value of starting your family business succession planning process early. Advance planning can help make transitions easier and assist you in making better long-term decisions. As a business owner, start thinking about a suitable succession plan as early as possible.

### **Consult qualified advisors**

Assemble a team of qualified advisors (legal counsel, tax specialist, financial advisor and business facilitator) to help you build your business succession plan. An experienced family business facilitator can help you discuss sensitive issues with family members, provide objectivity, find constructive ways to resolve conflicts and establish priorities in the succession process.

### **Identify suitable candidates**

Identify the qualities you're looking for in a suitable successor at the outset and then honestly evaluate the strengths and weaknesses of each candidate for the position.

You should ask yourself the following questions: Who demonstrates the commitment and leadership qualities I'm looking for? Do certain family members have more aptitude and interest in the business than others? Is there a suitable successor in the family? Can they work well with others who may also be involved in the business?

If there is no one individual who satisfies all of the criteria you have in mind for a successor, consider dividing the responsibilities of operating the business among multiple family members and creating clearly defined roles for each person. This way, each member has the opportunity to excel in his or her respective area of interest. However, when splitting responsibilities, be cautious of putting family members into situations where they are likely to compete with each other. Doing so may lead to hostility, which would be counterproductive for the success and longevity of the business.

### **Treat everyone fairly**

Although it may not be possible to treat all family members equally, try to ensure that they are treated fairly. Given the differing levels of commitment that your children may have shown, should you divide the business equity equally between or among them? Should those who may not be involved in the business be treated equitably from a financial perspective? If so, it may be more palatable to family members if they understand that the ultimate decision is yours and that family members who are not involved are being treated generously to compensate for the fact that they have been excluded from the business.



**RBC Wealth Management**  
Dominion Securities

## **Set realistic goals together**

Begin by writing down achievable goals for the business as a family. When a family establishes the long-term outlook for the business together, this will help to foster a team-oriented environment and will likely minimize any risk of conflict. Revisit these goals periodically and hold family members accountable for meeting these mutually agreed-upon goals.

## **Communicate regularly and effectively**

Err on the side of over-communicating rather than under-communicating. In fact, once you have identified a successor, involve them in your succession plan and share your long-term goals with them and with any other family members who are involved. The gesture will likely be seen as collaborative and inclusive. By including your chosen successor, you can help them make an informed decision about whether they want to participate and, if so, to what extent. In addition, when you involve family members and discuss their concerns, such open communication helps to clarify everyone's expectations about their roles and their commitment to making the transition a success. Their input can minimize potential conflict and help to maintain stability in the business and in the family.

## **Implement co-operative decision-making**

Whenever possible, try to address issues as they arise in a timely manner and take an open-minded approach to resolving them. It is important to brainstorm a variety of possible resolutions and think outside the box. Devising new and interesting options together and moving away from authoritative decisions will create a sense of co-operative decision-making. So, have an open discussion about the potential solutions during your family meetings, weigh the options and combine elements of different solutions when possible.

## **Establish a clear process for managing conflict**

The process for managing conflict is as important as the outcome. If you choose a formal governance structure, this could include a shareholders' agreement to deal with critical and sometimes uncomfortable questions such as remuneration, exit and entry, and death. In addition, to minimize the effect of any conflict on the company, the shareholders' agreement could contain a conflict resolution policy. For example, your policy could require the use of mediation. If this process is not fruitful, the conflict could then be submitted to arbitration rather than to the courts. This procedure can help preserve the confidentiality of the company's business, shorten the time it takes to resolve conflicts and minimize the costs of a dispute.

## **Continue involvement after succession**

As you approach your retirement date, try to give your heir or heirs the lead in implementing the succession plan. This can improve the odds of a successful transition. However, you should have an



**RBC Wealth Management**  
Dominion Securities

ongoing role after the transition, perhaps in an advisory capacity, to ensure that the plan is carried out smoothly and in accordance with your objectives.

Conflict in a family business is expected, but if you can avoid the obvious pitfalls, communicate regularly, resolve issues in a timely manner and establish a clear process for managing conflict, this will help to increase the likelihood of keeping your business in the family and having it run harmoniously and successfully.

Reference:

Government of Canada Publications. BDC Study. "The coming wave of business transitions in Canada."

[http://publications.gc.ca/site/archivée-archived.html?url=http://publications.gc.ca/collections/collection\\_2017/bdc/lu134-1-4-2017-eng.pdf](http://publications.gc.ca/site/archivée-archived.html?url=http://publications.gc.ca/collections/collection_2017/bdc/lu134-1-4-2017-eng.pdf)

This information is provided as a courtesy by

## **PARTAKER**

Wealth Management  
of RBC Dominion Securities

If you do not wish to receive this biweekly information, please return an email to the sender with "delete" in the subject line.

This information is not intended as nor does it constitute tax or legal advice. Readers should consult their own lawyer, accountant or other professional advisor when planning to implement a strategy. This information is not investment advice and should be used only in conjunction with a discussion with your RBC Dominion Securities Inc. Investment Advisor. This will ensure that your own circumstances have been considered properly and that action is taken on the latest available information. The information contained herein has been obtained from sources believed to be reliable at the time obtained but neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers can guarantee its accuracy or completeness. This report is not and under no circumstances is to be construed as an offer to sell or the solicitation of an offer to buy any securities. This report is furnished on the basis and understanding that neither RBC Dominion Securities Inc. nor its employees, agents, or information suppliers is to be under any responsibility or liability whatsoever in respect thereof. The inventories of RBC Dominion Securities Inc. may from time to time include securities mentioned herein. In Quebec, financial planning services are provided by RBC Wealth Management Financial Services Inc. which is licensed as a financial services firm in that province. In the rest of Canada, financial planning services are available through RBC Dominion Securities Inc. This commentary is based on information that is believed to be accurate at the time of writing, and is subject to change. All opinions and estimates contained in this report constitute RBC Dominion Securities Inc.'s judgment as of the date of this report, are subject to change without notice and are provided in good faith but without legal responsibility. Interest rates, market conditions and other investment factors are subject to change. Past performance may not be repeated. The information provided is intended only to illustrate certain historical returns and is not intended to reflect future values or returns. RBC Dominion Securities Inc. and its affiliates may have an investment banking or other relationship with some or all of the issuers mentioned herein and may trade in any of the securities mentioned herein either for their own account or the accounts of their customers. RBC Dominion Securities Inc. and its affiliates also may issue options on securities mentioned herein and may trade in options issued by others. Accordingly, RBC Dominion Securities Inc. or its affiliates may at any time have a long or short position in any such security or option thereon. RBC Dominion Securities Inc.\* and Royal Bank of Canada are separate corporate entities which are affiliated. \*Member-Canadian Investor Protection Fund. Insurance products are offered through RBC Wealth Management Financial Services Inc., a subsidiary of RBC Dominion Securities Inc. When providing life insurance products in all provinces except Quebec, Investment Advisors are acting as Insurance Representatives of RBC Wealth Management Financial Services Inc. In Quebec, Investment Advisors are acting as Financial Security Advisors of RBC Wealth Management Financial Services Inc. RBC Wealth Management Financial Services Inc. is licensed as a financial services firm in the province of Quebec. RBC Dominion Securities Inc. is a member company of RBC Wealth Management, a business segment of Royal Bank of Canada. ©Registered trademarks of Royal Bank of Canada. Used under licence. © 2017 Royal Bank of Canada. All rights reserved.



**RBC Wealth Management**  
Dominion Securities

**Partaker Wealth Management of RBC Dominion Securities Inc**  
**403.266.9647 Suite 300, 11012 Macleod Trail SE Calgary, AB T2J 6A5**