

MINISTER OF FINANCE MANDATE LETTER

Office of the
Prime Minister



Cabinet du
Premier ministre

Ottawa, Canada K1A 0A2

Dear Mr. Morneau:

I am honoured that you have agreed to serve Canadians as Minister of Finance.

We have promised Canadians a government that will bring real change – in both what we do and how we do it. Canadians sent a clear message in this election, and our platform offered a new, ambitious plan for a strong and growing middle class. Canadians expect us to fulfill our commitments, and it is my expectation that you will do your part in delivering on those promises to Canadians.

We made a commitment to invest in growing our economy, strengthening the middle class, and helping those working hard to join it. We committed to provide more direct help to those who need it by giving less to those who do not. We committed to public investment as the best way to spur economic growth, job creation, and broad-based prosperity. We committed to a responsible, transparent fiscal plan for challenging economic times.

I expect Canadians to hold us accountable for delivering these commitments, and I expect all ministers to do their part – individually and collectively – to improve economic opportunity and security for Canadians.

It is my expectation that we will deliver real results and professional government to Canadians. To ensure that we have a strong focus on results, I will expect Cabinet committees and individual ministers to: track and report on the progress of our commitments; assess the effectiveness of our work; and align our resources with priorities, in order to get the results we want and Canadians deserve.

If we are to tackle the real challenges we face as a country – from a struggling middle class to the threat of climate change – Canadians need to have faith in their government’s honesty and willingness to listen. I expect that our work will be informed by performance measurement, evidence, and feedback from Canadians.

We will direct our resources to those initiatives that are having the greatest, positive impact on the lives of Canadians, and that will allow us to meet our commitments to them. I expect you to report regularly on your progress toward fulfilling our commitments and to help develop effective measures that assess the impact of the organizations for which you are answerable.

I made a personal commitment to bring new leadership and a new tone to Ottawa. We made a commitment to Canadians to pursue our goals with a renewed sense of collaboration. Improved partnerships with provincial, territorial, and municipal governments are essential to deliver the real, positive change that we promised Canadians. No relationship is more important to me and to Canada than the one with Indigenous Peoples. It is time for a renewed, nation-to-nation relationship with Indigenous Peoples, based on recognition of rights, respect, co-operation, and partnership.

We have also committed to set a higher bar for openness and transparency in government. It is time to shine more light on government to ensure it remains focused on the people it serves. Government and its information should be open by default. If we want Canadians to trust their government, we need a government that trusts Canadians. It is important that we acknowledge mistakes when we make them. Canadians do not expect us to be perfect – they expect us to be honest, open, and sincere in our efforts to serve the public interest.

Our platform guides our government. Over the course of our four-year mandate, I expect us to deliver on all of our commitments. It is our collective responsibility to ensure that we fulfill our promises, while living within our fiscal plan. Other issues will arise or will be brought to our attention by Canadians, stakeholders, and the public service. It is my expectation that you will engage constructively and thoughtfully and add priorities to your agenda when appropriate.

As Minister, you will be held accountable for our commitment to bring a different style of leadership to government. This will include: close collaboration with your colleagues; meaningful engagement with Opposition Members of Parliament,

Parliamentary Committees and the public service; constructive dialogue with Canadians, civil society, and stakeholders, including business, organized labour, the broader public sector, and the not-for-profit and charitable sectors; and identifying ways to find solutions and avoid escalating conflicts unnecessarily. As well, members of the Parliamentary Press Gallery, indeed all journalists in Canada and abroad, are professionals who, by asking necessary questions, contribute in an important way to the democratic process. Your professionalism and engagement with them are essential.

Canadians expect us, in our work, to reflect the values we all embrace: inclusion, honesty, hard work, fiscal prudence, and generosity of spirit. We will be a government that governs for all Canadians, and I expect you, in your work, to bring Canadians together.

You are expected to do your part to fulfill our government's commitment to transparent, merit-based appointments, to help ensure gender parity and that Indigenous Canadians and minority groups are better reflected in positions of leadership.

As Minister of Finance, your overarching goal will be to use the fiscal and budgeting tools at our disposal to implement our *New Plan for a Strong Middle Class*. That plan is grounded in the understanding that a healthy economy starts with a strong and growing middle class and that we must invest to strengthen the middle class and those working hard to join it. Canadians have elected us on our commitment to invest to create sustainable growth and economic opportunity for more Canadians. You are expected to lead the fiscal implementation of our plan and ensure that we create good quality jobs and improve economic opportunity and security for Canadians. You will ensure that our fiscal plan is realistic, sustainable, prudent, transparent, and is communicated to Canadians in a way that is accurate and understandable. I expect you to help Canadians understand the economic challenges and opportunities we face and to provide leadership in steering Canada towards a more prosperous, inclusive, sustainable economic future.

In particular, I will expect you to work with your colleagues and through established legislative, regulatory, and Cabinet processes, including our first Budget, to deliver on your top priorities:

- Ensure that our fiscal plan is sustainable by meeting our fiscal anchors of balancing the budget in 2019/20 and continuing to reduce the federal debt-to-GDP ratio throughout our mandate.
- Implement the middle-class tax cut and pay for it by asking the wealthiest one percent of Canadians to give a little more.
- Cancel income splitting and other unfairly targeted tax breaks, while retaining income splitting of pensions for seniors.
- Support the Minister of Children, Families and Social Development with the implementation of the Canada Child Benefit (CCB), which will build on the existing Canada Child Tax Benefit and the National Child Benefit Supplement and will replace the Universal Child Care Benefit.
- Meet with your provincial and territorial colleagues at your earliest opportunity to begin a process to enhance the Canada Pension Plan to provide more income security to Canadians when they retire.
- Support the Minister of Employment, Workforce Development and Labour in delivering on our plan to make post-secondary education more affordable for students from low- and middle-income families.
- Work with the President of the Treasury Board and your Ministerial colleagues to conduct a review of tax expenditures and other spending to reduce poorly targeted and inefficient measures, wasteful spending, and government initiatives that are ineffective or have outlived their purpose.
- Work with the Minister of Infrastructure and Communities to ensure any unspent infrastructure funds are automatically transferred to municipalities through a temporary top-up of the Gas Tax Fund.
- Remove the GST on new capital investments in rental housing and modernize the existing Home Buyers' Plan to support Canadians impacted by sudden and significant life changes.
- Work with the Minister of National Revenue to allow charities to do their work on behalf of Canadians free from political harassment, and modernize the rules governing the charitable and non-for-profit sectors. This will include clarifying the rules governing "political activity," with an understanding that charities make an important contribution to public debate and public policy. A new legislative framework to strengthen the sector will emerge from this process.
- Work with the Minister of Infrastructure and Communities to develop the Canada Infrastructure Bank to provide low-cost financing (including loan guarantees) for new

municipal infrastructure projects in our priority investment areas.

- Support the Minister of Employment, Workforce Development and Labour in improving and modernizing Employment Insurance and the job training system.
- Work with the Minister of Employment, Workforce Development and Labour to ensure that EI contributions are only used to fund EI programs.
- Work with the Minister of Employment, Workforce Development and Labour to provide a 12-month break on Employment Insurance premiums for firms that hire new younger workers into permanent positions in 2016, 2017, or 2018.
- Work with the Minister of Indigenous and Northern Affairs to establish a new fiscal relationship that lifts the 2% cap on annual funding increases and moves towards sufficient, predictable and sustained funding for First Nations communities.
- Work with the Minister of Natural Resources to enhance existing tax measures to generate more clean technology investments and work with the provinces and territories to make Canada's tax system highly competitive for investments in the research, development, and manufacturing of clean technology.
- Work with the Minister of Environment and Climate Change in creating a new Low Carbon Economy Trust to help fund projects that materially reduce carbon emissions under the new pan-Canadian framework.
- Work with the Minister of Environment and Climate Change to fulfill our G20 commitment and phase out subsidies for the fossil fuel industry over the medium-term.
- Develop proposals to allow a Canadian Exploration Expenses tax deduction only in cases of unsuccessful exploration and re-direct any savings to investments in new and clean technologies.
- Work with the Minister of Innovation, Science and Economic Development to ensure tax measures are efficient and encourage innovation, trade and the growth of Canadian businesses.
- Work with the Ministers of Innovation, Science and Economic Development and International Trade to develop appropriate investments and strategies for the auto sector to adjust to Canada's potential participation in the Trans-Pacific Partnership.
- Work with the President of Treasury Board to make government accounting and financial reporting more consistent, transparent and understandable to Canadians. This should include providing costing analysis for all proposed legislation and receiving Parliamentary approval for borrowing plans.

- Restore the tax credit for labour-sponsored funds to support economic growth and help Canadians save for their retirement.
- Introduce a new tax benefit to help teachers and early childhood educators with the cost of school supplies.
- Enhance the Northern Benefit Deduction to help northern Canadians with the high cost of living and support the growth of northern economies.
- Work with the Ministers of International Trade and International Development and La Francophonie on development financing issues.
- Repeal the *Federal Balanced Budget Act*.

These priorities draw heavily from our election platform commitments. The government's agenda will be further articulated through Cabinet discussions and in the Speech from the Throne when Parliament opens.

I expect you to work closely with your Deputy Minister and his or her senior officials to ensure that the ongoing work of your department is undertaken in a professional manner and that decisions are made in the public interest. Your Deputy Minister will brief you on issues your department may be facing that may require decisions to be made quickly. It is my expectation that you will apply our values and principles to these decisions, so that issues facing your department are dealt with in a timely and responsible manner, and in a way that is consistent with the overall direction of our government.

Our ability, as a government, to successfully implement our platform depends on our ability to thoughtfully consider the professional, non-partisan advice of public servants. Each and every time a government employee comes to work, they do so in service to Canada, with a goal of improving our country and the lives of all Canadians. I expect you to establish a collaborative working relationship with your Deputy Minister, whose role, and the role of public servants under his or her direction, is to support you in the performance of your responsibilities.

In the coming weeks, the Privy Council Office (PCO) will be contacting you to set up a meeting with PCO officials, your Deputy Minister and the Prime Minister's Office to further discuss your plans, commitments and priorities.

We have committed to an open, honest government that is accountable to Canadians,

lives up to the highest ethical standards, and applies the utmost care and prudence in the handling of public funds. I expect you to embody these values in your work and observe the highest ethical standards in everything you do. When dealing with our Cabinet colleagues, Parliament, stakeholders, or the public, it is important that your behaviour and decisions meet Canadians' well-founded expectations of our government. I want Canadians to look on their own government with pride and trust.

As Minister, you must ensure that you are aware of and fully compliant with the *Conflict of Interest Act* and Treasury Board policies and guidelines. You will be provided with a copy of *Open and Accountable Government* to assist you as you undertake your responsibilities. I ask that you carefully read it and ensure that your staff does so as well. I draw your attention in particular to the Ethical Guidelines set out in Annex A of that document, which apply to you and your staff. As noted in the Guidelines, you must uphold the highest standards of honesty and impartiality, and both the performance of your official duties and the arrangement of your private affairs should bear the closest public scrutiny. This is an obligation that is not fully discharged by simply acting within the law. Please also review the areas of *Open and Accountable Government* that we have expanded or strengthened, including the guidance on non-partisan use of departmental communications resources and the new code of conduct for exempt staff.

I know I can count on you to fulfill the important responsibilities entrusted in you. In turn, please know that you can count on me to support you every day in your role as Minister.

I am deeply grateful to have this opportunity to serve with you as we build an even greater country. Together, we will work tirelessly to honour the trust Canadians have given us.

Yours sincerely,

A handwritten signature in blue ink, appearing to be 'Justin Trudeau', written in a cursive style.

Rt. Hon. Justin Trudeau, P.C., M.P.
Prime Minister of Canada