ECONOMIC NEWSLETTER
Spring 2017

The mission of the Aga Khan Economic Planning Board for Canada (AKEPB) is to improve the economic well-being of our Jamat by providing guidance and assistance towards a sound financial base. The Board's mandate includes monitoring current and anticipated future economic climates and providing the Jamat with relevant and timely programmatic support in the areas of employment, entrepreneurship, housing, financial literacy, business and professionals.

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MESSAGE FROM THE LEADERSHIP

Ya Ali Madad,

We are pleased to share with our readers and members of the Jamat the Aga Khan Economic Planning Board's (AKEPB) newsletter for the spring of 2017. We hope you will enjoy reading this publication.

In the past year, we have witnessed several historic events including Brexit, the recent election of President Trump and the realignment of political structures in Europe. The emergence of populist movements and nationalist ideologies have changed, and will continue to affect, the interactions within and between nations. The impact will continue to be felt on immigration, social policy and allocation of national resources. The eventual economic impact of these changes is difficult to quantify and will ultimately depend on how much of the political campaign rhetoric translates into legislative initiatives.

For Canada, this may have a significant impact as a trading partner in NAFTA and the Trans Pacific Partnership (TPP). Within days of the US election, President Trump launched a formal trade petition against Canada regarding softwood lumber and beef exports to the United States. The Trump Administration has also tabled its intention to re-negotiate NAFTA. This has the potential to affect many industries that rely on exports to the United States. On a positive note however, the Keystone Pipeline was approved by President Trump, potentially benefiting Canadian energy producers. As well, because the Trump Administration continues to voice its desire to disengage from TPP, this may provide an opportunity for Canada to further pivot our trade towards members of the TPP and China.

In the past thirty years, the growth and maturation of the middle class in western countries, the growth of technology and declining interest rates, have resulted in an unprecedented increase of wealth for those who were able to capitalize on these trends. In the years ahead, this may no longer be the case: We may see rising interest rates, aging demographics, and more rapid growth of artificial intelligence that will displace the less prepared.

Change and disruption warrants a cautious and well-thought approach going forward. Change and disruption also presents an opportunity for those who are well capitalized, well researched and have a higher threshold for risk. For those that fit this description, the new economy (technology) may present some opportunities.

The Aga Khan Economic Planning Board is here to support the Canadian Jamat. Through its programmatic areas, the AKEPB provides materials, seminars and conferences to develop, support and grow businesses, entrepreneurship, skills upgrading and financial literacy. In addition, the Alliances program provides support for Ismaili businesses and professionals to work together to improve business efficiency and develop professional networks. As the AKEPB continues to grow and build cross border alliances with Americans, and actively develop networks with the UK and Australia, we welcome the Jamati businesses and professionals to join us and get involved.

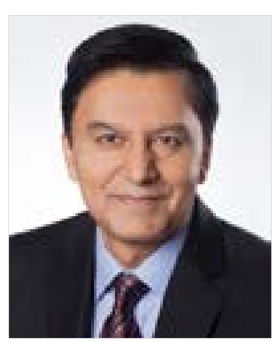
Readers are encouraged to visit www.iicanada.org for more details on AKEPB's activities and programs.

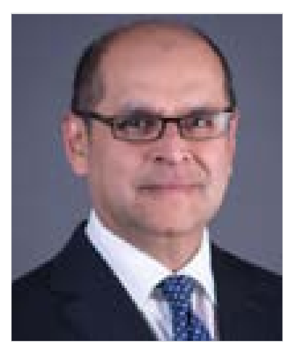
We look forward to the Jamat's feedback and hope the information will be useful.

With warm wishes,

Zahir Kassam
Chairman

Feisal Dedhar
Honorary Secretary





Economic Update

Q & A with NATHAN JANZEN

Senior Economist, RBC Economics Research
Royal Bank of Canada

■ What are the potential implications of a United States government led by President Trump on Canada and the socio-economic environment among countries and trading blocks around the world? Is it possible that NAFTA maybe renegotiated? If so, in what ways could Canadian businesses be impacted?

The potential near-term economic impact from proposed tax cuts and infrastructure spending plans is very sizeable and represents upside risk for U.S. economic growth. About three-quarters of Canada's goods exports go to the U.S., so stronger growth in the US could have positive spillovers to Canada in terms of stronger Canadian exports, particularly in the near-term. However, there are a number of caveats to the potential boost both to the U.S. and Canadian economies.

The failure of the Trump administration and (a Republican-controlled) Congress to agree on legislation to repeal and (kind of) replace 'Obamacare' has generated concern that ambitious tax-reform and spending proposals will also be unable to make it through Congress. Without large offsetting expenditure cuts to prevent a rise in the federal budget deficit the far right deficit/debt hawk wing of the Republican party poses a potentially sizeable obstacle to President Trump's targeted tax cuts. The negative impact of those spending cuts could very well offset most, if not all, of the near-term stimulative impact from tax cuts and any new infrastructure spending.

In terms of direct implications for Canada, government funded investment may have smaller-than-expected import content, particularly given the anti-trade rhetoric coming from Trump during the election campaign. Even if significant fiscal stimulus is implemented, the U.S. economic recovery is thought to be at a relatively mature stage (ie. most of the slack from the 2008/09 recession has already been absorbed) and, as a result, the Federal Reserve has already begun a modest interest rate hiking cycle. Significant fiscal stimulus at this stage in the economic cycle would likely be ultimately viewed as inflationary by monetary policy makers, which could cause interest rates to rise more quickly than would otherwise be the case. Canadian longer-term interest rates would likely move higher alongside U.S. rates, if not to the same extent. This would, over time, put added pressure on monthly debt payments in Canada's leveraged household sector and weight on the Canadian growth outlook beyond the very near-term.

In terms of the broader socio-economic environment, the Trump campaign's rhetoric was clearly anti-trade and anti-immigration. As promised during the election, President Trump withdrew the U.S. from the Trans-Pacific Partnership shortly after taking office. NAFTA will very likely be re-negotiated with formal discussions among the three trading partners potentially beginning as early as this summer. Although initial comments from the U.S. have been more measured than during the election campaign (signaling 'tweaking' rather than a full tear-up or re-write), there could be negative near-term impacts on Canadian industries like lumber and food producers and longer-run repercussions on the more bilaterally integrated industrial sector on both sides of the border if tariffs were to rise significantly. The so-called Border Adjusted Tax (BAT), essentially amounting to a large tax on U.S. imports and subsidy for exports, which has been proposed as a component of fundamental reform of the U.S. corporate taxation system by House Republicans appears to lack necessary support to become law but could both have a dramatic impact on near-term trade flows and sharply weaken the Canadian dollar (relative to the U.S. dollar) if implemented. What immigration reform will ultimately look like under Trump remains uncertain but here there is at least the potential for U.S.'s loss to be Canada's gain in terms of willingness and ability to attract highly educated and skilled immigrants.

What is anticipated for the Canadian economic climate and relevant key issues in 2017?

Aside from the potential U.S. election fallout, a couple of other key issues for the Canadian economy going forward will be the extent to which a strengthening in the oil & gas sector will allow for a stronger overall growth to emerge and the extent to which new macro-prudential measures are successful at slowing down the housing market without prompting a larger-than-desired near-term correction.

The main source of drag on the economy over the last two years has been the pull-back in the energy sector in the wake of a sharp drop in oil prices. A key component of our outlook for the Canadian economy is that oil & gas investment activity has bottomed out and, barring another sharp downturn in oil prices, will no longer be a drag on growth going forward. Early indicators have been clearly positive in 2017 with labour markets continuing to improve and Canadian GDP growth, by most estimates, on track to outpace that of the U.S. for a third consecutive quarter in Q1 2017.

The impact of new macro-prudential regulations on housing markets has been decidedly mixed. Earlier measures introduced in B.C. (for example, the new foreign-buyer tax in Vancouver) were successful at least temporarily slowing activity in that region. New regulatory measures imposed at the Federal level in the fall appear to have been much less effective with home price growth in Canada's hottest market, Toronto, accelerating sharply in 2017 to-date and with increasing evidence that pressure is spreading throughout Ontario as well as in B.C. outside of Vancouver. However, with interest rates generally expected to stay low and the economy, if anything, picking up steam early in 2017, it will likely fall to governments to impose new regulations to artificially take some of the air out of the market.

What is the pricing forecast of oil and its economic drivers in 2017?

Our forecast assumes oil prices will average ~$56/bbl in 2017 (WTI basis), above the $52/bbl average in the first quarter of the year. Global demand for oil is projected to continue to rise modestly and reduced production in both the U.S. and OPEC should limit supply growth. Current high levels of oil inventories, however, will temper the upward trend in prices.

What are the top industries of 2017 that will outperform in Canada and what are the top industries that will lead the country in the decade ahead?

Manufacturing activity has shown greater signs of life in recent months following the sector's lacklustre performance in 2015 and 2016. In part that reflects an easing in the drag on the Canadian industrial sector from oil & gas sector weakness; however, U.S. industrial output, which historically has been an important source of Canadian manufacturing export demand, has also perked up recently after lacklustre growth over the last two years. A weaker Canadian dollar will also likely help, although the extent could be limited by the fact that weakness has been much less pronounced when measured against other countries that are also competing for the U.S. import market such as Mexico.

In terms of longer-term trends, Bank of Canada Governor Poloz recently highlighted the growing importance of services output to the Canadian economy, describing the "ascent of the service sector" as "the rise of the new economy in Canada." Indeed, almost 80% of Canadian workers are now in the services sector, up from 65% 40 years ago. Exports of services now account for ~17% of Canada's exports, up from 14% a decade ago and 11% in the early 1980s. It is not true that services jobs are necessarily 'inferior' to goods-producing jobs. Jobs in finance and the professional/scientific/technical sectors, for example, pay more on average, than both the average all-industry wage rate and the average for goods-producing industries.

2017 FEDERAL BUDGET SUMMARY

Compiled by:

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On March 22, 2017 the Honorable Bill Morneau, Minister of Finance, presented the 2017 Federal Budget.

The budget did not feature many significant tax changes, including no changes to the personal and corporate income tax rates. It also left the inclusion rate on taxable capital gains unchanged at 50% despite there being wide spread speculation that the inclusion rate will be increased.

Perhaps what was of most significance to taxpayers, and particularly shareholders of small businesses, were the comments that were made in the budget relating to the government's review of tax planning strategies involving private corporations and the government's intention to bolster spending on programs that are aimed at reducing tax evasion and improving tax compliance. In particular, the budget states that the government intends to release a paper in the coming months to address what it feels are unfair tax advantages that are being realized by owners of private corporations through:

1) income sprinkling; 2) the accumulation of passive investments inside private corporations; and 3) planning strategies that can convert what would otherwise be taxable income into taxable capital gains. The budget also states that the government will invest an additional $523.9 million over five years to fund initiatives geared towards tax verification which will result in increased scrutiny of tax filings and unreported income.

Some relevant measures from the budget are as follows:

The federal government will be spending funds on affordable housing, clean technology, early learning and child care. As part of a new National Housing Strategy, an investment of more than $11.2 billion will be made in a range of initiatives designed to build, renew and repair Canada's stock of affordable housing. More than $2.2 billion will be spent to support clean technology research, development, demonstration and adoption, as well as to accelerate the growth of clean technology companies. Over the next 11 years, new investments of $7 billion will go towards early learning and child care.

The public transit tax credit will be eliminated, effective July 1, 2017. Specifically, the cost of public transit passes and electronic fare cards attributable to public transit use that occurs after June 2017 will no longer be eligible for the credit.

A new Canada Caregiver Credit was introduced to replace the existing caregiver credit, infirm dependant credit and family caregiver tax credit. This new credit will extend tax relief to some caregivers who may not currently qualify due to the income level of their dependent. In general, the new credit will mirror the amounts that could have been claimed under the current caregiver credit or infirm dependent credit (both $6,883 in 2017 for an infirm dependent) and family caregiver tax credit ($2,150 in 2017). However, the Canada caregiver credit will be reduced dollar-for-dollar by the dependent's net income above $16,163 (in 2017). Also note under this new credit, an amount will no longer be available in respect of non-infirm seniors who reside with their adult children.

Budget 2017 proposes to extend the eligibility criteria for the tuition tax credit to tuition fees that are paid to a university, college or other post-secondary institution in Canada for occupational skills courses that are not at the postsecondary level.

Starting in 2017, individuals who require medical intervention in order to conceive a child will be eligible to claim the same expenses that would generally be eligible for individuals on account of medical infertility. Taxpayers will be permitted to adjust any of the preceding ten years' tax returns to claim such expenses.

The 15% mineral exploration tax credit for flow-through share investors was extended for another year.

Nurse practitioners will be added to the list of medical practitioners that could certify eligibility for the disability tax credit. A nurse practitioner would be permitted to certify for all types of impairments for the disability tax credit that are within the scope of their practice.

The first-time donor's super credit will expire at the end of 2017.

TRAINING FOR SPECIFIC TRADES & OCCUPATIONS

FILLING IN THE LABOR SHORTAGE IN CANADA

Source: http://www.soufflearning.com / Investopedia

Changing the Future through Vocational Training

Vocational training, also known as career and technical education, focuses on teaching specific skills for employment in virtually every job field. No time is spent on unnecessary subjects; education is direct, relevant and can prepare an individual for work in a completely new career in as little as 8-12 weeks.

Most programs are based around hands-on instruction and 'on the job' training, usually earning students a Certificate or Diploma upon successful completion. Vocational training can provide the edge in your job search that so many are seeking: certifiable Canadian education and experience in the precise roles employers are seeking to fill, creating opportunity at any age group or background to begin or restart your career.

In addition, vocational training has proven to deliver the following:

- **Better chances of employment** - Research has shown that additional training has a positive impact on a person's employment opportunities – surpassing even those a University degree or diploma may provide in many cases. Acquiring new skills and competencies can also create opportunity for professional advancement or assist in a career transition without significant time spent.

- **Higher earning levels** - Studies typically show that individuals who seek additional educational training (i.e. vocational training) receive higher wages than their counterparts. This benefit multiplies throughout their career.

- **Increased job satisfaction -** Training allows people to elevate their skills above and beyond the level their jobs require of them. Better preparation provides a pathway for individuals to succeed, improve and climb the corporate ladder.

- **Practical skills** - Vocational training programs typically focus on teaching individuals how to perform tasks required of them in the workforce, in fields as diverse as plumbing, butchery, software coding and health care.

- **Improved flexibility and mobility** - Better-qualified people are usually in higher demand and are therefore able to command a wider range of employment and career choices. In many vocations, this can be as simple as an eight-week program in a particular subject.

- **Lifelong learning** - Employers recognize that individuals who take part in additional training in the present are better prepared to upgrade their skills later in life, showing commitment their skills later in life, showing commitment to improvement and learning that many of them seek.

In many cases, governments around the world have prioritized vocational training programs and schools over and above University education to create the modern, skilled, and specially trained workforce of the future, and Canada's technical colleges and institutions are global leaders in their fields. All these facts highlight an outstanding opportunity for many in the Jamat, and one that shouldn't be missed.

The Aga Khan Economic Planning Board for Canada (AKEPB) has established unique vocational training opportunities by creating strategic alliances with community colleges. The AKEPB together with the JDPC is providing loan support to qualified individuals for vocational training. Please contact your local Skills and Employment Program office (SEP) office for further details.

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PERSONAL INVESTING

REGISTERED RETIREMENT SAVINGS PLAN OR TAX FREE SAVINGS ACCOUNT: Which is a better option for you?

Author: Aleem Visram is the Owner of MIRFP Financial Planning and Professor at the Schulich School of Business at York University

Many Canadians are wondering which is the better investment option for them, RRSPs or TFSAs?
In most cases, it makes sense to maximize your RRSP contribution first and then put the income tax refund into your TFSAs. This way you get both a tax refund, long-term tax differed savings in an RRSP, and accessible capital that you can withdraw tax free from a TFSA.

However, there is no 'one size fits all' retirement plan for anyone. Your choice will pivot depending on a number of factors including, age, lifestyle, debts, future income and immediate cash requirements. Use this Ativa calculator to determine if an RRSP or TFSA contribution is better for you.

TFSA or RRSP? They both have their advantages.

	TFSA	RRSP
Tax - deductible Contributions?	No	Yes
Tax on withdrawls?	No	Yes, taxed as income
Withdrawls increase contribution room?	Yes	No
What are the contribution limits?	5,000, regardless of income	18% of earned income to a max. of $25,370 (2016 and $26,010 (2017)
Accumulate unused room?	Yes	Yes
Need for conversion?	No	Yes, to a RRIF or life annuity by age 71
Do income attribution rules apply?	No	Generally no, but may apply to withdrawls from a spousal RRSP

THE POWER OF COMPOUNDING

For both the RRSP and TFSA, it is critical to start early for compounded, tax free growth of your capital, interest and dividend gains. For example, if you start contributing $2,000 per year at age 25 and contribute for 10 years (to age 35 and then stopped contributing), you will accumulate $611,817 by age 65. If your twin started investing at age 35 (ten years later), and contributed $2,000 per year for 30 years (to age 65), he or she will only have $361,887 (assuming a 10% annual rate of return in both cases).

It is also better to set aside a monthly amount that you contribute to an RRSP and/or TFSA on an ongoing basis directly from your bank account through a per-authorized debit plan. This way you aren't rushed to make a large contribution before the RRSP deadline, and through dollar-cost averaging you will avoid short-term fluctuations in the market performance.

There are a few exceptions to the RRSP before TFSA rule. Here they are:

1. Over 70 years old. You must wind up your RRSP at the end of the year you turn 71 so it is no longer a savings option once you've reached that age. While most people have stopped work by the time they hit 70, an increasing number keep right on going. For them, the TFSA is the only tax-sheltered savings option available.

2. Your income is low and you expect it to stay that way. If your post-retirement income is likely to be low (below $16,368 for a single person) you may qualify for the Guaranteed Income Supplement (GIS). However, there are some restrictions. If other sources of income including RRSP/RRIF withdrawals exceed the allowable exemption, your GIS payments will be clawed back. TFSA payments are not counted as income so they won't affect your benefits.

3. Your income will be higher in retirement. This happens more often than you might think. For example, a teacher might retire on full pension at a relatively young age after 30 years on the job and open their own tutoring business. Their total income from the business, pension, and savings might well put them into a higher tax bracket than when they were working full time. In this situation, the tax on RRSP withdrawals would be higher than the deductions they received for their contributions. Moving from a low-tax province such as Alberta to a high-tax one like Nova Scotia can have a similar effect. Also, remember that if your total income is above $73,756 in 2016, then you will also be subject to the OAS clawback.

4. Pension plan members: Anyone who belongs to a pension plan loses RRSP contribution room because of the "pension adjustment" (PA). This is a complex calculation that takes into account the amount contributed to a pension plan by you and your employer, as well as the retirement benefit you will eventually receive. The more generous the plan, the higher the PA will be. If you have a defined benefit pension plan (one that provides guaranteed retirement income based on a combination of salary and years of service) you are likely to have a high PA. As a result, you may have little or no RRSP room left after the PA has been deducted. In this situation, TFSAs offer a valuable alternative for supplementing pension income.

5. No earned income. You cannot make an RRSP contribution unless you have what the government calls "earned income." Mostly, this is money earned from employment, but some other types of income, such as rents and alimony, also qualify. Investment income does not count as earned income, nor do pension payments, whether from the government or from a private plan. If you don't have any earned income, or if the amount is small, TFSAs become your retirement savings vehicle by default since you don't need any earned income to make a contribution.

RRSP's Big Benefits = Personal Pension Plan

I had a client visit me, a young professional in his early 30's making $100,000 gross income. He was concerned about saving for retirement. He had contributed every year to a Tax-Free Savings Account (TFSA) and had no room left. He wanted to save more but had "always been advised not to put any money into RRSPs." He told me that he needed the money to buy his first property or for post-secondary education and didn't want it to be 'locked away' until retirement. What would I suggest?

I told him that at his age the number one savings priority is to get as much money as possible into a tax-sheltered environment. That will maximize the benefit of long-term compounding. The RRSP is the easiest way to do that, for several reasons.

First, contribution limits are much higher. He can still can only put $5,500 a year into a TFSA. With an RRSP, he can contribute up to 18 per cent of last year's earned income to a maximum of $25,370 for 2016 and $26,010 for 2017.

Most people obviously won't be in a position to put that much into a plan, but he has the leeway to contribute more than he can to a TFSA. In both cases, the contribution room rolls forward, so he can catch up in future years with higher contributions when his income is higher.

Second, he can get a tax deduction for his RRSP contribution, which is not the case with a TFSA. You can see exactly how much that is worth by using the RRSP tax savings calculator from Ativa. Since he is in the top tax bracket and paying 46% tax on his last dollar of earned income or interest income, then a $10,000 RRSP deduction immediately reduces his taxable income for the previous year by $10,000, making it "worth" roughly $4,300 in an immediate tax refund. That's worth a lot, especially if he expects one day to retire in a lower tax bracket. Since advisers often suggest that in retirement you can live on between 50% and 70%

of what you earned in your working years, then it makes sense to get a tax deduction on those 43% dollars and decades later be taxed at perhaps a 20% or 30% tax rate.

Here are some sample RRSP contributions and income tax refunds in Ontario, assuming available contribution room (check your CRA Notice of Assessment for your personal RRSP and TFSA Contribution Room):

Taxable Income	Maximum RRSP Contribution	Tax Refund (Ontario)
$100,000	$18,000	$7,148
$90,000	$16,200	$5,420
$80,000	$14,400	$4,396
$70,000	$12,600	$3,736
$60,000	$10,800	$3,202
$50,000	$9,000	$2,411

Also, remember the ongoing deferred sheltering of investment income of both the RRSP and the TFSA. All those dividends, capital gains and interest can be reinvested with no tax consequences during all those years he is still working and contributing. At the end, even after it's taxed in the RRSP scenario, the pot of money will be the equivalent of an employer pension plan. Because that's in effect what an RRSP is: a personal pension plan.

Third, if he wants to buy his first property, he can withdraw up to $25,000 from his RRSPs tax free through the Home Buyers Plan. Or if he wants to pursue post secondary education, he can withdraw up to $20,000 from his RRSPs tax free through the Lifelong Learning Plan (provided that he repays it over 15 years).

Lastly, the big challenge for most retired Canadians is that they have not saved enough for retirement. Although the TFSA allows you to withdraw your principal and growth tax free, the easy access to the funds prevents most people from keeping it there for retirement and future needs. This potentially eliminates the power of compounded interest gains.

It's true that RRSP and Registered Retirement Income Funds (RRIF) withdrawals are taxed at your marginal rate. By age 72, you must begin to start withdrawing from your RRSPs (which convert to a RRIFs at age 71), at a rate of 5.4% and increasing annually thereafter.

But people who complain about the taxes are losing sight of two basic points. The first is that they received a nice deduction at the time of the original contribution and then were able to invest the money tax-free for many years. The second is that they are fortunate to have enough income in retirement to pay any taxes at all. Many Canadians do not.

For further information, please feel free to contact your local EPB representative or contact the icare desk.

PUTTING YOUR RIGHT FOOT FORWARD WITH **FUTURPRENEUR CANADA**

Source:

Futurpreneur Library

Supporting Young Entrepreneurs

Futurpreneur Canada is a non-profit organization that has been fueling the entrepreneurial passions of Canada's youth for two decades through financing, mentoring and resources.

As an organization dedicated to supporting young entrepreneurs, Futurepreneur recognizes that starting a business requires many skills across a multitude of disciplines. Whether you're about to open your doors or have been selling for several years here are four quick tips that every new business owner should do before they take that leap:

Set clear expectations

At the very beginning of your entrepreneurial journey, you will need to answer some important questions to ensure you're taking the right steps. These questions include: Understanding your market and industry, knowing your skill set, formulating a business plan and understanding legal, financial and communications issues are all key to laying a foundation for success in the early years of your business.

Put your idea into a plan

A business plan is an essential document! It allows you to chart out all the steps you'll take to make your business idea a tangible reality. Mapping out the key elements that make your business plan a strong one will help you navigate the first few months of your business launch.

Manage your cash flow

Knowing how much money is flowing into and out of your business is vitally important. It's no wonder that the cash flow is sometimes called the lifeline to your business. Without cash, you won't be able to operate. For more information click here.

Decide whether to grow

Growing your business, taking on new employees and expanding your offerings aren't light decisions. There are several factors that will help you determine if and when is a good time to expand. Make sure to ask yourself these questions and know what to look for when considering your scale up steps.

This is just a glimpse of some of the valuable resources provided by Futurpreneur. The Business Resource Centre also provides helpful information about protecting your intellectual property, legal issues to consider, ownership structure, and insurance, to name a few. Making sure you're diligent about these elements will ensure you have your right foot forward with your business.

To learn more about Futurpreneur Canada's financing programs visit www.futurpreneur.ca/enget-started/

To learn about their mentorship program, click here.

BUSINESS PARTNERSHIPS AMONG ISMAILI YOUTH

Managing expectations & overcoming pitfalls through transparency

Authors:

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Due to increased globalization and technology, the number and types of alliances or partnerships are constantly increasing and expanding. Youth are increasingly exploring and collaborating on new business initiatives and partnerships. Partnerships can take place at different levels: between professionals, businesses, organizations or countries engaged in similar economic or other endeavours, in supply chain relationships, and even in personal relationships.

Many youth engage in partnerships and alliances for a variety of reasons: to leverage opportunities, to create strategic business alliances, to allow for financial stability through diversification, to obtain access to more knowledge, experience and expertise, and to access new or broader markets with a view to increase market share, increase efficiencies, decrease costs or develop better governance. Yet with all the benefits and advantages of partnerships, there is an increasing need to understand and address the pitfalls.

A simple example highlights the necessary thought and action required for a partnership. Two university graduates, who were best friends, decided that they would start their own business as partners. One graduated in computer science while the other graduated in marketing. They thought that combining their different skills sets, and focusing on social media, would ensure success. They researched the market, examined competitors and even investigated options for pricing and costs. While research and proper due diligence was done, each friend forgot to communicate to the other exactly his or her expectations. Would each be required to provide equal investment of time and money? What does equal investment mean? What would be the criteria of success for the business? How would the criteria be assessed and evaluated? How would they make decisions? What if they disagreed on decisions?

The lack of quantification of individual expectations can lead not only to unnecessary disputes and even litigation, but also to the feeling that one person benefited more from the partnership or took advantage of the other person. Development of the partners' relationship through transparent communication, a mutual problem solving approach, and a desire to strengthen capabilities and interests in a supportive environment together with careful documentation of expectations are critical elements of a successful partnership process and culture:

"A partnership or an alliance, however can only really be successful if it is characterized by good faith among all parties and by a consistent transparency from the creation of the alliance through the everyday operations of the business. And, partners should not be afraid of putting in writing these basic, underlying foundations of their partnership so that, from the very beginning, everything is absolutely clear." (Prince Amyn Aga Khan, First Meeting of the Ismaili Economic Forum, The Ismaili Centre Dubai, April 26, 2008)

One of the major pitfalls that has been discovered through commercial disputes mediated by the Conciliation and Arbitration Board is poor articulation of expectations and related documentation and agreements, which accounts for almost 50% of the major causes of business and commercial disputes.

While most naively believe that all businesses will be successful, the reality is that those businesses that are successful are so because the individuals running them have had tough, difficult and fair discussions about what happens if things don't go well. This includes thinking about what happens if one or both partners may be unable to deliver on their stated objectives even on a good faith basis. Any business partnership will entail some risk, both external and internal. External risks include the market environment, changes in economic conditions and new competitors. Internal risks include significant reliance that the other partner will perform, challenges faced by partners such as death, disability or illness. The lack of performance, whether because of internal or external risks, can result not only in failure of the business but also significant financial hardship and stress. It is for that reason that in any partnership it is necessary to determine what are the risks, mitigating considerations, performance metrics and exit strategies for all partners. As individual circumstances change, it is critical to have frank, candid and difficult discussions about objectives, goals, constraints and challenges to ensure clarity, transparency and minimizing disruption on the business:

"One should avoid that one of the parties find himself locked unwillingly or unhappily into the partnership or that his exit from that partnership should be undignified and painful. Exit strategies should be discussed and considered from the outset, and should be treated with the same transparency as other matters. Here again, the goals and objectives, constraints and challenges, of all parties must be put on the table and discussed "upfront", from the outset, wherever and in the greatest measure possible. Potential modifications in the individual situation of one of the partners should not have an unduly damaging effect either on the other partner or, hopefully, on the business. All these variables, all these "sensitivities" should be thought through early on, just as the partners should agree from the outset how they will approach planning and agree on strategies." (Prince Amyn Aga Khan, First Meeting of the Ismaili Economic Forum, The Ismaili Centre Dubai, April 26, 2008)

The tone and success of partnership depends on early and on-going diligence, transparency and clarity in communication and documentation, which can result in a critical risk management and mitigation tool. Despite good intentions, most partners typically miss various critical issues that impact their business ventures:

• How is the business of the partnership defined?

• What are the skills, duties, responsibilities and powers of each partner? Is each partner required to devote a specified amount of time or a particular skill and are there gaps that are expected to be filled in with time and experience? Is each partner required to contribute a certain amount to the business?

• How are new partners added and on what conditions? How can a partner leave and on what conditions? This would include performance, disability, retirement, bankruptcy or death of a partner as well as succession planning.

• How are profits distributed? Are there any conditions that must be satisfied?

• How is the partnership managed? What is the frequency of meetings and are there any special approvals required? How are major decisions made? How are day-to-day decisions made?

• When is the partnership dissolved?

• How will disputes be resolved? What happens in a deadlock?

A business partnership between young Murids in the Jamat that is managed well and carefully can be extremely successful. Those who are successful in business think about the unexpected, identify unknowns and have a plan to deal with various situations and scenarios. The critical success factor is in effective and transparency dialogue as well as documenting the common understanding between partners to ensure minimization of business disruption and avoiding costly disputes.

Those involved in partnerships need to understand the concept of "psychology of contract" whereby a contract or an agreement assists in ensuring clarity of expectations and obligations and are entered into in good faith and with regard for mutual interests. This concept of "psychology of contract" is true for all partnerships or alliances, but even more so for partnerships between Murids of the Jamat who have a faith based bond and relationship. In the context of a faith based relationship, "psychology of contract" requires not only clear articulation of expectations and exit strategies, but also an ethical imperative to ensure that both parties benefit from the good faith partnership.

PREVENTING DISPUTES

INSTILLING ETHICS AND FOSTERING HEALTHY COMMUNICATION IN OUR YOUTH

Authors:

Laila Hendry - member on the Conciliation and Arbitration Board for Ontario and a lawyer at Hicks Morley

Disputes and conflicts are inevitable. However, if we can learn how to effectively deal with them at a young age, we can avoid them becoming a negative force in our lives. Generally speaking, people who are happy and successful in life – at work, school or home – can handle disputes in a positive way and have the skills to prevent disputes from negatively impacting their lives and the lives of those around them.

The Search Institute, an organization that has conducted many years of study and research into what makes children succeed in life, identified 40 Developmental Assets that children need.

The Search Institute, an organization that has conducted many years of study and research into what makes children succeed in life, identified 40 Developmental Assets that children need. Two of these Developmental Assets are peaceful conflict resolution and positive family communication. Instilling ethical dispute resolution thinking and fostering healthy communication will further develop these Developmental Assets in our youth, helping them grow into happy and successful adults who become contributing members of their families and communities.

In order to do so, we need to consciously incorporate the ethics of our faith in our everyday thinking. Our community has a long and rich history of ethical dispute resolution. It is well known that Prophet Muhammad (p.b.u.h.) and Hazrat Ali (p.b.u.h.) Pro-actively and successfully engaged in dispute resolution within the ethics of our faith. When we think about the ethics of Islam, what comes to mind? Generosity, compassion, respect, tolerance, forgiveness, to name a few. These same principles are the foundation upon which our community's ethic of dispute prevention and resolution lies. At the Irshad Mubarak in Syria on November 8, 2001, Mawlana Hazar Imam said: "Any differences must be resolved through tolerance, through understanding, through compassion, through dialogue, through forgiveness, through generosity, all of which represent the ethics of Islam."

At the institutional level, the Aga Khan Conciliation and Arbitration Board for Canada (CAB) has been collaborating with the Aga Khan Youth and Sports Board for Canada (YSB) to incorporate dispute prevention and healthy communication concepts within the curricula of our summer programs:

• Discovery is a two-week summer day program that takes place across the country for children aged 6-9. At this program, we were looking at creative age-appropriate ways to introduce dispute resolution and prevention concepts. For example, at Discovery in Montreal, we have utilized a children's book titled "The Very Cranky Bear" by Nick Bland, which takes the reader through a story of how four young animal friends were able to share a cave with a cranky bear on a rainy day. The book reading is not only enjoyable, but the gentle debrief afterward takes the children on a journey of how one can creatively resolve disputes by being a good listener, kind, generous and non-judgmental.

• Mosaic is a one-week overnight summer program that takes place across the country for youth aged 10-12. This program includes dispute prevention content, such as identifying and addressing bullying. Within this topic, we recognized the importance of resolving conflicts with "bullies" in a respectful and ethical manner by acknowledging that they are still members of our community who the students will inevitably interact with on a regular basis. Often times, we need the help of others to address such conflict, such as a parent or teacher, and it is wise for our youth to seek that help.

• Horizons al-Ummah is a two-week overnight summer program that takes place in British Columbia for teenagers aged 15-17 from across the country. We launched a session at Horizons focusing on positive communication skills, which includes roleplays and a video that emphasize the importance of effective communication to prevent and resolve disputes amongst family members as well as friends and peers.

In addition to the summer programs, CAB and YSB have worked together to deliver dispute resolution and communication skills training to our youth leadership, including our Student Majalis leadership, Big Brothers and Big Sisters, as well as our Campus Jamatkhana leadership. In doing so, we hope that our youth leaders are consciously utilizing these skills and promoting a dispute prevention culture within their respective spheres of influence.

While formal programming can foster dispute prevention thinking in our youth, we need the support of the parents, caregivers and family members of our youth to reinforce the dispute prevention ethic by using it every day. Here are some helpful tips to consider:

1. Technology can help to stay connected with a youth (via text/email/social media, etc), but let's not let technology replace the real and personal connection between a youth and a mentor. The stronger the bond, the more likely the youth will be willing to seek help and advice when in need.

2. When having a discussion, let's remove all distractions and put down the phone or tablet so that full attention is focused on the youth.

3. As the Irish proverb says: "God gave us two ears and one mouth, so we ought to listen twice as much as we speak." Disputes are, by their nature, volatile. Let's engage in active listening and seek to understand the underlying reasons behind a youth's rhetoric so that the issues can be pro-actively addressed in a positive and ethical manner.

4. Let's be kind, be generous; and as always, remember to say please and thank you.

Inshallah, planting the right seeds in the bright minds of our youth will infuse the ethic of dispute prevention and resolution in their everyday thinking, thereby equipping them with the tools they need to have a happy and a happy and sucessful future.

Financial Literacy
RESOURCES AND LINKS

The following provides relevant information, resources and interactive content solely focused on Financial Literacy for all ages from youth to seniors. Further information on this and other topics is available at http://www.iicanada.org/institutions/finance.

Having the skills and knowledge to manage your own finances can empower you as a consumer to make informed financial decisions for yourself and your families. The Aga Khan Economic Planning Board for Canada has put together a number of tools and resources to help you navigate the Canadian financial system. On the website link presented above, you will find items that can help you to:

• Better understand what products and services are available for you and your family including options for insurance, savings products, financial products for people living with disabilities, and investment strategies

•Plan for your future, including saving for your child's education, preparing to buy a home, and getting ready for retirement

• Manage your money so that you are prepared for unexpected expenses and have more opportunities to save and invest in your future

• Increase your quality of life by helping you manage your financial stress

• Protect yourself and your family from fraud

Managing money can be complicated and stressful. Remember, you can always contact your regional representative on the Aga Khan Economic Planning Board for more help and resources.

A full directory is available on the last page of the newsletter.

AGA KHAN ECONOMIC PLANNING BOARD FOR CANADA SERVICES

The mission of the Aga Khan Economic Planning Board for Canada is to improve the economic well-being of our Jamat by providing guidance and assistance towards a sound financial base. Below are the program areas we focus our efforts on in order to meet needs of the Canadian Jamat:

COMMUNICATIONS AND FINANCIAL LITERACY:

The CFL team aims to ensure the Jamat is informed, educated, and engaged in relevant economic and financial matters providing a basis for sustainable and prosperous livelihoods. Service offerings include:

- Economic Updates and Insights:
  Provide the Jamat periodic economic updates and insights through speeches, economic forums and the newsletter.

- Advancement in Financial Literacy:
  Provide the Jamat with access to foundational content, training and services related to personal financial well-being.

ENTREPRENEURSHIP:

The Entrepreneurship Portfolio supports the Jamat in business undertakings through the following initiatives:

- Business Counseling Services:
  Pair participants with a successful entrepreneur from the same industry to help counsel them. This is one of the portfolio's most demanded programs as feedback has shown applicants have experienced an increase rate of profit and growth after enrollment.

- Business Workshops:
  Provide education sessions throughout the year covering various topics such as developing business plans, start-up showcases, marketing, the art of selling and applying for government grants and loans.

- Futurpreneur Canada:
  Work in conjunction with this national non-profit organization to provide financing, mentoring and support tools to aspiring business owners aged 18-39. The internationally-recognized mentoring program hand-matches young entrepreneurs with a business expert from a network of more than 2,800 volunteer mentors. - More information at: http://www.futurpreneur.ca.

- Power Pairings:
  Connect high-profile mentors who have industry-specific expertise with ambitious young professionals in need of guidance in career development. The program is designed for young professionals who have a minimum of five years of work experience. Inquiries can be made to power pairings@gmail.com.

- Community Development Venture Fund (CDVF):
  Support entrepreneurs, particularly Jamati members who have been unable to succeed in obtaining financing from traditional institutions, through a privately held partnership founded by independent "impact investors".

HOUSING:

The mandate of the Housing Portfolio is to ensure that the Jamat has safe, affordable, quality housing in desirable neighbourhoods, ideally owned.
Services include:

- Crisis Housing
  Respond to and resolve immediate needs of shelter for displaced Jamati members.

- Transition Housing
  Support Jamati members in low-income segments spending more than 30% of their after-tax income on shelter and help move them into affordable housing.

- Government Programs
  Provide information and process for securing Government housing primarily to seniors.

- Preventative Education
  Through various communication mediums, inform and educate the Jamat on important housing matters.

- Strategic Initiatives
  Identify and execute on transformational initiatives that accelerate the placement of low-income families in safe and quality housing.

ISMAILI BUSINESS PROFESSIONALS ASSOCIATION (IBPA):

The IBPA aims to bring business owners and professionals together to network and share ideas as well as best practices. IBPA also hosts educational seminars for its constituents, keeping them well-informed on issues that affect all aspects of their businesses and professions.

- Alliances
  Under the IBPA umbrella, the Alliances movement brings together business owners and professionals to network and share best practices within their fields. Coming together also results in economic advantages due to using similar vendors and service providers for all members involved. A listing of Alliances together with the Alliance leads is included in this newsletter.

- Alliance Conference Canada (ACC)
  An annual conference for business owners, professionals, entrepreneurs and all aspiring entrepreneurs. This conference consists of talks from renowned speakers, workshops, break-out sessions and one-on-one mentoring for all who attend. This year's ACC conference is currently scheduled to be held in Vancouver between October 27 and 29th 2017.

- IBPA Network
  An information delivery channel used to send information to all business owners, professionals, entrepreneurs and Jamati members on all Economic Planning Board (EPB) events across the country, by region. To sign up please log on to https://ibpacanada.com/newmailing/index.html

SKILLS EMPLOYMENT PLANNING (SEP):

The mandate of SEP is to empower individuals to acquire the skills and knowledge required for gainful employment and long-term economic sustainability. Service offerings include:

• Career counseling: consultations with an experienced counselor in a confidential and safe environment

• Skills enhancement: receive a career skills assessment, learn about opportunities for upgrading, including learning English as a second language

• Resume support: Access help with resume writing and interview preparation

• Job search support: Exploring job search strategies including networking and career transition preparation

• Workplace integration: Coaching on Canadian workplace behavior

• Referrals: Receive referrals to external recruitment agencies/programs/schools.

EPB NEWSLETTER DISTRIBUTION

If you are interested in receiving our EPB newsletter going forward automatically, please register at: www.ibpacanada.com

CALLING ALL PROFESSIONALS

Are you interested in writing an article for the EPB Newsletter? Do you have a subject area that you're passionate about and want to share your expertise? If so, please email us at nationalepbcfl@gmail.com.

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