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*C-Suite: Inside the Data*

March 23, 2007



Much of the commentary about the recent federal budget has concentrated on the regional implications and regional reactions. A great deal is being made about the significant percentage of transfer increases that go to Quebec, and grievances over transfer policies to the western and Atlantic provinces. This is an illustration of the profoundly regional nature of Canadian politics. This edition of the C Suite Survey uncovers yet another regional division and possibly foreshadows a major policy fight in the country, just as the federal government prepares its announcement of greenhouse gas emission targets. Central Canadian executives and western-based executives see climate change and potential policy responses to it in starkly different ways.

As we have seen before, C Suite executives derive their opinions from more than just the interests of their company. Region also often influences their attitudes. This survey would indicate that on the issue of climate change region can be as important as economic sector in shaping an executive's opinion. When regional political attitudes and business sector interests combine, the effect is powerful. Natural resources dominate wealth generation in the west. Executives there, and in the natural resources sector, differ from executives in the east and in manufacturing and the service sector in their approach to climate change policy..

Concern about climate change is both more common and more intense among central Canadian executives than among western executives. Half of western executives, including sixty percent in the oil and gas sector, describe themselves as only slightly or not at all concerned about climate change compared to just twenty percent of Ontario executives and one-third of eastern executives. Most Ontario executives want to see Canada play a leadership role in the fight against climate change while almost half of western executives think that Canada can make no real difference in the fight against climate change.

This leads them down very different policy paths. There is strong support among central Canadian executives – 81 % in Quebec, 68% in Ontario – for Canada to meet Kyoto targets. Two thirds of western executives are opposed, including 44% who are strongly opposed, to a policy to meet the Kyoto targets. However, executives in those regions also see the costs very differently. Western based executives, especially those in the oil and gas sector, think that Kyoto will strongly negatively impact their business and the economy – a concern that is not shared by most central Canadian executives. Two thirds of western executives think Kyoto would put Canada into a recession.

A climate change agenda driven by the attitudes of central Canada, and supported by the central Canadian business community, could be very divisive. Central Canadian executives single out the oil and gas sector as the primary emissions offender, rivaled only by coal based electricity production. And there is a heightened focus on the oil and gas sector and the oil sands in



particular in eastern Canada, described by over 70% of Quebec executives as a very heavy contributor to climate change.

Consequently, half of Ontario executives and over seventy percent of Quebec executives support putting some restrictions on oil sands development. Some may not consider it a radical idea, and westerners as prominent as Peter Lougheed have themselves raised it. However, a solid two-thirds of western executives are opposed to any restrictions on oil sands development. Half of all western executives are strongly opposed. Similarly, central Canadian executives are overwhelmingly supportive of a carbon tax to reduce greenhouse gas emissions. Most western executives oppose such a tax.

By and large, there is not a “business-community perspective” on the climate change challenge. The Canadian business community is divided on climate change policy along regional and sectoral lines. The business community in central Canada sees climate change as important, supports Kyoto and sees little cost to itself in that, and sees a clear external problem in the oil sands. Western executives see nothing but costs, and major ones, in anything like the Kyoto targets. While they see the Clean Air Act as insufficient to fight greenhouse gas emissions, western executives do not think the economy or their businesses can live with anything like the Kyoto targets. These diametrically opposed views could ultimately lead to a major collision.