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***Report on Business C-Suite Survey* reveals that Canadian executives have high hopes and expectations for the new Conservative government**

Ottawa – March 20, 2006. The honeymoon is still on for the federal government with Canada's business elite. A survey of C-suite executives (CEOs, CFOs, and COOs) of Canada's Top 1000 Corporations, conducted by the Gandalf Group, shows that they have high hopes and expectations for the government, both in terms of ethics and accountability, and in terms of policy.

The *Report on Business C-Suite Survey* asked executives about their expectations for the Canadian economy, their expectations for the new federal government and their policy priorities.

"C-suite executives judge government neither solely through the prism of their own personal beliefs, nor solely on what would be in their company's best interest," says David Herle, Principal and Partner of the Ottawa-based Gandalf Group. "In placing as high a priority as they do on initiatives like the Accountability Act or addressing the fiscal imbalance, they are clearly applying a broader test to public policy."

Virtually all executives expect the new government to be a positive change from the previous government. It is also expected to be a better government for business and to be economically competent. There is a strong consensus from respondents that the most important way in which the new government should be different from the previous government, is in the area of ethics, transparency and accountability.

"While executives strongly believe that balancing the budget, paying down the debt and eliminating the capital gains tax if proceeds are reinvested should be high priorities for the government, there is more opposition to canceling the personal income tax cuts proposed by former Finance Minister Goodale, than there is support for a reduction in the GST," says Herle.

Highlights from the *Report on Business C-Suite Survey* include:

- There is virtual unanimity that the Canadian economy will continue to grow in the next 12 months. One in five executives expects strong growth, while four in five expect moderate growth. This despite the fact that one third of executives are expecting a moderate downturn in the U.S. economy in the same period of time.
- Executives are even more bullish about their own companies' prospects with most expecting strong growth for their companies. On this topic, however, CEOs tend to have a slightly different view from CFOs: CEOs are much more likely than CFOs to predict strong growth,



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whereas CFOs tend to be a bit more conservative, being more likely to predict moderate growth.

- The most common challenge for their company cited by executives is finding and keeping talented people. This is especially acute in western Canada
- Virtually all executives (96%) expect the new government to be a positive change from the previous government.
- When asked what the single biggest priority should be for the federal government, C-suite executives commonly cited three areas: Economic development and workforce training (22%), reducing taxes (20%, of which 5% specified corporate taxes) and honesty and accountability (18%).
- Executives were also asked how much of a priority certain policies should have for the federal government. These initiatives were either promised by the new government or they were being pushed by different sectors in the business community. When ranking policies, three tiers of priorities emerged:
 - o Where there is strong consensus that it should be a high priority: balancing the budget, paying down the debt, a federal Accountability Act, eliminating the capital gains tax and addressing the fiscal imbalance.
 - o Where there is strong consensus that it should not be done at all: introducing legislation to ban same-sex marriages, canceling the Goodale personal tax cuts, withdrawing from the Kyoto Accord, canceling the existing child care agreements with the provinces.
 - o And where opinion is divided about whether it should be a high, medium or low priority, or whether it should not be done at all: increasing military spending, reducing the GST, allowing bank mergers, introducing an annual child care allowance, negotiating free trade agreement with countries in the Asia-pacific region.

The *Report on Business C-Suite Survey* of 150 Canadian executives was conducted in early March by the Gandalf Group. Results will be broadcast on Report on Business Television on Monday, March 20 at 8:30 P.M. and will be published that day in the Globe and Mail Report on Business section. The survey was sponsored by Davies Ward Phillips & Vineberg LLP and KPMG.

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