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The 41st Quarterly C-Suite Survey:
Expectations for the New Federal Government,
Trans-Pacific Partnership and
Paris Climate Change Conference

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- ❑ Methodology: telephone interviews with 151 C-Suite executives from ROB1000 companies between November 16th & December 10th, 2015.
- ❑ This quarter's survey asked the C-Suite about:
 - The state of the Canadian economy
 - The new federal government's mandate and priorities
 - The Trans-Pacific Partnership trade deal
 - The Paris Climate Change Conference



- ❑ While public polling suggests a honeymoon for the newly elected Canadian government, the reaction of the C-Suite is more muted.
- ❑ Most think the election of a Liberal government is a negative development for Canadian business – though few have strongly negative views, many expect the impact to be somewhat negative.
- ❑ The C-Suite is especially concerned about negative tax implications – top of mind is the impact on taxation, in all facets: from tax treatment of their companies to TFSA's to the top personal tax bracket.
- ❑ Concern around taxes may be driven partly by anxiety over government spending.
- ❑ The C-Suite is split on whether or not the new government's stimulus-driven spending plan is a good thing. Roughly half support the investments, but about as many oppose the so-called modest deficits proposed by the new government.
- ❑ Where the government and C-Suite are more likely to be aligned is in the area of trade.
- ❑ The C-Suite is mostly supportive of the Trans Pacific Partnership (TPP) – very few oppose the substance of the deal.
- ❑ The C-Suite believes improved relations and trade with the US and Asia should be top priorities.
- ❑ Additionally, if the government is going to reform the review and approvals process for pipelines, the C-Suite would welcome a clear process as soon as possible.
- ❑ That said, the C-Suite recognizes stronger environmental regulations are coming.
- ❑ Bringing in climate change regulations is not a top priority for the C-Suite. However, most agreed certainty will be good for business and that Canada has to be party to any agreement that includes the world's largest economies. That said most oppose joining any agreement that does not include the US.

Detailed findings on the following slides.

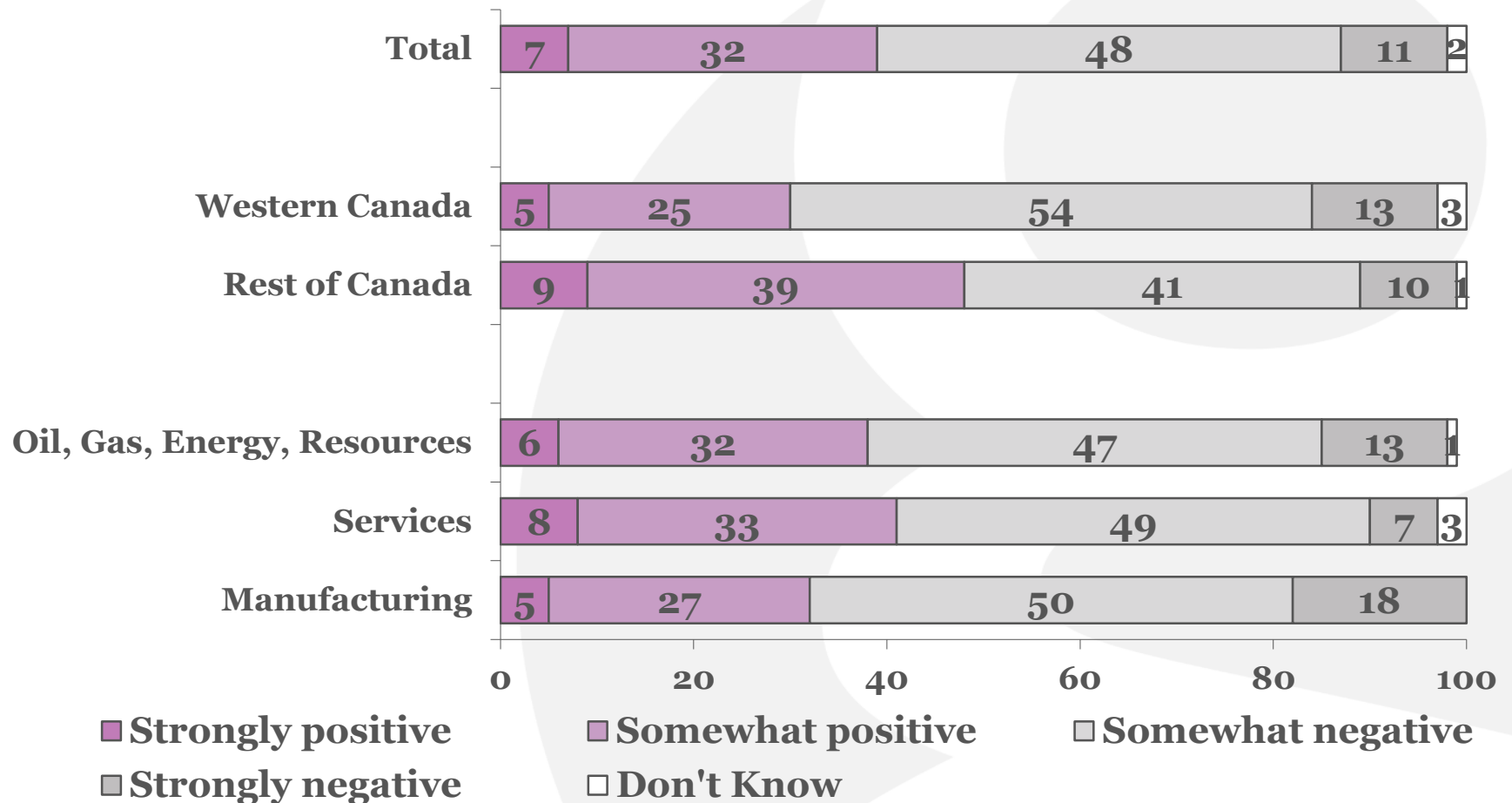


- ❑ The C-Suite tends to see the election of a new, Liberal government in Canada as a negative development for business in Canada, but few have a strongly pessimistic outlook.
 - Nearly half said the new government represents a **somewhat negative** development; 11% said it's a **strongly negative** development.
 - Western Canadian executives are less enthusiastic than those in the rest of Canada.
- ❑ The C-Suite is more evenly divided on the government's pledge to run \$10-billion deficits with significant new investments in infrastructure/transit.
 - Those who are more pessimistic about the economy as well as those in the struggling resources sector were more supportive of this.
- ❑ With respect to the government itself, 63% support the move by Prime Minister Trudeau to ensure gender parity in appointing ministers to Cabinet.
- ❑ Many admit they either don't know Bill Morneau or are unsure of what his appointment as Finance Minister will mean. Among those who expressed a view, half are strongly supportive of the appointment.



New PM: Good or Bad for Business?

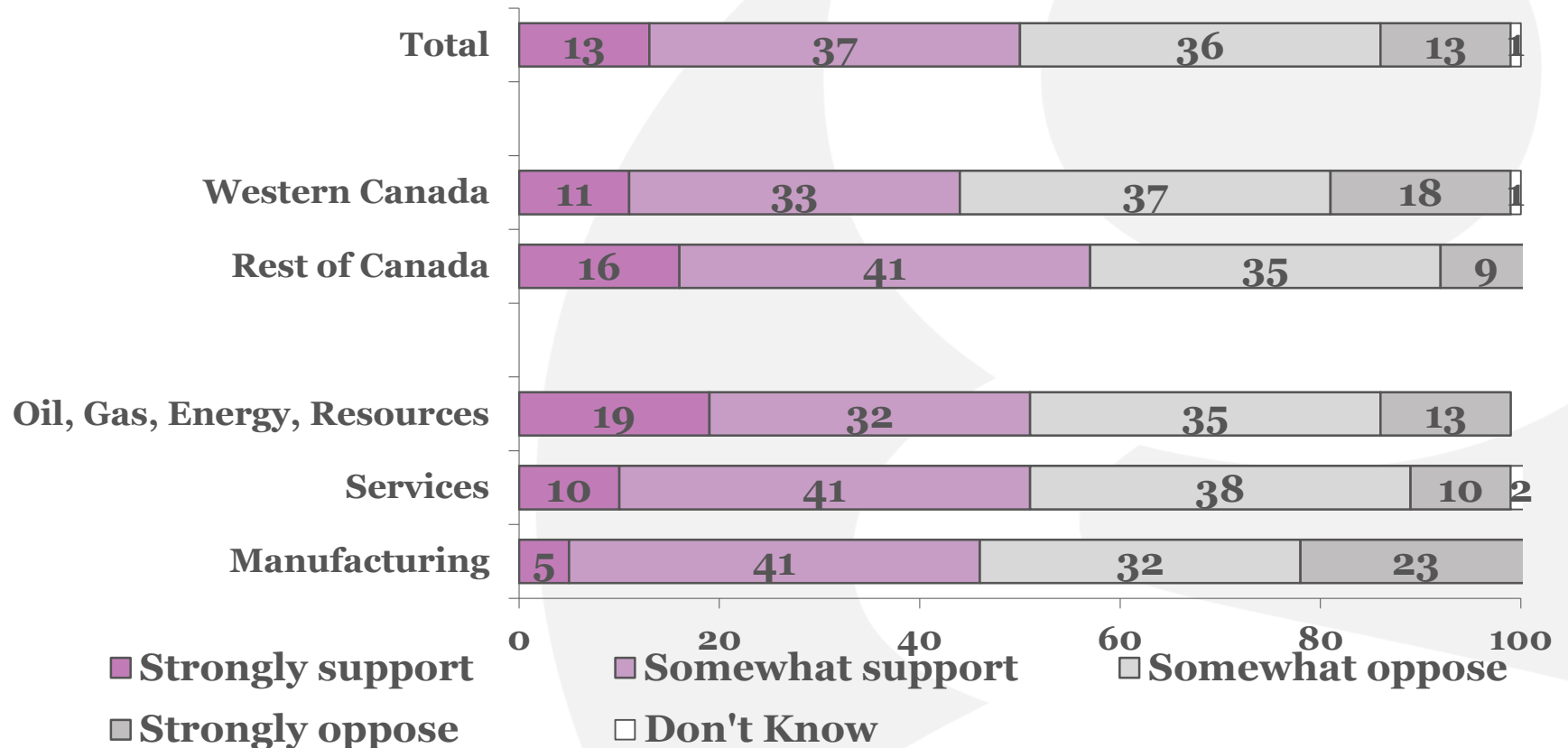
Would you say the election of a Liberal government led by Prime Minister Justin Trudeau is a strongly positive, somewhat positive, somewhat negative or strongly negative development for business in Canada? (% saying each)





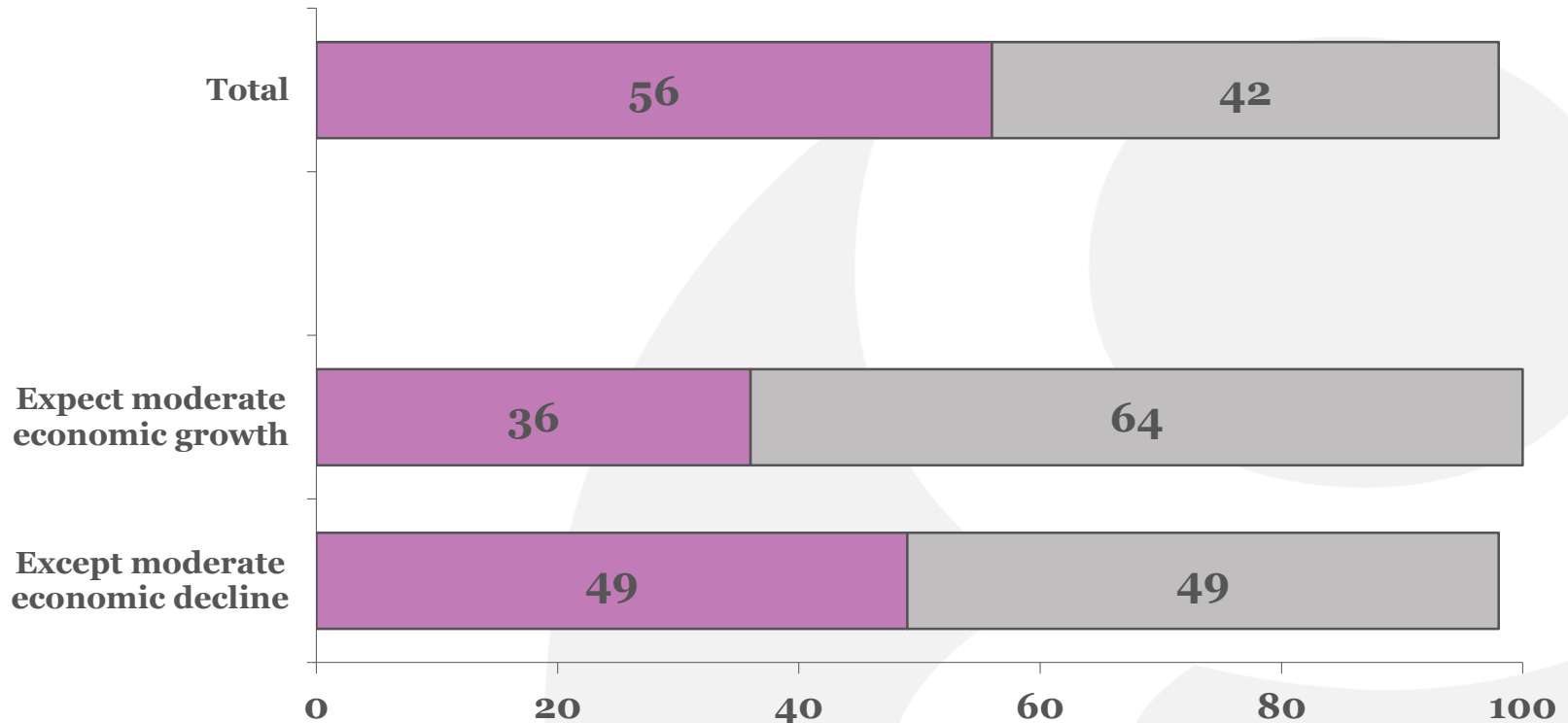
Support for Infrastructure Deficit Spending, Balance After 3 Years

The federal Liberal government has committed to increased infrastructure spending including an additional \$5 billion in the first year of the government's mandate. This will result in part in an anticipated \$10 billion deficit over the next three years, after which time the government intends to balance the government's finances. Would you say this plan is something you: (% saying each)





If you had to choose would you prefer: (% saying each)



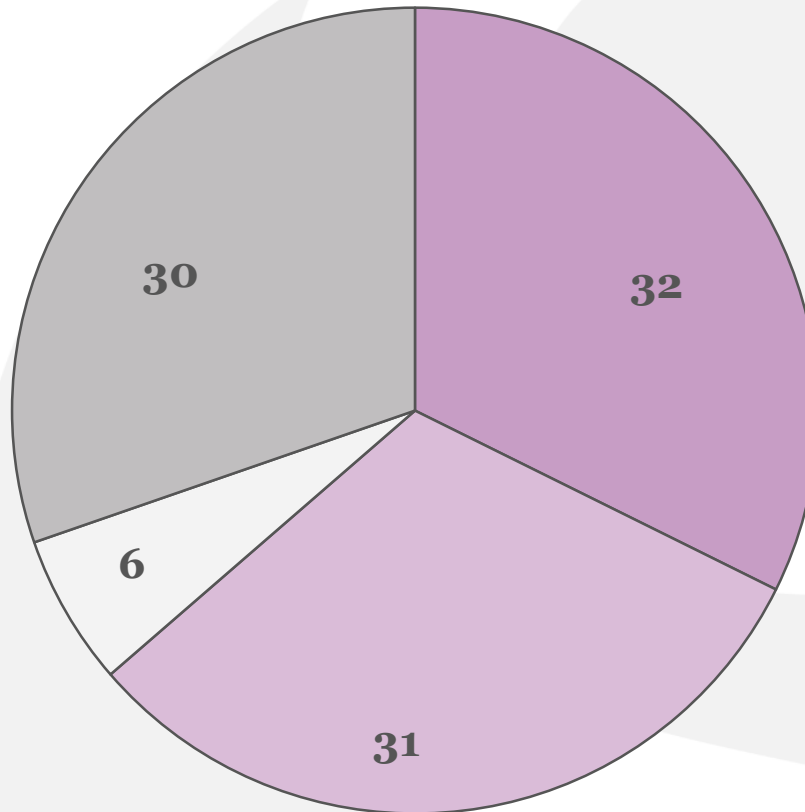
- Ensuring the federal government's finances were balanced in the next three years with no deficits
- Running a \$10 billion deficit in each of the next three years in part in to fund more infrastructure investments



Approval of 50% Women in Cabinet

Would you say strongly approve, somewhat approve, somewhat disapprove or strongly disapprove of the move by Prime Minister Trudeau to ensure that half of his cabinet is comprised of female Ministers? (% saying each)

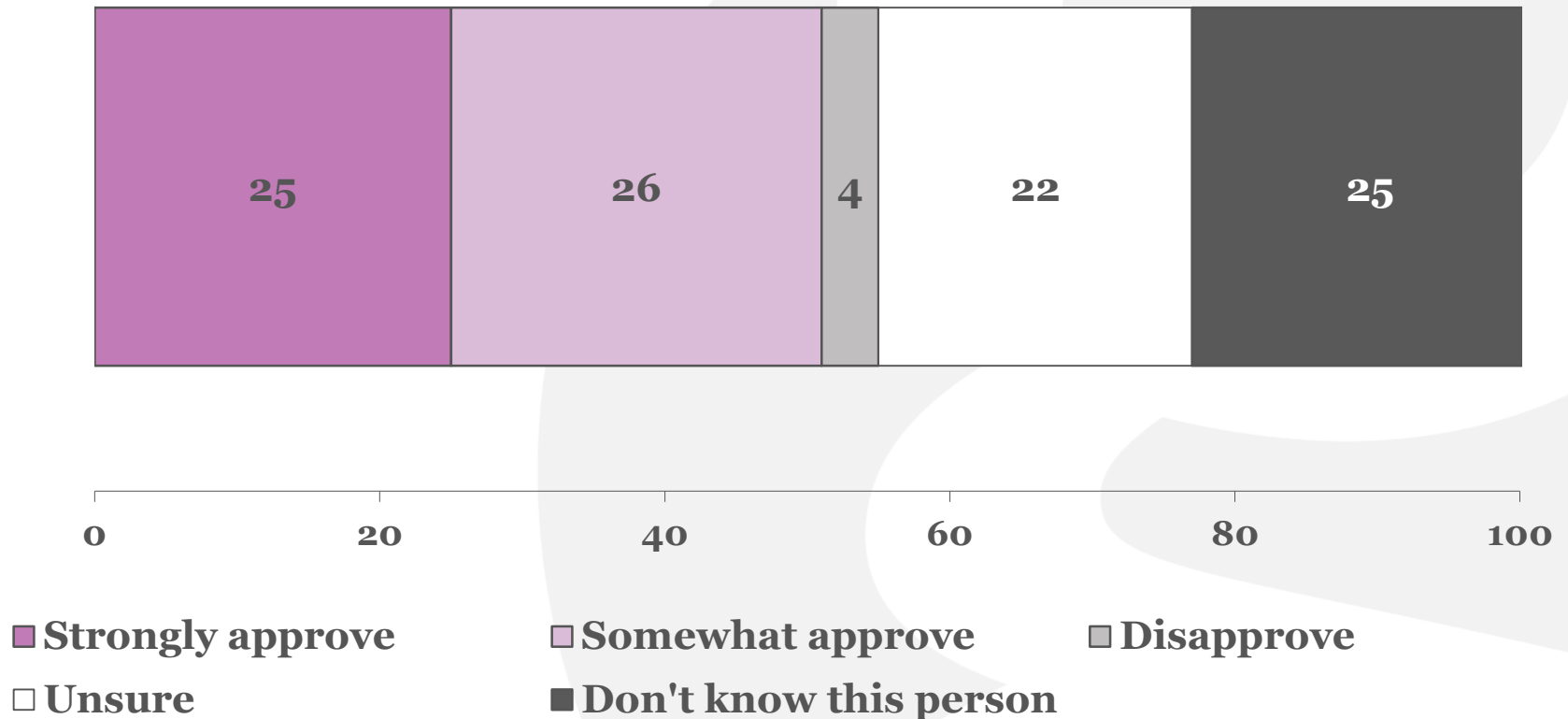
- Strongly support
- Somewhat support
- Don't know
- Oppose





Approval of New Minister of Finance

On November 4th, Bill Morneau was sworn in as the Government of Canada's Minister of Finance. Would you say you strongly approve, somewhat approve, somewhat disapprove or strongly disapprove of this appointment? (% saying each)



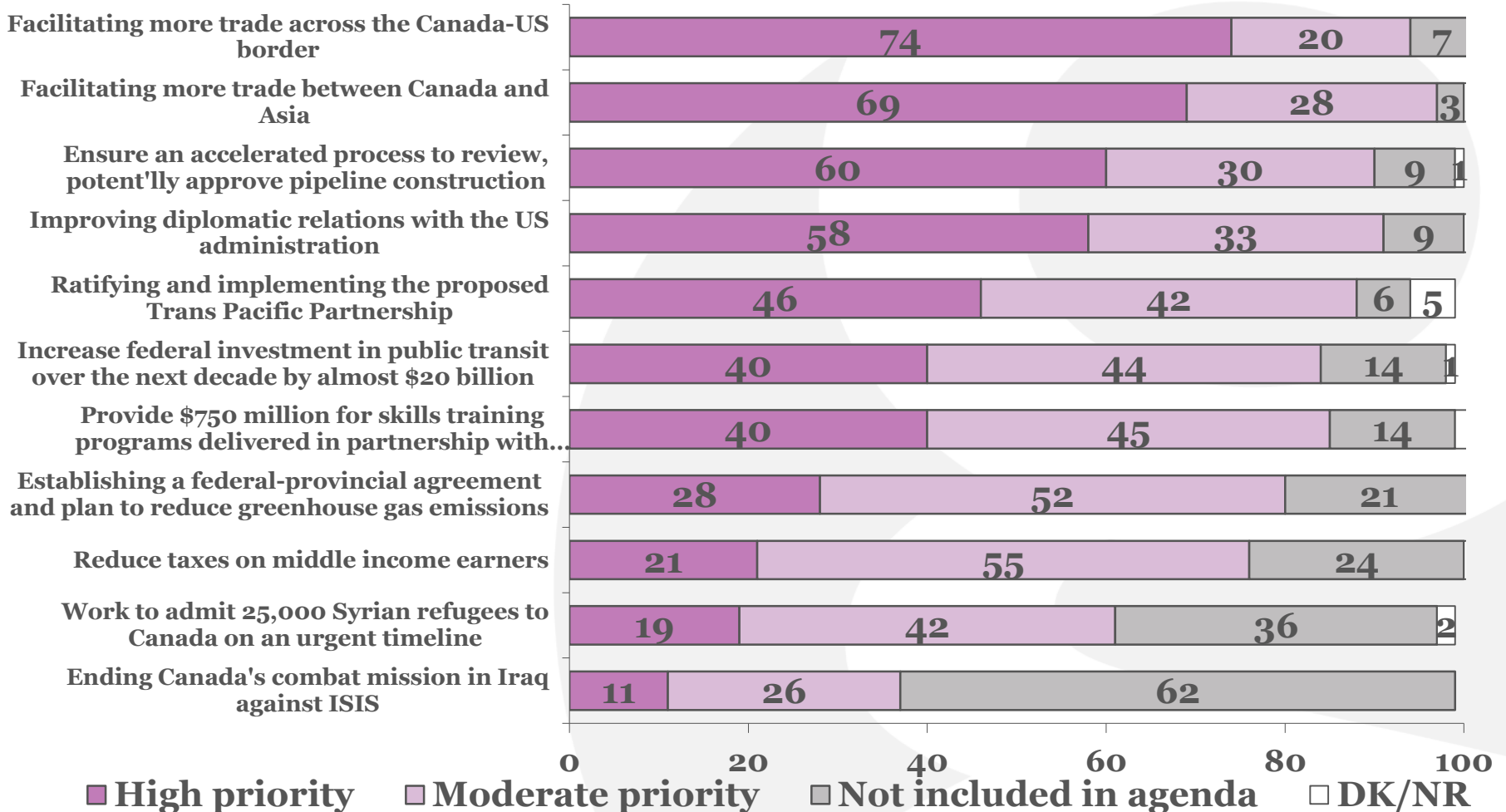


- ❑ Where the C-Suite most wants government to focus is on trade and pipeline approvals.
- ❑ Open ended answers shows substantial interest in tax incentives, keeping taxes low, maintaining some existing tax advantages introduced by the last government.
- ❑ In terms of what would be a welcome change from the Harper government, many mention a desire for a more open and collaborative approach.
 - Improving our relations with the US administration, facilitating more trade with the US and increasing trade with Asia should be a top priority.
 - The vast majority supports the proposed TPP.
 - Some cite the lack of transparency as a concern.
 - However there is majority support for helping a sector like the automotive sector to adjust – most support assistance along the lines of what the previous Conservative government had proposed for Canada’s autos’ sector.
- ❑ Western Canada’s C-Suite puts a somewhat lower priority on investments in transit and place higher important on the TPP and pipeline approvals process.
- ❑ A centrepiece of the new government – middle class tax cuts – was rated a lower priority.
- ❑ Many are concerned about ending Canada’s combat role against ISIS in Iraq/Syria: most said this should not be part of the new government’s agenda.



Priorities for the New Government

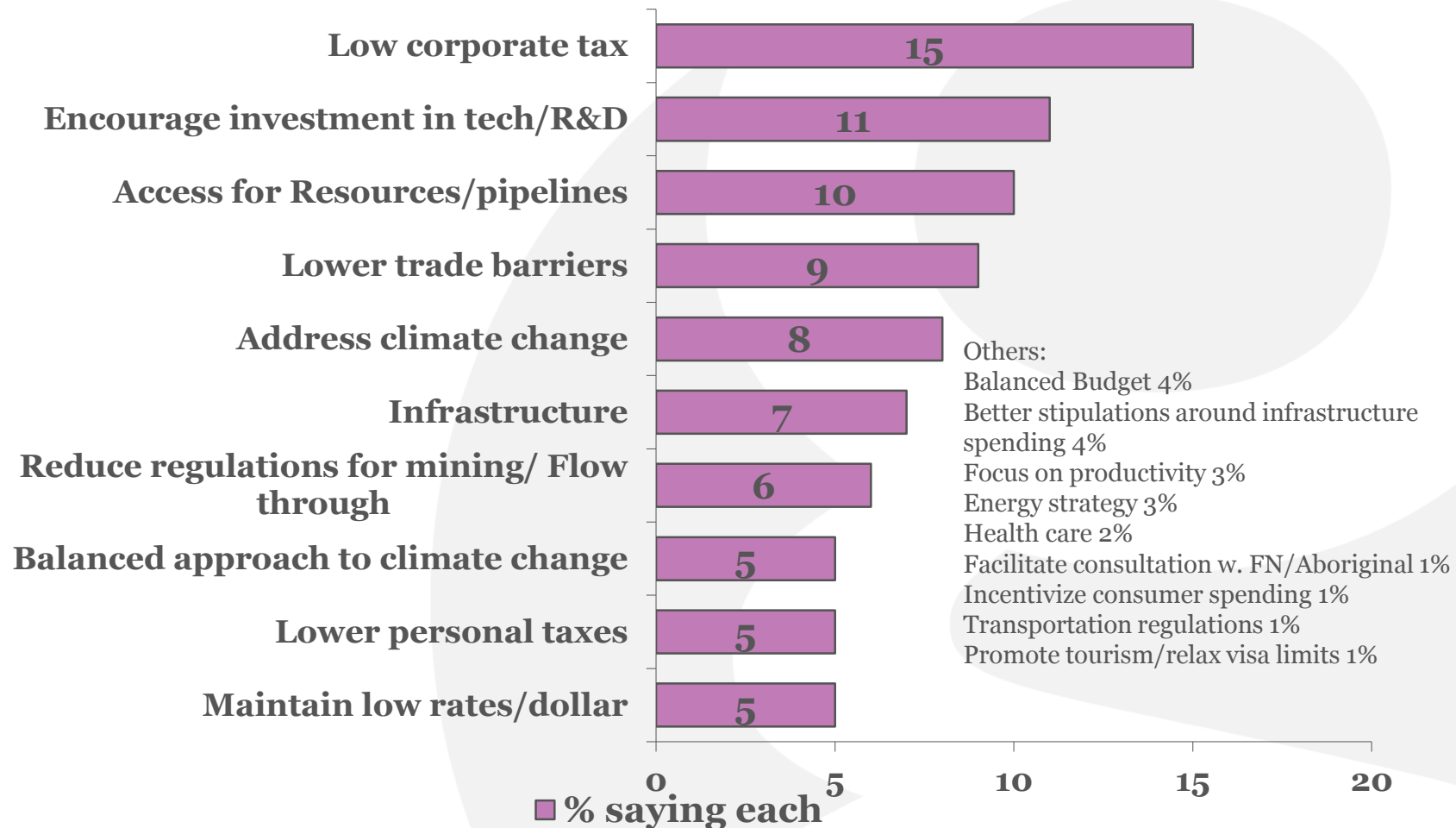
I'm going to read aloud some items the Liberal government has committed to and I'd like to know how high a priority you think they should be. So for each let me know if it should be a high priority, a moderate priority or just not included in the government's agenda: (% saying each)





New Government Policies: For Companies

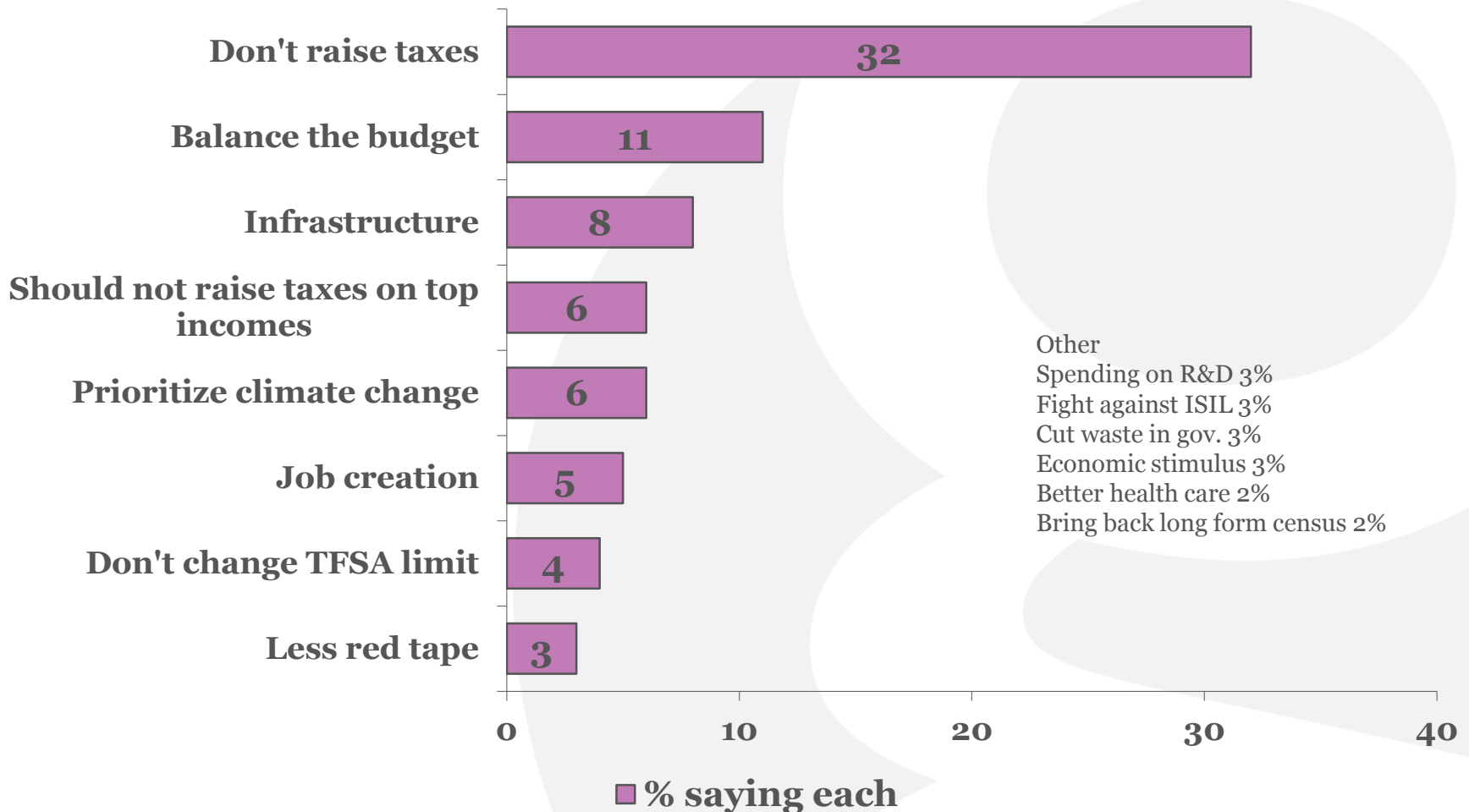
Thinking specifically of your company, what policies would you most like to see the new Canadian government implement? (Open ended, multiple mentions)





New Government Policies: For Executives (Personally)

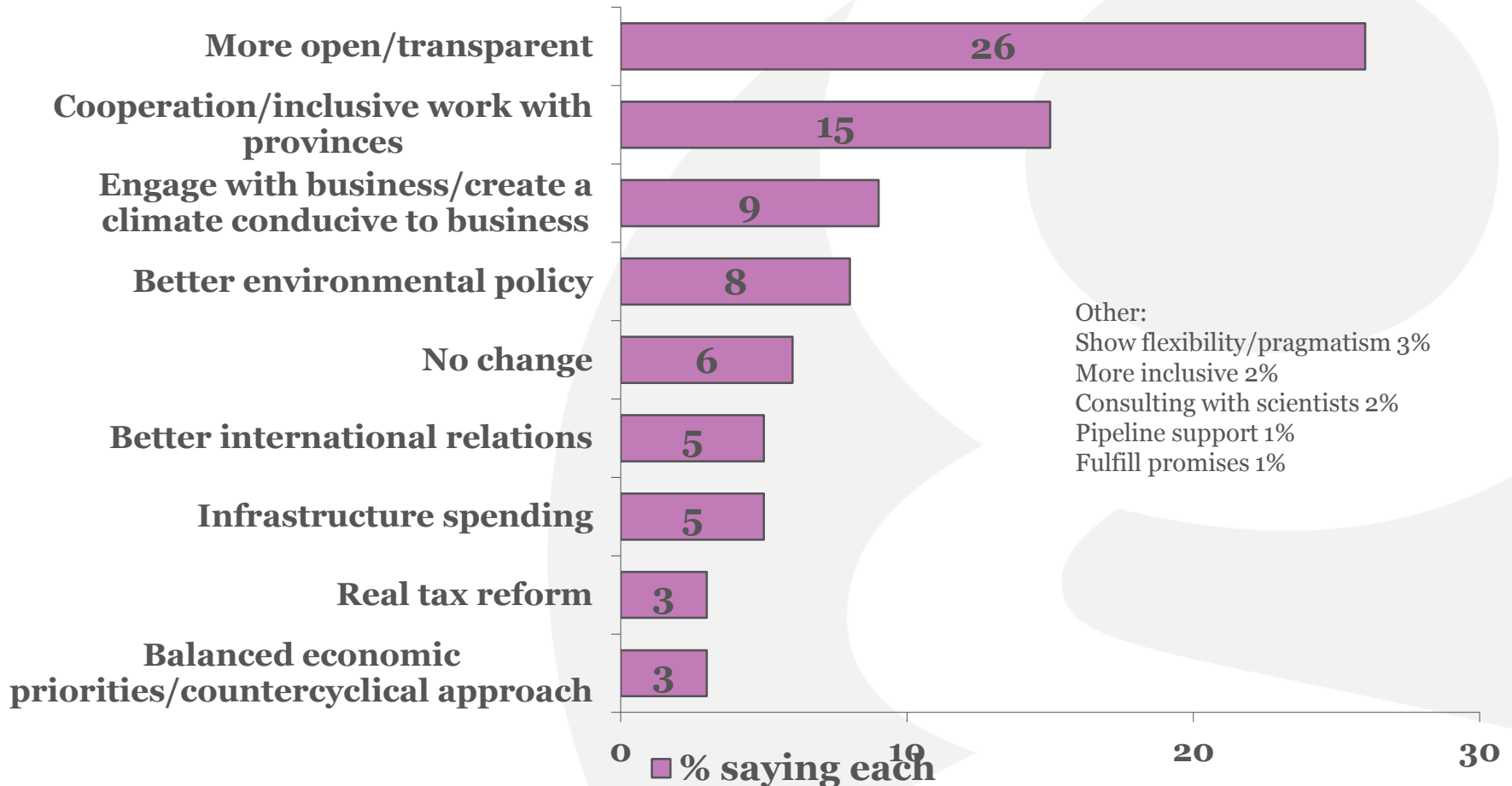
And now thinking not about your company but your own personal perspective, what would you most want the new government to do or implement? (Open ended, multiple mentions)





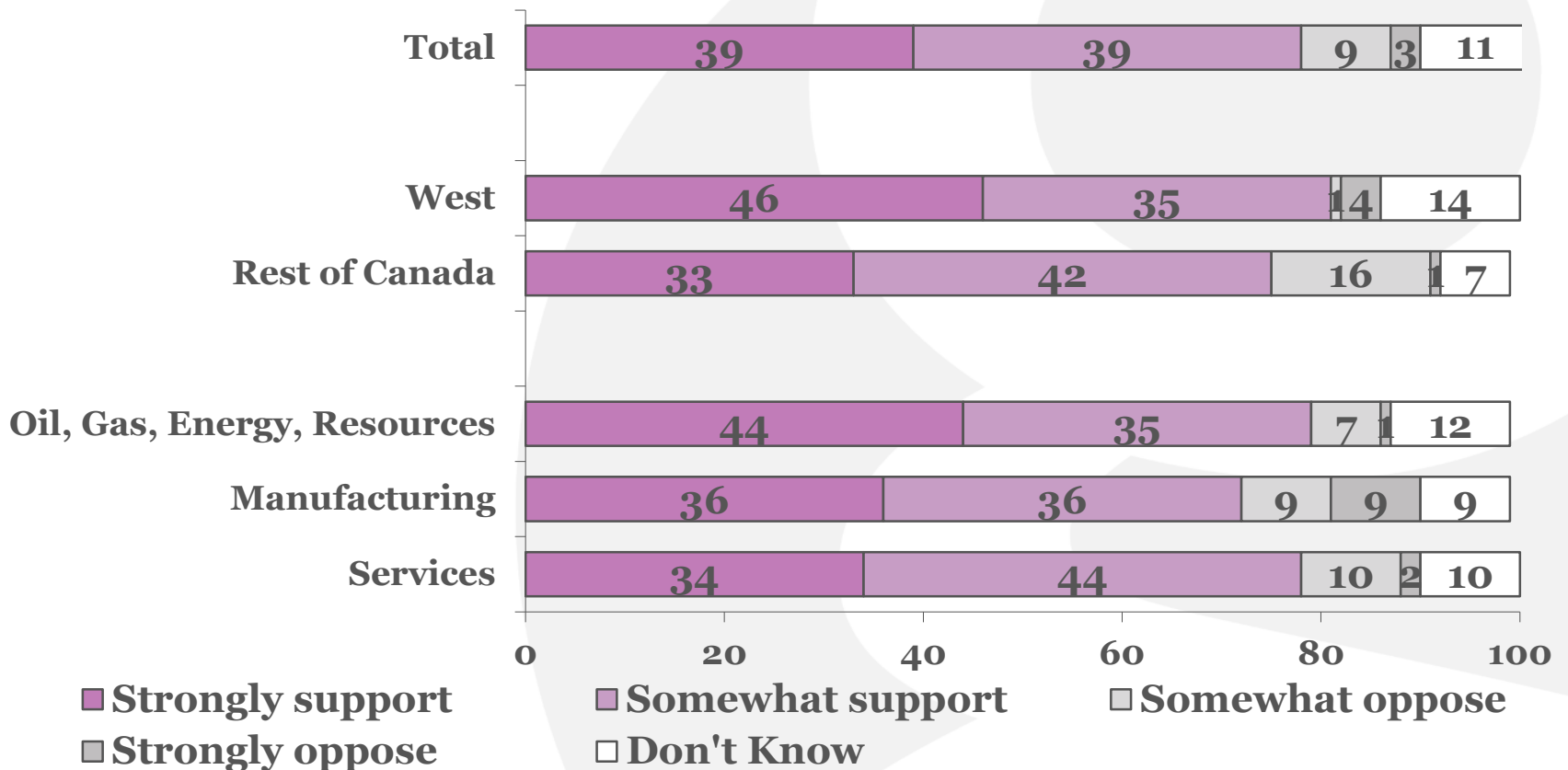
New Government Practice or Approach: Change from Previous Gov't

What is the change that you would most want to see the Liberal Trudeau government bring in that would be different from the practice or approach of the Conservative government led by Stephen Harper? (Open ended, multiple mentions)



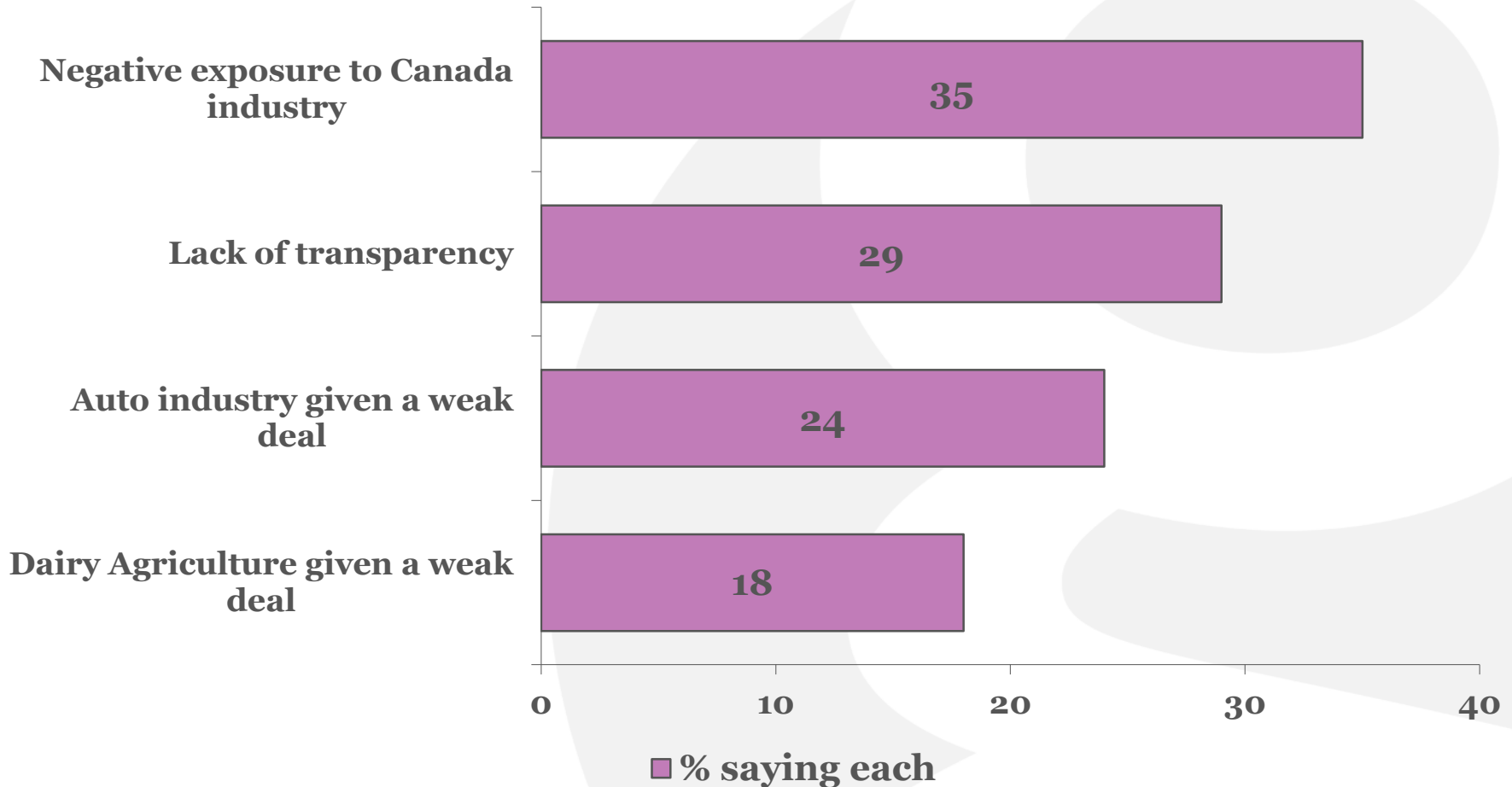


Earlier this fall negotiations towards the Trans Pacific Partnership trade agreement were concluded between Canada, the USA, Mexico, Japan and others. Based on what you know or have heard would you say you strongly support, somewhat support, somewhat oppose, or strongly oppose Canada ratifying and implementing this trade agreement as negotiated?(% saying each)



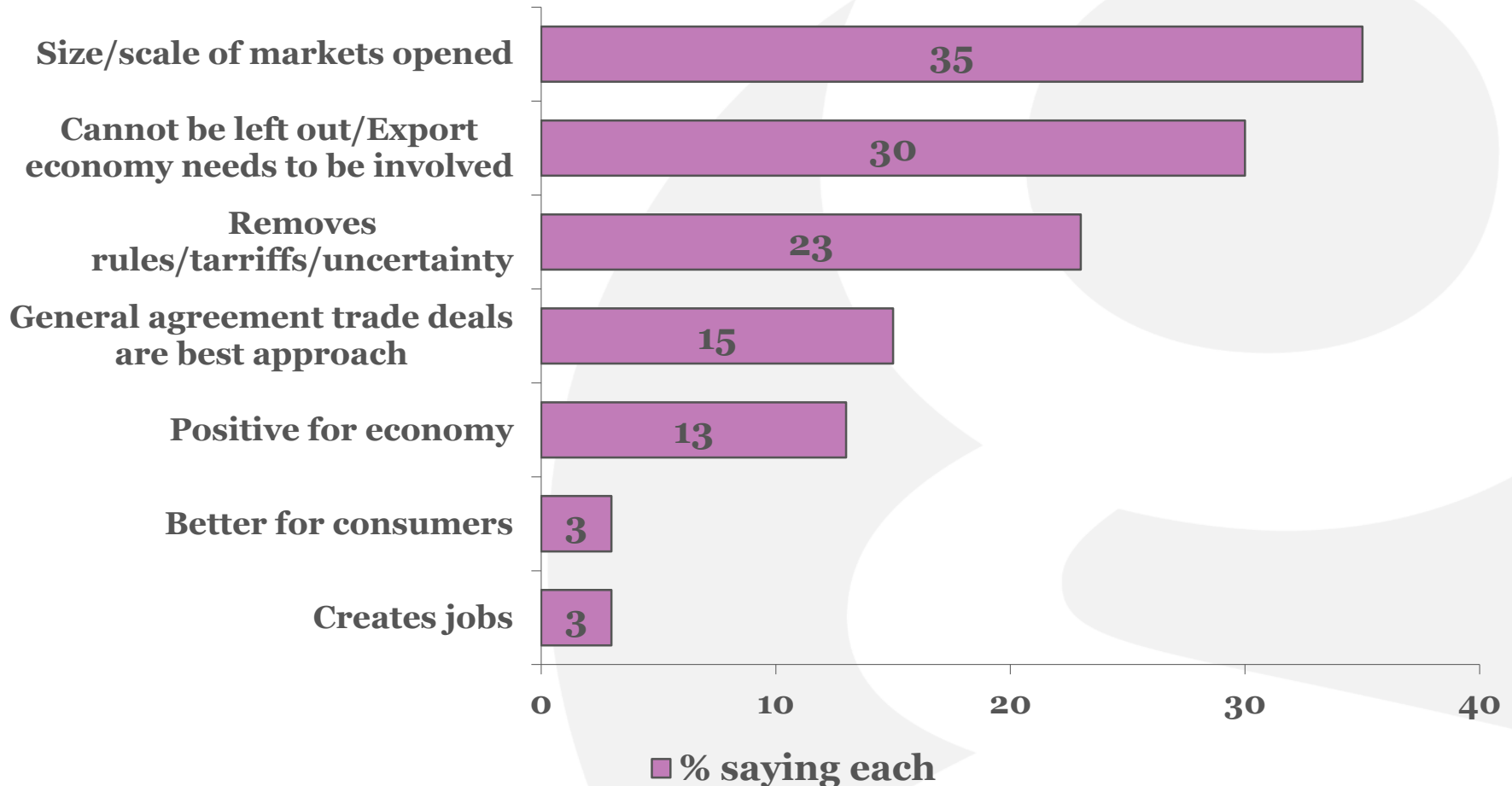


**What aspects of the Trans Pacific Partnership are concerning?
(Open ended, multiple mentions) Among those who oppose the TPP; n=17 ONLY**



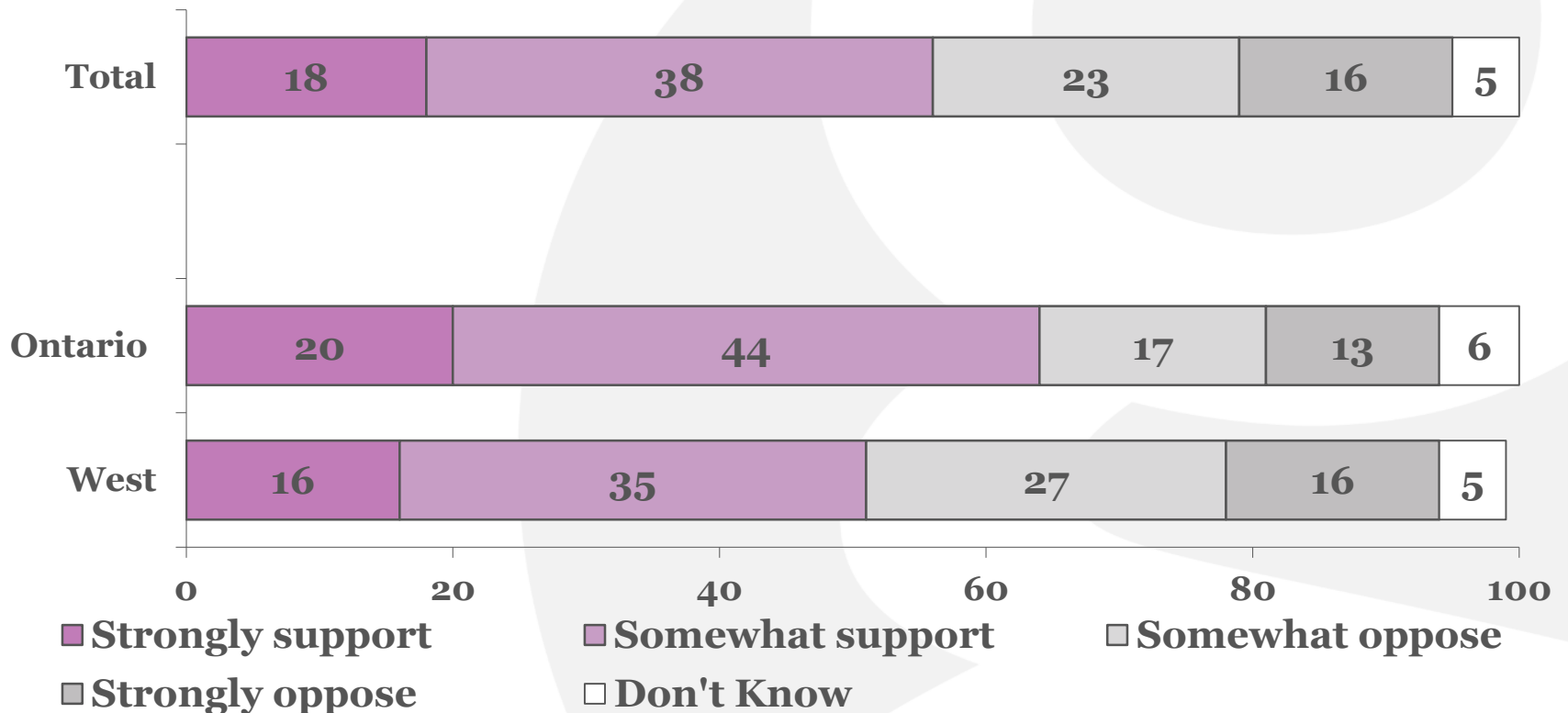


**Why do you support the Trans Pacific Partnership? Or what aspects of the TPP represent the greatest benefit? (Open ended, multiple mentions)
Among those who support the TPP; n=118**





As a result of provisions in the Trans Pacific Partnership, the previous Conservative government said it would provide \$1 billion in new funding over 10 years to an Innovation Fund to assist automotive plants. Would you say you strongly support, somewhat support, somewhat oppose or strongly oppose this type of funding proposal to assist the auto sector because of the tariff reductions it would face because of the Trans Pacific Partnership agreement? (% saying each)



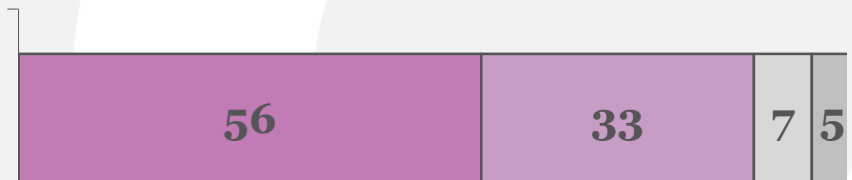


- ❑ Most said they expected that establishing climate change regulations should be among the priorities the new federal government addresses, though only 28% said it should be a high priority.
- ❑ Looking ahead to climate change talks, the vast majority believe it's time to end uncertainty for business and join a major global agreement on GHG reductions if such an agreement is going to include the world's major economic powers.
- ❑ Vice versa, most would not want to join any agreement IF it did not include the US.

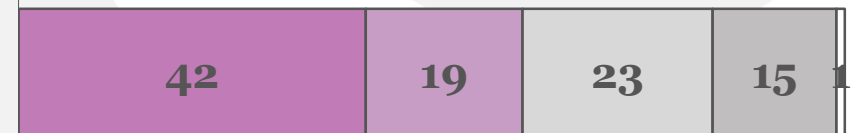


In late November and early December, Paris will host the United Nations Climate Change Conference with the goal of a binding agreement on action to address climate change. I would like to know if you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the following statements about climate change initiatives: (% saying each)

Canada should be part of any global agreement to reduce greenhouse gases if it includes most of the world's major economic powers



Canada should not be party to any agreement that does not include the United States



Canada's Liberal government should move ahead with a final framework of regulations on climate change and emissions because uncertainty is bad for business



Strongly agree
Strongly disagree

Somewhat agree
DK/NR

Somewhat disagree



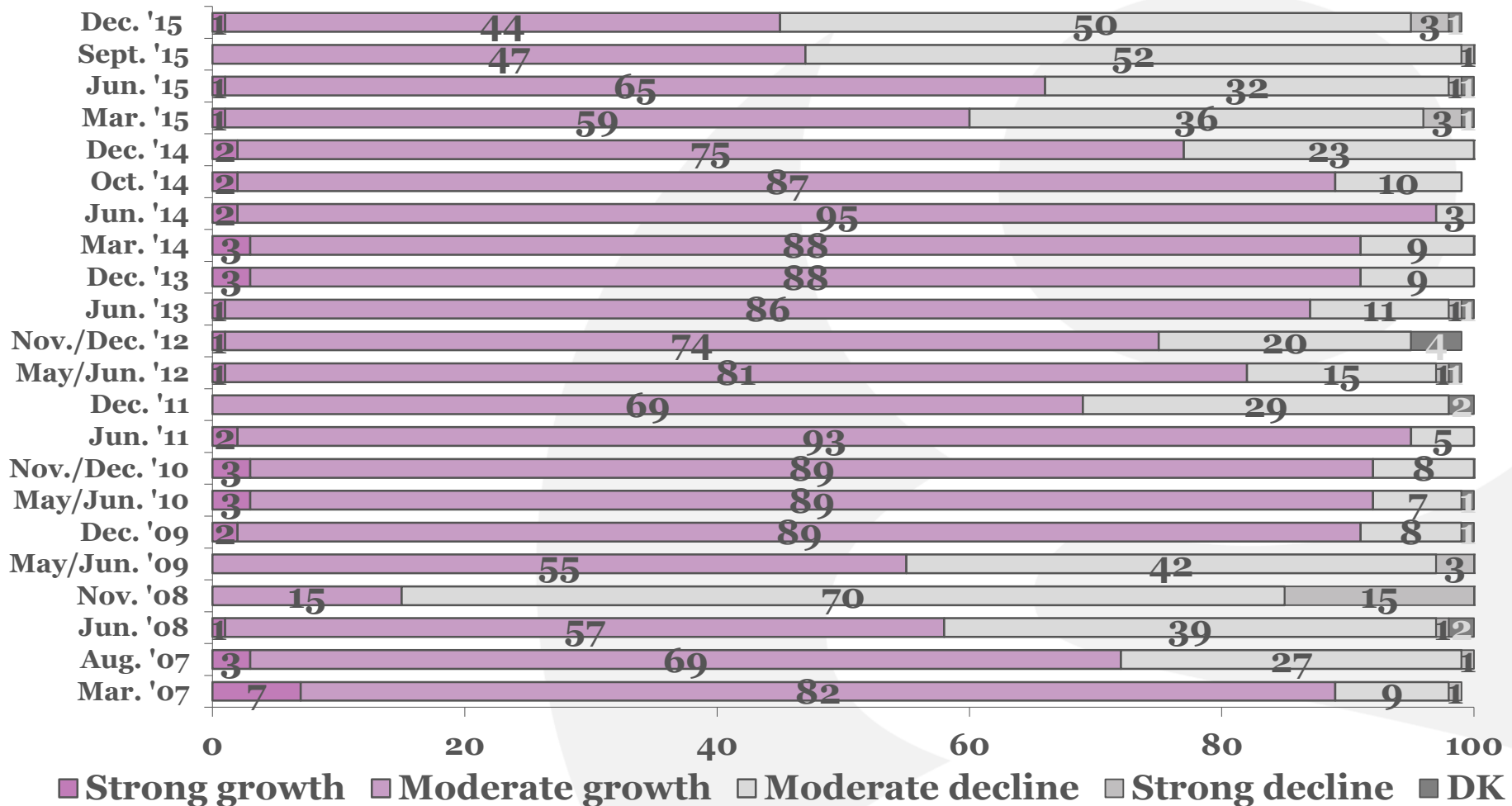
- ❑ There is very little difference in outlook for the Canadian and US economies this quarter compared to last:
 - Most expect the US economy to grow over the next year.
 - Just less than half expect the Canadian economy to grow over the next 12 months – effectively unchanged since last quarter’s survey.
 - Most companies however have modestly positive outlooks for their businesses in comparison, with the weakest outlook confined almost entirely to the resources sector.

- ❑ Few are interested in proposals to kick start job creation and investments in employment through tax credits.
 - The least enthusiastic about the kind of proposal that the Alberta NDP government introduced along these lines are Alberta executives.



Projections For The Canadian Economy

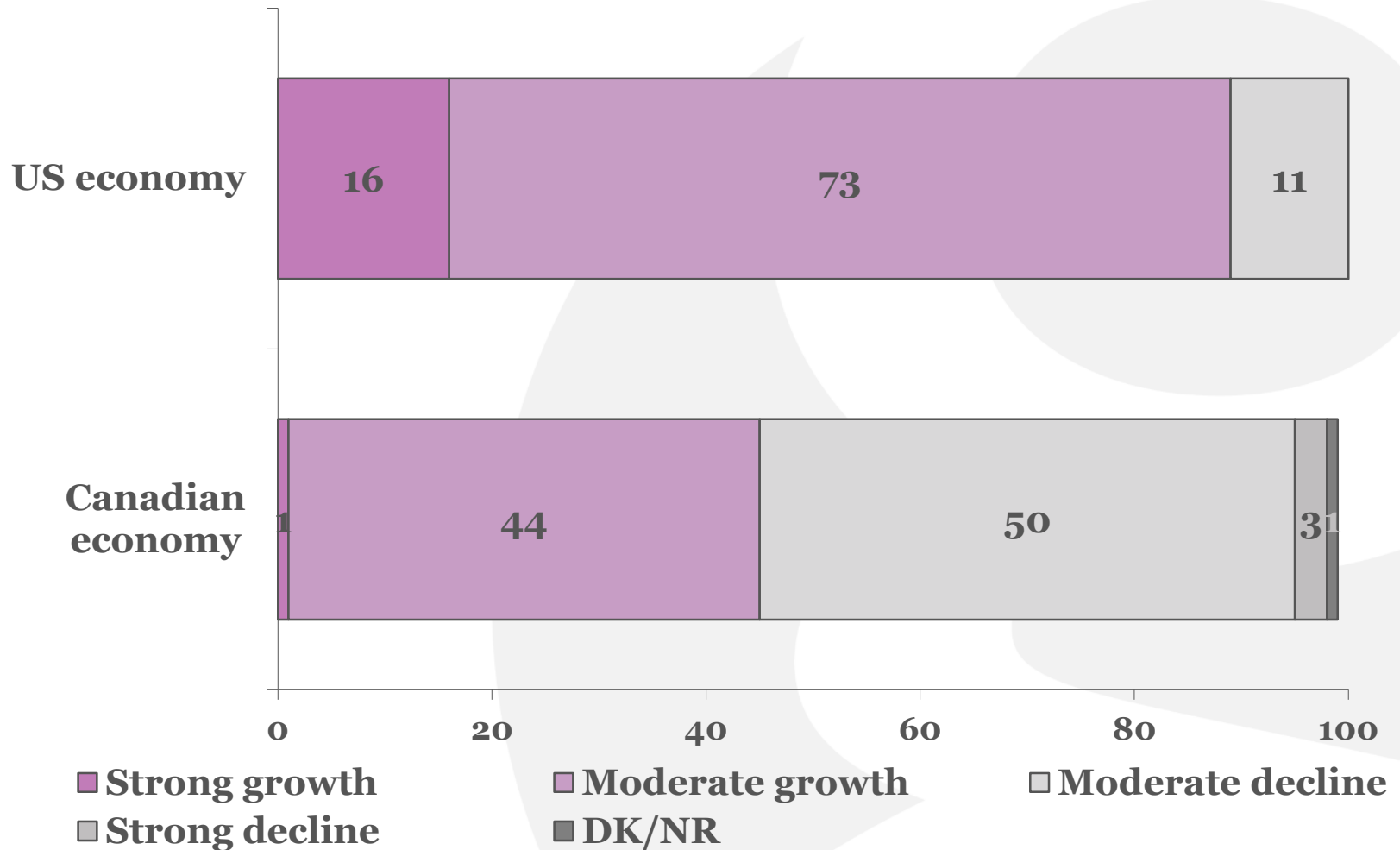
What are your expectations for the Canadian economy over the next 12 months, strong growth, moderate growth, moderate decline, strong decline? (% saying each)





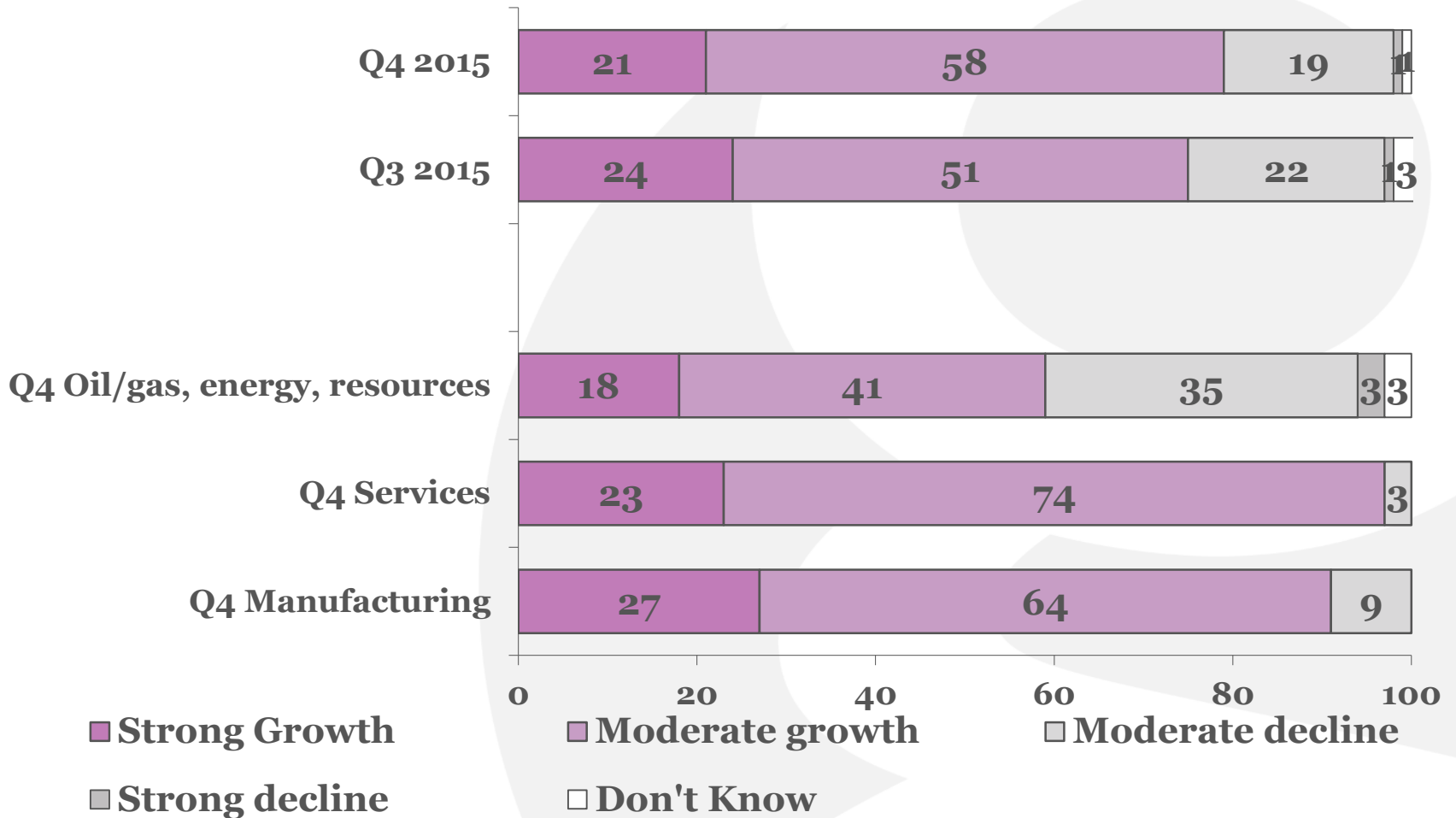
Expectations of the Canadian and US Economies

What are your expectations for the U.S. /Canadian economy over the next 12 months, strong growth, moderate growth, moderate decline, strong decline? (% saying each)





What are your expectations for your company over the next 12 months, strong growth, moderate growth, moderate decline, strong decline? (% saying each)





Effectiveness of AB Government Job Tax Credit

In October, the Alberta NDP provincial government passed its first budget, which included a tax credit plan that will encourage new hiring by refunding 10 percent of each new employee's salary to a maximum salary of \$50,000. In principle do you believe this type of program will be effective at creating net new jobs that would not otherwise have been created? Would that be very effective, somewhat effective or not at all effective? (% saying each)

