C-Suite Survey - Executive Summary

March 28, 2016 – This 42nd edition of the C-Suite Quarterly survey is conducted on behalf of KPMG; published and broadcast by the *Globe and Mail's Report on Business* and *BNN*. Interviews were conducted by telephone with 161 C-Suite executives from ROB1000 companies between February 18th and March 14th, 2016.

The Canadian Dollar, Market Volatility's Impact on Business

- The low dollar is not helping nearly as much as commodities markets are hurting.
- Most (59%) of the C-Suite said they have changed (or are likely to change) their company's strategic plans because of conditions affecting currency markets or commodities in the past year.
  - 37% have cut staffing levels.
  - Nearly half have cut operating or capital expenditures.
- If the dollar rose to 80 cents, 41% said it would have a negative impact on their companies.
- The vast majority agreed the low dollar puts Canadian companies at a higher risk of foreign takeover.
- Fewer believe the low dollar will have a lasting impact on head office jobs:
  - 56% agreed that the low Canadian dollar is merely cyclical and will not have a lasting impact on head office jobs in Canada; 43% disagreed.
- The C-Suite was divided on whether the Bank of Canada's mandate should include some emphasis on protecting the value of the dollar: 52% agreed it should.

Federal Government's Budget & Policy Setting

- Just over half of the C-Suite supports the federal government's plan to run deficits over the next three years and fund infrastructure spending.
  - 56% strongly or somewhat support this approach.
  - Only 9% <u>strongly</u> support this approach, suggesting caution around the kind of deficits Ottawa may be running up and for how long.
  - Executives whose companies and sectors are hurting most are in fact less supportive of the government's approach.
  - Resources executives are far more focused on commodities prices as well as any policies that support access to markets for energy, pipelines, regulations around

mining and exploration. Accordingly those that do not expect the economy to grow in 2016 are less likely to support the government's approach to deficits.

- Infrastructure is just one part of the solution to a weak economy.
    - If the government is going to implement measures to boost economic growth, the C-Suite would want to see a combination of infrastructure investments along with other initiatives: either a skills/training agenda, tax cuts, innovation/R&D support or facilitating pipelines and getting resources to market.

Climate Change, Carbon & Energy Sources

- There's strong support for investing in clean tech and transportation initiatives that reduce carbon emissions. But the C-Suite is deeply divided over aggressive proposals to reduce or end carbon consumption.
    - Half the C-Suite would support a plan comparable to the White House's recent proposal to tax oil at US$10 a barrel in order to fund climate change initiatives – 49% oppose this (26% strongly).
    - The vast majority think proposals to end the use of fossil fuels by 2050 are unrealistic.
        - Many who say it's unrealistic still say it's worthwhile.
        - But only 14% would suggest a target date as early as 2050.
        - 52% believe the target set by the G7 of 2100 or sooner would be realistic.
        - One in three thinks any long-term timeline to phase out carbon is inappropriate or unrealistic.
    - Many executives cited a lack of alternatives in terms of technology as the main obstacle to phasing out carbon. But many more mentioned cost, economic impacts or the need to build new infrastructure as the biggest obstacles to eliminating fossil fuel use.

More detailed information and data pertaining to additional questions including a presentation of this quarter's findings are available in PowerPoint from [Gandalfgroup.ca](http://gandalfgroup.ca) .