



THE GLOBE AND MAIL
Report on Business



the gandalf group

C-Suite Survey - Executive Summary

October 10th, 2017 – The 48th edition of the C-Suite Quarterly Survey was conducted on behalf of KPMG; published by the *Globe & Mail's Report on Business* and broadcast by *BNN*. Telephone interviews were conducted with 153 C-Suite executives at ROB1000 companies between Sept. 11 & Oct. 5, 2017. This quarter's survey asked the C-Suite about:

- Interest rates & the Bank of Canada
- Increases to the minimum wage in Ontario & Alberta
- Advanced manufacturing & technologies
- Trade Policy, NAFTA & The Trump Administration

The Bank of Canada & Interest Rates

- Most in the C-Suite would oppose another rate increase by the Bank of Canada.
 - 64% would oppose a decision to increase rates by another quarter percentage point.
 - 39% said recent rate increases will have a somewhat/very negative impact on their business.
- Opposition is significantly higher among Western Canadian businesses and those in the resources sector who were also more likely to say recent increases have negatively impacted their cos.
- Only 1 in 3 thinks it's likely the Bank will raise rates in October. This may be because almost all believe the economy is unlikely to post strong growth next year.
 - The outlook for Canada's economy is only slightly improved since last quarter with 8% expecting the economy to grow strongly over the next 12 mos.; 84% expect moderate growth.

Increases to the minimum wage in Ontario/Alberta

- Most said they would oppose an increase to the minimum wage to \$15/hr. by 2019 in their province.
 - 55% said they oppose this – 30% are supportive.
 - Opposition to a \$15 min. wage by 2019 is somewhat higher in Alberta.
- Most would support an increase to \$15 over 4-years.
 - 51% said 2021 is about the right timeline for this kind of increase to the min. wage.
 - 24% said it should be implemented sooner than 2021.
- Most said the proposed min. wage increases in Ontario & Alberta will have a somewhat or very negative impact on those economies, although few think the impact will be very negative.

TORONTO
65 Queen Street West, Suite 510
Toronto, ON M5H 2M5
T 416.644.4120 info@gandalfgroup.ca | gandalfgroup.ca

OTTAWA
116 Albert Street, Suite 300
Ottawa, ON K1P 5G3
T 613.699.8910

- A clear majority in the C-suite don't expect their businesses will be impacted by the \$15/hour minimum wage policies that are proposed in Alberta and Ontario for 2018 and 2019.
 - 68% of the C-Suite in Ontario and 72% of the C-Suite in Alberta said they won't be impacted by the change.
 - 32% in Ontario said the changes will have a slight or significant impact on them.
- Potentially offsetting concern about labour costs are advanced manufacturing & technologies.
 - 86% agreed advanced manufacturing offers the potential for Canada's manufacturing base to grow significantly.
 - Three in four companies (73%) say they will be relying significantly more on advanced technology in the next five years to conduct tasks otherwise completed by the labour force.

NAFTA

- There is remarkable uncertainty about the direction of the US Administration in respect of NAFTA. Many are uncertain whether it will seek only minor changes to NAFTA or major changes or repeal it and start from scratch.
 - In March, almost all surveyed believed it was very or somewhat likely that the Administration would seek only minor tweaks to NAFTA. Now, only 55% would say this.
 - 67% believe it's very or somewhat likely the Administration will seek major changes.
 - While few think it's very likely the Administration would terminate NAFTA & negotiate new agreements, 41% think this is at least somewhat likely.
- The Canadian government has outlined its priorities for the renegotiation of NAFTA and the C-Suite sees some of these as very important priorities. Most in the C-Suite believe it should be a very high priority for Canada to seek:
 - Freer movement of workers & expanding the list of professions eligible for visas.
 - Access for Cdn. companies to bid on local, state & federal government procurement and prevent "Buy America" protectionist policies.
- Introducing environmental protections are considered a moderate priority.
- Significantly less important are:
 - Similar labour standards in the three countries "e.g. adherence to higher min. wages".
 - Preserve Canada's supply-management system for dairy and poultry.
 - Protecting cultural industries e.g. broadcasting and publishing and foreign ownership rules.
- One of the highest priorities of those tested is for Canada to ensure that the chapter 19 dispute resolution process embedded in NAFTA is protected and maintained in any negotiation. Canada has relied on this process in the softwood lumber dispute.
 - 75% strongly agreed Canada should insist on this, none disagreed. Half would accept removing the ch. 19 processes from NAFTA if it meant access to labour and public sector markets.

More detailed information and data pertaining to additional questions including a presentation of this quarter's findings will be available in PowerPoint from Gandalfgroup.ca.

TORONTO
 65 Queen Street West, Suite 510
 Toronto, ON M5H 2M5
 T 416.644.4120 info@gandalfgroup.ca | gandalfgroup.ca

OTTAWA
 116 Albert Street, Suite 300
 Ottawa, ON K1P 5G3
 T 613.699.8910