

**Gomery Fallout:
Chretien Damaged,
Martin's Credibility with Business Weakened**

**BDO Dunwoody/Chamber Weekly CEO/Business Leader Poll
by COMPAS in the *Financial Post*
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1.0. Introduction

The main fallout from the Gomery Inquiry into the Sponsorship scandal has been heightened business repudiation of former Prime Minister Jean Chretien and weakened respect for incumbent Paul Martin, who until recently could count on high esteem from the business community.

Key findings about changes in business panel opinion since February, 2004:

- ❑ Jump in proportion holding Chretien responsible—79% now holding him very responsible, essentially as high as Gagliano's proportion (84%);
- ❑ solidification of majority who believe the program had no purpose other than patronage (51% up from 45%);
- ❑ jump in proportion who feel the Liberals deserve to be defeated (46% up from 29%) and a decline in proportion who feel that Martin was innocent and the Martin Liberals deserve power (7% down from 19%);
- ❑ in bad news for former Finance Minister Martin, a jump in the proportion who are certain that a company CFO would know of misspending of that magnitude (71% up from 55%); and
- ❑ a high performance score for the quality of the Gomery Report (79%) with low and declining scores for the Martin government's commitments to fair contracting (53% down from 63%) and accountability (50% down from 60%).

These were the main findings from this past week's web survey of CEOs and business leaders undertaken by COMPAS for *The Financial Post* on behalf of BDO Dunwoody LLP and the Canadian Chamber of Commerce.

2.0. Losers and Winners

In February, 2004 and again this past week, the business panel was asked to assign degrees of responsibility to Chretien, Alfonso Gagliano, and Martin. Gagliano and Martin are still assigned high and middling responsibility scores, respectively, while assignment of responsibility to Chretien has jumped, as shown in table 2A. Gomery earns a high performance score for his report, as shown in table 2B. Meanwhile the Martin government elicits declining and near failing scores for its performance in regard to fair contracting and accountability to taxpayers.



Table 2A: (Q1) As you may know there has been talk in the media about the recent Judge Gomery's report. Using a 7-point scale where 7 means entirely responsible and 1, the opposite, to what extent are each of the following responsible for the misuse of funds in the sponsorship program and advertising grants? [RANDOMIZE]

	Mean	7	6	5	4	3	2	1	DNK
Former Public Works Minister Alfonso Gagliano									
November 7, 2005	6.3	53	31	13	2	1	0	0	0
February 15, 2004	6.3	61	23	7	1	2	3	1	3
Former Prime Minister Jean Chrétien									
November 7, 2005	6.1	50	29	11	5	1	2	2	0
February 15, 2004	5.7	43	23	14	6	7	4	2	1
Former Finance Minister Paul Martin									
November 7, 2005	3.8	10	8	21	16	13	17	15	0
February 15, 2004	3.9	9	14	15	18	13	17	12	3

Table 2B: (Q3) On a 100 point school report card-type scale, how would you score the performance of ...?¹

	Mean Score	DNK
Judge Gomery's analysis and report on the sponsorship scandal		
November 7, 2005	79	0
February 15, 2004	NA	NA
The Martin Government's commitment to awarding contracts fairly		
November 7, 2005	52	0
February 15, 2004	63	1
The Martin government with respect to accountability to taxpayers		
November 7, 2005	50	0
February 15, 2004	60	1

¹ Please score each of these on a 100 point scale where 100 is the best trustworthiness score and zero, the worst score [ROTATE] The Martin Government's accountability to taxpayers; The Martin Government's commitment to awarding contracts fairly



3.0. Growing Anti-Liberal Sentiment

The business panel is at least as jaundiced as ever about the patronage purposes of the Sponsorship program, as shown in table 3A, at least as convinced as ever that the Sponsorship Scandal ranks high in the pantheon of Canadian scandals, as shown in table 3B, more convinced than ever that the Liberals deserve to lose, as shown in table 3C, and more certain than ever that a CFO would have recognized misspending of such magnitude in his own company (table 3D).

In their verbatims, respondents revealed a division between an appalled majority and a minority who believe it unfair to hold Martin responsible:

The consequences of this scandal on national unity and thus the future of the nation itself are incalculable. This may be the initial trigger that spells the end of the country as we know it. I hope that I am wrong, but the only long-term beneficiaries will be the separatists.

The events of the 'sponsorship scandal' happened years ago... Nobody's lives will be made better off by focusing on stuff that happened ten years ago.

It is reasonable to review the situation, but what is done is done. The sponsorship was done in good faith with the knowledge of the times.

A sad example of dirty laundry. Also, Jean Chrétien will only dig himself deeper by his reaction!

The Liberals have lost the moral authority to govern! The root problem is the culture of entitlement that is rife throughout the party, as evidenced by the sponsorship and more recently by Mr. Dingwall at the Mint: "I'm entitled to my entitlements".

RFPs for the most part are a waste of time... There should be far closer scrutiny by objective third parties.

It makes a person sick to listen to the excuses and cover-ups for this kind of attitude by government people, both elected and hired.

Sponsorship has to be combined with the HRDC scandal, the gun control scandal, the unbelievable growth in spending and the inability of the Government to make sound policy in a range of areas such as health, aboriginals or environment other than to just spend money.

This is a pathetic track record and it is time for some other party to have a chance.

Paul Martin and company should be held responsible the same way the perpetrators of the Enron scandal were.

The blame lies with the previous government. Politics being what they are, more people knew about what was going on, but could not



really do something about it without hurting their future. I feel that the current Prime Minister took the only political step he could, by taking over from the previous Prime Minister. From a business perspective, that would not be allowed. The parties involved, actually or on the sidelines, would suffer some form of punishment. That does not apply to politicians, although it should.

Your poll is great, but people being people and gullible, the scandal will have no effect on the next election.

Table 3A: (Q2) As you may know, the sponsorship program was created to increase Federal presence and visibility in Quebec. Over \$250 million was spent to sponsor events with \$100 million given to communications agencies as production fees and commissions. Which of the following opinions is closest to your own? [ROTATE FIRST TWO]

	Nov 7, 2005	Feb 15, 2004
The sponsorship program was designed to funnel money to friends of Jean Chrétien and did little to help the country	51	45
The sponsorship program, while favouring Quebec companies, was an important factor in Federalist success in the last referendum	13	5
Both	31	39
Don't know or no opinion	5	11

Table 3B: (Q4) How would you rate the following scandals on a 7 point scale where 1 means a lot less serious and 7, a lot more? [RANDOMIZE]

	Mean	7	6	5	4	3	2	1	DNK
Sponsorship scandal									
November 7, 2005	6.0	41	31	16	6	4	1	0	1
February 23, 2004	5.9	45	21	19	8	3	2	0	2
Railroad scandals in the 19th century									
November 7, 2005	5.0	9	21	21	11	5	5	1	27
February 23, 2004	4.6	9	11	18	13	10	2	3	34
Mulroney-era scandals									
November 7, 2005	4.2	9	17	19	19	14	13	7	3
February 23, 2004	4.6	12	19	23	18	17	7	2	2
The pipeline scandal in the 1950's									



	Mean	7	6	5	4	3	2	1	DNK
November 7, 2005	4.5	2	9	22	15	8	3	1	39
February 23, 2004	4.4	6	5	19	14	12	3	1	40

Table 3C: (Q6) Which of the following opinions is closest to your own...?
[ROTATE]

	Nov 7, 2005	Feb 15, 2004
The Liberals deserve to lose in the next election because they have shown not to be trustworthy with taxpayers dollars	46	29
The Liberals may deserve to lose in the next election but there is no real alternative	27	22
The Liberals are no less deserving than the Conservatives, who have also misspent taxpayers dollars	19	29
The Liberals deserve to keep Government because Paul Martin was not the Prime Minister at the time the misspending was taking place	7	19
Don't know or no opinion	1	2

Table 3D: (Q7) Using a 7 point scale where 7 means definitely and 1 means definitely not, if there were misspending in your organization analogous in magnitude to the Federal sponsorship misspending to what extent would your CFO know?

	Mean	7	6	5	4	3	2	1	DNK
November 7, 2005	6.5	71	14	7	6	1	0	0	2
February 23, 2004	6.1	55	17	13	6	2	2	2	3

4.0. Impact on Canadian Culture—Cynicism about Politicians

As in early 2004, the business panel believes that the biggest impact of the scandal will be declining confidence of the public in the honesty of politicians and governments, as shown in table 4A.



Table 4A: (Q5) On a 7 point scale where 1 means little or no negative impact and 7, major negative impact, how would you rate the impact of the sponsorship scandal on... [RANDOMIZE]

	Mean	7	6	5	4	3	2	1	DNK
The confidence of the Canadian public in the honesty of politicians									
November 7, 2005	6.2	56	27	9	2	1	2	2	1
February 23, 2004	6.1	51	24	14	4	2	2	1	2
The confidence of the Canadian public in the honesty of government									
November 7, 2005	6.0	47	28	10	8	2	1	3	1
February 23, 2004	6.0	49	27	10	5	5	1	2	2
The confidence of business about fair treatment from the federal government in RFP competitions									
November 7, 2005	5.4	27	27	21	15	5	4	1	1
February 23, 2004	5.5	35	21	18	10	6	6	1	3
The willingness of taxpayers to pay their taxes									
November 7, 2005	4.2	18	10	18	15	12	17	9	1
February 23, 2004	4.5	17	16	22	11	11	12	7	3
The confidence of business in Canada as a place to invest									
November 7, 2005	3.9	7	11	22	17	18	15	10	0
February 23, 2004	3.7	8	7	19	15	22	17	10	1
The willingness of companies to pay their taxes									
November 7, 2005	3.7	14	7	15	18	11	21	15	1
February 23, 2004	NA	NA	NA	NA	NA	NA	NA	NA	NA

5.0. Methodology

The *National Post*/COMPAS web-survey of CEOs and leaders of small, medium, and large corporations and among executives of the local and national Chambers of Commerce was conducted November 1-4, 2005. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of 150 are deemed accurate to within approximately 8.0 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D and Tamara Gottlieb.

