

**Portrait of Canada's Foreign Ownership Dilemmas:  
Panel Embraces All of d'Aquino's Specific Goals, Especially  
for Creating an Entrepreneurial Society**

**BDO Dunwoody CEO/Business Leader Poll  
by COMPAS in *Canadian Business* under BDO Sponsorship  
for Publication December 5, 2007**



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## **1.0. Introduction**

In the wake of major firms being acquired for foreign owners or being taken private, Thomas d'Aquino made an important speech about the dilemmas that the change of circumstances has brought about and the goals that Canada should embrace.

The members of the COMPAS panel are almost unanimous in embracing all of d'Aquino's specific concerns and goals, albeit not perhaps quite as concerned about the current situation.

These are the key findings from the current web-survey of the panel of CEOs and business leaders undertaken for *Canadian Business* under sponsorship of BDO Dunwoody LLP.

## **2.0. Where the Panel Stands**

The business leaders and CEOs on the COMPAS business panel are almost unanimous in embracing all of d'Aquino's concerns. To the extent that any variation in sentiment emerges, they may be even more desirous to create an entrepreneurial culture and society than to achieve other goals, as shown in table 2a.

While embracing with hardly an exception d'Aquino's specific objectives, they seem a little less troubled by the current situation than Mr. d'Aquino himself, as shown in table 2b.



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Table 2a: (Q2) Using a 7 point scale, please indicate to what extent you agree with the following opinions, some of which are Mr. d'Aquino's and others not necessarily his.

We need a society in which Canadians aspire to be active owners and entrepreneurs, not just passive investors								
Mean	7	6	5	4	3	2	1	DNK
6.2	52	31	10	1	0	3	2	1
Our culture needs to place more value on entrepreneurial-type risk taking								
Mean	7	6	5	4	3	2	1	DNK
6.1	51	25	16	1	1	3	1	1
Our educational system needs to teach more about entrepreneurial-type risk taking								
Mean	7	6	5	4	3	2	1	DNK
6.0	47	28	14	5	2	1	3	1
Our three levels of government and our voluntary sector (e.g. arts) should aim to make our communities places where talented decision-makers want to live as well as work								
Mean	7	6	5	4	3	2	1	DNK
6.0	45	28	11	5	4	1	2	3
We need securities laws and practices that attract shareholders from around the world								
Mean	7	6	5	4	3	2	1	DNK
6.0	44	27	15	4	1	2	3	3
Our regulatory and tax systems should help encourage our companies to go global								
Mean	7	6	5	4	3	2	1	DNK
5.9	48	27	10	6	3	3	3	1
We need more Canadian global business players								
Mean	7	6	5	4	3	2	1	DNK
5.9	41	32	16	3	1	3	1	2
We should aspire to be a preferred location for head-offices, even for companies whose important shareholders are not necessarily Canadian								



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Mean	7	6	5	4	3	2	1	DNK
5.9	40	34	12	7	1	3	2	1
Our regulatory and tax systems should help encourage global companies to locate in Canada								
Mean	7	6	5	4	3	2	1	DNK
5.8	42	25	16	8	2	3	3	1

*Table 2b: (Q1) Speaking at an Executive Forum, Thomas d'Aquino noted that some of Canada's best-known corporate names have been taken over or taken private -- in forestry, energy, mining, steel, aluminum, beer, hotels, telecommunications, informational technology and retailing -- and most of these are now controlled abroad. These changes, he said, present "real risks to our country, to our economic future and to the quality of life of all Canadians." On a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly, to what extent do you agree with his concern?*

Mean	7	6	5	4	3	2	1	DNK
4.4	10	22	24	10	16	10	7	1

The following verbatims provide a nuanced sense of opinion:

Allowing foreign governments (i.e. China) or foreign corporations (i.e. Terasen) to [take over] infrasture type companies is a mistake long term.

As presently constituted Canada is barely national, let alone international!

Canada needs to be the automatic preferred place to do business.

Our society is already word class and we are considered one of the best countries to live, work and raise children.



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Our tax laws should be such that [Canada] also becomes the preferred location for businesses and how businesses deal and communicate with other countries in the world.

Security and way of life, with a reasonable tax structure is what is the goal of many [countries].

Canadians have to be more than just "hewers of wood and drawers of water". We need head offices and the lucrative jobs that come with them.

Current legislation is not good for Canadian-based global companies.

D'Aquino is raising very important issues for the future of our country that need to be debated now.

If dividends were exempt from taxation, whether the recipient was Canadian or foreign, we'd see much more investment in Canadian equities.

[There should be] much more effort by foreign investor groups to keep Canadian acquisition targets "Canadian" to preserve the tax-free flow of dividends. Combine this with: re-introduction of \$500,000 lifetime capital gains exemption for and capital gains, not just QSBC's; an immediate reduction of Fed & Prov corp income tax by 25%.

More flexible and effective help should be given by the major banks to help build opportunities with business owners.

Reform tax and labour law and the entrepreneurs will come.

The A-banks actively discourage entrepreneurship by being risk averse to the detriment of small and growing business while they seem to be more than willing to throw money away at Enron-type schemes. They are a major stumbling block.

The regulatory regime is the most important. If we can get the right balance between reporting requirements and



checks of integrity we will do well as a corporate headquarter base.

The voluntary sector, at least the arts sector, has had and will continue to have this goal. The arts do not have the luxury of being self-sustaining, and governments must support them in a fair and meaningful fashion.

Some communities, mine especially, do not view the arts as a draw for business talent let alone for cultural tourism, for which we are admirably suited.

There will need to be some type of convergence between the provinces and the federal government regarding professional regulation and AIT matters before international companies are going to perceive Canada as a place to call home.

The provinces can't even agree on worker mobility, a single securities regulator, or professional standards. International business will certainly shy away from the provincial/federal dynamics that currently exist here.

We need Canadian companies that don't need to raise capital in world markets. Have it all owned by Canadians who are making good dividends at home.

We will never get better if we do not restructure at the base of the pyramid.

### **3.0. Methodology**

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted November 26 – 28, 2007. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.



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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 148 are deemed accurate to within approximately 8.1 percentage points 19 times out of 20. The principal and co-investigator on this study are Conrad Winn, Ph.D and Tamara Gottlieb.

