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NATIONAL AND GLOBAL

PERSPECTIVES
NATIONALES ET MONDIALES



CANADIAN COUNCIL OF CHIEF EXECUTIVES
CONSEIL CANADIEN DES CHEFS D'ENTREPRISE

Two topics have dominated discussions in Canadian corporate circles over the past year.

The first involves the continuing global consequences of the terrorist attacks of September 11, 2001, and in particular the need for Canada to resolve the strategic tension between physical security and economic security within a highly integrated North America.

The second has been the urgent task of rebuilding public trust. Bruised by corporate scandals and the dot-com meltdown, investors worldwide have been demanding more disclosure, higher standards, stronger accountability and tougher enforcement.

This selection of excerpts from speeches by members of the Canadian Council of Chief Executives therefore begins with a focus on the strategic importance of good governance and corporate responsibility in a skeptical world. It goes on to consider priorities for Canada within North America and then looks at the range of strategies Canadian enterprises are adopting as they grapple with global competition.

We hope you find these thoughts provocative and helpful in making your own assessment of the best path forward for your own organization and for Canada.

Deux sujets ont été au centre des discussions de la dernière année dans les cercles corporatifs canadiens.

Le premier porte sur les effets qui se poursuivent sur la scène mondiale suite aux attaques terroristes du 11 septembre 2001, et, en particulier, l'importance pour le Canada de mettre fin aux tensions stratégiques entre sécurité physique et sécurité économique en Amérique du Nord.

Le second est un besoin urgent de regagner la confiance du public. Les investisseurs à l'échelle mondiale ont été choqués par les scandales comptables et l'effondrement du secteur de la haute technologie et réclament plus de transparence, des critères plus élevés, et une réglementation plus serrée.

Les extraits de discours par des membres du *Conseil canadien des chefs d'entreprise* (CCCE) mettent l'emphase sur l'importance d'une stratégie solide pour une bonne gouvernance et une conscience sociale d'entreprise dans un monde devenu très sceptique. Ensuite, nous poursuivons avec les priorités canadiennes au sein de l'Amérique du Nord et nous jetons un regard sur la gamme de mesures que les entreprises canadiennes adoptent pour être à la hauteur de la compétitivité mondiale.

Nous espérons que ces idées stimuleront un débat constructif et vous permettrons de faire votre propre évaluation quant à la meilleure stratégie à adopter pour votre organisation et pour le Canada.

DAVID STEWART-PATTERSON
EDITOR/RÉDACTEUR

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Restoring trust in our institutions

April 10, 2003

As the CEO of a large corporation in Canada's most capital-intensive industry, I know that the stock market's demand for immediate results is difficult to reconcile with long-term vision. But when critical decisions are based solely on near-term horizons, it's more than just poor management. It's an abuse of the trust shareholders place in corporate leaders to generate value in the long term.

The sometimes narrow focus on the short term is also an issue for our public institutions - institutions in which all Canadians are shareholders. Our elected officials and senior policy makers often seem too focused on the next opinion poll or the next headline instead of focusing on meeting Canada's needs for the next year... or the next generation.

I would like, briefly, to suggest three areas where we can work to make improvements: transparency, participation and accountability.

In terms of transparency, integrity, like justice, must not just exist - it must be seen to exist. To earn back trust in a post-Enron world, the leaders of corporate Canada must ensure investors have a high degree of confidence in our governance practices and reporting. This is why the Canadian Council of Chief Executives, which I chair, has taken a leading role in the drive for improved corporate governance and disclosure - explaining our business practices and operating results in a timely fashion and in language written for shareholders, not lawyers and accountants.

In the public sector, it is vital for political leaders and senior government officials to demonstrate they too are committed to the type of transparency they so rightly demand of the private sector.

Trust in public and private sector institutions can also be enhanced through participation. People and organizations are more supportive of initiatives they have been involved in. At Suncor we believe the best business decisions are made when we involve our stakeholders. Being open and honest enables us to identify potential problems so we can respond appropriately. We've found that broad-based consultation usually saves both time and money in the long run.

Our political leaders must renew their commitment to addressing contentious issues through meaningful collaboration and truly seeking mutually beneficial solutions. They must look beyond short-term political gain to the true and noble aim of public service - the pursuit of a higher quality of life for all Canadians. This is what citizens should have the right to expect.

And that leads me to my last point - accountability. Accountability is the *follow through* on transparency and participation.

Canada's leaders in the public and private sectors must come together to breathe new life into old ideas. To work collaboratively on public policy for the long term. And to rebuild trust in the institutions that continue to make Canada the best place in the world to live.

RICK GEORGE
SUNCOR ENERGY INC.



You can run, but you cannot hide

January 30, 2003

THE new expectations of corporate governance sweeping across the world are based on a simple reality -- you can run, but you cannot hide.

In short, anything a company does *anywhere* in the world can affect its reputation *everywhere* in the world. Reputation has become the cornerstone of both investor confidence and public trust. What happens to a company's reputation therefore has an increasingly direct impact on its relationships with everyone from governments and regulators to customers, employees and investors.

The impact of governance on competitiveness can be seen on both individual companies and entire countries. International surveys of institutional investors show clearly that money managers are willing to pay significant premiums for the shares of companies with good governance practices, especially when they operate in countries where the legal framework and norms of practice are weak.

Investor confidence flows not from governance practices in and of themselves, but rather from the superior and sustainable growth in profitability that should flow from good governance. In other words, if new rules on governance are so complex that they force directors and executives to spend more time looking over their shoulders at regulators and consulting lawyers than they do growing their businesses, the new rules would be defeating their own purpose.

At the World Economic Forum in Davos, Nestlé CEO Peter Brabeck-Lemathe, said "If

I have to handle three thousand pages of SEC regulations, I am in big, big danger of forgetting to handle the affairs of the company... Regulations will never be a substitute for good personal integrity."

There is no question that the Sarbanes-Oxley Act has become the standard against which the efforts of other countries are being measured. But in the spirit of enhancing Canadian competitiveness, *our goal should be to do better* than Sarbanes-Oxley -- and that does not mean simply trying to go further down the same road.

By better, I definitely do not mean looser or laxer. I do mean that Canada's approach should aim to achieve equal or superior outcomes in terms of good governance and sustainable growth in shareholder value, and do a better job of preventing rather than just punishing both ethical lapses and legal wrongdoing. In other words, we have to make sure that our approach to strengthening governance in fact leads to *better corporate performance*.

Rule changes alone cannot create world class boards or world class companies. Individually and collectively, it is business leaders who must earn the public trust that they need to build their enterprises and strengthen the economy. No government can legislate that trust. No regulator can restore it. Businesses, and business leaders, must earn it.

THOMAS D'AQUINO
CANADIAN COUNCIL OF CHIEF EXECUTIVES



Trust must be earned

October 21, 2002

NOT long ago, many participants in the capital markets could do no wrong. Today words and actions are met with scepticism and distrust - from governments and regulators, from the media, from investors, and from the general public.

To regain momentum in the markets we cannot allow this climate to continue.

We must turn our energies to rebuilding trust - and we are!

This rebuilding must start at the top. Boards of directors, corporate leadership, and those in the professions must back up words with actions. We must demonstrate integrity and honesty. We must demand quality and excellence. If trust is to be rebuilt, leaders must set this "tone at the top".

We cannot regulate, or legislate, trust.

Trust cannot be created by the stroke of a pen. Trust is built over time, by delivering quality work and acting with integrity. By being consistent and stable, open and accountable. Every day.

No rule or law can guarantee these behaviours. What rules and laws can do is create a framework, or an environment, that supports and encourages these behaviours. And, for the most part, regulators in Canada and the U.S. are doing just that.

We cannot regulate trust. Unfortunately, there are regulators and legislators who think we can. And in their zeal to act now, they may go too far.

Overreaction resulting in over-regulation is a very real danger. In some cases, such as I just mentioned, it could drive down quality. And, complying with regulations is a costly burden on business. It's vital that we don't introduce more regulation than is needed to assure the public that proper guidelines and safeguards are in place. We should not drive up the cost, and drive down the quality, of doing business in Canada.

As long as regulators realize there are limits to what can, and should, be regulated, I believe their moves can foster renewed trust in the markets.

Regulators can look for ways to bring more consistency, transparency, accountability, and quality to global markets. This would make it easier to do business globally, and enable investors worldwide to make better decisions. Global adoption of a single approach to accounting and financial reporting would be a significant move forward in this regard.

No act of legislation or rule making can, by itself, restore trust in the markets. Yet I am confident that regulators, boards of directors, and the auditing profession can work together to re-create an environment in which trust exists; to ensure the quality of our financial reporting; to put the capital markets on solid footing again. And most important of all, to keep the Canadian capital markets safe, competitive, and attractive to investors.

No, trust cannot be regulated. But it can be earned.

DAVID A. LESLIE
ERNST & YOUNG LLP



Satisfy your conscience, not your lawyer

May 12, 2003

CANADIAN corporate governance can always use improvement, especially in terms of disclosure to shareholders. Indeed, it's one of those areas where continuous improvement must be the norm.

Our approach is not devoid of its own rules, of course, but its main effect is to push Canadian executives toward doing what is right, by denying them the loopholes so endemic to the U.S. reliance on highly detailed rules - loopholes at the heart of U.S. scandals that saw fraud charges against 63 board chairs, 99 chief executives, 96 presidents and 79 chief financial officers between 1996 and 2001. And that was *before* Enron.

The difference, to resort to the Moses metaphor, is that our system tends toward a simple "thou shalt not steal". The American tends more toward "thou shalt not steal, except under the following circumstances, and during the following hours, except where it is deemed that the party of the first part etc. etc." Put differently, our approach forces you to satisfy your conscience. The American forces you to satisfy your lawyer.

In terms of the 235 Toronto Stock Exchange and TSX Venture Exchange companies that are registrants with the SEC, there is very little choice in this matter. Whether requiring this of 235 of our biggest and best companies will result in better or worse corporate governance for those companies is now beside the point. In light of that, the job now is to adapt our governance framework to minimize the complications

involved in these 235 companies having to meet both Canadian and U.S. requirements.

The real question is what to do about the other 3,700 companies listed on the Toronto Stock Exchange and TSX Venture Exchange, companies that for the most part do not even have aspirations to raise money on U.S. exchanges.

Should these companies also be required to conform to U.S. rules imported into Canada, notwithstanding the evidence that those rules might not work to improve their governance, but may, in fact, weaken it?

To force U.S. regulations on Canadian issuers with no intention of listing in the U.S., however, would add considerably to bureaucratic overhead and the costs of such substantial items as insurance for corporate directors and officers.

It would also add to the serious problems that already exist for small Canadian companies in finding able, independent candidates for boards and board committees that must deal with issues like audits and executive compensation.

The combination of our global reputation for trustworthiness in corporate governance with a principles-based approach that parallels those in most non-U.S. markets, is an asset in attracting investors from these regions as well as listings to the Canadian market. We should not dismiss it lightly.

**BARBARA STYMIEST
TSX GROUP INC.**



Building stronger foundations

October 17, 2002

I want to talk today about corporate responsibility. A free enterprise system in a democracy depends upon transparency and trust. Trust in corporate leaders. Trust in regulators. Trust in the legal framework. Trust in financial reporting. Trust in the accounting profession. In short, trust in corporate responsibility. The investment analyst, the small shareholder, and the institutional investor all have to be able to believe that the numbers that are reported are correct.

Although I have been a CEO for ten years, I still feel that the end of every quarter comes around awfully fast. I spend a great deal of time with the chief operating officer and chief financial officer in reviewing with senior executives the results quarter by quarter.

I believe that shareholders and employees would be better served if business executives were focused more on the longer term, while being guided by the performance signposts of quarterly results.

Executives need a great deal of integrity and fortitude not to succumb to the temptation of being too short-term oriented.

We are facing a serious crisis of confidence in the market. The crisis has been fuelled by governance scandals. As a result, millions of people have seen their investments shrink or disappear. This has been very unfortunate for everyone involved, and it has damaged the ability of companies to raise needed capital.

From this rubble, we must build stronger foundations for corporate responsibility. This

will happen. It will happen, in part, because most CEOs have survival instincts. Only a fool would ignore what is happening in today's market. To succeed, a CEO must now demonstrate a high degree of corporate responsibility. Any responsible leader has no alternative but to review corporate governance practices, codes of conduct and general behaviour.

So there is a silver lining. In the years ahead, investors will end up with better led, better regulated, and better companies to invest in.

From our short-term difficulties we will derive long-term benefits. This will be good for Canadian business. It will be good for Canada. We do not want a regime that will stifle reasonable risk taking and entrepreneurship. But we must continue building a governance regime that will inspire confidence, and attract investment capital from around the world.

PAUL M. TELLIER
CANADIAN NATIONAL



A cornerstone of culture

March 25, 2003

GOVERNANCE is another reason for Scotiabank's success and for my optimism. From the beginning, Scotiabank has enjoyed good governance, long predating today's debates and discussions. Our bank's original shareholders voluntarily accepted double liability in order to facilitate our founding, in order to give people confidence in our strength and stability. So our first Board, these shareholders and directors, most independent, provided oversight and assured that safety and fiduciary needs were met from the very start. And the bank survived and flourished under such guidance.

And this deep belief in our fiduciary responsibilities - in governance and in serving people - has allowed us to successfully manage through many, many challenges. These include expansion, internationalization, two World Wars, in which 162 Scotiabankers lost their lives. We've also seen nationalization - in Cuba, and, more recently, Argentina - systemic failures, such as bank holidays in the U.S. during the Great Depression, and again in the U.S. with the Savings & Loan crisis, the disappearance of Canadian trust companies and the deep challenges today in Japan and Germany. But we've come through all of this stronger and committed. So governance, an independent and active board, changing to meet new challenges and best practices, committed to long-term values and strategies, is another cornerstone of our culture and of our success.

PETER C. GODSOE
THE BANK OF NOVA SCOTIA



L'indépendance du conseil

May 8, 2003

SANTÉ...Sécurité...Environnement... Communauté...Qualité...Relations industrielles...et...Responsabilisations. Nous intégrons toujours chacun de ces volets à nos plans de gestion d'un projet et nous les validons régulièrement. En insistant pour que ces 7 facteurs soient tous intégrés à nos programmes de projets, nous montons la barre en ce qui concerne la définition d'un projet réussi.

Je voudrais maintenant prendre une minute pour discuter de la gouvernance des entreprises. Dans le milieu des affaires cette question est aujourd'hui plus importante que jamais. Nous avons toujours prêté la plus grande attention à nos pratiques de gouvernance. Le conseil d'administration, sauf moi, est composé entièrement d'administrateurs indépendants qui ont pour mission de s'assurer que tous les actionnaires soient toujours bien informés de ce qui se passe dans notre société.

Un conseil d'administration indépendant et bien informé constitue la meilleure façon de maintenir une bonne gouvernance. Il est impératif de détecter très tôt les obstacles et les défis qui se présentent et de les régler sans délai. Nous faisons beaucoup d'efforts pour que toutes les parties prenantes - membres du conseil d'administration, actionnaires, personnel et clients - comprennent le processus de prise de décision, les risques que nous prenons et les résultats qu'elles peuvent attendre.

JACQUES LAMARRE
SNC-LAVALIN GROUP INC.



Reputation and leadership

April 23, 2003

THE international business climate is currently characterized by a lack of confidence in corporations and corporate leaders, and we have important commitments to meet with other important stakeholders. This is where leadership beyond the bottom line comes in.

I believe it evolves from vision beyond the bottom line. EnCana is committed to recognizing the interdependencies that exist between ourselves and others in the worlds in which we operate... Between ourselves and individual landowners, governments, communities, Aboriginal Nations, NGOs, regulators, partners, service providers, and the media.

EnCana is striving to be a benchmark, not only in financial and operating terms, but also in terms of Corporate Responsibility. Some people talk about balancing ethical, social and environmental perspectives with bottom line objectives...

I don't think it's quite that simple.

For example, if you travel the world, it doesn't take long to notice that the societies which enjoy the highest living standards also enjoy the cleanest environments. In other words, economic success is a prerequisite of environmental success.

The same principle applies to countries and communities which have a high quality of life... they enjoy social and religious freedom and the value of mutual respect.

Having said that, though, when it comes to corporate leadership -- there is no compromise. Success on the bottom line, financial return to shareholders, is only reinforced through success *beyond* the bottom line, to communities and the environment. So corporate shareholder responsibility and corporate social responsibility are mutually reinforcing. And you know what else? Corporate Responsibility is the right thing to do!

It relies on some simple principles, principles that we can all follow if we put our minds to them. Respect for one another, our differences and commonalities. An appreciation for balance and holistic approaches. And a drive towards mutual understanding, with the progress that this usually brings.

Born of vision, it is aided by perseverance, and abetted by rigorous governance policies, procedures and systems. Perhaps most importantly, I believe it is necessary - for EnCana, for Canada's economy, and for world businesses reaching out into this ever more integrated planet of ours.

We at EnCana know that, no matter how hard we try, we won't be perfect. And, we know that even when we are doing the right thing, there will be those who criticize us, or who ignore, or don't know, the facts. But we will strive to uphold our reputation by responding to our critics (legitimate or not) with the truth... because, at the end of the day, the most important thing is our reputation.

GWYN MORGAN
ENCANA CORPORATION



From “trust me” to “show me”

February 28, 2003

WE also know that we have moved over the past few years from a “trust me” to a “show me” world. It’s no longer sufficient for companies to say “Trust us that we are doing the right thing.”

Our customers seek the latest products but want to be assured that they are produced in an environmentally and socially responsible way. The public requires transparent business models and practices, and leaders who are accountable for and deliver on their responsibilities for their companies.

When I speak about business ethics, I refer to Shell’s core values, which we have set down in our Statement of General Business Principles and Code of Ethics. First published in 1976 and updated in 1997, the principles set out how the company will conduct its business based on its central tenets of honesty, excellence, integrity and respect for people.

Our central belief is that we must seek a high standard of performance and aim to maintain a long-term position in our competitive environments. For Shell, profitability is essential to discharging our responsibilities and staying in business - it is a measure both of efficiency and of the value that customers place on our products and services.

We insist on honesty, integrity and fairness in all aspects of our business and expect the same in our business relationships.

We act in a socially responsible manner by maintaining a systemic approach to health, safety and the environment and sustainable development. We support free enterprise and seek to compete fairly within the framework of our competition laws.

We contribute to the social and material progress of our communities not only by conducting our business as effectively as possible but by taking a constructive interest in the social impact of our activities and on social matters outside the oil and gas business.

In 2002, the company donated a total of \$7.3 million to not-for-profit organizations across Canada. These funds support environmental and educational programs as well as local communities where employees, retirees and marketing associates live and work.

Finally, we understand that we have five main areas of responsibility: to our business partners, to our customers, to our employees, to our shareholders and to society.

TIM W. FAITHFULL
SHELL CANADA LIMITED



Creating Aboriginal opportunities

May 23, 2003

WHILE Canadian governments are contributing to the fight against aboriginal unemployment in a very substantial way, the drive for change really has to come from the private sector, because we're the ones who will benefit... we are the ones who need skilled workers. And until companies see aboriginal people as a solution to their skills shortages, the fulcrum for aboriginal employment will not work effectively to create opportunities for aboriginal people.

Research today indicates Canada will have a shortage of one million skilled workers by 2020. At the same time, if you look at the demographics of our native population... which is much younger than other segments and which has birth rates triple of non-Aboriginal Canadians we will need to create 400,000 new jobs by 2020 just to get their employment rate in line with non-Aboriginals.

So we either have a huge opportunity... 400,000 new workers toward the one million shortfall... or we could have the worst of both worlds and have a huge problem in the shortage of skilled workers *and* the social problems associated with a large number of underemployed, disadvantaged citizens.

As it stands today, there is a lot of reluctance among private sector companies to get involved in aboriginal education and training. They don't have any objection of hiring aboriginal people who are already qualified, but they feel it isn't their role to get involved in aboriginal development. They feel that responsibility belongs to government.

This view has got to change. And Syncrude's experience has been that it benefits us to go beyond the plant gate and influence the local labour market.

In our area, two of the priorities for the First Nations are employment and encouragement for their young people to stay in school. So we have worked together on such issues as education and training, with the result that young aboriginal people are getting the attention they need to become successful learners. And, as they get older, they're developing the skills they need to find rewarding and productive careers.

In a similar vein, we have worked to develop and support the entrepreneurial ventures of aboriginal people by offering such things as business advice and the opportunity to bid on work contracts. And guess what? We have found the aboriginal community to be an excellent source of goods and services more competitive than other sources as often as not.

And while I don't for a minute want to be prescriptive, I do think that what's been achieved by aboriginal communities here in northeastern Alberta is encouraging to say the least. They are now well on the road to self-determination and Canada has gained greatly from their increased productivity and their increased participation in our society. Given that aboriginal people are one of the fastest growing segments of our nation's population, this is a welcome trend indeed.

ERIC NEWELL
SYNCRUDE CANADA LTD.



At home in the world

March 6, 2003

IN this noisy and crowded world, there is great value in being able to have strongly defined relationships, to build trust and create shared expectations with your stakeholders and communities, wherever they are in the world.

And perhaps it is equally important to be known for these qualities - defined by them in the perceptions of others - so that relationships and trust begin to be crafted before you even shake hands that first time.

The more you push outwards, and the more you expand your community, the more important it becomes to know where you come from.

Thanks to the Internet, when we built a plant in Mexico last year, stories about us, about our experiences in other communities, were there before we had a shovel in the ground. We walked into a welcoming environment, because new employees, suppliers, customers, and the local community knew who we were, and how we treated our people and our communities.

When we did put the shovel in the ground, we had to live up to our new stakeholders' expectations. For instance, when we saw a construction worker working at roof level without being properly secured, we shut the entire site down and sent people home.

We did this five times, and people started calling us "the crazy Canadians".

But we also equipped these same people with safety boots and hard hats, when they were used to working in sandals.

Today, we have strong relationships with our stakeholders in Mexico, based on trust, respect and expectations... And everyone knows how we feel about health and safety.

So that is what needs to guide us as we look at this opportunity. Sense of community, and a sense of trust, provides enduring value. Eroding trust destroys value irretrievably. We see trust as an outcome of repeated experience.

- It is customers knowing we believe we can only meet our own needs by meeting and exceeding their expectations and by accomplishing things our competitors cannot.
- It is our neighbours knowing they can count on us to care deeply for our host communities, and to act accordingly.
- It is shareholders knowing we will follow through on our business strategies, and be forthright in reporting our challenges, opportunities and progress.
- It is employees knowing that they will get back what they put in, and more, and that their ideas are valued.

I can stand here and argue that Dofasco is a local company based in Hamilton. I can also argue that we're a global player with global reach. I can argue that we're a Canadian company with deep, nationalistic roots, and I can argue we're a North American player engaged in a vibrant north-south trade flow. These are all correct, because this is where we come from.

JOHN T. MAYBERRY
DOFASCO INC.



Too important for vacillation

March 18, 2003

WE are in a new and very precarious world.

Old alliances and international institutions are under severe stress and, if war ensues as seems likely they may well be among the casualties. As the only hyper-power, the U.S.A. is all powerful. But it is also somewhat lonely, increasingly frustrated, and very determined.

Since September 11, it has been itself very much at war against terrorists poised to strike again at random and tyrants who have weapons of mass destruction and are ready to use them. We may have doubts about the American approach on Iraq, but we should not doubt their resolve.

There is an aversion to war that is palpable in all countries. The preference for Military action sanctioned by a "united" United Nations is also obvious. After all, pre-emptive Military action is fraught with uncertainty and the battle itself may in fact be less difficult than the consequences flowing from it for the region and the world.

What should Canada do? Well, a posture of studied ambivalence or a stealth policy has not made much of a contribution. More troubling are juvenile outbursts of anti-Americanism which serve no purpose whatsoever other than momentary publicity (of the wrong kind).

In my view, Canada's relationship with the United States is too important for vacillation and too vital for detachment. I believe the true Canadian spirit was evident in the welcome and the hospitality extended on

both coasts to Americans whose travel plans were diverted to Canada immediately after September 11. And from the hundred thousand who stood respectfully on the lawn of Parliament to mourn the victims of September 11. This is a time when the Americans could benefit from advice and support from friends and neighbours they trust. We have had that position of trust and influence in the past.

I would have preferred, frankly, to see Canada among the "coalition of the willing" standing with the U.S., the U.K. and Australia. That would have been consistent with our traditions, and our interests, including our interest in having the U.N. perform more than a declaratory role in responding to global crisis. We quietly accept U.S. security without being prepared to pay much of a price ourselves.

If we genuinely expect to exercise any influence on the U.S. at times like this, we need to be more concerned about what is right than what seems popular at the moment. We need either to support our convictions with tangible commitments or offer alternatives that are credible.

I believe we also need to intensify efforts to thwart indiscriminate terrorist attacks against North America. We may not see ourselves as a target but surely we have an obligation to help the neighbour we know is the target. In my opinion, it is not only the right thing for us to do, it is also the best way to preserve vital Canadian interests.

DEREK H. BURNEY
CAE



A strategic deal is needed

April 30, 2003

MANY influential Canadian business and political leaders have become concerned that 9/11 and the U.S. war on terrorism could result in disruptions to the Canadian economy. In my opinion, these concerns are well founded.

Over the past 18 months, ideas have been advanced for a new kind of strategic framework between Canada and the United States. The Canadian Council of Chief Executives (CCCE) for example proposes a kind of "grand bargain" under its *North American Security and Prosperity Initiative*. The initiative calls for action on borders, economic efficiencies, resource security, defense and a new institutional framework.

On the other hand, the Conference Board Chair, Anne Golden, says in a recent article in the *Globe*: "There's no need to rush into a grand deal with the United States." The Conference Board argues that a new strategic framework for Canada-U.S. relations will not flow out of some grand trade-off between homeland security and the economy. She states the United States does not "often" link economic issues and foreign policy and that one big negotiation does not generally favour the weaker party. My answer is these are not 'often' times!

While I strongly support the view of the CCCE in this debate, notice that both sides are concerned about the same objective, the protection of Canada's long-term economic prosperity. Regardless of your views, both sides clearly recognize the current vulnerability of Canada's continued economic prosperity.

As a Canadian born and raised in Moose Jaw, Saskatchewan now residing in Chicago, I ask you to consider the following observations:

Most people outside the U.S. underestimate the significance of 9/11 to the average American, who generally feels personally "threatened" by the possibility of similar future attacks. I expect 9/11 will continue to have a significant impact on American public policy issues, both political and economic, for many years to come.

Canada's lack of support for the war in Iraq - opposed to its traditional allies of Britain, Australia and the U.S. and on the same side as Russia, Germany and France - may deeply undermine Canadian efforts to build political support in the U.S. for a new economic framework. Canada's position on the war has given rise to more U.S. press on Canada than any other issue in a long time, unfortunately all negative. The ill considered "off the record" remarks of some politicians on this subject have made the matter worse.

If Canada is to make progress with the U.S. in developing a larger umbrella or strategic framework for trade other than the current NAFTA, it also must do so from a position of strength. Productivity should become the primary focus of both provincial and federal economic policy, and in so doing, provide the country with a sturdy base from which it can negotiate new arrangements with the United States.

**DAVID SUTHERLAND
IPSCO INC.**



Muddling along is too risky

April 25, 2003

THE Free Trade Agreement with the United States opened up a new era of opportunity that has made Canada the best-performing economy in the G-7. The terrorist attacks of September 11, 2001 launched a new era of uncertainty, in which an American focus that puts security first threatens to undermine the Canadian prosperity that has been driven by the free flow of people and goods across the 49th parallel.

North American economic integration is now irreversible, but economic and physical security have become inseparable. To deal with this reality, Canada needs to develop a comprehensive strategy for reshaping its relationship with the United States.

More than 80 percent of what Canada sells to the world crosses our border with the United States, but so do almost a quarter of all American exports. Even temporary disruptions, like those that erupted again on the eve of the war in Iraq, hurt businesses on both sides of the border.

The immediate economic damage, however, is just the tip of the iceberg for Canada. Almost any new investment by a major company today involves operations that must serve customers across North America if not globally. Any perception of a significant risk of *future* disruption at the border becomes a powerful reason for locating such investments south of the border, in the continent's dominant market.

Because Canada faces the greatest risk, our country must take the lead in advancing new ideas. This is why the Canadian Council of

Chief Executives decided to launch its *North American Security and Prosperity Initiative* in January, and to take 70 of its member chief executives to Washington, D.C. earlier this month.

The fact that neither trade nor security issues can be addressed in isolation is the foundation for the five pillars of the Council's North American initiative: reinvention of borders; regulatory efficiency; resource security; military capability; and the development of new institutions.

Taken as a whole, the Council's strategy falls well short of what some people think of as big ideas: there is no political union, no currency union, not even a customs union. This approach, however, still marks a major departure from the current incremental approach.

The difference lies not in the details, but in the overall vision. In today's volatile world, muddling along is simply too risky. What Canada must pursue now is a bold strategy to enhance both security and prosperity for Canadians and Americans alike.

THOMAS D'AQUINO
CANADIAN COUNCIL OF CHIEF EXECUTIVES



States of the world

April 29, 2003

IN my early days at Canfor, five years ago, we had endless debates about what “states of the world” we might face as a company going forward.

While there was a lot of disagreement about what the bottom of the market was, everyone knew it involved far more market and competitive adversity than experienced in the late 1990’s. But no one would have believed you if you said “within 5 years we will face the lowest prices in over a decade for both pulp and lumber and, on top of that, you will face duties of 25-27 percent on all lumber shipped to the United States”.

In British Columbia, the government is proceeding with regulatory and timber pricing reforms. Those reforms, done well, have the potential to revitalize an industry that has seen decades of decline and frustration for shareholders, employees, and the people in forest-dependent communities.

I salute the general approach the Province of B.C. is taking to modernize forest policies. The time has come to put an end to the arcane, bureaucratic, regulatory system that has contributed so much to British Columbia’s economic underperformance in recent years. Open, transparent, market and results-based reforms will improve the ability of the industry to invest, expand, and compete internationally. Broader and more diverse access to timber will lead to new and more durable opportunities for wealth and job creation.

I don’t have to remind you, the softwood lumber dispute grinds on... and on. I do believe that policy reform is ultimately the

only way of combating protectionist attacks from the United States. While trade negotiations have been an exercise in unbridled frustration, they have yielded a measure of agreement on policy reforms that would no longer be countervailable. Applying for a so-called “change in circumstances” ruling and realizing a duty reduction will take time, and there are uncertainties...but there is no doubt, it is a strategic option we didn’t have before, and that’s a big positive.

In the meantime we will negotiate...if there is a negotiation. But we must continue the legal fight until a negotiated solution is in place. We will continue to use the full array of legal mechanisms provided for under WTO and NAFTA, including Canfor’s challenge and damage claim under NAFTA Chapter 11. Quick and massive victories are unlikely, but a series of small wins can get us there.

No one should doubt our willingness, or our capacity, to fight on if that is what we have to do.

The transformation of our industry from the sunset image of the past few decades, to a modern, environmentally friendly, technology driven, wealth creator is taking root. Similarly, North American integration of the lumber market is inevitable as well as desirable: for customers, for producers and for governments in both countries.

Parochial protectionist behaviour can slow, but cannot eliminate, these fundamental trends.

DAVID L. EMERSON
CANFOR CORPORATION



Doing more for North America

April 28, 2003

CPR is fully supporting Vancouver's vision of being the international transportation gateway of choice on the west coast of North America. We are working collectively with the port to make that vision a reality.

This is what brings us here today - CPR's deep historical ties to Vancouver and our profound belief in the huge potential and bright future for this great port city. Your company has a very clear vision that rail can and will do more for this region's future, just as rail can and will do more for the whole of North America.

When I say rail can do more this means that CPR is positioned and ready - *today* - to help North American society address many of the major issues that policy makers are grappling with:

- Rail can do more - *today* - to improve North America's productivity so that our economies can be the most competitive in the world
- Rail can do more - *today* - to improve border security and the efficient north-south flow of trade within the NAFTA zone
- Rail can do more - *today* - to lower greenhouse gas emissions
- Rail can do more - *today* - to improve the safety on our roads and reduce traffic congestion in our crowded cities.

Some policy makers understand the potential for rail. Others, frustratingly, show indifference and talk about more regulation

rather than less. There is also insufficient understanding of the negative impact that fuel and property taxes have on the ability of a privately-funded railway to compete with a publicly-funded highway network.

We need to bring about a major shift in their comprehension so that no one is indifferent to the significant benefits that rail can bring to society and to our economic prosperity. When that day comes, your company, with its strategic rights-of-way across North America, will be well positioned to take advantage of a new rail renaissance - a renaissance generated not by a new break out technology, but by the re-emergence of rail's inherent economies. But let me assure our shareholders that this potential for longer-term prosperity does not mean for one instance that we will take our eye off the requirement for short-term success. This is an imperative that can and will be achieved.

I believe we are on the cusp of huge, positive change for the rail industry. I am confident about the future. We are rebuilding our railway and are expanding the franchise. We are doing everything we can to maximize the use of rail.

I know that our employees, our customers and our shareholders share the vision that CPR has for the rail industry in North America. I urge you to work with us to make our vision for rail in North America a reality.

ROBERT J. RITCHIE
CANADIAN PACIFIC RAILWAY



Using knowledge is what counts

March 6, 2003

CANADA'S wealth of natural resources will always be an important asset, but as we have known for a long time, it's not what you have, but what you do with it that matters. Knowledge and new ways to use it are what count in an environment where everything is becoming more competitive.

Smart, innovative thinkers come from an education system that gives them the skills and the confidence to compete with the best. Budgetary cutbacks have challenged our educational institutions to deliver more with less. The results, in the vernacular, have not been pretty. From kindergarten through to post secondary schools, problems abound.

Many schools have taken music and the arts off the required curriculum subjects that can broaden children's minds and encourage different ways of thinking - as Learning through the Arts, a Royal Conservatory program that TD sponsors, so clearly demonstrates. Physical education and after school sports programs are also being cut in the face of an epidemic of obesity in children.

Let us take action now to make sure that more children at all stages of their development have access to the best. We cannot start too soon. A child's first five years are the prime time for his or her intellectual, verbal, physical, social, and emotional development. This is when the die is cast that will determine how well children fare at school and how well they fit into society. It is when we can help them prepare for a lifetime of learning.

As in healthcare, this is not about maintaining the status quo. We need to find new and better ways to give future generations the best start through early childhood education, the best exposure to mathematics, literacy, the sciences and the arts from kindergarten through grade 12, and greater access to post secondary institutions.

Let us also encourage schools from primary through to post secondary to teach our children to manage and live with change. Let them encourage risk taking so that more of the bright ideas generated now are acted upon and made concrete.

We cannot talk about human capital without addressing the fact that a growing proportion of our future population will be new Canadians. This is the only way our population will grow. Woodrow Wilson used to say that he not only used all the brains he had, but all the brains he could borrow. This should be our mantra as a country. One of the ways to increase our standard of living is to focus on helping immigrants become productive citizens more rapidly.

We need to make it easier for them to put their training and skills to work faster -- for their own more successful adaptation, and for the benefit of all Canadians. We need to work on simpler ways to help them close gaps in professional requirements and avoid a wasteful and expensive re-qualification process. In a country that celebrates diversity as a defining quality we owe it to ourselves and to future generations to make the effort.

A. CHARLES BAILLIE
TD BANK FINANCIAL GROUP



Building the knowledge economy

May 12, 2003

WE are better off than our grandparents not because we have more of what they had, but because we have new and better things such as the Internet, sophisticated new pharmaceuticals, powerful microprocessors, and new wireless technologies. Successful societies are those that can both develop new ideas and successfully commercialize them.

We want to see to the fullest extent possible that the new knowledge that is generated in Canada leads to its production here so that the resulting wealth and jobs flows to Canadians. We want to end the old pattern of invent in Canada, produce elsewhere, then import the finished product back to Canada. But that means we have to become much better at commercialization.

But to succeed in commercialization, we have to overcome several challenges.

First we must create an environment that encourages young scientists to consider the possibility of commercialization of their ideas, and match them with the facilities and advice they need, as well as early-stage capital.

Second, we must take new ideas through the "valley of death" - that very early stage in the life of an idea where the level of risk is at its highest and financing is most difficult.

This is where proof of concept or proof of principle is established. But it is also where many good ideas can die from a lack of relatively modest funding.

And finally, we must be patient enough to allow promising ideas to develop and reach a stage where more of their value can be captured.

Our goal should be to design a financing system that not only takes new ideas and young companies through the early stages of development, but which also helps build Canadian-based companies that have the scale and scope to succeed in the global marketplace.

At the very least, we should remove barriers - for example, by allowing publicly traded bioscience companies to sell their unused R&D tax credits in flow-through shares, just as we already allow mining companies to do. Or, alternatively, we should allow R&D expenditures to be treated as allowable expenses in limited partnerships. Surely, the methods used to finance the bringing of our natural resources to the surface should be available to bring our knowledge-based resources to the world.

But perhaps the time has come for the world of finance and government to review the regulatory, institutional and tax systems and consider changes that could be made to ensure that Canada has a financing system that meets the needs of the future economy.

Ultimately, the success of our economy, and our ability to sustain and support a high standard of living, will depend on our ability to start and to grow Canadian companies.

GORDON M. NIXON
ROYAL BANK OF CANADA



Opportunity for all children

May 8, 2003

LEARNING is the process by which we are taught to order, synthesize - to take meaning from - the streams of information directed at us. And never has there been a greater volume of information than the deluge that assaults us everyday.

We live in an information society, a connected society. A society that continues to be redrawn by the progress of new technologies.

Today, we herald a generation of learners who have never known life without a computer at easy reach, either at home or at school.

Who approach technology with a mastery that is often beyond our belief...utterly nonchalant, it is so skilful.

For whom the Internet is an active extension of their social lives; integral to their ability to share ideas, gossip, enjoy music and videos and bemoan the agonies of yesterday's flash quiz.

And with every school and library in this country now connected via telecommunications links, the Internet has become a tool of democratization giving students, wherever they live, access to the world's information.

But mere access to information is not enough. Through teaching, through learning, we equip ourselves with the ability to give meaning to information, and thus draw value from it.

The greater the flow of information, the greater the need to process it...integrate it. And that is the obvious role that teachers play in our lives. And it's why today, more than ever, we need a solid educational foundation for our children and a public sentiment that provides strong support, both ideologically and financially.

Canada's public education system has been born of hard work and public policy that recognizes the importance of education at all levels in society.

If our goal is to have a learning nation, then we must realize the importance of the formative years in our children's early lives.

We need to create innovative ways of engaging our children in the learning process so they come to view it not as a task or an obligation but as an appealing process of better understanding the world around them, their place in it, and ultimately, their potential to contribute to it.

In whatever environment we find ourselves, it is an easy correlation to suggest that those who excel at learning, excel. And that those who excel at learning have "learned to learn" from an early age.

The education system must provide an environment that offers this opportunity to all of our children.

MICHAEL J. SABIA
BELL CANADA ENTERPRISES INC.



Raising university performance

June 4, 2003

I have worked in support of our institutions of higher learning, and certainly EnCana and our two legacy companies have supported this and other universities. But if you are anything like me, you sometimes feel like you're accomplishing little sustainable good. You know that fundamental change is needed, but the years roll by with real change caught up in institutionalized gridlock.

I submit to you that our institutions of higher learning need to raise themselves to a whole new level of performance and results.

In the private sector, our performance and results are constantly being measured --- and capital goes to the performers.

The phenomenon Darwin called *survival of the fittest* drives the private sector to constantly get better. Non-performers cease to exist. When was the last time that a public university ceased to exist?

When was the last time the results of universities were actually measured? Oh, we all know there's the Maclean's survey, but I mean real measurements like the quality of the undergraduate teaching experience and the preparation of students not only to survive, but to thrive and contribute --- measured by the actual ability for students to find good jobs in the field in which they graduate.

In business, we also know that we won't survive if we don't produce products that are in demand. For universities, this means allocating resources in relation to the needs and demands of society. In other words, to

focus resources on turning out graduates who can get jobs.

The allocation of resources to these faculties where the jobs are, or the allocation of resources to teaching is not a collegial matter - it is a public policy matter. There can be a healthy debate over the allocation, but we should all know the numbers - the real fully allocated cost and priority for producing each product.

I know there will be various degrees of agreement, or disagreement, with what I have had to say about the urgent need for change in undergraduate education. But, I'm sure we all agree with that ancient Roman, Cicero, who said: "*What greater gift can we give the Republic than to teach and instruct our youth.*"

By building upon what is good and true in our research universities combined with the imagination and courage to create new models, we can ensure that students actually receive a world-class undergraduate education.

By achieving alignment with the interests of key stakeholders, faculty, students and employers, Canada can continue to be one of the most wonderful places in the world to live, and to build a career.

GWYN MORGAN
ENCANA CORPORATION



Reducing regulation in insurance

May 28, 2003

THE financial services industry in North America needs simpler regulation. I believe the present regime can be made more efficient in both of our countries without weakening the integrity of the financial system or public confidence in our institutions.

In Canada, the direct cost of insurance industry regulation in 2001 was approximately \$100 million. The comparable figure in the United States is \$1.4 billion, in Australia, \$27 million.

Dividing these numbers by total insurance premiums for each country, we can compare the direct cost between them.

- For Canada, the direct regulatory burden is 14 cents for each \$100 of insurance premiums;
- For the United States, the cost is 11 cents for each \$100;
- For Australia, the cost is 5 cents.

Therefore, the direct cost of insurance regulation in Canada is almost triple that of Australia. In the United States, the cost is double that of Australia.

It is also interesting to consider the amount that would be saved in Canada and the United States if our two countries achieved the same level of regulatory efficiency as Australia.

The answer is approximately \$64 million annually in Canada and \$789 million in the United States. Both these amounts could potentially be returned to consumers through lower premiums and service fees.

Why is the regulatory burden so onerous in Canada and the United States? One obvious reason is that there are too many regulatory bodies imposing too many different rules on insurance companies.

In Canada, an insurance company is subject to 22 regulators, including the pension regulators. In the United States, that figure rises to 50 regulators.

I am not calling for the elimination of all supervision and regulation of the insurance sector. Rather, this is a formal appeal for a regulatory system that is better organized, more efficient and more competitive.

The time has come for Canadian provincial governments and state legislators to work in coordinated fashion in the elaboration of a simplified approach to the regulation and monitoring of the insurance industry in Canada and the United States. Such an approach would increase the efficiency of the system and optimize the resources of regulators by eliminating duplication and overlap. It would also result in lower direct costs and lower compliance costs for our industry.

Our governments must do everything in their power to increase the efficiency and reduce the cost of regulating our industry. In so doing, our industry will increase its economic contribution and return savings to our customers.

CLAUDE GARCIA

THE STANDARD LIFE ASSURANCE COMPANY



Opening the door to investment

February 27, 2003

TODAY it is impossible, in isolation, to deal with new rules for telecommunications companies without creating serious competitive risks for broadcasters such as CanWest. It is relevant also that more telecommunications companies are delivering broadcast signals to consumers using their telephone line infrastructure to compete directly with cable and satellite distributors of broadcast signals (BDUs in the regulatory vernacular). Telecommunications companies also compete directly with BDUs in the delivery of high-speed Internet services. Telecommunications companies compete also with broadcasters and other media companies in delivering Internet content to consumers.

As a Canadian-based media company and broadcaster, CanWest must have the ability to expand internationally, as it has done over the past decade, in order to meet competitive challenges. It must also be able to remain strong in the domestic Canadian market.

International expansion requires access to foreign capital and greater flexibility in capital structure, in order to go head-to-head in a market environment in which giant U.S. media conglomerates already compete directly with us in the Canadian television market.

Staying strong and healthy at home, in Canada, requires unfettered access to both Canadian and international capital markets.

Some broadcasters have argued that broadcasting is different and that it requires special rules to protect Canadian culture. These broadcasters argue in favour of retention of the status quo in the foreign investment rules for both the BDUs and the broadcasting sector.

CanWest does not subscribe to that narrow and protectionist view. That Canadian ownership controls contribute to more and better Canadian content programming simply does not stand up to any reasonable scrutiny.

We reject the arguments of those who believe there is a correlation between Canadian ownership and Canadian content. In fact, there is no evidence that the nationality of the ownership is a factor at all. Increased levels of foreign ownership will have no substantive consequences for the promotion or exhibition of Canadian content on television, given the ongoing role of the CRTC in enforcing compliance with the *Broadcasting Act*.

CanWest supports total elimination of controls on foreign investment in the broadcasting sector.

We also believe that relaxing existing foreign investment limits should be linked in some way to Canadian efforts to secure a similar treatment for Canadian investment access to the telecommunications, BDU and broadcasting sectors at the international level, particularly in the U.S., Europe, and in other countries such as Australia.

LEONARD J. ASPER
CANWEST GLOBAL COMMUNICATIONS CORP.



Kyoto's good, bad and ugly

April 2, 2003

I AM going to talk about the good, the bad and the ugly of Kyoto.

The Kyoto Protocol is an international treaty that has been signed by Canada and, to date, more than 160 countries.

The good in all this is that, as a result of the discussions revolving around Kyoto, we will ultimately have an atmosphere that is less threatening to our climate, to our ecosystem, and to our health. We will find cleaner and better ways to generate electricity, to power our transportation systems, and to fuel our factories. Fewer emissions and cleaner air are, by definition, good for us.

What about the bad and the ugly? I am going to combine the bad with the ugly, because I don't know where one stops and the other begins.

The key unknown is whether we will adopt a thoughtful, sensible approach to Kyoto in Canada. When we ratified the treaty, we committed to meeting certain targets within a general framework. It's up to us in Canada to decide how we are going to go about meeting our obligations. Will we get it right?

The negotiations surrounding the terms by which we will meet the Kyoto targets are underway. I can tell you that they are difficult, complicated, and stressful. Ultimately, these negotiations will conclude in a document that will be consequential for both our atmosphere and our economy. If we don't get it right, it will be both bad and ugly.

Nova Scotia, Saskatchewan, and Alberta are among the provinces most heavily dependent on fossil fuels while British Columbia, Manitoba, and Quebec are most reliant on hydro power.

Canada will not be well served if, because of Kyoto, electricity price differentials make Nova Scotia, Saskatchewan, and even Alberta uneconomic jurisdictions in which to live and to invest. Canada will not be made stronger if, as a result of Kyoto, investment and jobs are driven from provinces that rely heavily on fossil fuels to those that do not.

Under Kyoto, the rules prevent us from entering into a credit trading system with countries that have not ratified the treaty. That means that, for the purposes of Kyoto, we cannot build a credit trading system with our largest economic partner. That's simply bad public policy. Notwithstanding the US decision not to ratify Kyoto, many of the states, including those closest to us, are enacting, or considering, laws consistent with Kyoto.

The final issue I want to mention is the potential of policy overload.

Kyoto is not the only regulatory or legislative initiative that Nova Scotians will have to consider. Even without Kyoto, the energy business in North America is experiencing enormous change.

Whatever Kyoto implementation looks like, we will witness dramatic change in the way we produce, consume and fund energy in the decade ahead.

DAVID MANN
EMERA INC.



Flying through turbulence

May 21, 2003

WHETHER we work in telecommunications or financial services or the auto sector, we all want to change the culture of our business to perform better, generate profits and remain competitive.

I believe the way to make it happen fast is to just go ahead and implement the new company - if need be, in parallel with the old business. Provide the tools, set the parameters and build the 'brick and mortar' structures. It's much like introducing a new computer system, while the legacy system is still running.

This is not just to respond to changing consumer preferences, but also to kick-start the airline into a new way of doing business.

And believe me, no business needs a cultural 'kick-start' more than the airline business.

This is an industry which makes the infamous 'Saturday night stay' a condition for selling a product.

This is the only industry in the world which uses the desert to manage supply and demand - by parking surplus aircraft in huge desert parking lots during economic downturns.

This is an industry which has succeeded in devising the most confusing, complicated and consumer-unfriendly fares possible. An industry which has systematically tried to extract more and more money, from fewer and fewer high-fare business travelers.

But, here's the thing. It's not working. It's not working just about anywhere in the world. It's not working to the tune of about \$31 billion in worldwide losses in the last two years, according to the International Air Transport Association. This is what I'm talking about when I say the traditional airline business model is broken.

We need to pull the plug on this model and establish a new business mode and new culture. To do this, we have set up new businesses and embraced new ways of doing things.

This is a huge challenge, but we have already established a blueprint of what works, and we have a powerful vision of where we want to go.

Technology will drive this airline and this business like never before. When you're buying a ticket, when you arrive at the airport, when you're in the aircraft and when you arrive at your destination. If there's an Internet application or hi-tech innovation which makes the airline experience easier or more economical for you - or for us - we want it. In the 21st century the airline business will be based on information technology, not just aircraft.

ROBERT A. MILTON
AIR CANADA



Growing IT expertise at home

April 7, 2003

TODAY, businesses can conduct engineering, technology and software manufacturing activities from any corner of the globe. With current technologies, 40 to 60 percent of any given project can be carried out from just about anywhere in the world, provided a company has the right resources.

Take, for example, the case of an investment bank considering the development of a new trading system. If this development effort requires one million person-hours, then at least half, or 500,000 hours, can be developed from a foreign location such as India. Any segment of the project carried out in India will cost only 30 percent of what it would cost in the United States, and half of what it would cost in Canada. And this includes all expenses, such as infrastructure and telecom costs.

If you take a look at today's market, you'll see that all of the big IT consulting services firms have service or development centres in this country. Each year, India trains from 60,000 to 70,000 information technology professionals who are university educated, in fact many of whom hold PhDs. There are currently more than half a million IT professionals working in India in export-oriented activities.

CGI is no exception, since we also have software development centres of excellence in Bangalore and Mumbai, India. Five hundred of our professionals are based there.

This shifting of work has brought with it risks and opportunities. The risks lie in the impact it is having on employment levels, particularly among young people.

Work conducted in centres of expertise normally involves technical design and programming. More often than not, this work is done by information technology specialists fresh out of college or university. And that's why jobs for young people are at risk. The opportunity lies in the creation of a multitude of centres of excellence in Quebec and throughout Canada to serve the largest IT services market in the world - the United States.

Collectively, if we want to develop this expertise, and if we want to foster the development of these skills right here at home, then we need to create technological centres of excellence on a city-wide or regional level. An example of this is Alcan, which, together with CGI, developed an Oracle centre of excellence in Jonquière, Quebec.

At CGI, some of our business decisions are linked to the fact that our head office is right here. That's why, for example, we might develop systems for our U.S. or British clientele using our experts in Bangalore and Mumbai, as well as our experts in Montreal, Quebec City, Jonquière, Fredericton, Toronto and Regina. But I believe that the key players in the economic arena should do more to promote the incubation and proliferation of such centres of excellence as a means to develop world-class expertise here at home.

SERGE GODIN
CGI GROUP INC.



