

# CPA Canada Q1 2018 Business Monitor

Background document

On behalf of: Chartered Professional Accountants of Canada

April 10, 2018



# Q1 2018 CPA Canada Business Monitor Backgrounder

## Study Information

The CPA Canada Business Monitor is issued quarterly, based on a survey commissioned by CPA Canada and conducted by Nielsen. The report draws upon business insights of professional accountants in leadership positions in privately and publicly held companies.

For the Q1 2018 study, emailed surveys were completed by 408 of 4,943 identified by CPA Canada as holding senior positions in industry (CFOs, CEOs, COOs and other leadership roles). The response rate was 10.8 per cent, with a margin of error associated with this type of study  $\pm 4.8$  per cent, with a confidence level of 95 per cent. Further information regarding response rate calculations can be found in the survey's background document. The survey was conducted from March 13 to March 29, 2018.

The response rate calculation follows guidelines set by the Market Research and Intelligence Association, and is calculated as follows:  $\text{Response Rate} = \text{Survey Completes} / (\text{Completed Surveys} + \text{Incomplete Surveys} + \text{Estimated Eligible Members in Sample})$ .

## About CPA Canada

Chartered Professional Accountants of Canada (CPA Canada) is one of the largest national accounting organizations in the world, representing more than 210,000 members. Domestically, CPA Canada works cooperatively with the regional CPA bodies who are charged with regulating the profession. Globally, it works together with the International Federation of Accountants and the Global Accounting Alliance to build a stronger accounting profession worldwide. CPA Canada, created through the unification of three legacy accounting designations, is a respected voice in the business, government, education and non-profit sectors and champions sustainable economic growth and social development. The unified organization is celebrating five years of serving the profession, advocating for the public interest and supporting the setting of accounting, auditing and assurance standards. CPA Canada develops leading-edge thought leadership, research, guidance and educational programs to ensure its members are equipped to drive success and shape the future.

[cpacanada.ca](http://cpacanada.ca)

# KEY SLIDES

# Q1 2018 CPA Canada Business Monitor Backgrounder

- Optimism in the opening quarter of the year dipped to 34 per cent from 48 per cent in Q4 2017, falling to its lowest level since 2016.

	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Change vs. Year ago (Q1 2017)	Change vs. Last quarter (Q4 2017)
<b>Optimism in Canadian Economy for next 12 months</b>							
% Optimistic	38%	50%	47%	48%	34%	-4	-14
% Neutral	47%	38%	40%	36%	47%	--	+11
% Pessimistic	15%	12%	13%	16%	20%	+5	+4
<b>Optimism in Business for next 12 months</b>							
% Optimistic	58%	61%	59%	61%	58%	--	-3
% Neutral	28%	26%	25%	27%	25%	-3	-2
% Pessimistic	14%	13%	17%	12%	17%	+3	+5

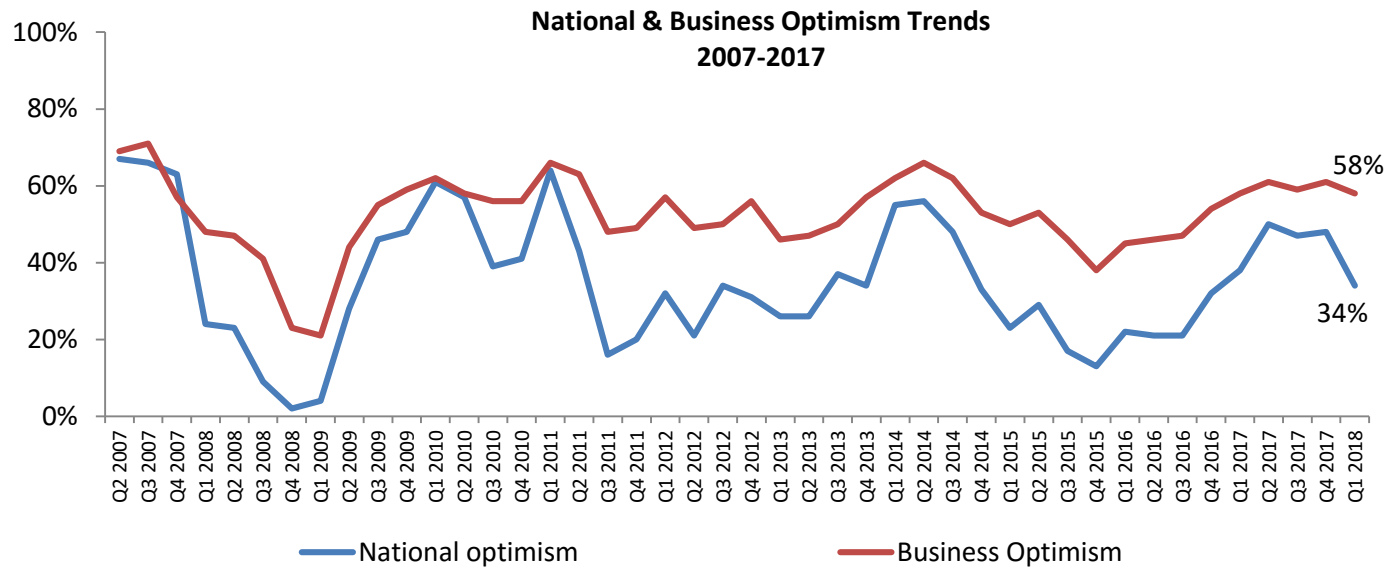
Q2ai/ii. Please select the rating that best describes your view for each of the following.

Number of respondents for these questions in Q1 2018 = 408. Number of respondents varies in other quarters.

Note: Percentages may not add up to 100% due to rounding.

# Q1 2018 CPA Canada Business Monitor Backgrounder

- Company optimism continues to hover around the 60 per cent mark.

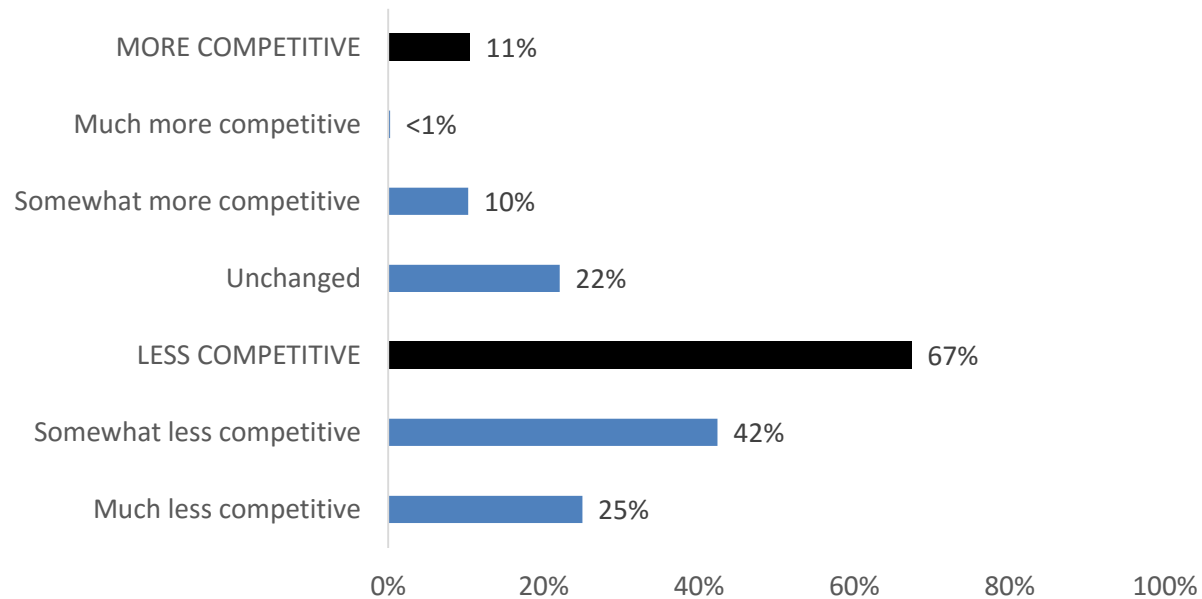


Q2ai/ii. Please select the rating that best describes your view for each of the following.

Number of respondents for these questions in Q1 2018 = 408. Number of respondents varies in other quarters.

# Q1 2018 CPA Canada Business Monitor Backgrounder

- More than two-thirds (67 per cent) of respondents report Canada is a less competitive place to invest and do business in versus the United States, compared to one year ago.



Q6: Compared to one year ago, how competitive do you believe Canada is, compared to the United States, as a place to invest and do business?

Number of respondents for this questions = 408.

Percentages may not add up to 100% due to rounding.

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- Top three challenges to the Canadian economy cited are U.S. trade protectionism (30 per cent), uncertainty in the Canadian economy (16 per cent) and U.S. tax reforms (7 per cent).

## Top Challenge to Growth of the Canadian Economy



Q4. Which of the following do you think is the top challenge to the growth of the Canadian economy?

Number of respondents for this question = 408.

Single response allowed to question.

Responses mentioned by 3% or more included, remaining responses grouped as "Other".

Percentages may not add up to 100% due to rounding.

# Q1 2018 CPA Canada Business Monitor Backgrounder

- Top three factors impacting business planning over the next year: Uncertainty surrounding the Canadian economy (32 per cent), employee retention, acquisition and development (30 per cent) and lack of skilled workers (24 per cent).

## Factors Impacting Company's Business Planning For Upcoming Year



Q5. Which of the following are currently impacting your business planning for the next year?

Number of respondents for this question = 408.

Respondents allowed to provide multiple mentions.

Responses mentioned by 3% or more included, remaining responses grouped as "Other".

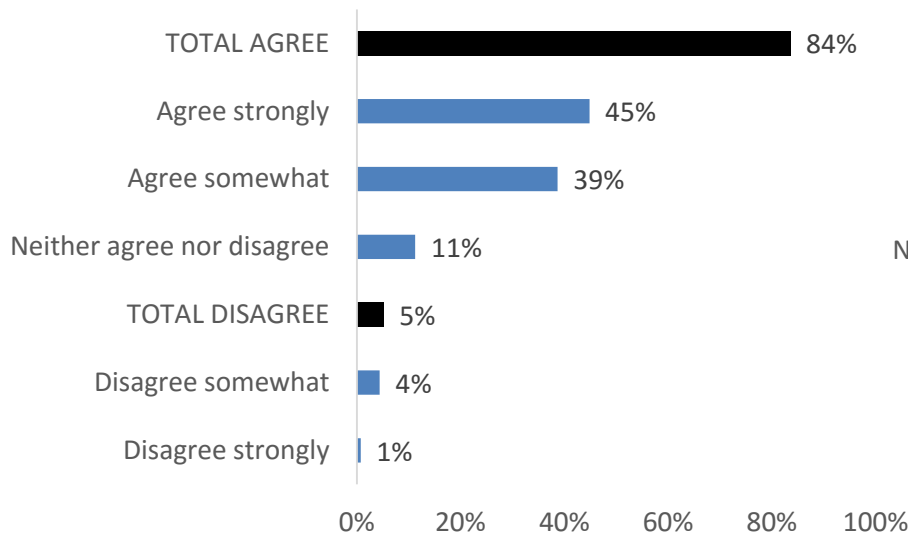
Due to multiple mentions, percentages will add to over 100%.



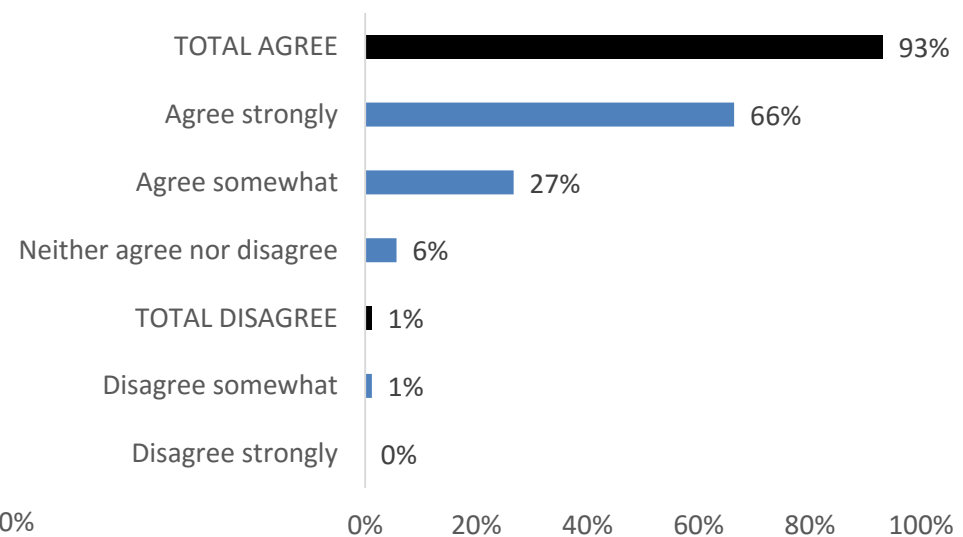
# Q1 2018 CPA Canada Business Monitor Backgrounder

- A majority of Canadian business leaders (84 per cent) agree a detailed analysis of U.S. tax reforms to assess the potential impact on Canada is urgently needed and 93 per cent say the results should be made public shortly after the analysis is completed.

## Detailed Assessment of U.S. Federal Tax Reforms Urgently Required



## Findings of Detailed Analysis Should be Made Public Soon After Completion



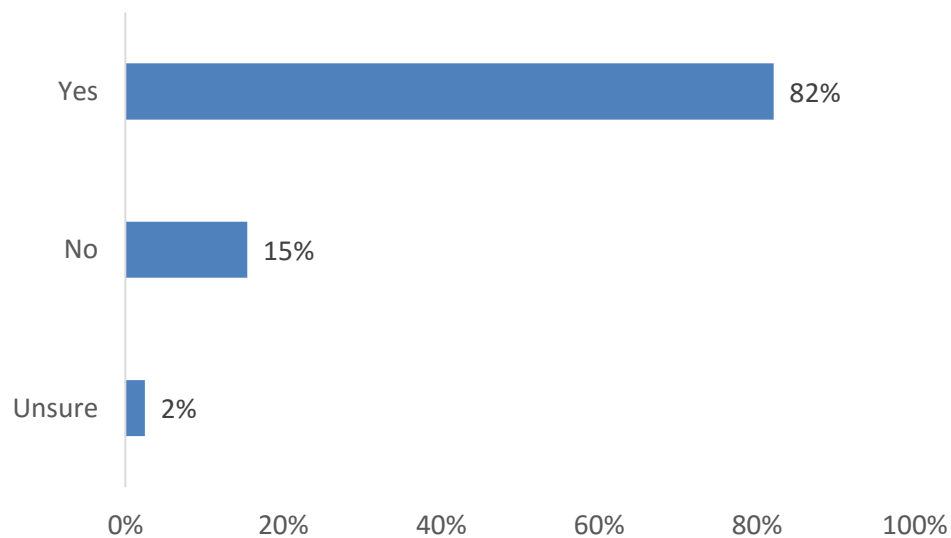
Q8: The budget did note that Finance Canada will conduct a detailed analysis of the U.S. federal tax reforms to assess potential impacts on Canada. To what extent do you agree or disagree with each of the following statements:  
 This assessment is urgently required. (graph on left side) Shortly after completion, the findings of Finance Canada's detailed analysis should be made public (graph on right side)

Number of respondents for these questions = 408.

Percentages may not add up to 100% due to rounding.

# Q1 2018 CPA Canada Business Monitor Backgrounder

- More than eight in ten (82 per cent) report being disappointed the government did not set a date for a return to balanced budget.



Q7: The budget did not provide a specific timeline for the federal government to reach a balanced budget. Where you disappointed that this was not part of the budget?

Number of respondents for this questions = 408.

Percentages may not add up to 100% due to rounding.

# Q1 2018 CPA Canada Business Monitor Backgrounder

- Over two thirds (69 per cent) of respondents are projecting revenue growth for their companies over the next 12 months and 63 per cent anticipate an increase in profits, both similar to last quarter.
- With respect to employee numbers, 44 per cent predict growth at their company. Roughly four in ten (38 per cent) anticipate no change in employee numbers while 18 per cent expect a drop.

Projected Change in Following Year	Revenue	Profits	Employees
Total Who Project an Increase	69%	63%	44%
Increase by over 10%	19%	18%	9%
Increase by 5 to 10%	27%	23%	11%
Increase by less than 5%	24%	22%	24%
No Change	13%	14%	38%
Total Who Project a Decrease	15%	21%	18%
Decrease by less than 5%	8%	10%	13%
Decrease by 5 to 10%	4%	5%	3%
Decrease by over 10%	4%	5%	2%
N/A	2%	2%	0%
Don't Know	0%	1%	1%

Average Projected Change*:	
Revenue	+4.1%
Profits	+3.3%
Employees	+1.7%

Q3. Thinking about the next 12 months, please indicate how you expect the following to change if at all from the past 12 months for your company. (Potential responses are: Increase by over 10%, Increase by 5 to 10%, Increase by less than 5%, No change, Decrease by less than 5%, Decrease by 5 to 10% and Decrease by over 10%, as well as not applicable and don't know options)

**\*\*Average projected change** is calculated by taking the mid-point of each response option (e.g. answers of "less than 5%" are revised to +/-2.5, answers of "5% to 10%" are revised to +/-7.5 and responses of "10% or more" are revised to +/-12.5) and then calculating the average of those mid-points across all respondents. Responses of "N/A" and "Don't know" are excluded from the average.

Number of respondents for these questions = 408.

Note: Percentages may not add up to 100% due to rounding.