

# CPA Canada Q4 2017 Business Monitor

Background document

On behalf of: Chartered Professional Accountants of Canada

January 11, 2018



# Q4 2017 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 Q4 2017 study, emailed surveys were completed by 377 of 4,676 identified by CPA Canada as holding senior positions in industry (CFOs, CEOs, COOs and other leadership roles). The response rate was 10 per cent, with a margin of error associated with this type of study  $\pm 5.0$  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 November 29th to December 18th, 2017.

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

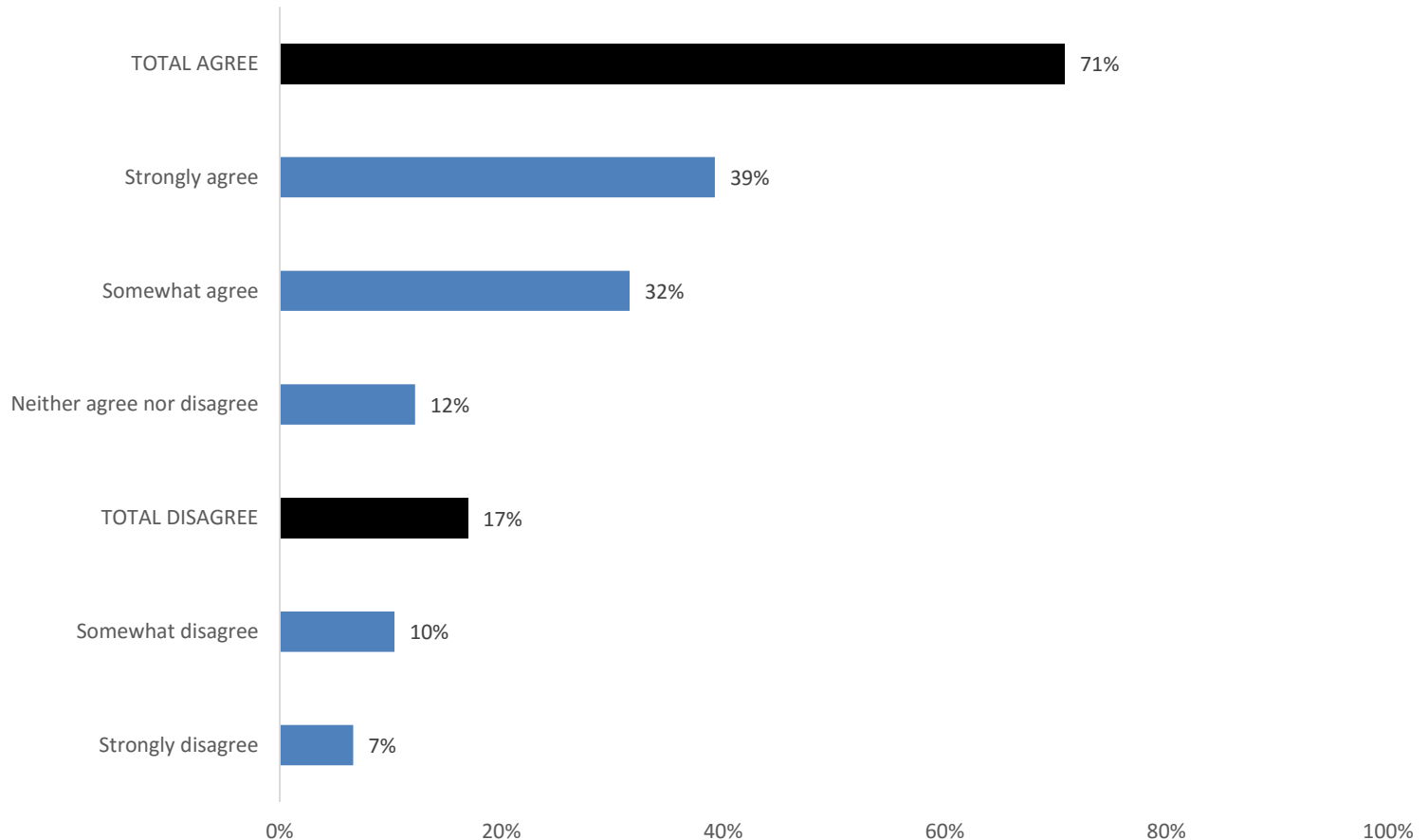
The new Canadian designation, Chartered Professional Accountant (CPA), is now used by Canada's accounting profession across the country. The profession's national body, Chartered Professional Accountants of Canada (CPA Canada), is one of the largest in the world with more than 210,000 members, both at home and abroad. The Canadian CPA was created with the unification of three legacy accounting designations (CA, CGA and CMA). CPAs are valued for their financial and tax expertise, strategic thinking, business insight, management skills and leadership. CPA Canada conducts research into current and emerging business issues and supports the setting of accounting, auditing and assurance standards for business, not-for-profit organizations and government. CPA Canada also issues guidance and thought leadership on a variety of technical matters, publishes professional literature and develops education and professional certification programs.

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

# KEY SLIDES

# Q4 2017 CPA Canada Business Monitor Backgrounder

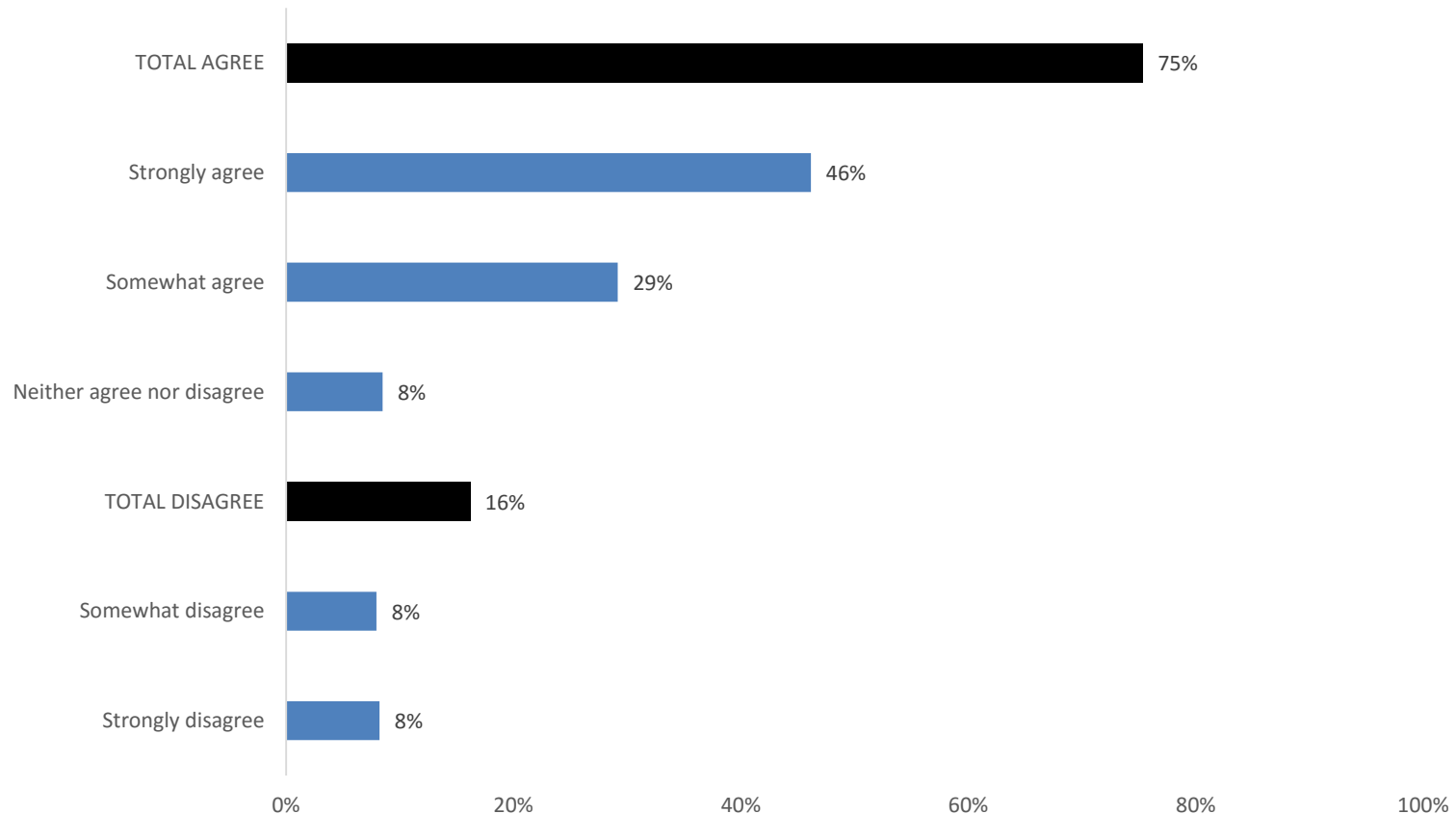
- A strong majority (71 per cent) of business leaders agree a comprehensive review of Canada's tax system is required. CPA Canada has repeatedly called for an extensive independent review of Canada's tax system aimed at reducing complexity, ensuring economic competitiveness and enhancing overall fairness.



Q8. To what extent do you agree or disagree that a comprehensive review of Canada's tax system is required?  
Number of respondents for this question = 377.

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- Seventy-five per cent of those surveyed agree the federal government should set a target date to return to a balanced budget. Sixteen per cent disagree while eight percent are neutral on the issue.



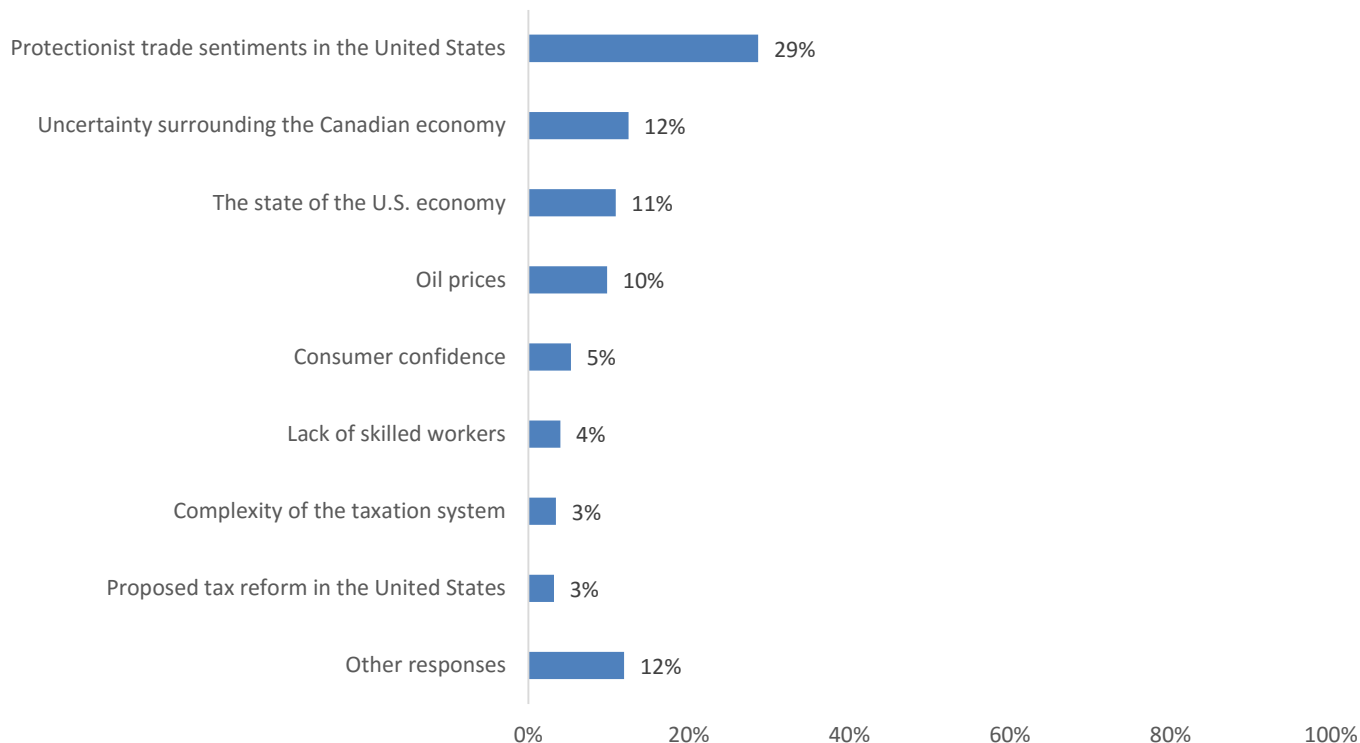
Q7. To what extent do you agree or disagree that the federal government should use the next federal budget to establish a target date to have the annual budget return to balance?

Number of respondents for this questions = 377.

# Q4 2017 CPA Canada Business Monitor Backgrounder

- For the fourth straight quarter, protectionist trade sentiments in the United States is viewed as the top challenge to growth of the Canadian economy cited by 29 per cent of business leaders. Uncertainty in the Canadian economy (12 per cent) comes next, followed by the state of the U.S. economy (11 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 = 377.

Note 1: Percentages less than 3% in Q4 2017 are not shown in the above chart and are included in "other responses".

Note 2: Percentages may not add up to 100% due to rounding.

# Q4 2017 CPA Canada Business Monitor Backgrounder

- Optimism about Canada's economic outlook over the next 12 months remains essentially unchanged from last quarter at 48 per cent. Just over a third of respondents (36 per cent) report feeling neutral while 16 per cent are pessimistic.

	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Change vs. Q4 2016
<b>Optimism in Canadian Economy for next 12 months</b>						
% Optimistic	32%	38%	50%	47%	48%	<b>+16</b>
% Neutral	46%	47%	38%	40%	36%	<b>-10</b>
% Pessimistic	21%	15%	12%	13%	16%	<b>-5</b>
<b>Optimism in Business for next 12 months</b>						
% Optimistic	54%	58%	61%	59%	61%	<b>+7</b>
% Neutral	28%	28%	26%	25%	27%	<b>-1</b>
% Pessimistic	18%	14%	13%	17%	12%	<b>-6</b>

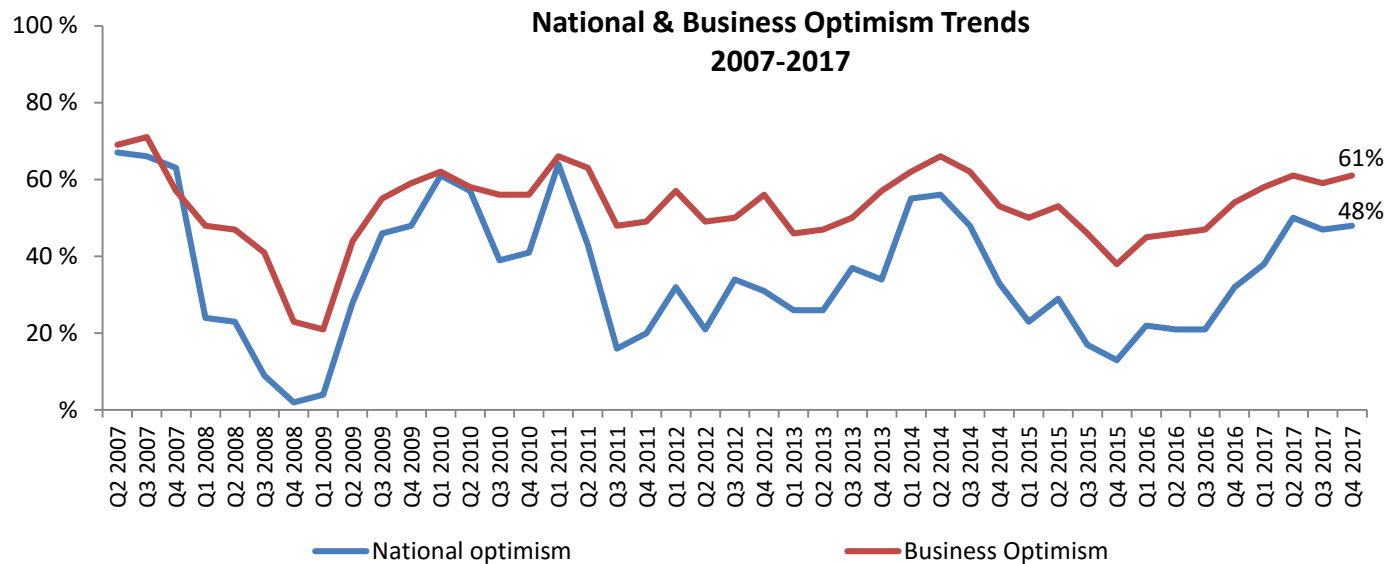
Q2ai/ii. Please select the rating that best describes your view for each of the following.

Number of respondents for these questions in Q4 2017 = 377. Number of respondents varies in other quarters.

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

# Q4 2017 CPA Canada Business Monitor Backgrounder

- Company optimism is sitting at 61 per cent, up slightly from 59 per cent last quarter. These findings reveal how the survey respondents view the prospects for their own companies over the next 12 months.



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

Number of respondents for these questions in Q4 2017 = 377. Number of respondents varies in other quarters.



# Q4 2017 CPA Canada Business Monitor Backgrounder

- Focusing on revenues, 72 per cent of respondents are projecting growth over the next year, compared to 65 per cent from Q4 2016. For profits, 64 per cent of those surveyed anticipate an increase.
- Turning to employee numbers, 50 per cent of those surveyed predict growth at their company, similar to the previous quarter. Thirty-four per cent of the respondents anticipate no change in employee numbers while 15 per cent expect a drop.

Projected Change in Following Year	Revenue	Profits	Employees
<b>Total Who Project an Increase</b>	<b>72%</b>	<b>64%</b>	<b>50%</b>
Increase by over 10%	18%	18%	8%
Increase by 5 to 10%	27%	23%	12%
Increase by less than 5%	27%	24%	29%
<b>No Change</b>	13%	15%	34%
<b>Total Who Project a Decrease</b>	<b>13%</b>	<b>18%</b>	<b>15%</b>
Decrease by less than 5%	5%	8%	9%
Decrease by 5 to 10%	3%	4%	2%
Decrease by over 10%	5%	6%	3%
<b>N/A</b>	1%	1%	0%
<b>Don't Know</b>	1%	2%	1%

Average Projected Change*:	
Revenue	+4.0%
Profits	+3.3%
Employees	+1.9%

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 = 377.

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