

Harper-Flaherty Budget Earns Very High Marks from CEOs and Business Leaders

**Top Marks for Customs Tariff Simplifications,
Ethics Monitoring of Charities, and New RESP Flexibility
Panel Favours Even Lower Debt-to-GDP Ratio**



**COMPAS Inc.
Public Opinion and Customer Research
June 13, 2011**

1.0 Overview

The new Harper-Flaherty budget earns very high marks from CEOs and business leaders—one of the highest grades ever given to a government for its performance in the nearly decade of COMPAS' assembling the scores that business leaders and the public have been giving public and private sector organizations for their performance.

CEOs and business leaders on the COMPAS business panel give especially high marks for customs tariff simplifications, ethics monitoring of charities, and new RESP flexibility.

Panelists are a little divided between those who embrace the government's debt-to-GDP targets and those who favour even lower debt ratios.

These are the key findings from this past week's Internet survey of CEOs and business leaders on the COMPAS panel. The weekly business survey is undertaken for *Canadian Business* magazine.

2.0 Details

Tables 2.1 to 2.3 display, respectively, panelists' assessments of many specific provisions of the federal budget, their attitudes towards its debt-to-GDP targets, and the overall grade they give to this budget compared to some other budgets in the past.



Table 2.1: (Q1 – Q12) On a 7 point agreement scale where 1 means disagree strongly and 7, agree strongly, how much do you agree with each of the following provisions of the federal budget announced this week? RANDOMIZE

	MEAN	7	6	5	4	3	2	1	DNK
Simplification of the Customs Tariff to lower the administrative burden on business	6.4	58	21	15	2	1	0	0	2
Tighter monitoring of charities to ensure ethical standards in their providing receipts and other financial aspects	6.3	58	20	17	2	1	0	0	1
New flexibility in RESPs so that parents can move money between RESP plans for different children without tax penalties	6.2	53	28	11	3	1	2	0	1
Expansion of Tuition Tax Credit to include trade and professional exams	6.1	50	21	21	5	2	1	0	1
Family Caregiver Tax Credit of up to \$2000 in the case of dependents with a disability	6.1	47	26	16	8	3	0	0	0
Two year extensions of the Accelerated Capital Cost Allowance for machinery and equipment	6.0	43	23	24	7	1	0	1	2
Expanding the capital cost allowance to include equipment for generating electricity from waste heat	5.8	38	25	22	9	3	1	1	1



Federal Budget - Weekly CEO/Business Leader Poll by COMPAS in Canadian Business for Publication, June 13, 2011

	MEAN	7	6	5	4	3	2	1	DNK
Removing the \$ 10,000 cap on the Medical Expense Tax Credit for dependent relatives	5.8	36	29	18	11	1	1	2	1
Phasing out of the subsidies for political parties	5.7	55	14	11	5	1	7	7	1
New Volunteer Firefighters Tax Credit (non-refundable) for those doing at least 200 hours a year	5.7	34	30	18	10	2	2	2	1
Review of Employee Profit Sharing Plans to ensure that they are used exclusively for sharing profit rather than as a tax avoidance device in family firms	5.4	30	23	20	10	6	6	2	3
Children's Art Tax credit for expenses up to \$500	4.3	19	14	17	15	15	10	11	0

Table 2.2: (Q13) According to the Department of Finance, the federal government's debt to GDP ratio of 34%, the lowest among advanced countries, will grow slightly in 2012, and then decline to under 30% by 2016. Is this pattern of targets... NO ROTATION

	%
Far too low a debt to GDP ratio	2
Too low	5
About right	43
Too high	34
Far too high a debt to GDP ratio	9
Don't know	8



Table 2.3: (Q14) What grade would you give the government for its budget on a 100 point school report card type scale?¹

	MEAN
June 2011	77
March 2010	68
January 2009	68
March 2008	69
March 2007	63
May 2006	76

The following verbatim comments provide a nuanced sense of respondent opinion:

The devil will be in the details - hopefully they will find ample opportunity for efficiency.

There remains a great need for simplification of the entire tax structure.

Most urgent need is for hassle free financing for highly innovative small manufacturing. This is by far the biggest oversight in our economic mix.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted June 8 - 10, 2011. Respondents constitute an essentially hand-picked panel with a higher numerical representation of small and medium-sized firms.

Because of the small population of CEOs and business leaders from which the sample was drawn, the study can be considered more accurate than comparably sized general public studies. In studies of the general public, surveys of n= 89 are deemed accurate to within approximate 10.4 percentage

¹ Wording in 2009: (Q1) On a 100 point school report card type scale, what score would you give for the new federal budget?



points 19 times out of 20. The principal investigator on this study is Conrad Winn, Ph.D.

