

Second of Two Part Series on the Federal Budget,
Part 1 was on the Federal Budget as a Whole

**Massive Support for OAS, EI, and Public Service Pension
Changes: Less Support for New R&D Grants**

**Weekly CEO/Business Leader Poll by COMPAS in
Canadian Business for Publication Week of April 9th, 2012**



**COMPAS Inc.
Public Opinion and Customer Research
Week of April 9th, 2012**

1.0 Introduction

In this second of a two part series on the federal budget, we report massive support from the COMPAS panel of CEOs and business leaders for changes to federal public service pension rules, cutting federal spending by \$ 5 billion, increasing the age of eligibility for the OAS to 67, and EI changes to encourage inter-regional mobility. The overwhelming majority of panelists see the OAS change as essential; some feel that the age could have been raised further. The main reason in support of the OAS changes is the need for the government to control its spending given the huge size of the boomer generation rather than employers' needs to keep skilled employees in the workforce.

As reported in last week's Part 1 report, panelists are generally uncomfortable with R&D tax credits and back the government's efforts to curtail them. Panelists are nonetheless not overwhelmingly for R&D grants as outlined in the budget.

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

Table 2.1: 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 past week?

	MEAN	7	6	5	4	3	2	1	DNK
Requiring future federal public servants to work till 65 years of age to keep all the government's pension contributions	6.3	66	21	6	2	2	0	2	0
Cutting federal spending by \$ 5 billion or about 2% of the federal budget	6.0	48	30	8	6	1	1	4	2
Increasing the age of eligibility for the OAS to 67 effective in 2023	5.6	41	21	17	9	4	2	6	0
Future changes in EI benefits to encourage Canadians from high unemployment regions to move to regions with high employment.	5.5	37	28	7	8	11	5	4	1
Reducing the R&D tax credit and allocating more money for direct grants for research	4.6	17	19	17	16	8	5	12	6



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	MEAN	7	6	5	4	3	2	1	DNK
Grants for R & D are inherently inefficient because government officials don't have the knowledge and involvement to make good decisions and innovators are not always comfortable seeking government help ¹	5.4	27	31	15	9	9	2	4	2

Table 2.2: Which of the following are valid reasons to raise the OAS age of eligibility? Please check off any that are valid.

Employers' needs for skilled employees	46
The rising age at which people actually do retire	63
The need for the government to control its spending given the huge size of the boomer generation	79

Table 2.3: On the specific issue of raising OAS eligibility to 67 in the year 2023, on a 7 point scale where 7 means essential and 1, the opposite, how essential is this change?

MEAN	7	6	5	4	3	2	1	DNK
5.5	26	29	27	7	2	4	4	2



Table 2.4: All things considered, what should the age of OAS
eligibility become? Please choose one. (%)

Lower than 65	0
65	18
66	1
67	42
68	12
69	6
70 or higher	15
Don't Know	6

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

Raising the age of OAS does not do much; instead we should tie it to income and if it is already indexed to the income, we should lower the income level threshold.

There is no excuse to not immediately raise the federal public service retirement age to at least 60 and preferably 65.

Deeper cuts could have been achieved.

As usual the opposition is against everything and for nothing.

The problem with social security programs is that people are living longer and expect governments to provide a solid income that they can retire on. There are many that need that support but many that have created their own programs so that they can retire at the same level as when they were working. As more people age there is a need to have the workers maintained at the same current ratio. Europe is a good indicator of what happens when that ratio of workers to those that get government support declines. Taxes on the



workers need to increase to pay for that burden. That is not fair on the generations that follow. Canada is fortunate in that immigration can keep or increase that ratio with a larger tax pool to draw on. However, at some point in time that curve will reverse and decline. Sound planning for that eventuality will ensure future generations can expect and rely on what we now take for granted. We also need to make sure that those with little or no alternate income receive proper support during their golden years. They made what we now enjoy possible and it is our obligation to recognize their efforts.

Agencies promoted as actively helping manufacturing are dysfunctional. An example is BDC which portrays helping MFRS in its ads, but in fact is helping the oil sands project mostly.

The OAS age amount should also consider the mental capability of the person. There are many with onset of Alzheimer's or dementia not capable of working.

The budget is going to hurt a lot of Canadians, we should look at items we could reduce without harming the people born here, thing like expensive wars, aid to other countries, welfare for new Canadians. Cut these things and focus on the Canadian people and their problems first.

Given how much longer people are living, only increasing OAS to 67 is a drop in the bucket. It should probably increase by at least one year per decade going forward (perhaps two). I suspect the budget will be balanced in 2013-2014.

3.0 Methodology

The COMPAS web-survey of CEOs and leaders of small, medium, and large corporations was conducted March 30 - April 3, 2012. 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=86 are deemed accurate to within approximate 10.6 percentage points 19 times out of 20. The principal and investigator on this study is Conrad Winn, Ph.D.

¹ See the preceding week's report, Part 1, for the specific question from which this particular R&D item was drawn. The introductory wording, slightly different, was: "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 opinions on tax incentives?"

