

Ontario Businesses - Perceptions of the ORPP

Summary report of findings presented to the Ministry of
Finance

March 6, 2015



Methodology

- » This summary presents the results of a random and representative telephone survey, conducted with Ontario residents as well as Ontario businesses.
- » The survey was conducted between February 17-March 2, 2015. In total, a random sample of 1,014 Ontarians, aged 18 and over completed the general population survey. The margin of error associated with the total sample is +/-3.08 percentage points, 19 times out of 20.
- » The business survey was conducted at the same time, with a random sample of 305 Ontario business owners and senior managers. The margin of error associated with the total sample is +/-5.61 percentage points, 19 times out of 20.
 - Please note that the margin of error increases when the results are sub-divided (i.e., error margins for sub-groups such as region, sex, or age).

Methodology

- » All data have been statistically weighted by age, gender, and region, to ensure the sample's composition reflects that of the actual population of Ontario according to Census data.
- » Results presented here may not add to 100 per cent owing to rounding or multiple responses.

Key Findings

- » Ontario's businesses are much less supportive of the Ontario Retirement Pension Plan
- » Ontario businesses are most likely not providing a retirement plan, have not been asked by their employees for one and thus exhibit low levels of interest in adopting a retirement plan
- » However there are some compelling insights here:
 - Majority think that while individuals bear responsibility for their retirement, larger number think businesses should also provide support for their employees' retirement – much more likely to say this than the broader Ontario population
 - Among those that see the ORPP in a positive light, they do so in terms of it increasing their capacity to assist their employees and not as a competitive advantage

Business Awareness

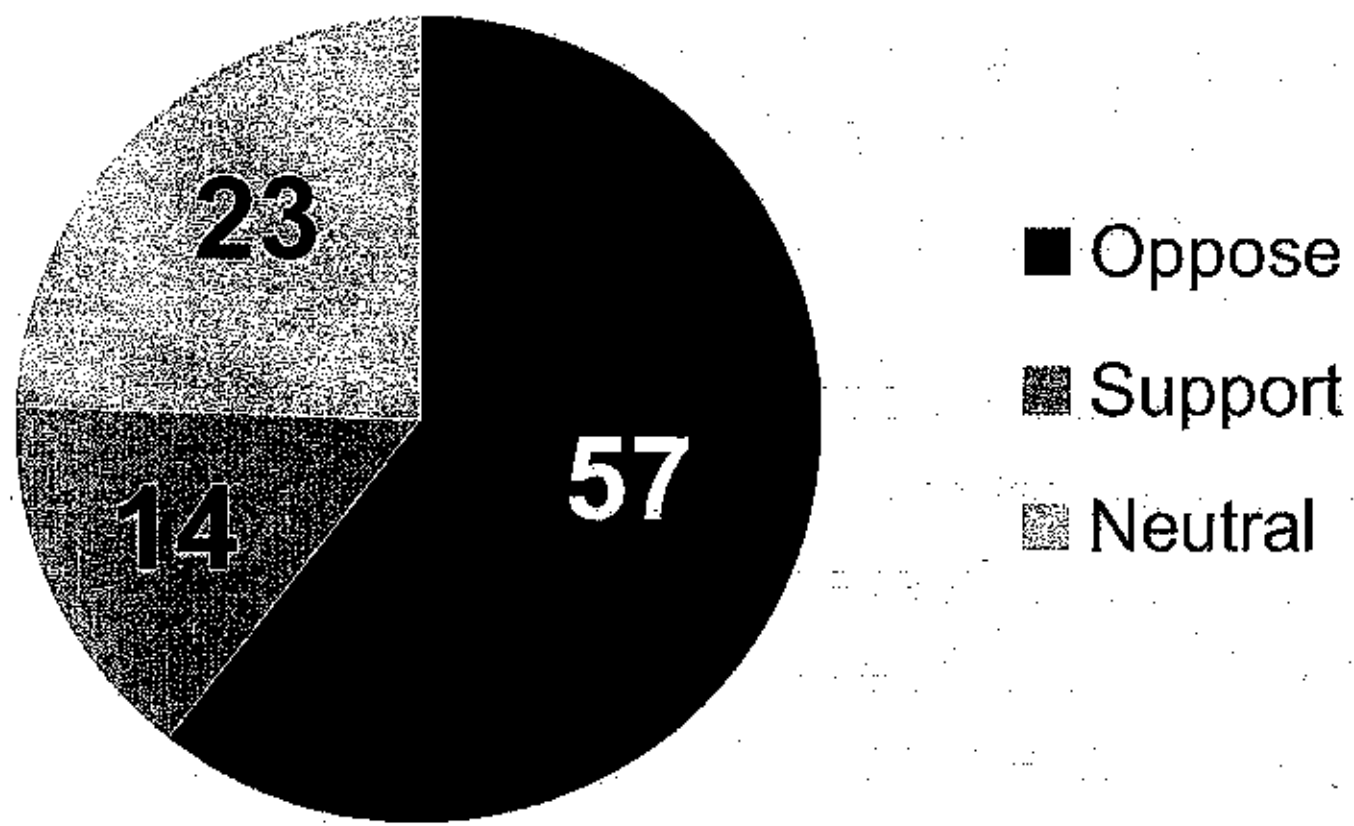
- » Similar to public levels of awareness of the 'savings gap' debate for business owners:
 - 28 per cent following closely, and 53 per cent following somewhat
- » Slightly lower numbers compared to gen pop on awareness of ORPP
 - 20 per cent very familiar, 41 per cent somewhat familiar
- » Much more likely to get info from media sources

Business Support for ORPP

- » Overall business support for the ORPP
 - 57 per cent opposed, 23 per cent support (mirror image of public)
 - Only 14 per cent report neutral position
 - Mean level of support is 2.95 (on a scale of 1 to 7)
 - Businesses in the Toronto region are the only group more likely to support the ORPP (35 per cent support)
 - No other significant differences (e.g. by self-reported company size) although higher opposition in Eastern Ontario

Public support for the ORPP

Q. From what you've heard, on a scale from 1 to 7 (where 1 is strongly opposed and 7 is strongly supportive), to what degree do you support the Ontario Retirement Pension Plan?



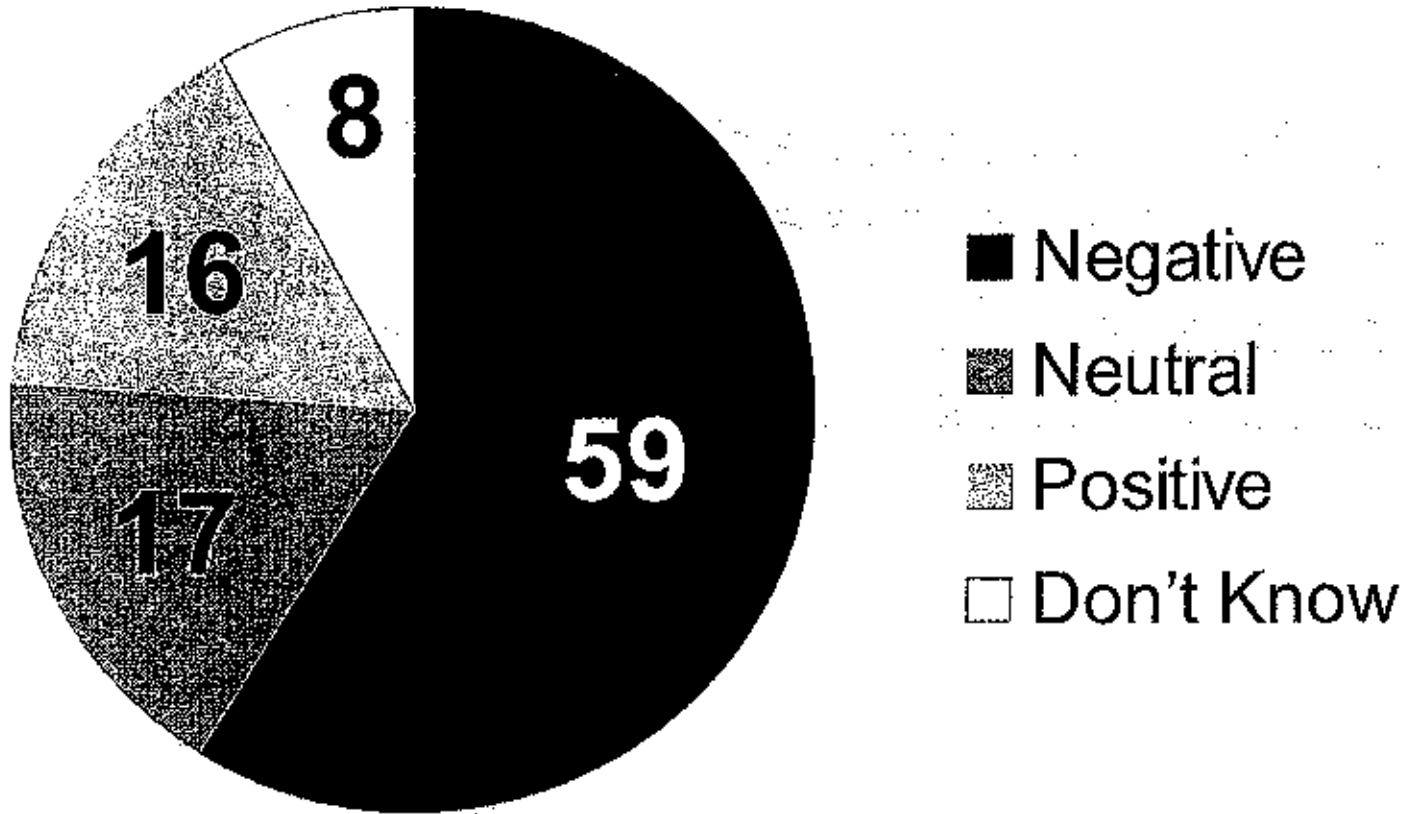
Business Responses to ORPP

- » Nearly **six in ten** businesses expect to be negatively effected by ORPP – only 16 per cent expect positive change
- » Biggest worry is the cost of the **contributions** (60 per cent) and **administrative costs** (18 per cent)
- » Only 10 per cent see increased ability to retain employees
- » 'Other' concerns all very similar: costs, business too small
- » In response most firms suggest they face cost-cutting
 - 59 per cent expect to cut/freeze wages
 - 54 also considering a hiring freeze
 - Two thirds expect to make other operating cuts
- » Wage and hiring freeze much more likely to be pursued



Likely effects of the ORPP

Q. On a scale from 1 to 7 (where 1 represents very negatively affected and 7 represents very positively affected) how do you think the implementation of the ORPP will affect your business?



Positive effects for business

- » Among those that expect positive results from the ORPP - largest group report being able to assist their employees plan for retirement as the most likely result
 - Also indicate the ability to expand retirement assistance to their employees as important
 - Less than one quarter understand ORPP as a competitive recruitment edge

Current business pension plans

- » Largest majority of businesses do not currently assist employees in saving for retirement (70 per cent)
 - Higher among small business (77 per cent)
 - Larger business more likely to have plans of some kind
- » Of those that do – most do so in the form of a Group RRSP (42 per cent)
- » Fully 96 per cent indicate they have not been asked by their employees for some form of employer-based retirement plan
- » Perhaps unsurprising then that more than three quarters of owners/managers indicate low levels of interest in starting such a plan

Who should do what?

- » Business owners are more inclined than the general population to think individuals bear a personal responsibility for their own retirement (90 per cent agree with this sentiment)
- » Notably 62 per cent think businesses bear some responsibility to their employees save for retirement
- » Only 32 per cent of general population share this view
 - a significant point of entry to the process?

Implementing the ORPP

- » Only 34 per cent of business respondents don't feel well enough informed to identify any concerns with the plan (versus 60 per cent of gen pop sample)
- » Only three per cent have no concerns
- » Nearly 3 in 10 want businesses to have the choice to opt in
- » 'Other' concerns mirror the survey options:
 - worried about cost, ability to implement but also to sustain the cost over long term,
 - more generally concerned about government management of the plan

Attitudes towards pension reform

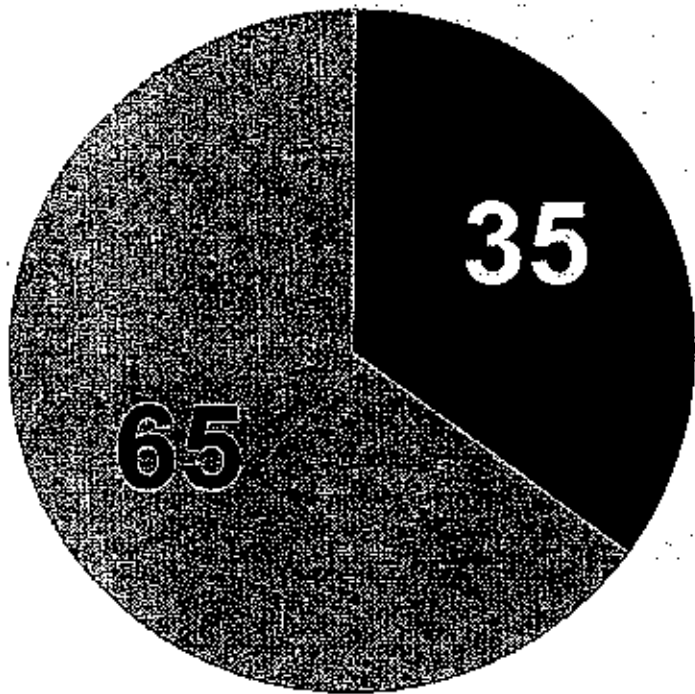
- » Ontario businesses are less likely to call for an increase in federal pension contributions, but also more likely to prefer they stay the same
 - Increase: 46%
 - Stay the same: 46%
 - Decrease: 2%
 - Be eliminated altogether: 6%

- » When asked how likely they think federal pension reform actually is, only a quarter think it is very or even somewhat likely
 - 60 per cent feel it somewhat or very unlikely

- » Equal proportion as gen pop as to whether pensions are an investment or a burden to businesses

Pension Reform – Investment or Burden?

Q. Some business organizations and the federal government say that now is not the right time to ask workers and employers to pay for increased retirement income benefits. Others argue that it is already too late and we need to start investing for the future now.. Which of the following statements is closer to your view about this issue?



- Increasing existing contributions or creating a new retirement plan for workers and employers represents a new expense for business that will hurt jobs and the economy
- Increasing existing contributions or creating a new retirement plan for workers and employers represents an investment in achieving a more secure retirement for Canadians

Conclusions

- » Mixed sentiments observed among businesses – most do not support the ORPP, opposed to universal participation
- » However much more likely (than general population sample) to think business ought to play a role in helping workers save for their retirement
- » Among those that see positive benefits, largest majority understand this in terms of aid to employees, not as a 'competitive edge'
- » Most expect negative effects from implementation, notably with cost of contributions
- » Most likely to freeze wages or hiring in response



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