



Atlantic Canada Business Confidence Index Winter 2018

Final Report

February 2018

Sponsored By:





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Introduction

This report presents the findings from the winter 2018 of the **Atlantic Business Confidence Index Study** undertaken by Corporate Research associates Inc. (CRA) and sponsored by TD. The Atlantic Canada Business Confidence Index is a comprehensive survey of business owners and senior executives across all sectors of the economy, providing insight into current economic conditions and anticipated business conditions for the coming year, as well as both capital purchase and hiring intentions. This initiative provides important economic indicators for industry, the business community, and the region's policy makers.

Participants include members of an exclusive panel of senior level business decision makers who were initially recruited by direct personal invitations. More than thirty major sector organizations, as well as the Atlantic Chamber of Commerce invited their members to participate in order to provide a representative sample of the economy across Atlantic Canada. This economic measure represents companies from all major sectors of the economy including professional services, manufacturing, technical services (including construction, plumbing, electrical, etc.), retail and tourism, business support services, and health services, among others. Those participating in this study are provided with advance notification of the Business Confidence Index (BCI) on a confidential basis, prior to the public release of the data, plus the detailed results of the study.

In this current wave of research, 501 surveys were completed between January 22 and February 11, 2018. This report includes an executive summary, a detailed analysis of the survey findings as well as a summary of the study's methodology. The percentages have been rounded and the totals may not always add up to 100% as a result. Where multiple responses are permitted, the total will exceed 100%.

Economic Context and Executive Summary

Current Economic Environment in Atlantic Canada

With the exception of Prince Edward Island, the rest of Atlantic Canada continues to be challenged by historically weak economic conditions since the great recession in 2009. These weak economic conditions have seriously hampered the private sector's ability to generate new jobs and wage growth for much of the past decade. Indeed, there has been virtually no growth in jobs since the recession of 2009 across the region, except again for Prince Edward Island. Continuing demographic challenges related to stagnant population growth and a rapidly aging population in most of the region only serve to exaggerate these problems.

Only Prince Edward Island has had consistent population growth in its population in recent years. In recent years, the Island has had the highest GDP growth in the region, at least partially driven by the growth in its population. The prospects for economic growth both in 2018 and 2019 are again modest for Atlantic Canada overall.

There continues to be a rapidly aging population in Atlantic Canada. By 2030, it is expected that the percentage of the population over 65 years old will increase by more than fifty percent from 2015 levels, without a corresponding increase in the size of the population. This has already placed considerable pressures on the labour market and will continue to do so for the next decade or more. Indeed, population continues to be by far the biggest challenge facing the region and the need for immigration has never been greater to ensure an available labour force to keep our economies going in this part of the country. As previously stated, the one positive outcome of an aging population will be declining unemployment rates across the region as baby boomers begin to leave the labour market in large numbers.

For the fifth year consequently, fewer than half of those employed received a raise increase in 2017 according to our own research. The accumulative impact of low or no wage growth has hurt the vast majority of households across the region in terms of discretionary spending capacity. It would seem likely that most Atlantic Canadians are worse off economically now than prior to the recession. Coupled with a stagnant economy, the ability of the consumer to support economic growth is compromised in Atlantic Canada. Without improved economic growth, the ability for employers to provide wage increases is greatly reduced.

Recent projections suggest continuing low economic growth over the next two years. It is against this background that the current business confidence should be assessed.



Executive Summary

The results of the fourth **Atlantic Canada Business Confidence Index (BCI)** show a small decline in business confidence over the past eight months. While business confidence is relatively stable in Nova Scotia and New Brunswick, PEI has seen a notable increase, while Newfoundland and Labrador businesses are less confident at present. These results are in line with consumer confidence in the region.

As in the past, business leaders are more optimistic towards the current and upcoming economic well-being of their own company than with the state of the provincial economy in general. In fact, confidence in the economic future of the region has also declined and it continues to be relatively weak. At the same time, businesses do not strongly believe that the state of the economy in Atlantic Canada today has improved, let alone changed, from one year ago, despite small growth in GDP across all four provinces this year. In general, sentiments regarding the economy are more optimistic in Prince Edward Island, while they are most negative in Newfoundland and Labrador.

Despite these views regarding the economies of the Atlantic provinces, companies reported revenue growth in the past year and believe it will continue to increase in the coming year, with the exception of those in Newfoundland and Labrador. As such, it should be expected that capital expenditures are projected to increase in all three Maritime Provinces, while they are expected to decline in Newfoundland and Labrador. To grow organically in the near future, businesses will place their focus on core products and services in their current areas, with little emphasis on mergers or acquisitions.

Despite reported and forecasted revenue growth, most businesses have not changed their staffing levels in the past year and do not intend to do so in the coming year. Among those who report a change, the net change in staffing increased last year and is forecasted to increase in the next year, with the exception of Newfoundland and Labrador where the forecast is negative. Employee wage increases were common in 2017, though they are forecasted to be more modest in 2018. With the exception of Newfoundland and Labrador, wage increases were reported by employers to be higher than the inflation.

Atlantic Canadian businesses are again seen as being most challenged by the escalating cost of doing business and a lack of government leadership. Not surprisingly, business leaders express a desire for reduced taxes, the continued support of small and local businesses, and leaner, more effective governments that could take a greater leadership role in fostering a stronger business climate in the region. At the same time, business leaders continue to believe that the private sector is not doing enough to create confidence in the region, with increased collaboration with governments and within the private sector and the support of small or local businesses being the most commonly suggestion actions.



Looking at the region's workforce, Atlantic Canada continues to show slow population growth and aging residents, more so than other provinces. At the same time, the region is challenged by high unemployment levels that are well above the national average. In terms of corporate values, having a diversified workforce remains of some importance to businesses, who continue to implement a variety of hiring practices to achieve workforce diversity, notably through non-discriminatory hiring practices.

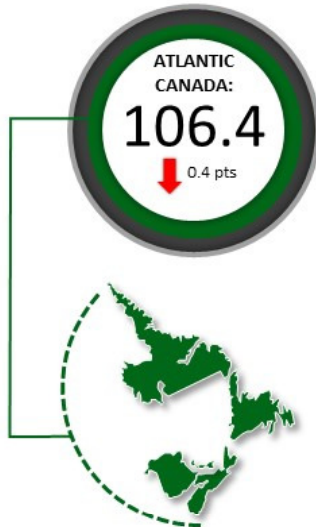
With respect to environmental issues, business leaders are cautious or negative regarding the impact of the Federal Government's proposed carbon tax on their business. Opinions regarding hydrocracking are mixed, though marginally positive, assuming government regulations were stringent enough to protect the environment.

The infographic on the following page presents a summary of key findings.

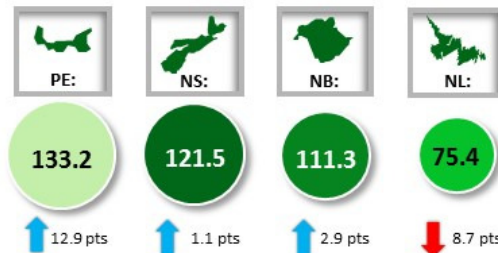
Snapshot of Key Findings – 2018

Methodology: n=501 online surveys completed between January 22nd – February 11th, 2018. Note: Tracking comparisons to 2017.

ATLANTIC CANADA BUSINESS CONFIDENCE INDEX Spring 2017



PROVINCIAL BUSINESS CONFIDENCE INDEX Listed in Descending Order by BCI Score



HIRING INTENTIONS IN COMING YEAR (Net change)



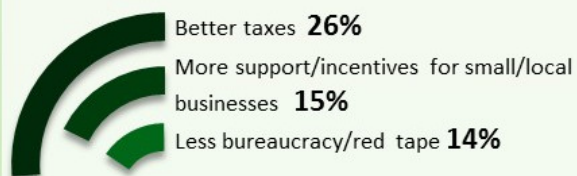
EXPECTED REVENUE IN COMING YEAR (Net change)



TOP 3 ISSUES FACING ATLANTIC CANADIAN BUSINESSES



CHANGES TO POSITIVELY IMPACT THE BUSINESS CLIMATE IN ATLANTIC CANADA



HOW CAN WE FOSTER A POSITIVE BUSINESS ENVIRONMENT?



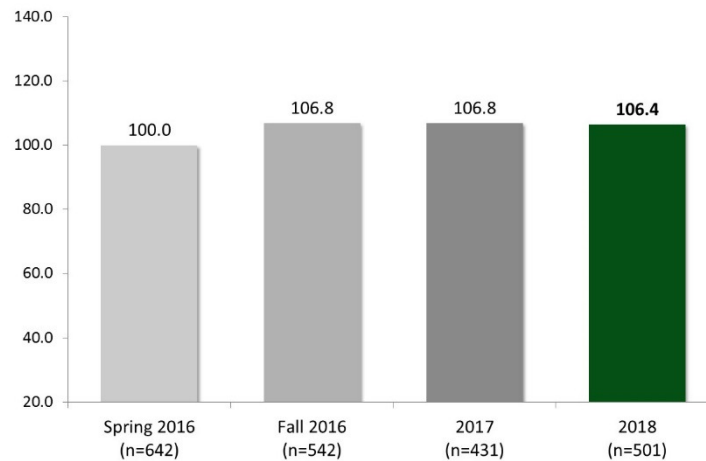
Detailed Analysis

Overall Business Confidence

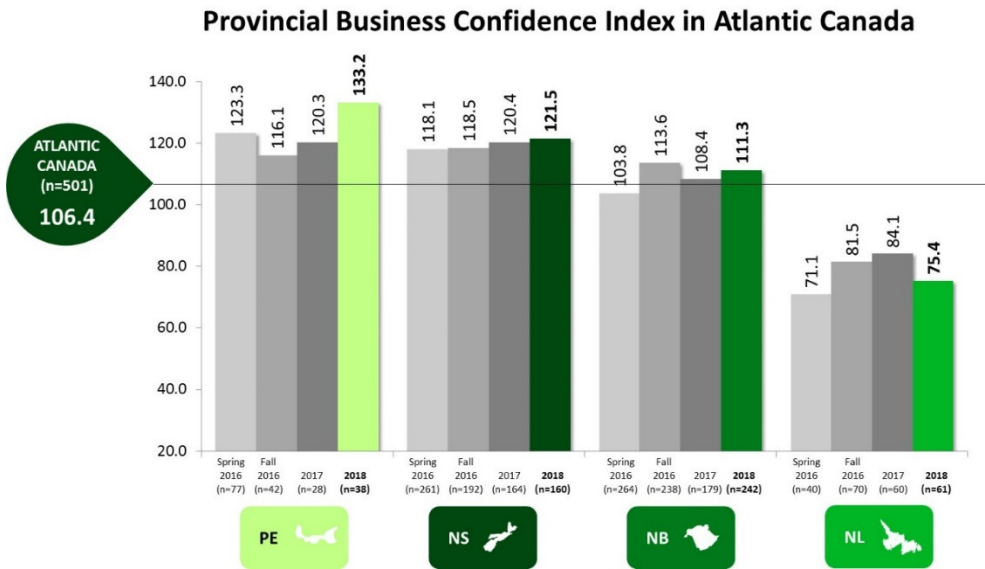
Overall business confidence in Atlantic Canada has marginally declined in the past year.

The overall Business Confidence Index (BCI) has marginally declined to 106.4 over the past 8 months (vs. 106.8 spring 2017).

Overall Business Confidence Index in Atlantic Canada



Across the region, Prince Edward Island has seen an important increase in business confidence, with the Index being the highest across the four provinces. Caution must, however, be exercised when interpreting these results given the small sample size of businesses from this province (n=38). Nova Scotia follows, having sustained an increased in business confidence over the past year. Confidence has also increased in New Brunswick during this time period. By contrast, Newfoundland and Labrador continues to exhibit the lowest level of confidence, with the Index having declined. (Table BCI)



Business Confidence across Business Size

Business confidence continues to vary based on the size of the businesses in terms of the number of employees. While the smallest businesses offer a more positive outlook this year regarding the economy, those who employ at least 21 employees are less confident than reported in spring 2017. Most notably, the BCI scores of larger businesses (at least 51 employees) has significantly declined this year (98.3 vs. 107.4 in spring 2017).

BCI Scores Across Number of Employees Listed in Descending Order by Company Size

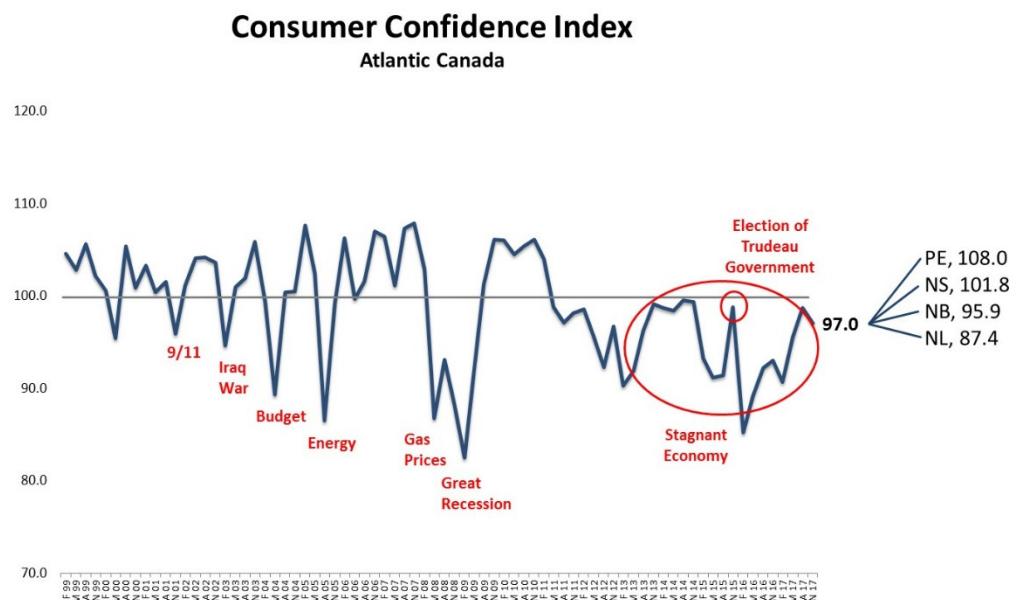


Consumer Confidence

Consumer confidence remains lowest in Newfoundland and Labrador, and highest in Prince Edward Island.

CRA has been tracking consumer confidence in the region for more than twenty-five years as part of our Atlantic Quarterly® report. Our Consumer Confidence Index (CCI) is derived from a series of five questions asked of residents on a quarterly basis, related to the perceived state of Atlantic Canada's economy, household economic situation, and conditions for major purchases. The Index takes into account residents' assessments of economic conditions at the present time, as well as the outlook for the upcoming year.

Consumer confidence remains in somewhat of an unfavourable position, notably in Newfoundland and Labrador. Meanwhile, confidence remains highest and positive in Prince Edward Island.



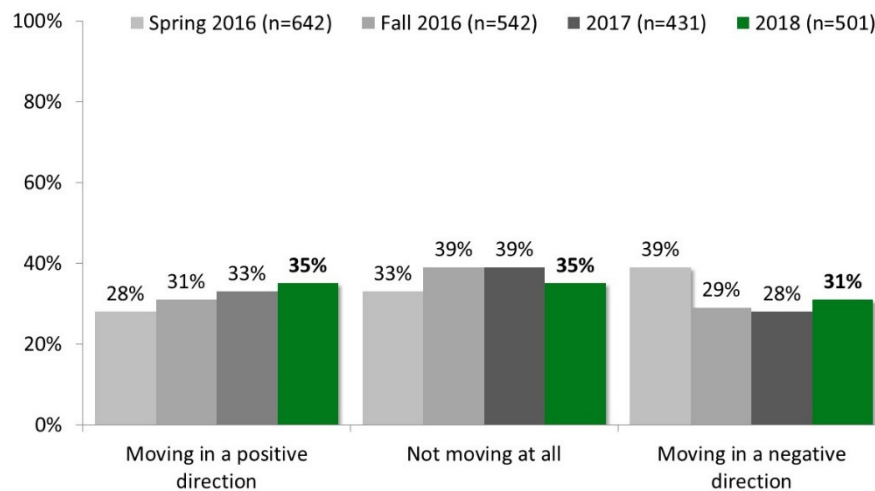
Provincial Economy in Atlantic Canada

Business leaders are increasingly critical of the direction of the provincial economies in the region, despite an increasing minority expressing positive views.

Opinions are divided across businesses in Atlantic Canada regarding the direction in which the provincial economies are heading. Number of those with a positive outlook continue to rise, with the proportion of business people who believe that the economy is moving in a positive direction now being equal to the proportion of those who believe it is not moving at all. Meanwhile, three in ten believe that their provincial economy is moving in the wrong direction, a marginal increase since the spring 2017. (Table 1)

Direction of Provincial Economy in Atlantic Canada

Overall Results

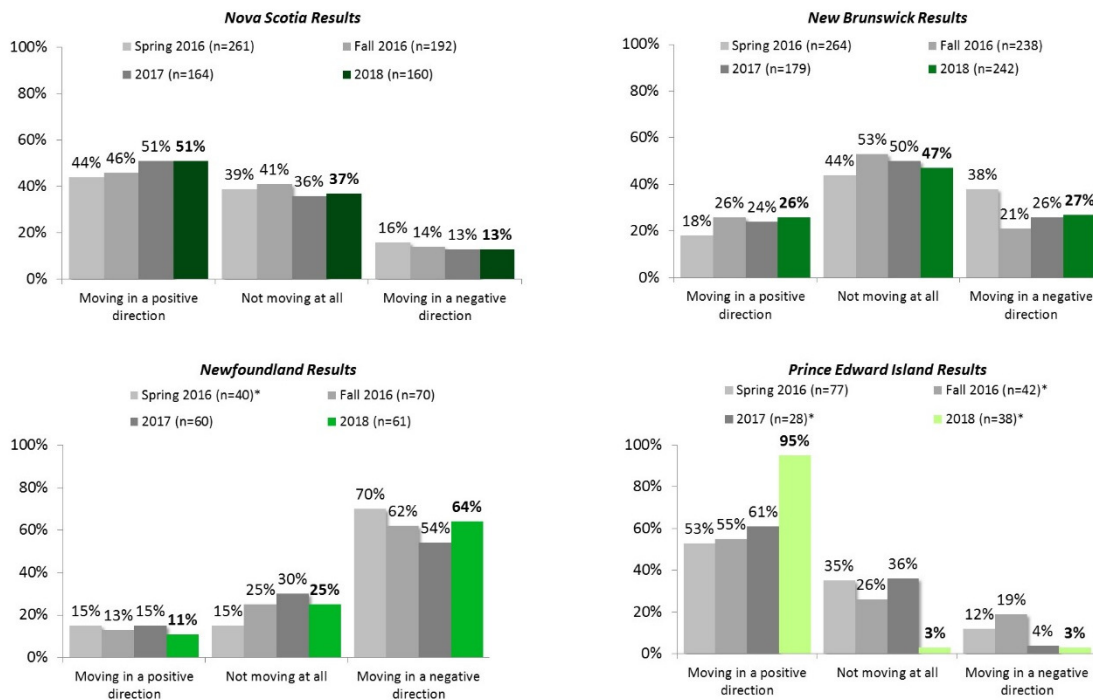


Q.1: In your opinion, is the economy of [Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island] moving in a positive direction, not moving at all, or moving in a negative direction?

Sentiment regarding the direction of the provincial economy has significantly improved in Prince Edward Island, where nearly all businesses now believe that the economy is heading in the right direction. Similarly, opinions remain largely positive in Nova Scotia, unchanged since spring 2017. Sentiments regarding the direction of the economy in Newfoundland and Labrador continue to be largely negative, while New Brunswick businesses mainly believe that the economy is at a standstill.

Direction of Provincial Economy in Atlantic Canada

Provincial Results



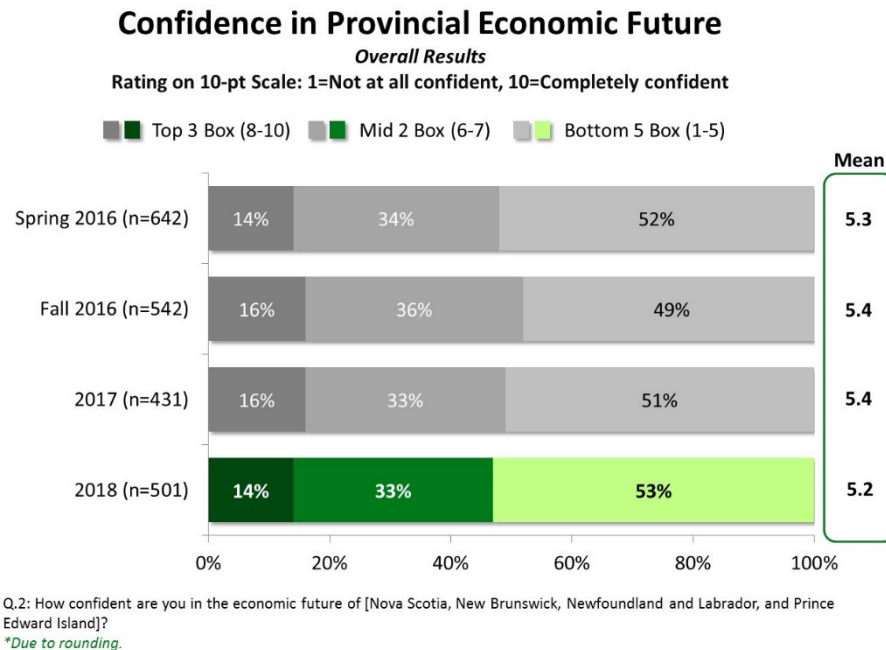
Q.1: In your opinion, is the economy of [Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island] moving in a positive direction, not moving at all, or moving in a negative direction?

*Caution: Small sample size.

Confidence in Economic Future

Confidence in Atlantic Canada's economic future has declined, and continues to be relatively weak.

The level of confidence among the business community remains relatively low with regard to provincial economic futures, and it has declined in the past year (mean of 5.2 vs. 5.4 for spring 2017). (Table 2)


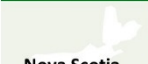




Prince Edward Island businesses continue to express higher levels of business confidence across the Region, followed by Nova Scotia. New Brunswick and Newfoundland and Labrador express the lowest levels of confidence. Looking at how confidence has evolved in the past two years, the outlook has improved among businesses in PEI, while it remains stable in Nova Scotia. Confidence in New Brunswick's economic future remains unchanged year-over-year, though it is lower than reported in fall 2016. Newfoundland and Labrador businesses report the lowest level of confidence for the past two years.

Confidence in Provincial Economic Future in Atlantic Canada

Provincial Results

Rating on 10-pt Scale: 1=Not at all confident, 10=Completely confident

		Top 3 Box (8-10)	Mid 2 Box (6-7)	Bottom 5 Box 1-5	Mean
 Prince Edward Island	Spring 2016 (n=77)	39%	34%	27%	6.6
	Fall 2016 (n=42)*	45%	21%	33%	6.5
	2017 (n=28)*	22%	50%	29%	6.0
	2018 (n=38)*	40%	55%	5%	7.2
 Nova Scotia	Spring 2016 (n=261)	16%	44%	39%	5.8
	Fall 2016 (n=192)	17%	47%	36%	5.9
	2017 (n=164)	21%	36%	42%	5.9
	2018 (n=160)	19%	44%	36%	5.9
 New Brunswick	Spring 2016 (n=264)	9%	27%	64%	4.6
	Fall 2016 (n=238)	12%	33%	55%	5.2
	2017 (n=179)	7%	28%	65%	4.7
	2018 (n=242)	9%	27%	64%	4.8
 Newfoundland	Spring 2016 (n=40)*	13%	27%	60%	5.1
	Fall 2016 (n=70)	13%	27%	60%	4.7
	2017 (n=60)	17%	32%	51%	5.4
	2018 (n=61)	7%	21%	72%	4.3

Q.2: How confident are you in the economic future of [Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island]?

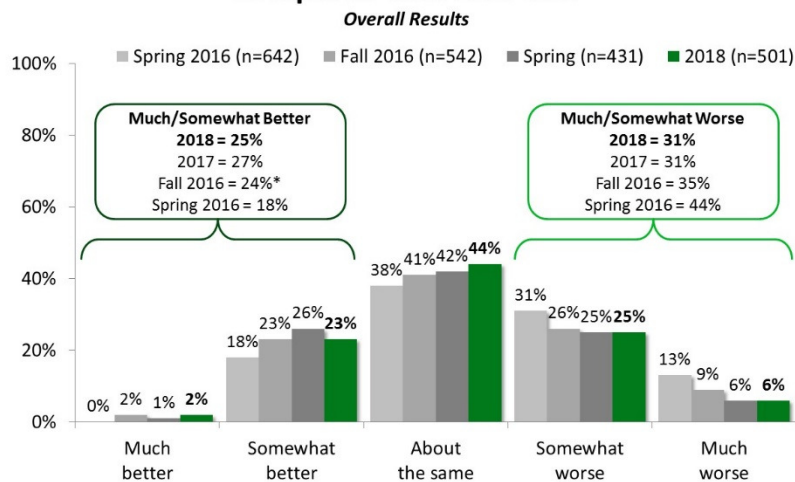
*Caution: Small sample size.

Current State of Provincial Economy in Atlantic Canada

Increasingly, the state of the economy in Atlantic Canada is perceived to have remained unchanged compared to one year ago.

Business leaders are increasingly likely to believe that the state of the provincial economy in Atlantic Canada has stabilized over the past year. In fact, nearly half of those surveyed hold this opinion, while the others are more inclined to believe that it has declined rather than improved during that time frame. (Table 3)

State of Provincial Economy in Atlantic Canada Compared with Last Year







Q.3: Compared with 12 months ago, would you describe the overall state of the economy in [Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island] as much better, somewhat better, about the same, somewhat worse, or much worse?

*Due to rounding.

Across the region, sentiment with regard to the state of the economy relative to a year ago has remained relatively consistent in New Brunswick, while it has declined in both Nova Scotia and Newfoundland and Labrador. By contrast, opinions are more favourable in Prince Edward Island than reported in the past three waves of the study.

State of Provincial Economy in Atlantic Canada Compared with Last Year

Provincial Results

		Much/Somewhat Better	About the same	Much/Somewhat Worse
 Prince Edward Island	Spring 2016 (n=77)	39%	49%	12%
	Fall 2016 (n=42)*	45%	45%	10%
	2017 (n=28)*	50%	39%	11%
	2018 (n=38)*	74%	21%	5%
 Nova Scotia	Spring 2016 (n=261)	33%	49%	17%
	Fall 2016 (n=192)	38%	45%	17%
	2017 (n=164)	42%	44%	15%
	2018 (n=160)	36%	53%	11%
 New Brunswick	Spring 2016 (n=264)	12%	45%	43%
	Fall 2016 (n=238)	20%	53%	27%
	2017 (n=179)	18%	52%	30%
	2018 (n=242)	18%	54%	29%
 Newfoundland	Spring 2016 (n=40)*	2%	15%	83%
	Fall 2016 (n=70)	7%	19%	73%
	2017 (n=60)	14%	29%	58%
	2018 (n=61)	8%	26%	66%

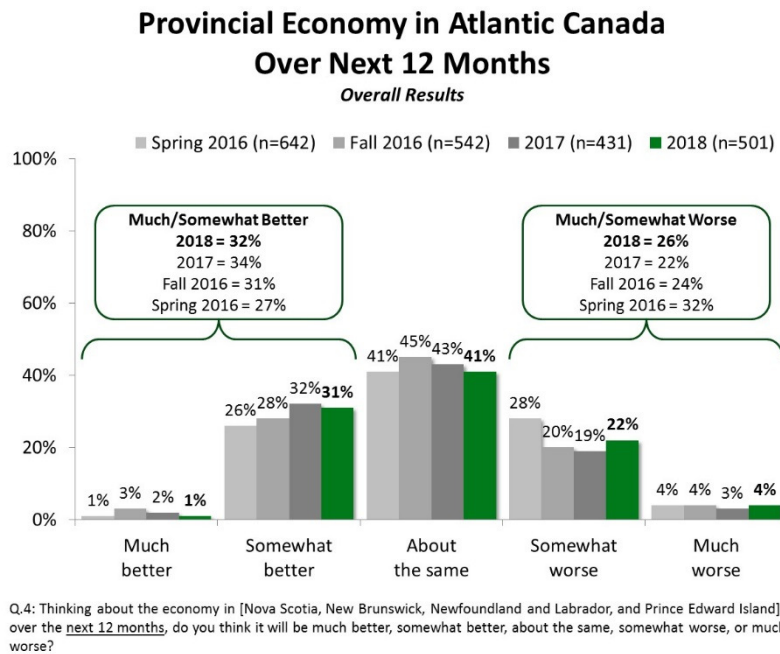
Q.3: Compared with 12 months ago, would you describe the overall state of the economy in [Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island] as much better, somewhat better, about the same, somewhat worse, or much worse?

*Caution: Small sample size.

Future State of Provincial Economy in Atlantic Canada

Expectations regarding the economy in the next year, while mixed, have worsened.





Business leaders are increasingly concerned with the state of their provincial economies over the next 12 months, despite the majority still believing the situation will either stay the same or improve. Nonetheless, one-quarter expect the situation to worsen, up from spring 2017 and fall 2016. (Table 4)



Businesses in Newfoundland and Labrador remain the least optimistic regarding their provincial economy over the next year, and are now less optimistic for the year ahead than they were in 2017. Businesses in Prince Edward Island are now the most optimistic about the economy in the next twelve months. Nova Scotia businesses offer a cautious optimism, though less so than one year ago. Finally, New Brunswick businesses increasingly believe in the status quo of the provincial economy in the next year.

Provincial Economy in Atlantic Canada Over Next 12 Months

Provincial Results

		Much/Somewhat Better	About the same	Much/Somewhat Worse
 Prince Edward Island	Spring 2016 (n=77)	49%	38%	13%
	Fall 2016 (n=42)*	50%	33%	17%
	2017 (n=28)*	43%	43%	14%
	2018 (n=38)*	82%	13%	5%
 Nova Scotia	Spring 2016 (n=261)	43%	48%	9%
	Fall 2016 (n=192)	42%	43%	15%
	2017 (n=164)	47%	44%	8%
	2018 (n=160)	43%	43%	13%
 New Brunswick	Spring 2016 (n=264)	20%	51%	29%
	Fall 2016 (n=238)	31%	51%	18%
	2017 (n=179)	28%	45%	27%
	2018 (n=242)	25%	52%	23%
 Newfoundland	Spring 2016 (n=40)*	10%	25%	65%
	Fall 2016 (n=70)	13%	41%	46%
	2017 (n=60)	23%	40%	37%
	2018 (n=61)	15%	33%	52%

Q.4: Thinking about the economy in [Nova Scotia, New Brunswick, Newfoundland and Labrador, and Prince Edward Island] over the next 12 months, do you think it will be much better, somewhat better, about the same, somewhat worse, or much worse?

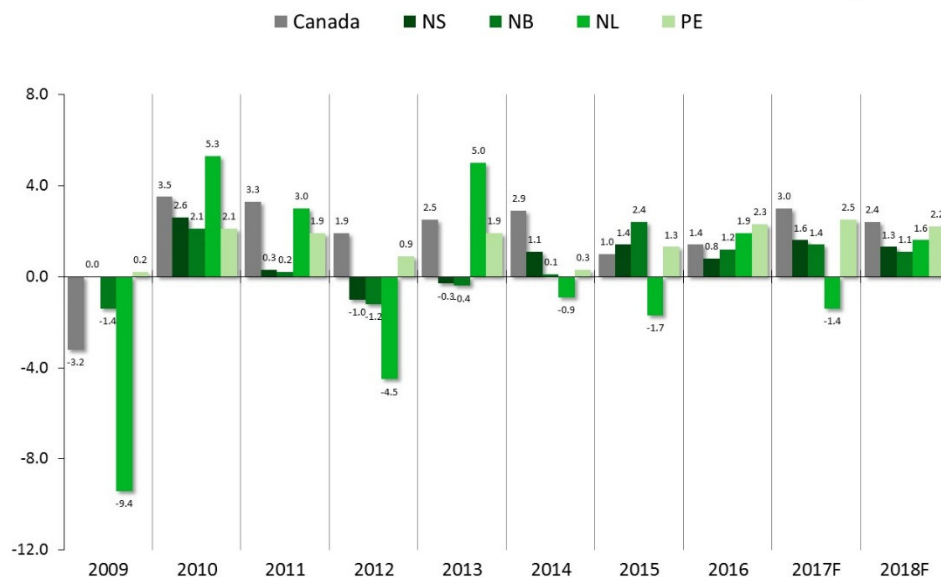
*Caution: Small sample size.

GDP Growth in Atlantic Canada

Atlantic Canada's economy has grown in the past year, despite the level of growth still being lower than the national average.

Across all provinces, the Gross Domestic Product has improved though the rate of increase remains low. Most recent forecasts show GDP rate of growth being highest in Prince Edward Island, while it is lowest in New Brunswick. With the exception of Newfoundland and Labrador where the GDP has improved since 2017, all other provinces show similar growth levels as reported in 2017.

Gross Domestic Product - Annual Percentage Change



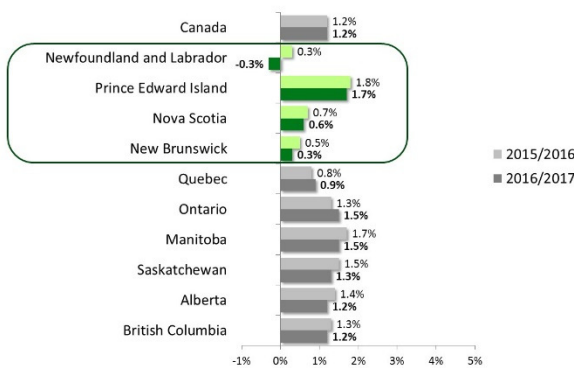
Source: TD's Provincial Economic Forecast, December 2017. F=Forecast

Key Demographics

Apart from PEI, the population growth rates in Atlantic Canada remain lower than any other provinces.

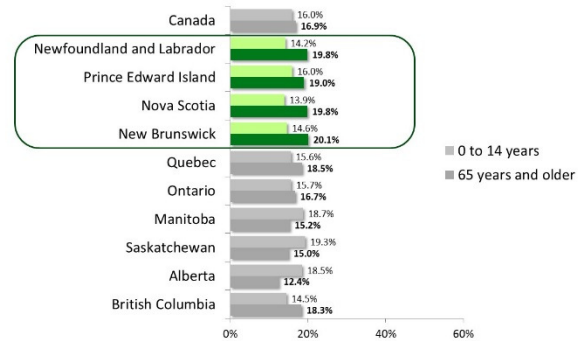
With the exception of Prince Edward Island, where the population growth rate exceeded that of the national average, the growth of the Nova Scotia and New Brunswick population is minimal, while it has declined in Newfoundland and Labrador in 2016/2017. All four provinces also report a higher proportion of residents who are 65 years of age or older, than elsewhere in Canada.

Population Growth Rate 2015/2016 and 2016/2017
Canada, by Provinces and Territories



Source: Statistics Canada.

Portion of the Population Aged 0 to 14 Years and 65 Years and Older
Canada, by Provinces - 2017

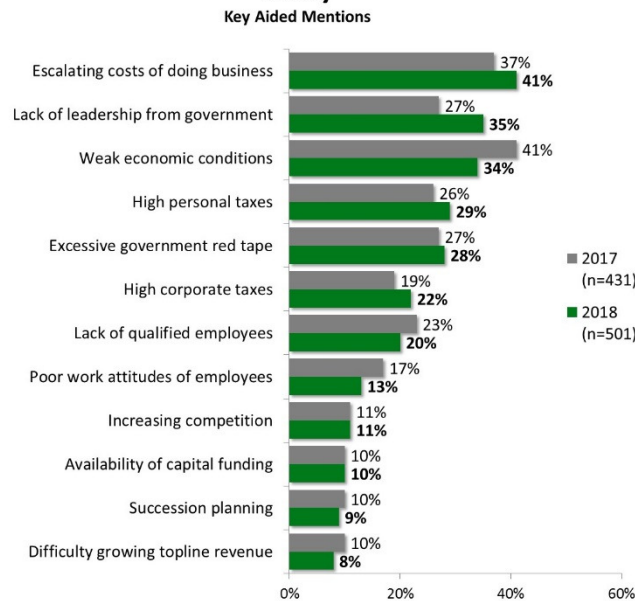


Top Issues Facing Atlantic Canadian Businesses Today

The escalating cost of doing business and the lack of leadership from government are increasingly identified as the top challenges facing Atlantic Canadian businesses today.

In aided recall, the **escalating costs of doing business** was most commonly identified as one of the top issues facing businesses in Atlantic Canada today, followed closely by a **lack of leadership from government** and **weak economic conditions**. In addition, **high taxes** (both personal and corporate), excessive **government red tape**, and the **difficulty to find a qualified workforce** were also among the top concerns of business leaders. (Table 22)

Top Three Issues Facing Atlantic Canadian Businesses Today



Q.22: In your opinion, what are the top three issues facing Atlantic Canadian businesses today? Please be as specific as possible.

Note: In Spring 2016 and Fall 2016, this was an open-ended question. In 2017 and 2018, respondents were provided with a list to select from, and as such, the previous results are not comparable to the current wave.

Changes to Positively Impact Business Climate

Reduced taxes continue to be the most frequent change recommended to improve the business climate in Atlantic Canada.

When asked to identify what change would positively impact the business climate in Atlantic Canada, businesses again most commonly identified **reduced taxes**, in unaided recall. Other desired actions continue to include increased **support or incentive for small or local businesses**, **less bureaucracy**, improved **government leadership**, more **business development/growth**, and **reduced government spending**, among the most commonly cited suggestions. (Table 23)

Changes to Positively Impact the Business Climate in Atlantic Canada

Key Unaided Mentions

	Spring 2016 (n=642)	Fall 2016 (n=542)	2017 (n=431)	2018 (n=501)
Better taxes	26%	28%	24%	26%
More support/incentives for small/local businesses	17%	19%	16%	15%
Less bureaucracy/red tape	11%	9%	9%	14%
Better government leadership	20%	10%	14%	13%
Business development/growth	19%	13%	11%	13%
Reduce government spending/civil service	5%	13%	11%	13%

Q.23: What would you like to see change in order to positively impact the business climate in Atlantic Canada? Please be as specific as possible, listing as many changes as you like.

Reduced government spending continues to be most commonly cited in Newfoundland and Labrador than in other provinces, reducing taxes is a more common recommendation among Prince Edward Island businesses.



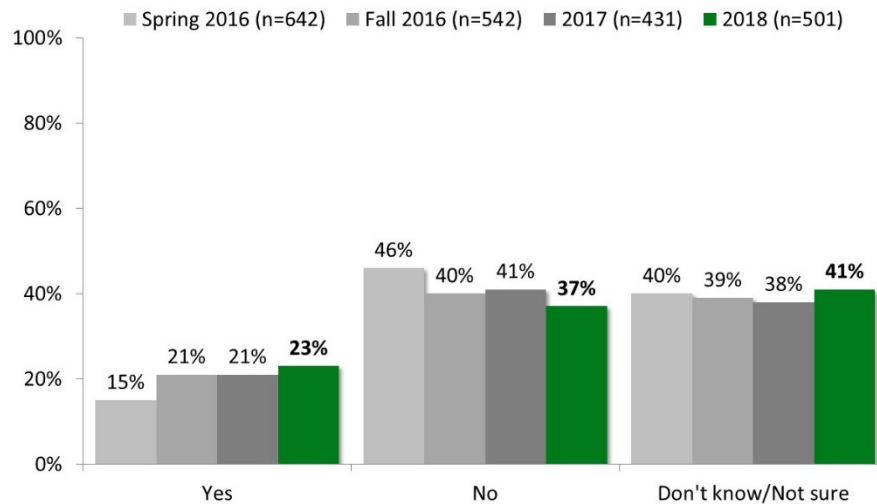
- “We do not object to higher minimum wage, but we need to have tax break for small business. It cannot keep going up with nothing t help out. We will have to soon start cutting back on hours and staff.”
- “Have a government that work together and with other provinces and not against. We are such a small province and have way too many politicians and support too many government-funded programs and associations.”
- “Government to stop impacting small and medium businesses with added tax grabs because they were unable to balance their own budgets.”
- “A government cognizant of business challenges in this region and increased opportunities and financial support for young people to start-up businesses.”
- “Elect stronger leaders with vision and strong leadership skills. Political leaders need to be motivated by common good, not getting re-elected.”

Fostering a Positive Business Environment

The private sector continues to be seen as not doing enough to foster a positive business environment in Atlantic Canada.

Though less so than one year ago, business leaders continue to be of the opinion that the business community is not doing enough to foster a positive business environment in the region. Again, the high percentage of businesses who are not expressing an opinion or who are unsure suggests the need for greater leadership to establish winning conditions for conducting business in Atlantic Canada. (Table 24)

Is the Atlantic Canadian Business Community Doing Enough to Foster a Positive Business Environment?



Q.24: In your opinion, is the Atlantic Canadian Business community doing enough to foster a positive business environment?

Business leaders continue to most commonly suggest increasing the level of **collaboration with government** to foster a more positive business climate, followed by increased **collaboration within the business community** itself and more **support for small or local businesses**. (Table 25)

What More Business Community Could Do to Foster a Positive Business Environment

Key Unaided Mentions

	Spring 2016 (n=642)	Fall 2016 (n=542)	2017 (n=431)	2018 (n=501)
Work with government/Improve government support	22%	19%	20%	24%
Work together/Collaboration among Atlantic businesses	19%	14%	17%	15%
Support small/local businesses	19%	11%	14%	15%
Better promotion/marketing of Atlantic Canada/businesses	9%	10%	9%	11%
More support for business development/growth	15%	9%	6%	10%
Don't rely on government/Lead the way	4%	3%	3%	4%
Support more education/training programs	4%	6%	3%	3%

Q.25: In your opinion, what more should the business community do to foster a positive business environment?



- "More help from government and better communication on programs available."
- "Work together with government to stop the amount of people leaving the region to find higher paying jobs out west."
- "Be supportive of each other by purchasing locally when possible and provide the best service possible."
- "Greater interprovincial discussions and messages. Start to think more of Atlantic Canada as one business entity."
- "Keep working together and keep buying local. Show the rest of Canada and the world that [Atlantic Canada] is an amazing spot to build and grow businesses and entrepreneurs."
- "Promote the benefits of being an Atlantic Canada Business. We have some great businesses in Atlantic Canada!"

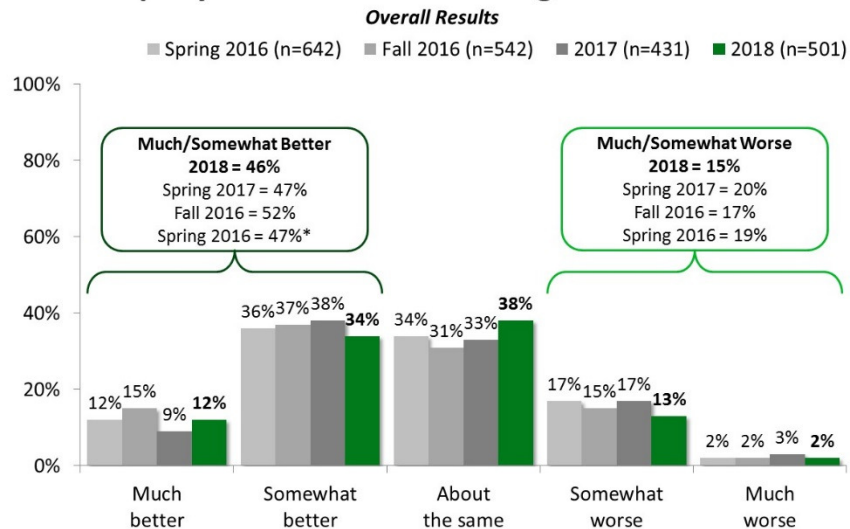
Organizations' Economic Outlook

Companies' Current Economic Well-Being

Business leaders continue to rate their company's economic well-being as having stayed the same or improved over the past year.

Business leaders continue to be optimistic regarding their company's economic well-being over the past year. Nearly half of businesses report an improved situation during this timeframe, while nearly all others believe that the situation has remained the same. The proportion of those who say that their company's performance has worsened in the past year had declined compared to results from spring 2017. (Table 5)

Company's Economic Well-Being in the Past Year







Q.5: Thinking about your own business in the past year, would you say that your company's economic well-being is much better, somewhat better, about the same, somewhat worse, or much worse?

*Due to rounding.

With the exception of Newfoundland and Labrador where business leaders are less optimistic about their company's well-being in the past year, respondents in all other provinces are more optimistic than reported in spring 2017. Across the region, the level of optimism remains highest in Prince Edward Island, while it is lowest in Newfoundland and Labrador.

Company's Economic Well-Being in the Past Year

Provincial Results

		Much/Somewhat Better	About the same	Much/Somewhat Worse
 Prince Edward Island	Spring 2016 (n=77)	58%	32%	9%
	Fall 2016 (n=42)*	67%	21%	12%
	2017 (n=28)*	61%	18%	22%
	2018 (n=38)*	66%	29%	5%
 New Brunswick	Spring 2016 (n=264)	52%	36%	12%
	Fall 2016 (n=238)	58%	31%	11%
	2017 (n=179)	50%	35%	16%
	2018 (n=242)	56%	36%	8%
 Nova Scotia	Spring 2016 (n=261)	53%	33%	15%
	Fall 2016 (n=192)	58%	28%	14%
	2017 (n=164)	52%	38%	10%
	2018 (n=160)	54%	35%	11%
 Newfoundland	Spring 2016 (n=40)*	35%	32%	33%
	Fall 2016 (n=70)	34%	36%	30%
	2017 (n=60)	34%	27%	39%
	2018 (n=61)	21%	48%	31%

Q.5: Thinking about your own business in the past year, would you say that your company's economic well-being is much better, somewhat better, about the same, somewhat worse, or much worse?

*Caution: Small sample size.

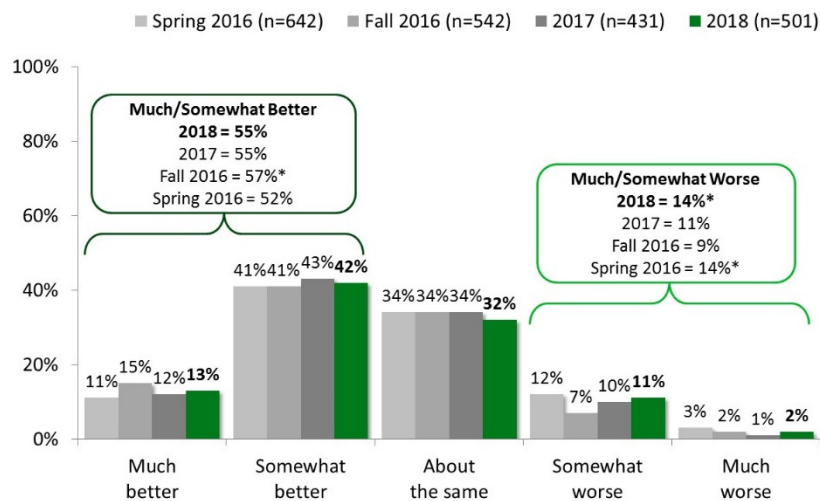
Companies' Future Economic Well-Being

Business leaders remain optimistic regarding their company's economic well-being in the coming year.

Business leaders remain optimistic about the future economic well-being of their company. Consistent with results from spring 2017, a majority of businesses believe that their company's economic well-being will improve in the coming year. Despite the negative sentiment increasing, only a small number believe their company's well-being will worsen in the coming year. (Table 6)

Company's Economic Well-Being in the Next 12 Months

Overall Results







Q.6: In the next 12 months, do you think the economic well-being of your company will become much better, somewhat better, about the same, somewhat worse, or much worse?

*Due to rounding.

Businesses in Prince Edward Island and New Brunswick are more optimistic this year than in spring 2017 about their company's economic well-being in the next 12 months. By contrast, Nova Scotia and Newfoundland and Labrador business leaders are less optimistic than in 2017, though the majority of Nova Scotia businesses still foresee an improvement in the coming year. The level of optimism regarding the economic well-being of their company in the next year is highest among Prince Edward Island businesses, while it is lowest in Newfoundland and Labrador.

Company's Economic Well-Being in the Next 12 Months

Provincial Results

		Much/Somewhat Better	About the same	Much/Somewhat Worse
 Prince Edward Island	Spring 2016 (n=77)	65%	31%	4%
	Fall 2016 (n=42)*	71%	14%	14%
	2017 (n=28)*	57%	39%	4%
	2018 (n=38)*	76%	18%	5%
 New Brunswick	Spring 2016 (n=264)	59%	34%	7%
	Fall 2016 (n=238)*	66%	30%	4%
	2017 (n=179)	60%	33%	7%
	2018 (n=242)	65%	28%	7%
 Nova Scotia	Spring 2016 (n=261)	67%	26%	7%
	Fall 2016 (n=192)	66%	29%	4%
	2017 (n=164)	64%	31%	5%
	2018 (n=160)	61%	33%	6%
 Newfoundland	Spring 2016 (n=40)*	25%	43%	32%
	Fall 2016 (n=70)	29%	49%	22%
	2017 (n=60)	37%	39%	24%
	2018 (n=61)	30%	38%	33%

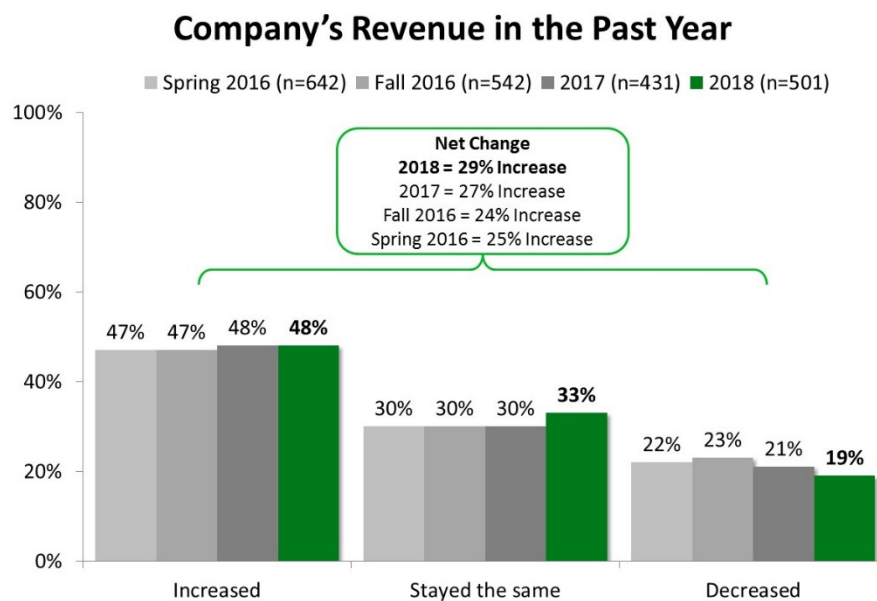
Q.6: In the next 12 months, do you think the economic well-being of your company will become much better, somewhat better, about the same, somewhat worse, or much worse.

*Caution: Small sample size.

Organizations' Revenue in the Past Year

Businesses in the region continue to mainly report revenue growth in the past year.

While nearly half of the businesses surveyed experienced revenue growth in the past year, there has been a small increase in the proportion of those who report that their company's revenue has remained the same during this time period, now accounting for one-third of respondents. Meanwhile, there continues to be a decline in the number of businesses who reported that their revenue today are lower than one year ago. (Table 18)



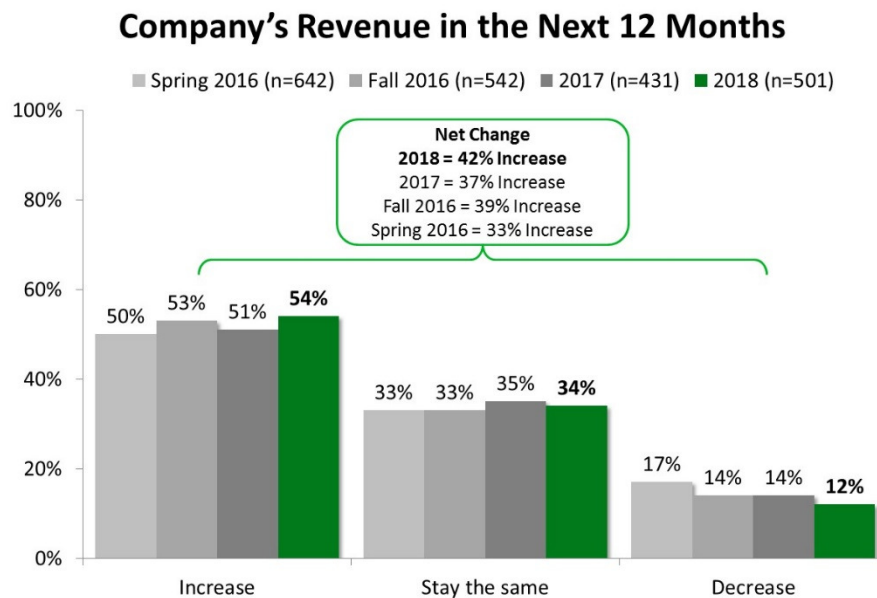
Q.18: In the past year has your company's revenue increased, stayed the same, or decreased?

Businesses in Newfoundland and Labrador continue to be most likely to report a decline in revenue, while a clear majority of business leaders in other provinces report an increase.

Companies' Revenue in Next 12 Months

Business leaders are increasingly optimistic about the revenue growth for their company in the coming year.

Increasingly, businesses anticipate revenue growth for their companies in the coming year, with nearly all others expecting the status quo. Just over one in ten forecast a decrease in revenue. (Table 19)



Q.19: In the next 12 months, do you anticipate that your company's revenue will increase, stay the same, or decrease?

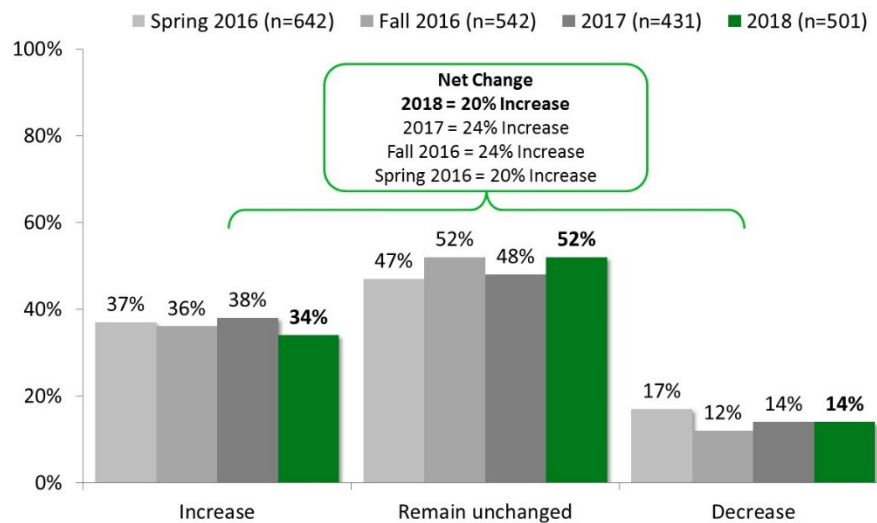
As in the past, expected growth is more pronounced among businesses in the three Maritime Provinces than among those located in Newfoundland and Labrador.

Anticipated Change in Capital Expenditures

There should be a net increase in capital expenditures in Atlantic Canada in the coming year.

Increasingly, businesses anticipate no change in their capital expenditures in the next 12 months, with just over one-half who believe that their situation will remain unchanged. About one-third anticipate an increase in capital spending over the next year, while just over one in ten expect a decline. (Table 7)

Opinion of Capital Expenditures in the Next 12 Months



Q.7: In the next 12 months, do you anticipate your capital expenditures will increase, decrease or remain unchanged from the past 12 months?

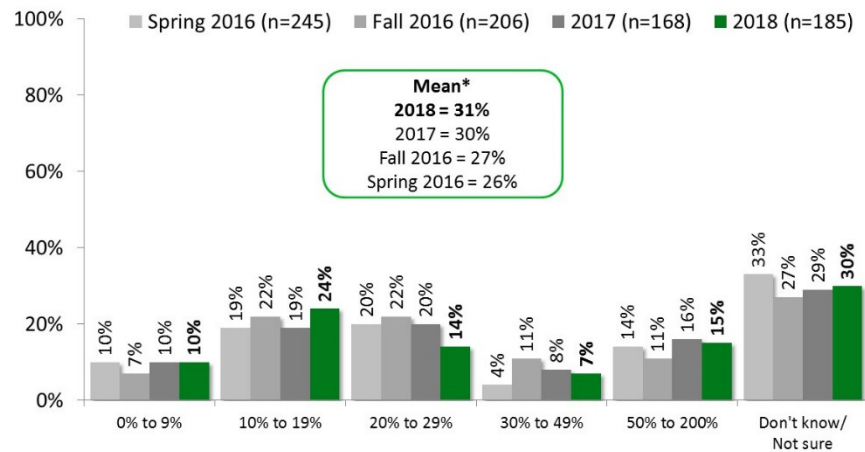
As in the past, businesses in PEI are the most likely to plan to increase their capital expenditures in the next 12 months, now closely followed by businesses in New Brunswick. By contrast, three in ten businesses in Newfoundland and Labrador believe that their capital expenditures will decrease in the coming year.

Overall capital expenditures are expected to increase in the coming year by about 4% across Atlantic Canada.

Among those expecting to increase their capital expenditures in the coming year (34% of those surveyed), the average increase expected is 31%, consistent with the expectations in the spring 2017. (Table 8a)

Anticipated Percentage Increase Amount of Capital Expenditures

Among Those Who Said Increase in Q.7

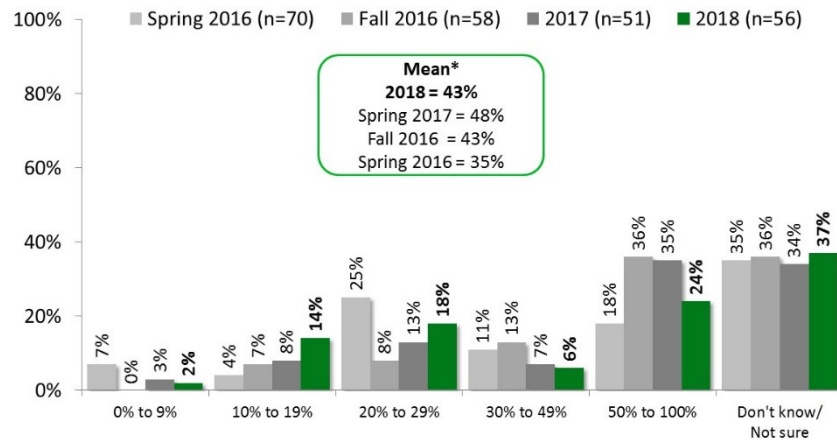


Q.8a: [IF Q.7 = 'INCREASE'] As a percentage, how much do you anticipate your capital expenditures will increase?
 *Responses of 'Don't know/Not sure' and values greater than 200 are excluded from the calculation of the mean.

Among those expecting a decrease in capital expenditures (14% of those surveyed), the average decrease expected is 43%. (Table 8b)

Anticipated Percentage Decrease Amount of Capital Expenditures

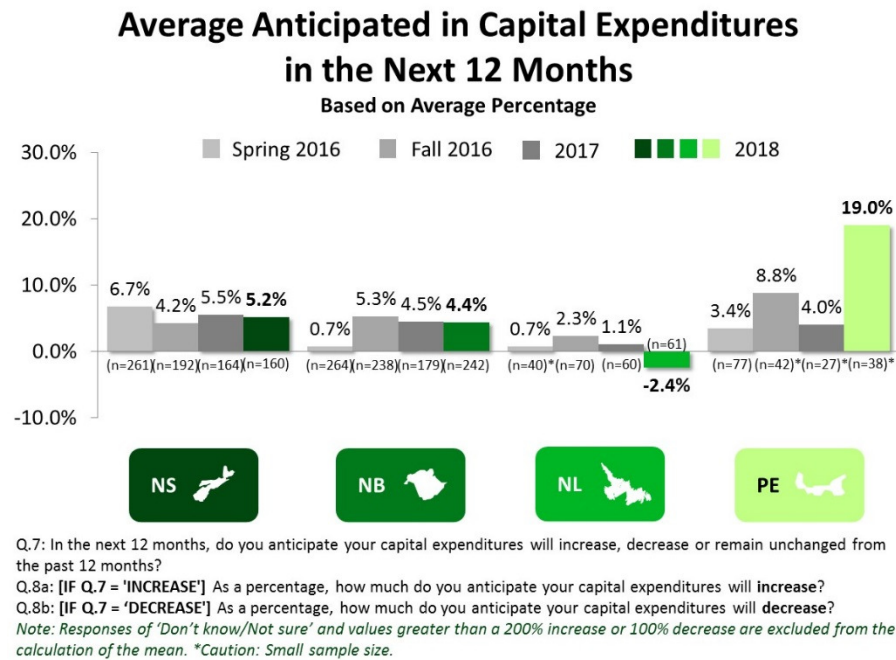
Among Those Who Said Decrease in Q.7



Q.8b: [IF Q.7 = 'DECREASE'] As a percentage, how much do you anticipate your capital expenditures will decrease?
 *Responses of 'Don't know/Not sure' and values greater than 100 are excluded from the calculation of the mean.

Based on the percentage anticipating status quo (no increase or decrease) in their capital expenditures, along with those expecting either an increase or decrease, there is projected to be an overall net increase in capital expenditures of nearly 4% in the coming year.

This year, the highest expected increase in capital expenditure is in Prince Edward Island, distantly followed by Nova Scotia and New Brunswick. By contrast, Newfoundland and Labrador anticipate a net decline in capital expenditures in the coming year of more than 2%.

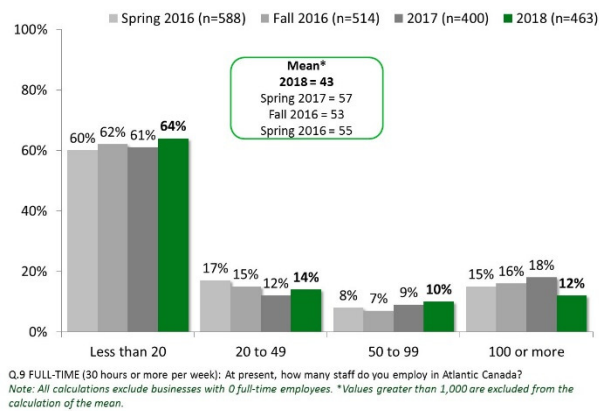


Number of Staff Employed in Atlantic Canada

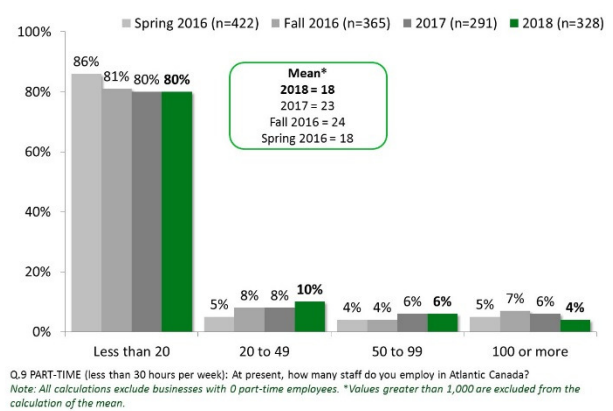
Small businesses based on employment level continue to be most prevalent in Atlantic Canada.

The vast majority of businesses continue to be small, with an average of 43 full-time employees. Year-over-year, the number of full-time employees has decreased and is at its lowest historical average. The average number of part-time employees has also declined over the last year and is consistent with those from spring 2016. (Table 9)

Number of Full-Time Staff Employed in Atlantic Canada



Number of Part-Time Staff Employed in Atlantic Canada

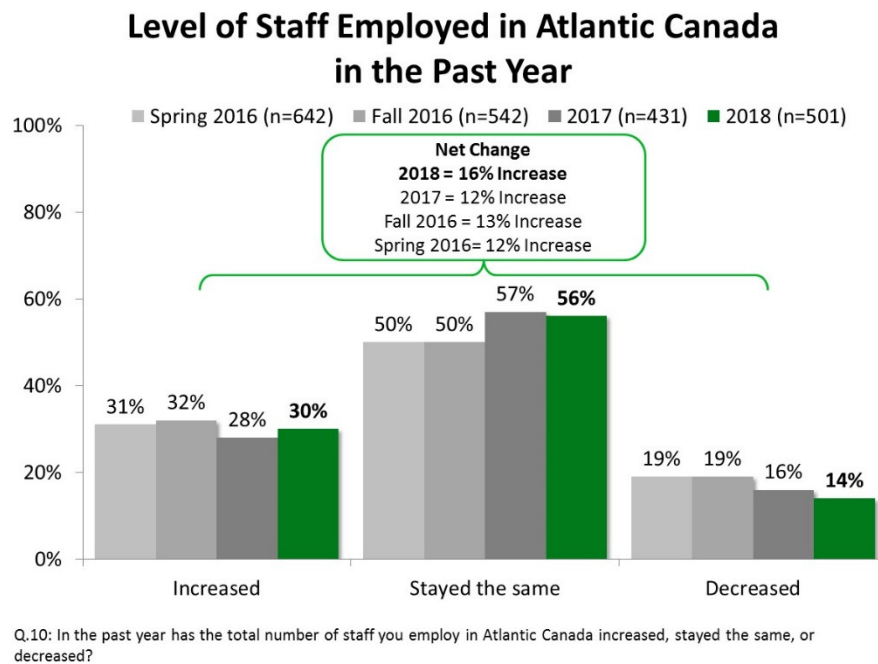


Businesses in PEI have the smallest average number of full-time employees, while those in Newfoundland and Labrador have the highest number.

Change in Staffing Levels in Atlantic Canada

While the majority of businesses' employment levels has remained unchanged in the past year, the net change has increased this year.

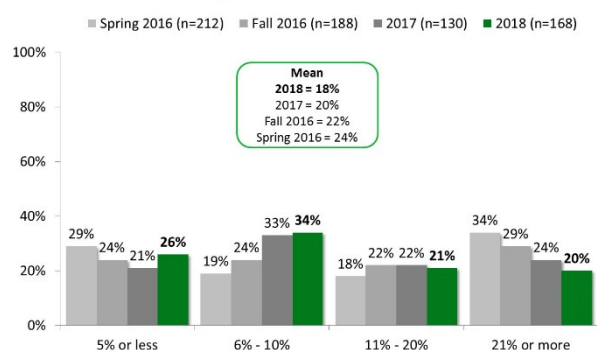
While over one-half of Atlantic Canadian businesses have stayed the same in terms of staff levels, this year's net change is at the highest increase since historically measured at 16%. (Table 10)



Consistent with past survey results, businesses in Newfoundland and Labrador are significantly more likely to report a reduction in staff levels in the past year relative to their Maritime counterparts. Meanwhile, Prince Edward Island businesses have had the highest net growth in employment over the last year.

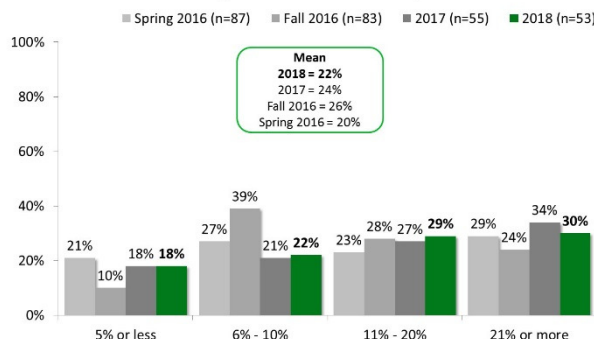
Among those reporting increases in staff levels, the average increase reported was 18%, while among those reporting a decrease in staff levels the average decrease was 22%. These changes are consistent with the results of the previous wave in 2017. (Tables 11a-b)

Percentage of Increase in Staff Complement in Past Year
Among Those Who Said Increase in Q.10



Q.11a: [IF Q.10 = 'INCREASE'] As a percentage, how much has your staff complement increased in the past year? Please use your best estimate.

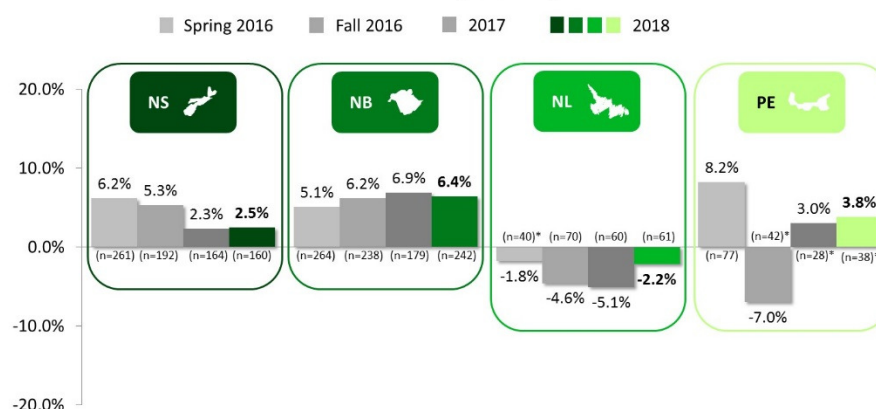
Percentage of Decrease in Staff Complement in Past Year
Among Those Who Said Decrease in Q.10



Q.11b: [IF Q.10 = 'DECREASE'] As a percentage, how much has your staff complement decreased in the past year? Please use your best estimate.

Those in Newfoundland and Labrador continue to report a net decrease in the level of staffing levels, while those in the other three Atlantic Provinces report a net increase in staffing levels. This net increase is highest in New Brunswick. (Tables 10, 11a-b)

Net Change in Staffing Levels in the Past Year
Based on Average Percentage

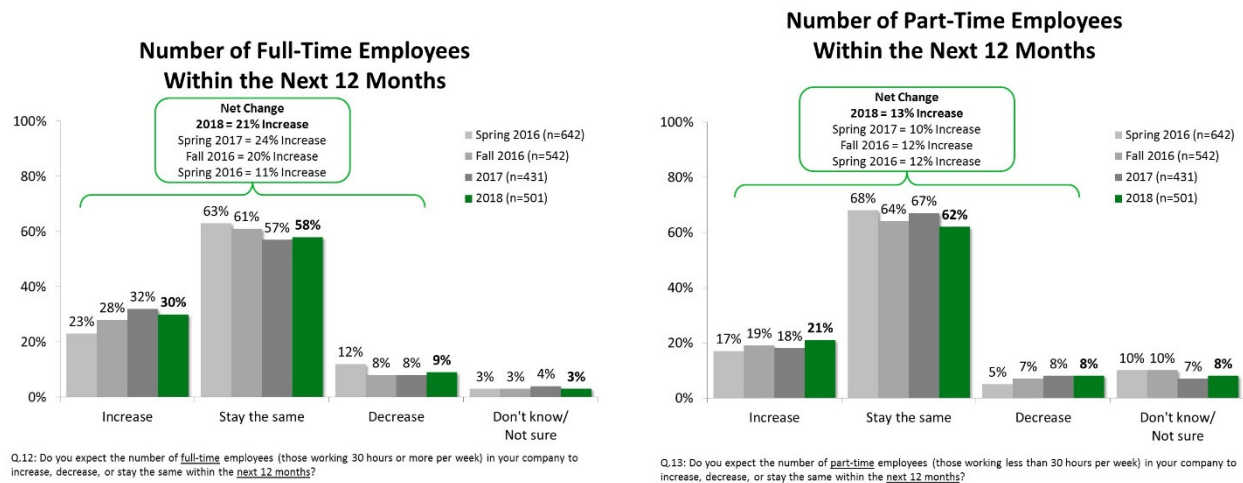


Q.10: In the past year has the total number of staff you employ in Atlantic Canada increased, stayed the same, or decreased?
Q.11a: [IF Q.10 = 'INCREASE'] As a percentage, how much has your staff complement increased in the past year? Please use your best estimate.
Q.11b: [IF Q.10 = 'DECREASE'] As a percentage, how much has your staff complement decreased in the past year? Please use your best estimate.
*Caution: Small sample size.

Anticipated Change in Staffing Levels

Hiring intentions have stalled with staffing levels expected to remain unchanged in the coming year.

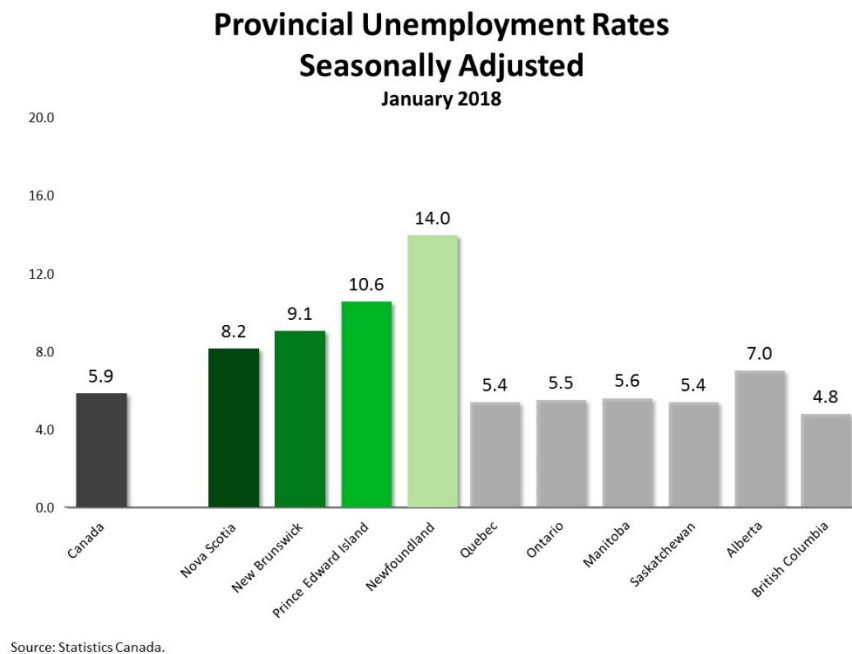
Consistent with previous results, a minority of businesses expect to hire more full-time employees in the coming year. Meanwhile, there is little anticipated change year-over-year in the hiring of part-time employees. (Tables 12 & 13)



Optimism is highest for businesses in PEI, followed closely by those in New Brunswick. On the other hand, businesses in Newfoundland and Labrador are most likely to report an expected decrease in both part-time and full-time employees within the next 12 months.

The unemployment levels in Atlantic Canada remain well above the national average.

Unemployment rates remain high in Atlantic Canada compared to other provinces, notably in Newfoundland and Labrador. This situation suggests the region's inability to provide the economic conditions required to sustain growth in employment levels.

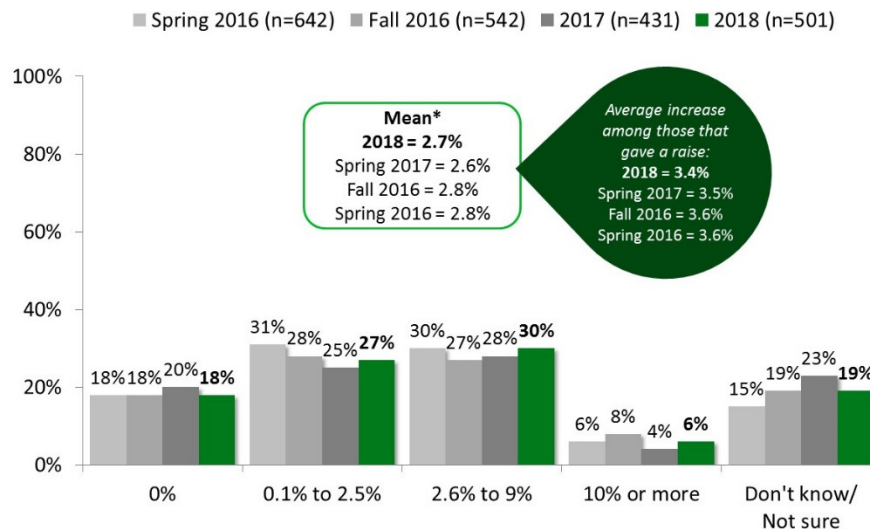


Average Wage Increase Granted to Employees in Past Year

In general, Atlantic Canadian employers have granted a wage increase to their employees in 2017, averaging 2.7 percent.

As in the past, the majority of employers granted a wage increase to their employees in 2017, though two in ten did not. The average wage increase granted across all Atlantic businesses this year was 2.7%, nearly unchanged year-over-year. Furthermore, when specifically considering those businesses that did increase employee wages, the average increase was 3.4%. (Table 14)

Average Wage Increase Percentage Granted in 2017



Q.14: What was the average wage increase granted to your employees by your company in 2017?

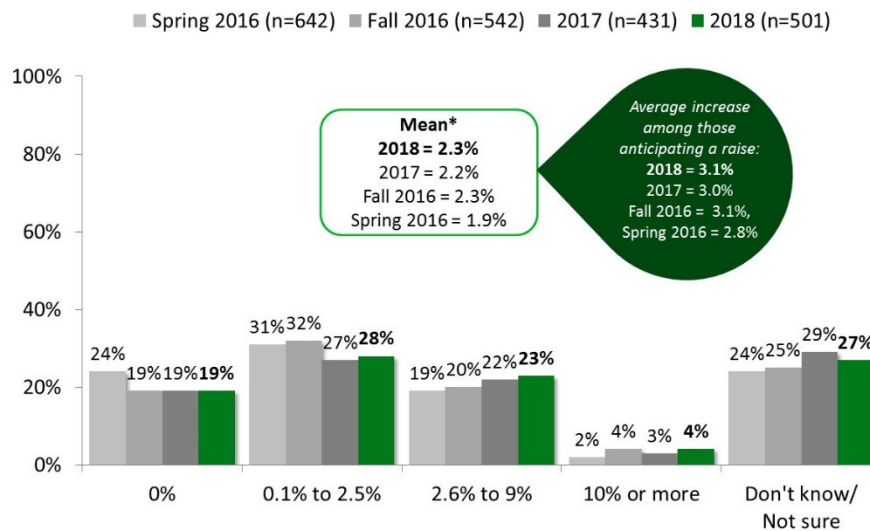
*Responses of 'Don't know/Not sure' and those greater than 10% have been excluded from the calculation of the mean.

Anticipated Wage Increase in 2018

Consistent with last year's results, only a small majority of businesses anticipate increasing employee wages in 2018.

The majority of businesses (55%) anticipate a wage increase for their employees in 2018. This percentage is slightly higher than last year (52%). Overall, among all Atlantic Canadian businesses, the average wage increase is expected to be 2.3%. Among those anticipating a wage increase more specifically, the average increase is expected to be 3.1%. (Table 15)

Anticipated Average Wage Increase Percentage in 2018



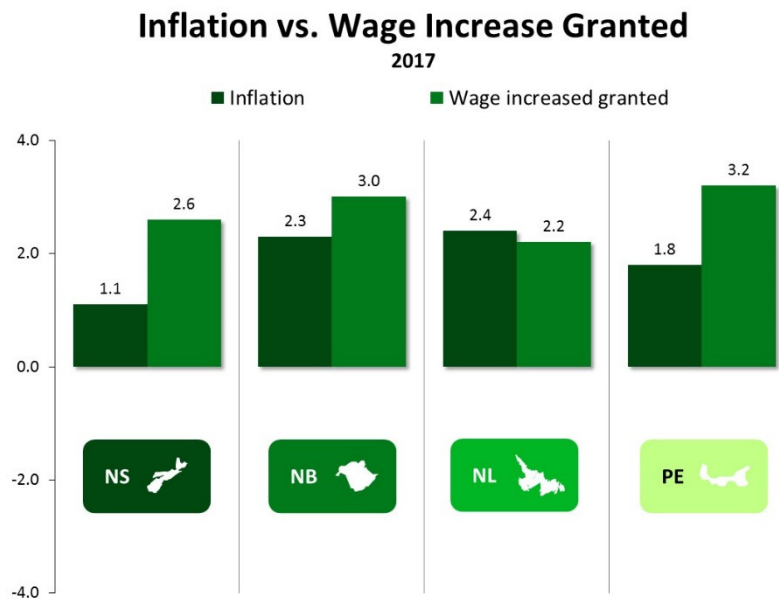
Q.15: What do you anticipate the average wage increase will be for 2018?

*Responses of 'Don't know/Not sure' have been excluded from the calculation of the mean.

Inflation vs. Wages

With the exception of Newfoundland and Labrador, employers in other Atlantic Canadian provinces reported granting wage increases higher than the inflation.

Average wage increases for 2017 reported by the private sector employers across Atlantic Canada have exceeded the rate of inflation estimated for each of the provinces with the exception of Newfoundland and Labrador.¹ (Table 12)



Sources: Inflation: Statistics Canada; Wage increase granted: Q.14: What was the average wage increase granted to your employees by your company in 2017?

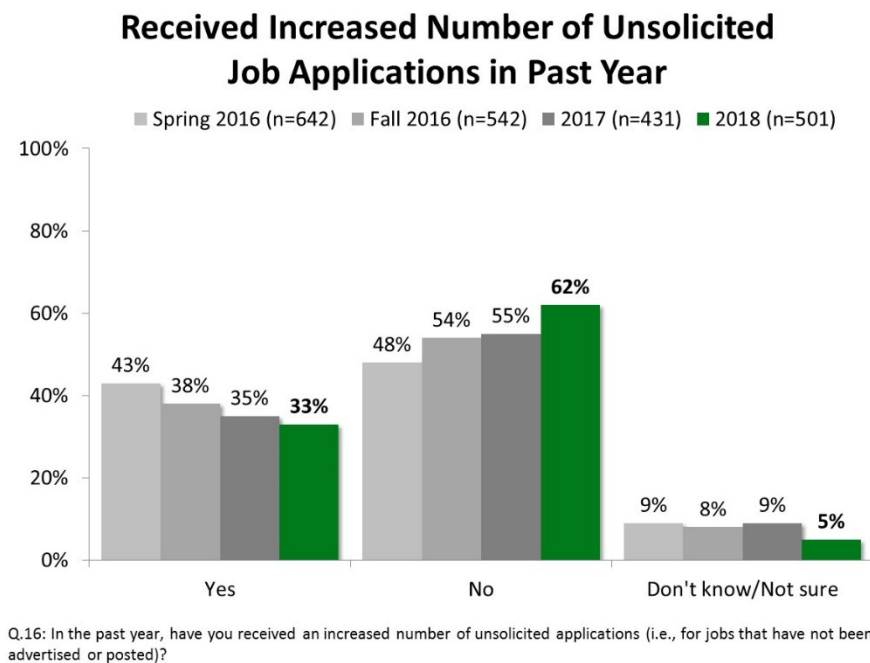
*Responses of 'Don't know/Not sure' and those greater than 10% have been excluded from the calculation of the mean. Calculations do include 0s.

¹ Sources: Inflation: Statistics Canada; Wage increase granted: Q.14: What was the average wage increase granted to your employees by your company in 2017? Wage increase received: Atlantic Quarterly, November 2017.

Non-advertised Job Applications

Increasingly, Atlantic Canadian employers do not receive unsolicited job application.

As an additional measure of how many unemployed individuals are seeking employment, the receipt of unsolicited job applications by Atlantic businesses appears to be declining with only one-third reporting to have received an increase in unsolicited applications over the last year. (Table 16)



As in the past, employers in Newfoundland and Labrador continue to be the most likely to report receiving an increased number of unsolicited job applications in the past year.

Organizations' Response to Current Economic Conditions

Internal restructuring and leaving vacant positions unfilled remain the top employee related actions undertaken by Atlantic Canadian businesses in response to the provincial's economic conditions.

Consistent with findings from the last two years, undertaking **internal restructuring** and **leaving vacant positions unfilled** are the two main employee related actions taken to respond to current economic conditions. Of note, **increasing salaries/wages** is a more common occurrence this year than **freezing wages/salaries**. (Table 17)

Employee Related Actions Undertaken in Response to Provincial Economic Conditions in Past Year

Key Aided Mentions

	Spring 2016 (n=641)	Fall 2016 (n=540)	2017 (n=431)	2018 (n=501)
Undertaken internal restructuring/transfers	28%	29%	30%	28%
Left vacant positions unfilled	32%	25%	27%	27%
Increased salaries/wages	15%	18%	19%	21%
Frozen salaries/wages	22%	21%	20%	19%
Reduced training budgets	14%	12%	11%	13%
Made positions redundant	15%	15%	15%	12%
Increased training budgets	14%	14%	15%	11%
None of the above	32%	32%	31%	33%

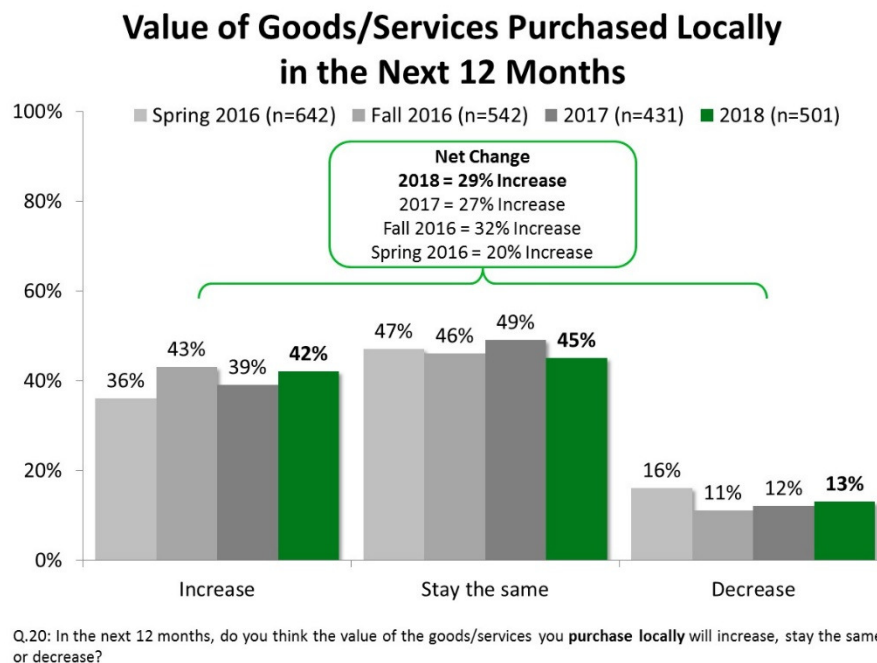
Q.17: Which of the following actions, if any, has your company undertaken in the past twelve months to respond to current economic conditions in [Nova Scotia, New Brunswick, Newfound and Labrador, and Prince Edward Island]? Choose all that apply.

Across the four provinces, businesses in Newfoundland and Labrador are most likely to have undertaken more negative actions, including leaving vacant positions unfilled, freezing salaries/wages, reducing training budgets, and making positions redundant.

Anticipated Change in Value of Local Goods/Services

Businesses continue to expect to increase their purchase of local goods and services in the coming year.

When asked about the intention to purchase local goods in the coming twelve months, four-in-ten businesses expect to purchase **more** goods/services locally. As in the past, only a small percent expects to reduce such purchases. (Table 20)



Consistent with previous findings, businesses in PEI have the highest likelihood of increasing their local purchases. At the same time, those in Newfoundland and Labrador are the least likely to increase their local purchases and are, in fact, more likely to decrease such purchases.

Actions Taken in Response to Economic Conditions in Past Twelve Months

The introduction of new products or services continues to be the private sector's most frequent response to the current economic conditions in Atlantic Canada.

Atlantic businesses most often reported the introduction of **new products or services** as a response to the current economic conditions, with nearly one-half indicating having done so. Cost reduction measures including **reducing marketing/advertising budgets**, **decreasing charitable contribution** and **reducing inventory levels** were the next most common responses to the economic conditions in the region. (Table 21)

Business Operation Actions Undertaken in Response to Economic Conditions in Past Year

Total Aided Mentions

	Spring 2016 (n=639)	Fall 2016 (n=542)	2017 (n=431)	2018 (n=501)
Introduced new products or services	44%	46%	46%	45%
Reduced advertising/marketing budgets	36%	37%	39%	36%
Decreased financial contributions to charitable causes	34%	30%	34%	30%
Reduced inventory levels	20%	23%	24%	23%
Lowered prices	21%	22%	24%	17%
Provided more favourable payment terms for customers/clients	21%	17%	17%	17%
Decreased volunteer time available for employees for charitable causes	5%	3%	5%	8%
None of the above	23%	22%	20%	21%

Q.21: Which of the following actions, if any, has your company undertaken in the past twelve months to respond to current economic conditions? Choose all that apply.

Businesses in Newfoundland and Labrador continue to be more likely than businesses of other regions to have undertaken cost reduction measures, while those in Nova Scotia and New Brunswick are most likely to have introduced new products and services to counter the current economic conditions.

Strategies for Growth in the Coming Year

The majority of businesses continue to focus on organic growth of their core products and services in their current markets as their primary growth strategy.

Year-over-year, the vast majority of businesses in the region focus growth primarily on **core products and services in current markets** in order to grow their business organically over the next 12 months. **Developing new products/services** has slightly increased in popularity as such a strategy in comparison to last year. **Expanding into new markets with existing products/services** is also commonly mentioned, but less frequently than the former. (Table 21a)

Company Strategies to Grow Organically in Next 12 Months

Total Aided Mentions

	Spring 2016 (n=640)	Fall 2016 (n=542)	2017 (n=431)	2018 (n=501)
Continue to focus primarily on core products/services in current markets	66%	71%	72%	71%
Develop new product/service offerings	44%	47%	45%	50%
Expand into new markets with existing products/services	47%	44%	42%	38%
Develop an enhanced digital/online strategy to serve the market	39%	37%	36%	34%
Introduce new technologies to serve clients more efficiently	36%	32%	31%	32%
Increase R&D initiatives	12%	14%	11%	11%
None of the above	7%	5%	6%	4%

Q.21a: Which of the following strategies is your company focused on to grow organically in the next twelve months? Select all that apply.

Interestingly, businesses in Newfoundland and Labrador are substantially less likely than those located in other Atlantic Provinces to cite developing an enhanced digital/online strategy to serve the market.



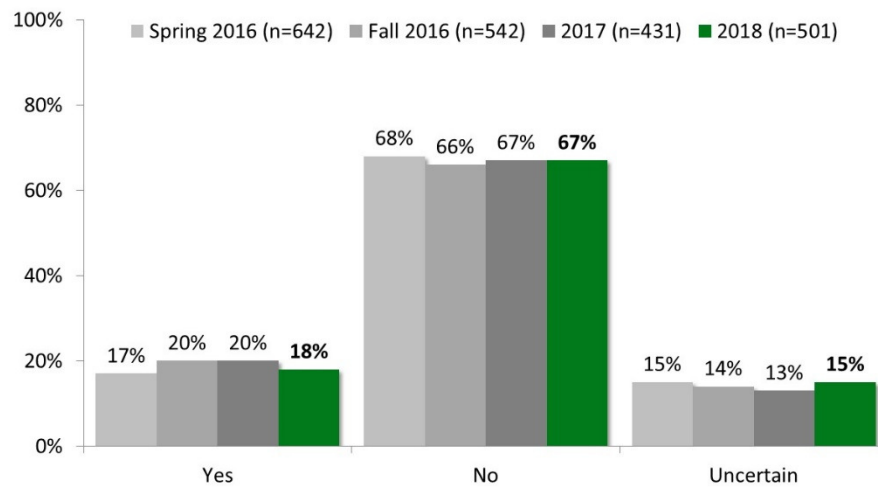
Pursuit of Merger or Acquisition Opportunities in Coming Year

A small minority of businesses expect to actively pursue merger and acquisition opportunities in order to increase the size of their companies.

Unchanged year-over-year, the majority of businesses do not intend actively pursuing merger or acquisition opportunities in the next 12 months to increase the size of their business. That said, one-in-five businesses are expecting to do so. (Table 21b)

Actively Pursue Merger or Acquisition Opportunities in Next 12 Months

Overall Results

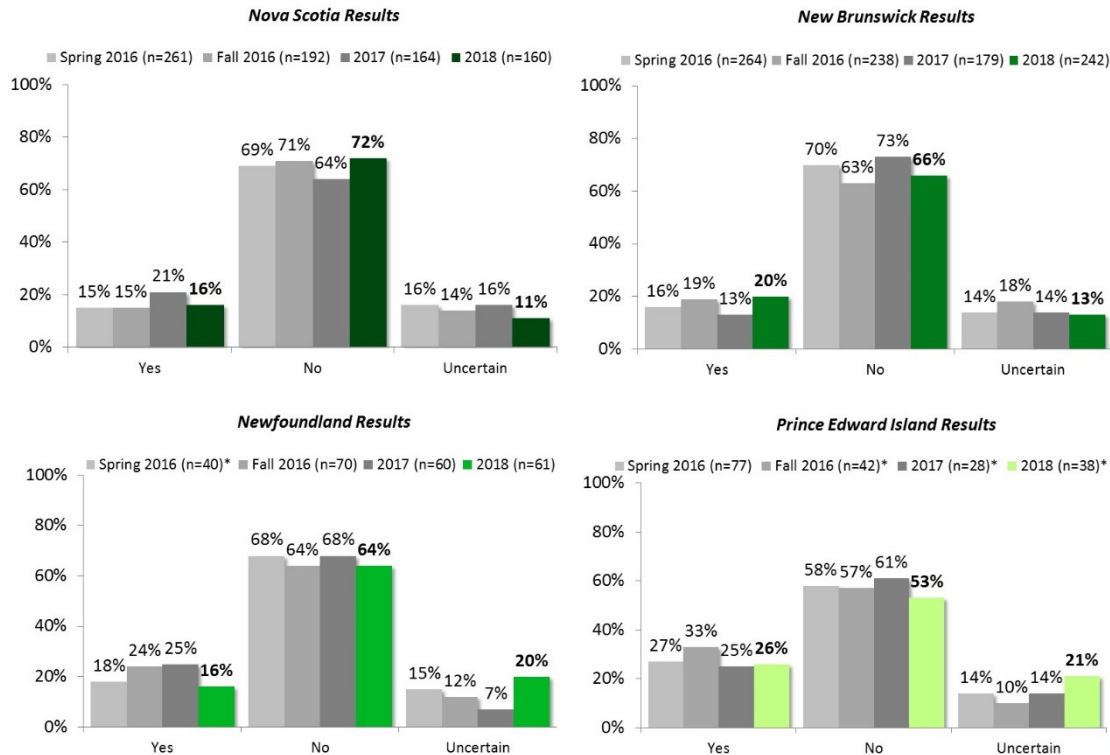


Q.21b: Do you expect your company to actively pursue any merger or acquisition opportunities in the next twelve months to increase the size of your business?

While PEI business are most likely to expect to pursue merger or acquisition opportunities over the next 12 months, businesses in New Brunswick demonstrate far more interest in this pursuit than last year. At the same time, interest in pursuing merger and acquisition opportunities has decreased among business in both Nova Scotia and Newfoundland and Labrador after historical increases seen in previous research.

Actively Pursue Merger or Acquisition Opportunities in Next 12 Months

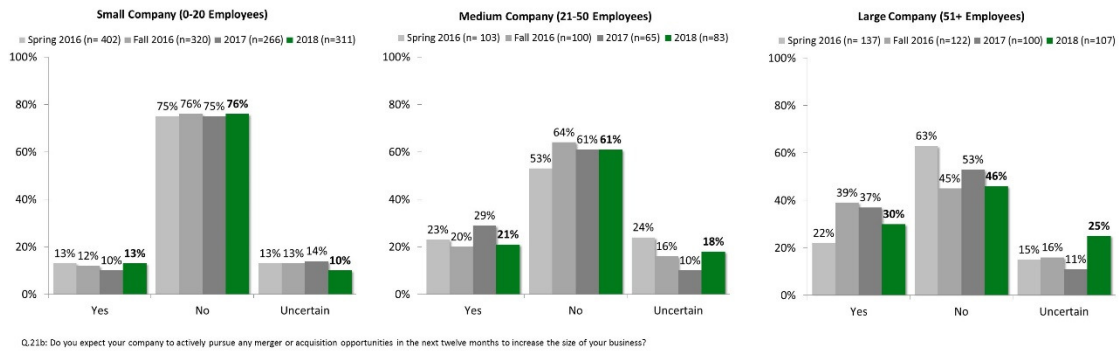
Provincial Results



Q.21b: Do you expect your company to actively pursue any merger or acquisition opportunities in the next twelve months to increase the size of your business?
 *Caution: Small sample size.

As in the past, interest in mergers and acquisitions increases with the size of the business based on the number of employees, though interest among medium and large companies is lower than last year.

Actively Pursue Merger or Acquisition Opportunities in Next 12 Months



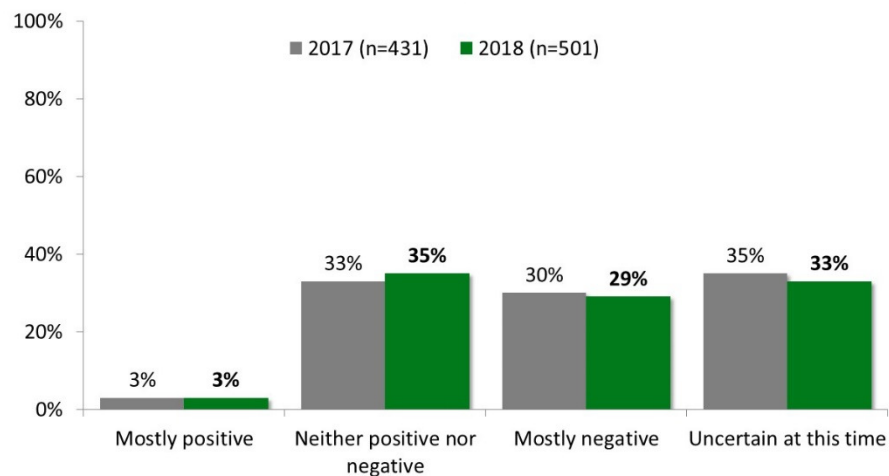
Expected Impact of Federal Government's Proposed Carbon Tax

Business leaders continue to have a mixed opinion regarding the potential impact of the Federal Government's proposed carbon tax.

Consistent with last year's findings, opinions are mixed with regards to the effect of the Federal Government's proposed carbon tax on business. Responses from business leaders are split almost equally between those expecting neither a positive nor negative impact of the carbon tax on their companies, uncertainty about any potential impact of a carbon tax, and those expecting a mostly negative impact. Very few leaders expect a mostly positive impact. (Table 21c)

Result Expected on Business as a Result of Federal Government's Proposed Carbon Tax

Overall Results







Q.21c: What impact do you expect on your business as a result of the Federal Government's proposed carbon tax?
 Note: Question added in 2017.

As with last year, businesses in Nova Scotia are the least likely to expect a negative impact of a carbon tax on their businesses and the most likely to expect such a tax to be neutral in its impact.

Result Expected on Business as a Result of Federal Government's Proposed Carbon Tax

Provincial Results

		Mostly positive	Neither positive nor negative	Mostly negative	Uncertain at this time
 Prince Edward Island	2017 (n=28)*	4%	18%	39%	39%
	2018 (n=38)*	5%	32%	32%	31%
 New Brunswick	2017 (n=179)	3%	30%	33%	34%
	2018 (n=242)	4%	33%	34%	30%
 Newfoundland	2017 (n=60)	2%	31%	35%	32%
	2018 (n=61)	3%	28%	34%	34%
 Nova Scotia	2017 (n=164)	4%	38%	22%	36%
	2018 (n=160)	2%	42%	20%	36%

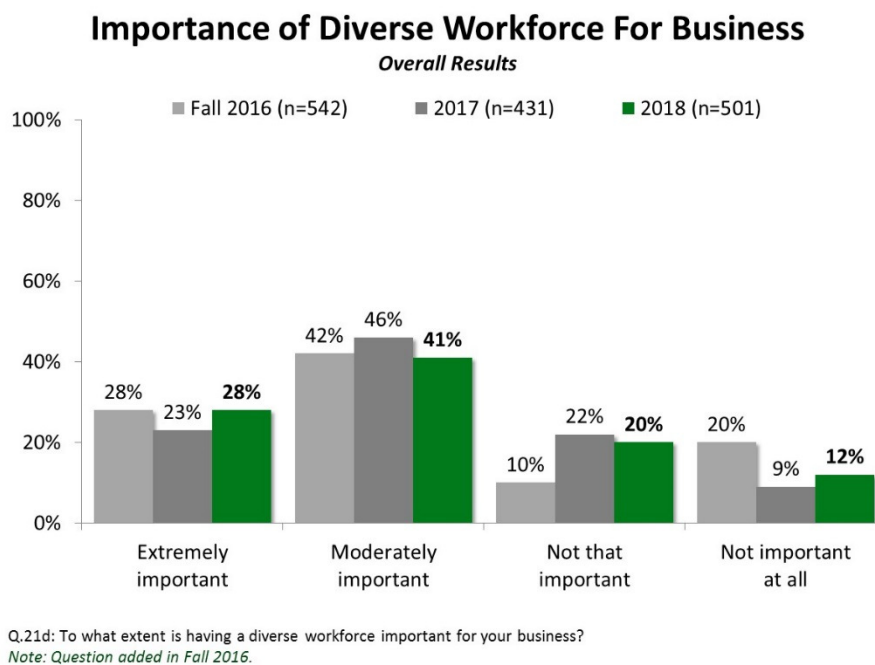
Q.21c: What impact do you expect on your business as a result of the Federal Government's proposed carbon tax?

Note: Question added in 2017. *Caution: Small sample size.

Importance of Diversified Workforce

Atlantic businesses continue to attach some level of importance to the issue of diversity in the workforce.





The majority of Atlantic businesses continue to indicate that a diverse workforce is important for business. In fact, year-over-year, the proportion of businesses considering diversity in the workforce to be extremely important has increased. That said, a slight increase in the proportion of businesses of the opinion that having a diverse workforce is not important at all is also evident this year. (Table 21d)



There is some variation in the level and degree of importance by province on the issue of workforce diversity. Specifically, Newfoundland and Labrador businesses are more likely to cite extreme importance and those in Nova Scotia are more likely to report it is not important than those in the other Atlantic Provinces.

Importance of Diverse Workforce For Business

Provincial Results

		Extremely important	Moderately important	Not that important	Not important at all
 Newfoundland	Fall 2016 (n=70)	30%	40%	6%	24%
	2017 (n=60)	20%	26%	15%	8%
	2018 (n=61)	33%	39%	18%	10%
 New Brunswick	Fall 2016 (n=238)	27%	44%	9%	20%
	2017 (n=179)	24%	46%	23%	8%
	2018 (n=242)	27%	40%	25%	8%
 Nova Scotia	Fall 2016 (n=192)	29%	41%	12%	17%
	2017 (n=164)	24%	42%	24%	11%
	2018 (n=160)	26%	41%	17%	16%
 Prince Edward Island	Fall 2016 (n=42)*	21%	52%	12%	14%
	2017 (n=28)*	25%	32%	32%	11%
	2018 (n=38)*	16%	61%	16%	8%

Q.21d: To what extent is having a diverse workforce important for your business?

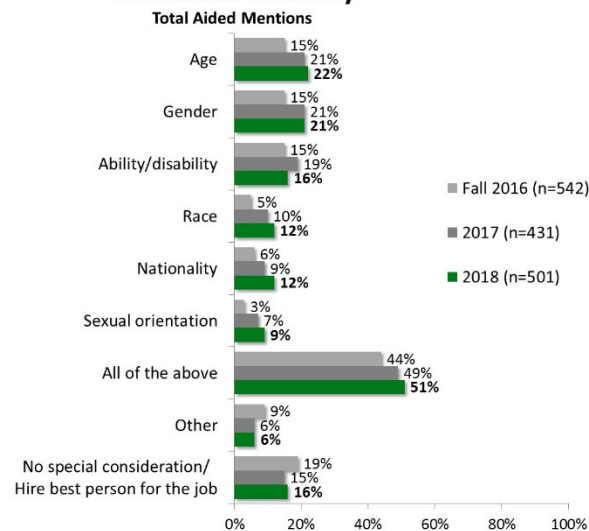
Note: Question added in Fall 2016. *Caution: Small sample size.

Hiring Considerations to Ensure Workforce Diversity

As in the past, the majority of businesses build a variety of considerations into hiring practices to ensure workforce diversity.

While businesses most often consider **age, gender, ability/disability, race** and **nationality** in their hiring practices, one-half of businesses consider all listed factors while hiring employees to ensure workforce diversity. At the same time, one-in-seven businesses do not take into consideration any diversity factors when hiring, instead hiring the best person for the job. (Table 21e)

Considerations Built into Hiring Practices to Ensure Workforce Diversity



Q.21e: Which of the following considerations are built into your business' hiring practices to ensure diversity within your workforce?

Note: Question added in Fall 2016.

There are no significant variations by province when looking at the individual factors businesses take into consideration in their hiring practices by province to ensure diversity in their workforce. That said, Newfoundland and Labrador businesses are most likely to report considering all listed factors as part of their hiring process.

Considerations Built into Hiring Practices to Ensure Workforce Diversity

Key Aided Mentions

		Gender	Age	Ability/ disability	Race	Nationality	Sexual Orientation	All of the above
Nova Scotia	Fall 2016 (n=192)	14%	12%	11%	6%	6%	4%	50%
	2017 (n=164)	21%	23%	19%	10%	8%	4%	45%
	2018 (n=160)	19%	20%	15%	11%	10%	9%	46%
New Brunswick	Fall 2016 (n=238)	18%	18%	18%	7%	9%	3%	35%
	2017 (n=179)	22%	21%	18%	10%	10%	9%	42%
	2018 (n=242)	22%	25%	18%	13%	13%	9%	46%
Newfoundland	Fall 2016 (n=70)	14%	16%	16%	3%	1%	1%	47%
	2017 (n=60)	22%	19%	19%	12%	8%	8%	62%
	2018 (n=61)	21%	25%	15%	11%	13%	8%	61%
Prince Edward Island	Fall 2016 (n=42)*	14%	17%	19%	2%	5%	2%	43%
	2017 (n=28)*	18%	21%	18%	7%	7%	4%	47%
	2018 (n=38)*	21%	16%	13%	8%	11%	8%	58%

Q.21e: Which of the following considerations are built into your business' hiring practices to ensure diversity within your workforce?
 Note: Question added in Fall 2016. *Caution: Small sample size.

Existing Measures to Build and Support Diversity

While non-discriminatory hiring practices remains the primary response by the private sector to ensure workforce diversity, the number of businesses without any diversity support measures continues to increase.

With regards to the measures businesses have in place to build and support diversity, business continue to most frequently identify having **non-discriminatory hiring practices** that ensure that **anyone who is qualified for a position is hired**. At the same time, it is becoming increasingly more common for businesses not to have any measures in place to support diversity. (Table 21f)

Measures in Place to Build and Support Diversity in Business

Key Unaided Mentions, Overall Results



Q.21f: What measures do you have in place to build and support diversity in your business?

Note: Question added in Fall 2016.

PEI businesses are most likely to report having non-discriminatory hiring practices. Of note, having any measures in place to build and support diversity in businesses vastly increases with the size of the business in terms of total employees.

Measures in Place to Build and Support Diversity in Business

Key Unaided Mentions

		Non-discriminatory hiring practices	Being aware of diversity opportunities /needs	HR policies to support diversity	Welcoming/ Inclusive work environment	Hire immigrants/ Work with immigration programs	Offer training	Improved gender balance/ Increase in female employees	None
Nova Scotia	Fall 2016 (n=192)	28%	1%	7%	7%	3%	4%	1%	27%
	2017 (n=164)	26%	9%	3%	6%	6%	3%	1%	29%
	2018 (n=160)	31%	8%	8%	6%	3%	3%	3%	33%
New Brunswick	Fall 2016 (n=238)	30%	1%	5%	3%	1%	5%	2%	30%
	2017 (n=179)	30%	3%	6%	3%	2%	4%	4%	34%
	2018 (n=242)	31%	7%	7%	4%	4%	4%	1%	30%
Newfoundland	Fall 2016 (n=70)	37%	4%	7%	7%	1%	4%	1%	20%
	2017 (n=60)	41%	12%	10%	2%	4%	3%	3%	14%
	2018 (n=61)	33%	8%	8%	0%	2%	5%	2%	20%
Prince Edward Island	Fall 2016 (n=42)*	36%	0%	10%	2%	5%	0%	0%	31%
	2017 (n=28)*	36%	0%	3%	14%	4%	0%	0%	32%
	2018 (n=38)*	37%	8%	5%	3%	5%	5%	0%	32%

Q.21f: What measures do you have in place to build and support diversity in your business?
Note: Question added in Fall 2016. *Caution: Small sample size.

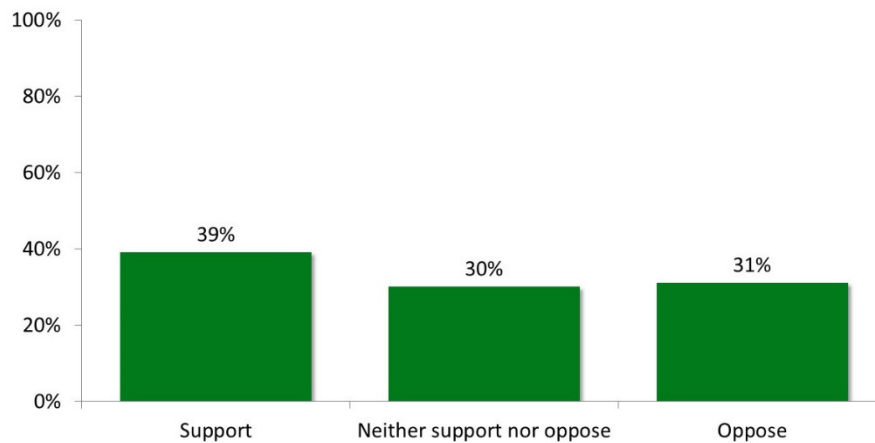
Support of Hydrofracking

Though a large minority of businesses support hydrofracking, opinions of this practice are mixed overall.

In 2018, businesses were asked to indicate whether they support or oppose the practice of hydrofracking if they believed that government regulations were stringent enough to protect the environment. While opinions are fairly mixed, there is a slightly higher proportion of Atlantic private sector businesses who support this practice than those who oppose or have a neutral opinion. (Table 21g)

Support for Practice of Hydrofracking

Overall Results



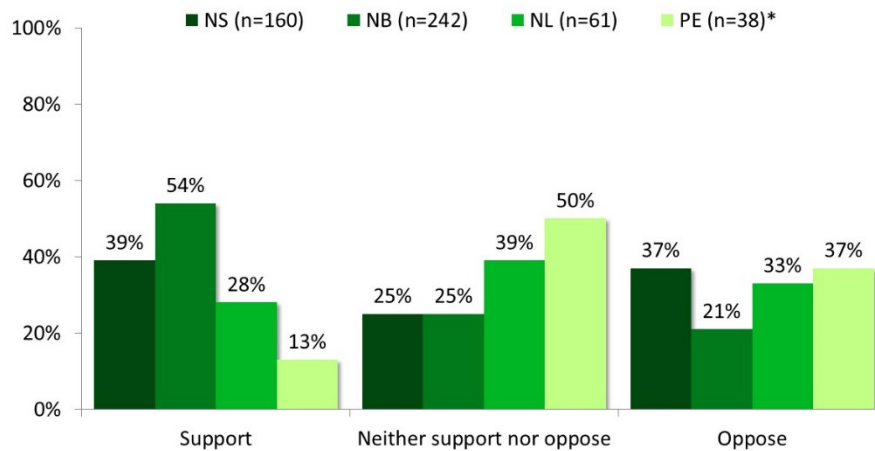
Q.21g: There has been considerable controversy regarding the practice of hydrofracking. Three of the four Atlantic Provinces currently have a moratorium on hydrofracking. Hydrofracking is the process that forces water and chemicals into the ground under high pressure in order to release and extract oil and gas. Do you support or oppose the practice of hydrofracking if you believed that government regulations were stringent enough to protect the environment? (n=501)

Note: Question added in 2018.

Across all provinces, businesses located in New Brunswick are most likely to support hydrofracking while those in Nova Scotia and PEI are most likely to oppose. Additionally, one-half of PEI businesses remain neutral towards the practice.

Support for Practice of Hydrofracking

Provincial Results



Q.21g: There has been considerable controversy regarding the practice of hydrofracking. Three of the four Atlantic Provinces currently have a moratorium on hydrofracking. Hydrofracking is the process that forces water and chemicals into the ground under high pressure in order to release and extract oil and gas. Do you support or oppose the practice of hydrofracking if you believed that government regulations were stringent enough to protect the environment?
*Note: Question added in 2018. *Caution: Small sample size.*

Survey Methodology

Questionnaire Design

The questionnaire used for this study was designed by CRA, in consultation with TD, and was conducted in a manner to ensure all responses were provided anonymously so none of the information collected could be linked to any individual. Prior to being finalized, the survey was pre-tested on a small number of respondents to ensure the appropriateness of the questions and response categories.

The Atlantic Canada Business Confidence Index

The *Atlantic Canada Business Confidence Index* is derived from a series of nine questions related to the perceived state of the region's economy, organizations' economic situation, and organizations' revenue trends. The Index takes into account Atlantic Canadian business leaders' assessments of economic conditions at the present time as well as the outlook for the upcoming year. The Index was set at a benchmark of 100 in the inaugural study, and all reports of the BCI from this study onward will be measured relative to this benchmark. More specifically, the calculation is based on positive or neutral responses (namely, *better or about the same; increase or stay the same; and scores of 6 or higher on a 10-point confidence scale*), excluding negative responses (*worse; decrease; 1-5*) for each evaluation.

Survey Administration

This economic metric represents companies from all major sectors of the economy including professional services, manufacturing, technical services (such as construction, plumbing, electrical, etc.), retail, business support services, and health services, among others. Participants include members of an exclusive panel of executives who were initially recruited by direct personal invitation. As well, the Atlantic Chamber of Commerce and more than thirty sector associations invited their members to take part, producing a more representative sample of the private sector in Atlantic Canada to provide a better understanding of the current business climate in the region. Historically, the bi-annual surveys of the BCI occurred in May and November, providing a measure at the start of each year, and one near the mid-point for the year. Prior to the current survey, the last BCI was conducted in May 2017 and there were no survey scheduled for the fall 2017. Participating individuals are provided with advance notification of the Business Confidence Index (BCI) on a confidential basis, prior to the public release of the Index.

The data was collected between January 22nd and February 11th, 2018. The average time required to complete the survey (excluding those who took more than 60 minutes) was approximately 16.2 minutes. The median survey length was 13.1 minutes.