

*Corporate Connection*

**Report to the Canada Revenue Agency**

**Fall 2006  
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**Le rapport complet en français sera fourni sur demande.**

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## INTRODUCTION

This report presents the results for questions asked on behalf of the Canada Revenue Agency (CRA) that were included in the fall 2006 wave of *Corporate Connection*. The objective of the research was to seek the opinions of corporate executives about how they feel government organizations, such as the CRA, should deal with a potential loss of private business information. The questions posed related to how secure executives feel their private business information is kept, as well as the timing and method in which they would prefer to be notified should the security of their information be compromised.

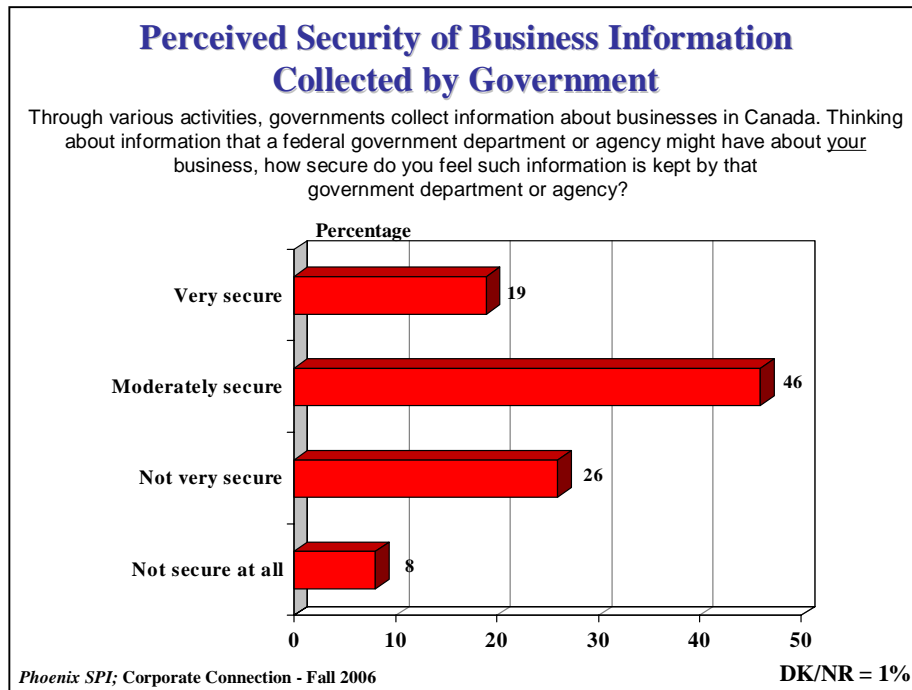
*Corporate Connection* is a twice-yearly survey of CEOs and senior executives that focuses on current corporate and public affairs issues. For this wave of the study, 400 interviews were completed between October 16 and November 15, 2006. Well over half of the sample (60%) consisted of CEOs, presidents and business owners. The results were weighted by size, sector and region to reflect the actual distribution of firms across Canada (according to Statistics Canada data). Based on a sample of this size, the findings can be considered to be accurate to within +/- 5%, 19 times out of 20.

This study was conducted by Phoenix Strategic Perspectives Inc., a public opinion research firm that specializes in public affairs and special audience research, in particular business audiences. Following the substantive questions reported on in this summary report is a set of graphs that present the characteristics of survey participants and their businesses. Where the analysis focuses on the size of business, surveyed companies have been grouped into the following categories: small (less than 50 employees), medium-sized (50-99), and large (100 employees and more, with more than two-thirds of the large firms having 200 or more employees). The set of questions addressed in this report is appended.

**FINDINGS**

**Two-Thirds View Business Information as Secure**

Almost two-thirds (65%) of corporate executives feel that the information collected about their business by federal government departments and agencies is secure, including 19% who think it is *very* secure. The remaining third (34%) do not perceive such information to be secure, 8% of which think it is not secure at all.



The most noteworthy difference in perceptions based on firm size was that executives of large firms were much more likely than others to think their information is not secure at all (19% vs. 7% in smaller firms). Beyond this, firm size made little difference in terms of perceptions of their information being secure: 63-66% think their business information is at least moderately secure.

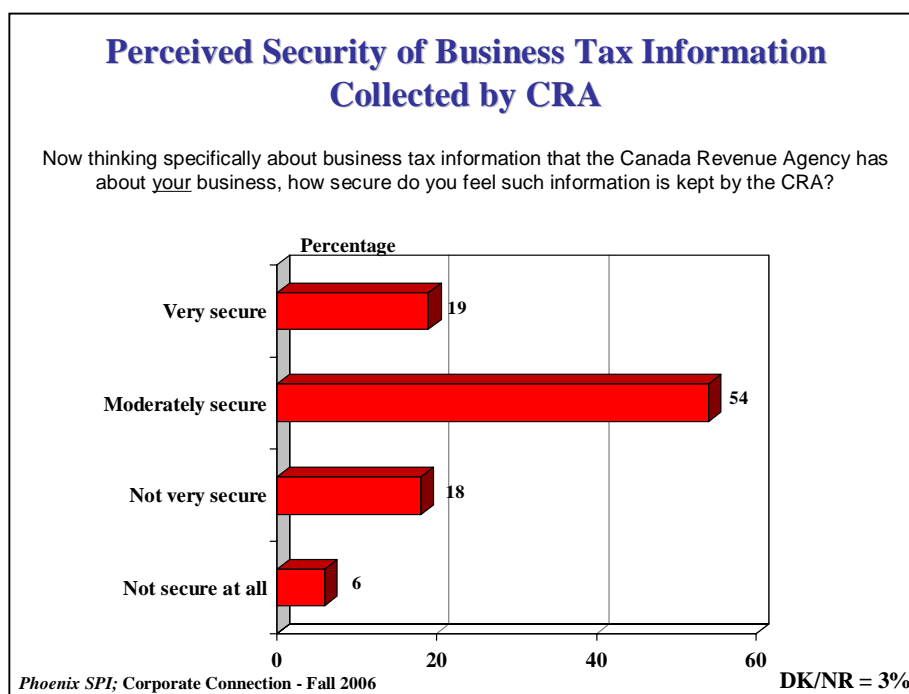
| Perceived Security of Business Information Collected by Government by Firm Size |       |        |       |
|---|-------|--------|-------|
|   | Small | Medium | Large |
| Very secure   | 19%   | 24%    | 17%   |
| Moderately secure   | 47%   | 39%    | 47%   |
| Not very secure   | 26%   | 29%    | 16%   |
| Not secure at all   | 7%    | 7%     | 19%   |

Although the majority of executives in all regions perceived their business information to be secure, Ontario executives were most likely to hold this view (76% vs. 67% in Atlantic Canada, and 57% in Quebec and the West). Executives in Quebec were considerably less likely than others to think their information is *very* secure (10% vs. 20-27% elsewhere).

| <b>Perceived Security of Business Information Collected by Government<br/>by Region</b> |          |        |         |      |
|---|----------|--------|---------|------|
|   | Atlantic | Quebec | Ontario | West |
| Very secure   | 27%      | 10%    | 22%     | 20%  |
| Moderately secure   | 40%      | 47%    | 54%     | 37%  |
| Not very secure   | 19%      | 32%    | 16%     | 34%  |
| Not secure at all   | 13%      | 10%    | 5%      | 9%   |

### Almost Three-Quarters View Business Tax Information Collected by CRA as Secure

Almost three-quarters (73%) of business executives believe that business tax information collected by the Canada Revenue Agency (CRA) is securely kept, including 19% who think it is *very* secure. Conversely, one-quarter (24%) do not think that such information is secure.



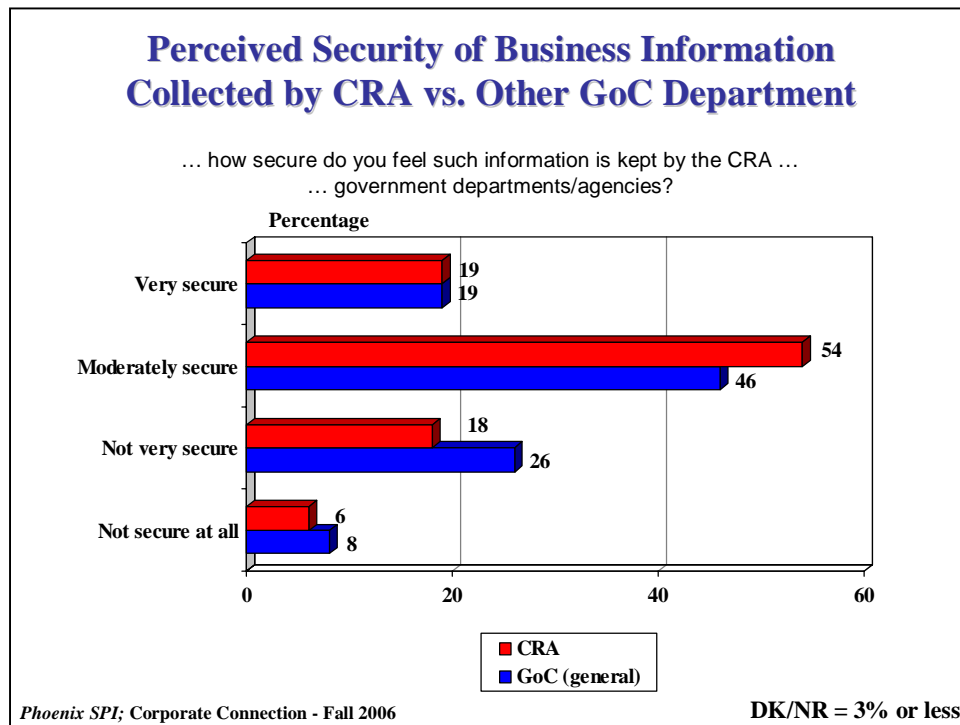
The perception that business tax information is secure was more common among executives of smaller firms than their counterparts in larger firms (74-77% vs. 61% in large firms). Those in medium-sized firms were disproportionately more likely than others to believe their information is *very* secure (37% vs. 14-17% in others).

| <b>Perceived Security of Business Tax Information Collected by CRA<br/>by Firm Size</b> |       |        |       |
|---|-------|--------|-------|
|   | Small | Medium | Large |
| Very secure   | 17%   | 37%    | 14%   |
| Moderately secure   | 57%   | 40%    | 47%   |
| Not very secure   | 18%   | 19%    | 13%   |
| Not secure at all   | 6%    | 4%     | 18%   |

Executives in the Atlantic region (87%) and Ontario (82%) were more likely than others to feel their business tax information is secure (compared to 67% in the West and 63% in Quebec). Executives in the West and Quebec were at least two times more likely than others to be sceptical about the security of their tax information (31-32% vs. 7-16% elsewhere).

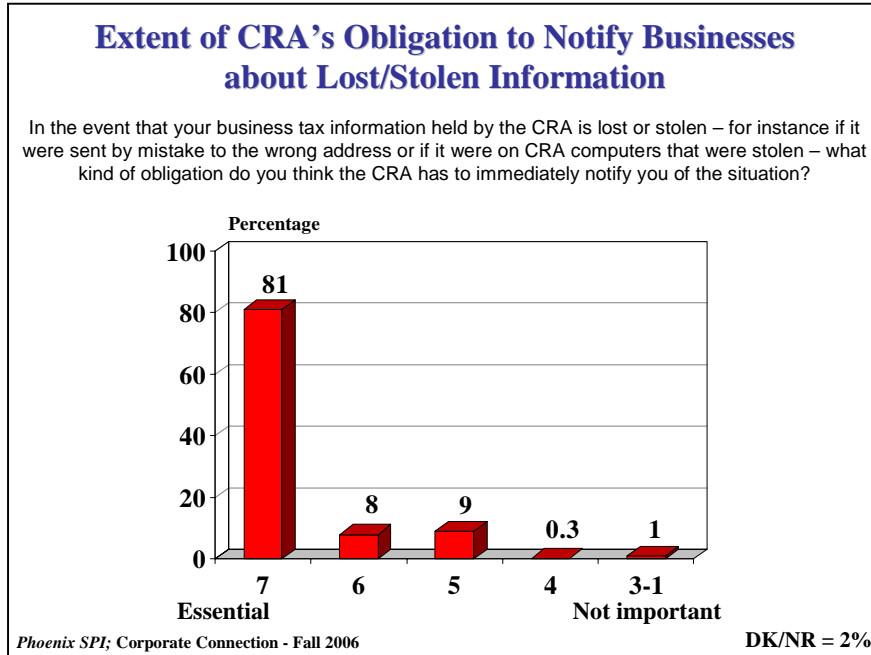
| <b>Perceived Security of Business Tax Information Collected by CRA<br/>by Region</b> |          |        |         |      |
|--|----------|--------|---------|------|
|  | Atlantic | Quebec | Ontario | West |
| Very secure  | 33%      | 11%    | 22%     | 17%  |
| Moderately secure  | 54%      | 52%    | 60%     | 50%  |
| Not very secure  | 2%       | 31%    | 8%      | 24%  |
| Not secure at all  | 5%       | -      | 8%      | 8%   |

When comparing executives' perceptions of the security of the business information kept by the federal government in general versus the security of business tax information kept by the CRA, the overall pattern is largely the same. The main exception is an increase in the proportion of executives who believe the information is moderately secure when kept by the CRA, and a corresponding decrease in those who think it is not secure.



**Most Think CRA Must Notify Them if Business Information is Lost or Stolen**

Virtually everyone (98%) expects to be notified immediately if any of their business tax information is accidentally sent to the wrong place, lost, or stolen. This includes 81% who think such notification is *essential*.



Although a large majority of executives in firms of all sizes think it is *essential* that the CRA notify them of lost or stolen information, executives in larger firms were more likely to feel that way than those in small firms (90% vs. 79% for small firms).

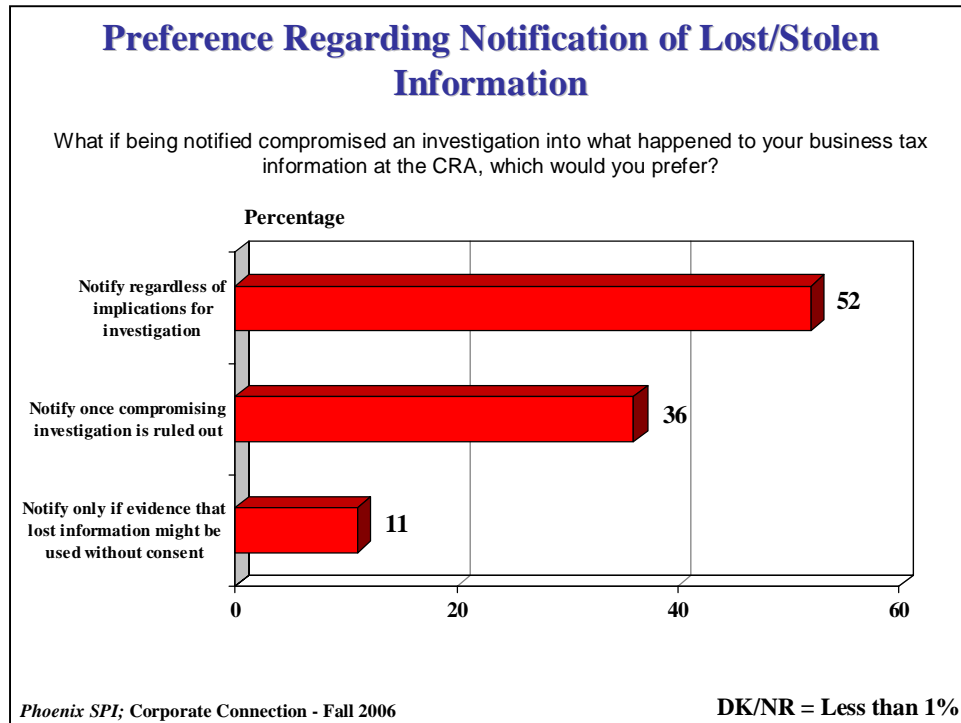
| <b>Obligation to Notify Businesses of Lost/Stolen Information by Firm Size</b> |       |        |       |
|--|-------|--------|-------|
|  | Small | Medium | Large |
| 7, Essential   | 79%   | 90%    | 90%   |
| 6  | 9%    | 3%     | 2%    |
| 5  | 10%   | 7%     | 5%    |
| 4  | 0.3%  | -      | -     |
| 1-3, Not important   | 1%    | -      | -     |

Executives in the Atlantic and western provinces were much more likely to feel that it is *essential* that the CRA notify them of lost or stolen information (91-92% vs. 73-74% elsewhere).

| <b>Obligation to Notify Businesses of Lost/Stolen Information<br/>by Region</b> |          |        |         |      |
|---|----------|--------|---------|------|
|   | Atlantic | Quebec | Ontario | West |
| 7, Essential  | 92%      | 73%    | 74%     | 91%  |
| 6   | -        | 7%     | 11%     | 6%   |
| 5   | 3%       | 14%    | 14%     | 2%   |
| 4   | -        | -      | 1%      | -    |
| 3-1, Not important  | 3%       | -      | 1%      | 1%   |

### Half Want to be Notified of Info Theft Even if Investigation is Compromised

In situations where their business tax information is lost or stolen from the CRA, slightly more than half (52%) of surveyed executives would want to be notified immediately, even if this compromised the investigation into the missing information. A significant but smaller group would prefer to be notified once compromising the investigation is ruled out (36%). Just over one in ten (11%) would prefer to be notified only if it appeared that the lost or stolen information might be used without their consent.





Executives were responding to the following question:

What if being notified compromised an investigation into what happened to your business tax information at the CRA, which would you prefer?

- Notify me immediately, even if it compromises the investigation
- Notify me, but only once it has been determined that this would not compromise the investigation
- Notify me only if there is sufficient evidence that my business information may in fact be used without my consent
- Do not notify me at all

Executives in small firms were somewhat more likely than those in larger firms to want to be notified immediately (54% vs. 48-49% of others).

| <b>Preference Regarding Notification of Lost/Stolen Information<br/>by Firm Size</b> |       |        |       |
|--|-------|--------|-------|
|  | Small | Medium | Large |
| Notify regardless of implications for investigation                                  | 54%   | 48%    | 49%   |
| Notify once compromising investigation is ruled out.                                 | 35%   | 46%    | 36%   |
| Notify only if evidence that lost information might be used without consent.         | 12%   | 4%     | 12%   |

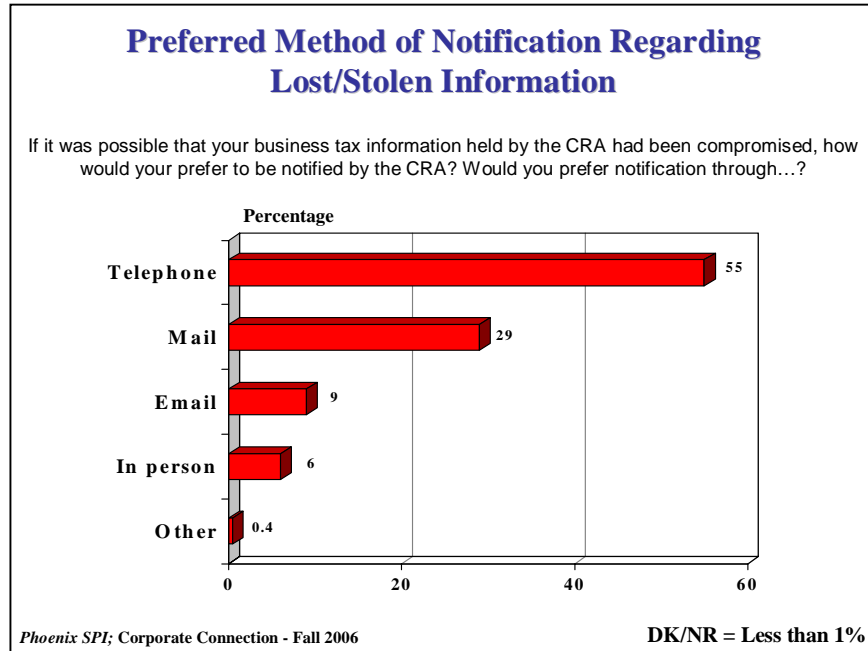
Regionally, executives gave varying priority to notification in the event of lost or stolen information. Two-thirds of executives in Quebec and the West would prefer to be notified immediately, regardless of the impact on any investigation (66% vs. 33-36% elsewhere). The majority of those in Ontario would prefer to be notified once compromising the investigation was no longer an issue (51% vs. 26-35% elsewhere). Executives in the Atlantic region were somewhat evenly divided, although they were more likely than their counterparts to expect notification only if the information would be used without their consent (29% vs. 6-14% elsewhere).

| <b>Preference Regarding Notification of Lost/Stolen Information<br/>by Region</b> |          |        |         |      |
|---|----------|--------|---------|------|
|   | Atlantic | Quebec | Ontario | West |
| Notify regardless of implications for investigation                               | 33%      | 66%    | 36%     | 66%  |
| Notify once compromising investigation is ruled out.                              | 35%      | 29%    | 51%     | 26%  |
| Notify only if evidence that lost information might be used without consent.      | 29%      | 6%     | 14%     | 8%   |

### Telephone – Preferred Method of Notification of Lost/Stolen Information

More than half (55%) of surveyed executives would prefer to be notified by telephone if it were possible that their business tax information held by CRA had been compromised. Following, by a wide margin, was notification by mail (29%). Smaller numbers would prefer to be told by email (9%) or in person (6%).

To look at this in another way, almost two-thirds would prefer to speak to someone (61%) about this rather than simply receive notification in writing (38%).



Notification by phone was more likely to be preferred by executives of larger firms: from 53% of small firms, to 59% of medium, and 72% of large firms. Those in larger firms were less likely to prefer notification by mail (14% of large firms vs. 28-31% of others). Executives of small firms were the only ones to prefer to be notified in person.

| Preferred Method of Notification Regarding Lost/Stolen Information by Firm Size |       |        |       |
|---|-------|--------|-------|
|   | Small | Medium | Large |
| Telephone   | 53%   | 59%    | 72%   |
| Mail  | 31%   | 28%    | 14%   |
| Email   | 9%    | 13%    | 11%   |
| In Person   | 7%    | -      | -     |

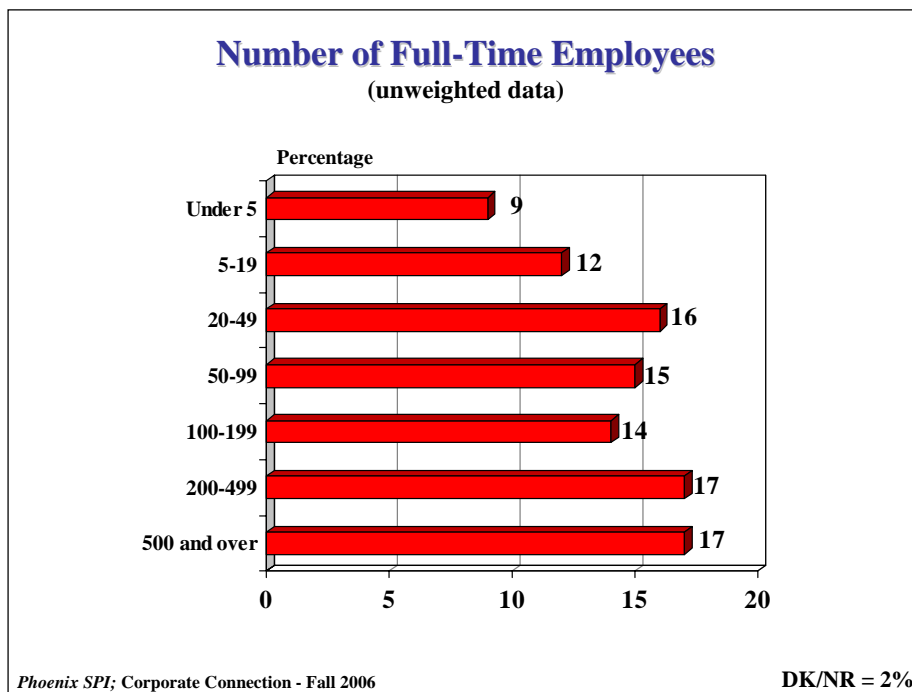
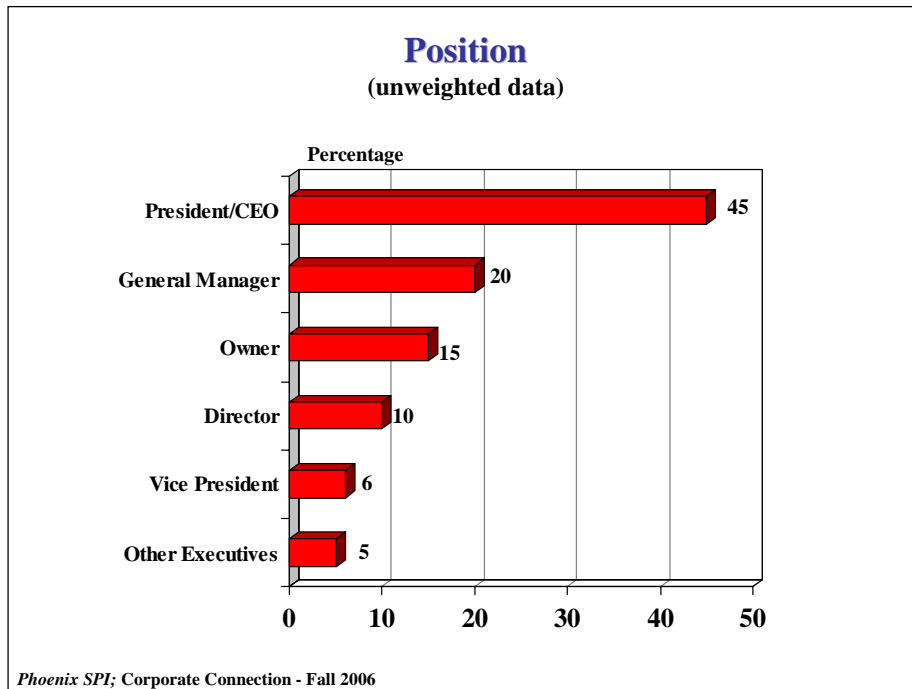
While the majority of executives in all regions preferred notification by phone, those in Quebec and Atlantic Canada firms were slightly more likely to prefer this (58-60% vs. 53-55% elsewhere). Executives in Quebec were also more likely than others to prefer notification by mail (37% vs. 25-30% elsewhere), but less likely to prefer email (4% vs.

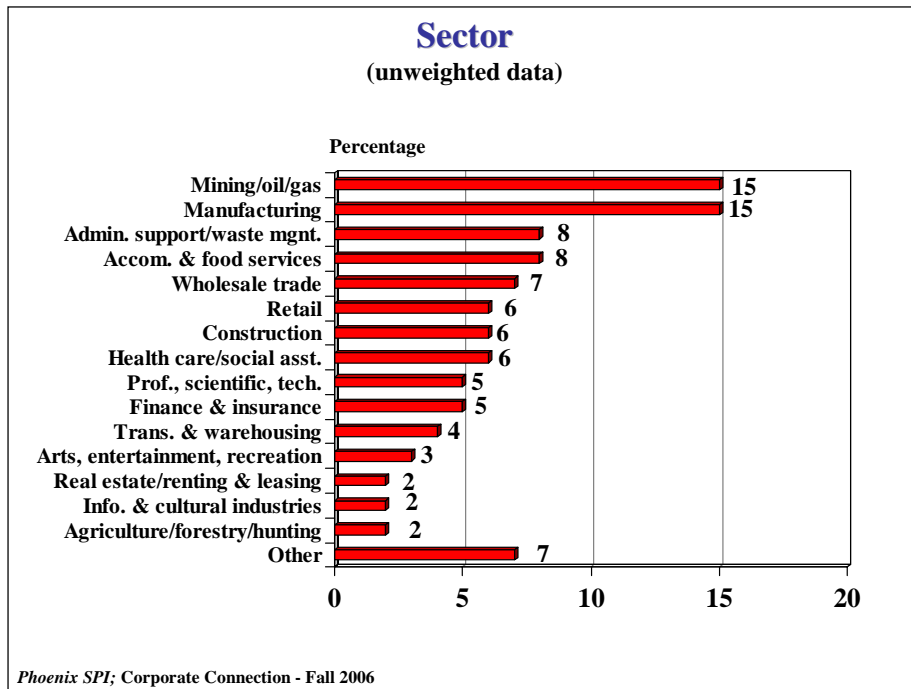
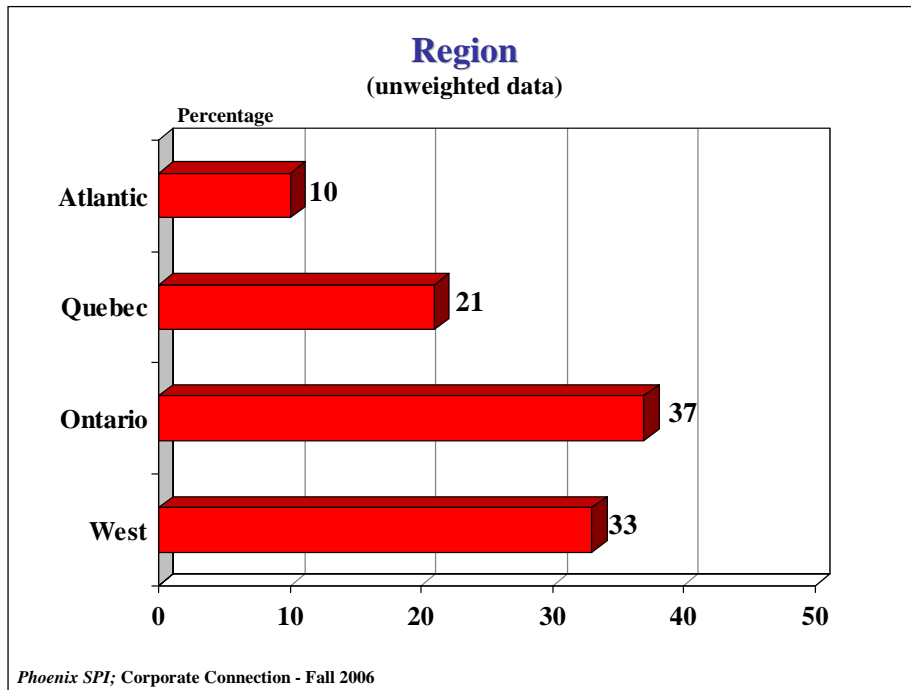
11-13% elsewhere). Western executives tended to be more likely than their counterparts to prefer to be notified in person (11% vs. 4% or less elsewhere).

| <b>Preferred Method of Notification Regarding Lost/Stolen Information<br/>by Region</b> |          |        |         |      |
|---|----------|--------|---------|------|
|   | Atlantic | Quebec | Ontario | West |
| Telephone   | 58%      | 60%    | 55%     | 53%  |
| Mail  | 25%      | 37%    | 30%     | 25%  |
| Email   | 13%      | 4%     | 11%     | 11%  |
| In Person   | 1%       | -      | 4%      | 11%  |

## CHARACTERISTICS OF SURVEY PARTICIPANTS

The following graphs present the characteristics of survey participants by position of respondent, business size, region, and sector. Note that unweighted data is used to present the characteristics of survey participants.





**APPENDIX**

## QUESTION WORDING

Turning to the security of your business information,

1. Through various activities, governments collect information about businesses in Canada. Thinking about information that a federal government department or agency might have about your business, how **secure** do you feel such information is kept by that government department or agency? Would you say it is very secure, moderately secure, not very secure, or not secure at all?
2. Now thinking specifically about business tax information that the Canada Revenue Agency has about your business, how **secure** do you feel such information is kept by the CRA\*? Would you say it is very secure, moderately secure, not very secure, or not secure at all?
3. In the event that your business tax information held by the CRA is lost or stolen – for instance if it were sent by mistake to the wrong address or if it were on CRA computers that were stolen – what kind of obligation do you think the CRA has to immediately notify you of the situation? Please use a 7-point scale, where ‘1’ means you think this is not important at all, and ‘7’ means it is essential.
4. What if being notified compromised an investigation into what happened to your business tax information at the CRA, which would you prefer? (READ LIST; ACCEPT ONE RESPONSE)

Notify me immediately, even if it compromises the investigation

Notify me, but only once it has been determined that this would not compromise the investigation

Notify me only if there is sufficient evidence that my business information may in fact be used without my consent

Do not notify me at all

5. If it was possible that your business tax information held by the CRA had been compromised, how would you prefer to be notified by the CRA? Would you prefer notification through...? (READ LIST; ACCEPT ONE RESPONSE)

A letter sent by mail

A telephone call

Email

Or through some other method. If so, please specify: \_\_\_\_\_

\*FOR THIS AND SUBSEQUENT QUESTIONS, IF RESPONDENT IS UNCLEAR THAT ‘CRA’ STANDS FOR CANADA REVENUE AGENCY, PLEASE EXPLAIN.