

Survey Report

Corporate Sector's Expectations from the New Government

By Research and Publications Directorate, ICMA Pakistan

Survey Objective

The new Government has completed almost two months in office during which it remained focused on the formation of Cabinet and economic teams; setting policy directions; and initiating massive reforms programs in different sectors. The Research and Publications Committee thought it prudent that an initial feedback may be obtained from its members, employed in the corporate sector, as to how they feel the new Government is faring and how much are they confident that this government would deliver, especially in dealing with the current economic issues. Though such surveys are only snapshots and attempt to feel the pulse of respondents at a particular point of time, however, the outcomes of such surveys definitely provide a

useful guideline for the policy makers to readjust or realign policy priorities to bring it in line with the expectations of stakeholders, including the general public; trade and industry; investors and professionals.

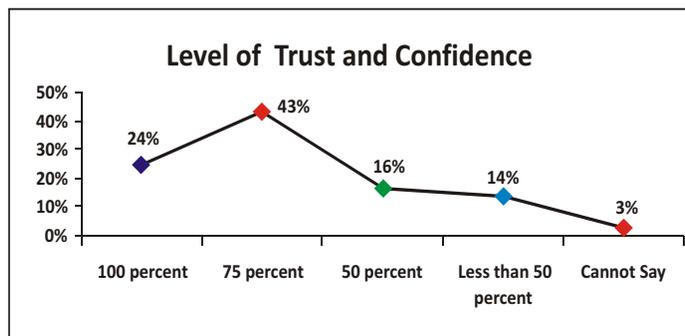
Survey Methodology

The feedback survey questionnaire was uploaded on Institute's website on 10th October 2018 with connecting link to Google Drive to provide an opportunity to participants to submit responses online. The members were also sent emails and SMS with short link of survey to provide their input online from their mobile devices. The deadline for filling-up the online survey was 24th of October 2018.

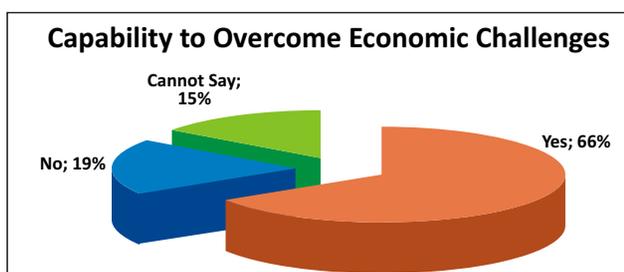
Survey Results

67% shows over 75% trust and confidence level on Government

The survey participants were asked to rate their 'level of trust and confidence' on the present government by selecting any option from 100%; 75%; 50% and Less than 50 percent. The responses reveal that around 67% members have shown over 75 percent trust and confidence level i.e. 24% mentions 100% whereas 43% say 75 percent. About 16% have indicated 50 percent trust level. These responses signify a positive perception of the new government and points towards the fact that members of ICMA Pakistan have high hopes on the present government and that the country can progress and move forward under the present leadership.

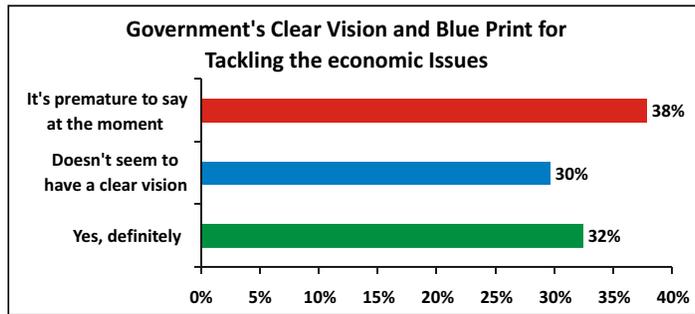


66% believes government has capability to overcome economic challenges

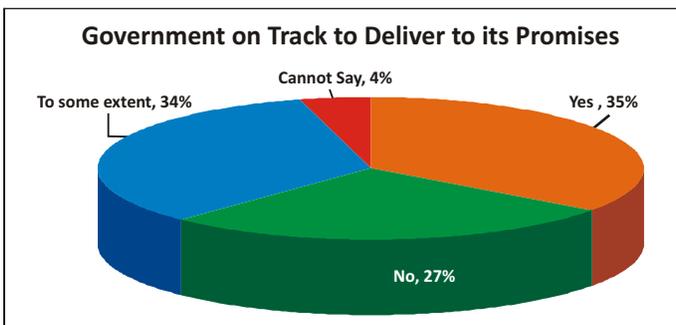


The responses to this question correlate to high level of trust and confidence as shown by survey participants in the previous question. Around 66 percent respondents have indicated confidence that the present government possess the capability to overcome current economic challenges. However, 15 percent respondents think that it is premature to say anything on this matter. There are around 19 percent members who say that the government lacks capability to deal with economic issues at hand.

Another related question was about the new Government's clear vision and blue print for tackling the economic issues. Majority of members (38%) have preferred to refrain from responding to this question and ticked on the option of 'It is premature to say at the moment'. However, 32 percent survey participants say that in their opinion the government definitely has a clear vision to deal with the economic issues. Almost equal percentage of respondents (30%) has indicated that the present government does not have any clear vision.

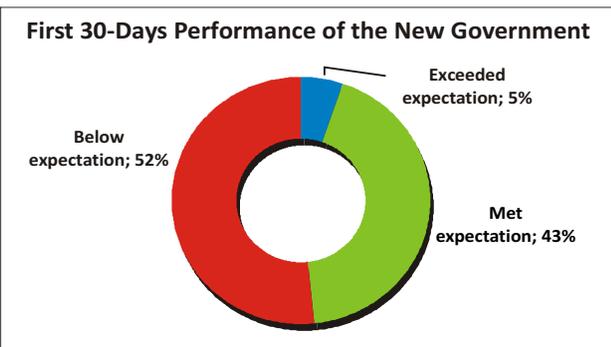
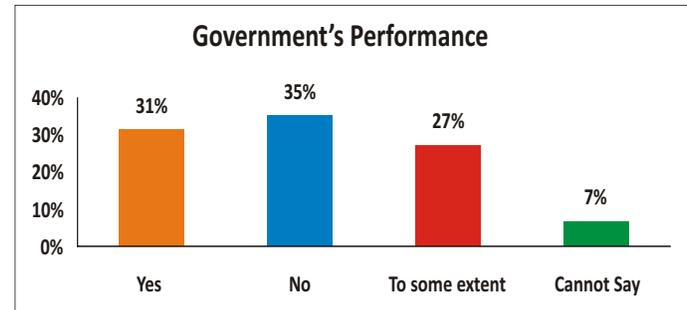


35% thinks Government on track to deliver to its promises but performance so far not matching their expectations



A question was posed to members whether in their opinion the new PTI-led Government is on track to deliver to the promises made in its election manifesto. Around 69% respondents have endorsed, though 34% out of them have agreed partially. In the opinion of 27% respondents, the Government has not been able to fulfill its promises made before elections and as envisaged in its manifesto. A very small percentage (4%) of the survey participants are of the view that it is premature to judge the performance of government.

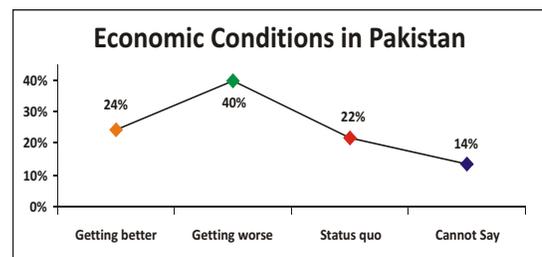
To another related question about whether new government's performance so far matches your expectation, around 35% participants have responded in negative, whereas 31% have indicated satisfaction on performance of the government. There is a good percentage [around 27%] of survey respondents who have conveyed their partial agreement on government's performance which may presumably be due to narrow time-frame available before them for performance assessment. Around 7% members have chosen not to answer this question.



To a similar question on expectations, around 52% respondents said that the first 30-days performance of the new government is 'below expectation', whereas 43% members are of the viewpoint that the government has met their expectations. A small percentage of respondents i.e. 5 percent have marked on option of 'Exceeded expectation'. There seems to be mixed response mainly due to the narrow-time frame for performance assessment, as indicated earlier. The non-expectations can transform into confidence once the government demonstrates a clear vision and policy as well as take immediate steps to overcome the economic issues.

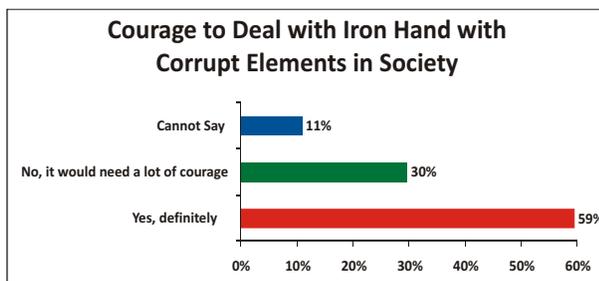
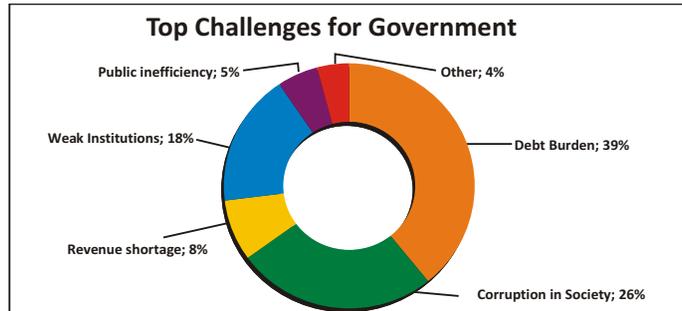
40% considers overall economic condition becoming critical

Apart from questions seeking feedback on expectations from the new Government, the survey participants were also asked to share their viewpoint on the overall economic conditions in the country. About 40% of respondents consider that the present economic conditions are becoming critical with every passing day, especially when a new Government has just taken charge of affairs of the country and is yet to hold its firm grip to tackle economic challenges. Around 22% members have termed the present economic situation as 'status quo'. In the opinion of 24% survey participants, the economic conditions are getting better.



65% thinks Debt burden and Corruption as top challenges for Government

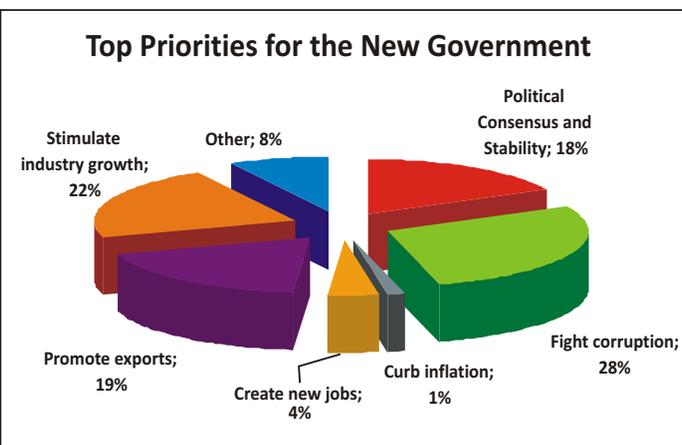
The survey participants were required to pinpoint the top-most immediate challenge confronted by the new Government and in this context a set of issues was also provided for selection of one option. Around 39% of respondents termed 'Debt burden' whereas another 26% indicated 'Corruption in society' as the foremost challenges that need to be dealt with by the present government on war footing basis. About 18% respondents pointed to 'weak institutions' as one of the highest challenges for the government.



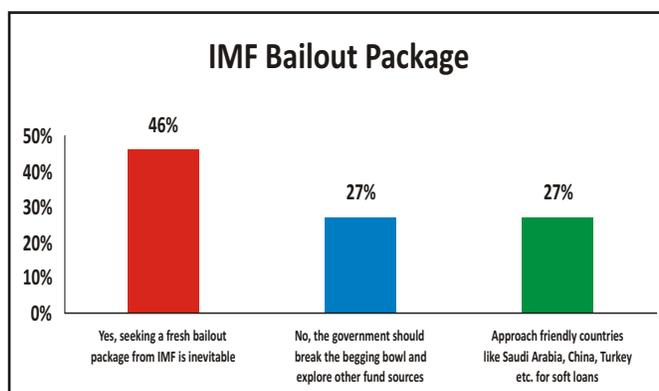
In pursuance of above question, feedback was also invited from members whether in their opinion the 'new Government has the courage to deal with iron hand with corrupt elements in society'. Though 59% participants have responded in affirmative, 30% of them have said that the government needs to display a lot of courage to root out massive corruption which has shattered the very structure of the society. Further, an aggressive drive against corrupt and unscrupulous elements would make them hostile and against the government.

87% says combating corruption; industry growth; boosting exports and political consensus as top four priorities for the new Government

The survey participants were provided several options to express their views on what should be the top-most priority for the new government in correcting the major socio-economic ailments. A mixed response has been received from respondents with no one option getting the highest priority. The survey results, however, indicate that there is consensus that 'corruption' stands as the top priority, receiving 28% responses; followed by stimulating industry growth (22%); boosting exports (19%) and political consensus and stability (18%). Few survey participants in the 'Other options' pointed towards civil services reforms; strengthening institutions; promoting good governance in public sector organizations and improving auditing structure as few of the other priority areas which merits the attention of the government.



IMF Bailout Package: 46% says it is inevitable; 54% favours to explore other options like approaching friendly countries for soft loans

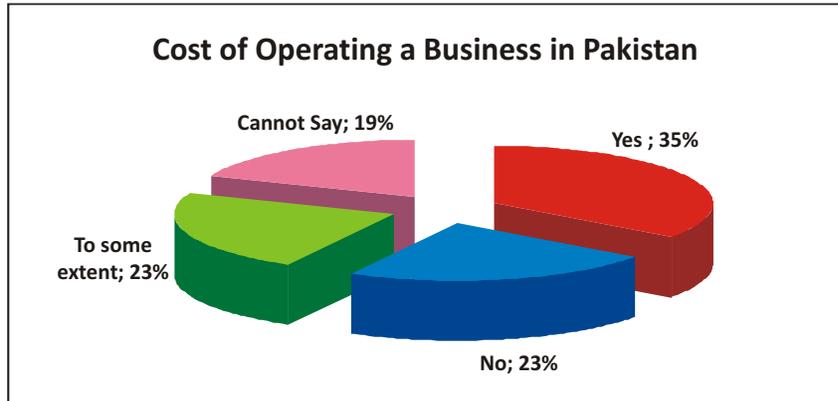


Keeping in view of the current scenario when the government is weighing options for going to IMF for a fresh bailout package and at the same time approaching Saudi Arabia and other countries for seeking financial assistance, a question was raised to survey participants whether in their opinion what should be the preferred policy of government in this regard. Around 46% respondents have categorically mentioned that seeking a fresh bailout package from IMF is inevitable to rescue the country from the current economic crisis. However, around 54% respondent have indicated that the government should break the 'begging bowl' and explore other funds sources such as approaching friendly countries like Saudi Arabia, China, and Turkey to get loans on soft terms.

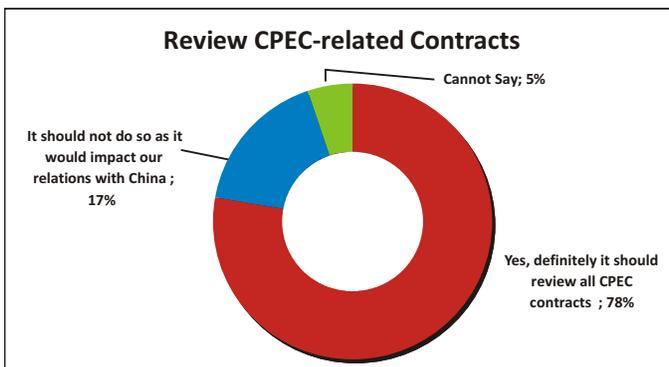
58% believe cost of doing business to improve

Presently, the cost of operating a business in Pakistan is considerably high because of unconducive socio-economic environment. Consequently, Pakistani businesses are at a comparative demerit in regard of operating costs against their competitors in the region. Considering this fact, the survey participants were asked as to what they expect the 'cost of doing business' in Pakistan will improve as a result of new government's economic and institutional reforms in coming years.

The responses to this question are quite encouraging for the government as almost 58% have conveyed in positive, though 23% have agreed partially. Some 23% respondents do not see any improvement in doing business cost in the near future. A good number of members (19%) have avoided to respond by preferring to mark on 'Cannot say' option. This signifies their observation that it would be premature to predict about the impending scenario unless the initiatives taken by the government to this effect is weighed on merit.



CPEC: 78% says CPEC contracts be reviewed to safeguard local industry



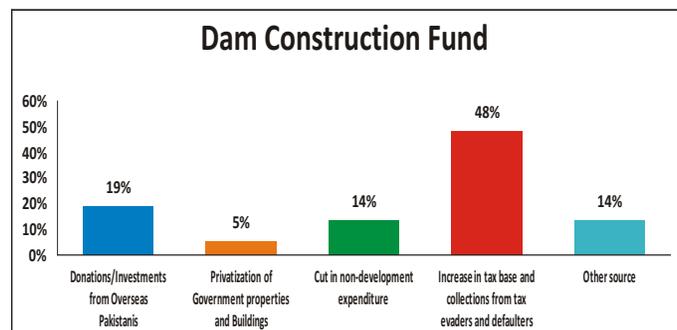
Though it is being generally said that CPEC is a 'game changer' not only for Pakistan but also for world trade, however without disagreeing with this fact, some reservations are also being expressed by different quarters in Pakistan, especially from the trade and industry representative bodies that CPEC would not be a win-win situation for both countries as preferential treatment and tax exemptions offered to Chinese companies by the government poses a threat to the local business and industry. In this perspective, a question was raised in survey that 'Do you expect the new Government to review CPEC-related contracts to safeguard local business interests'. The outcome of this question suggests that majority of the management accountants (78%) are of the view that contracts must be

reviewed by the new Government, whereas 17% of them have observed that we should not do so as it would impact our relations

Dam Construction Fund: 48% opines to catch tax evaders and defaulters

According to a recent report of IMF, Pakistan ranks third in the list of countries facing acute water shortage. Reports by the UNDP and Pakistan Council of Research in Water Resources (PCRWR) also warn the authorities that Pakistan will reach absolute water scarcity by the year 2025.

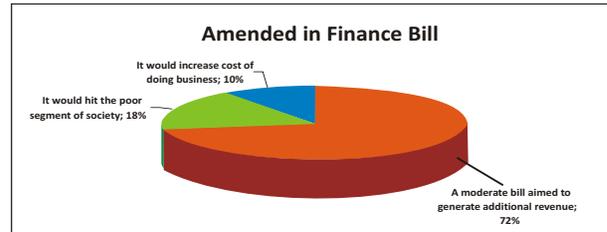
Assuming the significance of this issue, one of the survey questions was about knowing participants feedback on the priority source of government to collect funds for construction of dams in order to meet the impending water shortage. Majority of the respondents (48%) have opined that the Government should increase tax base and catch tax evaders and defaulters to generate revenue from which allocations may be made for dam construction. Around 19% have indicated that the government should focus on donations and investments from overseas Pakistanis; 14% have emphasized on cutting the non-development expenditure and 5% have suggested that all Government properties and buildings must be privatized whose money may be donated for the building of dams. In addition to given options, the survey participants have also made other good suggestions which are:



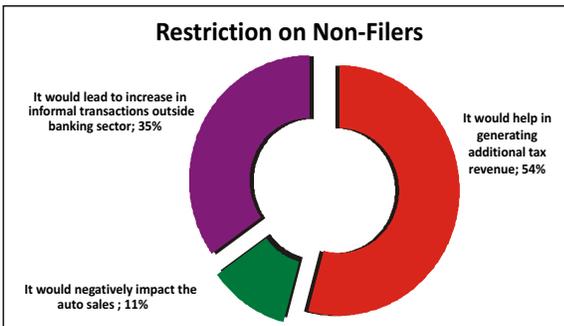
- o Issuance of Sukuk (Islamic bonds)
- o Approach World Bank and Asian Development Bank
- o Bring looted money of corrupt people back to Pakistan
- o Arrange funds from money market through IPOs, TFCs etc.
- o Impose tax on agricultural income

Amended Finance Bill: 72% terms it's a measure to generate revenue

The Finance Supplementary (Amendment) Bill, 2018 has been approved by the National Assembly which made several amendments as proposed by the new government. One question in survey related to this bill. Majority of survey participants (72%) termed it as a moderate bill aimed to generate additional revenue. Around 18% of respondents think that the bill would hit the poor segment of society whereas 10% were of the view that it would lead to increase in the cost of doing business in the country.



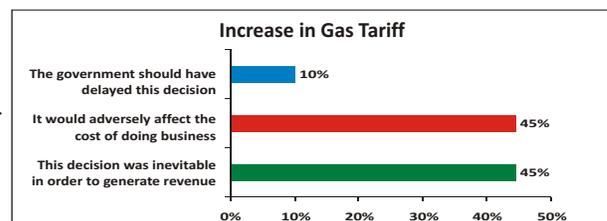
Restriction on Non-Filers: 54% welcomes decision and said it would generate tax revenue for Government



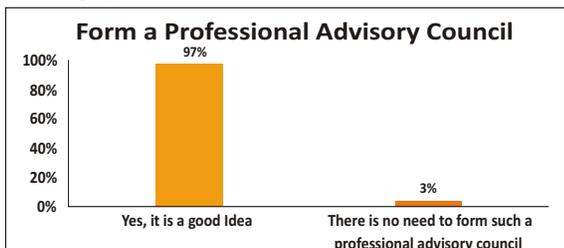
Initially, the government decided to allow non-filers to purchase vehicles and properties, however, subsequently realizing that it would discourage honest tax payers, it reintroduced restrictions to buy cars and property on tax non-filers. The opinion of survey participants was sought on the government's policy on non-filers as announced by the Finance Minister in mini-budget. Majority of members (54%) have welcomed this policy and termed it as an initiative to generate additional tax revenue which is much needed in present circumstances. On the other hand, 35% respondents believe that it would lead to increase in informal transactions outside the banking channel. Around 11% think that this restriction on non-filers to buy cars would negatively impact auto sales.

Increase in Gas Tariff: 45% favours and 55% opposes the increase

The survey participants were enquired to share their opinion on recent 30% increase in gas tariff for industry. A mixed response has been received with 45% favoring this decision as a means to generate revenue, whereas 45% say that it would adversely affect the cost of doing business. Around 10% participants are of the opinion that the new government has taken this decision in haste and it should have delayed it for some time.



97% proposes Government to form a Professional Advisory Council

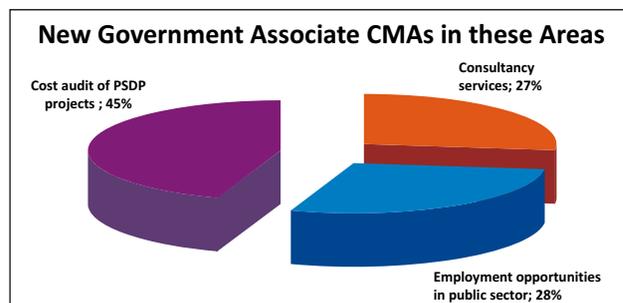


The opinion of members of ICMA Pakistan was invited on the proposal to recommend to the Government to form a 'Professional Advisory Council' having representatives of national accounting bodies to seek professional input on budget and other corporate laws and policies. This feedback on this question reveals that 97% members have appreciated and supported this idea and recommended that Institute should take this up with the Government. Only 3% respondents opine that there is no need to form the proposed Council.

45% suggests cost audit of PSDP projects by CMA professionals

The members participating in the survey were asked about the preferred areas so that the Institute may approach the new government with proposal to associate the Cost and Management Accountants (CMAs) in these areas. The following areas have been identified by members:

- o Cost audit of PSDP projects [45%]
- o Employment opportunities in Public Sector [28%]
- o Consultancy Services [27%]



DISCLAIMER: The views expressed by survey the participants do not necessarily reflect the views of the Institute of Cost and Management Accountants of Pakistan (ICMA Pakistan)