



Current Events Research 2014

Privy Council Office

Executive Summary

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Contact Information: kmoorcroft@pco-bcp.gc.ca

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OTTAWA

1800-160 Elgin St.
Ottawa, Ontario, Canada
K2P 2P7

Tel: (613) 230-2200
Fax: (613) 230-3793

MONTRÉAL

400-1080 Beaver Hall Hill
Montréal, Québec, Canada
H2Z 1S8

Tel: (514) 288-0037
Fax: (514) 288-0138

TORONTO

405-2345 Yonge St.
Toronto, Ontario, Canada
M4P 2E5

Tel: (416) 962-2013
Fax: (416) 962-0505

Executive Summary

Harris/Decima is pleased to present this report of research findings to the Privy Council Office. This project involved an investigation of Canadian impressions of a number of current issues affecting Canada and Canadians, and efforts government might pursue to address those issues.

The research involved a combination of quantitative research (a national survey of 3,000 respondents) as well as qualitative research (focus groups in 6 locations across the country).

Harris/Decima organized the data collection work and conducted the focus groups. This report includes a detailed summary and analysis of findings from the focus group component of the research. Appended to this report are the discussion guides and screeners in both English and French. The quantitative methodology is presented under separate cover.

In total, twelve focus groups were conducted. Two groups were held in each of: Bridgewater, NS; Kitchener, ON; North York, ON; Victoria, BC; Calgary, AB; and Montreal QC. In each location, groups were conducted with members of the general population, divided into groups of lower and middle income, and higher income households.

The groups explored a variety of topics, including top issue of importance, perceptions of the economy, and general economic sentiment, today and into the future. The following are the key findings from the research:

- **In virtually all sessions, many participants raised the economy as the top issue of importance for the Government of Canada.** The focus on the economy included a number of facets within it, including: performance of the national economy; national debt; the deficit; and balancing the budget.

For virtually all who saw the economy as the most important issue, the resulting jobs and employment levels are inextricably linked. As a result, many participants would describe their top priority as being “jobs and the economy” or offer an explanation that clearly indicated the two were intertwined in their minds.

While these were the key focuses of participants, there were some divergent views on whether the economy was performing well or not. The findings indicate that perceptions of the economy are largely driven by what is happening in their community. In all instances, examples (both positive and negative) were drawn from their local community, or to a certain extent, their province.

- A number of participants mentioned employment as an important issue for the federal government. In this respect, it wasn’t simply about finding a job, but having people sustainably employed, along with having Canadians find employment that matched their skill set.
- Participants were asked to provide a word that reflected their current perception of the Canadian economy. As with overall perceptions of the economy, participants varied in their outlook with descriptions ranging from “stable” and “good” and “slow” to “fragile”, “precarious”, “vulnerable”, “stagnant”, and “declining”.

When asked, participants identified a number of perceived threats to the economy. These included: international economic stability, free trade, interest rates, and over-reliance on natural resources.

- **International Economic Instability.** A number of participants raised the biggest threat to the Canadian economy may not be within Canada's control. This group felt that in a global economy, there is so much reliance on external markets that it is inevitable that the global economy will have some impact on the Canadian economy. Economic decisions made elsewhere are seen as having a tremendous influence on the Canadian economy. While they felt that the federal government has historically done a good job at creating policies and programs to protect the economy, there could still be negative repercussions for Canada based on the global economy.
- **Free Trade.** Free trade was raised as both a threat to and an opportunity for the Canadian economy. Most recognized trade as being something essential for Canada's economy to succeed and thus saw trade agreements, such as free trade, as one tool for securing that long-term success. Some felt that while international trade was vital, they find it difficult to come to a conclusion over whether any particular trade deal is going to be good for Canada or bad for Canada.

Without prompting, a number of participants raised the recent signing of a free trade agreement with South Korea. Impressions were mixed about the deal. When asked what they recalled, most remembered hearing how this deal might have a negative impact on the auto industry. This group cited media stories where auto manufacturers expressed concern about imports being more a more affordable option than North American made vehicles. Others were concerned that this agreement might increase the likelihood that manufacturing positions would move outside Canada.

Very few, if any, were knowledgeable about the current level of trade Canada conducts with South Korea, or any specific details related to

the recent agreement. Consequently, it was difficult for this group to understand why this type of agreement would be beneficial.

- **Interest Rates.** Some participants felt that any change in interest rates could have a negative impact on the economy as a whole and on certain segments of society more particularly. This concern was two-fold: the first was that personal finances would be strained. Specifically, if household finances relied on low interest rates for mortgages, any increases may put a segment of the population in a financially precarious position. The second aspect of interest rates relate to the national debt. There was a sense that if the interest rates increase, then the national debt will continue to increase. The federal government was seen to be managing this issue to the extent it possibly can (recognizing that they do not set interest rates). They cite mortgage rules that have been implemented as a good risk mitigation strategy.
- **Over-reliance on Natural Resources.** Some participants felt that our natural resources were sustaining our economy. Consequently, there was some concern raised that our economic stability could be threatened should these resources be exhausted. Performance on this issue was mixed. Some participants didn't feel that the federal government was doing a good enough job in protecting the country's natural resources.
- There was a vague sense of awareness of the federal budget. That said, in almost all sessions, one or two participants recalled this piece from the Budget.

There are mixed perceptions on the current state of the federal government's finances. While a majority believe that the government is

currently in a deficit position, there were some who felt that the budget was balanced, with a couple referencing the contingency fund as evidence.

- Most in the sessions felt that the federal government entered into a deficit position to help cushion the Canadian economy from the effects of the global economic crisis that began in 2008, an action supported by many participants. Views were mixed however, as to whether now was the time to balance the budget. Participants identified a clear desire for a balanced budget to be the goal, but had different views on timing.

There was not a widespread push for the budget to be balanced within the next year. While most recognized the importance of balancing the books, some felt that the economy was not stable enough to move towards balancing the budget.

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Doug Anderson, Senior Vice President

Harris/Decima Inc.