

ENVIRONICS

RESEARCH

Qualitative and Quantitative Research on Canada's Economy – Winter 2018 Summary

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Prepared by:
Environics Research Group

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For more information on this report:
por-rop@fin.gc.ca

Executive summary

Background and objectives

Finance Canada commissioned Environics Research Group to conduct qualitative and quantitative public opinion research among Canadians. The primary objective of the research was to explore current attitudes among Canadians towards such topics as:

- The state of the Canadian economy and Canadians’ standard of living;
- The deficit;
- Gender- and equity-based budgeting;
- Taxation policy;
- The workplace of the future; and
- Personal indebtedness and interest rates.

The research objectives are to explore Canadians’ overall concerns and perceptions about the current state of the Canadian economy, emerging economic issues and their expectations about the role of the Government of Canada in the economy.

Methodology

Qualitative phase

Environics Research conducted a series of 10 focus groups with members of the general population between December 18, 2017 and January 11, 2018. Two sessions each were conducted in Mississauga, Montreal (suburban), Kitchener, Winnipeg and Vancouver (Tri-Cities). In each community, one session was conducted with lower and middle income Canadians, and one was conducted with higher income Canadians. Eight sessions were conducted in English and two were conducted in French. The sessions were distributed as follows:

Date and time	Group Composition
December 18, 5:30 p.m. EST	Low/middle income – Mississauga, Ontario
December 18, 7:30 p.m. EST	Higher income – Mississauga, Ontario
December 19, 5:30 p.m. EST	Low/middle income – Montreal, Quebec (suburban)
December 19, 7:30 p.m. EST	Higher income – Montreal, Quebec (suburban)
December 19, 5:30 p.m. EST	Low/middle income – Kitchener, Ontario
December 19, 7:30 p.m. EST	Higher income – Kitchener, Ontario
January 10, 5:30 p.m. CST	Low/middle income – Winnipeg, Manitoba
January 10, 7:30 p.m. CST	Higher income – Winnipeg, Manitoba
January 11, 5:30 p.m. PST	Low/middle income – Vancouver (Tri-Cities), British Columbia
January 11, 7:30 p.m. PST	Higher income – Vancouver (Tri-Cities), British Columbia

Groups were conducted with adult Canadians 18 and over; participants included range of age, education, and backgrounds. The groups lasted approximately 120 minutes, and consisted of between eight and 10 participants (out of 11 people recruited for each group). All participants were offered a \$100 honorarium to encourage participation and thank them for their commitment, except groups in Vancouver, where they were offered \$150 as incentives in Vancouver are typically higher and respondents travelled further

Statement of limitations: Qualitative research provides insight into the range of opinions held within a population, rather than the weights of the opinions held, as would be measured in a quantitative study. The results of this type of research should be viewed as indicative rather than projectable to the population.

Quantitative phase

Environics conducted a random-probability telephone survey with 2,006 adult residents of Canada, from January 18 to 31, 2018. A survey of this size will yield results which can be considered accurate to within +/- 2.2 percentage points, 19 times out of 20. Margins of error are larger for subgroups of the population.

The sample was stratified by region to allow for meaningful coverage of lower population areas:

Region (% of population)	Sample Size	Margin of error*
Atlantic Canada (7%)	203	+/- 6.9
Quebec (23%)	501	+/- 4.4
Ontario (38%)	602	+/- 4.0
Prairies/NWT/Nunavut (19%)	400	+/- 4.9
B.C./Yukon (13%)	300	+/- 5.7
CANADA (100%)	2,000	+/-2.2

** In percentage points, at the 95% confidence level*

Contract value

The contract value was \$161,545.93 (HST included).

Report

This report begins with an executive summary outlining key findings and conclusions, followed by a detailed analysis of the focus group findings and a detailed analysis of the survey data. Provided under a separate cover is a detailed set of “banner tables” presenting the results for all questions by population segments as defined by region and demographics. These tables are referenced by the survey question in the detailed analysis.

In this report, quantitative results are expressed as percentages unless otherwise noted. Results may not add to 100% due to rounding or multiple responses. Net results cited in the text may not exactly match individual results shown in the tables due to rounding.

Use of findings of the research. By gauging and analyzing the opinions of Canadians, the Government of Canada gains insights into important policy areas related to the mandate of the department and related services. The information gained through this public opinion research will be shared throughout Finance Canada to assist it when establishing priorities, developing policies, and planning programs and services.

Key findings – qualitative phase

A. Overall assessment

Respondents were asked to identify what the federal government has done right or wrong in the last year.

- Participants felt government had performed well when it came to improving relations with First Nations, the apologies offered, and looking after their rights. They also agreed with the legalization of cannabis, unifying the country, and improving Canada's international image and relations with other countries. Other positives for the government were related to immigration and welcoming refugees, and increasing the Canada Child Benefit (CCB).
- Areas where participants felt the government had performed less well over the past year included the handling of asylum seekers, cannabis legalization, climate change and pipelines, the Omar Khadr settlement, water for First Nations, and spending too much or inefficiently.

B. Focus on Canada's economy

Despite positive trends for noteworthy economic indices, such as the stock market, the unemployment rate and GDP, many felt that at the household level, there were noteworthy struggles including a high and rising cost of living, people living beyond their means and growing household debt. Participants also felt that, despite the help government has provided to young families (such as through increases in the CCB), the middle class was not getting any better, and lower income households were falling further behind.

Considering the past year, participants felt the economy had been stable, if not better. Looking to the future, many felt the economy's health was at risk due to the country's dependency on the U.S. economy and the uncertainties surrounding the NAFTA negotiations. A few mentioned that increasing interest rates could hamper economic growth over the coming year.

When participants were asked whether the economy was currently working for them, those in a good economic position felt the steady economy had helped them. Those who believed the economy was not working for them explained that it was difficult to save for or afford to buy a house, the cost of living was high, and that salaries were decreasing. There was almost no awareness of anything the federal government had done to help people deal with the rising cost of living. After prompting, there was some acknowledgment of the CCB increase.

Most participants are aware that the federal government was currently running a deficit, and many confused the deficit with the national debt. While the deficit was not a major concern for most participants, some participants expressed concern due to the uncertainty of how this would impact their own generation, as well as younger generations' lives in the near future, particularly if it meant increasing taxes. While participants would like to see the deficit decrease, or at least stabilize, some agreed it was unrealistic to balance the budget right away.

The debt to GDP ratio was a concept widely unknown to participants and was difficult to understand. Once described, a few were relieved to hear the ratio was low and had decreased, and since most people were not concerned about the deficit in the first place, any statistic that validated their lack of concern was welcomed.

C. Gender and equity

There was some vague recollection about the “gender statement” in last year’s budget. While participants agreed that this was well-intentioned and a positive theme, some were concerned that this was just a communications exercise. They struggled with what specific measures in a budget could address economic inequalities between men and women.

- When the concept of a “feminist budget” or a “budget focused on women and girls” was explored in Winnipeg and Vancouver, reaction to the “feminist budget” terminology was quite negative.

There was strong support for increasing the representation of certain groups in society in the workforce (women, youth, First Nations, handicapped), but, similar to the “feminist budget,” participants had difficulty thinking of specific measures that could achieve this. Participants did not like the idea of forcing companies through regulation to respect certain ratios. However, when specifically prompted, the idea of funding entrepreneurship was appealing.

D. Taxation and cannabis revenues

Overall, there was little or no awareness of any planned taxation changes by the federal government.

- Awareness of “income sprinkling” was very low and was often confused with income splitting. Once explained, most agreed that this practice was unethical even if currently legal; however, many also questioned how a crackdown could be enforced.
- There was no awareness of “passive income investing” and the explanation was difficult to understand for most people. Many simply took the measure to limit the practice at face value and felt that if the practice was, in fact, enabling corporations or individuals to avoid paying taxes, then it should be limited or constrained.
- Awareness was also very low of any government measures to crack down on international tax avoidance, or “tax havens.”

When participants were asked to rank, in order of preference, how they would like the government to allocate new revenue raised from taxing cannabis across six specific areas, the most appealing option was to use the money to increase transfers to provinces to fund health care. There was very little support for using this tax revenue to reduce the deficit or to fund public education about the effects of cannabis. When asked if they would like these revenues to go anywhere else, a popular suggestion involved providing more funding towards rehabilitation, mental health and addiction services, and more funding towards education in general.

E. Standard of living

Overall, participants had a good feeling about the standard of living in Canada. Many felt that the standard of living was about the same as it was five years ago, although many still felt that despite the short time frame, the situation had worsened. Going back 10 years, many participants tended to lean towards feeling that the standard of living had deteriorated largely because housing and rent were increasingly unaffordable, that the price of food had since increased significantly, that there was an increase in household debt, that salaries had not increased enough, and that jobs were less secure. The gap between the rich and the poor was also thought to be worsening.

There was a lot of pessimism about the next generation's standard of living (except in Montreal). Some feared a more crowded future, with traffic increasing, global warming getting worse and jobs becoming less stable. Many felt that the cost of living, household debt, and vulnerability to mental health issues would continue to increase, that automation and AI would replace jobs, and that there could be environmental disasters, larger or more frequent waves of refugees and possibly nuclear war.

On the positive side, advances in technology could mean improvements in standard of living such as driverless cars and other labour-saving devices. Some felt that future generations would be more tech-savvy, and would become increasingly more skilled in order to properly adapt to automation and artificial intelligence (AI).

F. Workplace of the future

Participants recognized that to be successful in the economy of the future, more and higher education would be required. Multitasking, job versatility and tech-savviness would all become essential skills. The workplace of the future was seen to be a lonely place with more people working from home, robots taking over and jobs becoming increasingly temporary (e.g. contract work) and unstable.

The Working Income Tax Benefit (WITB) is a refundable tax credit that supports low-income workers. There was little to no awareness of this tax credit, and there were no strong opinions on whether this benefit should come in its current form as a refundable tax credit, or if it should be changed so that it delivers an equivalent benefit through monthly or annual payments.

G. Household indebtedness

Across all cities, most participants were aware of an increase in interest rates, but this was not seen as particularly impactful on their lifestyle or purchase intentions at this point in time. A major increase down the road could, however, have a detrimental impact on house prices. Those who knew they would be renegotiating their mortgage in coming years were also a little worried about the direction interest rates were taking.

Key findings – quantitative phase

A. Priorities for the Government of Canada

When asked to identify the top issue facing the country, top-of-mind without prompting, one-quarter say the economy (including jobs and unemployment); this is the top mention across the country. One in ten or fewer mention other issues, such as health care or the environment/climate change. Combined with second/other mentions, three in ten mention the economy as the top government priority area.

B. Assessment of the economy

Overall, Canadians remain more positive than negative about the economy as a whole, but express more concern about the state of their provincial or territorial economy, and most have negative views about the price of gas. Close to half think the Canadian economy is good (rate 7 to 10), vs. 36 percent who say this about the U.S. economy, but the gap between the two has narrowed since September 2017, due to a more positive assessment of the U.S. economy.

C. Personal financial situation

Just over half of Canadians are positive about their personal financial situation (score 7 to 10), and most are neutral or not concerned about imminent job loss in their household. However, it is still notable that close to two in ten give a negative rating (1 to 4) about their financial situation, and one-quarter have heightened concern about potential job loss. Concern is elevated among those in the lowest household income bracket, confirming the impression of focus group participants that lower income households may be falling further behind.

D. Economic confidence

When presented with a list of economic factors, at least half of those asked feel each have an important (score 7-10) impact on job creations and job loss, and over half or more believe these same factors have a notable impact on Canada's economy in general. NAFTA, government investment in skills training (as an impact on job creation/loss) and infrastructure or the global economy (as an impact on the Canadian economy) are identified as the top mentions. The Canadian economy is felt to be impacted more than job creation/loss by government measures that put money directly to Canadians and the price of oil.

When it comes to themes for the federal government to consider when making budget decisions, close to nine in ten give job creation a high important rating (7 to 10). About eight in ten each would prioritize helping women and girls, and the middle class. Three-quarters rate either innovation or science and technology as important. Other themes are rated as important by two-thirds or fewer.

E. Housing and interest rates

Around half of Canadians agree it would be easy for them to get a home mortgage today; disagreement is higher among those who are having more trouble financially, including younger people and those who are not currently homeowners. Agreement that the recent increase in interest rates would benefit them personally is a minority view, with close to half disagreeing. Again, being able to agree is connected to current level of financial security and being in higher sociodemographic brackets.

Among mortgage holders, around six in ten agree they can easily keep making mortgage payments if interest rates were to rise by half or one percent; however, only around four in ten say this about a two percent increase, and one-third disagree.

F. Gender equality

When rated as a theme for government decision-making, gender equality issues are considered important by a great many Canadians. However, consistent with the findings of the focus groups, the language used to describe this issue matters. “Helping women and girls” is rated as important by eight in ten; “gender equality” by two-thirds, and “feminism” by only half, echoing the negative reaction to the “feminist budget” terminology in the focus groups.

There is widespread agreement with statements suggesting gender equality is important for Canada and beneficial to the economy, but somewhat less certainty that women and girls currently enjoy the same opportunities as men and boys, and the connection of sexual harassment and violence against women to the Canadian economy is unclear for many.

Political neutrality statement and contact information

I hereby certify as senior officer of Environics that the deliverables fully comply with the Government of Canada political neutrality requirements outlined in the Communications Policy of the Government of Canada, and Procedures for Planning and Contracting Public Opinion Research. Specifically, the deliverables do not include information on electoral voting intentions, political party preferences, standings with the electorate, or ratings of the performance of a political party or its leaders.

Derek Leebosh
Vice President, Public Affairs
Environics Research Group
derek.leebosh@environics.ca
(416) 969-2817

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For more information, contact Finance Canada at por-rop@fin.gc.ca