



Qualitative and quantitative research on Canada's economy

Winter 2019

Executive Summary

Prepared for Finance Canada

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Final report**

Prepared for Finance Canada by Environics Research

March 2019

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Executive summary

Background and objectives

Finance Canada commissioned Environics Research Group to conduct qualitative and quantitative public opinion research among Canadians in the winter of 2019. 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;
- Housing affordability;
- Prescription drug coverage; and
- Work-related skills training.

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 January 21 and 28, 2019. Two sessions each were conducted in Brampton, Halifax, Vancouver (suburban), Edmonton and Trois-Rivières. 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
January 21, 5:30 p.m. EST	Low/middle income – Brampton, Ontario
January 21, 7:30 p.m. EST	Higher income – Brampton, Ontario
January 22, 5:30 p.m. AST	Low/middle income – Halifax, Nova Scotia
January 22, 7:30 p.m. AST	Higher income – Halifax, Nova Scotia
January 24, 5:30 p.m. PST	Low/middle income – Vancouver (suburban), British Columbia
January 24, 7:30 p.m. PST	Higher income – Vancouver (suburban), British Columbia
January 26, 11:00 a.m. MST	Low/middle income – Edmonton, Alberta
January 26, 1:00 p.m. MST	Higher income – Edmonton, Alberta
January 28, 5:30 p.m. EST	Low/middle income – Trois-Rivières, Quebec
January 28, 7:30 p.m. EST	Higher income – Trois-Rivières, Quebec

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 10 people recruited for each group). Participants were offered a \$100 honorarium to encourage participation and thank them for their time commitment. In Vancouver, participants were offered a \$150 incentive as they were all recruited from outer suburbs and had further to travel.

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 February 13 to March 1, 2019, using industry-standard random-digit dialling (RDD) techniques. 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%)	204	+/- 6.8
Quebec (23%)	494	+/- 4.4
Ontario (38%)	614	+/- 3.9
Prairies/NWT/Nunavut (19%)	404	+/- 4.8
B.C./Yukon (13%)	290	+/- 5.7
CANADA (100%)	2,006	+/-2.2

* In percentage points, at the 95% confidence level

Contract value

The contract value was \$160,908.33 (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

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

- The issues the federal government was seen to have handled well in the past year included: working with the President of the United States and the American government administration, the recent NAFTA negotiations and Canada's international image in general, legalizing cannabis, welcoming immigrants and refugees and trying to address problems with Aboriginal peoples. Very few mentioned anything connected to the economy in this context.
- The issues the federal government was seen to have gotten wrong in the past year included: mishandling cannabis legalization, pipelines (in Edmonton and Halifax for not getting one built, but in Vancouver and Trois-Rivières for buying a pipeline and trying to push it through) and irregular border crossings. Apart from a few comments on the deficit or spending too much, there was little mention of the economy.

B. Focus on Canada's economy

Participants were generally quite satisfied with the overall state of the economy. The most common words people used to describe the economy were “stable”, “steady”, “good” and “growing”. However, it was also noted that while the economy as a whole was doing well, life in Canada was very expensive and that people were struggling to make ends meet. Several people in the lower income groups reported working multiple jobs. It was also noted that the performance of the Canadian economy is uneven with some regions booming while others are struggling.

Most felt that the economy had been stable over the past year, but they also felt that there could be storm clouds on the horizon what with frequent and unanticipated positioning changes by the US Government causing destabilization as well as the reverberations from Brexit. There was concern over the volatile stock market, rising interest rates and the low price of oil and fears that the housing bubble could headed for a fall soon. There were also anxieties about what the current American government and Brexit could do to destabilize the world economy, and that we could be at the end of an economic cycle and have nowhere to go but down now. Some participants also expressed concern over perceptions of excessive federal government spending, which some felt was not based on any strategic plan.

When asked what the federal government could do to improve the economy, participants commonly mentioned more “green and clean” energy, building/advancing a pipeline, getting young people the skills they need, attracting immigration to address labour shortages, lower interest rates, encouraging the creation of well-paying jobs. There were also a few mentions of cutting taxes or removing the stress test for home buying. Most people were very supportive of the idea of more infrastructure investment, especially since in many areas, local roads, public transit and ports are seen as needing repair and improvement.

There was almost universal awareness that the federal government is currently running a deficit, but this was not a major concern at all. Many people were under the impression that there was always a deficit and that “every country in the world” had one. Some vague concerns were expressed about “our kids being left with a huge debt” if it's never addressed but there was no sentiment about needing any target for balancing the budget, as some say it may not be realistic to have one with so many variables.

C. Job training and professional development

There was universal agreement that Canadians need much more job-related training now than they did in the past because technology is changing so quickly. There was a feeling that employers have become more demanding about what skills they expect their staff to have and that employees need to develop professionally if they want to keep their job or if they lose their job and need to find a new one.

Many participants with professional jobs or who work for very large employers say that for them professional development is mandatory and that in some cases, people must take courses to maintain their professional certifications.

Time and money are the usual barriers to getting more training although most who are getting training now are getting it through their employer and they are not having to pay for it. It was noted that the bigger problem is what to do for people who are not currently working or who are doing menial jobs and trying to get the training they need for a career switch.

Ideally, government can play a role in helping make this training more affordable and accessible. They could support employers who offer training to their staff, offer grants or subsidies for people needed to upgrade their skills, create a personal income tax credit for all expenses related to professional development (not just tuition, but travel expenses, books, etc.)

Most were quite supportive of the joint financing program for job training that was proposed. Some described it as “like an RESP for yourself”. The concept is easy enough to understand, but many felt that assuming people would put money aside for future professional development was a bold assumption. Some said that they would feel they had to choose between saving for retirement and saving for retraining and older participants tended to prioritize retirement saving.

Also, it was noted that this kind of program might be useful for people who are already comfortable enough to be saving money in the first place but that it would not be of much help to people who are living pay cheque to pay cheque who cannot afford to save at all.

D. Housing

Identification of housing affordability as an issue varied by location. In Vancouver and to a lesser extent in Brampton it was a significant issue and people were quite animated about how unaffordable housing had become – both in terms of rents and buying a home. In other locations it was much less of an issue.

There was general agreement that being able to save for a down payment is more and more of a challenge since the cost of living keeps going up while salaries are not keeping pace. Also, the new CMHC “stress test” means people need to put up a bigger down payment.

Participants had some ideas for what government could do to help make housing more affordable. These included: lowering the threshold for down payments from 20% to 15% (i.e. to avoid CMHC costs); eliminating or reducing the “stress test”, offering grants to help with down payment and lowering interest rates.

There was an almost universal sentiment that it was important to own, as opposed to renting, a home. The reasons for this are that one can build equity; that money is not going to help someone else (“paying myself instead of someone else”); and the security of knowing you own one's home.

People were sympathetic to the argument that it made more sense for the government to encourage more construction of affordable housing since simply giving money to prospective buyers would only drive up prices. This argument resonated especially well in inflated housing markets like Toronto and Vancouver and even to a lesser extent in Edmonton and Halifax.

E. Pharmacare

There was high awareness that some Canadians are not currently served by any drug plans and cannot afford their medications. Identification of this problem varied by location since provincial drug plans vary so much in terms of what they cover. Most currently get their drugs covered through benefits from their employer or else if they are seniors, they are getting them covered by various provincial plans. Many raised examples of some people not being able to afford insulin or cancer drugs. Some province, such as Quebec, already have a quasi-universal drug plan.

Conceptually, the idea of ensuring that no Canadian goes without needed prescription drugs was very appealing and was often described as a “Canadian value”. They liked the idea that everyone would have access to the drugs they need.

Initially, people favoured the idea of a national drug coverage plan that was similar to how the public health care system works. However, there were also concerns about how much it might cost and how all the different current provincial drug plans could be coordinated. Some higher income participants were concerned that a national pharmacare plan might have inferior coverage to what they currently get through their work plan.

The idea of a more modest drug plan that focused on the needs of people who are currently falling between the cracks was generally more popular and was seen as more realistic. However, some worried that this model would be too complex and bureaucratic and therefore preferred the universal version as it is reminiscent of how Canadians currently access most health care services.

Key findings – quantitative phase

A. Priorities for the Government of Canada

Overall, the economy remains the top priority on which Canadians expect federal government attention, followed by the environment, health care and energy/oil and gas/pipelines, the latter having increased in top-of-mind salience since 2018. There is more regional disparity than in 2018, however: while the economy was the top mention across the country in 2018, it now takes second place to energy/oil and gas/pipelines in Alberta and Saskatchewan and to the environment in Quebec and is equal to health care in Atlantic Canada.

B. Assessment of the economy

There has been some reduction in economic confidence since last January: now just over four in ten have a positive perception of the current state of the economy, down five percentage points. Close to two in ten are negative and this has increased in the past year. Canadians remain more likely to say Canada's economy is good than to say this of the U.S. economy, but the gap has narrowed.

There has also been reduction in confidence in the provincial economy in most locations, the exceptions being Quebec and the Atlantic region, which have seen increases. B.C. and Quebec residents remain the most likely to rate their province's economies positively; Albertans continue to be the most negative. A plurality of Canadians give a negative rating to the price of gasoline, but the proportion giving a positive rating has increased significantly in the last year.

C. Personal financial situation

As in January 2018, 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. Potential job loss concern remains stable: one-quarter of Canadians express concern that they or someone in their household may lose their job in the next six months.

Over four in ten who are currently working think they will be doing the same job in 10 years, and almost all who will still be working in 10 years think their current job will continue to exist. The very few who think their current job will not exist in 10 years mainly cite reorganization or technological advances as the reason.

D. Indicators of health of the Canadian economy

Eight in ten feel it is a significant indicator of the economy doing well if new jobs are being created; other notable indicators are reductions in poverty rates, household debt or unemployment. The least effective measure is the debt-to-GDP ratio, which is a more complex measure to understand and communicate.

E. Housing affordability

Majorities of Canadians agree it is very difficult for people to buy a house today, and that the government should address affordable housing. Three-quarters of Canadians say the lack of affordable housing should be a priority area for the federal government. Home ownership is extremely important to Canadians: three-quarters of homeowners say it was extremely important to them that they own a home, rather than rent, and six in ten renters say it is very important they be able to buy a home in the future.

F. Job training and professional development

Strong majorities agree people need to constantly learn new skills to remain employable, that the federal government needs to make training accessible, and that many people are missing out on work-related training due to cost. Opinion is more divided on whether Canada's workforce has the necessary skills for our evolving economy.

Close to four in ten are currently taking, or plan to take, work-related training/professional development. Two-thirds support the idea of a lifelong learning savings account, where the government matches personal contributions, and close to half would be at least somewhat likely to take advantage of such a program.

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.

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