



Fall 2018 – Survey and Focus Groups on the Economy

Finance Canada

Executive Summary
November 2018

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This public opinion research report presents the results of a telephone survey and a series of focus groups conducted by Quorus Consulting Group Inc. on behalf of Finance Canada. The telephone survey was conducted with 2,000 Canadian residents between September 3rd and October 14th, 2018 and a total of 10 focus groups were conducted between September 4th and the 17th.

Cette publication est aussi disponible en français sous le titre : Automne 2018 - Sondage et groupes de discussion sur l'économie.

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Signed:

A handwritten signature in black ink, appearing to read "Rick Nadeau", is written over a light gray, textured rectangular background.

Rick Nadeau, President
Quorus Consulting Group Inc.

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Executive Summary

Research Purpose and Objectives

The Government of Canada has made important investments to grow the economy as well as commitments to sound fiscal management to support it. A recent example is Budget 2018, balancing the need to make targeted investment to support economic growth, while preserving Canada's low-debt advantage for current and future generations.

New plans on developing the economy along with an uncertain global economy urge to understand how Canadians perceive government actions and the state of the economy.

Therefore, Finance Canada has identified a need for primary market research to gain specific insights into Canadians' overall concerns and perceptions about the current state of the Canadian economy, emerging economic issues, their sense of personal economic well-being, and their expectations about the role of the Government of Canada in the economy.

The findings of this research will help the Government of Canada understand the public environment and better communicate its actions to enhance Canada's long-term growth potential.

Methodology

The **focus group** research methodology consisted of ten traditional, in-facility focus groups with Canadian adults at least 18 years old. The groups were held between September 4th and September 17th, 2018. These sessions were divided across five different locations across the country: Moncton, NB, Toronto, ON, Calgary, AB, Vancouver, BC and Quebec City, QC. Sessions in each city were split between low income and high-income households. Each session lasted two hours, participants received a \$75 honorarium and the recruitment process sought a good representation of men and women and a mix of ethnicity and ages. All focus groups were moderated by Rick Nadeau, one of Quorus' bilingual senior researchers on the Government of Canada Standing Offer.

Qualitative Research Disclaimer

Qualitative research seeks to develop insight and direction rather than quantitatively projectable measures. The purpose is not to generate "statistics" but to hear the full range of opinions on a topic, understand the language participants use, gauge degrees of passion and engagement and to leverage the power of the group to inspire ideas. Participants are encouraged to voice their opinions, irrespective of whether or not that view is shared by others.

Due to the sample size, the special recruitment methods used, and the study objectives themselves, it is clearly understood that the work under discussion is exploratory in nature. The findings are not, nor were they intended to be, projectable to a larger population.

Specifically, it is inappropriate to suggest or to infer that few (or many) real world users would behave in one way simply because few (or many) participants behaved in this way during the sessions. This kind of projection is strictly the prerogative of quantitative research.

The **survey** research methodology consisted of a national survey of 2,000 telephone interviews with Canadian adults at least 18 years old. The interviews took on average 12 minutes to complete and respondents had the choice to complete the interview in English or French. Data collection occurred between September 3rd and October 14th, 2018, including a pretest of the questionnaire. The sample consisted of traditional wireline telephone numbers and a sub-quota of cell-phone only households. The response rate for the overall sample was 6.7%. The research findings can be extrapolated to the broader audience considering the margin of error associated with this sample size, +/- 2.2%, 19 times out of 20.

Data was weighted by region, gender, age and urban/rural split to ensure that the final distributions within the final sample mirror those of the Canadian population according to the latest Census data.

Summary of Findings – Focus Group Phase

General Views on the Performance of the Federal Government

At the beginning of each session, participants were asked to write down the most important thing the federal government has been getting right over the past year and the most important thing they have been getting wrong. Two issues were just as likely to land in the “going right” category as they were to land in the “going wrong” category: immigration and the legalization of cannabis.

Other commonly noted areas the federal government had been getting right over the past year included:

- The federal government’s approach to the NAFTA negotiations.
- A variety of measures could be grouped under general socio-economic policy: better child benefits, lower taxes, longer parental leave, a focus on gender equality and support for LGBTQ.

Other commonly noted areas the federal government had been getting wrong included:

- The federal government’s approach to the pipeline issue, especially the recent purchase of the Trans Mountain pipeline.
- Some measures were seen as anti-small business, including what some saw as increasing taxes on small businesses, and not doing enough to support small businesses.
- The federal government was not seen as fulfilling its environmental mandate or not doing enough for the environment in general.

Views on the Economy in General

Most would describe the Canadian economy as either “stable” or performing fairly well. Compared to last year, most felt things have been stable, and moving forward, most would agree that the country’s prospects largely depended on the outcome of the ongoing trade negotiations.

When asked to identify the biggest challenges facing the economy these days, negotiating NAFTA, or a lack of a trade deal with the US, was by far the most common theme raised. Other common themes were labour-related (e.g. aging population, skilled labour shortage), debt-related (e.g. national debt, consumer debt) or related to the cost of living or buying a home.

Trade Negotiations

At the time these focus groups were taking place, NAFTA negotiations were ongoing between Canada, the United States and Mexico. Participants generally believed that these negotiations mattered to them and to the country. Many were aware of where things stood in the negotiations and many named Canada’s Minister of Foreign Affairs by name in their comments. Discussing the negotiations also sparked positive and negative emotions among some participants. Emotions were quite negative towards the negotiation tactics being used by the U.S. administration. Conversely, whereas most were feeling good about how Canada had been approaching the negotiations, both in terms of tact and in terms of tariff strategies. Most also believed Canada was not just doing its best but that it was also holding its own in the negotiations

Trans Mountain Expansion Project

Awareness of the Trans Mountain expansion project purchase was limited although it was higher in Calgary and in Vancouver. Despite a recent setback in the courts, most participants familiar with the project believed it would be built.

Furthermore, there was very little knowledge of the economic facts surrounding this project (e.g. that the purchase included the acquisition of an existing pipeline that is generating profits and that it is a twinning and not an entirely new pipeline). There was also very limited knowledge of the broader economic benefits of directing oil exports to tidewater via British Columbia rather than to the U.S. (e.g. that it would sell at a better price and that it would further diversify the country’s export partners and reduce our dependency on the U.S. as a buyer).

Views on the project became more favourable once participants were provided all the details regarding the project. Some were still opposed to the project believing that the country should be moving away from non-renewable energy, and that the federal government should not be investing in pipelines when it was said to be so committed to the environment.

Labour Supply, Skills and Talent

Participants were somewhat torn as to whether Canada had enough workers. Participants were more likely to focus on shortages in specific sectors or industries and on certain broad types of jobs, including restaurant jobs, trades, “hard labour”, low-paying jobs, jobs in technology and healthcare. Participants expected these issues to worsen over time, mostly because of an aging population / Canadians are having fewer children, the significant amount of baby boomers exiting the workforce and high levels of immigration.

The federal government was seen as potentially playing an important role on two specific fronts:

- In terms of immigration, they could be doing more to target and orient newcomers into specific fields. They could also work harder to foster and develop the potential of established immigrants with specific training or education who are not working in their field in Canada, are unemployed or are underemployed.
- The federal government could also work closer with post-secondary institutions and with high school students to make sure programs and the new labour force align with what the economy of tomorrow will need.

Many participants recognized that they will need to upgrade or retrain over the course of their careers. In fact, many had already lived it. The challenges associated with this were recognized and appreciated by most participants – they included not having enough time, having to forego income to take training, and, tuition costs.

There was limited awareness of support already available from the federal government for lifelong learning. Participants seemed to believe that current programs were reserved for individuals in specific situations (e.g. on E.I., in the trades, etc.). When the moderator presented the concept of a new financial support for lifelong learning, most participants agreed that this would be relevant and timely and that all Canadians should be eligible. That being said, some would like the program to provide support where support is needed the most, such as those who are unemployed or underemployed and those who can the least afford training.

Business Competitiveness

For most participants, to be “globally competitive” meant being able to sell products and services in other countries because of a price advantage, a quality advantage or because the business is meeting a need that is not being met by anyone else. In other words, the business derives its competitive edge through innovation.

There was strong support for the federal government playing a role in helping Canadian businesses become or remain globally competitive. Possible roles included:

- Negotiating favourable trade agreements,
- Stimulating innovation in Canada,
- Providing financial support to help Canadian companies grow (e.g. taxes, subsidies, etc.),
- Coordinating trade missions,
- Helping Canadian businesses identify opportunities abroad,
- Attracting the right kind of talent into Canada, and,
- Supporting post-secondary education to stimulate innovation.

General Fiscal Strategy

Most participants recognized, or just assumed, that the federal government was operating with a deficit. Although there was an important contingent of Canadians who were indifferent about this situation, there was a larger one that believed that it would be important that the deficit not increase. This does not necessarily translate into a need for a balanced budget overnight but at a minimum, these participants believed there needed to be a plan.

Participants were asked how they generally felt about the trade-off of running deficits to invest in programs and infrastructure versus balancing the budget which means making cuts and/or raising taxes. This exercise revealed support for a productive deficit that invests in programs and infrastructure to generate greater future returns. The challenge for some was that they were aware that this had been the strategy over recent years and that they were not convinced it had produced the desired outcomes, or at least they had not seen them yet. There were also concerns that if the country was running deficits during “good times,” which most believed we were living these days, the country will see even larger deficits if the economy takes a turn for the worse.

On the topic of taxes, nearly all participants believed federal government taxes had stayed the same in recent years.

Climate Change and Pollution Pricing

“Putting a price on pollution” or “putting a cost on pollution” more often than not meant charging a fee to those who pollute.

In terms of specific measures, few were aware of any steps taken by the federal government to address climate change. Based on a high-level overview of the federal government’s plan to have a national price on carbon pollution, participants were torn when it came to whether or not the

federal government should impose a national price on carbon pollution. While nearly all participants felt strongly that climate change needed to be addressed, some were not convinced that a price on carbon would be effective. They either believed that the costs would just be passed down to consumers, further aggravating cost-of-living challenges faced by many, or the measure was simply seen as a license for industry to pollute.

While participants liked that the revenues from the plan were returned to the source provinces and territories, they did not like that these same provinces and territories could do what they wanted with the revenues. There was very strong support for these funds being reinvested into addressing climate change – if this were the case, then there would be broader support for a national price on carbon pollution.

Summary of Findings – Survey Phase

Priorities for the Federal Government

When asked to identify, unaided, the issues respondents believe the federal government should focus on, the most common theme is the economy and jobs. Other themes mentioned include the environment, healthcare, and social issues in general.

Assessment of the Economy

Survey respondents were asked to assess the current state of the Canadian economy, the U.S. economy and their province or territory's economy. Overall, similar proportions (over a third of respondents) believe each of these economies is doing well. Neutral ratings for the U.S. economy are lower, however more respondents were “not sure” how to rate that particular economy. When specifically asked to rate the current price of gasoline, over half of respondents provided a negative rating while 14% gave a positive rating.

In terms of how concerned Canadians are that they or someone else in their household may lose their job in the next six months, 22% of respondents feel very concerned, 11% are somewhat concerned, and 59% are not very concerned.

Economic Confidence

Respondents were asked how much of an impact various economic factors, trends and measures might have on the economy. Half of respondents were asked to assess the impact of these factors on “job creation”, while the other half were asked the impact of these factors on the “competitiveness of Canadian businesses.”

Respondents who were specifically asked the impact on job creation rated the federal government investments in science, technology, and innovation as having the most impact (59%), followed by NAFTA (58%), federal government investments in infrastructure (56%), and trade agreements with countries other than the U.S. (56%).

Those who were specifically asked the impact on the competitiveness of Canadian businesses show similar response patterns. They rated trade agreements with countries other than the U.S. as having the most impact (59%), followed by federal government investments in science, technology, and innovation (57%), and NAFTA (57%).

General Fiscal Situation

All survey participants were asked their impression on where the federal government's finances stand. Over three quarters of respondents think the federal government is operating with a budget deficit, just over one tenth thinks it is operating with a balanced budget, and 6% think there is a surplus. As for their expectations of how the federal government's deficit will evolve in the coming years, 66% believe the deficit will grow, 22% believe it will stay the same, and 9% expect it to get smaller.

Budget Priorities

Respondents rated how important each of several issues and priorities were for the federal government to keep in mind when making budget decisions. Over three quarters of respondents feel it is "very important" that the federal government focuses on job creation and job skills when making budget decisions. Three quarters believe it is "very important" that the federal government considers the middle class (75%) and the environment (74%). Roughly 7 in 10 feel it is "very important" the federal government considers making Canadian businesses successful internationally, balancing the budget, and focusing on innovation, making sure the deficit does not get any bigger, helping women and girls, focusing on science and on business competitiveness. Two thirds of respondents or less feel it is important the federal government considers in their priorities gender equality, helping indigenous people, and feminism.

When asked to choose between two specific budget scenarios, over two thirds of Canadians prefer the scenario whereby the federal government invests in programs and infrastructure that can create jobs and economic growth, even if that means running deficits, while just over a quarter of respondents prefer the alternative option whereby the federal government works towards balancing the budget, even if it means making cuts to programs and/or raising taxes.

Impressions of Trends in Taxes and Financial Support

Canadians were asked whether federal income taxes have been going up or down and whether the financial support from the federal government to Canadians has been going up or down (half were presented one scenario and half the other).

Regarding trends in federal taxes specifically, 48% of those respondents feel federal income taxes have gone up in recent years, while 38% feel they have stayed the same, and 7% feel they have gone down. As for federal government financial support to Canadians, 28% feel it has gone up, 36% feel it has stayed about the same, and 29% feel it has gone down.

Finally, respondents were presented with one of four different financial scenarios – receiving either \$20, \$50, \$100, or \$500 additional per month, and asked the extent to which it would impact their personal financial situation. Roughly one tenth or less see the \$20 and \$50 increase as having a big impact on their personal finances, while one fifth feel the additional \$100 per month would have a big impact, and over half of Canadians feel receiving an extra \$500 a month would have a big impact.

Other respondents were presented with different financial scenarios in which the same amounts were added up to be received annually instead of monthly (\$240, \$600, \$1,200, and \$6,000 per year). Roughly one tenth or less see the \$240 and \$600 increase as having a big impact on their personal finances, while 29% feel the additional \$1,200 per year would have a big impact, and nearly two thirds of Canadians feel receiving \$6,000 each year would have a big impact.

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