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Canada

Pre-Budget Focus Group Research – Winter 2024 – Final report

Prepared for Finance Canada by Environics Research

February 2024

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Executive summary

Background and objectives

Finance Canada commissioned Environics Research to conduct qualitative research among Canadians in late January 2024 in the lead-up to the 2024 federal budget. The research objectives were to assess Canadians' concerns and perceptions of the current state of the Canadian economy and related issues such as interest rates and housing, their expectations about the role of the Government of Canada in the economy, their current financial concerns, and their priorities for Budget 2024.

Methodology

Environics Research conducted a series of 10 online focus groups between January 24 and 30, 2024. A total of 74 Canadians took part in these group discussions about Canada's economy and provided their perspective on such issues as the cost of living, interest rates, the middle class, pensions, housing, and the upcoming federal budget. The online focus groups were conducted using the Zoom platform. Two groups were conducted in each of five regions (Ontario, Atlantic Canada, Quebec, the Prairies, and British Columbia), and were divided based on age cohort (18-34, 34-55 or 55+) and/or housing situation (i.e., prospective homebuyers, Canadians whose mortgage is up for renewal). The two Quebec sessions were conducted in French and the other eight sessions were conducted in English.

The 74 participants were all 18 years of age or over, and included range of age, education, and backgrounds. The groups lasted approximately 90 minutes and consisted of between six and eight participants (out of 8 people recruited for each group). Participants were each provided a \$100 honorarium.

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.

Contract value

The contract value was \$129,893.50 (including HST). This includes a subsequent round of post-budget focus groups reported on under separate cover.

Use of findings of the research. By gauging and analysing 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

A. Perceptions of Canada's economy

Most participants felt the Canadian economy is in a bad state and used words such as "unaffordable," "declining," "expensive," "rough," "strained," "terrible," "unstable" and "unpredictable" to describe it. A few participants took a more neutral view of the economy and used words like "recovering," "flat," "transition" and "healing."

The overall economy received negative assessments largely due to perceptions of the rising prices of food, housing, and gas. Utilities, fuel prices in Atlantic Canada, insurance, and mortgage payments were also mentioned as contributing factors. Some also reported hearing of lay-offs.

Some participants, particularly from the Prairies and the Atlantic provinces, saw an increase in crime and homelessness in their region as a sign of the distress of Canadians struggling with the economic situation.

Common concerns raised were that wages have not kept up with inflation and that there is a growing gap between the rich who have become richer in recent years, and everyone else.

Most did not expect the economy to improve in 2024, anticipating a persistent rise of inflation. Some were hopeful that interest rates may decline in the coming months. Most say they would feel the economy was improving if they saw interest rates being cut and some retail prices start to come down.

B. Inflation and the cost of living

Across all regions, most participants understood that the cause of current inflation is multifactorial and a global problem. The most common root causes of inflation mentioned were continuing pandemic-related disruptions and supply chain issues, price gouging/corporate greed, as well as the war in Ukraine and middle east.

Almost all participants said they were directly affected by the increased cost of living. Most participants cited the cost of grocery prices and housing as items that are becoming increasingly hard to afford. All participants also shared examples of changes in the quantity (“shrinkflation”), as well as quality (“de-qualification”) of the food they buy. The price of home heating oil was also mentioned in Atlantic.

Most did not feel that the federal government had played much of a role in causing rising prices. A few participants, particularly in the Prairies, mentioned the impact of the carbon tax and the “government printing money” as causes of inflation.

Most participants acknowledged that there was little the federal government could do to reduce inflation, though price controls on essentials, rent controls, going after price gougers, establishing a Universal Basic Income (UBI) could help mitigate the impact of inflation. Some blamed the federal government for its inaction, and some felt that tax cuts, especially to the carbon tax, could also help.

C. Interest rates

Most understood that the Bank of Canada was responsible for setting interest rates. However, some – particularly in Quebec – suspected the federal government of also having some say behind the scenes.

There was widespread skepticism that raising rates will lead to lower inflation or that reducing interest rates will make prices rise. There is little understanding of how making many things more expensive by raising interest rates will make things cheaper in the long run.

Most participants said that inflation and rising prices were a bigger stress on their household finances than were rising interest rates.

High interest rates were a particular concern for prospective homebuyers - many of whom are postponing their goal of home ownership - and for homeowners whose mortgage renewal is due in 2024 or 2025 and who are

relatively early in their amortization period and pay a lot of interest. High interest rates are also affecting some participants with other personal debts such as student loans and car loans.

Many expressed some expectation that interest rates may have peaked and would go down in 2024 or 2025. In contrast there was more pessimism about inflation with many expecting prices to keep going up to at least some extent. Some were hopeful that prices might stabilize and stop going up at the same rate, but it was understood that prices would likely never go back down.

D. Supporting the middle class

Most participants classified themselves at various levels of the "middle class", but they had varying definitions of what this means, recognizing that the range from lower to upper middle class is vast. Some said it meant just being able to meet basic needs such as food, housing and paying bills, without needing to use a food bank. Others saw it as having enough to be able to save for travel and other extras in life. The notion that being middle class in Canada means being a owning your home was largely dismissed.

There was little awareness of the federal government doing anything to help the middle class. A few participants mentioned the climate action incentive payment and \$10-a-day childcare as examples of measures from the federal government. There was also little sense of what the government could do to support the middle class apart from cutting taxes.

E. Pension and retirement savings concerns

Many participants expressed concerns about having enough money for retirement. For older participants this was a more immediate concern and some spoke of having to keep working despite wanting to retire. It was noted that if someone doesn't have a pension plan outside of the CPP they may have a very hard time ever retiring.

Some younger participants expressed concerns when prompted about ever being able to save for retirement. But younger participants were often too consumed with the immediate challenges of making ends meet to allow themselves to worry about it right now.

Some participants also reported having to financially help elderly parents who had not saved enough for their retirement and how this was an added strain to them.

To the extent that participants wanted the federal government to do anything to help with retirement savings, they mentioned increasing the Canada Pension Plan payouts or increasing the limits on how much could be contributed to Registered Retirement Saving Plans (RRSPs). Some also mentioned cutting taxes or addressing the cost of living in general so that people would be more able to save for retirement.

F. Housing concerns

Housing affordability was a big concern, particularly for participants in Ontario and British Columbia where housing prices have been very high for many years, but also in Atlantic Canada. It was less of a top-of-mind concern to participants from the Prairies and in Quebec.

Many participants who were homeowners aged 55 and over expressed concern for the next generation getting into the housing market. Their own concerns were more about affording repairs or about future downsizing.

Participants' specific housing concerns focused on being able to afford rent, the exorbitant price of homes making them out of reach for first-time homebuyers and the impact of higher interest rates on mortgage payments after renewal. Many younger participants were often very pessimistic about ever being able to afford a place of their own and some worried about living with their parents indefinitely.

Most were unaware of any measures the federal government has put in place to assist with housing affordability. Some had heard of the First Home Savings Account (FHSA), but many pointed out that many Canadians are not in a position to save right now, and that the \$40,000 cap is too small for a down payment. Some also heard of the Housing Accelerator Fund negotiations and about banning non-Canadians from buying residential properties.

A few people had also heard of new limits on international students which were seen as hopefully reducing pressure on the housing market. In Quebec in particular, there was some spontaneous discussion of the role of immigration levels in causing a shortage of housing.

When measures were shown to participants, cracking down on illegal short-term rentals like Airbnb resonated mostly in regions known for facing such problem (e.g., Toronto, Montreal, Vancouver) but didn't seem to be well understood in other regions where Airbnb is less of an issue. The idea of cracking down on non-Canadians buying residential property was quite popular among participants.

The measures as a whole were viewed as good first steps, but some participants felt that these measures would not help them directly or were skeptical about the expected impact in the short to medium term. There were few suggestions for what else the federal government could do to support housing affordability and accessibility.

G. Desired budget priorities

The budget priorities desired by participants focused mainly on the cost of living, housing, healthcare, and education. Among the various specific measures identified by participants to improve the state of the Canadian economy were controlling food prices, implementing a universal basic income, maintaining interest-free federal student loans, introducing controls over rent prices, regulating price gouging, reducing taxes – including the carbon tax, lowering interest rates, reducing foreign spending, opening more homeless shelters, investing in mental health and prioritizing smaller scale affordable housing projects.

Health care was mentioned spontaneously by some Quebec participants and some in British Columbia specifically identified mental health as something that needed to be prioritized.

Environmental issues and climate change were rarely, if ever, mentioned spontaneously by participants as a priority. Many were also dismissive of the idea of prioritizing "green infrastructure", saying that the environment was less of a top priority when Canadians are struggling to make ends meet. Specific initiatives such as investment in public transit were more popular on their own than when branded as part of "green infrastructure."

When showed specific possible budget measures, there was a lot of enthusiasm for making the top 1% and wealthy corporations pay their fair share. There was also widespread support for helping all Canadians train and retrain for new job opportunities and programs to help the younger generation find good job opportunities and more affordable post-secondary education.

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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Introduction

Finance Canada commissioned Environics Research to conduct qualitative research among Canadians in late January 2024 in the lead-up to the 2024 federal budget. The research objectives were to assess Canadians' concerns and perceptions of the current state of the Canadian economy and related issues such as interest rates and housing, their expectations about the role of the Government of Canada in the economy, their current financial concerns, and their priorities for Budget 2024. The following specific topics were explored in the research:

- The state of the Canadian economy;
- Inflation and the cost of living;
- Impact of interest rates;
- Pensions and retirement savings;
- Housing;
- Priorities for Budget 2024.

Background

Each year, the Department of Finance is responsible for preparing the federal budget. To help inform the spending decisions made in the Budget, the Department commissions public opinion research on the state of the economy in efforts to better understand the public environment into which it is communicating. The use of qualitative research allows the Department to get a clear and current sense of the evolution of the public mood towards the state of the economy, sense of personal economic well-being and government actions in the economic sphere. As the Canadian economy continues to face inflationary pressures, policy experts, economists and communications specialists must remain informed on public views on the general state of the economy and government actions within the economic sphere.

I. Detailed findings

A. Perceptions of Canada's economy

Word associations

At the start of each session, participants were asked to share one word that they felt best described the current state of the Canadian economy. The words participants provided typically conveyed feelings of uncertainty and negativity. These included words such as “difficult,” “unaffordable,” “declining,” “expensive,” “rough,” “strained,” “poor,” “terrible,” “unstable,” and “unpredictable.” Some participants chose words that conveyed a more neutral or even positive view of the economy such as “recovering,” “flat,” “transition,” and “healing.” Negative words far outnumbered the neutral to positive words in this exercise.

The words participants used to describe the economy were consistently negative across all regions. To the extent that there was variation in how participants perceived the economy, it was more a function of their age cohort than it was the part of the country in which they lived. Younger participants tended to be more consistently negative in their economic outlook and used more words that spoke to a sense of despair and struggle such as “exhausting,” “expensive,” and “rocky.” These negative sentiments among younger people were frequently linked to a feeling of despair about the cost of housing and the challenge of saving any money when the cost of living is so high. Many reported have jobs which are precarious and do not pay very well. While older participants also used negative words to describe the state of the economy, some of them used more neutral to positive words and in many cases their economic concerns were more about their children or younger people in general than about themselves as many of them own their homes and are more financially secure. Some participants also spoke of the job market getting tighter and their perceptions that there had been layoffs recently and that it was becoming more difficult to find work.

When participants were asked to elaborate on why they provided so many negative words to describe the economy, the explanation almost always went back to high and rising prices for necessities and how life was becoming less and less affordable. Many participants immediately elaborated on how they were struggling to afford groceries, rent and mortgage payments. Some younger participants spoke of being stuck in dead-end low paying jobs.. and younger participants who still lived at home with their parents were pessimistic about even being able to afford rent let alone buying a home.

Specific economic concerns

The key specific issues causing the most economic concern for participants were high and rising prices, higher interest rates, and housing affordability – all of which were tied to the higher overall cost of living. Specifically, many participants spoke of their concerns about the high and still rising price of groceries and how they were struggling to afford the basics. Housing unaffordability was also often cited as a key economic concern and sometimes described as a “crisis.” Some participants made specific reference to high and rising utility rates and insurance premiums. In Atlantic Canada, the cost of home heating also came up as a particular concern. Some also reported some concerns about the job market and had been hearing of or had experienced layoffs. It was notable that while in the past many people cited high gasoline prices as a major concern, this was not mentioned in any of this round of focus groups, likely because gas prices had declined recently.

Some participants, particularly from the Prairies, British Columbia, and the Atlantic provinces, spoke of how their perceptions of increases in crime, homelessness and substance abuse in their communities were signs of economic distress and this breakdown in the social fabric was viewed as an indicator of economic decline.

Concerns were also frequently raised about how wages have not kept up with rising prices. There were also comments about the perceived growing gap between the rich, who many think have become richer in recent years, and everyone else who were seen to be struggling more and more.

It was notable that there were very few variations to these key themes, and that participants across all regions described similar concerns. Though there was somewhat less of a focus on housing affordability as a main economic concern among participants in Quebec and the Prairies

Many reported that rising prices were making them do without some products and cut back on discretionary spending, though some older and higher income participants viewed higher prices more as something they had to grudgingly put up with. Some also spoke of how in the current economic environment, they could not indulge in any “extras” such as vacations or entertainment as they could only afford the basics.

The specific economic concerns raised by participants were very much what was affecting them at the personal level. Only a small number of participants cited more macro-economic concerns such as productivity, economic growth, debt and deficits, labour market issues or sustainability. There were some mentions of economic concerns around the perceived instability in the world and how the economy could be impacted by wars in the Middle East, Ukraine and elsewhere and some worried about the economic impact of political instability in the United States.

Participants rarely described unemployment or possible job losses as their main economic concern. Though some had read about some major layoffs in the high-tech sector and wondered if that might be a sign of things to come. Jobs were often described as plentiful but that many did not pay a living wage or provide adequate benefits. Some participants expressed concerns about labour shortages – particularly in such sectors as retail, hospitality, and health care. There was a perception that many jobs were going unfilled because wages were too low, or because the work was undesirable, too precarious and/or unstable. Others noted that they see many people around them who are employed at menial jobs and unable to find jobs that match their skillsets.

Sentiments are shifting among participants. example, in previous waves participants in British Columbia in particular would often mention environmental issues and climate change in the context of a discussion about the state of the economy. In this round of focus groups, environmental issues were almost never raised spontaneously as participants are more concerned with their immediate financial pressures. It is also notable that while as recently as a year ago the COVID pandemic played a role in the discussion of economic concerns but now this is almost never raised spontaneously.

Economic prognosis

Participants were asked about their prognosis for the Canadian economy over the coming year and whether they expected things to improve, deteriorate or stay about the same. Most participants were quite pessimistic and expected the economy to get worse in the coming year. They expected prices for most things to keep rising and there were fears about how the economy could be jolted in the coming year by shocks from wars around the world or from natural disasters. Most of the those who did not expect the economy to deteriorate tended to think that the economy would stagnate and neither improve nor deteriorate in 2024. For the most part they

expected inflation to persist, even if price increases slow, but some were hopeful that interest rates may decline in the coming months. Only a handful of participants expected any improvement in the economy this year.

There was little sense among participants that there was anything to look forward to economically in the coming year. In late 2022 and early 2023, there was still some optimism about the economy that was associated with the end of the COVID-19 pandemic. At that time many people were hopeful that as the last of the pandemic related restrictions disappeared and supply chain issues were resolved, people would start spending more and that this could jump start the economy. Now, a year later it was clear that the pandemic had faded from people's memory and they no longer viewed the economy through the lens of recovering from the pandemic. The pandemic was seen to now be an old story and no longer the lens through which the economy was seen.

When asked how they would know that the economy was improving, most participants said they would look for signs such as interest rates being cut, some retail prices – especially food - starting to come down and if they saw less visible signs of economic decay such as homeless encampments and substance abuse. There was little mention of traditional economic measures such as the unemployment rate, the GDP, or the deficit as gauges for how the economy as a whole was doing. Some judged the economy much more by their personal experience and said they would feel the economy was improving if they were able to afford housing or be able to afford some “extras” in their lives. Some participants relied mainly on their immediate environment to judge how the economy is doing, pulling examples from their personal lives and those of their friends and family. The high cost of essential goods was cited as a significant indicator of how “badly” the economy was doing. It was notable that older, higher income participants tended to gauge the performance of the economy more from macroeconomic data and news reports, while younger and lower income participants tended to base it more on personal experience.

Attitudes toward the economy were quite consistent by region and age group, with most participants feeling uncertain and discouraged about Canada's current economic state, while anticipating another challenging year. Day-to-day costs continue to cause concern for people of all ages. Even those with higher incomes bracket who may not be experiencing personal economic hardship are now noticing the cost of items such as groceries and being more mindful of even small purchases. Young people are concerned about their ability to afford housing now and their inability to enter the housing market due to rising home prices and interest rates. Older generations are worried about their own children being able to build a home or attain financial security in the future.

While some noted that housing prices were starting to level off, this was seen as being counterbalanced by higher mortgage rates rendering housing just as unaffordable as before. There was also a perception that while price increases may slow from the current alarming rate, prices were almost never going to return to the levels of two years ago – with the notable exception of gasoline, which several people acknowledged had recently dropped in price.

It was also notable how the mood about where the economy was headed was quite different from when research was conducted a year ago in the winter of 2023. At that time, while people were very concerned about rising prices and instability in the world, there was also much more of a focus on how the COVID-19 pandemic was affecting the economy and many people had some degree of optimism than once lockdowns were over, and the pandemic faded, things would start to pick and that the economy would improve. Now, one year later, everything has already reopened, and people have less of a feeling of hope for the post-pandemic world. The perception is that the pandemic is over and now are dealing with the long-term economic consequences. Any euphoria over the ending of lockdowns and restriction dissipated a long time ago. Now there is more fear and

trepidation over on-going supply chain disruptions, volatile commodity prices, extreme weather events and how the ongoing war in Ukraine could cause more disruption.

Generational challenges

Participants were also asked about whether they felt it was easier or tougher for younger people to get ahead financially than it was for their parents' generation. For the most part younger people felt that it was much tougher for them than it had been for their parents or grandparents. These perceptions tended to be almost entirely linked to the unaffordability of housing. Many spoke of how in the past buying a home when someone was in their late 20s or 30s was a perfectly attainable goal. They noted that when their parents were their age, they had been able to buy a modest home while working at jobs that were not particularly well-paying – this was not seen to be possible in the current economy. Many older participants also lamented how much harder it was for younger people to get ahead than it had been for them. This sentiment was particularly notable among older participants who had adult children and saw first-hand how they were struggling. They often projected their economic concerns onto their children or to younger people in general in terms of ever being afford a home or build financial security.

There were some dissenting views on whether it's now harder for young people to get ahead than it was for their parents' generation. Some participants who were children of immigrants noted that their parents had come to Canada not speaking English or French and without much education and had had to struggle to make ends meet. In contrast, they have post-secondary educations and skills and have more potential to get ahead than their parents may have had. Some younger participants whose parents and grandparents had been born in Canada sometimes noted that older generations in their families had had to do much more physically demanding work in primary industries than they were doing. A few older participants also felt that younger people were not as willing to save and sacrifice as their generation had been.

All in all, while some younger participants may have felt that they were personally economically better off than their parents had been, it was generally acknowledged that the unaffordability of housing and the precariousness of many jobs meant that younger people in general face bigger challenges in getting ahead.

B. Inflation/Cost of living concerns

Perceived causes of inflation

Almost all participants said they were directly affected by the increased cost of living. Most participants cited the cost of grocery prices and housing as items that are becoming increasingly hard to afford. As has been the case in previous years, most participants felt that the causes of the current inflation were multifactorial and were a global issue. The most common root causes of inflation mentioned were price gouging/corporate greed, some persistent pandemic-related supply chain issues and the wars in Ukraine and the Middle East. A few people also mentioned extreme weather events as having an impact on the price of some commodities. Several participants noted that inflation was a phenomenon in many other countries and was not at all unique to Canada. It was notable that there was significantly more spontaneous discussion of corporate greed and price gouging as causes of inflation that was the case in the past. It was clear that news reports about high profits in the grocery store sector was being picked up by many people. Some participants said that they felt that many retailers had discovered in the wake of the pandemic that they could get away with raising prices without losing customers and were now increasing prices regularly simply because they could do so and have higher profits.

Some participants also mentioned rising wages as being another cause of rising prices. It was noted that labour has become more expensive and that between higher minimum wages and the fact that employers are increasingly having to pay their workers more to fill job openings, it all adds to the overhead for businesses who then pass on the costs to the consumer.

In general, participants did not tend to view the current situation of high inflation as having been directly caused by federal government policies. While in past waves of research there had been some discussion of inflation having been caused by government overspending during and in the wake of the COVID pandemic, this did not get mentioned as much in this round. Some participants, particularly in the Prairie sessions mentioned taxes, such as the carbon tax as being another factor in higher prices for goods, but this was only rarely mentioned spontaneously.

Inflation prognoses

When asked about whether inflation had run its course and would decline, participants offered a mix of assessments. It should be noted that many participants were confused about the difference between the inflation rate and price levels. Some thought that a drop in the inflation rate would imply an actual drop in prices, as opposed to a drop in the rate at which prices were going up. The consensus was that inflation was not “over” and that prices would likely continue to go up but that the rate at which prices would go up might decelerate. Most participants were very cynical about retailers, especially grocery retailers. They felt that even if wholesale costs might go down, the retailers would just increase profits rather than pass savings on to consumers. The only example anyone could think of where prices had ever gone down was gasoline which tends to fluctuate quite a bit. In general people expect that higher prices are here to stay and that the best that could be hoped for was that prices would not keep going up rapidly as they had in the immediate aftermath of the pandemic.

It was also notable that the discussion about prices was much less limited to food and gasoline than was the case in the past. Many people talked about rising rent, insurance, and utility rates as examples of inflation and rising prices – not to mention how higher interest rates are making mortgage payments more expensive. While there was some hope that lower interest rates might alleviate the pressure on mortgage interest rates, there was no confidence that rents would go back down to where they were a couple of years ago.

Changes in quality and quantity of goods

Participants were asked about whether they had noticed changes in the quantity, as well as quality of the food they buy and how this was also a manifestation of inflation and price gouging. These phenomena are known as “shrinkflation” and “de-qualification” respectively. The vast majority of participants had noticed “shrinkflation” and in fact this word had clearly entered the lexicon of common parlance. People exchanged anecdotes of buying dry goods such as cereals and seeing that there was less of the product and more air in the box. They also noticed many other food products are now smaller in size. In some cases, these are subtle changes where a product might seem to be the same price, but it was now 400 grams instead of 500 grams. There was a clear sentiment that this reflected a level of deviousness on the part of retailers who were clearly trying to fool people into paying the same amount and getting less. Several people specifically mentioned how the contents of Kraft Dinner boxes was now much smaller.

There was less awareness of the phenomenon of “de-qualification.” While a few participants mentioned cases of food products that were using oil instead of butter or where produce was lower quality – this was not as common and the term “de-qualification” was not well known.

Role of the federal government

Most participants felt that there was little the federal government could do to reduce the actual inflation rate given that so many of the causes of inflation were external to Canada. As a result, there were low expectations that the government could actually make their lives more affordable. However, some felt that there were steps the government could take to help mitigate the impact of inflation on Canadians. The most common suggestion was to cut taxes, especially to the carbon tax, which was seen as a way of controlling gasoline and heating costs. As many participants increasingly believe that inflation is being caused by price gouging and profiteering by retailers, there were some suggestions that the government investigate price gouging by grocery stores and potential impose price controls or caps on necessities such as some food items or diesel. A few participants also felt that reducing interest rates could help mitigate the impact of inflation on people. Since rising housing costs were seen as a big part of inflation there were some suggestions that the government ought to implement some sort of rent control policy at the federal level.

Another sentiment that was expressed by some participants was that the pandemic had shown how vulnerable Canada was to supply chain disruptions from having to import so many necessities. They felt that the federal government ought to do more to encourage Canadian production and manufacturing to make us less vulnerable to global price shocks.

When asked what else they felt the federal government could do to make life more affordable for Canadians, most could not name anything specific. Some participants mentioned ideas such as tax credits and increased minimum wages to match the inflation rate. Some also suggested more transfers to low-income families or implementing a Universal Basic Income. A few participants also mentioned measures such as affordable childcare or expanded health care programs such as dental care or pharmacare. Also, given the way that housing costs have been rising, some suggested rent controls at the federal level.

There was very little awareness of the federal government having taken any steps to address inflation. Some participants noted that many government programs offering assistance to Canadians are geared to those with lower incomes but that the cut-offs for what constitutes a low income were out of date and as a result many people within the “middle class” cannot qualify for the programs.

Some participants did feel that there were things the federal government could do to help mitigate the effects of inflation, making suggestions of tax cuts, particularly to sales taxes or the carbon tax, price controls on essentials such as food and heating, or taking action on price gouging. Since the rising cost of housing was a major concern for so many participants, some also suggested policies aimed at cutting housing costs such as stricter rent controls or a reduction in interest rates.

C. Interest rates

Responsibility for interest rates and rationale

There was a general understanding among most participants that interest rates are set by the Bank of Canada. However, some people, particularly in Quebec, suspected that the federal government also has some influence

on the Bank of Canada behind the scenes and could play some role. Some participants were confused about what the prime interest rate even is and sometimes confused interest rates with the inflation rate.

Most participants had little or no understanding of the reasons for raising interest rates. Some had a vague awareness that increasing interest rates had historically been used to cool inflation, but many were unsure of how this was supposed to happen. They were often confused about how higher rates - a measure that was seen to cause many people's day to day expenses to increase – could also be a way of reducing inflation and making life more affordable. There was widespread skepticism that raising rates will lead to lower inflation or that reducing interest rates will make prices rise. There is little understanding of how making many things more expensive by raising interest rates will make things cheaper in the long run. A few people noted that while higher interest rates might lead to a small decline in real estate prices, people would be no better off since mortgage payments would have to go up.

Some older participants expressed confidence that the Bank of Canada is made up of experts who would know what they were doing in setting the interest rate. Others questioned how higher interest rates in Canada could reduce inflation when inflation is driven by global factors such as wars and rising commodity prices and they wondered what logic the Bank of Canada was using.

Impact of higher interest rates

Participants had varied experiences in terms of being personally affected by higher interest rates. Some were not affected very much at all because they had a fully paid off home and/or they had no other interest-bearing loans. Higher interest rates were much more of a concern for prospective homebuyers, many of whom say this is causing them to postpone their goal of home ownership, and for homeowners whose mortgage renewal is due in 2024 or 2025 especially for those who are relatively early in their amortization period and are paying a lot of interest with each mortgage payment. A few participants also mentioned having to pay higher interest on loans connected to home renovation projects.

Other participants reported that higher interest rates were affecting them in other ways that were not connected to buying or paying off a home. This included people with car loans and consumer loans or credit card debt that now have higher interest on them. Also, several younger participants expressed concern that higher interest rates would have an impact on their student loans. Some renters also feared that higher interest rates might lead to their landlords passing on their costs by raising rents even more.

It was also notable that some participants had businesses and were now having to pay higher interest on business loans they needed to take out to pay for various work-related projects. Some mentioned that the higher interest rates they are now having to pay for car loans or mortgages are causing them to have to cut back on their discretionary spending in other areas.

Participants were asked to indicate whether higher interest rates or rising prices were having a bigger impact on their household finances.. The vast majority of participants felt that rising prices were a bigger stress than were higher interest rates. They noted that everyone must buy food that rising prices are negatively affecting their ability to pay for the necessities of life. In contrast, for most people, the higher interest rates have a more incidental impact on their finances and was typically more of a future concern than a current impact. However, for some participants who had just renewed their mortgage or were soon facing a mortgage renewal, higher interest rates were a bigger stress as it was causing or could cause them to have to pay hundreds of dollars more per month.

Impact on mortgage renewals

One of the focus groups was specifically composed of people in British Columbia with mortgages that would be up for renewal in the coming two years, and there were several participants in other groups who were also in this situation. Concern levels about the impact of higher interest rates varied for these participants. It was notable that even in a focus group entirely composed of people with mortgages soon up for renewal at higher interest rates, some still felt that rising prices were a bigger strain on their household finances than were higher interest rates. Some were at the tail end of their amortization period and therefore interest would be a relatively small portion of their mortgage payment. Others had bought their home many years ago when prices were much lower and so the amount they owed on their mortgage was much lower. There was a subset of participants who bought their homes in recent years at high prices and at what were initially low interest rates, who will have to renew their mortgages in the coming years at much higher rates. Those individuals were quite concerned about how much their payments would be going up and spoke of having to cut down on their discretionary spending to make ends meet.

Participants in the session composed of people with mortgages that would be up for renewal in the coming two years were asked about the government's Mortgage Charter. None of them had any awareness of this new measure or how it could potentially help them.

D. Support for the Middle Class and Pensions

Definition of middle class

There are varying definitions of what it means to be middle class, and these can be based on objective criteria such as household income and assets, or it can be based on how people choose to self-identify. Participants were asked if they would describe themselves as middle class. The vast majority of participants classified themselves as being "middle class", though many of them noted that it is a very broad category that can be easily sub-divided into lower middle, middle and upper middle class. There was a consensus in all the sessions that the range of living standards from lower middle to upper middle class can be vast.

Some participants felt that being middle class simply meant just being able to meet basic needs such as food, housing and paying bills, without needing to use a food bank. In other words, it was a market for someone "surviving" and for those participants, middle class was defined more by what it was not than by what it was. Middle class was often taken to mean not being destitute or homeless and also not being an extremely wealthy plutocrat. Other participants had a narrower definition of what it meant to be middle class and saw it as being "comfortable" and having enough to be able to save for travel and other extras in life.

The notion that being middle class in Canada means being a owning your own home was largely dismissed. Many participants noted that in the past there may have been a stereotypical notion of middle class being equated with having a detached home in the suburbs, this was no longer the case. Many people who would now be seen as middle class may never own a home. As home ownership is increasingly out of reach for younger people, the definition of middle class is less connected to assets and more to just being able to make ends meet. Although almost all participants defined themselves as middle class, some wondered what that really meant anymore given the gap between rich and poor is perceived to be growing.

Government action to support middle class

There was relatively little awareness among participants of anything the federal government was currently doing to help support the middle class. A few participants mentioned the climate action incentive payments that they had received, some mentioned the \$10-a-day childcare program or the First-time Home Savings Account (FHSA) as examples of measures from the federal government that may be helping at least some Canadians who could be considered middle class. However, there was also some skepticism about whether those subsidized childcare spaces had ever materialized. Some also felt that many government programs are means tested and that many middle-class Canadians are not poor enough to qualify for them.

When participants were asked what the federal government could do to help the middle class, they provided a wide variety of suggestions. These included cutting income taxes and/or the carbon tax, increasing the RRSP and TFSA contribution limits, and investments in higher education to enable more people to get new skills. There was strong support for increasing taxes on the wealthy and corporations. Some suggested that reducing interest rates could help the middle class. Some also mentioned bringing in rent controls, expanding the available of free dental care and pharmacare. The idea of introducing a Universal Basic Income (UBI) was also mentioned numerous times as another way to support those at the lower end of the middle class.

Pension and retirement concerns

Participants were asked about whether they had concerns about being able to save enough for retirement. The way people responded to this question depended a lot on their age cohort. Many of the older participants were already retired and had varying concerns about being able to support themselves. Some owned their homes and had pension plans and were living quite comfortably, despite having to adjust to having less money than when they worked. Others mentioned having to continue to work, at least part-time, since the Canada Pension Plan (CPP) was inadequate. Some of the older participants in the Prairie groups were concerned about whether the CPP would continue to exist in the future. This may have been linked to discussions in Alberta about that province leaving the CPP.

It was also notable that several participants who were middle aged spoke of how the issue of retirement and pensions had already affected them because they were having to financially help their elderly parents who had not saved enough for their retirement. Younger participants expressed some concerns about ever being able to save for retirement when asked but were often too consumed with immediate financial challenges around just getting by to worry about something so far in the future. Some younger people with better jobs mentioned having started RRSPs.

When participants were asked about what more the federal government could do help Canadians save for retirement, they gave a variety of responses such as increasing the CPP payments, increasing the RRSP contribution limits, making sure that pension funds are better protected when employers file for bankruptcy. A few also mentioned that simply cutting taxes would leave people with more money to save for retirement.

E. Housing

Top concerns

Housing affordability was a big concern, particularly for participants in Ontario and British Columbia where housing prices have been very high for many years, but also in Atlantic Canada, where rents and property values

have gone up significantly in recent years. It was somewhat less of an unprompted top-of-mind concern to participants from the Prairies and in Quebec. Some Prairie participants had actually seen some property values drop in their communities.

Participants' specific housing concerns focused on being able to afford rent, the exorbitant price of homes making them out of reach for first-time homebuyers and the impact of higher interest rates on mortgage payments after renewal. Many younger participants were often very pessimistic about ever being able to afford a home of their own and some worried about having to live with their parents indefinitely. Many older participants, who were homeowners, expressed concerns for the next generation getting into the housing market. In some cases, their concerns were about their own adult children and in other cases they worried about the younger generation in general. Older homeowners housing-related concerns tended to be more about affording home repairs or about issues around future downsizing. Some also had concerns about rising property taxes.

Specific housing concerns also varied a great deal depending on whether participants were homeowners or renters. Homeowners tended to be most concerned with interest rates going up when they need to renew their mortgage and being able to keep up with maintenance/major repairs. Some owners also expressed worries about where they might live in retirement or mentioned being stuck in a home they had outgrown but not being able to afford to move. Renters tended to worry more about the rent they currently pay, being renovicted, and their inability to enter the housing market. Statements portrayed that they feel like they are being continuously knocked down by rising interest rates and high house prices. Renters are also concerned with cost of rent in general and the absence of a rent cap or of rent controls, and losing their rental unit before they are ready to purchase a home. Many felt that several people are in crisis when it comes to housing. They feel it has created a two-tiered system between owners and renters and many renters feel helpless. Some also specifically mentioned concerns around too many international students or immigrants in general competing for scarce affordable housing and driving up costs even more.

There was a general concern that the housing crisis is making people feel "locked in" to where they currently live. Several participants mentioned no longer having the option of moving to another city or upsizing or downsizing their housing because they might lose their currently affordable home and not be able to afford another home.

Government action on housing

Most participants were unaware of any measures the federal government has put in place to assist with housing affordability. Some had heard of the First Home Savings Account, but many pointed out that many Canadians are not in a position to save right now, and that the \$40,000 cap is too small for a down payment on a home, given the cost of housing and minimum payment requirements. Some had also heard of the Housing Accelerator Fund negotiations with some municipalities or about the banning non-Canadians from buying residential properties. A few participants had also heard of new limits on international students which were seen as hopefully reducing pressure on the housing market. In Quebec in particular, there was some spontaneous discussion of the role of immigration levels in causing a shortage of housing.

Some suggestions for what the federal government could do about the housing situation included building more affordable homes, incentives for home builders, increasing the size of the FHSA, and imposing rent controls. Some mentioned the need for more coop housing and more social housing geared to income. Some also noted that the root cause of the housing crisis in Canada was the way that global investors were speculating on real

estate and driving up prices. They wondered if there was anything the federal government could do to crack down on this.

Reaction to government housing initiatives

Participants were shown a list of measures that the federal government had recently introduced to address housing. These were as follows:

- a) *Signing over 25 Housing Accelerator Fund agreements with cities across the country, to cut red tape and build more homes, faster*
- b) *Creating the tax-free First Home Savings Account to help Canadians save for their downpayment*
- c) *Removing the GST on new rental housing construction*
- d) *Cracking down on illegal short-term rentals such as Airbnb to free up homes for Canadians to live in*
- e) *Banning non-Canadians from buying residential properties in Canada*

The reaction to these measures was largely positive, though many had not been aware of most of the measures. The policies were viewed as good first steps, but some participants felt that these measures would not help them directly or were skeptical about the expected impact on housing in the short to medium term. Some homeowners noted that these measures might be helpful to people who currently rent or are trying to buy a home for the first time but would do anything for people who are already homeowners.

There was some vague awareness of agreements between the federal government and some cities around housing. Most did not understand what the “accelerator fund” was supposed to do. As noted, there was some spontaneous awareness of the FHSA program, and this was seen as a step in the right direction even if the program was seen to be too small to make a difference. Removing the GST on new rental housing construction was seen as a good move as well though more likely to benefit builders than people looking to find affordable housing. Cracking down on illegal short-term rentals like Airbnb resonated mostly in regions where there has been a lot of local publicity and controversy about Airbnb contributing to the housing problem such as in Toronto, Montreal, Vancouver and in parts of Atlantic Canada. In other regions where this was not a local issue, participants looked at this more from the perspective of being Airbnb users when they travel.

The idea of banning non-Canadians from buying residential property was quite popular among participants, though some wondered how exactly this would work and whether it would apply to Permanent Residents or not. There was a perception that a root cause of the housing crisis was the fact that so many foreign investors were buying up properties.

F. Budget priorities

Desired budget priorities

Participants were told that the federal government would soon be announcing a federal budget and were asked what they would most like to see prioritized in the budget. The priorities mentioned focused mainly on the cost of living, housing, healthcare, and higher education, and skills training. A list of priorities mentioned is as follows:

- Price controls or caps on food necessities
- Rent controls
- Cracking down on price gouging – particularly in the grocery sector
- Introducing a Universal Basic Income
- More interest-free student loans and grants, tuition relief
- More training in skilled trades
- Tax cuts, including the eliminating the carbon tax
- Lower interest rates
- Mental health
- Health care in general
- Dental care
- Training more health care workers
- Less spending on foreign aid
- More homeless shelters and affordable housing projects
- Incentives for more housing to be built
- Long-term care for seniors

A small minority of participants mentioned that less spending and debt reduction ought to be prioritized. Health care was mentioned spontaneously by some Quebec participants and some in British Columbia specifically identified mental health as something that needed to be prioritized, but otherwise it was only sometimes mentioned. This marked a significant contrast to what was observed in the lead up to previous federal budgets.

Environmental issues and climate change were rarely, if ever, mentioned spontaneously by participants as a priority. Many also reacted negatively to the idea of the budget prioritizing "green infrastructure", saying that the environment was less of a priority when so many Canadians are struggling to make ends meet. Specific initiatives such as investments in public transit and home energy efficiency were more popular on their own than when branded as part of "green infrastructure."

Reaction to possible budget measures

Participants were read a list of other measures that could be prioritized in the budget and asked for their reactions. These were:

- a) *Helping Canadians train or retrain for new job opportunities, with a focus on addressing labour shortages (e.g., jobs in health care, skilled trades, and early learning and childcare)*
- b) *Investing in green infrastructure (e.g. public transit, energy retrofits, electric vehicles, etc.)*
- c) *Ensuring the top 1 per cent and the wealthiest corporations pay their fair share*
- d) *Supporting the younger generation to find good job opportunities, with affordable education, apprenticeship opportunities, co-op placements, and internships*
- e) *Helping provinces and territories improve health care services*

Reaction to most of these potential measures was quite positive. Most participants were very favourable towards the idea of helping Canadians retrain for new opportunities – particularly when this was described as addressing labour shortages in key sectors. Supporting the younger generation find jobs through more apprenticeships, internships and co-op placements also resonated very well with participants of all ages.

The idea of ensuring the top 1 percent and the wealthiest corporations pay their fair share also resonated well with most participants and was consistent with concerns expressed earlier about the growing gap between the rich and everyone else and corporate price gouging.

As noted above, reaction to investing in green infrastructure was quite lukewarm. There were some sentiments that the environment was less of priority when so many people were struggling with the basics such as food and shelter. There were some sentiments expressed that “green infrastructure” was starting to sound like a cliché. Many participants were in favour of prioritizing public transit and energy retrofits as standalone measures. Some were skeptical about spending on electric vehicles as there was some sense that these had been “over-hyped” and that there were still a lot of challenges involved in getting the bulk of the population to drive EVs.

Helping provinces and territories improve health care was seen as an obvious priority, though people wanted more specifics about what that would consist of and some indicated that investments in mental health and long-term care are required.

Appendix A: Methodology

Environics Research conducted a series of 10 online focus groups in January 2024 to assess Canadians' attitudes toward the current state of the economy, with a particular focus on attitudes toward such issues as the cost of living, interest rates, pensions, housing, and priorities for the federal government looking ahead to the upcoming 2024 federal budget.

Group composition

Environics Research conducted a series of 10 online focus groups in January 2024 to assess Canadians' attitudes toward the current state of the economy. The online focus groups were conducted using the Zoom platform; and a pair of sessions, were conducted in each of the following regions: Ontario (January 24), Atlantic Canada (January 25), B.C. (January 27), Prairies (January 29), Quebec (January 30), The two Quebec sessions were conducted in French and the other eight sessions were conducted in English. The groups were segmented based on age cohort (18-34, 34-55 or 55+) and/or housing situation (i.e., prospective homebuyers, those whose mortgage is soon up for renewal)

| Location (Language of groups) | Date | Time |
|--|-----------------------|--|
| Ontario (English) | Wednesday, January 24 | 5pm EST – Group #1 Prospective home buyers 7pm EST – Group #2 18-34 year olds |
| Atlantic provinces (NL, NS, NB, PEI) (English) | Thursday, January 25 | 4pm EST (5pm AST) - Group #3 55+ year olds 6pm EST (7pm AST) - Group #4 18-54 year olds identify as middle class |
| B.C./Territories (English) | Saturday, January 27 | 1pm EST (10am PST) – Group #5 18-34 year olds 9pm EST (6pm PST) – Group #6 Homeowners renewing mortgages next two years |
| Prairie provinces (MB, SK, AB) (English) | Monday, January 29 | 6pm EST (5pm CST/4pm MST) – Group #7 35-54 year olds 8pm EST (7pm CST/6pm MST) – Group #8 55+ year olds |
| Quebec (French) | Tuesday, January 30 | 5pm EST – Group #9 Prospective home buyers 7pm EST – Group #10 35-54 year olds |

The 74 participants were all 18 years of age or over; and included a range of age, education, and backgrounds. The groups lasted approximately 90 minutes, and each consisted of between six and eight participants (out of eight people recruited for each group). Participants were offered a \$100 honorarium to encourage participation and thank them for their time commitment.

Recruitment

Environics developed the recruitment screener and provided it to Finance Canada for review prior to its deployment. The recruitment was carried out by Environics' qualitative partner Trend Research, which is one of Canada's most well established and respected qualitative research recruiting operations. All recruiting was conducted by telephone and by e-mail by Trend's professional team of experienced and trained qualitative

research recruiters. Trend maintains a panel of prospective qualitative research participants across Canada. The panel is composed of people who have taken part in quantitative surveys and agreed to be contacted to be potential paid participants in qualitative research projects, as well as people who are recruited to the panel through social media promotion. Participants were contacted randomly by phone and e-mail and screened to ensure they were invited to the appropriate session. Participants were also screened to ensure the groups included a mix of gender, education, and age, and that they would be comfortable voicing their opinions in front of others. Normal focus group exclusions were in place (marketing research, media and employment in the federal government, and recent related focus group attendance). Participants were offered a \$100 honorarium to encourage participation and thank them for their time commitment.

All groups were video- and audio-recorded for use in subsequent analysis by the research team – during the recruitment process and at the session sign-in, participants provided consent to such recording and were given privacy and confidentiality assurances.

Moderation

Two senior researchers were used to moderate all sessions, as follows:

- Derek Leebosh, Vice President, Environics, moderated all English sessions.
- France Mercier, Senior Associate, moderated both French sessions.

All qualitative research work was conducted in accordance with professional standards and applicable government legislation (e.g., PIPEDA).

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.

Appendix B: Moderation guide

January 25, 2024

Environics Research
Focus Groups on Canada's Economy – Pre-Budget
Finance Canada – Discussion Agenda

1. Introduction to Procedures (10 minutes)

Hello everyone, my name is [NAME] and I work for Environics Research, a public opinion research company. Welcome to this online focus group. I will be moderating the session. This is one of a series of online focus groups we are conducting on behalf of the Government of Canada with people from across the country. The session should last no more than 90 minutes.

We want to hear your opinions so please feel free to agree or disagree with one another. I want to inform you that we are recording this session to help me write my report. The recording will only be used internally to analyse the research and will not be released to anyone else.
MODERATOR TO PRESS "RECORD" ON ZOOM SCREEN

There are also some observers from the research team and from the Government of Canada who are observing the session and taking notes while muted. I would also like to remind you that anything you say here will remain confidential and anonymous and any comments you make will not be linked to you by name in any reporting we do on this project.

For the most part we will be video chatting, but I will also be sharing my screen to show you some things and we will also use the "chat" function from time to time when I ask you to react to things in writing. I will type "hello" in the chat – can everyone see that and respond "Hi" to "everyone" just to make sure that the "chat" feature works for everyone?

I also want to say that if you feel you didn't have a chance to express your opinion on anything during the session, you can feel free to comment in writing in the "chat." Chat with "everyone" unless you feel you need to send me a private message.

Before we get started, I just wanted to also say that if you think there may be a lot of noise at your end (i.e., kids, dog barking etc.) please click the "mute" button and just "unmute" when you want to say something. You will get the cash compensation gift we promised you electronically in the next week or two.

Let's go around the imaginary table and introduce ourselves. Tell us your name and tell us briefly a bit about yourself such as where you are calling from, what sort of work you do or if you are in school and how you would describe the composition of your household (family, pets etc.).

2. Canada's economy (15 minutes)

I want to focus on economic issues and the state of the Canadian economy, and how it is affecting you and your household. I will type a question in the CHAT again: "What one word

would you use to describe how the Canadian economy is doing these days?” In other words, if someone from another country asked you how the economy was these days in Canada, what would you say?

Why did you pick that word and what specific economic issues are you most concerned about in terms of how they affect you personally?

PROBE IF NOT MENTIONED: Affordability and the current cost of living? Housing costs? Interest rates? Unemployment?

How do you think the Canadian economy will do in the coming year? Do you think things will get better or get worse or stay about the same? What makes you say that?

How would you know if the economy was getting better or worse? What are the signs you would need to see to feel more confident about the economy?

PROBE IF NOT MENTIONED: Is it from statistics like the GDP growth rate, unemployment rate, or inflation rate or what you see in the news? Or is it more based on what you personally experience like the cost of rent/housing or the price of gasoline or of groceries, or you/people you know being hired or laid off?

What about you personally – do you think you will do better, worse, or no different financially in the coming year? What makes you say that?

Would you say that today, it is harder or easier for people your age to get ahead than it was for past generations such as your parents’

3. Inflation/cost of living (15 minutes)

We talked earlier about rising prices, which we refer to as “inflation.” What do you think has been causing prices to go up in recent years?

PROBE IF NOT MENTIONED: Residual impact of the pandemic (supply chains, more money in the economy)? Global factors (i.e., global unrest)? Government spending? Corporate greed/price gouging/profitteering by retailers/big companies)?

Do you think prices are rising as much these days as they were a year ago or are they starting to level off?

Are you noticing changes in the quality (“de-qualification”) or quantity (“shrinkflation”) of the goods you are purchasing?

What is the role of the federal government when it comes to rising prices? Is there anything they can do to bring inflation under control and if so, what?

4. Interest rates (10 minutes)

As you know interest rates have gone up in the last two years. How has this affected any of you, if at all?

Thinking about interest rates and inflation, which of the two is the greater source of stress on your household budget? **SHOW OF HANDS**

Who do you think is responsible for setting interest rates in Canada?

PROBE: Is it solely up to the Bank of Canada or does the government play any role as well?

Do you think higher interest rates are playing a role to help lower inflation? Some people say if the Bank of Canada were to cut interest rates right now, it could cause inflation to increase again. What do you think?

DO NOT ASK FOR GROUPS 1 AND 9: Do any of you have mortgages up for renewal soon at higher rates and if so how will that impact you?

GROUP 6 ONLY: The federal Government has recently introduced a new “Mortgage Charter” which builds on the government's existing guidance and expectations for how financial institutions are to work with Canadians. It will provide tailored relief and ensure mortgage payments are reasonable for borrowers. Had any of you heard of this before?

Do you think this Charter can make a real difference for yourself, or those who may be affected by higher interest rates?

5. Middle class issues (10 minutes)

Who here considers themselves to be part of the middle class? [**SHOW OF HANDS**]

What does it mean to be part of the middle class in Canada?

Can you think of any measures the federal government has announced that support the middle class?

What more could the government do to make joining the middle class more within reach for Canadians?

6. Pensions (5 minutes) – GROUPS 3, 6 AND 8 ONLY

What about the issue of pensions and retirement income in Canada. How concerned are you about saving for retirement?

What do you know about the Canada Pension Plan?

Do you have any concerns about its future?

Do you feel the federal government could do anything else to help Canadians save for retirement?

7. Housing (15 minutes)

Let's talk more specifically about housing. Please indicate in the CHAT whether you own or rent your home and answer "What is your biggest specific worry when it comes to housing?"

NB: GROUPS 1, 6 AND 9 DO NOT NEED WRITE IN WHETHER THEY OWN OR RENT

Could you each elaborate on why this is your main housing concern?

Has anyone heard of any steps the Government of Canada is taking to try to deal with housing affordability and availability? **IF YES:** What have you heard?

PROBE: Have you heard about the federal government's measures to make housing more affordable such as: **SHARE SCREEN**

- a. Signing over 25 Housing Accelerator Fund agreements with cities across the country, to cut red tape and build more homes, faster;
- b. Creating the tax-free First Home Savings Account to help Canadians save for their downpayment;
- c. Removing the GST on new rental housing construction;
- d. Cracking down on short-term rentals such as Airbnb to free up homes for Canadians to live in;
- e. Banning non-Canadians from buying residential properties in Canada

What do you think of these measures? Is the Government of Canada on the right track or the wrong track with them? Why?

What else should the federal government be doing about housing costs and housing supply?

8. Budget priorities (15 minutes)

As you may know, every year the federal government announces a Budget for the coming year. This is where they describe what they will invest in, any new programs they are planning, and they make projections on things like the deficit and where the economy is headed.

Please answer this question in the CHAT "If you could identify one priority to the Minister of Finance for the upcoming federal budget, what would it be?"

Why do each of you say that?

PROBE IF NOT MENTIONED: What about...?

- f) Helping Canadians train or retrain for new job opportunities, with a focus on addressing labour shortages. **IF ASKED** *could include jobs in health care, skilled trades, and early learning and childcare*

- g) Investing in green infrastructure (*e.g. public transit, energy retrofits, electric vehicles, etc.*)
- h) Ensuring the top 1 per cent and the wealthiest corporations pay their fair share
- i) Supporting the younger generation to find good job opportunities, with affordable education, apprenticeship opportunities, co-op placements, and internships
- j) Helping provinces and territories improve health care services

What kind of impact would the budget priority you mentioned have on you and your family?
Would this help address the economic issues you are facing that we discussed earlier?

9. Wrap up (5 minutes)

We have covered many topics today and really appreciate you taking the time and energy to come down here and give your opinion. Your input is very important and insightful. Before we leave today, I wanted to ask you whether you have any last thoughts that you want to give the Government of Canada about today's topics.

THANK YOU FOR PARTICIPATING!

Appendix C: Recruitment screener

Recruitment screener

December 22, 2023

Environics Research Group Limited
Pre-Budget Focus Groups Winter 2024
Finance Canada
PN11919

Recruitment for Group Discussion

Respondent Name: _____

Home #: _____

Business #: _____

Group #: _____

Recruiter: _____

| | | | |
|--|---|--|--|
| GROUP 1 Ontario – Prospective homebuyers Wednesday, January 24 5:00 pm EST | GROUP 2 Ontario – 18-34 Wednesday, January 24 7:00 pm EST | GROUP 3 Atlantic – 55+ Thursday, January 25 4:00 pm EST (5pm AST) | GROUP 4 Atlantic – 18-54 Middle class* Thursday, January 25 6:00 pm EST (7pm AST) |
| GROUP 5 BC – 18-34 Saturday, January 27 th 1:00 pm EST (10:00am PST) | GROUP 6 BC – Homeowners renewing mortgage Saturday, January 27 th 3:00 pm EST (12:00pm PST) | GROUP 7 Prairies – 35-54 Monday, January 29 6:00 pm EST (5pm CST/4pm MST) | GROUP 8 Prairies – 55+ Monday, January 29 8:00 pm EST (7pm CST/6pm MST) |
| GROUP 9 Quebec (FR) – Prospective homebuyers Tuesday, January 30 5:00 pm EST | GROUP 10 Quebec (FR) – 35-54 Tuesday, January 30 7:00 pm EST | | |

Eight recruits per session. \$100 incentive. Note demographic breaks for age, income, homeowner status, and prospective homebuyer status. Groups 3 and 4 need a mix from the four Atlantic provinces and Groups 7 and 8 need a mix from the three prairie provinces.

“Prospective homebuyer” is defined as anyone currently hoping to buy their first home. This could be a renter or someone living rent-free with family, who is saving or wants to save to buy a home within the next 10 years. This can include people who want to buy a home but are currently unsure when they will be able to afford to buy their first home.

“Homeowners renewing mortgage” is defined as a homeowner whose mortgage is up for renewal in the next two years.

*For group 4 in Atlantic, use self ID question for middle class. Record their personal and family income (ideally individual income of \$50,000 to \$100,000 or a household income of \$60,000 to \$150,000).

Hello/Bonjour, my name is _____ from Trend Research, a partner of Environics Research. We are conducting a series of online video-conference focus group discussions among people in your region on behalf of the Government of Canada exploring issues around the current state of the Canadian economy. Would you like to continue this discussion in English? / Voulez-vous continuer cette conversation en français?

We are looking to talk to Canadians 18 years or older. Are you at least 18? IF NOT: May I speak to someone who is 18 or older? This study is a research project, not an attempt to sell or market anything. Your participation in the research is completely voluntary, confidential and your decision to participate or not will not affect any dealings you may have with the government.

The format will be a video-conference call discussion on Zoom led by a research professional from Environics that will involve you and some other people from your region. May we have your permission to ask you or someone else in your household some further question to see if you/they fit in our study? This will take about 5 minutes.

- Yes 1 **CONTINUE**
- No 2 **THANK/DISCONTINUE**

The session will last a maximum of 1.5 hours and you will receive a cash gift of \$100 as a thanks for attending the session.

A recording of the session will be produced for research purposes. The recording will be used only by the research professional to assist in preparing a report on the research findings and will be destroyed once the report is completed. All information collected, used and/or disclosed will be used for research purposes only and administered as per the requirements of the Privacy Act. Environics Research has a privacy policy which can be consulted at <https://environicsresearch.com/privacy-policy/>

[INTERVIEWER NOTE: IF ASKED ABOUT PRIVACY LAWS, SAY: “The information collected through the research is protected by provisions of the Privacy Act, legislation of the Government of Canada, and the provisions of relevant provincial privacy legislation.] Environics is a member of the Canadian Research Insights Council (CRIC) and adheres to all its standards; the project is registered with the CRIC with the number 20231123-EN135.

NB: If a participant asks for information on the research company conducting the research they can be told: Environics Research is located at 366 Adelaide Street West, Suite 101, Toronto Ontario and can be reached at 416-920-9010.

- Yes.....1 – **CONTINUE**
- No.....2 – **THANK AND TERMINATE**

1. Are you or is any member of your household or your immediate family employed in:

| | | |
|--|----|-----|
| | No | Yes |
|--|----|-----|

| | | |
|--|--|--|
| A market research, communications or public relations firm, or an advertising agency | | |
| Media (Radio, Television, Newspapers, Magazines, etc.) | | |
| A federal or provincial government department or agency | | |
| A political party | | |

IF YES TO ANY OF THE ABOVE – THANK AND TERMINATE

2. We have been asked to speak to participants from all different ages. So that we may do this accurately, may I have your exact age please? _____. WRITE IN

- Under 18 **TERMINATE**
- 18-24 years of age 1 **GROUPS 2 AND 5 NEED TO BE THIS AGE**
- 25-34 years of age 2 **GROUPS 2 AND 5 NEED TO BE THIS AGE**
- 35-44 years of age 3 **GROUPS 7 AND 10 NEED TO BE THIS AGE**
- 45-54 years of age 4 **GROUPS 7 AND 10 NEED TO BE THIS AGE**
- 55-64 years of age 5 **GROUPS 3 AND 8 NEED TO BE THIS AGE**
- 65-74 years of age 6 **GROUPS 3 AND 8 NEED TO BE THIS AGE**
- 75 years or more **TERMINATE**

3. What is your gender?

- Male 1
- Female 2 50/50 split, count “other” as either
- Other (SPECIFY)_____ 3

4. How many people, including yourself, live in your household and have an income?

- One, just me ASK Q. 5, THEN SKIP TO Q. 7
- Two SKIP TO Q. 6
- Three SKIP TO Q. 6
- Four or more SKIP TO Q. 6

IF ONLY ONE PERSON IN HOUSEHOLD WITH AN INCOME ASK:

5. Which of the following categories best corresponds to your total personal annual income, before taxes, for 2023?

READ

01 - Under \$30,000

02 - \$30,000 to \$50,000

03 - \$50,000 to \$80,000

04 - \$80,000 to \$100,000

05 - \$100,000 to \$120,000

06 - \$120,000 to \$150,000

07 - \$150,000 and over

99 - REFUSE/DK/NA

TERMINATE

ASK ALL FROM HOUSEHOLDS WITH MORE THAN ONE PERSON WITH AN INCOME

6. Which of the following categories best corresponds to the total annual income, before taxes, of all members of your household, for 2023? **READ**

01 - Under \$30,000

02 - \$30,000 to \$60,000

03 - \$60,000 to \$80,000

04 - \$80,000 to \$100,000

05 - \$100,000 to \$120,000

06 - \$120,000 to \$150,000

07 - \$150,000 and over

99 - REFUSE/DK/NA

TERMINATE

ASK ALL

7. Do you currently own or rent your home, or do you live in some other arrangement (e.g., living rent-free with family)?

Rent

ASK Q. 8, THEN SKIP TO Q. 10

Own

SKIP TO Q. 9

Other (SPECIFY) _____ ASK Q. 8, THEN SKIP TO Q. 10

ASK ALL WHO RENT OR LIVE IN ANOTHER ARRANGEMENT:

8. Do you plan to or are you saving to buy your first home anytime within the next 10 years?

Yes, planning/saving to buy my first home in the next 10 years **GROUPS 1 AND 9**

No, not planning to buy my first home in the next ten years

ASK ALL HOMEOWNERS

9. Do you have a mortgage on your home? IF YES, when is it up for renewal?

Mortgage to renew in 2025 or 2026 (NEXT YEAR OR 2) **GROUP 6 (BC)**

Mortgage to renew in 2027 or later (more than 2 years)

No mortgage at all

10. Would you consider yourself to be living in poverty, middle class, or well-off?

Living in poverty

Middle class **GROUP 4 (ATLANTIC) - ALL MUST SAY YES**

Well-off

NB: GROUP 4 (ATLANTIC) NEEDS TO BE 18-54, GROUPS 1, 6 AND 9 CAN BE ANY AGE

11. Could you please tell me what is the last level of education that you completed? GET MIX

Some High School only. 1

Completed High School 2

Trade School certificate 3 **GET MIX**

Some Post secondary 4

Completed Post secondary 5

Graduate degree 6

12. Are you working (CHECK QUOTAS)?

Full Time (35 hrs. +) 4 minimum **ASK Q. 13 AND 14**

Part Time (under 35 hrs.) 2 maximum **ASK Q. 13 AND 14**

Homemaker 1 maximum

| | |
|------------|-----------|
| Student | 1 maximum |
| Retired | 2 maximum |
| Unemployed | 1 maximum |

ASK Q.13 AND Q.14 OF THOSE WHO WORK

13. Do you have an employer or are you self-employed?

Have employer

Self-employed

14. What is your current occupation?

Type of Job

Type of Company

IF MARRIED/LIVING COMMON LAW ASK: WHAT IS YOUR SPOUSE'S OCCUPATION?

Type of Job

Type of Company

TERMINATE IF OCCUPATION RELATES TO EXCLUSIONS IN Q. 1

ASK ALL

15. What is your ethnic background?

IN ONTARIO AND BC Recruit at least three per group who are of non-European descent or who are other visible minorities (i.e., Chinese, or South Asian, but could include aboriginal people or Afro-Canadians as well). In other locations, there is no minimum, but it would still be desirable to have some.

16. Participants in group discussions are asked to voice their opinions and thoughts, how comfortable are you in voicing your opinions in front of others? Are you... (read list)

| | |
|----------------------|------------------------|
| Very comfortable | 1- MINIMUM 5 PER GROUP |
| Fairly comfortable | 2 |
| Not very comfortable | 3 TERMINATE |
| Very uncomfortable | 4 TERMINATE |

17. Have you ever attended a focus group or a one-to-one discussion for which you have received a sum of money, here or elsewhere?

- Yes 1 MAXIMUM 5 PER GROUP
- No 2 (SKIP TO Q.21)

IF YES ASK:

18. When did you last attend one of these discussions?

(TERMINATE IF IN THE PAST 6 MONTHS)

19. How many focus groups or one-to-one discussions have you attended in the past 5 years?

(SPECIFY)

IF 5 OR MORE, TERMINATE

20. What were the topics of the focus groups or one-to-one discussions have you attended in the past 5 years?

(SPECIFY)

IF “ECONOMY” OR “FINANCE,” TERMINATE

ASK ALL

21. This focus group will require participants to join a videoconference using the Zoom platform using a desktop or laptop computer or a tablet. You will need internet access in a private and quiet location to take part in the study. We cannot provide this technology for you. Will you be able to access the Internet for a 1.5-hour audio-visual discussion using a desktop or laptop computer or tablet?

- Yes **CONTINUE**
- No **TERMINATE**

NOTE: A MOBILE PHONE WILL NOT WORK FOR THIS EXERCISE

22. The focus group will take place using a video-conference platform called Zoom. If you are not already a user, Zoom may request you to install some software at the site <https://zoom.us/download> . You can delete it after the focus group if you wish. How experienced and comfortable are you with using Zoom videoconferencing?

- Very comfortable 1- **CONTINUE**
- Fairly comfortable 2 - **CONTINUE**
- Not very comfortable 3 - **TERMINATE**
- Very uncomfortable 4 - **TERMINATE**

23. Sometimes participants in the online focus group are also asked to type their responses to questions in the “chat” function. Are you still able to participate? If you need glasses to read or a hearing aid, please remember to have them handy.

- Yes **CONTINUE**
- No **TERMINATE**

24. I would like to invite you to attend the focus group session where you will exchange your opinions in a moderated discussion with other participants. The session will be recorded, and some other members of the research team may also observe the session, but your participation will be confidential. If you attend the session, you will receive \$100 to thank you for your time. It will be sent to you electronically. Do you consent to take part in the focus group? By agreeing to participate you are giving your consent to these procedures.

- Yes **CONTINUE**
- No **TERMINATE**

25. We will contact you again before the date of the session to confirm your attendance. Note that this invitation is to you personally and you cannot have anyone else substitute for you. Do you consent to this?

- Yes **CONTINUE**
- No **TERMINATE**

26. The session is about an hour and a half (i.e., 90-minutes), but we are asking that all participants log into the Zoom online meeting 5 minutes prior to the start of the session. Are you able to log-in about 5 minutes prior to the start time?

- Yes **CONTINUE**
- No **TERMINATE**

Could you please confirm your email address so I can send you login details for the Zoom web conference application?

Email address: _____

PLEASE RE-READ THE FULL ADDRESS BACK TO CONFIRM CORRECT SPELLING.
 (NB: We will send the links to you early next week)

PLEASE ENSURE PARTICIPANTS ARE TOLD THE TIME OF SESSION IN THEIR TIME ZONE

SEE TIMES AND DATES ON PAGE 1

INTERVIEWERS: Tell respondent that it is a small group and anyone who does not show or cancels at the last minute will compromise the project. Make sure they know we feel their opinions are valuable and we are serious about finding out what they have to offer.

NOTE: PLEASE TELL ALL RESPONDENTS THAT THEY WILL RECEIVE A CONFIRMATION CALL AND/OR E-MAIL THE DAY PRIOR TO THE SESSION. IF FOR SOME REASON THEY HAVE NOT HEARD FROM US THEY SHOULD CONTACT US AT _____. IF THEIR NAME IS NOT ON THE ATTENDANCE FORM THEY WILL NOT BE ADMITTED TO THE GROUP. IF A RESPONDENT HAS ANY OTHER QUESTIONS ABOUT THE RESEARCH, THEY SHOULD ALSO CONTACT US AT THIS NUMBER.