

POLICY BRIEF: Canadians Think Carbon Taxes will Hurt Business Climate

Colin Craig | June 2019



Executive Summary

During the past decade there has been considerable debate in Canada regarding the impact of carbon taxes. While some provinces have implemented their own carbon taxes, legislation passed by the current federal government requires each province to implement a carbon tax of at least \$20 per tonne by April 2019.¹ Under the federal government's *Greenhouse Gas Pollution Pricing Act*, the federal carbon tax will rise to \$50 per tonne by 2022.

SecondStreet.org hired Nanos Research to conduct some public opinion research on carbon taxes in general. This policy brief examines Canadians' views about how carbon taxes affect businesses.

Key highlights from the Nanos Research survey can be summarized as follows:

- Canadians are twice as likely to say carbon taxes will make Canada's business environment less competitive (39.0%) rather than more competitive (18.0%).
- A majority of Canadians think carbon taxes will make it at least a little harder for businesses to pay their workers or hire new ones (58.0%) versus those who believe it will have no impact (33.5%).

Methodology

Nanos Research conducted an omnibus survey of 1,000 Canadians, 18 years of age or older, between May 31st and June 4th, 2019. These observations are based on an RDD dual frame (land and cell-lines) hybrid telephone and online random survey. The margin of error for this survey is ± 3.1 percentage points, 19 times out of 20.

Results

The following section includes the survey questions posed to Canadians, possible responses and related information. For a breakdown of the data by age, gender and geographic region, please see the appendix.

Question:

"Do you think having a carbon tax in Canada will make the business environment more competitive, less competitive or have no impact on Canada's competitiveness compared to other countries?"

More competitive	18.0%
No impact	29.5%
Less competitive	39.0%
Unsure	13.6%

Canadians are twice as likely to respond that carbon taxes will make Canada's business environment "less competitive" than "more competitive." Canadians in the Prairies (53.2%) and Atlantic Canada (45.0%) were most likely to indicate carbon taxes will make our country less competitive while those in British Columbia (26.1%) and Ontario (19.9%) were most likely to indicate the tax would improve competitiveness.

Men (47.4%) were more likely to indicate that carbon taxes would make Canada's business environment "less competitive" than women (30.9%).

Question:

“When it comes to businesses paying carbon taxes, which of the following statements best represents your personal view:”

The carbon tax will make it a lot harder for businesses to pay their workers or hire new workers	23.6%
The carbon tax will make it a little harder for businesses to pay their workers or hire new workers	34.4%
The carbon tax will not impact businesses when it comes to paying workers or hiring new workers	33.5%
Unsure	8.5%

Canadians are nearly twice as likely to believe carbon taxes will make it at least a little harder for businesses to pay their workers or hire new workers (58.0%) than they are to believe carbon taxes won't have an effect on a firm's ability to hire new workers or pay existing employees (33.5%).

Response data from the two survey questions shows Canadians are more likely to believe carbon taxes will have a negative effect on Canada's business sector than they are to believe the tax will have a positive effect. These findings are consistent with a February 2019 member survey conducted by the Canadian Federation of Independent Business (CFIB). The CFIB survey found that 68% of their members in Manitoba, Saskatchewan, Ontario and New Brunswick (provinces which fall under the federal government's carbon tax) *“do not support carbon pricing in general.”*²

The findings of a June 2019 report by the Office of the Parliamentary Budget Officer (PBO) suggest the opinions expressed by the public and CFIB members appear to be valid. The PBO report notes that current climate change measures in Canada would not meet the federal government's commitment to reduce greenhouse gas emissions 30% below 2005 levels by 2030. As such, a higher carbon tax would be required, one that would need to reach \$102 per tonne by 2030. Most notably, the PBO expects such a tax would create a drag on the economy, reducing GDP by 0.35% by 2030.³

Conclusion

Canadians believe carbon taxes will have a negative effect on Canada's business sector; both in terms of competitiveness and the potential that it will reduce a firm's ability to pay its workers or hire new employees. These concerns are supported by CFIB and PBO research.

About the Author

Colin Craig is the President of SecondStreet.org. He has an MBA and a BA (economics) from the University of Manitoba and is the author of *The Government Wears Prada* – a book that examines how Canada can meet the needs of our nation’s aging population without raising taxes.

About Nanos Research

Nanos Research is one of North America’s premier market and public opinion research firms. Nanos Research offers a vertically integrated full service quantitative and qualitative research practice to attain the highest standards and the greatest control over the research process. For more information, please visit: www.nanos.co

Sources

1. Government of Canada website (Canada Revenue Agency). Accessed June 17, 2019. <https://www.canada.ca/en/revenue-agency/services/forms-publications/publications/fcrates/fuel-charge-rates.html>
2. Hayes, Emilie. February 2019 Canadian Federation of Independent Business report - The Federal Carbon Pricing Backstop. Accessed June 17, 2019. <https://www.cfib-fcei.ca/sites/default/files/2019-02/Carbon-Tax-Report.pdf>
3. Bagnoli, Philip, Raphaël Liberge-Simard and Chris Matier. June 13, 2019 Office of the Parliamentary Budget Officer report – Closing the Gap: Carbon pricing for the Paris target. Accessed June 17, 2019. https://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2019/Paris_Target/Paris_Target_EN.pdf

Canadians twice as likely to say carbon tax will make business less rather than more competitive

SecondStreet.org May | Summary | Report one of two

Conducted by Nanos for SecondStreet.org, June 2019
Submission 2019-1454



SUMMARY

Two times more
Canadians say the
business
environment will
be less rather
than more
competitive due
to the carbon tax

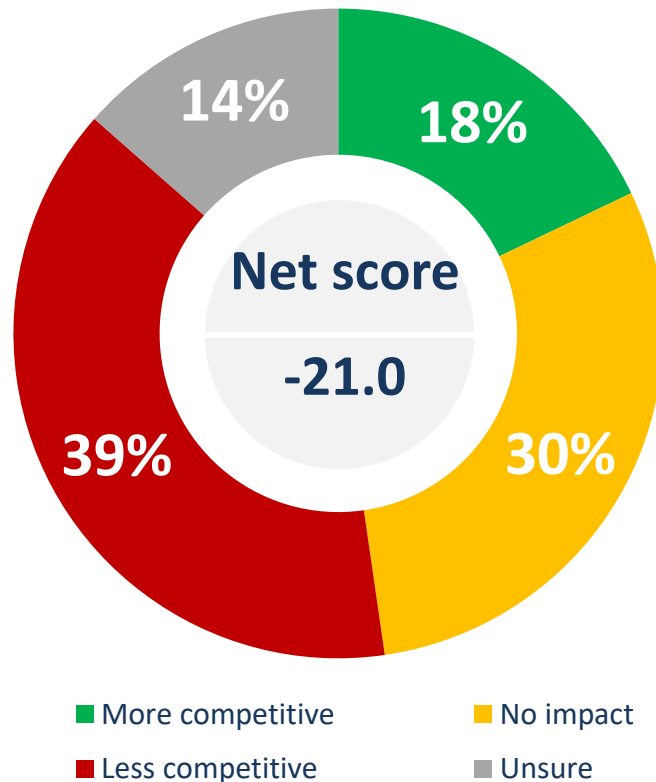
Twice as many Canadians say a carbon tax will make the business environment less competitive compared to those who say it will make it more competitive.

- **Canadians are twice as likely to say that the business environment will be less competitive than more competitive due to a carbon tax** – Nearly two in five Canadians (39%) think having a carbon tax in Canada will make the business environment less competitive compared to other countries, while 18 per cent say more competitive. Under a third (30%) say the carbon tax will have no impact on Canada's competitiveness. Fourteen per cent are unsure. Canadians in the Prairies are more likely to say the business environment will be less competitive (53%) and British Columbians are more likely to say the business environment will be more competitive (26%).
- **Most Canadians say the carbon tax will make it at least a little harder for businesses to pay employees or hire new ones** – Just over a third of Canadians (34%) say a carbon tax will make it a little harder for businesses to pay their workers or hire new workers, while 24 per cent say the carbon tax will make it a lot harder. Just over a third (34%) say that the carbon tax will not impact businesses when it comes to paying workers or hiring new workers. Nine per cent are unsure. Canadians from the Prairies are more likely to say that the carbon tax will make it a lot harder for businesses to pay employees and make new hires (39%).

These observations are based on an RDD dual frame (land- and cell-lines) hybrid telephone and online random survey of 1,000 Canadians, 18 years of age or older, between May 31st and June 4th, 2019 as part of an omnibus survey. The margin of error for this survey is ± 3.1 percentage points, 19 times out of 20.

This study was commissioned by SecondStreet.org and the research was conducted by Nanos Research.

Effect on business environment

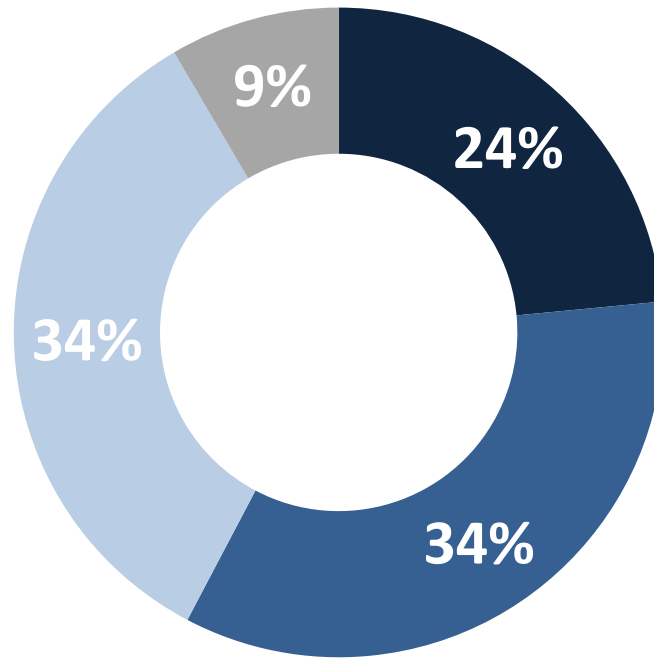


	Less competitive
Atlantic (n=100)	45.0%
Quebec (n=250)	27.0%
Ontario (n=300)	40.3%
Prairies (n=200)	53.2%
British Columbia (n=150)	33.4%
Male (n=519)	47.4%
Female (n=481)	30.9%
18 to 34 (n=263)	35.2%
35 to 54 (n=385)	40.7%
55 plus (n=352)	40.2%

*Weighted to the true population proportion.
*Charts may not add up to 100 due to rounding.

QUESTION – Do you think having a carbon tax in Canada will make the business environment more competitive, less competitive or have no impact on Canada’s competitiveness compared to other countries?

Business paying carbon tax



- The carbon tax will make it a lot harder for businesses to pay their workers or hire new workers
- The carbon tax will make it a little harder for businesses to pay their workers or hire new workers
- The carbon tax will not impact businesses when it comes to paying workers or hiring new workers
- Unsure

	A little harder	No impact
Atlantic (n=100)	40.5%	26.5%
Quebec (n=250)	32.5%	45.0%
Ontario (n=300)	36.0%	31.2%
Prairies (n=200)	28.8%	26.6%
British Columbia (n=150)	37.6%	32.9%
Male (n=519)	32.8%	34.0%
Female (n=481)	35.9%	33.0%
18 to 34 (n=263)	36.9%	31.8%
35 to 54 (n=385)	34.5%	32.6%
55 plus (n=352)	32.4%	35.5%

*Weighted to the true population proportion.
 *Charts may not add up to 100 due to rounding.

QUESTION – When it comes to businesses paying carbon taxes, which of the following statements best represents your personal view:[RANDOMIZE]

METHODOLOGY



METHODOLOGY



Nanos conducted an RDD dual frame (land- and cell-lines) hybrid telephone and online random survey of 1,000 Canadians, 18 years of age or older, between May 31st and June 4th, 2019 as part of an omnibus survey. Participants were randomly recruited by telephone using live agents and administered a survey online. The results were statistically checked and weighted by age and gender using the latest Census information and the sample is geographically stratified to be representative of Canada.

Individuals were randomly called using random digit dialling with a maximum of five call backs.

The margin of error for this survey is ± 3.1 percentage points, 19 times out of 20.

The research was commissioned by SecondStreet.org and was conducted by Nanos Research.

Note: Charts may not add up to 100 due to rounding.

TECHNICAL NOTE



Element	Description
Organization who commissioned the research	SecondStreet.org
Final Sample Size	1000 Randomly selected individuals.
Margin of Error	±3.1 percentage points, 19 times out of 20.
Mode of Survey	RDD dual frame (land- and cell-lines) random telephone [omnibus] survey
Sampling Method Base	The sample included both land- and cell-lines RDD (Random Digit Dialed) across Canada.
Demographics (Captured)	Atlantic Canada, Quebec, Ontario, Prairies, British Columbia; Men and Women; 18 years and older. Six digit postal code was used to validate geography.
Fieldwork/Validation	Individuals were recruited using live interviews with live supervision to validate work, the research questions were administered online.
Number of Calls	Maximum of five call backs.
Time of Calls	Individuals were called between 12-5:30 pm and 6:30-9:30pm local time for the respondent.
Field Dates	May 31 st to June 4 th , 2019.
Language of Survey	The survey was conducted in both English and French.
Standards	This report exceeds the standards set forth by CRIC, ESOMAR and AAPOR.

Element	Description
Weighting of Data	The results were weighted by age and gender using the latest Census information (2016) and the sample is geographically stratified to ensure a distribution across all regions of Canada. See tables for full weighting disclosure
Screening	Screening ensured potential respondents did not work in the market research industry, in the advertising industry, in the media or a political party prior to administering the survey to ensure the integrity of the data.
Excluded Demographics	Individuals younger than 18 years old; individuals without land or cell lines could not participate.
Stratification	By age and gender using the latest Census information (2016) and the sample is geographically stratified to be representative of Canada. Smaller areas such as Atlantic Canada were marginally oversampled to allow for a minimum regional sample.
Estimated Response Rate	Eleven percent, consistent with industry norms.
Question Order	Question order in the preceding report reflects the order in which they appeared in the original questionnaire.
Question Content	This was module six of an omnibus survey. Previous modules were about international relations, the government, recycling, electoral issues, artificial intelligence and air travel. This is one (1) report of two (2).
Question Wording	The questions in the preceding report are written exactly as they were asked to individuals.
Survey Company	Nanos Research
Contact	Contact Nanos Research for more information or with any concerns or questions. http://www.nanos.co Telephone:(613) 234-4666 ext. 237 Email: info@nanosresearch.com.

ABOUT NANOS



As one of North America's premier market and public opinion research firms, we put strategic intelligence into the hands of decision makers. The majority of our work is for private sector and public facing organizations and ranges from market studies, managing reputation through to leveraging data intelligence. Nanos Research offers a vertically integrated full service quantitative and qualitative research practice to attain the highest standards and the greatest control over the research process.

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TABULATIONS





2019-1454 – Second Street/Nanos Survey – Second Street May - STAT SHEET

			Region						Gender		Age		
			Canada 2019-05	Atlantic	Quebec	Ontario	Prairies	British Columbia	Male	Female	18 to 34	34 to 54	55 plus
Question - Do you think having a carbon tax in Canada will make the business environment more competitive, less competitive or have no impact on Canada's competitiveness compared to other countries?	Total	Unwgt N	1000	100	250	300	200	150	519	481	263	385	352
		Wgt N	1000	100	250	300	200	150	491	509	271	340	389
	More competitive	%	18.0	11.7	18.2	19.9	11.8	26.1	18.8	17.1	22.1	17.1	15.9
	No impact	%	29.5	26.9	37.4	26.8	25.6	28.5	26.4	32.4	30.2	27.5	30.7
	Less competitive	%	39.0	45.0	27.0	40.3	53.2	33.4	47.4	30.9	35.2	40.7	40.2
	Unsure	%	13.6	16.4	17.5	12.9	9.4	12.1	7.4	19.5	12.6	14.7	13.3

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2019-1454 – Second Street/Nanos Survey – Second Street May - STAT SHEET

			Region						Gender		Age		
			Canada 2019-05	Atlantic	Quebec	Ontario	Prairies	British Columbia	Male	Female	18 to 34	34 to 54	55 plus
Question - When it comes to businesses paying carbon taxes, which of the following statements best represents your personal view: [RANDOMIZE]	Total	Unwgt N	1000	100	250	300	200	150	519	481	263	385	352
		Wgt N	1000	100	250	300	200	150	491	509	271	340	389
		Mean	2.27	2.12	2.61	2.21	1.98	2.32	2.20	2.34	2.28	2.29	2.25
	The carbon tax will make it a lot harder for businesses to pay their workers or hire new workers	%	23.6	26.9	9.7	25.4	39.4	19.8	26.9	20.4	22.1	23.1	25.0
	The carbon tax will make it a little harder for businesses to pay their workers or hire new workers	%	34.4	40.5	32.5	36.0	28.8	37.6	32.8	35.9	36.9	34.5	32.4
	The carbon tax will not impact businesses when it comes to paying workers or hiring new workers	%	33.5	26.5	45.0	31.2	26.6	32.9	34.0	33.0	31.8	32.6	35.5
	Unsure	%	8.5	6.1	12.8	7.4	5.2	9.7	6.3	10.7	9.1	9.8	7.0

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