



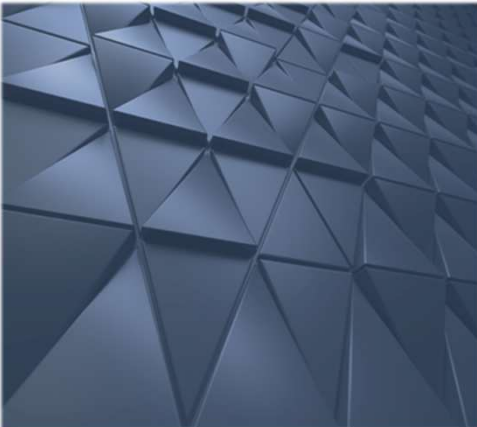
## FLASH POLL: 2024 FEDERAL BUDGET



May 2024



## Introduction



- › The Business Monitor conducted a flash poll on the 2024 federal budget, asking business leaders for their feedback on the budget.
- › The poll ran from April 28 to May 8 and generated 600 responses.
- › The Business Monitor is conducted using the Modus Business Panel – Canada’s only purpose-built, 100% random probability-recruited business research panel.
- › As a probability-based sample, it is valid to calculate the margin of error for the poll. With a sample of 600 cases, the results presented in this report are accurate to within +/- 4.0% at a 95% confidence interval.



## Key Findings



- › Close to six out of ten Canadian managers and executives give the budget a failing grade, in terms of how it effects their organizations.
- › The main issue is the level of spending – seven out of ten business leaders say the federal government should have been cutting costs rather than increasing spending. And the same amount are concerned most with the government’s debt level.
- › In terms of individual measures that were announced to address the housing crisis, the most popular with two-thirds support is: selling empty and underused government land and buildings for housing development.
- › The least popular: \$1.5 billion for a Canada Rental Protection Fund to help protect renters with half opposed to this.
- › The majority of Canadian business leaders oppose the Carbon Tax (53 per cent). Only a third are in favour. Six out of ten think that the carbon tax as a measure to reduce carbon dioxide measures is not effective.
- › On the new revenue measures there is a clear polarization on how much support exists for a cigarette/vaping tax increase versus increased capital gains tax eligibility.

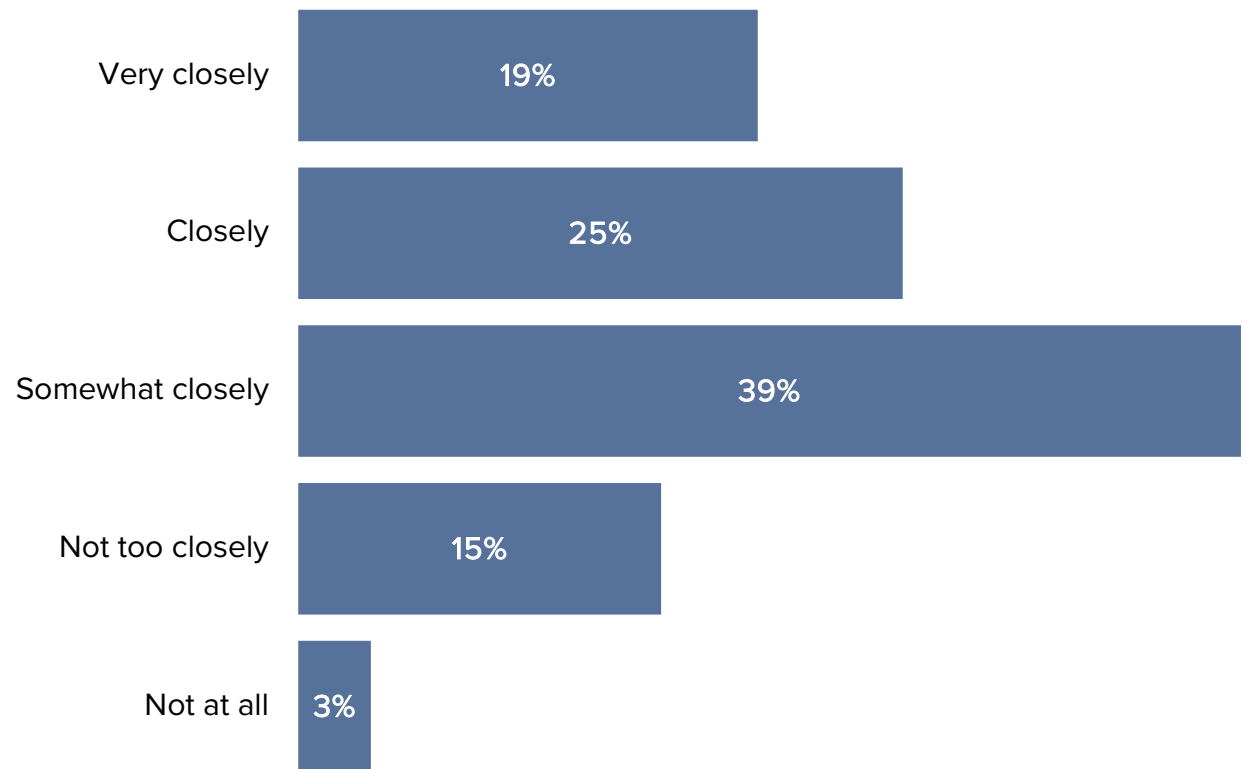
## A strong plurality of business leaders followed news about the 2024 federal budget

Just over four in ten business leaders (44 per cent) followed budget news either very closely or closely. Only in the Prairies did less than 15 per cent follow very closely with just 7 per cent saying they did so.

This result is up by 3 per cent from 2023.



How closely have you followed news about the 2023 federal budget?



## Close to six out of ten Canadian managers and executives give the budget a failing grade

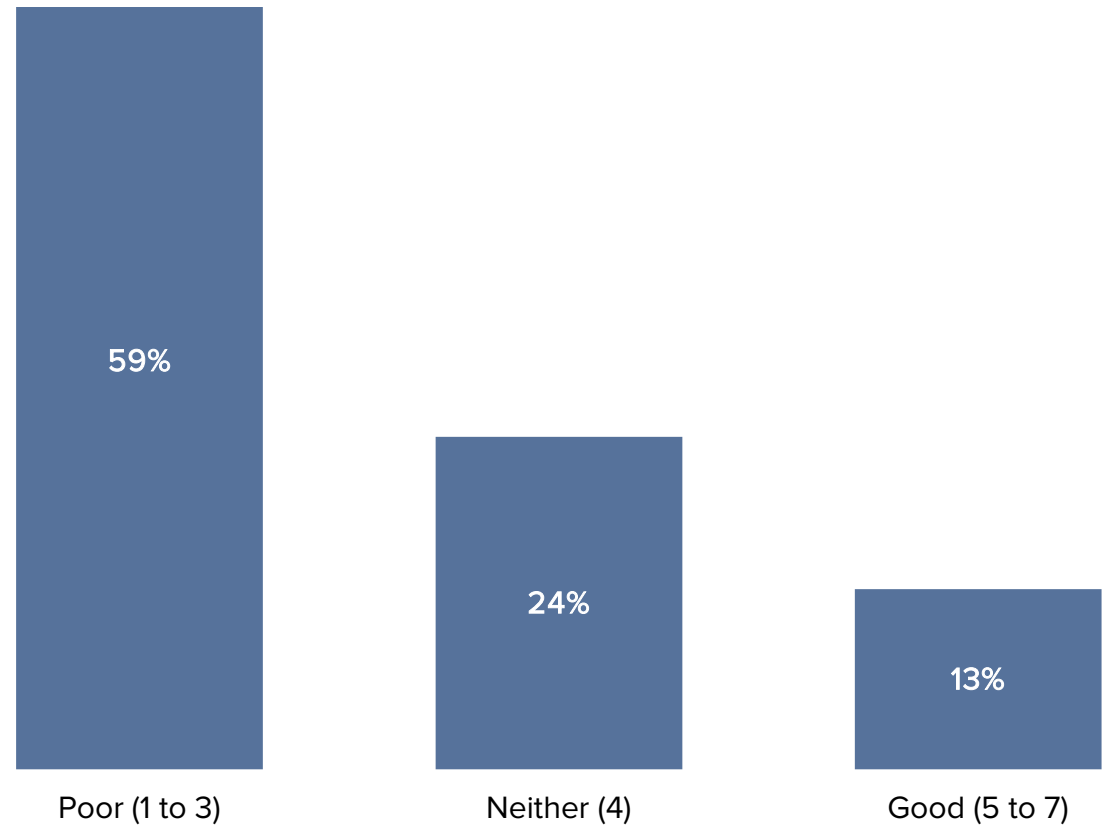
A majority of Canadian businesses rate the budget negatively, and this does not vary significantly by region.

- > Seventy-five per cent of Alberta business leaders give the budget a thumbs down, while about 60 per cent do so in BC, the Prairies and Ont.
- > It is slightly over half negative in Quebec (53%) and it is only below fifty per cent in the Maritimes (46%).

There are no notable differences across industry sector.



Overall, based on what you have read or heard, how do you rate the 2024 federal budget in terms of how it affects your company?



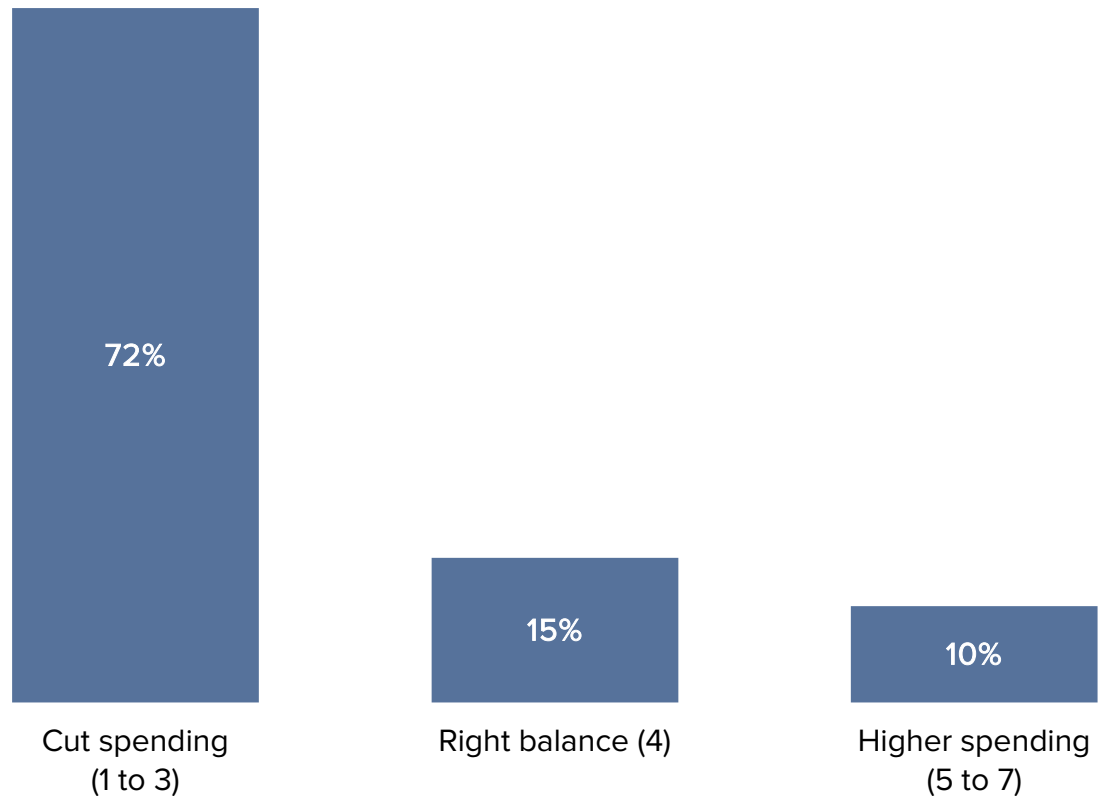
## Just over seven in ten Canadian business leaders (72 per cent) say the federal government should have cut spending

Relatively small groups think they hit the right balance or should have had higher spending

- › Interestingly, managers and executives from the public sector also call for spending cuts in large numbers (67 per cent). Only the “other businesses” sector was lower at 43 per cent.
- › All other sectors call for cuts in massive numbers from a low of “other services” at 68 per cent to a high of real estate at 85 per cent.



In your opinion, should the federal government have announced higher spending, overall spending cuts, or did they hit the right balance?



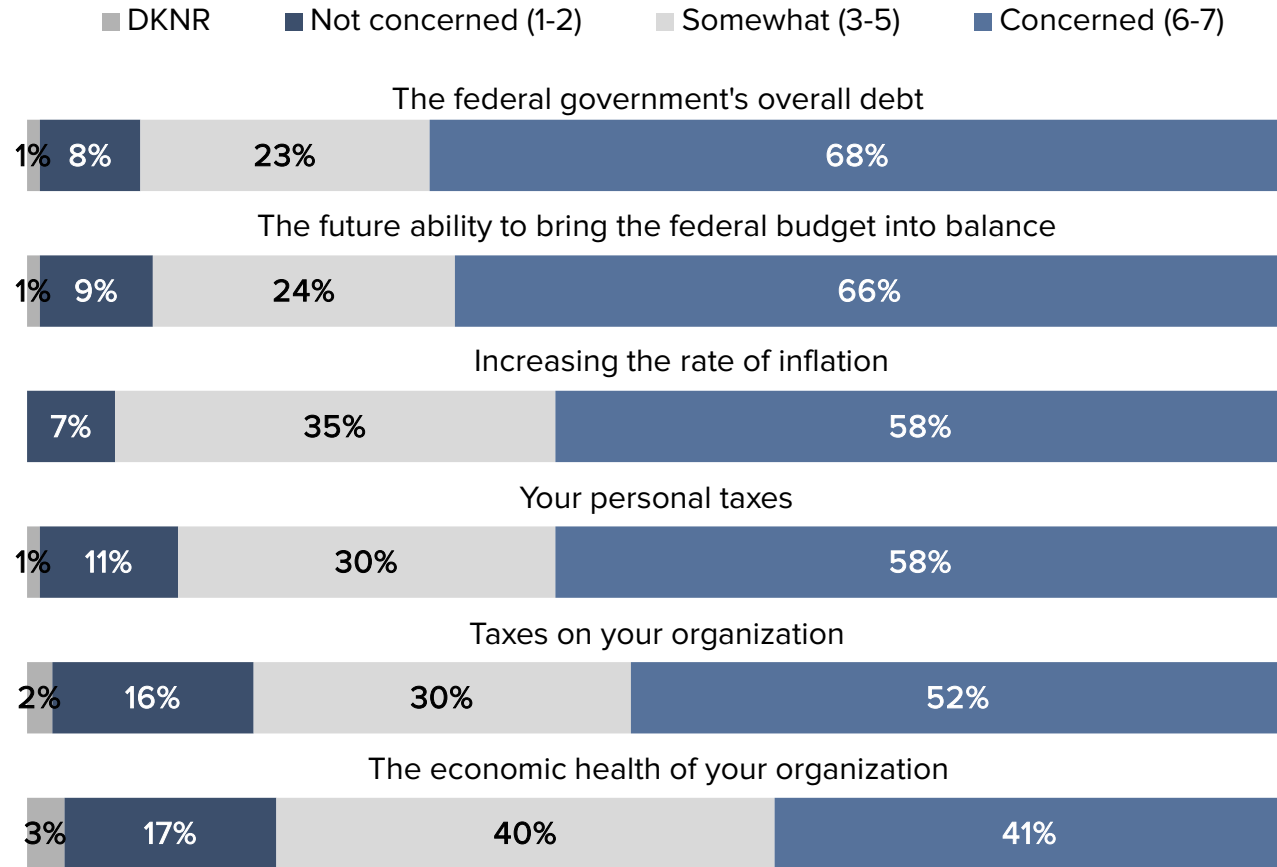
## The Budget's Impact on Fiscal Issues

In terms of fiscal issues businesses were most concerned with the federal government's overall debt and future ability to balance the budget at about two-thirds.

- > Alberta business leaders were most concerned with the negative effect of the budget on their personal taxes with about three out of four saying this.
- > Personal taxes concern was even higher among the wholesale business sector with nine out of ten thinking this way.
- > The least concerning issue was the economic health of their organization with about four in ten concerned. The manufacturing sector showed the greatest concern at six out of ten with regards to this issue.



How concerned are you about potentially negative impacts the 2024 budget may have on each of the following?



## New Revenue Measures

On the new revenue measures there is a clear polarization on how much support exists for a cigarette/vaping tax increase versus increased capital gains tax eligibility.

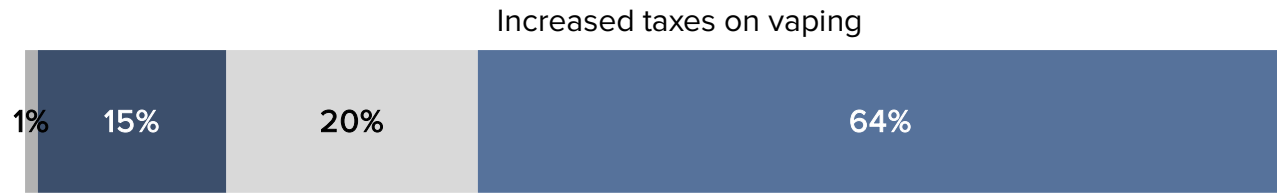
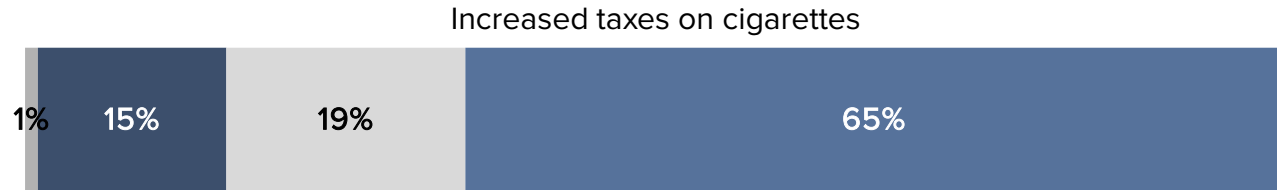
- > About two-thirds support increased taxes on cigarettes and vaping.
- > The lowest support in any sector for a cigarette tax increase was real estate and retail with just half or slightly higher supporting this respectively.
- > Just one quarter support increased capital gains eligibility. Only in the Maritimes was there majority support with almost six in ten.



To help make up for the increased spending in its 2024 budget, the federal government has increased capital gains tax eligibility and increased taxes on cigarettes and vaping.

Based on what you have read or heard, how strongly do you support or oppose these new revenue measures?

■ DKNR   ■ Oppose (1 to 3)   ■ Neutral (4)   ■ Support (5 to 7)





## Business Views on Housing Proposals in the 2024 Budget

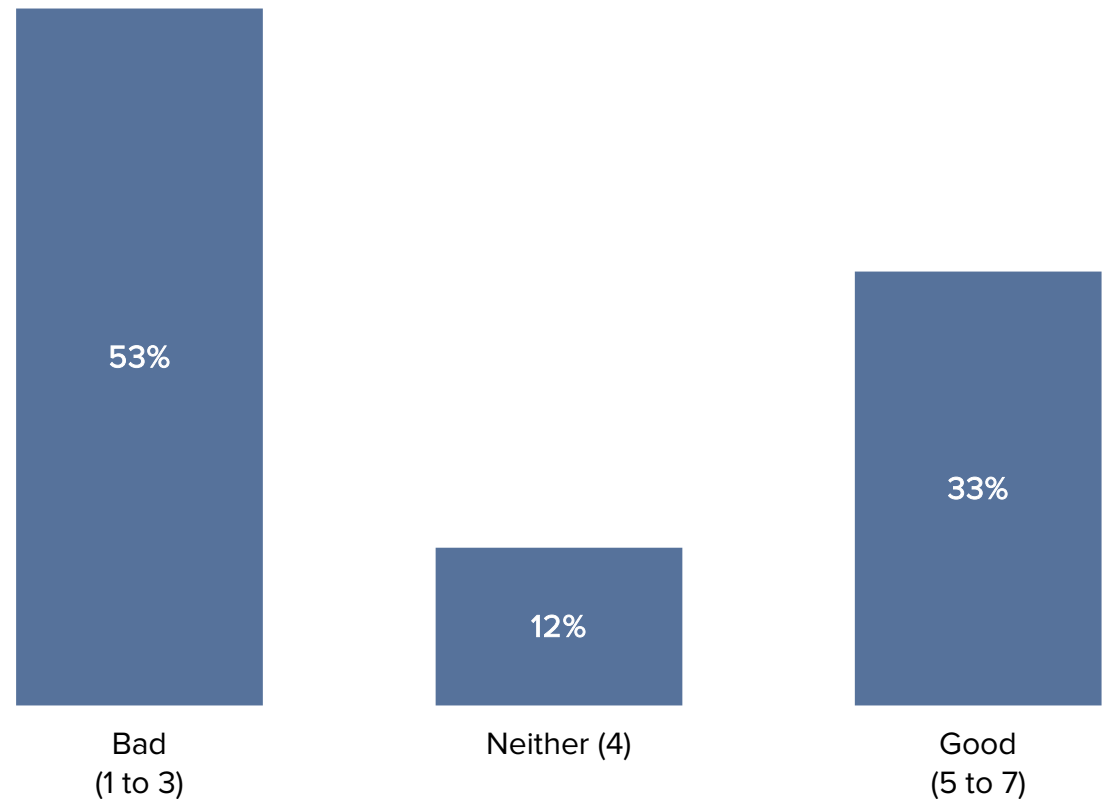
## The majority of business leaders see the budget failing in terms of addressing Canada's housing crisis

Only one third of Canada's business leaders feel the budget did well in addressing Canada's housing crisis while fifty-three percent said it did not address the housing crisis in a positive manner.

- > The negative view of the budget with regards to addressing the housing crisis is high across most regions of Canada. The low is 41 per cent in the Maritimes to a high of 67 per cent in Alberta.
- > Only two out of ten Albertan business leaders felt the budget did well in addressing the housing crisis, the lowest rating in Canada



Overall, how would you rate the budget in terms of addressing Canada's housing crisis?



Canadian enterprises (n= 600); DK/NR=2%

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## The Budget's Housing Measures Rated by Canadian Businesses

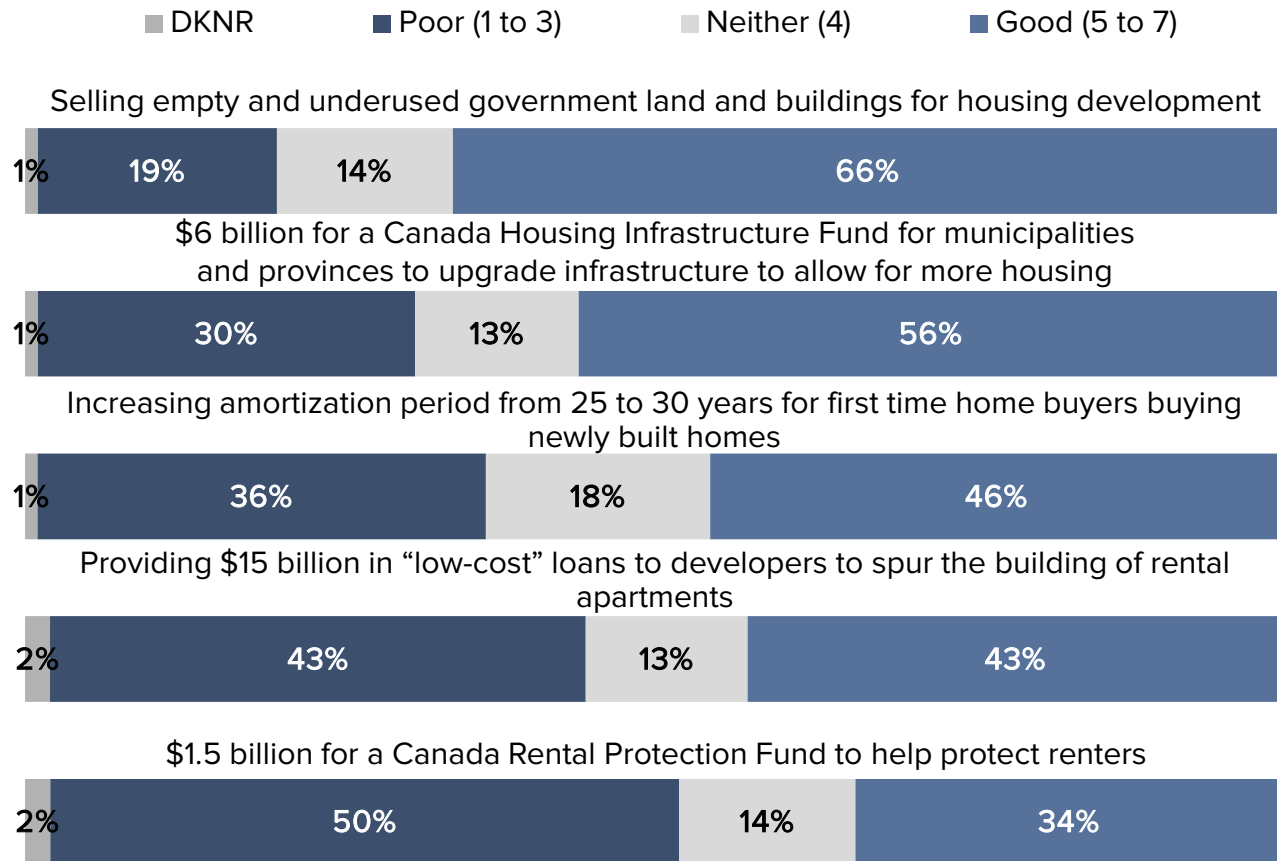
The most popular measure with two-thirds support is selling empty and underused government properties for housing development.

The only other measure receiving majority support is \$6 billion for an Infrastructure Fund for cities and provinces to upgrade infrastructure to allow for more housing.

- > The least popular measure which is seen as negative by half the population is \$1.5 billion for a Canada Rental Protection Fund.
- > Alberta and BC are most negative to this idea at 68 per cent and 61 per cent respectively.
- > While Quebec is least negative at 39 per cent.



How would you rate each of these measures in terms of helping to address the housing crisis?





## Business Views on the Carbon Tax

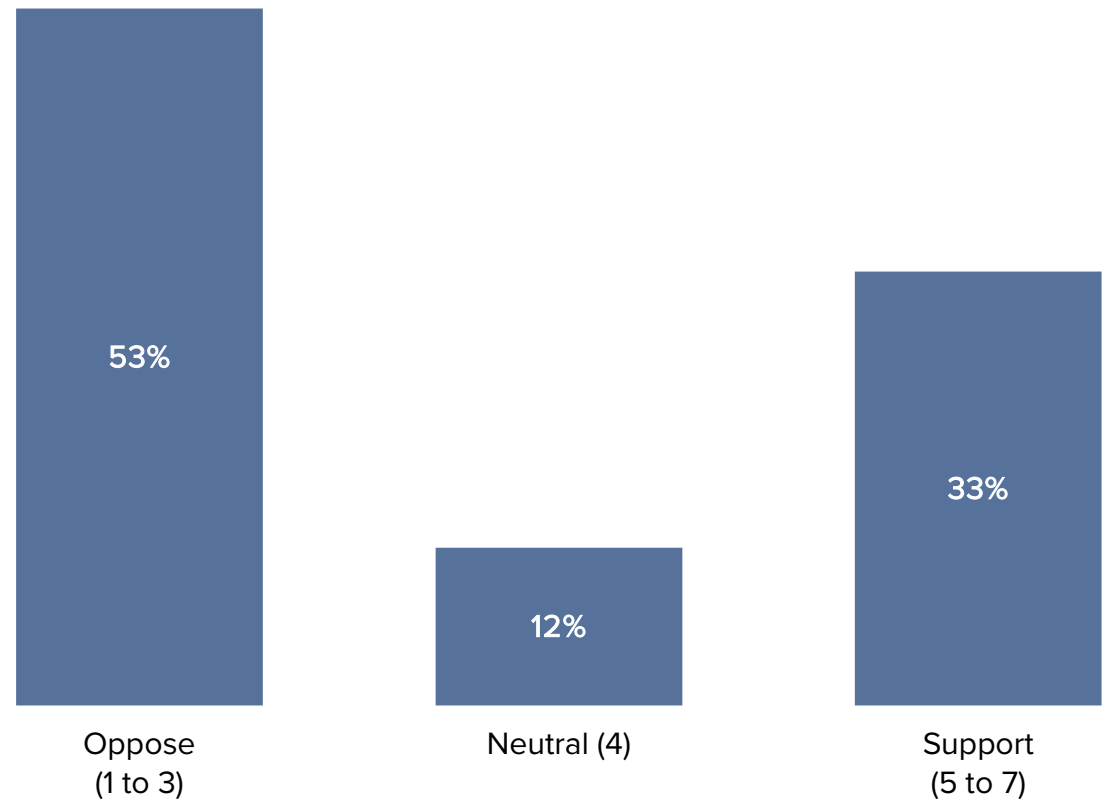
## There is little support for a Carbon Tax

The majority of Canadian business leaders oppose the Carbon Tax (53 per cent). Only a third are in favour.

- › Businesses in Alberta are most opposed with 75 per cent against the Carbon Tax. While Quebec is least opposed at 38 per cent.
- › Among business sectors real estate is most opposed at 78 per cent.
- › The highest sector support is 40 per cent among business in the “other services” category.



In general, do you support or oppose the carbon tax?



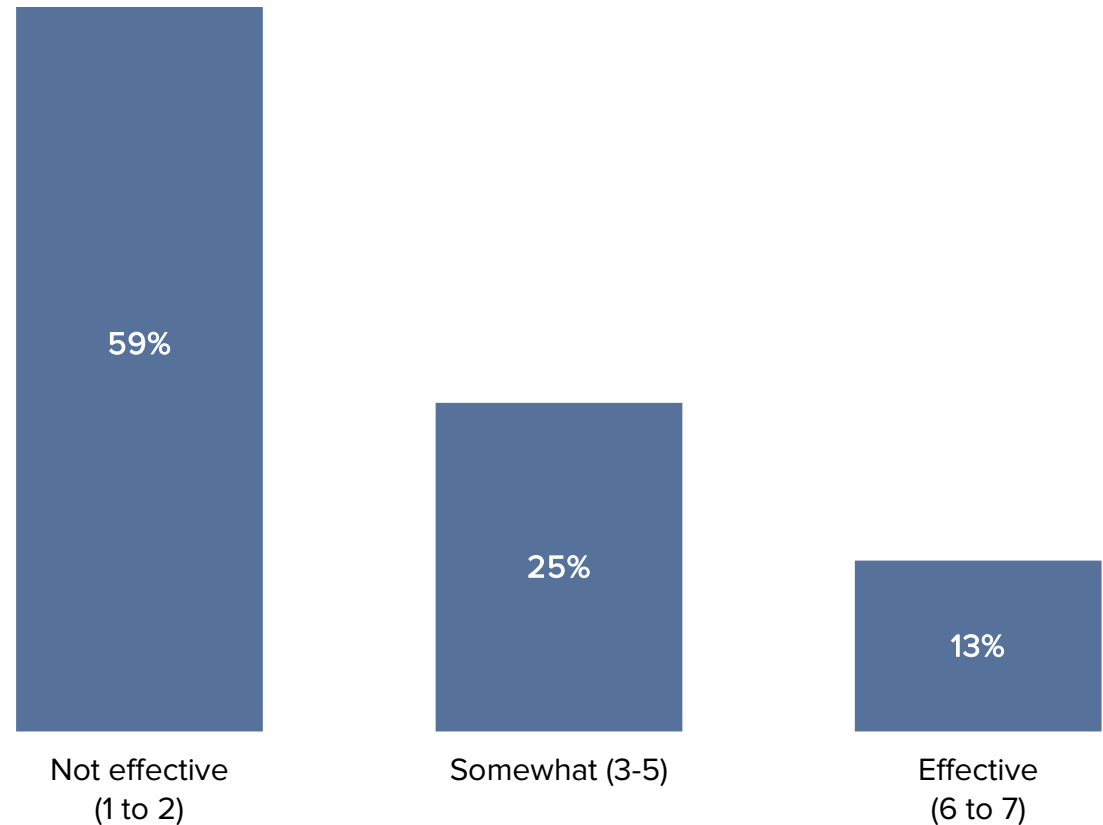
## A majority do not believe in the efficacy of the Carbon Tax

About six out of ten business leaders think that the Carbon Tax is not effective in reducing carbon dioxide. A quarter believe it is somewhat effective. Only 13 per cent say it is effective.

- > Eight out of 10 Alberta business say the Carbon Tax is not effective.
- > No region believes it is effective above the teens, other than the Maritimes at 33 per cent.



In your view, how effective is a carbon tax as a measure to reduce carbon dioxide measures?



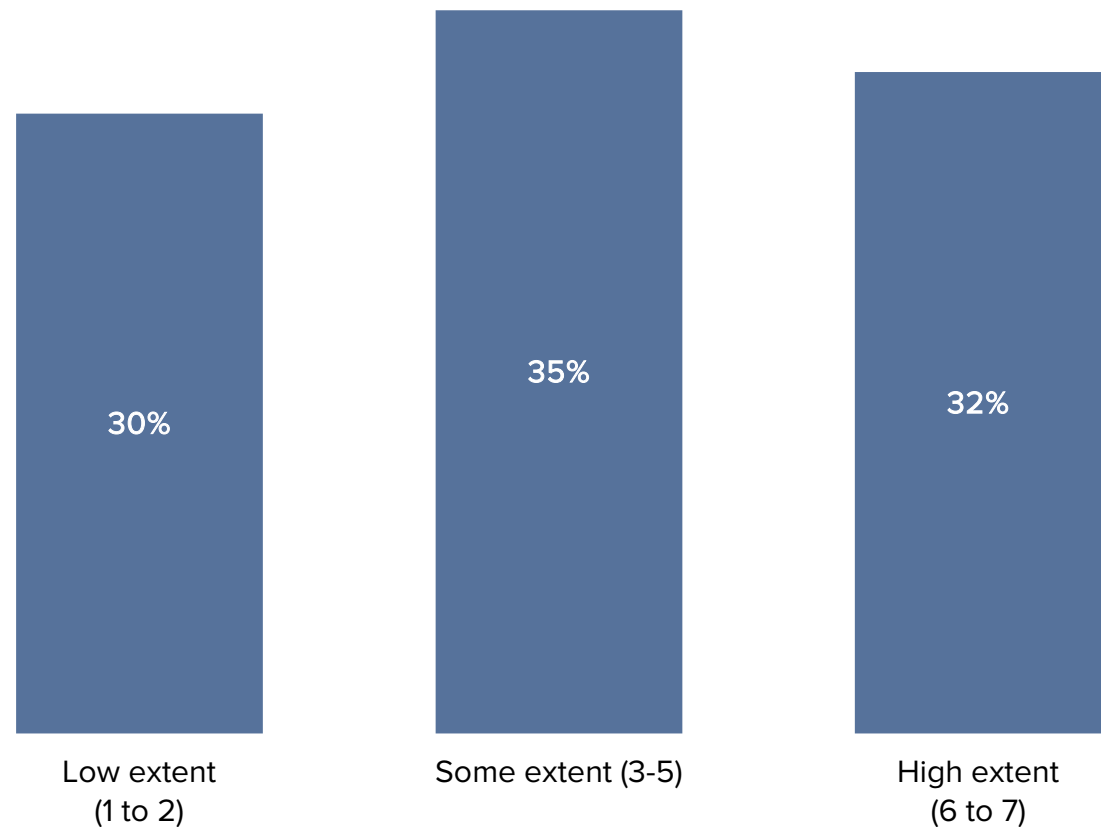
## The Carbon Tax Negatively Affecting Operating Costs is Split Three Ways

The extent of the Carbon Tax negatively affecting organizations' operating cost is divided closely three ways between: low extent, some extent and high extent.

- > Alberta businesses feel most negatively affected at 46 per cent.
- > Quebec and Maritimes businesses are the least negatively affected, at 46 per cent and 48 per cent, respectively.



To what extent, if at all, has the carbon tax negatively affected your organization's operating costs?



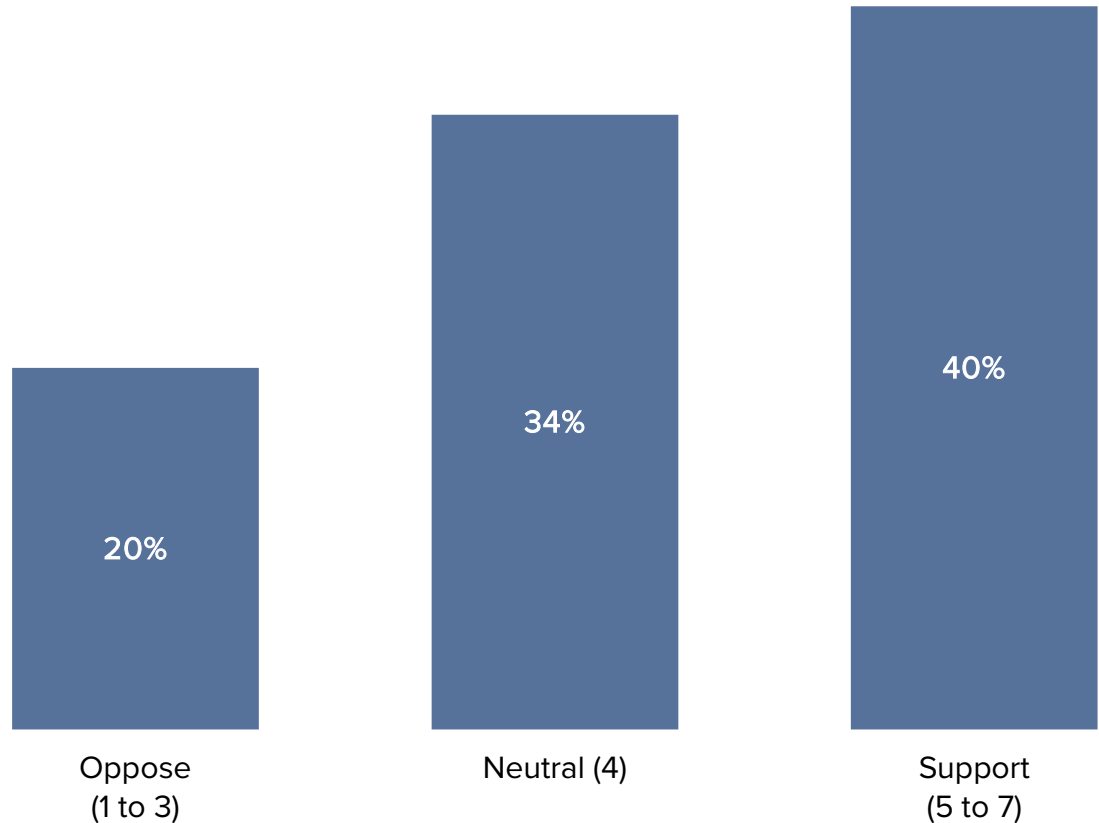
## A Plurality Support a Carbon Tax Rebate for SMEs

Four in ten businesses support a Carbon Tax rebate for organizations with fewer than 500 employees. While only two in ten oppose it.

- › Organizations with more than 500 employees opposed this the most at one third against and one fourth supporting.



How strongly do you support or oppose a carbon tax rebate for SMEs, as announced in the 2024 budget (i.e., for organizations with fewer than 500 employees)?





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