

Polling Canadians' Support for New Federal Government Programs



By Jake Fuss and Milagros Palacios

SUMMARY

- Several new spending programs in this year's federal budget are financed by borrowing, which means the budget offers an incomplete picture to Canadians of the true cost of these programs because it defers tax increases to the future.
- 69% of Canadians surveyed supported the introduction of a national \$10 a day daycare program when there is no cost attached. However, total national support drops to just 36% if the program is paid for by an increase in the GST.
- 79% of Canadians express support for universal national pharmacare with no costs attached. Support for the program is reduced by almost half, falling to 40% when the new program is financed by an increase in the GST.
- 72% of Canadians supported a national dental care program when no costs were attached. Total support declined to 42% when the new program was linked to an increase in the GST.
- None of the three programs garnered a majority of support from survey participants across the country when their costs were linked with a direct tax increase, specifically an increase in the GST.
- When Canadians were asked if they supported the three new government programs but with specific and transparent costs attached, namely an increase in the GST to pay for them, support across the country plummeted for all three.

Introduction

The 2022 federal budget featured plans for several new or expanded government programs including national daycare, pharmacare, and dental care. The budget proposed to begin introducing national dental care in 2022 for Canadians under 12 years old, then expand to under 18-year-olds, seniors, and disabled persons in 2023, and reach full implementation by 2025. Families with annual incomes under \$90,000 would be eligible for the program with an estimated annual cost of \$1.7 billion upon full implementation (DOF, 2022).

The national daycare program aims to make daily fees equivalent to \$10 for all regulated daycare spaces in the country by 2025. Annual costs are estimated to total \$7.9 billion upon full implementation of the program (DOF, 2022).

While a national pharmacare has yet to be formally introduced, the federal government has promised to pass a Canada Pharmacare bill by the end of 2023 and then develop a national formulary of essential medicines and a bulk purchasing plan for prescription drugs (DOF, 2022). There are various estimates for the cost of the plan. For instance, the 2019 “Hoskins Report” estimated that once fully implemented, national pharmacare could cost \$15.3 billion annually (DOH, 2019).

The current discussion of such programs is largely founded on the belief that they enjoy overwhelming public support. Numerous polls have been published over the last few years showing incredibly strong support for all three programs (Angus Reid Institute, 2020, 2021; Semple, 2019; Young, 2019). However, almost none of the polls attach a cost to the provision

of these new programs.¹ Any increase in government spending must be financed in one of two ways: through higher taxes or borrowing. Put simply, governments can either tax today, or they can tax tomorrow in the form of borrowing today. Budget 2022 continues to rely on borrowing (i.e., deficits) to finance new spending programs, which means the government is simply deferring tax increases to the future. In other words, the budget offers an incomplete picture of the true cost of these programs because it does not account for the tax increases necessary to pay for current spending.

This bulletin examines support for national daycare, pharmacare, and dental care across the country, and analyzes how that support changes when each program is paid for by an increase in taxes, specifically the GST.

Details on polling methodology

The Fraser Institute commissioned a poll from Leger (2022) that surveyed Canadians about their level of support or opposition to new government programs under multiple scenarios. A total of 1,509 interviews were conducted from April 15 to April 17, 2022 via Leger’s Computer-Assisted Web Interviewing technology (CAWI).

The survey was a “non-probability survey,” in which a margin of error is technically not reported. If the data were collected through a random sample, the margin of error would be $\pm 2.49\%$, 19 times out of 20. Using data from the 2016 Census, results were weighted according to age, gender, education level, mother tongue, region, and presence of children in households in order to give a representative sample of the

¹ The Angus Reid Institute (2020) poll on pharmacare is the notable exception; it included one question on taxes.

population in Canada. The numbers presented in this poll have been rounded to the nearest whole number. However, the sums presented were calculated using raw values, so may not correspond exactly to the manual addition of these numbers.

I. National daycare

The Leger poll asked Canadians aged 18 or older the following: *Do you support or oppose the introduction of a national \$10-a-day daycare program?* Respondents could select from the following responses: *strongly support, somewhat support, somewhat oppose, strongly oppose, or don't know.*

More than two-thirds (69%) of the Canadians surveyed supported the introduction of a national \$10-a-day daycare program when there

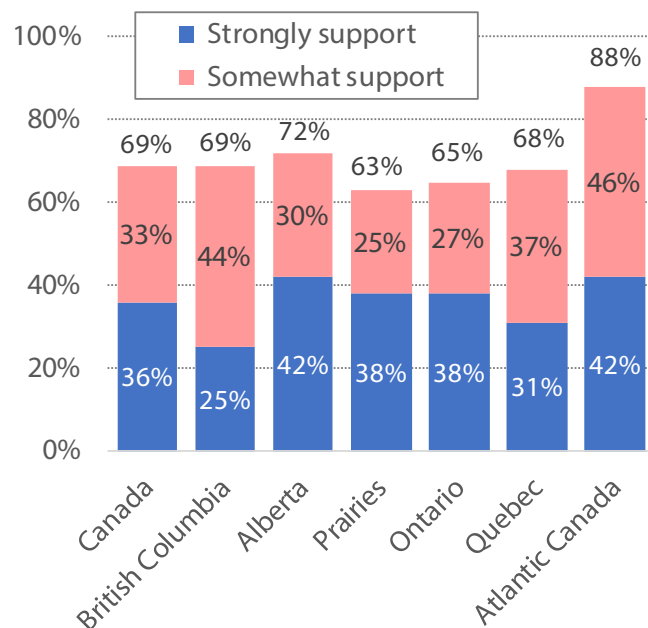
was no cost attached to it (figure 1a). Figure 1a includes respondents who selected either *strongly support* or *somewhat support*.

Regionally, Atlantic Canadians expressed the strongest level of support for national day-care with 88% of respondents either *strongly* or *somewhat* supporting the program (figure 1A). Support was lowest in the Prairies (Manitoba and Saskatchewan) at 63%.

While these results are informative, they offer an incomplete picture of support or opposition to a national \$10-a-day daycare program in Canada. Since Budget 2022 shows that the federal government is planning to finance new spending through borrowing, it is deferring taxes to the future rather than imposing additional taxes today to fully pay for current government spending. But the program will have to be paid for sometime. Therefore, it is crucial that we assess Canadians' level of support for or opposition to the program when we account for the tax increases necessary to pay for federal spending on national daycare.

The federal goods and services tax (GST) is a tax paid on the purchase of most goods and services in Canada. In this publication, we choose to focus on the GST over other potential taxes, such as personal or business income taxes, because it is visible and paid by all Canadians and they are aware that it is a tax that finances government spending.² We will use the GST as a mechanism by which to help Canadians understand the degree to which we are deferring taxes to the future rather than taxing ourselves today to fully pay for new govern-

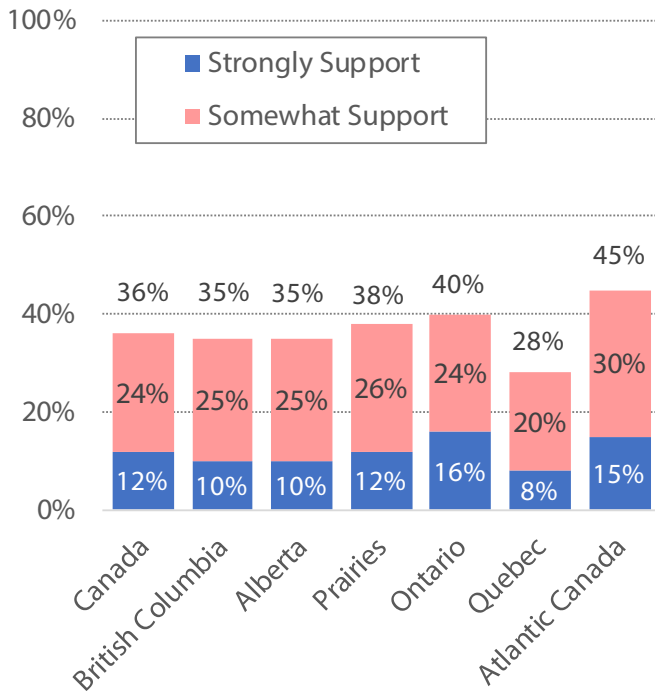
Figure 1a: Support for National Daycare, No Cost Attached



Source: Leger (2022).

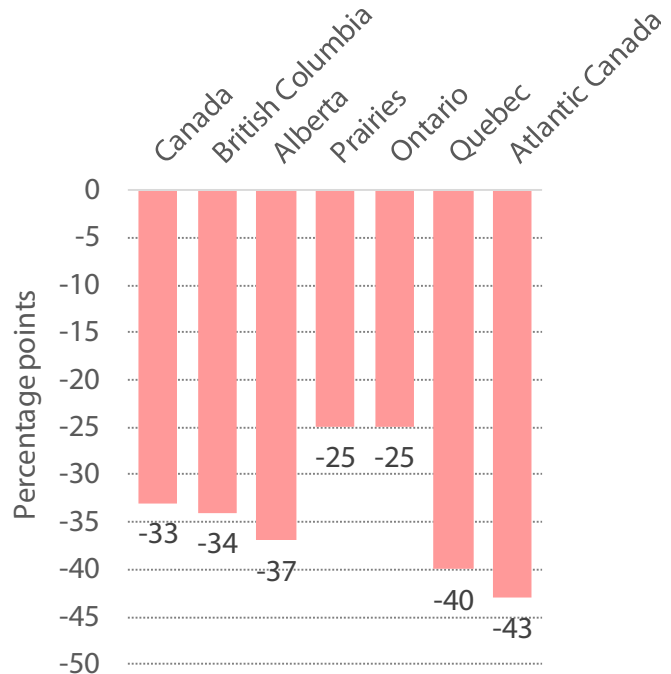
² The current federal GST rate is 5%. See Hill et. al (2020) for more information about using the GST to illustrate the effect of deferred federal taxes.

Figure 1b: Support for National Daycare, GST Increase Included



Source: Leger (2022).

Figure 1c: Change in Support for National Daycare



Source: Leger (2022); calculations by author.

ment programs. Note that this is not a policy recommendation calling for a higher GST.

To this end, the Leger poll asked Canadians aged 18 or older the following: *Would you support or oppose the introduction of a national daycare program if it's paid for by the GST being increased from 5% to 6%?*³ Respondents could select from the following responses: *strongly*

³ Relying on Statistics Canada's Social Policy Simulation Database and Model (SPSD/M), this bulletin uses a simple calculation to determine the GST rate increase that would be required to fund the various programs in different survey questions. The SPSPD/M model provides static estimates, which means that it does not account for any behavioural response to a higher GST rate.

support, somewhat support, somewhat oppose, strongly oppose, or don't know.

The results for this second question, which includes the changes in the GST estimated to pay for the program, are summarized by region in Figure 1B. Support for the program drops substantially once the GST tax increase is included. Only 36% of Canadians surveyed support the introduction of national daycare if it is paid for through a one percentage-point increase in the GST rate (figure 1b). This figure includes respondents who selected either *strongly support* or *somewhat support*.

Regional support for the program remains highest in Atlantic Canada (45%), but support levels are nearly cut in half once the GST in-

crease is included (figure 1B). Support is lowest for it in both Alberta and British Columbia with only 35% of respondents in each province in favour of a national daycare program.

Figure 1C summarizes the change in support, including both *strongly support* and *somewhat support* from the first question (no tax change included) to the second question, which includes the estimated change in the GST needed to pay for all or part of the new program. Support for a daycare program drops by 33 percentage points nationally if the GST increase is included. Interestingly, the drop in support is highest in Atlantic Canada and then Quebec.

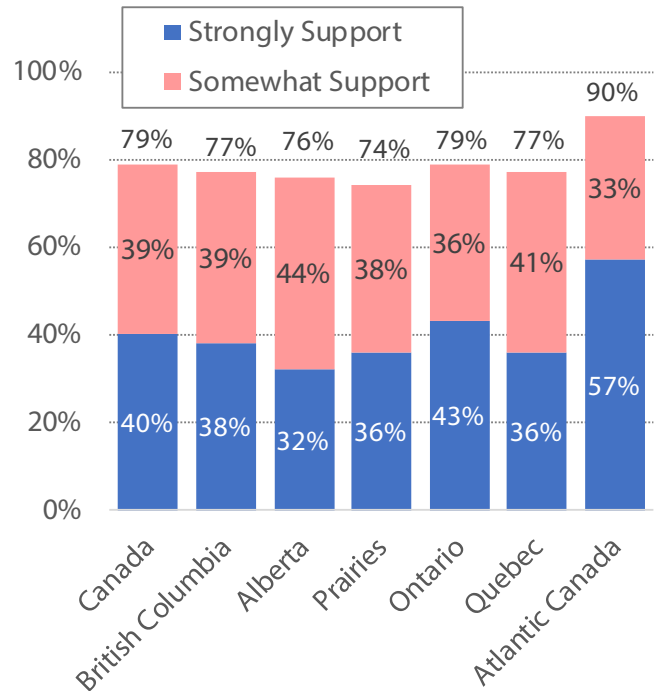
The two sets of data for a national daycare clearly show a marked decline in support across the country when the cost of the program is transparent, specifically, when it's presented as an increase in the GST. This result seriously questions the degree to which a majority of Canadians actually support the introduction of a national daycare program if it's paid for by higher taxes immediately.

II. National pharmacare

The Leger poll also tackled the second major new program included in Budget 2022: national pharmacare. The poll asked Canadians aged 18 or older the following: *Do you support or oppose the introduction of a universal national program covering prescription drugs?* Respondents could select from the following categories: *strongly support*, *somewhat support*, *somewhat oppose*, *strongly oppose*, or *don't know*.

Figure 2A illustrates the results. A large majority (79%) of Canadians expressed support for a national pharmacare program that covers prescription drugs when there are no costs attached. This includes respondents who selected *strongly support* or *somewhat support* (figure 2A).

Figure 2a: Support for National Pharmacare, No Cost Attached



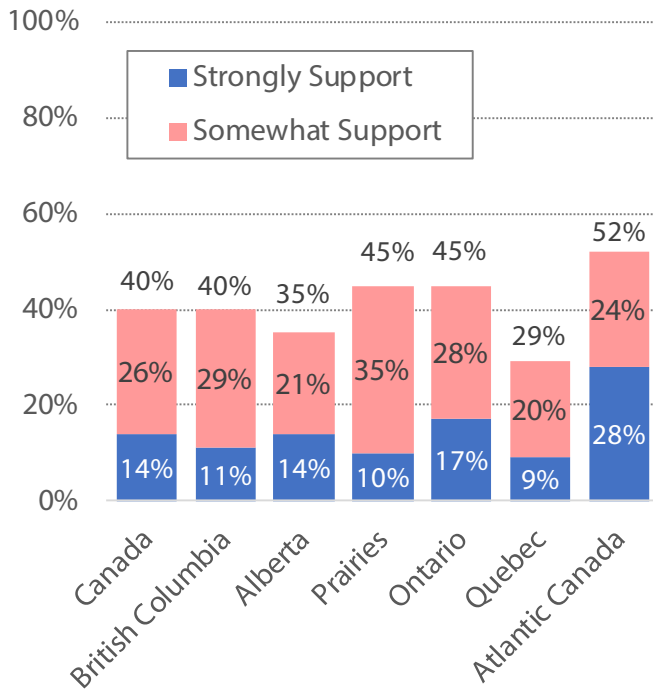
Source: Leger (2022).

Again, there were some regional differences. Overall support was highest in Atlantic Canada (90%) and lowest in the Prairies (Manitoba and Saskatchewan) at 74% (figure 2A). These levels of support include respondents who selected either *strongly support* or *somewhat support*.

The survey results change dramatically when the tax increases necessary to pay for the costs of the program are accounted for. Respondents were asked the following: *Would you support or oppose the introduction of a universal national program covering prescription drugs if it's paid for by the GST being increased from 5% to 7%?*⁴ Respondents could select from the follow-

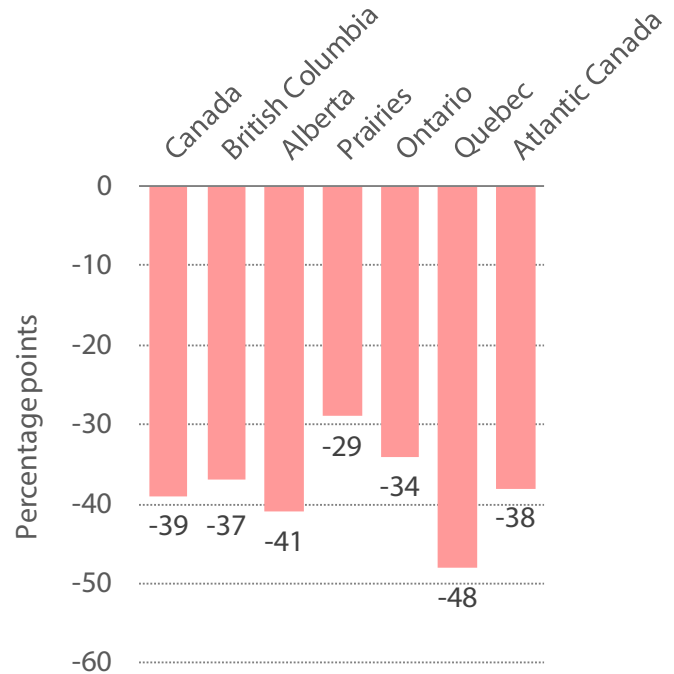
⁴ There are several cost estimates for a National Pharmacare program. For instance, the Hoskins ad-

Figure 2b: Support for National Pharmacare, GST Increase Included



Source: Leger (2022).

Figure 2c: Change in Support for National Pharmacare



Source: Leger (2022); calculations by author.

ing responses: *strongly support*, *somewhat support*, *somewhat oppose*, *strongly oppose*, or *don't know*. Figure 2B illustrates the results.

Total support for national pharmacare is cut in half when Canadians consider its potential tax implications. Compared to the original 79% support in the first question, total support for the program plummets to 40% when respondents are asked to consider an increase in the GST rate. This figure includes respondents who

visory council report estimates that the cost could reach \$15.3 billion annually in 2027 upon full implementation (DOH, 2019). The GST calculation in the polling question is only a rough estimate and is not intended to be exact.

selected either *strongly support* or *somewhat support* (figure 2B).

Regionally, support for a universal national program covering prescription drugs remains highest in Atlantic Canada (52%), but it drops by 38 percentage points due to the GST increase (figure 2C). Support for national pharmacare being financed by increased taxes is lowest in Quebec (29%) and Alberta (35%). There is a 39 percentage-point drop in national support for a pharmacare program when the GST increase is included (figure 2C).

Like the questions on a national daycare program, support amongst Canadians for a national pharmacare program drops significantly once

a specific and transparent cost is attached to the new spending.

III. National dental care

Finally, the Leger poll asked Canadians aged 18 or older the following: *Do you support or oppose the introduction of a national dental care program for Canadians with family incomes up to \$90,000? Respondents could select from the same responses used in the other questions: strongly support, somewhat support, somewhat oppose, strongly oppose, or don't know.*

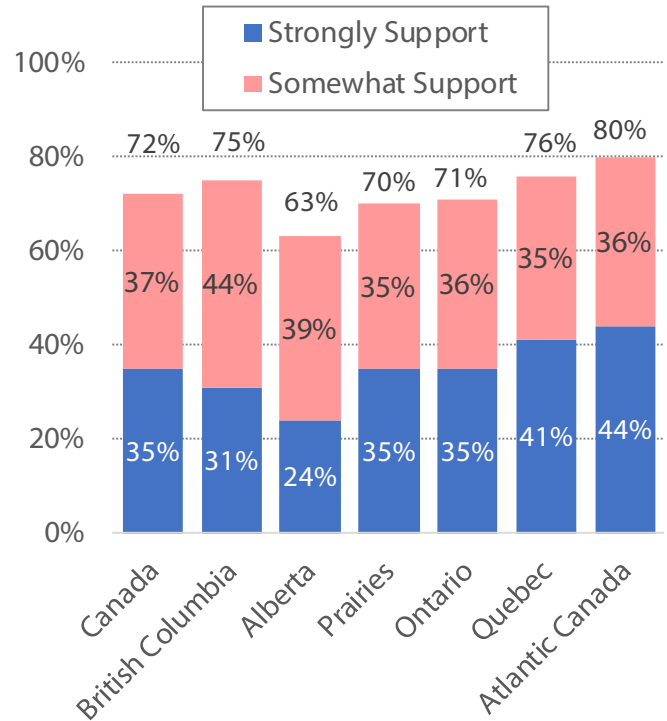
A large majority (72%) of Canadians expressed support for a national dental care program when there were no costs attached. This includes respondents who selected *strongly support* or *somewhat support* (figure 3A).

As was the case for the other programs, regional support was highest in Atlantic Canada (80%). Support was lowest in Alberta (63%). These levels of support include respondents who selected either *strongly support* or *somewhat support* (figure 3A).

While these results suggest strong support for a national dental care program, increasing taxes to finance the program results in much less support. Indeed, the support of Canadians for dental care plummets when a GST rate increase is attached to finance the new program.

The Leger survey asked Canadians aged 18 or older the following: *Would you support or oppose the introduction of a national dental care program for Canadians with family incomes up to \$90,000 if it's paid for by an increase in the GST? Respondents could select from the following responses: strongly support, somewhat support, somewhat oppose, strongly oppose, or don't know.* Figure 3B summarizes the results by region.

Figure 3a: Support for National Dental Care, No Cost Attached

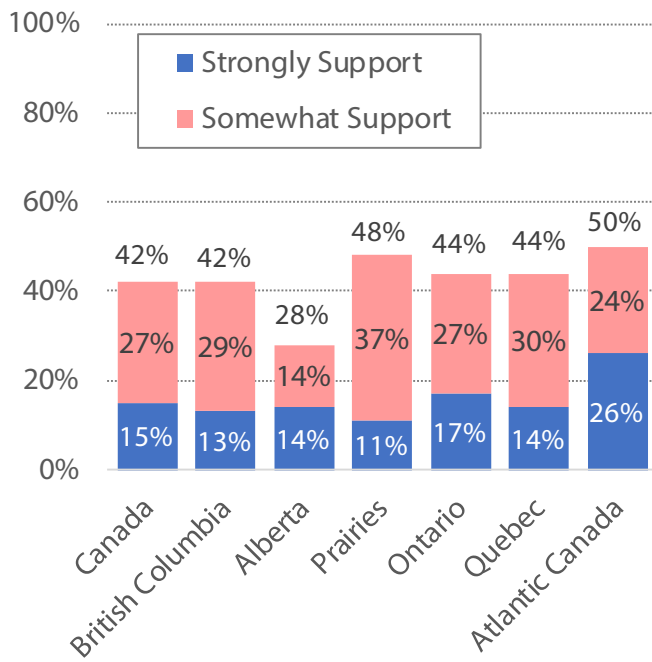


Source: Leger (2022).

Less than half (42%) of Canadians surveyed support the introduction of national dental care if it is paid for through an increase in the GST. This represents a substantial decline from the original 72% support expressed by Canadians for dental care when there was no tax increase. Note that this figure includes respondents who selected either *strongly support* or *somewhat support* (figure 3B).

Regional support for the program remains highest in Atlantic Canada (50%), but support levels decline by at least 22 percentage points in every province or region once the GST rate increase is included (figure 3C). Support is lowest in Alberta in this scenario, as only 28% of

Figure 3b: Support for National Dental Care, GST Increase Included

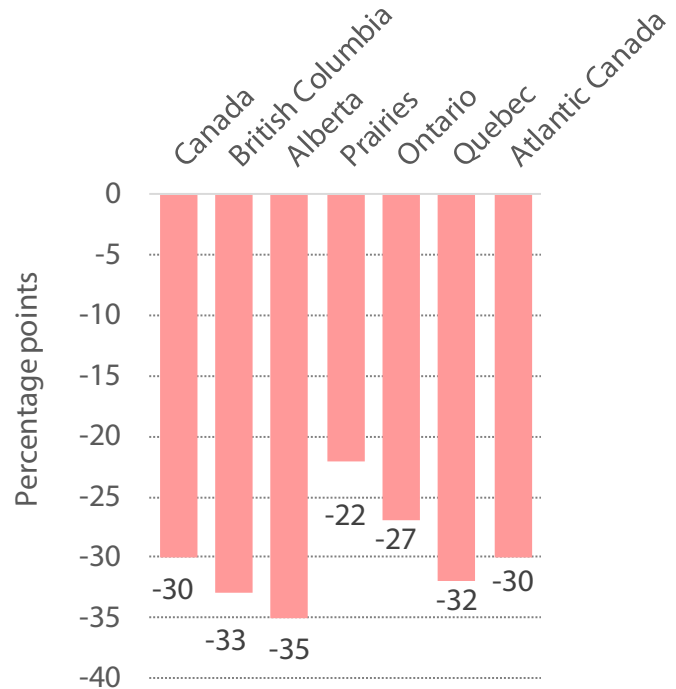


Source: Leger (2022).

respondents in the province would be in favour of the national dental care program if it's paid for by an increase in the GST. There is a 30 percentage-point drop in national support for a dental care program when the GST increase is included (figure 3C).

Like the previous two questions on national daycare and pharmacare, the results for a national dental plan clearly show significantly less support among Canadians when the costs of the new spending, that is, the necessary tax increases, are included in the decision. Specifically, support for a national dental plan drops markedly when an increase in the GST is included.

Figure 3c: Change in Support for National Dental Care



Source: Leger (2022); calculations by author.

Conclusion

As several new or expanded government programs are introduced by Ottawa, it's critical that we better understand the actual support for such programs by Canadians. The data collected in this poll show two clear conclusions. First, when Canadians are presented with a simple question regarding support for national daycare, national pharmacare, or national dental care, without any reference to the costs or how such programs would be paid for, support is incredibly high, exceeding two-thirds of Canadians at a minimum. However, no government spending is free. Such spending must ultimately be paid for through taxes. When Canadians were asked a second question—if they support the same programs but with a specific and trans-

parent cost attached, namely an increase in the GST to pay for the program, support across the country plummeted for all three programs.

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Acknowledgments

The authors wish to thank the anonymous reviewers for their suggestions and feedback. Any remaining errors or oversights are the sole responsibility of the authors. As the researchers have worked independently, the views and conclusions expressed in this paper do not necessarily reflect those of the Board of Directors of the Fraser Institute, the staff, or supporters.

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ISSN 2291-8620

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