

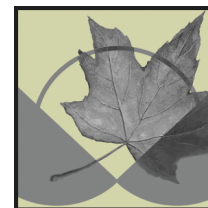
Beyond the 1%

What British Columbians think about taxes, inequality and public services

By Shannon Daub & Randy Galawan

November 29, 2012

For more information or interviews, contact Sarah Leavitt at 604-801-5121 x233, sarah@policyalternatives.ca.



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
BC Office

Method

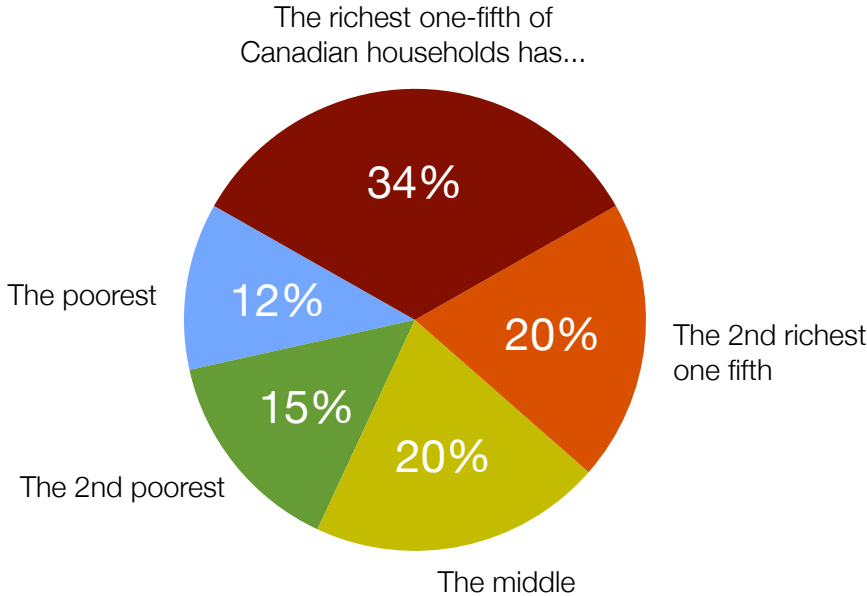
- Survey of British Columbians by Environics Research
 - The survey was conducted online with 1,023 respondents using an internet survey programmed and collected by Environics Research. A random sample of panelists from Research House was invited to participate in the survey. The survey was completed in July 2012.
 - Since the online survey was not a random probability-based sample, a margin of error could not be calculated. The Marketing Research and Intelligence Association prohibits statements about margins of sampling error or population estimates with regard to most online panels.
 - The margin of error for a survey of 1,023 respondents that does use a probability sample is +/- 3.0%, 19 times out of 20.
- Data analysis
 - Voter intention data: Survey respondents were asked which party they would vote for if a provincial election were held tomorrow; undecideds were asked which party they lean towards supporting. Combined responses are referred to here as Liberal voters, NDP voters, Conservative voters, and Green voters.
- Group interviews
 - Nine group interviews were conducted with residents of Metro Vancouver, Nanaimo, and Kamloops during the months of July and August 2012.

British Columbians want to reduce income inequality, though they underestimate its severity.

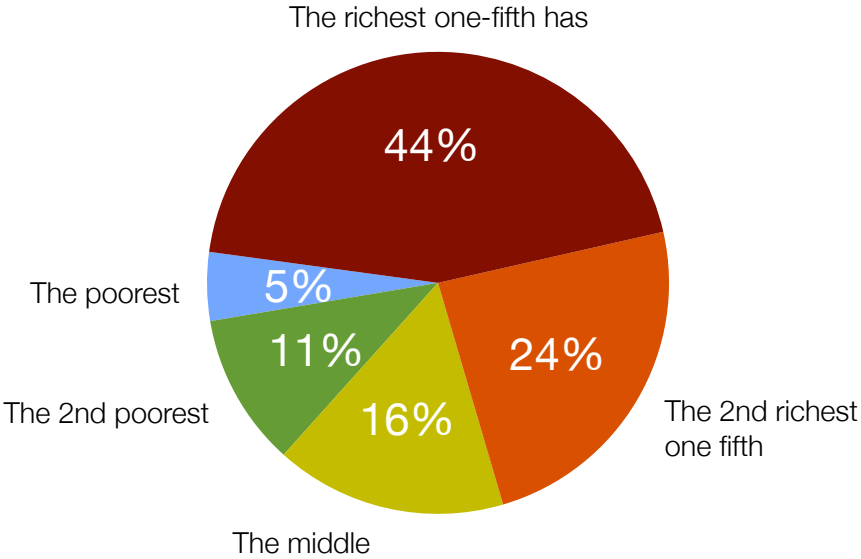
The survey asked respondents to estimate the distribution of household income in Canada, using an interactive pie chart. Respondents could increase or decrease the share of the overall income pie they think goes to different population groups.

Comparing the average estimated distribution (below left) to the actual distribution (below right), we see that British Columbians underestimate the severity of income inequality in Canada.

Estimated distribution
(average, all respondents)



Actual distribution, Cnd households
* not shown to survey respondents



Source: Statistics Canada. Table 202-0405 - Upper income limits and income shares of total income quintiles, by economic family type, 2010 constant dollars, annual

The survey also asked respondents to show what they think is an ideal distribution of income, using a second interactive pie chart. Compared to the estimated distribution, respondents would like to see a significant reduction in income inequality.

Estimated income distribution compared to ideal distribution

Quintile	Ave. increase/decrease in share of income pie (from estimated)
Poorest one-fifth	+ 5%
2nd poorest	+ 4%
Middle	+ 7%
2nd richest	no change
Richest one-fifth	- 15%

- ➔ Green and NDP voters are more inclined to decrease the share of the income pie going to the top 20% compared to their Liberal and Conservative counterparts. But the latter would reduce the share of the income pie going to richest quintile by -12% and -13% respectively.

British Columbians think tax increases are needed for more than the top 1% and major corporations.

Respondents were asked what they think about tax levels for people in different income groups. A majority think those in the top two quintiles pay less tax than they should, especially the top 20%, where there is strong consensus across voter intention lines that this group pays less than it should.

Currently, do you think people in the following income groups are asked to pay...

Quintile	Survey respondents (overall) think...
Bottom 20%	53% think this group pays a bit or much more than they should 32% think they pay the right amount
2nd lowest 20%	57% say a bit or much more than they should 30% say the right amount
Middle 20%	48% say a bit or much more than they should 41% say the right amount
2nd highest 20%	66% say they pay much less or a bit less than they should 15% say the right amount
Top 20%	78% say they pay much less or a bit less than they should 63% say much less

- ➔ 74% of Liberal voters, 77% of Conservative voters, 87% of NDP voters, and 86% of Green voters think the top 20% pays less tax than it should.

A majority also think major corporations pay less tax than they should, across voter intention lines.

In general, when you think of the taxes that major corporations are asked to pay, do you think that they...

67% of respondents think major corporations are asked to pay much less or a bit less tax than they should


44% of respondents say much less than they should

- ➔ 60% of Liberal voters, 63% of Conservative voters, 83% of NDP voters, and 81% of Green voters think major corporations are asked to pay much less or a bit less tax than they should.

When asked at what dollar threshold people with relatively higher incomes should start paying more taxes, about a third said at \$85,000 per year or lower, and more than half said at \$100,000 or lower. Only 10% of respondents said there should be no tax increase at any level.

If personal income taxes were raised on some individuals in BC so the revenue could be used to reduce income inequality, protect the environment and improve access to public services, at what income level should people start paying more taxes?

All income levels	5%
\$55,000	9%
\$70k	19%
\$85k	32%
\$100k	57%
\$150k	75%
\$200k	84%
\$250k	90%



- ➔ Approximately 5% of tax-filers in BC have taxable income above \$100,000. Approximately 10% have taxable income over \$85,000.

A majority of British Columbians are willing to pay more income tax if they know it will support specific policy outcomes, and link taxes to quality of life.

When asked how they feel about their own level of taxation, most British Columbians (not surprisingly) feel they pay too much tax.

When you think of all the taxes you pay, do you feel that...

You pay much more or a bit more tax than you should	71%
You pay about the right amount in taxes	27%
You pay a bit less or much less tax than you should	3%

However, when asked if they personally would pay a slightly higher share of their income in provincial income tax to support specific policies, most British Columbians are willing.

The following question asks whether or not you would consider paying a slightly higher share (or percentage) of your income in BC provincial income tax in order to help bring about some changes in BC:

To help you understand what this could mean, here are 2 examples of individuals at different income levels:

[hide](#)

	A 0.5% increase in the share of your income going to BC income tax would mean	A 1% increase in the share of your income going to BC income tax would mean	A 2% increase in the share of your income going to BC income tax would mean	A 3% increase in the share of your income going to BC income tax would mean
If you earn \$40,000 per year	\$200 more in taxes per year	\$400 more in taxes per year	\$800 more in taxes per year	\$1200 more in taxes per year
If you earn \$80,000 per year	\$400 more in taxes per year	\$800 more in taxes per year	\$1600 more in taxes per year	\$2400 more in taxes per year

Would you personally be willing to pay a slightly higher share of your income in provincial income tax in order to achieve each of the following objectives?

In order to:
Invest in an affordable housing strategy

One of 11 policies displayed in randomized order.

I would be willing to pay...

0.5% more of my income in BC income

1% more of my income in BC income tax

2% more of my income in BC income tax

3% more of my income in BC income tax

I am not willing to pay anymore tax at all for this

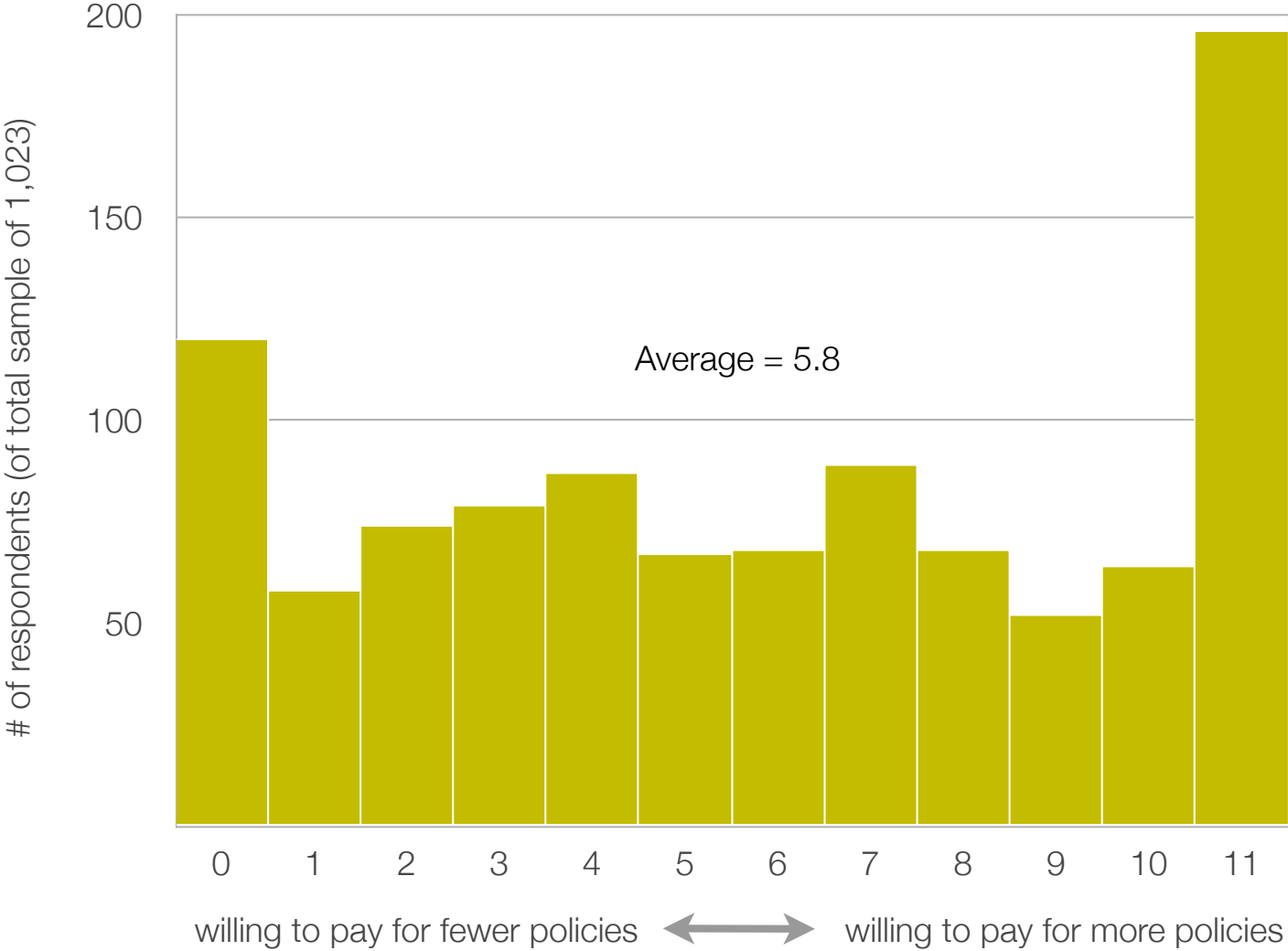
Substantial numbers of respondents are willing to pay a higher share of their own income for each of the different policy options. Discussions in the group interviews reinforced that when taxes are clearly linked to specific outcomes or public services, British Columbians are open to paying more income tax.

Per cent willing to pay by policy option

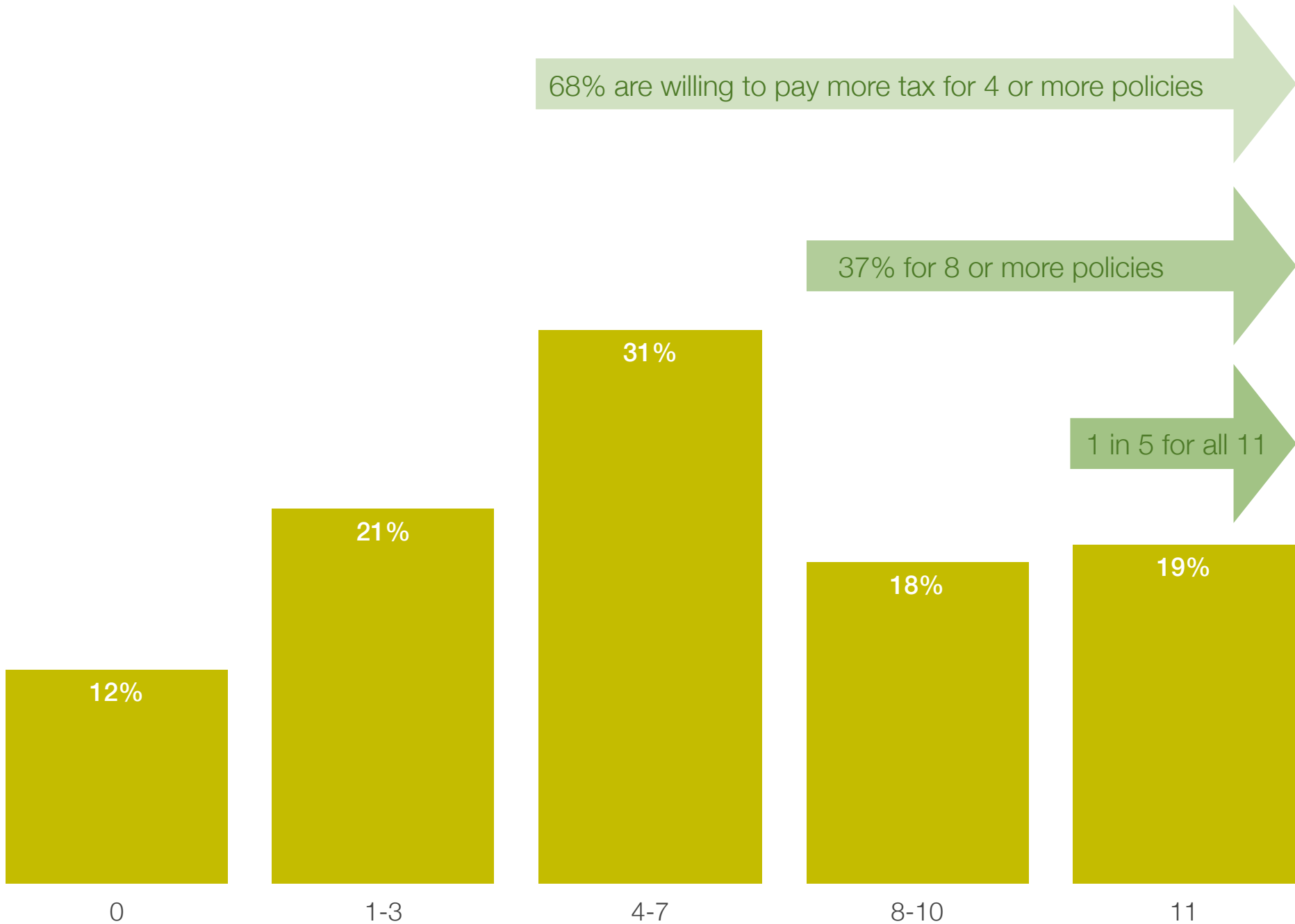
Provide more access to home and community based health care services for seniors	69%
Eliminate Medical Service Plan premiums	61%
Protect BC's forests and endangered species	58%
Increase welfare rates to ensure the poorest British Columbians can meet basic food and shelter needs	53%
Reduce class sizes in K-12 education	52%
Invest in an affordable housing strategy	51%
Make public transit more accessible and convenient	51%
Reduce the provincial debt	48%
Reduce tuition fees for post secondary education by 50%	47%
Create a \$10/day child care program	47%
Fund home and building retrofits to reduce BC's greenhouse gas emissions	44%

Only 12% said they are not willing to pay a higher share of their income to support any of the policies (see zero column below). On average, respondents are willing to pay for 6 of 11 policy options.

Willingness to pay higher income tax as composite variable



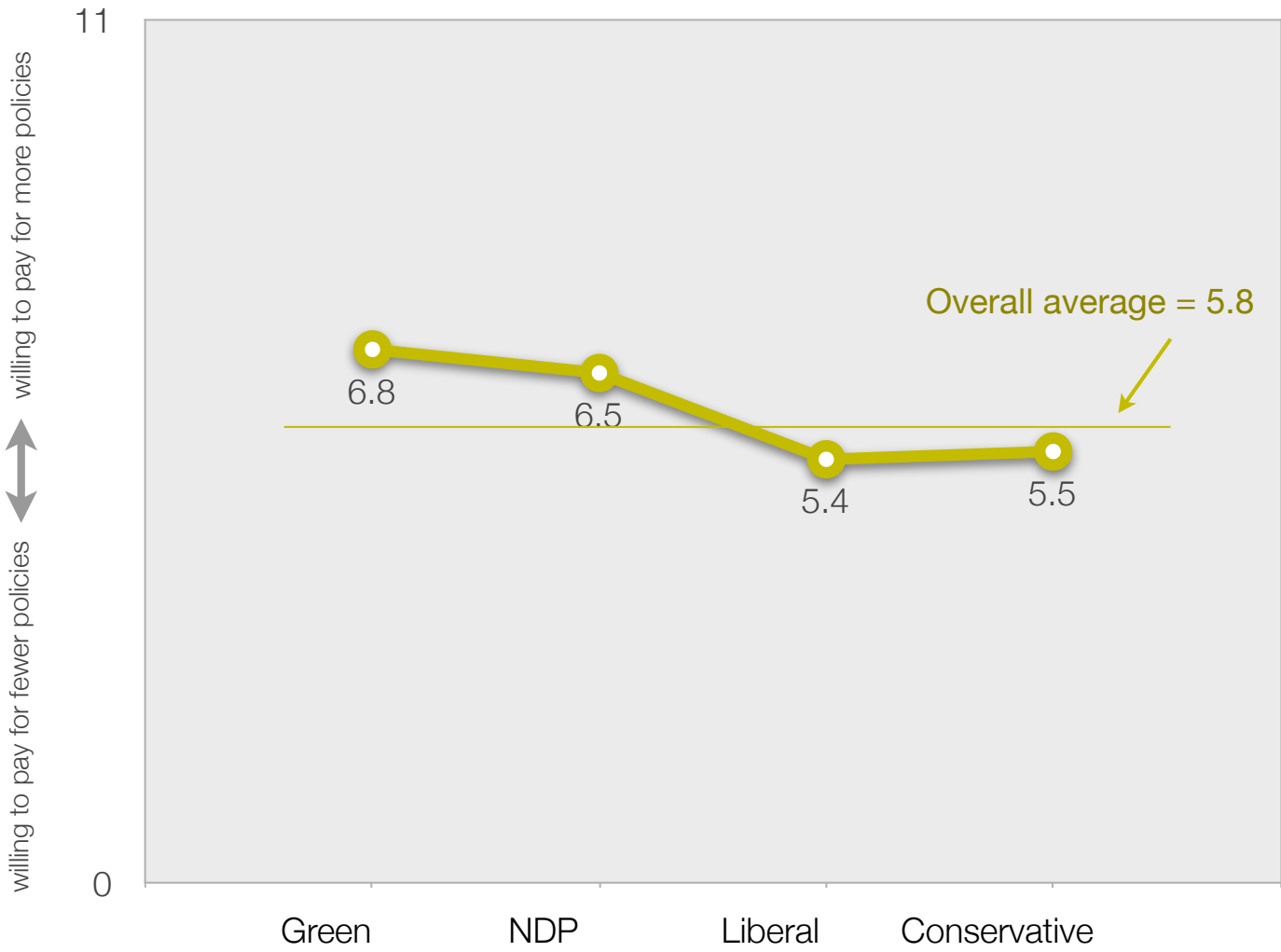
% of respondents



willing to pay for fewer policies ↔ willing to pay for more policies

While there are differences in willingness to pay by voter intention, they are relatively small. Average willingness to pay for Green, NDP, Liberal and Conservative voters clusters very closely around the overall average.

Average willingness to pay by voter intention



Age matters

- Younger British Columbians (those aged 18-29 and 30-44) are significantly more willing to pay higher income taxes than those aged 45-59 and 60 or older.
- Age is the only demographic variable that significantly affects overall willingness to pay higher income taxes.

To what extent do you agree or disagree with the following statements?

	Strongly agree	Somewhat agree	Neither agree nor disagree	Somewhat disagree	Strongly disagree
Taxes are the price we pay for the quality of life we have in Canada	15.2%	44.8%	20.0%	13.2%	6.7%
If we cut taxes, it will lead to government services also being cut	15.2%	42.6%	22.7%	15.5%	4.4%

Low trust in government and politicians mitigates British Columbians willingness to pay taxes. But there are steps governments can take to regain the public's confidence.

If a future government took steps to achieve each of the following goals, what impact would it have on your confidence in that government?

	Increase my confidence in them a little or a lot	Make no difference to my confidence	Decrease my confidence in them a little or a lot
Making government more open and transparent	83%	15%	2%
Creating more opportunities for citizens to have a say in decisions	76%	21%	4%
Making public services more accessible to everyone	75%	22%	3.4%
Reducing the income gap between the wealthy and others	74%	20%	6%
Reducing corporate influence on public policy	71%	25%	5%
Cutting taxes	58%	31%	11%
Reducing the government's involvement in the economy	34%	39%	28%
Cutting spending on public services	34%	21%	44%

British Columbians are ready for a transparent, democratic conversation about taxes.

Acknowledgements

- This opinion research was carried out as part of a broader CCPA project on tax policy.
 - The project is supported by the individual members and donors who contribute to the CCPA's core funding, the BC Government & Service Employees' Union, BC Teachers' Federation, Canadian Federation of Students, BC Nurses' Union, BC Retired Teachers' Association, Canadian Union of Public Employees, and Hospital Employees' Union.
- The opinion research was developed and led by Shannon Daub and Randy Galawan.
 - Shannon is the CCPA-BC's Director of Communication. She holds an MA in communication from Royal Roads University.
 - Randy Galawan is a facilitator and public engagement specialist.
- The survey portion of the research was carried out by Environics Research.
- Data analysis was conducted with the help of Patrick Burnett of SQi Vancouver (www.sqi.ca).



CCPA

CANADIAN CENTRE
for POLICY ALTERNATIVES
BC Office

www.policyalternatives.ca