

## **CITIES, COMMUNITIES AND THE FEDERAL BUDGET DEFICIT: Key Results from the January 2010 FCM-Strategic Counsel Survey**

### **Protect local infrastructure investments when eliminating the deficit**

*As the Government of Canada deals with its budget deficit, Canadians want it to protect investments in local infrastructure:*

- **96%** of Canadians want the government to maintain (43%) or increase (53%) funding for local infrastructure during the next five years.
- **69%** of Canadians regard local infrastructure as the most important priority for continued spending as the deficit is dealt with, second only to health care (75%).
- **83%** believe that the country's future prosperity will be at risk if we do not continue to improve and upgrade our infrastructure.

### **Taxation**

*Canadians feel strongly enough about investing in infrastructure that they are prepared to commit more tax dollars to make sure it happens:*

- **70%** would support increasing the GST from 5% to 6% and dedicating the revenues to improving local infrastructure; **43%** of Canadians strongly support this position, an increase of 9% since 2008.
- **32%** of Canadians support increasing the GST as their first choice for eliminating the federal deficit. Together, **50%** of Canadians support an increase in the GST or income taxes to address the deficit.
- **57%** of Canadians say that improving local infrastructure would have a greater impact on their quality of life than tax cuts (**45%**).

### **Federal deficit**

*Canadians see the federal deficit as an important economic issue and expect it to be addressed in the medium to long term:*

- **71%** of Canadians expect the federal government will need at least a decade to eliminate its deficit.
- **39%** of Canadians say that the federal budget deficit is one of the top two threats to the national economy.
- **37%** of respondents say the same thing about the ageing of roads, bridges, and water and sewage systems.

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## **Local infrastructure**

*Most think that the federal government should continue to actively fund local infrastructure:*

- **60%** of survey respondents think that, in general, communities are falling behind in their infrastructure investments; however, **66%** view infrastructure in their own community as being in a “good” state.
- **85%** say there is a need to invest in maintaining roads and other infrastructure in their community.
- A **majority** of Canadians (**53%**) feel the federal government must increase funding for municipal infrastructure. A **large majority** feel the government must at least maintain current funding levels (**95%**).
- **70%** believe that additional money required to upgrade local infrastructure should be provided from federal/provincial transfers, rather than higher property taxes (**9%**) or municipal spending cuts (**21%**).

## **Economic Action Plan**

*Canadians clearly think the Economic Action Plan will improve infrastructure; but most are still waiting to see the benefits in their community:*

- **Three-quarters** of Canadians believe that the Economic Action Plan will make a difference in improving Canada’s local infrastructure.
- So far, **one-third** of respondents (35%) have observed the benefits of the Economic Action Plan in their own city or community.
- **46%** believe that the federal Economic Action Plan should be used primarily to improve local infrastructure, rather than for cutting taxes (**16%**), extending EI (**15%**) or providing a home renovation tax credit (**11%**).

## **Federal engagement in local issues**

*Canadians want greater federal involvement in local issues which are increasingly visible and prominent:*

- **Three-quarters** say that the federal government should be doing more to improve the quality of life in their community during the next five years.
- **75%** also believe that municipalities need access to revenue tools beyond the property tax.

## **BACKGROUND: Key existing federal investments in local priorities**

- **Gas Tax Fund:** Enacted in 2005; worth \$2 billion annually, on a permanent basis.
- **100% GST rebate:** Enacted in 2004; worth \$700-900 million annually, on a permanent basis.
- **Federal social housing programs:** Re-committed in 2009; worth \$1.9 billion over five years.

### ***For more information:***

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