

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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