



Urban Finance

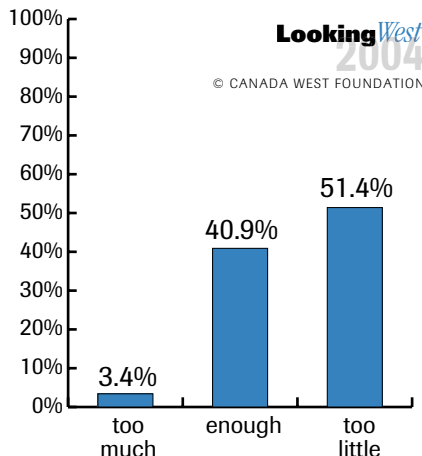
Looking West 2004 survey respondents were asked three questions about municipal government finance. In the survey, municipal government was described as “your local city, town or rural district government.”

First, respondents were asked, “Do you feel that your local government has enough, too much, or too little revenue to fulfill its current responsibilities?” This question was replicated from the Looking West 2003 survey.

The majority of western Canadians feels that their local government has too little revenue; this holds for all provinces except Alberta, in which the plurality feels their local government has insufficient revenue. Less than 5% of western Canadians feel their local government has too much revenue; this holds for all provinces. There are some variations with urban size, with respondents in medium-sized cities and rural areas/small towns more likely to state that their local government has insufficient revenue. The exception to this pattern is Manitoba, in which six in ten (60.3%) Winnipeggers report that their city lacks sufficient revenue – a variation that in all likelihood relates to the widespread public discussions about urban finance issues in fall 2003.

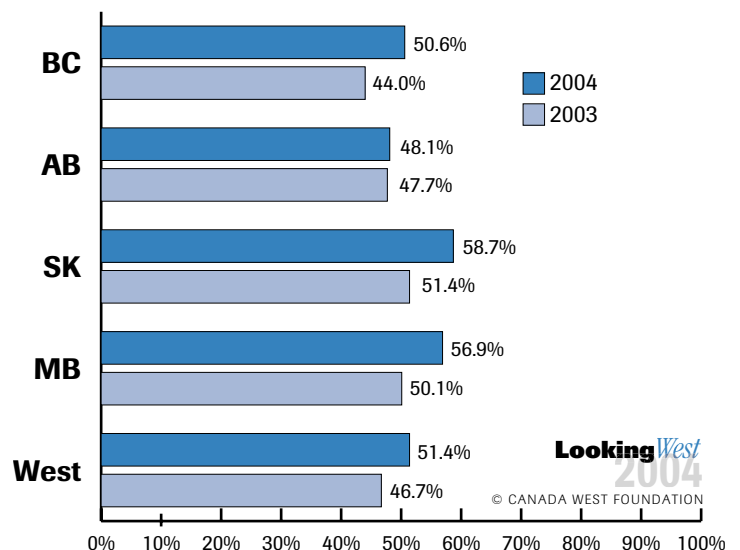
It is interesting to note the rising numbers of western Canadians who feel their local government’s revenues are insufficient. In 2003, this was the position of the majority in only two of the four provinces; by 2004, this had jumped to the majority position of three of the four western provinces, and of the region as a whole. In British Columbia, Saskatchewan and Manitoba, the number of respondents stating that their local government has insufficient financial resources rose by six-seven percentage points – a considerable jump. In contrast, Alberta respondents were quite consistent in their position between 2003 and 2004.

Figure 1:
Local Government Revenue to Fulfill Responsibilities -
Western Canadian Respondents



Do you feel that your local government has enough, too much, or too little revenue to fulfill its current responsibilities?

Figure 2:
Local Government Has Too Little Revenue 2003 and 2004
- Western Canadian Respondents



Do you feel that your local government has enough, too much, or too little revenue to fulfill its current responsibilities?

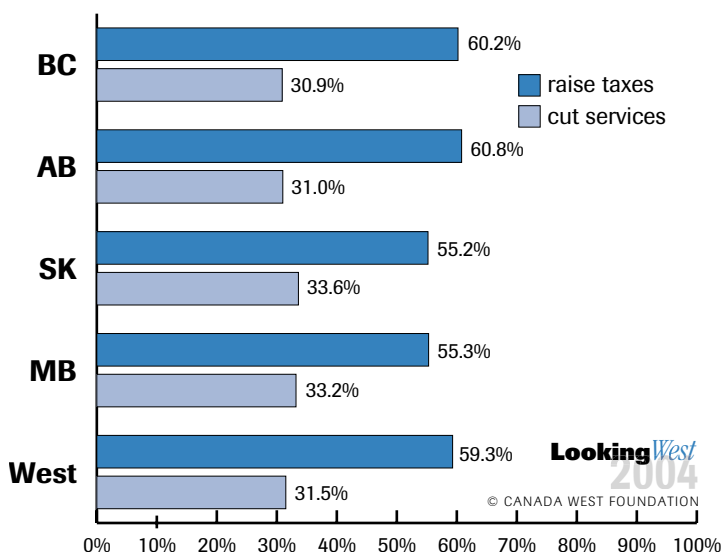
Looking West respondents were also asked, "Municipal governments typically provide services like police, fire, water treatment, transit, recreation, and building and maintaining roads and other local infrastructure. If your local government were faced with the choice of either increasing its revenues by raising taxes or decreasing expenditures by cutting services, which would you prefer? Raise local taxes in order to increase revenues; cut local services in order to reduce expenditures."

Western Canadians prefer the idea of higher local taxes over the idea of reduced local services by a factor of two-to-one. Saskatchewan and Manitoba respondents are somewhat less willing to consider raising taxes and somewhat more willing to consider cutting services, but the differences are modest. The variations in responses by urban size are not significant for the West as a whole.

The last urban finance question looked at tax increases. Respondents were asked, "Imagine that your local government must increase its tax revenues. Which of the following two options would you prefer? Significantly decrease local property tax levels and introduce a local sales tax; significantly increase local property tax levels and do not introduce a local sales tax."

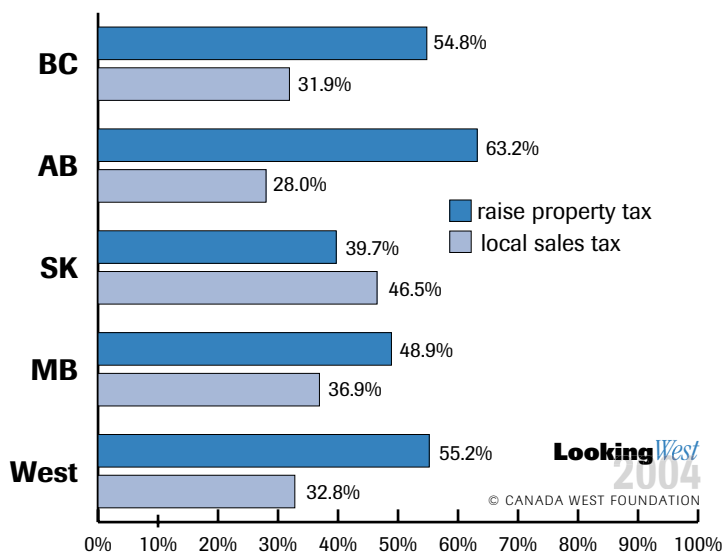
For the West as a whole, the majority (55.2%) prefers the idea of raising local property tax levels, while only one third (32.8%) favor significantly decreasing local property tax levels and introducing a local sales tax. This pattern is seen in all of the individual provinces except one: in Saskatchewan, the plurality (46.5%) favours the sales tax option. Alberta stands out as the province least likely to support the idea of a local sales tax (28.0%), reflecting a long-standing provincial attitude toward sales taxes in general. The urban size variations on this question are modest.

Figure 3:
Raise Local Taxes Versus Cut Local Services
- Western Canadian Respondents



Municipal governments typically provide services like police, fire, water treatment, transit, recreation, and building and maintaining roads and other local infrastructure. If your local government were faced with the choice of either increasing its revenues by raising taxes or decreasing expenditures by cutting services, which would you prefer? Raise local taxes in order to increase revenues; cut local services in order to reduce expenditures.

Figure 4:
Raise Local Property Tax Versus Introduce Local Sales Tax
- Western Canadian Respondents



Imagine that your local government must increase its tax revenues. Which of the following two options would you prefer? Significantly decrease local property tax levels and introduce a local sales tax; significantly increase local property tax levels and do not introduce a local sales tax.



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