

APPENDIX II: Survey Background Information

Use this handout as a companion to the 2020 Student Budget Consultation survey. Students may find the background information helpful to learn more about the subject matter before responding to the questions.

The government should place a high priority on lowering the debt as much as possible.

The federal government's debt is currently estimated to be at \$705.4 billion. Although borrowing money costs the government debt servicing costs (interest payments), the federal debt-service charges for 2018-19 were at just 1% of Gross Domestic Product (GDP), the lowest since the 1960s. GDP provides an economic snapshot of a country, used to estimate the size of an economy and growth rate.

The federal budget deficit should be reduced, even if it leads to fewer public services.

The deficit is the gap or shortfall between the federal government's annual expenses and government revenues. In the March 2019 budget, the federal government projected a deficit of \$19.8 billion for the fiscal year.

Canada's budget should be balanced no matter what.

In a balanced budget, the expected revenues are equal to the planned expenditures. In 2015, the Liberals pledged to run temporary deficits until 2019, when Canadians could expect a balanced budget. When the 2019 budget was released, however, it did not present a plan to return to balance, but instead planned to run deficits through to 2023-24.

How much funding should the CBC receive from the government?

CBC is Canada's national public broadcaster and receives more than \$1 billion in government funding per year. The level of government funding the CBC receives has varied over the years: after the Conservative government reduced CBC funding in 2012, the Liberals reinvested when they formed government. In 2016 they committed an extra \$150-million to the CBC each year until 2021. While some believe a national, publicly funded broadcaster is necessary to building and maintaining a distinct Canadian cultural identity, critics express concerns about the cost to taxpayers and question the independence of a government-funded news organization.

How much should the federal government do to help the oil and gas industry in Canada?

A report from the International Monetary Fund estimated that in 2015, Canada provided nearly \$60 billion, or 2.7% of the GDP in energy subsidies. A subsidy is a financial benefit provided by the government, usually to a specific business, group or industry. This support could be direct (by providing funds for research and development, for example) or indirect (by reducing the taxes that companies have to pay).

The Canadian government should provide private landowners with financial assistance to plant new trees on their property.

During the election campaign, the Liberal party pledged to plant two billion trees. As trees grow, they absorb and store carbon dioxide emissions from the atmosphere. Trees also clean the air and prevent soil erosion, which reduces water pollution. While trees can provide important environmental benefits, some have warned policymakers that planting two billion trees will not be an easy task.

Environmental protections should be stricter, even if it means consumers pay higher prices.

Regulations are in place to limit harm to environmental and human health from major projects. Legislation passed in 2019 intended to strengthen the environmental review process by adding new requirements for public consultation. The changes were opposed by many from the energy sector due to concerns that the new requirements would make it more difficult to complete profitable resource projects.

How much should Canada spend on foreign aid?

Wealthier countries can support the economic development and wellbeing of developing countries through foreign aid. In 2018, Canada spent approximately \$6.1 billion (0.28% of its total income) on international assistance. Though this amount is less than what is recommended by the Organization for Economic Co-operation and Development (0.7% of total income), some argue that aid efforts should instead be redirected to help those in need within Canada's own borders.

The Canadian government should cover the cost of common prescription drugs.

Canada is the only country with universal health care that does not also offer universal pharmacare. Canadians either pay out-of-pocket or their prescriptions are paid for through their employer drug plans. If universal pharmacare was implemented, the government would buy prescription drugs in large quantities to make them accessible for all Canadians. While this would cost taxpayers about \$15 billion, Canadians spent \$34 billion on prescription drugs in 2018 - with much of the extra profits going towards insurance companies.

The Canadian government should ensure that all Indigenous communities have access to clean water, no matter the cost.

Those living on reserves are 90 times more likely to be without access to running water than those living off reserve. As of November 2019, the federal government reported 57 long-term and 33 short term drinking water advisories on public water systems on reserves across Canada. A 2017 analysis of government spending concluded that the federal government's past and planned funding for addressing on reserve water issues was not enough to resolve all existing problems.

How much tax should large corporations pay?

Businesses pay a percentage of tax on their profits to the federal government and a percentage to their provincial/territorial government. Between 2009 and 2013, the Conservative government steadily lowered the net federal corporate tax rate (the amount owed after reductions) from 19% to 15%. This rate has not changed since 2013. Some people believe that corporations can afford to pay higher taxes and that this revenue can be used to fund services for Canadians. While others believe that higher taxes harm a company's competitiveness in the market and could cause businesses to move operations out of the country.

Dental care should be covered for those Canadians who do not have insurance of their own.

Though Canada has a universal healthcare system, most common dental care procedures are not included under public health coverage. Statistics Canada has found that one in six Canadians do not visit dental professionals because they lack insurance to cover the costs. Avoiding the dentist can lead to higher costs later on as leaving preventable issues untreated can cause serious health problems.

How much should the Canadian government do to address the opioid crisis?

Canada's street drugs have become tainted with powerful opioids, such as fentanyl. This is leading to a high rate of overdoses and deaths across Canada. Fake pills are being produced using unknown amounts of fentanyl. Since 2016, there have been over 12,000 apparent opioid-related deaths.

Foreign companies that sell digital services in Canada should pay a corporate tax.

Currently, big digital companies (such as Facebook, Apple, Amazon, Netflix and Google) pay little to no tax on sales and profit made in Canada. During the 2019 federal campaign, all major parties called for the introduction of some form of taxation on these companies. Estimates show that the proposed measures could bring in from \$1.92 billion to as much as \$8 billion in new revenue from 2019 to 2024.

Political parties should receive funding from the government for every vote they won in the previous federal election.

In 2015, the Conservative government cancelled a subsidy which funded political parties based on the amount of votes they received. Without this public funding, parties must instead rely more heavily on raising funds from individual donations. Some are concerned that this funding model disadvantages smaller parties. A 2018 report estimated that reintroducing the per-vote subsidy would cost \$44 million each year.

Wealthy people have a greater financial obligation than everyone else to help those who are in need.

A 2018 report found that when combined, Canada's richest 87 families have the same amount of wealth as 12 million low-earning Canadians. Moral philosophers debate if those with wealth have an obligation to help those with less. Some argue that if it is in a person's power to prevent something bad from happening without significant harm to themselves or those around them, they should do it. Others may disagree that an obligation exists, or take the position that all people should contribute equally to society, regardless of wealth.

The gap between those with high incomes and those with low incomes is too large.

Studies show that rising inequality (uneven distribution of wealth) in a society actually hurts economic growth. The Gini Coefficient (a measure of economic inequality) has been declining in Canada in recent years. As higher scores indicate a higher concentration of wealth among fewer people, a declining coefficient is good news. However, a 2017 study found that increases in inequality in Canada tend to be concentrated in the country's most populated cities, such as Toronto, Montreal, Vancouver and Calgary.

As part of a new camping initiative, the Canadian government plans to provide lower-income families with up to \$2,000 per year to spend up to four days in one of Canada's national or provincial parks. This program is estimated to cost Canadian taxpayers \$150 million per year when fully implemented by 2023-2024. Do you agree or disagree with this spending commitment?

The Liberal plans are intended to encourage climate leadership among youth, but there may be other benefits to promoting outdoor education: research shows that spending time in greenspaces can have real health benefits. The promise did have its critics: some believe that it is an example of government overreach into Canadians lives and is not a good use of taxpayer money.

During the most recent federal election campaign, a number of political parties proposed measures aimed at getting wealthier Canadians to pay their fair share of taxes. Which of the following policy proposals do you most agree with?

When surveyed about the three most important issues in the 2019 federal election, 19% of respondents listed the wealthy paying their "fair share of taxes." While many believe increasing taxes on the wealthiest will reduce inequality, others are concerned that Canadians are overtaxed already and that this is negatively impacting the economy. Today, some tax measures aimed at the richest Canadians are actually lower than they have been previously – the tax rate for the highest income earners in 2019 is 10% lower than it was in 1981.

A Canadian who earns \$12,069 per year is not required to pay anything in federal income tax. In your opinion, how much should a person earn before being required to pay federal income tax?

In December 2019, the Liberal government tabled a motion to increase the "basic personal amount" (the \$12,069 all Canadians can earn before paying taxes on income) to \$15,000. If passed, this legislation is expected to result in as many as 1.1 million more Canadians paying no federal income tax at all.