

Lots of spending in federal budget draws comments

By Bill Rea

The new federal budget, that was brought down last week by Finance Minister Bill Moreau, contained a lot of good news for municipalities.

Mayor Allan Thompson had a number of positive things to say about the budget in the days that followed.

But there are also some lingering questions, including whether spending it calls for will be affordable.

Affordability was one of several issues Dufferin-Caledon MP David Tilson brought up.

"It's probably the worst budget in a generation," he remarked.

Thompson reflected that in all his years in government, this was the first budget that reflected what municipalities had been looking for.

"I welcome it," he said.

The budget calls for a deficit this year of some \$29.4 billion. It also calls for \$11.9 billion in new infrastructure spending, as well as \$3.74 billion in tax measures aimed at the middle class and families with children. But the government will also not be going ahead with reducing the small business tax rate, which the former Conservative government had promised. In addition, planned spending on military equipment has been put off. Income splitting for couples with children has been halted, as well as the tax credits covering children's fitness and children's arts.

But Thompson also pointed out matters like social housing and poverty are addressed in the budget, "About time, especially on the housing portfolio."

Thompson added this means that the federal government has indicated they want to be part of the solution. He said he doesn't yet know exactly how they will help, but the announcements in the budget are encouraging.

"I'm grateful that they're stepping up to the plate," he remarked. "They've identified these issues."

The Mayor also said he's heard the government is interested in helping to bring broadband to rural areas, which is something he's been working on since coming to office.

Tilson was of a much different mind when it comes to the budget, and the spending it called for, commenting that it will appeal to special interest groups.

"It was made for no particular reason that I could see," he said.

He pointed out that CBC is slated to receive an additional \$675 million over five years, which is more than the defence department can look forward to.

"We're worried about terrorism and we're worried about security," he observed.

Tilson was also concerned that there seems to be no plan for eventually balancing the budget, and he didn't see how this budget is going to lead to economic growth. He pointed out the former conservative government left a surplus of more than \$4 billion.

"That's gone," he said, commenting that adding that to the projected deficit means the government is really more like \$35 billion in the hole.

Tilson warned the government is going to have to borrow a lot of money over the coming years. He also pointed out the groups and agencies, like CBC, that will benefit from the budget will likely be expecting it every year.

"It's going to be tough to change that," he said

As well, he said the budget does nothing to address job creation.

"The budget, in effect, is a spending budget," he remarked, adding the Liberals, in last fall's election campaign, said the deficit would be on the order of \$10 billion.

"They broke that promise," he said

Tilson also pointed to the large agricultural community in Dufferin-Caledon, commenting he could find nothing in the budget to help that sector.

"There's no money for farmers, and that's disappointing," he said.

The affordability of the budget was a concern to Thompson too.

"I was worried that they are going to spend themselves into debt," he admitted, but added the spending was not as high as had been speculated.

He added the budget should be affordable.

"I think they can streamline their own government to make it work."