

OTTAWA'S BUDGET FIASCO SHOWS NEED FOR NEW THINKING IN TACKLING CITY CHALLENGES

Budget Proposals Threaten to Throttle Growth and Damage the Quality of Life in the Nation's Capital

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A quick drive around Ottawa reveals a city that's booming – with new houses and subdivisions going up everywhere and the economy firing away on all cylinders. Given this success, you'd think City officials would want to keep it going by providing the high quality services and infrastructure needed to support even greater prosperity. That's what other cities would do. But not in Ottawa, apparently, where recent budget proposals from the Mayor and City Manager contain a deadly combination of hidden tax increases and service cuts which threaten to bring economic growth to a screeching halt and damage the quality of life for which the community is justly famous.

Take, for example, the budget proposals put forward by City Hall staff, which contain a wide range of service cuts and increases in user fees aimed at tackling next year's projected \$152 million shortfall. These include increases to the cost of using the bus, parking, and skating as well as dramatic cuts which critics charge would reduce the City's ability to provide vital services to its citizens. Among these cuts are proposals to get rid of some 500 municipal positions, cancel the hiring of public health nurses for schools, axe cancer education for low-income citizens and close 10 library branches. And, flying in the face of public calls to reduce greenhouse gases, the report envisages measures that would discourage the use of public transport by eliminating some bus routes and cutting service on others. Commenting on the options presented, Councillor Peggy Feltmate referred to them as "a recipe for disaster".

Not to be outdone, the Mayor commissioned his own report – a document costing about \$80,000 and authored by Gordon Hunter (no relation to the Councillor) who according to media accounts was active in the Mayor's election campaign. It promised \$241 million in internal savings over three years. Reactions to the Mayor's proposals were equally negative – with City Manager Kent Kirkpatrick charging that it had been constructed to support a pre-judged conclusion, the analysis was flawed and it reached "unreasonable and unsubstantiated conclusions." Not exactly high praise!

But while the two reports might disagree on some of the fine points, both proposals do agree on one thing – that resolving the City's financial ills will require slashing programs, cutting back on municipal services and eliminating many of the municipal employees who deliver them.

Commenting on the on-going budget mess, CUPE Local 503 President, Brian Madden, called for new thinking in addressing the City's finances. "What we are seeing is outmoded, Bush-style thinking as to how we fund our cities and the sort of services we provide. If the Mayor, some councilors and a few senior bureaucrats have their way, the resulting cuts to municipal services will damage our community forever. The problem facing our city is not run-away costs. It's the chronic under-funding that has plagued our city for years."

This claim of under-funding is supported by a recent study of municipal funding levels conducted by economist David Macdonald. In his report, Macdonald cites provincial downloading, inflation, and a stubborn refusal by the City of Ottawa to consider tax increases in line with those of comparable municipalities as the most likely culprits contributing to the City's current budgetary woes. Faced with such a revenue shortfall, Macdonald sees only two ways out of the municipality's budgetary dilemma. One involves bringing in some sort of tax increase – perhaps equal to the rate of inflation – which would allow the City to maintain existing service levels. The other involves a "zero tax increase" approach – similar to that contained in the two budget options currently before Council – which can only be achieved through deep cuts and hidden tax increases in the form of higher user fees. Based on his analysis, it's clear that the cuts required to realize this goal would be painful ones since Ottawa already has cut costs more than many other municipalities - which means there is not much fat left to cut. In Macdonald's view, refusing to address the revenue side of the equation is asking for trouble since "without additional revenue to support a growing city and new ideas, Ottawa is in danger of falling further behind Toronto and the big GTA municipalities". Not a happy prospect.

His conclusions were echoed by CUPE 503 President Madden who called on elected officials to address the root cause of Ottawa's funding crisis – the shortfall in municipal revenues. "Cutting bone and muscle is not the way to go. For reducing or eliminating vital municipal services will only make things worse. What we need to do instead is to get everyone to work together – the Mayor, Council, the private sector, unions and ordinary citizens – so we can find ways of eliminating the chronic under-funding that is keeping our community back and making us less than we might otherwise be. Ottawa is the nation's capital. As such, we should be a model for the entire country of what a healthy, vibrant community should look like – not a glaring example of urban decay."

For more information, please contact: