

When Ottawa ran out of enough ambulances to respond to 911 calls last December, paramedic Brian Moloughney felt the pressure.

He says it was not the first time.

“You know you’re not going to get a break. You’re not going to get a breather,” says Moloughney. “That can wear on you mentally and physically. And you know when you’re working that day it’s going to be a day in hell from the time you start to the time you’re done.”

Moloughney and other city workers have experienced first hand what it is like to live in a city where politicians like Larry O’Brien are trying to keep taxes levels frozen.

As a result, it is unlikely paramedics like Moloughney will see more ambulances around his work, nor will residents see more snow ploughs on their streets. With a tax freeze, it is going to be hard enough for O’Brien to maintain city service levels, let alone increase them

David MacDonald, an independent economist in Ottawa, says O’Brien’s “21<sup>st</sup> century management” approach of freezing taxes without cutting services is nearly impossible to achieve.

“Some say there is fat in the bureaucracy,” says MacDonald. “But it’s just not a viable position that we can both freeze taxes and also maintain current service levels.”

MacDonald says that in order to keep services at the same level, the city needs a minimum tax increase of two per cent per year. According to Ottawa’s long-range financial report, Ottawa’s average tax increase per year for the past six years has been just two per cent. That is the lowest average increase of any Ontario municipality.

But Ottawa’s \$95 million revenue shortfall in the upcoming budget is not helping to change residents’ perception of tax increases and the city’s spending habits as “out of control”.

When it comes to spending, MacDonald says Ottawa is actually on par with other cities in Ontario. In fact, the city’s long-range financial plan from 2006 says Ottawa spends only four per cent more than the average of seven comparable Ontario municipalities.

“It’s not like the city is overspending in terms of service levels – it really just has its hands tied in terms of how it gets revenue,” says MacDonald.

Cities have three ways to raise revenue: user fees for things like water and sewage; development fees for housing; and, property taxes. So while other levels of governments can impose different kinds of taxes to generate large amounts of revenue, municipalities can only impose one kind of tax.

This system is making it increasingly difficult to balance budgets, says MacDonald, which leads people to believe cities are spending more and more each year.

The rising cost of services also makes it appear as though the city is overspending. Ottawa’s financial report states the cost of providing existing service levels will increase from \$55 million to \$61 million per year in the next four years, caused by increasing costs of energy and fuel.

The mounting price tags for services have affected the number of employees working in these sectors. The ratio of city staff to residents has decreased from 16.2 employees per 1,000 residents in 2001, to 15.5 in 2006.

Yet, the way many view the relationship between taxes and city services seems contradictory. According to an Ottawa survey in 2004, nearly all residents agreed that city services should be maintained or increased, while a small number said they should be cut. At the same time, half did not support a tax increase.

MacDonald says promises like O'Brien's promise to freeze taxes are part of this contradiction. He calls it "disconnecting the two sides of the coin."

"You need to reconnect the value of taxes to services," he says. "It's not going into a big pot. It's going to services your children enjoy. The real challenge is to make that connection for folks."

Back at ambulance dispatch, Moloughney says this connection is important to him.

"People are busy in their lives today," he says. "If somebody doesn't do it, who's going to do it? I would say a tax freeze is not the way to go. It's the wrong way."