



## A budget work in progress

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Call the glass half full. For about a decade, municipalities have rightly complained that they don't have enough money to provide the services assigned to them by the province.

That situation was aggravated during the Harris years by downloading responsibilities on municipalities such as social housing and welfare. That helped get the provincial budget somewhat in order, but put municipalities in a state of perpetual financial turmoil.

The city's balance sheet is in such disarray that Ottawa city manager Kent Kirkpatrick says the municipality won't be able to meet its financial obligations sometime beyond two years from now. If that's characteristic of most municipalities, that will adversely affect the prosperity of the provincial economy, for most industrial production comes from our cities.

So Municipal Affairs Minister Jim Watson and Association of Municipalities of Ontario president and Alta Vista councillor Peter Hume (two right-thinking Ottawa figures) have been meeting quietly trying to develop a solution to this mess. And that's not easy.

The province is not without budget pressures that are likely to increase as the economic downturn continues. Among those pressures is the critical health file whose costs are ballooning as the demographic bulge of the baby boomers ages. It, too, has education and infrastructure challenges plus the problem of stimulating a manufacturing sector that has been crushed by the credit crisis, the fluctuations of the dollar and changing consumer tastes.

So all this is not easy. The province is reluctantly running a \$500-million deficit (small compared to other times) but it doesn't want it to get bigger.

Mr. Hume's position at the bargaining table was not easy. Representing municipalities, he had the financial problem and the province had the money and the jurisdiction. Mr. Watson had all the marbles so Mr. Hume could only rely on the government's goodwill. That's how the councillor got a half a glass. He could have received less.

The province will upload Ontario Works by 2018, the costs for which have been a pronounced drag on the municipal budget. That's great, except for the timing. The problem for municipalities is right now, not 2018. The funding crisis for cities will strike long before 2018 so perhaps the province will deal with it then. It will have no choice.

The big missing link from this deal is social housing. The operation costs and the waiting list for such accommodation is financially impossible for cities. As a society, we need to rethink such housing. As it stands without cash to run such units, it is likely the city will turn into a slum landlord. And the waiting list for units will not get shorter. This is unconscionable.

The municipalities scored a win with uploading expensive Ontario Disability, half a win with Ontario Works and a loss on social housing.

Thus the glass is half full. Unfortunately with tight budgets, that's about all that could be accomplished now.

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