



No relief in sight for city: Mayor

Uploading cost of some services to province won't help city now

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Ottawa - The provincial government's long-awaited uploading of the costs of some services from municipalities will be phased in over 10 years. This means no relief for the city's budget next year or, really, anytime soon, because it doesn't cover much, Ottawa Mayor Larry O'Brien said.

On Friday, the provincial Liberals announced they are prepared to take over 100 per cent of the cost of Ontario Works benefits and employment supports, up from its current commitment of 80 per cent, and some of the cost of providing court house security starting in 2010.

The city currently spends about \$30 million per year on benefits. Under the plan, about \$902,000 of this will be paid by the province and the percentage will rise each year until 2018, when the province will completely take over responsibility for welfare and employment support. The details on the court costs - \$4.2 million per year in Ottawa - are yet to be worked out.

Across the province, the new fiscal deal will eventually see municipalities save about \$600 million per year.

When added to last year's 100-per-cent uploading of disability benefits and drug plan, in 2010 Ottawa will save more than \$20 million, but this is largely accounted for already in the city's books.

By 2019, the savings will be \$120 million per year.

Alta Vista Councillor Peter Hume, who is president of the Association of Municipalities of Ontario, said the savings will help relieve budget pressures the city and municipalities across the province are facing.

"It moves us along the path to fiscal sustainability," Mr. Hume said. "It will put increasing flexibility into Ottawa's budget."

Municipal Affairs Minister Jim Watson announced the deal Friday at Queen's Park, where he was surrounded by a bevy of mayors from around the province.

During the announcement, the Ottawa West-Nepean MPP and former Ottawa mayor recalled his days as a councillor in the 1990s, when the city first dealt with an NDP social contract and later Conservative downloading of provincial services onto the municipality.

The moves tied up a large portion of property tax funds to be spent on things like social housing, health, welfare and court security.

"It was not a pleasant experience," Mr. Watson said Friday. "We've turned the page and we have a deal here that we can all be very proud of."

Mr. Hume said eventually the new deal will allow municipalities to do the added things that make cities and towns good places to live.

"It matters to the average homeowner in a substantial way because now municipalities are going to have the revenues that they need to invest in things that make their communities better places to live - parks, playgrounds, community centres, roads and bridges," he said.

"Those are things that make their communities great places to live, to work and to make them prosperous. It's very important. For the past few years, we haven't had that flexibility because revenues have been siphoned off municipal budgets to the provincial treasury to pay for disability pensions and welfare. Now we'll be able to pay for things that make our communities prosperous."

However, not all were as enthusiastic about the announcement. Many people said municipal governments can't wait for a decade to have the costs uploaded, and others expected the provincial government to take over more responsibility for social housing, public health, infrastructure repairs and other programs.

The announcement didn't include any help for municipalities on these fronts, but the provincial government has agreed to continue negotiating with municipalities to address these issues.

Ontario New Democrats said the uploading doesn't start soon enough, particularly because during tougher economic times, which are widely forecast, social-assistance costs rise.

"The problem is the next couple of years is when municipalities need the money the most," said MPP Andrea Horwath. "Social-assistance costs are going to go through the roof and municipalities can't afford it. So the announcement is extremely disappointing."

Mr. O'Brien said he commended the government for a "very good step toward rectifying the downloading sins of the past." But over the long term, he said, the move is no "magic bullet," because the lower costs won't make a big difference in the city's \$2-billion-plus budget even after 10 years. He noted that when welfare benefits are completely paid by the province in 2018, the \$30-million savings won't even cover normal yearly salary increases of the city's work force.

"It will not in any way impact the kind of budget decisions we need to make in 2009 and 2010, and as it stands, it won't make much difference down the road, either," he said. "The province is heading in the right direction, and I hope there's more to come because this will have no impact whatsoever."

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