

Hamilton's budget shortfall hits \$40m  
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Start pinching your pennies -- Hamilton's tax man will be raiding your piggy bank again.

The city is staring at a \$40-million shortfall -- equal to an 8 per cent tax hike -- heading into next year's budget. Residents will ultimately pay for the cash crunch, whether in taxes or service cuts, unless other levels of government step up with more funding, said Mayor Fred Eisenberger.

"We can't continue to cut and slash," he said, pointing to the financial crisis down the road in Toronto. "It's going to be a significant challenge this year."

Council has already approved two top budget pressures -- expanded ambulance services and improved waste management. To make matters worse, the city will likely have zero assessment growth to offset increased costs.

New residential and commercial growth has not been strong enough to counter losses in the city's industry sector.

"It's going to be a challenging budget," said finance manager Joe Rinaldo.

But Hamilton has been here before. Shortfalls of \$40 million or more have been the norm since amalgamation. Council and staff have become masters at the budget shell game, using reserves and switching around funding to lower tax increases.

Even in 2004 when the shortfall hit a staggering \$83 million, the tax increase was eventually chipped down to 5.7 per cent. The stress of last year's budget, however, nearly brought the new council to its knees with bickering and power struggles.

The city is already dusting off its knee pads to once again ask the province for extra funding for social services.

Premier Dalton McGuinty announced Monday that the province is picking up the tab for disability support and welfare drug benefits. The move could save Hamilton up to \$47 million over the next four years, but finance staff are cautious about seeing any real savings until the province calculates the funding formulas.

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