

## Our Spending Habits in HH (1)

Well the new administration has some interesting challenges for the next 4 years as we try to balance revenue and expenses and perhaps have a little left over for a rainy day (called reserves)

And that rainy day is coming fast as the Ford government wrestles with a monstrous debt, huge annual deficit, rising interest rates and falling provincial creditworthiness as per the rating agencies

It won't be easy for this term's council to tap provincial largesse.

So let's look at where we are at the end of 2018

Expenses break down to about 15% general government, 50% transportation, 18% fire/police, 11% for environmental and 5% for recreational/culture and the residual 1% on what we call planning and economic development. Our total spend is about \$9.5 million

Here is how I put it about a year ago: *On the expense side, our general government, policing and now waste management or environmental costs continue to rise, with general government up 169% in ten years and well ahead of our neighbour's costs, as well as more than double revenue growth. It is critical that we get a grip on the future cost increases and let taxpayers have confidence that our Council has a plan for restraining cost growth in these three key categories.*

I have talked previously about the movement of costs around into different categories which of course tend to obscure cost changes. We did some of this in the recent past that impacted particularly by reducing general government and increasing transportation.

Even with this move in 2016 to shuffle some costs, general government costs at HH are still up 145% in ten years to 2017, compared to an overall expense increase of 77% for the same ten year period.

So assuming these costs were misallocated in the past, how do we look now in comparison with the audited results of our neighbours? Our general government costs came in at 15% for 2017, down from 20% in 2016. For 2016, Bancroft (remember they have a lot more complex services) is at 11%, Faraday 16%, Carlow/Mayo 19%, North Kawartha 16%, Madawaska Valley 12%, Highlands East 16%. Average the above is 15% so we now appear in the proper spending range. A caution: we don't know if the accounting is the same so these are rough measures....but a good indication of relative performance

The biggest expense of course is transportation which came in with an 8% reduction for 2017 in audited results, thanks to reserve transfers (including \$111K from our policing reserves) and amortization. But our budget forecast is for a further 7% increase in 2018. And of course we still have no clear funding for the 20 year old Highway 62 problem which is massive. Remember our last three grant applications for this work have failed and just fixing the worst portion is about \$2.5MM. No relief here is in sight.

Policing has been the big cost increase culprit in the fire/police file and I have written about that many times ( the last article is still listed on the BTW site). For 2017 this account came in with an 8% increase

which is certainly concerning. But for 2018 we are forecasting in our budget an additional 11% increase taking us well above the \$2MM level

Next we will look at the other expense items that could cause major indigestion for the new council

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