



Jan 18, 2023

Dear Mayor Doug Elmslie.

I have taken some time to look very carefully at the proposed 2023 budget. Here are my findings. I have always had a deep distrust of bureaucrats. I have known a few, very few, politicians who believe in democracy, namely *people power*. I can not say that for a single bureaucrat. Perhaps the new Council can breathe some life into that concept.

Regards.

Peter Weygang

Notes on the City of Kawartha Lakes 2023 Budget Proposal.

Prologue.

Organizations are very sensitive about their public image, especially when they are funded by public taxes. They want to be seen as lean, efficient, and working hard for the people. They create this illusion by offloading work to consultants, agencies, contractors, and satellite groups.

The net result shows a small reduction in the permanent administrative staff, and their cost, which is carefully paraded before Council, the taxpayers, and the media.

However, the size, and cost, of these auxiliary workers continues to grow steadily. The individual members of this group are paid more than the staff members who would normally occupy those positions. That cost does not appear in the budget as salaries and benefits, but is entered as a separate item. That is how the massive real expansion of the bureaucracy is hidden.

This deception is found in all governments, even when at war. Russian mothers do not like to see their sons come home in body bags. Putin knows that it is political suicide to let that happen. So, he hires the Wagner army of mercenaries to do his dirty work. That is very expensive, but better than endless funerals for the dead Russian youth. But the Russian taxpayers still pays all the bills.

The city has the largest, most expensive, and most highly qualified staff, in its history. It is able to perform all the functions required in local government. Unfortunately, there is no required

level of productivity, nor any oversight power given to the people who pay, the taxpayers. That level of supervision is the job of councillors, and is not done.

In fact, council has passed bylaws that prohibit them from overseeing the staff in any way whatsoever!

Shifting blame is another major, and sinister, reason why senior administrators like to outsource their work. Most projects proposed by staff, and approved by council, have resulted in huge cost overruns, and completion dates exceeded by years. The blame is now placed on the shoulders of the consultants, for providing city staff with bad guidance, plans, costs, etc.

The blame should rest with senior staff for not monitoring the progress of the projects, and stepping in when things start to go off the rails. Instead, the staff skillfully creates a scape goat, the consultants, before the project even starts. Few, if any, of the major projects were initiated by taxpayers. Taxpayers do not like debt. The interest paid on just the long-term debt alone is \$1,532,282. The debt itself must be about \$50 million! That is a lot of low-rent accommodation, health clinics, and other real benefits to citizens.

Substance:

1. **Sleight of hand.** The trick of moving budget items around to give a false impression.

Engineering				
	Actual 2021	Budget 2022	Budget 2023	Change
Administration	1,383,007	1,810,985	778,483	(1,032,502)
Services			1,101,891	1,101,891

Observe that a new category has been invented for the 2023 budget, the *Engineering services*. This sleight of hand, a simple manipulation of the budget report, creates the illusion that the engineering department has cut back severely on the unpopular administration costs. *Well done engineers !*!*

But this year we have a new charge, which by some accounting subterfuge, is \$69,389 more than the savings! That increase in total costs will pay for the additional technician they hired. And so, the bureaucracy grows, under a fog of deceptions.

2. The Phantom staff

The second strategy used to deceive the taxpayers is to have a huge phantom staff. They are not permanent employees of the city, but appear in every budget, in increasing numbers, and cost.

The salaries, and benefits of staff have decreased by \$6,477,141 to \$80,763,242. *Well done !**

But the contracted services have increased by \$14,839,344 to \$44,298,011 *Boo!*

This budget shuffle cost the taxpayers an additional **\$8,362,203**.

Paying a permanent staff member, or a phantom staff member, makes no difference to the taxpayer. It is still the taxpayer's money. Typically, the contract workers are paid more than regular staff, and thus provide less service/dollar.

Note 1. The permanent staff uses up over \$80 million, or 59%, of the \$136 million collected from taxpayers. That is a simply outrageous sum. It indicates job padding, inefficiencies, overly high wages, and a total lack of transparency. Can you imagine a corner store working like that ?

Note 2. \$80,763,242 equates to a staff of about 900 persons at an average salary of \$90,000. The phantom staff works out to about 500 persons.

The taxpayer pays for the handsome salaries, and benefits, of about 1,400 people. That is a truly astonishing number, and over three times the number before amalgamation.

3. Training the qualified

Staff should be properly qualified before they are hired. The Lean Six Sigma scheme supposedly taught managers how to manage properly! The program was paid for by the taxpayers, and increased the salaries of the successful participants. The unsuccessful were not sacked. Other employees had their university fees paid by the city.

Taxpayers are paying **\$1,542,787** to train the staff to do their job properly, while the same taxpayers are scrimping on everything to pay the university, and college, fees of their children.

4. Corporate Debt.

No-one really knows the total debt. The debt is squirreled away in several financial instruments; long term loans, short term loans, debentures, bank drafts, and so on.

The **FIRST** items in a budget should be the grand total of all debt, and the grand total of the interest paid on that debt. The endless pages listing department structures, organizational charts, and so on, are complete waste of time.

There are very few parameters that councillors need to know in order to steer the municipality in a prudent fiscal direction. They are the very parameters which are not found in the budget. Why is that? Instead, you get buried in a mountain of totally irrelevant minutiae.

5. True Tax

It is theft to take money from people without their permission. No budget should be accepted unless it has been passed by a referendum, as in Switzerland.

The city bureaucrats want to keep the tax rate as low as possible to help their public image, yet collect as much money as possible from taxpayers. This is done by creating several arbitrary levies {p. 23}.

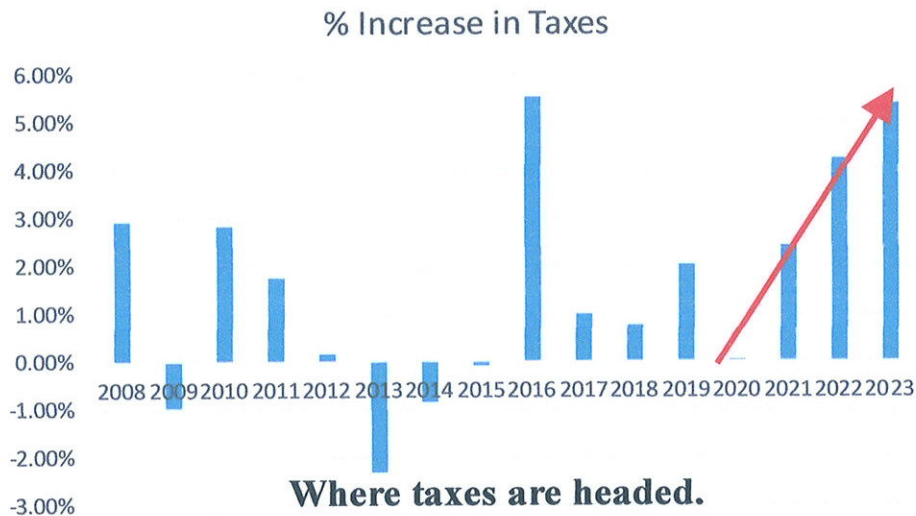
Press Release:

The 3 per cent general increase will be added to another 1.5 per cent capital-dedicated levy. A total increase of 4.5 per cent has been proposed by City of Kawartha Lakes staff for the 2023 budget, to be decided in the new year.

The **true** tax increase = { \$6,559,664/ \$130,162,697 } = 5.37% So where is the missing 0.87% ?

5.37% is an outrageous increase at a time when people have lost their jobs, businesses have gone bankrupt, housing markets are collapsing, and food banks critically short of provisions.

However, it is consistent with a bureaucracy that worked from the comfort of their homes for almost three years. A bureaucracy that still got their annual increases, and had no job-related expenses, such as travel. They did not have the decency to share the hardship, and despair, of the taxpayers by taking a cut in their incomes.



Council should insist on a zero increase in taxes. It is also time for the mayor to become the CEO, and start wielding the axe.

Yours sincerely,

Peter Weygang M.A.;D.I.C.;M.Ed

Analysis of City of Kawartha Lakes Proposed 2023 Budget

True Tax

	Actual 2021	Budget 2022	Budget 2023	Change from 2022	% Change
Taxation	\$122,243,507	\$130,162,697	\$136,722,361	\$6,559,664	5.37%

Another huge increase.

The Phantom Staff

Salaries, wages, and benefits for Permanent Staff

Salaries and Wages	\$62,145,424	\$68,000,460	\$62,488,013	-\$5,512,447	-8.87%
Employer Paid Benefits	\$18,187,676	\$19,239,923	\$18,275,229	-\$964,694	-5.30%
Totals		87,240,383	80,763,242	-\$6,477,141	-7.42%

Contracted Services; the Phantom Staff

% Change

Professional Fees	4,385,722.00	3,629,698.00	18,424,294.00	14,794,596.00	407.60%
Technology Contracted Services	2,058,786.00	2,525,093.00	2,800,159.00	275,066.00	10.89%
General Contracted Services	9,344,225.00	12,425,480.00	11,908,293.00	-517,187.00	-4.16%
Equipment Maintenance	608,044.00	704,915.00	641,028.00	-63,887.00	-9.06%
PW Contracted Services	1,332,460.00	1,700,070.00	1,770,180.00	70,110.00	4.12%
Environmental Contract Services	5,860,752.00	5,791,597.00	6,253,657.00	462,060.00	7.98%
Protection Contracted Services	166,243.00	223,184.00	224,876.00	1,692.00	0.76%
Community Services Contract	-	379,000.00	354,500.00	-24,500.00	-6.46%
Building Maintenance	964,669.00	1,199,747.00	931,479.00	-268,268.00	-22.36%
Grounds Maintenance Contracted Services	722,981.00	872,158.00	981,820.00	109,662.00	12.57%
Cemetery Grounds Contracted	6,331.00	7,725.00	7,725.00	0.00	0.00%
Total	\$25,450,213	\$29,458,667	\$44,298,011	\$14,839,344	50.37%

Training the Qualified

Staff/Board Training & Expense	690,477	1,211,736	1,267,787	56,051	8.12%
Corporate Training	54,555	172,000	275,000	103,000	188.80%
Totals	745,032	1,383,736	1,542,787	159,051	21.35%

Taxpayers pay about **\$1.5 MILLION** to train our qualified staff !

This has increased by over 21%