

CONFIDENTIAL



Manitoba Fiscal Performance Review

Phase 1 Report

September 30, 2016



Notice

This Phase 1 report (the “Report”) by KPMG LLP (“KPMG”) is provided to The Province of Manitoba’s Treasury Board represented by the Minister of Finance (“Manitoba”) pursuant to the consulting service agreement dated July 14, 2016 to conduct an independent fiscal performance review (the “Review”) of core government spending (except the Department of Health) for Manitoba.

If this Report is received by anyone other than Manitoba, the recipient is placed on notice that the attached Report has been prepared solely for Manitoba for its own internal use and this Report and its contents may not be shared with or disclosed to anyone by the recipient without the express written consent of KPMG and Manitoba. KPMG does not accept any liability or responsibility to any third party who may use or place reliance on our Report.

Our scope was limited to a review and observations over a relatively short timeframe. The intention of the Report is to provide a scoping document for identifying potential areas of opportunities, of which select opportunities would be further investigated through business case development in Phase 2. The procedures we performed were limited in nature and extent, and those procedures will not necessarily disclose all matters about departmental functions, policies and operations, or reveal errors in the underlying information.

Our procedures consisted of inquiry, observation, comparison and analysis of Manitoba-provided information. In addition, we considered leading practices. Readers are cautioned that the potential cost improvements outlined in this Report are order of magnitude estimates only. Actual results achieved as a result of implementing recommended opportunities are dependent upon Manitoba and department actions and variations may be material.

The procedures we performed do not constitute an audit, examination or review in accordance with standards established by the Canadian Institute of Chartered Accountants (“CICA”), and we have not otherwise verified the information we obtained or presented in this Report. We express no opinion or any form of assurance on the information presented in our Report, and make no representations concerning its accuracy or completeness. We also express no opinion or any form of assurance on potential cost improvements that Manitoba may realize should it decide to implement the recommendations contained within this Report. Manitoba is responsible for the decisions to implement any recommendations and for considering their impact. Implementation of these recommendations will require Manitoba to plan and test any changes to ensure that Manitoba will realize satisfactory results.

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Executive Summary

Executive Summary

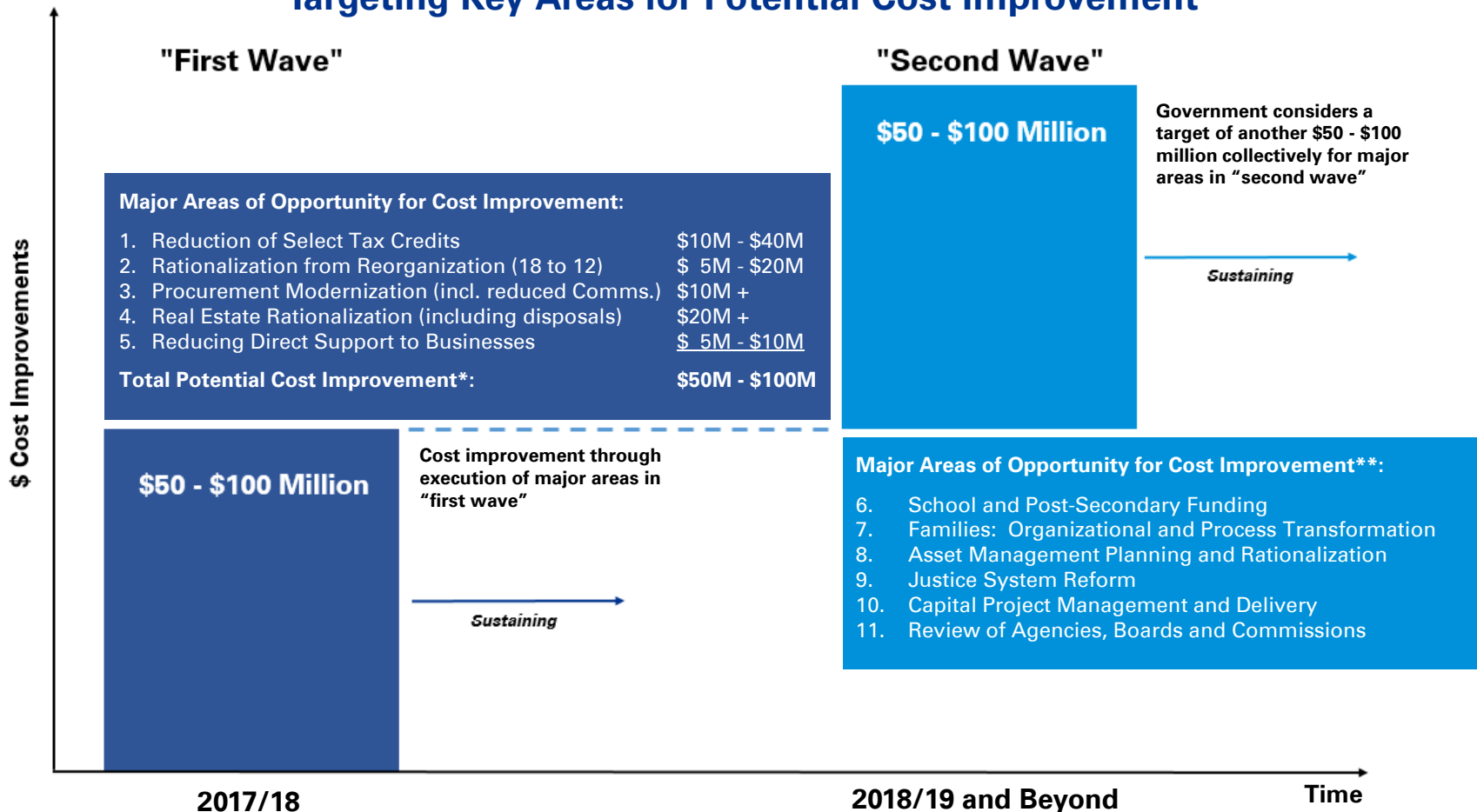
- The new Government of Manitoba committed to undertake an independent Fiscal Performance Review to gain better control over the growth in core government spending, with better value for money and allocation of fiscal resources without adversely impacting front line services.
- KPMG was engaged to conduct the Fiscal Performance Review, to identify potential areas of opportunity for efficiency and cost savings across core government departments (except Health which is subject to a separate review).
- This Review is proceeding in phases. Phase 1, the focus of this Report, is a scoping report including a high level assessment of the current state, development of a Fiscal Performance Review Framework, and identification of areas of opportunity for cost improvement. Phase 2 will involve further investigation and business cases for each of the six areas of opportunity selected by the Government, along with tools/templates to assist Manitoba with implementation, including a change management plan to support Manitoba's implementation.
- The 2016/17 Budget for Core Government is \$13.3 billion (excluding debt servicing costs). Excluding the Department of Health from this amount, in-scope spending for this Review is approximately \$7.3 billion.
- KPMG is working collaboratively with Treasury Board Secretariat and departments. With a short timeframe for the Phase 1 assessment, the immediate focus has been on identifying significant short-term cost improvement opportunities, as well as other material, medium-term transformational opportunities which should also be considered going forward.
- One of the key findings is that most programs have not been subject to a review in a very long time or apparently have never been reviewed. There is a lack of performance management across government.
- Manitoba needs a results-based management approach across the whole of government with a better focus on results and value for taxpayer dollars. KPMG has developed a Fiscal Performance Review Framework for Manitoba that is aligned with leading practices. The intention of the Fiscal Performance Review Framework is to provide a consistent, systemic framework (principles, guidelines, criteria) for looking at spending and evaluating programs across and within departments.
- The Fiscal Performance Review Framework will help to instill a culture of fiscal discipline and continuous improvement within the public service. Implementing the Framework poses some challenges that should be addressed for optimal results, including the need for: capacity and skills (financial and analytic); data and evidence; results-based performance of programs and services; and objectivity and independent scrutiny for some larger, complex reviews.
- KPMG has identified 12 areas or groups of opportunity with potential for significant cost improvements. Through department pre-estimate submissions, interviews, ideas from central agencies including Treasury Board Secretariat, and research, there is also a long list of other opportunities for cost containment which Government may wish to consider.

Executive Summary (continued)

- In close collaboration with the Steering Committee, KPMG has identified the following six areas of opportunity with immediate cost improvement opportunities for 2017/18 and sustainment in future years beyond 2017/18, for further investigation. The sixth opportunity (education funding) is more medium-term and transformational, and as a starting point for 2017/18, Government may consider making changes to its post-secondary funding approach.
 1. Reduction of Select Tax Credits
 2. Rationalization from Reorganization
 3. Procurement Modernization (includes reducing communications/advertising)
 4. Real Estate Rationalization
 5. Reducing Direct Support to Businesses
 6. School and Post-Secondary Funding (initial phase focused on post-secondary funding)
- The above six areas collectively represent potential significant cost improvements in 2017/18, in an “order of magnitude” range of \$50 million to \$100 million, depending on further investigation, and resulting Manitoba decisions and actions.
- There are also a number of smaller items from departments’ pre-estimates submissions that should be considered for 2017/18.
- KPMG also identified the following transformational areas that have medium term, material cost improvement opportunities:
 1. School and Post-Secondary Funding (subsequent phases)
 2. Families: Organizational and Process Transformation
 3. Asset Management Planning and Rationalization
 4. Justice System Reform
 5. Capital Project Management and Delivery
 6. Review of Agencies, Boards and Commissions
- Government may wish to consider a second wave of business case development in these other key areas to further investigate these opportunities and quantify, where possible, estimated cost savings and timing for realization. Government may consider a target in the general range of \$50M to \$100M for the second wave of medium-term, transformational cost improvement opportunities. Significant transformation in these areas of large spend (e.g., Education and Training, Families, Justice, Infrastructure) is necessary to meet Government commitments.
- The Steering Committee has selected the following six areas of opportunity – three immediate opportunities and a phased-in start on three select medium-term opportunities – for KPMG to develop business cases in Phase 2: (1) Rationalization from Reorganization, (2) Procurement Modernization, (3) Reducing Direct Support to Business, (4) School and Post-Secondary Funding (focused on post-secondary), (5) Capital Project Management and Delivery, and (6) Families (focused on Social Housing).

Executive Summary (continued)

Targeting Key Areas for Potential Cost Improvement



*Requires further investigation as part of business case development. Actual results may vary materially depending on Manitoba decisions and actions.

**The areas of opportunity are more medium-term, transformational and difficult to estimate potential cost impacts. See page 195. These represent areas of large spend (e.g., Education and Training, Families, Justice, Infrastructure) where a collective target could be set to contain costs and bend the cost curve. Note business case development in some specific parts of these areas can start in 2017/18. Manitoba may wish to consider phased-in implementation and targets, where possible, to achieve initial progress.



1 Objectives and Approach

1.1 Objectives and Introduction

Manitoba's objective in undertaking the Fiscal Performance Review is clear:

To gain better control over the growth in core government spending, Manitoba requires the services of a Consultant to design and execute a comprehensive Fiscal Performance Review to identify opportunities to eliminate waste and inefficiency and improve the effectiveness with which government delivers results for Manitobans.

The 2016/17 Budget for Core Government is \$13.3 billion (excluding debt servicing costs). Removing the Department of Health from this spending leaves approximately \$7.3 billion in program spending considered in-scope for this Fiscal Performance Review.

We understand that Manitoba's intent is reducing the growth of core government spending, not overall core government spending, with better value for money and allocation of fiscal resources without adversely impacting front line services.

We understand this independent Fiscal Performance Review is to provide confidential advice to Manitoba in identifying potential opportunities for Manitoba's consideration in its fiscal decision-making. This is a fiscal performance review, not an audit.

The project started July 18, 2016, where project approach, work plan and schedule was confirmed with the Steering Committee. An overview of the approach and work plan is outlined in the following pages. Over the course of the first month, KPMG held 35 interview sessions with over 140 government representatives, including all Deputy Ministers and Executive Finance Officers, Treasury Board Secretariat (TBS), Priorities and Planning Secretariat, Civil Service Commission, and departmental Assistant Deputy Ministers and other representatives.

Bi-weekly status reports and meetings were held to assist in keeping the project on-track and to address issues and risks.

Treasury Board Secretariat and departments supplied data and information for KPMG to review and assess. Departments provided submissions to TBS as part of the pre-estimates for 2017/18 and as part of this process.

KPMG and TBS worked closely throughout the process. KPMG acknowledges the collaboration of TBS and all departments in their participation, sharing of ideas, and providing data and information for the Review.

1.2 Project Approach

Our approach is based on collaboration between the KPMG team and the Manitoba team. KPMG brings leading practices and lessons learned from elsewhere, and worked with Manitoba Treasury Board Secretariat in building a practical, made-in-Manitoba framework and identifying transformational cost improvement and efficiency opportunities.

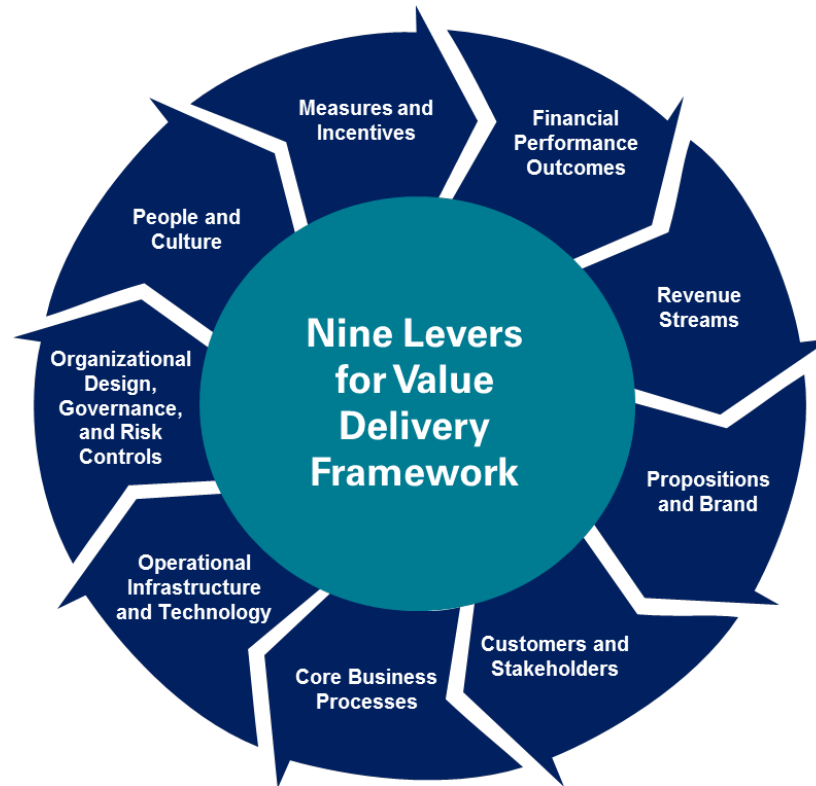
KPMG has developed formal methodologies, tools, and accelerators for achieving successful transformations. Our approach combines innovation, change management, rigor, discipline, and evaluation, tailored to meet the needs of Manitoba.

The Project Team leveraged KPMG’s overarching Value Delivery Framework below (with this Review focusing on the Strategy phase).



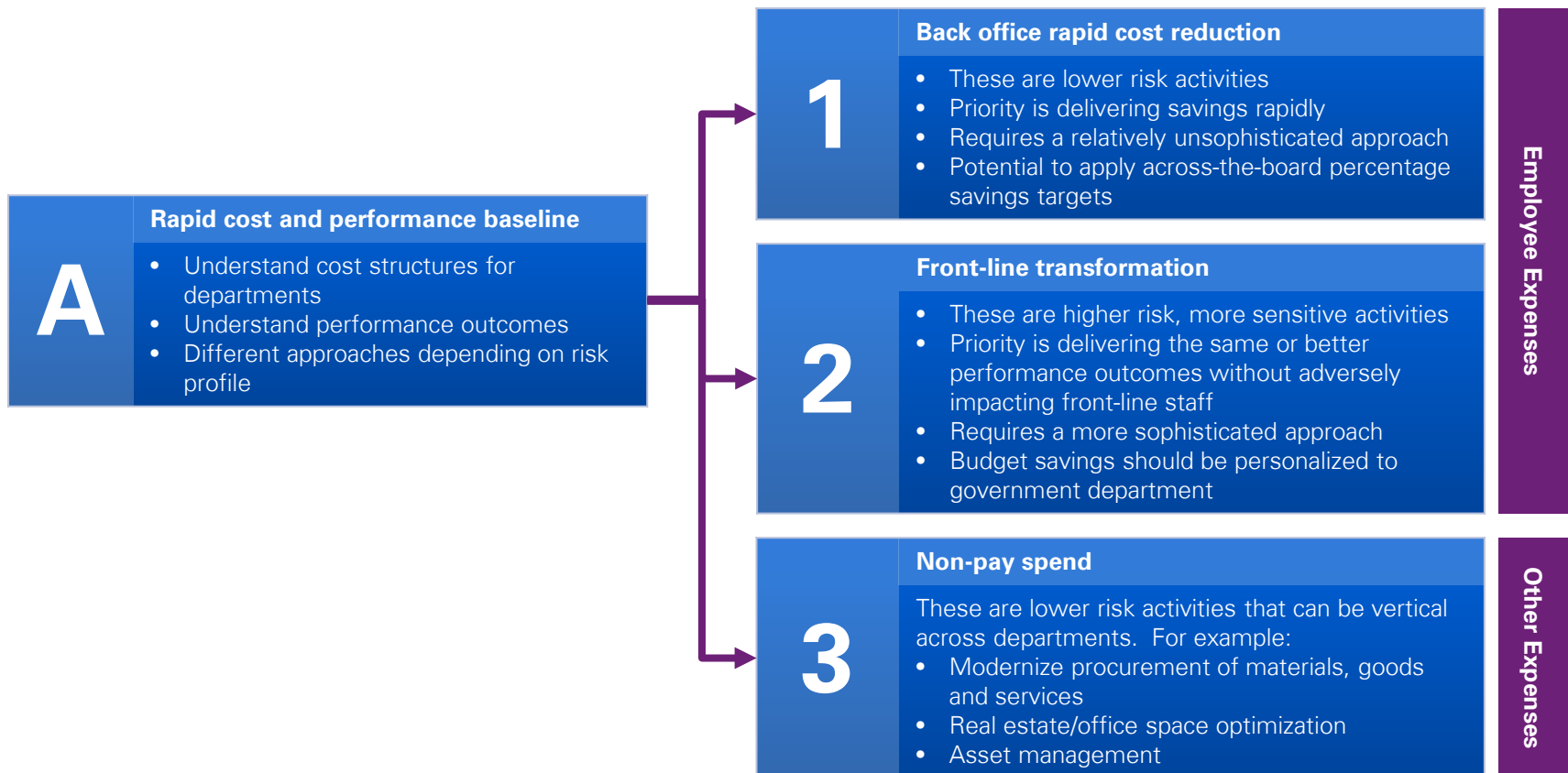
1.2 Project Approach

The Project Team leveraged the Value Delivery Framework and the Nine Levers of Value methodologies as the primary toolkits. KPMG supplemented these toolkits by leveraging supplemental methodologies to provide additional insights into the areas of business process improvement, operational enhancement, data analytics, leading practices and organizational change.



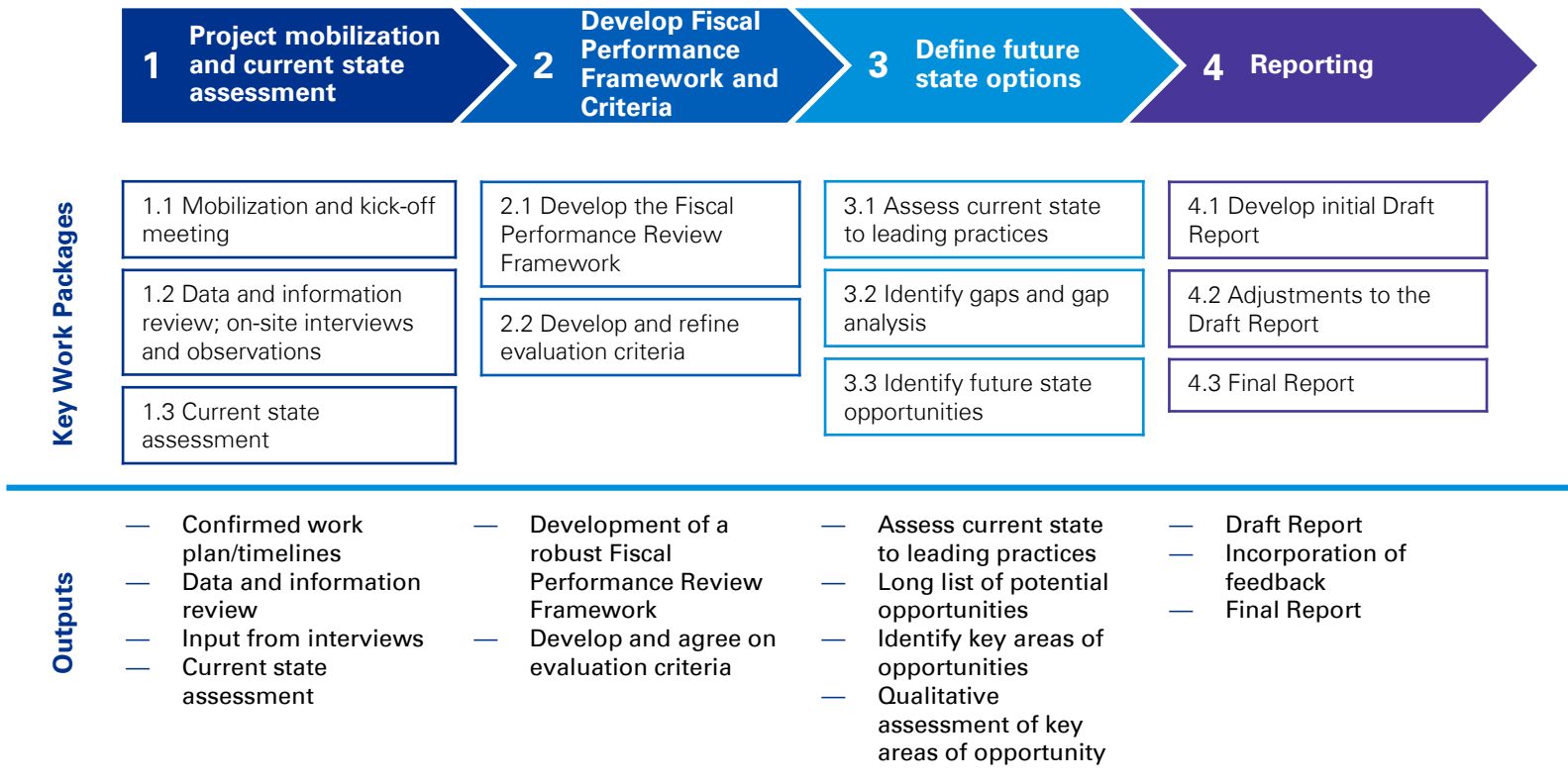
1.2 Project Approach

Manitoba needs to make some rapid progress in terms of cost reduction. Our experience tells us that an innovative vertical approach to fiscal performance reviews is to segment government services into front-line services, back office services and non-payroll spending. This is an important dimension of analysis bearing in mind Manitoba’s objective of reducing waste and inefficiencies and improving effectiveness, with careful attention to maintaining frontline workers.



1.3 Phase 1 Overview

Our approach for Phase 1 was based on four stages with a number of activities under each stage. The key stages are summarized in the diagram below, and then further outlined in the following pages.



1.3 Phase 1 Overview

Stage 1: Project Mobilization and Current State Assessment

- Held an initial kick-off meeting to introduce team members and confirmed the project objectives, approach, work plan and schedule, as well as protocols and assumptions.
- Identified department coordinators and other key stakeholders.
- Reviewed existing materials, and discussed additional data needs and timing.
- Conducted a number of interviews with Treasury Board Secretariat and other central agency officials, and with each department.
- Compiled and analyzed data to establish an understanding of each department's current state, including:
 - Strategic priorities and alignment with Government's stated goals and priorities;
 - Current programs, services and delivery methods;
 - Costs and key cost drivers of service delivery; and
 - Performance levels.

1.3 Phase 1 Overview

Stage 2: Develop Fiscal Performance Framework and Criteria

- Leveraged our global network and public sources to identify leading jurisdictional practices relevant to Manitoba.
- Worked with the Steering Committee and Treasury Board Secretariat to determine assessment themes for evaluating programs and services.
- Recommended a framework of key program metrics to measure departmental outcomes and results.
- Assessed departmental capacity and capabilities for fiscal, performance-based decision-making, and identified key gaps and recommended actions to close gaps.
- Developed and agreed on five or six key criteria to evaluate potential options and delivery models for departmental programs and services.
- Developed a concise, professional Fiscal Performance Review Framework for Manitoba.

1.3 Phase 1 Overview

Stage 3: Define Future State Options

- Leveraged public sources and our global network to consider alignment of the current state of departments with leading practices.
- Assessed and identified significant cost/performance gaps.
- Identified possible hypotheses for key areas of opportunity, and research and available data to support hypotheses.
- Considered Government's long term future priorities, and identified key areas of opportunity with potential of significant cost improvement.
- Conducted a workshop with the Steering Committee to review and agree on the list of key areas of opportunity/options.
- Undertook a qualitative prioritization assessment of the cost improvement options against the agreed evaluation criteria.

1.3 Phase 1 Overview

Stage 4: Reporting

- Based on the knowledge, data and analysis of previous stages, drafted an initial scoping report of key findings that address project requirements.
 - Worked with the Steering Committee to go through the findings and sought feedback on the options to be taken forward for consideration, and a high-level “order of magnitude” estimate of potential efficiencies and cost savings in key areas of opportunity in the short-term.
 - Identified a minimum of six areas of significant potential for cost improvement starting in 2017/18 for further investigation and business case development.
 - Incorporated draft report feedback from the Steering Committee and finalized report.
-
- The key deliverable was the Phase 1 Scoping Report.



2 Current State Assessment

2 Current State Assessment

This section includes the following sub-sections:

1. Context
2. Core Government
3. By Department
4. Summary of Observations

2.1 Context

“Manitobans have a right to expect that their government uses public revenues effectively and efficiently to deliver high quality government programs and services at a reasonable and sustainable cost. Manitoba’s New Government is working to fulfill that expectation by restoring fiscal discipline with a common sense approach to financial management. Common sense respects the value of taxpayers’ money.”

“A large part of restoring fiscal discipline is restraining the growth of spending – bending the cost curve – to ensure that spending does not outpace revenue growth. Manitoba’s New Government is committed to ensuring that government programs and services become more effective and efficient.”

Manitoba Budget 2016

The new Government of Manitoba has shown a great commitment to the continuous improvement of service delivery to the public. Not only does this improvement comprise a citizen-centric approach to delivering quality services to Manitobans, but also to ensuring that public funds are spent in the most efficient and effective way, providing the highest value to taxpayers.

Treasury Board is a Committee of Cabinet responsible for the overall fiscal management and reporting of the Manitoba government, and the establishment of policies required for the effective management of public funds to meet government objectives. Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board.

As indicated in the background of the Request for Proposals (RFP), after a number of years of budget surpluses, Manitoba fell into deficit on both a core and summary basis in fiscal 2009/10, and has remained in deficit since then. Core government spending has risen at a rate of 5.1% annually over the past 10 years while core government revenues have grown at 3.8% annually. Of particular concern is the degree to which actual spending growth exceeds planned growth.

2.1 Context

The numbers... for scale and context

- \$846 million operating deficit in 2015/16 and \$911.5 million deficit budgeted for 2016/17 (Summary Budget).
- \$38 billion Total Borrowings (including Crown corps) in 2015/16 and projected \$43.7 billion in 2016/17.
- \$21.4 billion Net Debt in 2015/16, and projected \$23.1 billion in 2016/17.
- 102% increase in Net Debt from 2007/08 to 2015/16.
- \$12.2 billion core government revenue forecast in 2015/16 (\$14.9 billion in revenues on a Summary Basis).
- \$13.2 billion core government expenditures forecast in 2015/16 (\$15.9 billion in expenditures on a Summary Basis).
- \$1 billion estimated for Capital Expenditures.

The following table provides key financial indicators for the Province of Manitoba from audited financial statements on a Summary Basis.

- From 2008/09 to 2014/15, program expenditures increased by \$2.9 billion or 25%, while total revenues increased by slightly less than \$2.0 billion over the same period, while Net Debt dramatically grew by \$7.5 billion in only six years.
- Federal transfers have been flat since 2008/09. Own-source revenues increased by \$2 billion from 2008/09, growing modestly during a time of significant tax increases. However, during the previous five-year period from 2003/04 to 2008/09, own-source revenue increased by over \$3 billion, during a time of better economic growth and without significant tax increases.
- The Province of Manitoba's fiscal situation significantly deteriorated in 2015/16 with a summary deficit of \$846 million, double the 2015 budgeted deficit of \$422 million.
- The new Government has made fiscal management of highest priority as outlined in its Throne Speech and announcements.

2.1 Context

Province of Manitoba, Key Financial Indicators
2003/04 to 2014/15

\$ millions (unless otherwise stated)	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Own-source revenues	5,786	6,984	7,622	8,065	8,899	8,897	8,724	9,193	9,356	9,833	10,396	10,930
% change		20.7%	9.1%	5.8%	10.3%	0.0%	-1.9%	5.4%	1.8%	5.1%	5.7%	5.1%
Federal transfers	2,716	3,156	3,103	3,320	3,597	3,866	3,924	4,047	4,332	3,953	3,818	3,809
% change		16.2%	-1.7%	7.0%	8.3%	7.5%	1.5%	3.1%	7.0%	-8.7%	-3.4%	-0.2%
Total revenues	8,502	10,140	10,725	11,385	12,496	12,763	12,648	13,240	13,688	13,786	14,214	14,739
% change		19.3%	5.8%	6.2%	9.8%	2.1%	-0.9%	4.7%	3.4%	0.7%	3.1%	3.7%
Program expenditures (before debt charges)	8,271	8,813	9,521	10,155	11,074	11,482	12,092	12,646	13,874	13,527	13,915	14,350
% change		6.6%	8.0%	6.7%	9.0%	3.7%	5.3%	4.6%	9.7%	-2.5%	2.9%	3.1%
Debt charges	799	765	810	745	864	830	756	773	815	839	821	841
% change		-4.3%	5.9%	-8.0%	16.0%	-3.9%	-8.9%	2.2%	5.4%	2.9%	-2.1%	2.4%
Deficit (-) or surplus*	-579	562	394	485	558	451	-200	-179	-1,001	-580	-522	-452
Net debt	11,018	10,670	10,520	10,465	10,599	11,468	11,810	12,525	14,550	15,893	17,272	18,963
% change		-3.2%	-1.4%	-0.5%	1.3%	8.2%	3.0%	6.1%	16.2%	9.2%	8.7%	9.8%
Net debt % GDP	29%	27%	26%	24%	22%	23%	23%	24%	26%	27%	28%	30%

Notes:

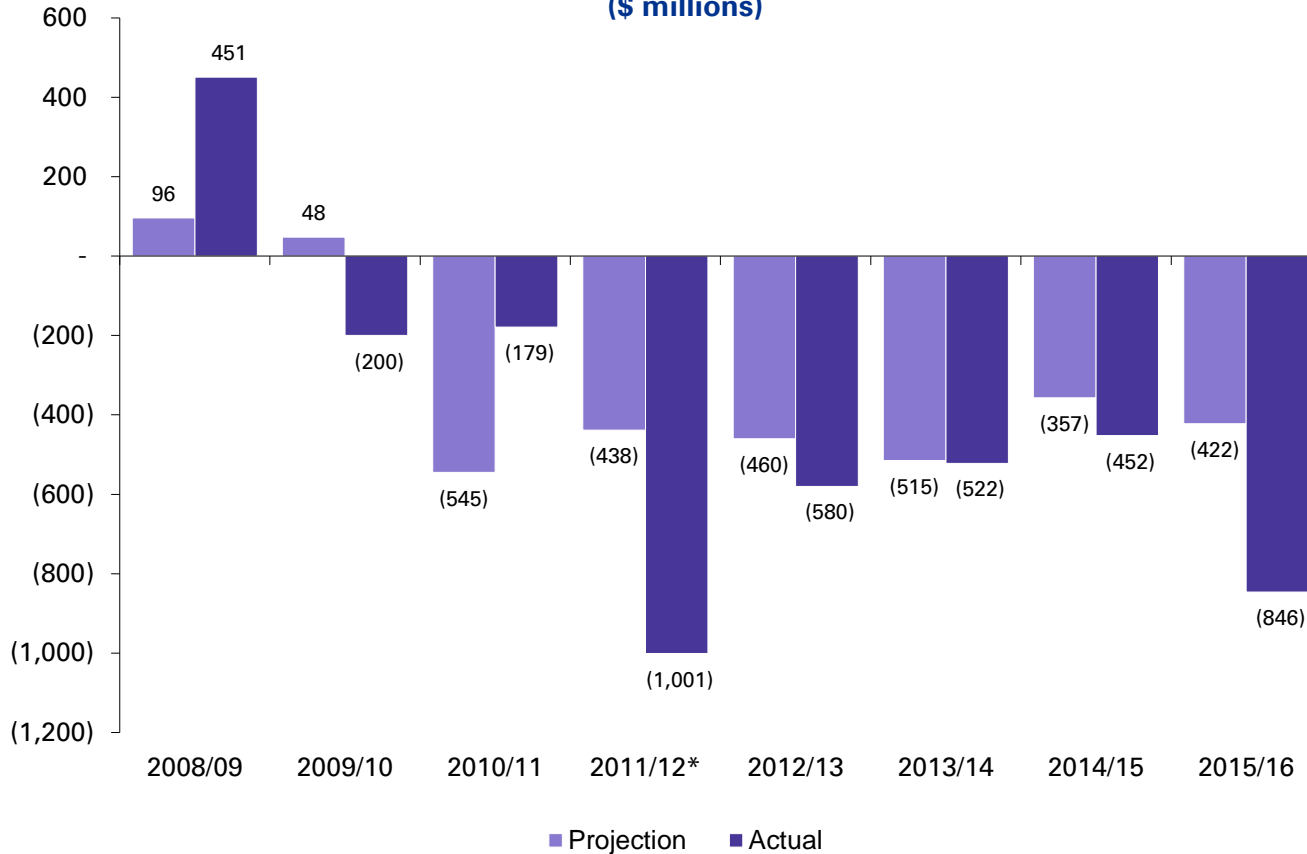
* Revenues less expenditures less debt charges, +/- other adjustments = deficit or surplus.

From previous Budgets: actual numbers for summary expenditures for 2005/06 and earlier do not include public schools as this information is not available in a GAAP format.

Source: Public Accounts of the Province of Manitoba Summary Financial Statements.

2.1 Context

**Province of Manitoba, Budget Surplus (Deficit)
Projections and Actuals, 2008/09 to 2015/16
(\$ millions)**



Source: Province of Manitoba Public Accounts.

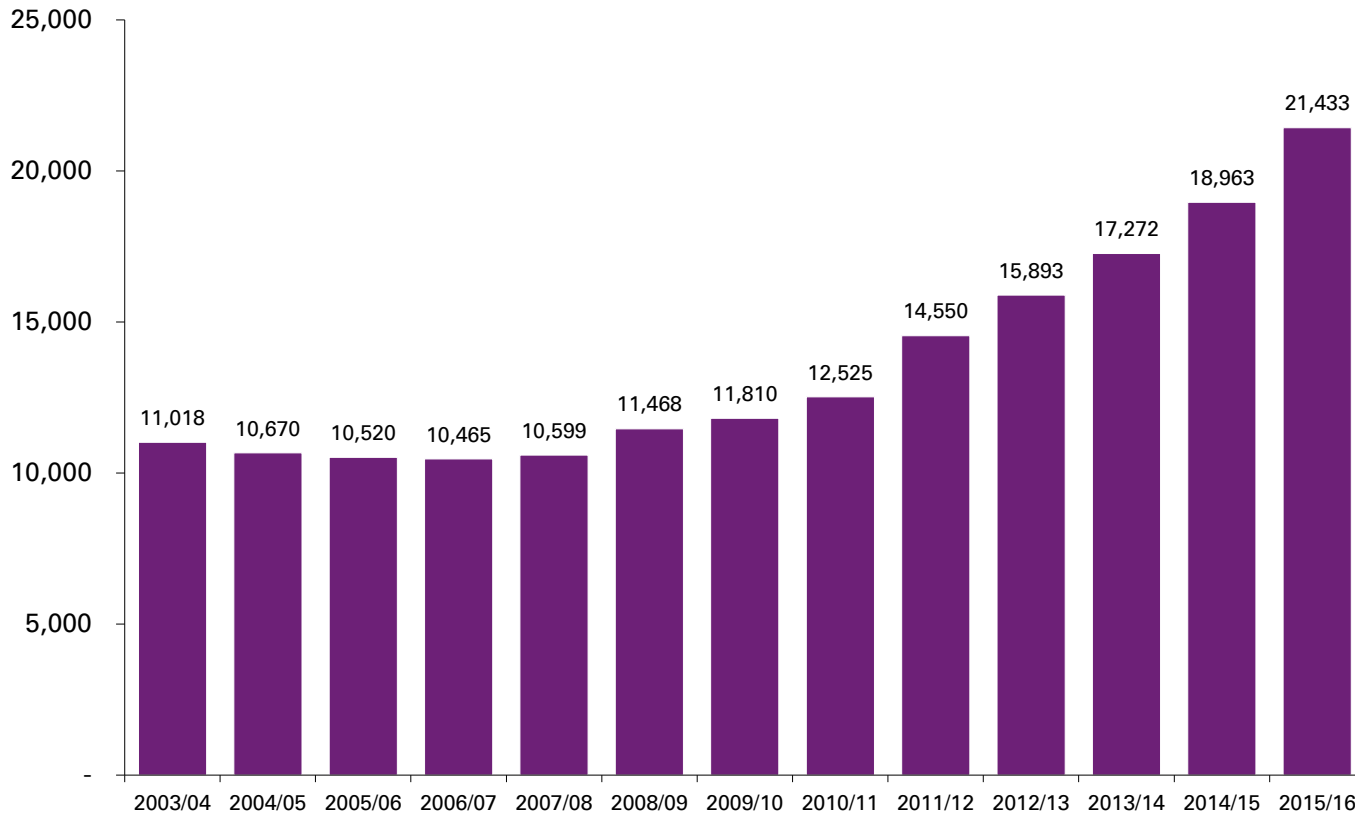
The following table compares the Province of Manitoba’s budget projections and actual net results. Noteworthy is 2011/12, which was an extraordinary year due to severe flood conditions during 2011 that necessitated extraordinary expenditures.

The Province of Manitoba has consistently missed its projected deficit in each budget from 2011 to 2015, with an exceptionally large deficit in 2015/16.

In the 2013 Budget, the previous government outlined a Deficit Reduction Plan towards a balanced budget in 2016/17. The 2013 Budget projected a deficit of \$164 million in 2015/16.

2.1 Context

Province of Manitoba, Net Debt, 2003/04 to 2015/16
(\$ millions)



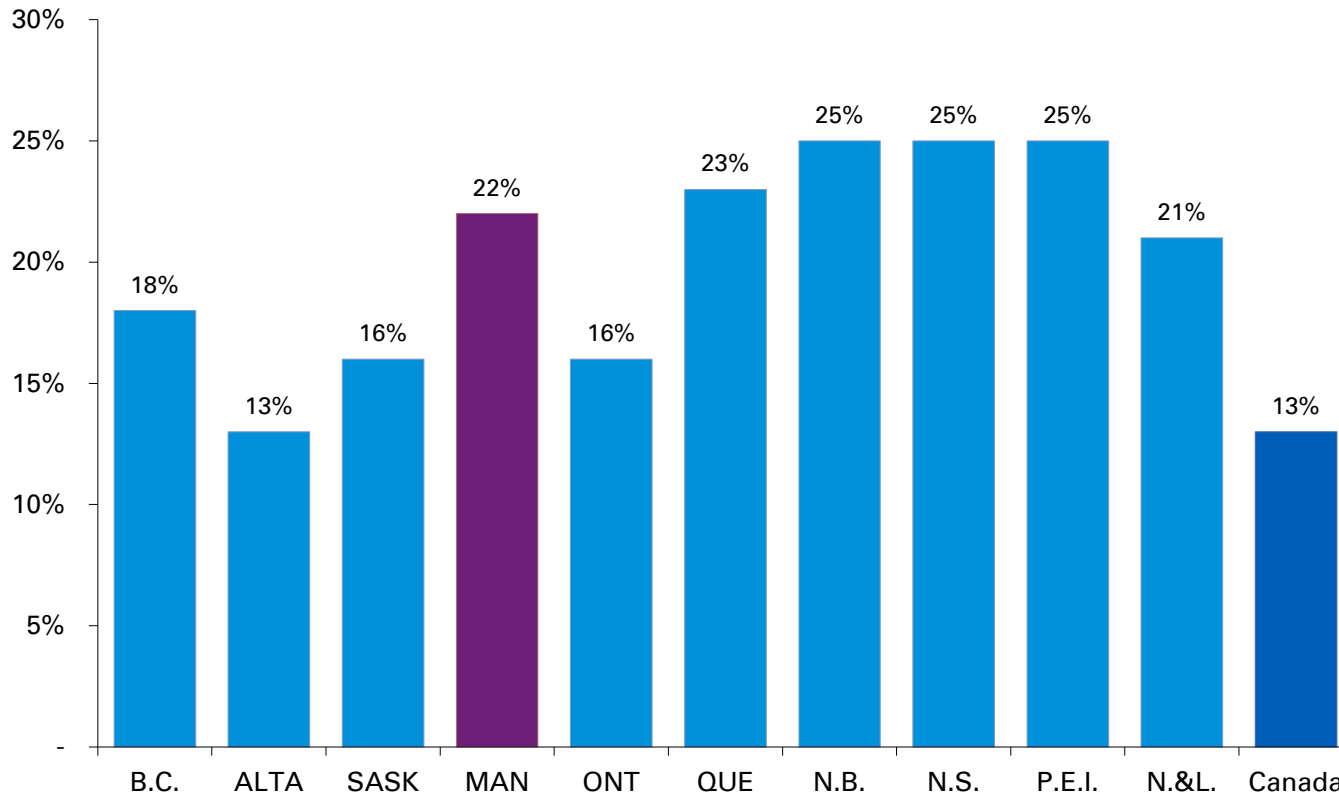
The Province of Manitoba’s net debt position was relatively steady through the 2000s, and has increased sharply since 2007/08 as a result of significant annual deficits and increased borrowings.

The pace of growth in debt has been high in recent years and is a factor in recent downgrades from credit rating agencies.

Source: Province of Manitoba Public Accounts.

2.1 Context

**Program Expenditures Relative to GDP, Provinces and Canada, 2014/15
Estimates**



Manitoba has a relatively high level of program expenditures to GDP in Canada, at 22%, which is significantly higher than the other western provinces and Ontario.

Source: For 2014/15, derived from Public Accounts. GDP data for Canada and by province from Statistics Canada. Due to accounting and/or reporting differences, may not be strictly comparable between provinces. Subject to revisions and updates from governments.

2.1 Context

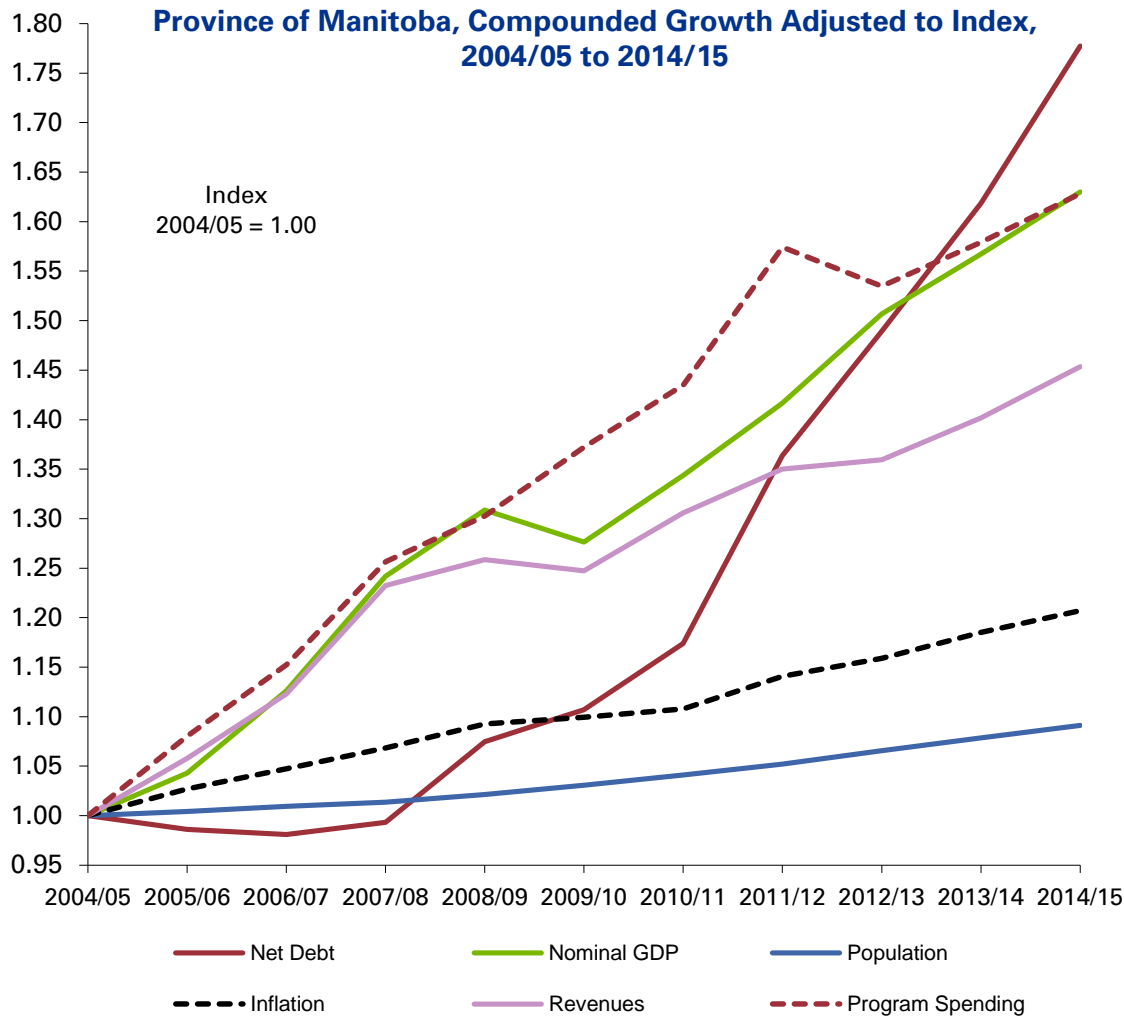
Program Expenditures \$ per Capita, Provinces and Canada, 2014/15 Estimates



Manitoba also has a relatively high level of program expenditures per capita, at approximately \$11,200, which is significantly higher than the Canadian average, and most provinces, but a similar level to Alberta and Saskatchewan.

Source: For 2014/15, derived from Public Accounts. Population data for Canada and by province from Statistics Canada. Due to accounting and/or reporting differences, may not be strictly comparable between provinces. Subject to revisions and updates from governments.

2.1 Context



The following chart illustrates the growth of net debt, nominal GDP growth, growth in revenues and program expenditures, and growth in population and inflation, for the Province of Manitoba since 2004/05.

In Manitoba, net debt has increased sharply since the global recession and growth in net debt has outpaced growth in other measures.

Up to 2008/09, revenues and program spending were generally correlated with nominal GDP growth. Since 2008/09, program spending has exceeded nominal GDP growth and revenues have grown slower than nominal GDP.

Over this time period, inflation and population combined has grown by approximately 30%, nominal GDP has grown by 63%, while net debt has grown by 78% with effectively all of that growth since 2007/08.

Source: Derived from Province of Manitoba Public Accounts. Population, GDP and inflation derived from Statistics Canada.

2.1 Context

Based on Statistics Canada (July 2016) data, Manitoba has one of the highest levels of public sector employment of all provinces in Canada, significantly above the Canadian average. Manitoba has 163,600 public sector employees (all – federal, provincial, municipal, school board, government business enterprises, health & social institutions and universities & colleges) representing 26% of employed individuals in Manitoba. This represents 125 public sector employees per 1,000 population, compared to 99 public sector employees per 1,000 population for Canada.

Total Public Sector Employment, Canada and Provinces, July 2016

	Total Employment (000s)	Public Sector Employment (000s)	Public Sector % of Employment	Population, Q2 2016	Public Sector per 1,000 Population
Canada	18,023.3	3566.7	19.8%	36,155,487	99
Manitoba	636.3	163.6	25.7%	1,309,912	125
British Columbia	2,392.7	430.8	18.0%	4,721,932	91
Alberta	2,248.2	415.3	18.5%	4,249,842	98
Saskatchewan	569.4	139.7	24.5%	1,146,655	122
Ontario	6,966.6	1262.6	18.1%	13,920,499	91
Quebec	4,106.8	877.7	21.4%	8,310,708	106
New Brunswick	354.6	83.6	23.6%	755,868	111
Nova Scotia	445.3	112.7	25.3%	947,284	119
Prince Edward Island	71.4	19.0	26.6%	147,390	129
Newfoundland & Labrador	232.0	61.6	26.6%	528,448	117

Source: Labour data derived from Statistics Canada 282-0087 and 282-0089; population data from Statistics Canada Q2 2016.

2.1 Context

Based on Statistics Canada 2011 data, Manitoba had one of the highest levels of public sector employment of all provinces in Canada, and significantly above the Canadian average. (Note: this data set is no longer published and is similar but not the same as July 2016 data on the previous page.) At a provincial government level, Manitoba has significantly higher per capita levels of employment than the Canadian average for provincial general government, provincial government business enterprises, and health and social service institutions.

Public Sector Employment, Manitoba and Canada 2011

	CANADA		MANITOBA	
	Employment Persons	Employment Persons per 1,000 Population	Employment Persons	Employment Persons per 1,000 Population
Federal general government	427,093	12	17,437	14
Provincial general government	356,709	10	17,811	14
Health and social service institutions, provincial	859,350	25	46,528	38
Universities, colleges, vocational and trade institutions, provincial	382,245	11	12,437	10
Local general government	608,094	18	19,455	16
Local school boards	679,828	20	32,505	26
Federal government business enterprises	102,319	3	13,136	11
Provincial government business enterprises	147,914	4	12,141	10
Local government business enterprises	68,286	2	1,760	1
Total Public sector (2011)	3,631,837	106	173,209	140
Population (2011)	34,342,800		1,233,700	

Source and notes:

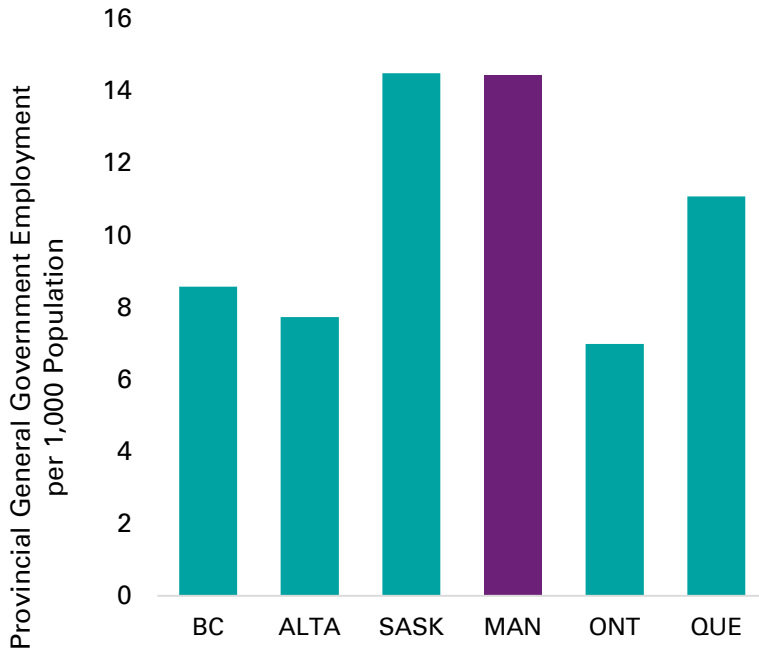
- 1) Employment data are not in full-time equivalents and do not distinguish between full-time and part-time employees.
- 2) Public sector employment data from Statistics Canada, Table 183-0002 (which is no longer published), and population data from Statistics Canada.
- 3) The public sector definitions and data for these tables may be similar but not the same as 282-0089.

2.1 Context

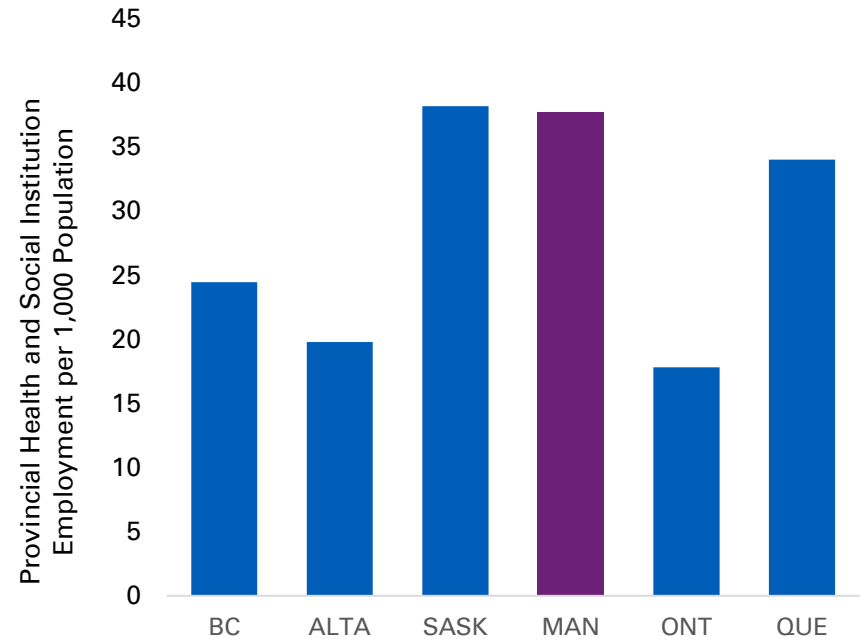
Manitoba, along with Saskatchewan, has much higher levels of provincial government employment per capita than B.C., Alberta, Ontario and Quebec. However, Saskatchewan embarked on a workforce reduction plan in 2011 that resulted in a reduction of 1,900 core government positions over four years (Saskatchewan Plan for Growth, 2013 Progress Report).

Public Sector Employment, Manitoba and Canada 2011

Provincial Government Employment per 1,000 Population, 2011



Provincial Health and Social Institution Employment per 1,000 Population, 2011



Source:

- 1) Employment data are not in full-time equivalents and do not distinguish between full-time and part-time employees.
- 2) Public sector employment data from Statistics Canada, Table 183-0002 (which is no longer published) and population data from Statistics Canada.

2.1 Context

Getting Manitoba to turnaround its fiscal position will require difficult decisions and focus on several fronts. Manitoba requires a Fiscal Performance Review Framework to provide a consistent, systematic approach for reviewing spending at all levels, by department, branch, program and cross-departmental.

KPMG worked with the Government of Ontario on developing an evidence-based framework. In late 2014, the Government of Ontario launched Program Review, Renewal, and Transformation (PRRT). PRRT replaces the previous Results-Based Planning process, and is a fundamentally new approach to multi-year planning and budgeting. It has been designed according to four key principles:

- To closely examine how every government dollar is spent on programs, services, and administration.
- To use evidence to inform better policy and programming choices and improve the outcomes of those programs for Ontarians.
- To look horizontally across government departments to find the best avenue for the delivery of public services.
- To take a multi-year approach to find opportunities to transform programs, achieve savings, and get better value for investments.

To support the PRRT process and the ongoing transformation of programs and services, the 2015 Ontario Budget announced the creation of a new Centre of Excellence for Evidence-Based Decision Making Support (COE). This Centre is housed within the Treasury Board Secretariat with a mandate to ensure that program and service decisions are supported by a rigorous evidence-base focused on outcomes. It is also mandated to build greater capacity across the Ontario Public Service to assess program performance, make informed choices based on evidence, and drive change in critical public services.

KPMG also worked with the Government of Alberta on results-based budgeting for a number of its large ministries.

2.1 Context

The Public Service in Manitoba delivers an array of services through a variety of means, including directly to Manitobans, delivery that is through organizations in the broader public sector, through transfer payment partners and through third party service providers. This results in a complex web of relationships, interdependencies, and agreements involving multiple stakeholders. Tracking, measuring, and achieving outcomes in this environment is challenging. Most importantly, the environment within which decision-making occurs is highly complex, and generating the desired level of evidence can, and often will, involve multiple stakeholders and sources of information and analysis. As such, the effective functioning of both external facing and internal processes need to be clear, efficient, and effective.

The new Government has been clear in its direction to identify a number of cost savings as part of the next budget cycle as it continues on its path towards getting Manitoba's finances in order. This requires a Fiscal Performance Review Framework to not only provide assistance in meeting short term objectives, but also to be a platform for sustained change over several years.

Through the knowledge gained from other engagements in Canada, U.S., U.K., Australia and elsewhere, an approach for Manitoba's Framework should include:

- Ensuring there is clarity about purpose and a framework for transforming the way government looks at its fiscal management of expenditures.
- Identifying the appropriate assessment themes, or filters, that enable the core evaluation for decision-making.
- Developing a “made-in-Manitoba” framework that is practical for Manitoba's size and context, and is informed as appropriate by national and international experience.

2.1 Context

The new Government has outlined its mandate and directives in its Throne Speech of May 16, 2016, and through various policy announcements and directions.

“Manitoba’s New Government is committed to making Manitoba the most improved province in all of Canada: to better health care and education for Manitoba families; to better jobs that will inspire our young people to make their Manitoba their home into the future; and to an open, transparent government that earns and deserves the trust of Manitobans.”

Manitoba Speech from the Throne, May 16, 2016

Strengthening Manitoba's Economy

- Jobs and economic growth are central. A stronger economy will allow Manitoba to improve front line services in health care and education; and will enable investment in programs and initiatives most important to supporting Manitoba families.
- A strong fiscal plan is the necessary foundation for sustained growth. The Throne Speech announced that Manitoba will immediately commence a comprehensive value for money review across government, as a first step toward restoring prudent financial management.
- Provide municipalities from across Manitoba with a fair say on strategic infrastructure investments.
- Ensure long-term, assured and targeted infrastructure investments of no less than \$1 billion per year while making flood protection a top priority.
- Establish a Premier’s Enterprise Team, comprised of business leaders who will make recommendations that will result in new jobs and stronger economic growth in our province.
- Engage in focused discussions with Indigenous leaders to develop a framework for meaningful ongoing consultation.
- Many jobs in Manitoba depend on trade and the Government is committed to pursuing enhanced trading opportunities. A first step is joining the New West Partnership Trade Agreement with Saskatchewan, Alberta and British Columbia.
- Committed to realizing additional tourism potential, increasing investment in the promotion of Manitoba’s many unique attractions to visitors from all over the world.
- Launch Yes! North to promote partnerships needed to attract new companies, assist entrepreneurs, and foster quality jobs and a stronger economy in northern Manitoba.
- Focus on the sustainable development of natural resources, including forestry and mining, to pursue additional opportunities for balanced growth and job creation.

2.1 Context

Better Care for All Manitobans

- Providing the best possible care to families, seniors, children and patients is the most fundamental role of government. This requires ongoing vigilance and support, while protecting the jobs of the dedicated front line workers who provide those services.
- Establish a Wait Times Reduction Task Force to implement initiatives to reduce the time that Manitobans spend waiting for specialized or emergent care. Implement a plan for the construction of additional personal care home beds.
- Introduce *The Protecting Children Act* to make it easier for government departments, child and family service authorities, community service providers and law enforcement agencies to share information and collaborate when dealing with victimized and at-risk children.
- Develop a comprehensive mental health strategy, which will include mental health and addictions programs and services emphasizing better coordination and access.

Better Education

- Education is the path forward to personal success and growth for all young Manitobans. Investing in education benefits not only the present day student, it is an investment in our province's collective future.
- Develop a long-term literacy plan for Manitoba's children. This plan will include measurable goals to allow tracking of progress on improving student literacy throughout their educational career.
- Consult with leaders in Manitoba's business and post-secondary education communities around increased funding for scholarships and bursaries available to Manitobans seeking higher education to strengthen partnerships with, and increased investment by, the private-sector creators of Manitoba jobs.

2.1 Context

Clean, Green Manitoba

“Manitoba is home to diverse natural areas including vast plains and parkland regions, northern tundra, boreal forests and inland seas. We must preserve and protect this natural heritage for future generations to use and enjoy.”

- Manitoba’s New Government will begin discussions with federal partners and other jurisdictions to develop a made-in-Manitoba climate action plan. This plan will include carbon pricing that fosters emissions reduction, retains investment capital and stimulates new innovation in clean energy, businesses and jobs. Consult in the development of land-use and conservation measures that sequester carbon, improve water quality and foster adaptation to climate change.

Accountable Government

- Manitoba’s New Government will enlist the direct help of Manitobans in evaluating progress toward specific results with the goal to make Manitoba the most improved province in the country. Develop measurements to report on progress towards restoring public finances to balance, reducing health care wait times, strengthening infrastructure, improving literacy rates and restoring trust in the integrity of government.
- Abolish the ‘vote tax’ subsidy for political parties, and restore Manitobans’ right to vote on major tax increases. Establish a team of business, labour and community agencies to find and reduce unnecessary red tape.
- Restore the right to a secret ballot vote in workplaces, to foster a more open and respectful labour environment that protects workers’ rights and freedoms.

2.1 Context

Governments moving toward balanced budgets require a combination of development and action. Revenue growth is key and driven by economic growth. Revenues, fees and taxation initiatives also impact revenues. As experienced in the late 1990s and early 2000s, strong economic growth in the Province was key towards balanced budgets. Asset management and rationalization is another factor. Prudent management of operational and capital spending is a very important part of a fiscal management plan. In this context, the focus of the review is to scope and identify notable areas for spending reductions and control with an immediate focus for the next fiscal year, 2017/18, and also sustained cost improvements through transformational change.

In addressing spend control, bending the spending curve will require program and operational decisions in the large-spend departments, namely Health, Education and Training, and Families, which collectively spent \$10.7 billion or 80% of core government program expenditures.

The next largest departments in expenditure are: Infrastructure, Justice, and Indigenous and Municipal Relations. The largest six departments collectively represent nearly \$12.4 billion or 93% of core government expenditures in the 2016/17 Budget.

Increasing customer demand and fiscal pressures are forcing governments to transform at an accelerating pace. Manitoba needs to make swift, yet strategic decisions about where to enhance and improve. Experience and knowledge of leading practices helps identify potential innovative opportunities for Manitoba to:

- Eliminate waste and duplicity;
- Reduce program costs;
- Enhance service delivery;
- Improve government operating and administrative process efficiencies;
- Enable technology to automate processes;
- Increase organizational governance and internal controls; and
- Leverage potential opportunities, to increase revenues and improve customer service.

2.1 Context

The Province of Manitoba's Public Service is dedicated to serving Manitobans and communities across the Province.

In fairness to the Public Service, prior to this Review, there was not a clear focus or strategy on fiscal management, cost containment or performance management.

Many Public Service employees view this as an opportunity to make real change to improve efficiency and effectiveness of provincial government programs and services and ensure value for money for Manitobans. Frontline workers serve Manitobans and recognize areas of inefficiencies and duplication or overlap. People generally recognize that the current level of expenditure growth is not sustainable.

Through many interview sessions, the ideas and information from the Public Service across all levels was welcome. The new Government has made fiscal performance and accountability of highest priority. A Fiscal Performance Review Framework will assist the Public Service in a new, consistent, systematic way to consider, review and prioritize government spending. Identifying and targeting areas of opportunity for cost improvement in 2017/18 and future years is critical to controlling operational spending and achieving better value for money.

2.2 Core Government – Scope

Expenditure Estimate: Core Government

Fiscal Year ending March 31, 2017 (in Thousands of Dollars)

Sector/Department	Expenditure Estimate	2015/16 Forecast	2015/16 Budget	Schedule 5 Percent Change 2016/17 Estimates from 2015/16	
				Forecast	Budget
Health					
Health, Seniors and Active Living	5,989,870	5,769,371	5,654,389	3.8	5.9
Education					
Education and Training	2,733,768	2,697,105	2,689,888	1.4	1.6
Families					
Families	1,927,625	1,814,967	1,752,602	6.2	10.0
Community, Economic and Resource Development					
Agriculture	180,371	173,856	181,368		
Growth, Enterprise and Trade	82,593	93,485	79,108		
Indigenous and Municipal Relations	498,023	497,421	494,893		
Infrastructure	625,093	620,018	604,998		
Sustainable Development	141,715	137,884	138,302		
Total Community, Economic and Resource Development	1,527,795	1,522,664	1,498,669	0.3	1.9
Justice and Other Expenditures					
Legislative Assembly	57,707	51,160	52,397		
Executive Council	4,107	4,289	4,289		
Civil Service Commission	21,677	21,096	21,287		
Employee Pensions and Other Costs	14,735	31,094	14,161		
Finance	278,349	271,818	265,689		
Justice	585,844	568,444	563,686		
Sport, Culture and Heritage	66,462	64,626	65,555		
Enabling Appropriations	42,991	38,591	19,133		
Other Appropriations	56,700	115,303	43,400		
Total Justice and Other Expenditures	1,128,572	1,166,421	1,049,597	(3.2)	7.5
Debt Servicing Costs	230,000	205,000	220,000	12.2	4.5
Total Expenditure Estimate	13,537,630	13,175,528	12,865,145	2.7	5.2
Subtract: Total Revenue Estimate (Schedule 4)	12,577,669	12,163,419	12,354,435		
In-Year Adjustments/Lapse	(70,000)	-	(70,000)		
NET INCOME (LOSS)	(889,961)	(1,012,109)	(440,710)		

Notes:

- In-Year Adjustments/Lapse could be an increase in revenue and/or decrease in expenditures.

As indicated in the information from the 2016 Manitoba Budget, core government expenditures of departments are forecast at nearly \$13.0 billion for the latest fiscal year (excluding debt servicing costs), which is nearly \$325 million over the previous government's 2015 Budget.

As noted in the project scope, health care spending through the Department of Health, primarily the Health Services Insurance Fund, is not included in this Review. As per the Estimates of Expenditure and Revenue for the Fiscal Year ending March 31, 2017, estimates of expenditures for the Department of Health are nearly \$6 billion in the 2016/17 Budget (with the Health Services Insurance Fund estimated at \$5.6 billion).

Thus, core government expenditure for this review is approximately \$7.3 billion in the 2016/17 Budget.

2.2 Core Government – Scope

The 2016/17 **Core Government** Expenditure Estimate is \$13.3 billion (excluding debt servicing costs). Removing the entire Health Budget from this spend* leaves \$7.3 billion in program spend for the purpose of KPMG’s scoping review, with specific focus on the following 11 departments:

1. Education and Training
2. Families
3. Finance
4. Justice
5. Indigenous and Municipal Relations
6. Infrastructure
7. Agriculture
8. Sustainable Development
9. Growth, Enterprise and Trade
10. Civil Service Commission
11. Sport, Culture and Heritage

*Original direction was to exclude the Health Services Fund from the Fiscal Performance Review. During the interview process, this direction was amended to exclude the entire Health Budget from the scope of KPMG’s review (exception may be consideration of government-wide initiatives).

2.2 Core Government – Data Sources for the Current State Assessment

The data used, which informs KPMG’s analysis, for this section of the Draft Report is derived from a number of Government of Manitoba internal and public sources, including:

- 2016 Estimates of Expenditures and Revenues;
- 2015/16 Forecast spend information, provided by the Department of Finance;
- Annual Public Accounts (where actuals are used);
- Departmental Annual Reports; and
- Departmental Supplementary *Information for Legislature Review* documents.

Where 5-year trend analysis has been identified, KPMG has adjusted annual figures to align as much as possible with the Government’s recent reorganization into 12 departments. For further information on the methodology and assumptions for detailed spend analysis, please refer to Appendix A.

2.2 Core Government – Interview Themes

- 35 interviews were conducted, involving over 140 senior government officials, including central agency staff (Executive Council, Treasury Board Secretariat, and Priorities and Planning Secretariat), all Deputy Ministers of the 11 departments and departments' Executive Financial Officers and Executive Management Teams. A number of general themes emerged from these discussions:
 - **Culture**
 - Typical views about the current culture within the public service were generally not positive. Most common remarks included: siloed, risk averse, uncoordinated, lacking fiscal discipline, tired, fearful.
 - That being said, there appears to be pockets of positive cultures within some departments where views are: passionate, client-centred, results-oriented, collaborative, mindful of the public purse.
 - Many senior officials are viewing the Fiscal Performance Review as a potential opportunity to address long standing issues, and refocus resources on “core” programs and services.
 - **Alignment with Government Priorities**
 - Many senior officials have raised questions about what government is trying to accomplish (at a department level and with certain programs), and whether current delivery mechanisms for achieving intended results are still valid.
 - **Role of Government**
 - Many senior officials have never questioned or considered the role of the provincial government in the context of a spectrum of delivery and support agents (including other levels of government, non-profit and community-based organizations) and private sector services.
 - Significant policy questions are being raised within some departments which requires clarification and/or direction from Government.

2.2 Core Government – Interview Themes

– **Relevancy, Effectiveness, Efficiency and Fiscal Discipline**

- Generally, most legislation, regulations, programs and services have never been reviewed, or have not been reviewed for a long time.
- Many senior officials noted that programs and services are layered on one another, without pulling back or stopping anything.
- Confusion exists about outputs and outcomes, and government’s role (and accountability) in achieving outcomes.
- Many officials noted a lack of credible performance data that speaks to efficiency and effectiveness of programs, and whether programs are delivering intended results.
- There is a clear need to encourage and promote a public service culture that values intellectual curiosity, problem-solving, fiscal discipline, performance measurement, results-focus and continuous improvement.
- Central frameworks, processes and guidance are needed to encourage methodical and consistent discussion and analysis of: relevancy, the role of government within a spectrum of delivery partners, value for money, and whether desired results are being achieved in an efficient and timely manner.

– **Accountability System across the Delivery Continuum is Weak**

- A government-wide review of how third party agencies (community-based organizations and non-profit agencies) are funded and managed is needed. KPMG estimates that agency funding accounts for approximately 25% of overall (external) Program and Grant funding (excluding municipalities, school divisions, post-secondary institutions and provincial police organizations).
- From discussions with department officials, there appears to be inconsistencies in contract provisions and contract management, within and across departments.
- Agency performance expectations and information to assess results is lacking.
- Clear performance expectations should be defined for agencies. Accountability should align with authority. Appropriate incentives should be in place to encourage agency efficiencies and fiscal discipline.
- Departments need to regularly monitor and report on performance, and enforce accountability for results.

– **Partnerships**

- Very few thoughts or ideas were raised about opportunities to partner with other public or private sector organizations to deliver services.

– **Cost Recovery**

- Some programs that have revenues or fees are not operated on a cost recovery basis, with no clear rationale as to why.

2.2 Core Government – Interview Themes

– **Policy Capacity and Development**

- Many senior staff believe there is a lack of appropriate *strategic* policy capacity in government.
- Some staff noted that policy positions are not true policy positions (i.e., work is focused more on preparing briefing notes, information, and other duties), and/or staff in policy positions are not adequately trained or experienced.
- There is wide variation across departments in the number, location, focus and classification of policy positions. (The same holds true for other common government positions.)
- Many government clients and issues transcend the boundaries of any one department. There is a clear need to improve government-wide strategy planning and implementation. Comments included: “we each do our own piece” of the strategy (versus holistic planning centred around the citizen); there is departmental planning, but lack of focus on operationalizing the plan.

– **Standardization and Consistency**

- There is a lack of standardization and consistency across departments in areas where standardization and consistency would be expected. As one official noted, “moving to another department is like moving to another country”.
- This applies both internal to government (e.g., policies, application of policies) and external to government (e.g., agreements with agencies responsible for delivering programming, including funding, service levels, expectations, focus on results, and performance reporting).
- Many senior officials indicated central support, tools and guidance in common areas would be appreciated (e.g., business case development, program review, options analysis, value for money analysis).

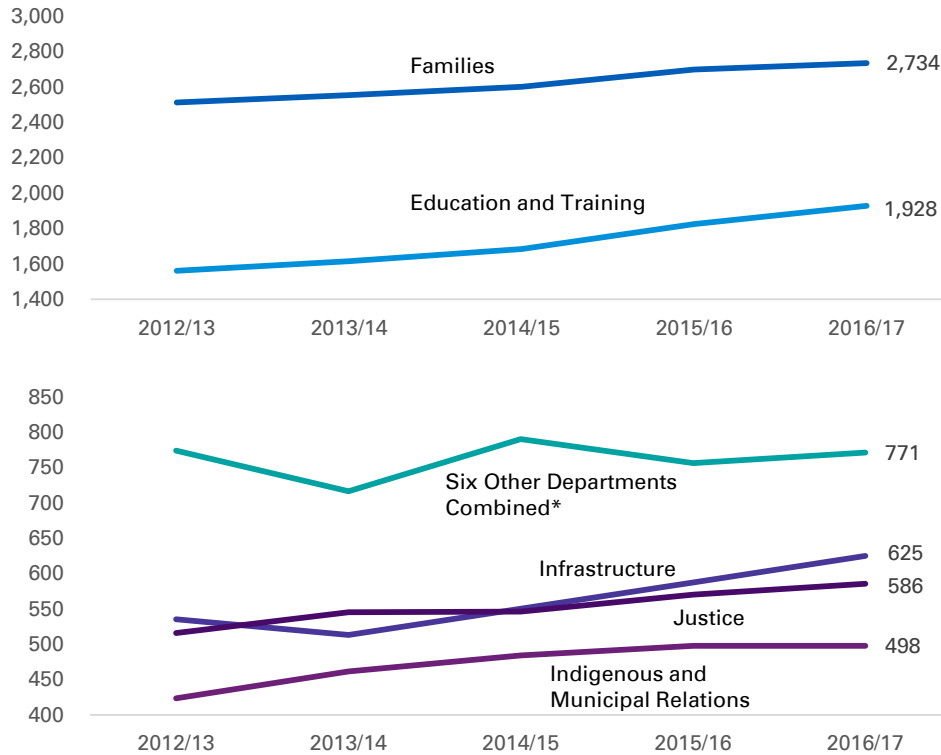
– **Incentives**

- Many officials noted the absence of any incentives that would encourage innovation and efficiencies.

– **Key Supports**

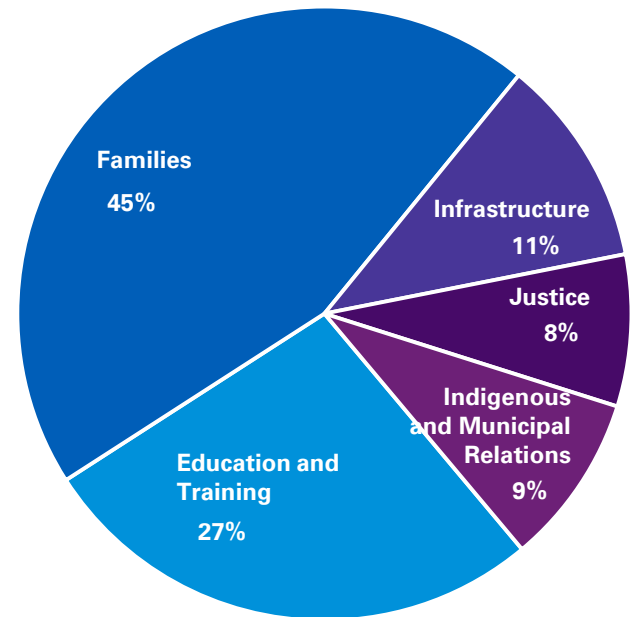
- Numerous senior officials cited frustrations with current supports (e.g., staffing, information technology), noting these support systems are impeding their ability to operate efficiently and effectively and achieve quality results in a timely manner.
- Service catalogues and Service Level Agreements should be considered.
- Leveraging and improving existing technology is key to modernizing government and improving client services.

2.2 Core Government - Five-Year Trends in Department Spending



*Includes: Finance; Growth, Enterprise and Trade; Agriculture; Sustainable Development; Sports, Culture and Heritage; Civil Service Commission

Share of 5 Year Incremental Increase - 2012/13 to 2016/17B
(11 Departments, excluding Health)



Source: Derived from Manitoba data.

2.2 Core Government – Five-Year Cost Drivers in Department Spending

- The five largest departments accounted for all of the increase in expenditures from 2012/13 to Budget 2016/17 for the 11 departments (excluding Health), with Families and Education and Training accounting for 45% and 27% of this increase, respectively.

Programs and Grants

- Increased by \$639.8M over 5 years (12.8%)
 - Families – Programs and Grants increased by \$369.0M (26.5%) over 5 years, driven by programs of the Community Service Delivery Division (\$211.0M, 28.7% increase), Child and Family Services Division (\$59.9M, 14.4% increase), and Housing (\$60.3M, 90.3% increase).
 - Education and Training – Programs and Grants for schools increased \$75.8M over 5 years (7.0%) and universities and colleges increased by \$85.0M over 5 years (12.1%).
 - Justice – Community Safety Division grants increased by \$26.0M over 5 years (21.2%).

Salaries and Benefits

- Increased \$89.8M over 5 years (9.6%) – near inflationary increase.
 - Justice represents over one-half of the increase (\$55.6M), where salaries and benefits increased by 17.9% over 5 years.
 - Indigenous and Municipal Relations increased by 15.4% over 5 years.

Costs Related to Capital Assets

- Increased by \$151.6M over 5 years (42.9%) related to amortization and interest, which is growing at over \$30M per year (approximately 10% per year).

2.2 Core Government – Front-line and Back Office Spend

A vertical approach to fiscal performance reviews segments government services into front-line and back office spend. This is an important dimension of analysis bearing in mind Manitoba's objective of reducing waste and inefficiencies and improving effectiveness with careful attention to maintaining frontline workers.

For the purposes of this analysis, back office spend has been defined as:

- *The portion of Manitoba spending on employees and other expenditures that relate to administrative and support functions that are not public-facing. This includes spending on functions such as finance and administration, executive support, IT services, central services, human resource services and other administrative functions.*

Expenditures on programs and grants are excluded from this analysis (i.e., reflecting "non-program spend"). Total non-program spend of the 11 departments in 2016/17 is estimated at \$1.6 billion, with over \$1.0 billion in salaries and benefits, and nearly \$0.6 billion in "other expenditures."

In order to estimate the portion of back office spending in the 2016/17 Budget, KPMG reviewed the Supplementary Information for Legislative Review (SILR) document for each department, and scanned the division and branch level information to determine which branches met the above definition for back office.

KPMG performed this analysis conservatively, and in order to qualify as back office, the entire branch had to be primarily a back office function. We note that in our review of the SILR documents, we identified certain back office type functions within branches that were primarily front-line, however, as the branch was not primarily a back office function it was not included as a back office expense.

Based on this analysis, the total back office spend included within the 2016/17 Budget for in-scope departments is approximately 25% to 30% of total non-program spend.

2.2 Core Government – Front-line and Back Office Spend

A summary of the total back office spend by department is provided:

- The Department of Finance has the highest back office spend because of the Central Services Division within the Department, which includes accommodation, procurement and IT services. Within the 2016/17 Budget, these central services represent \$241M of the \$285M in back office spend. Other departments that have government-wide back office functions include Justice (legal services), Civil Service Commission (human resource services), and Sport, Culture and Heritage (communication and translation services). For departments such as Finance and Civil Service Commission, where the back office spend is approximately 100% of the non-program spend this is consistent with the nature of these departments.
- Because of the differences in how departments have set up their branches and divisions, it is not reasonably possible to compare the percentage of back office spend across departments.
 - For example, most departments have an “Administration and Finance” (or similarly named) Division. However, the branches included in this division vary across departments. We determined that for most departments, this division only contained back office functions under the definition assumed for this analysis. However, there were other departments where this division included frontline functions as well (which included Infrastructure, Indigenous and Municipal Relations, Sustainable Development and Sport, Culture and Heritage).
 - Additionally, even if the above noted division contained only back office functions, the organization of the finance and administrative functions are not consistent. Certain departments (for example Education and Training) have identifiable division administration branches while most do not, or it is not consistently done.
- Steps should be taken by Manitoba to have consistency in the administration and finance division of its departments, and how these are presented in the departments, as this will allow for better analysis of these costs for management and disclosure to the public.

Estimate of Back-office, 2016/17

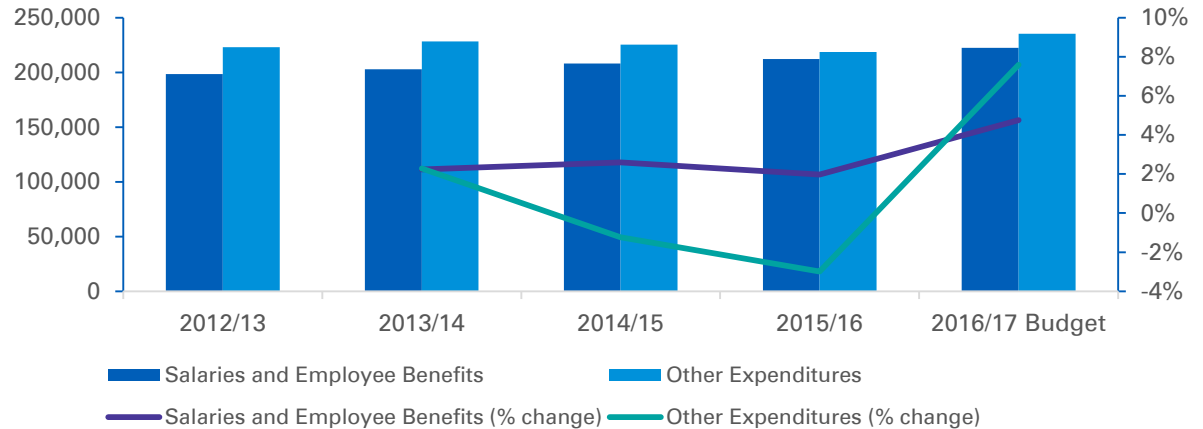
Department (\$ millions)	2016/17	% of Non-Program Spend
Finance	285.1	99%
Justice	36.3	8%
Civil Service Commission	26.4	100%
Families	20.0	12%
Indigenous and Municipal Relations	19.7	39%
Sustainable Development	17.8	14%
Education and Training	14.7	17%
Infrastructure	14.2	5%
Sport, Culture and Heritage	10.4	48%
Agriculture	7.8	19%
Growth, Enterprise and Trade	5.2	12%
Total	457,674	29%

Source: Derived from Manitoba 2016/17 Budget and SILRs.

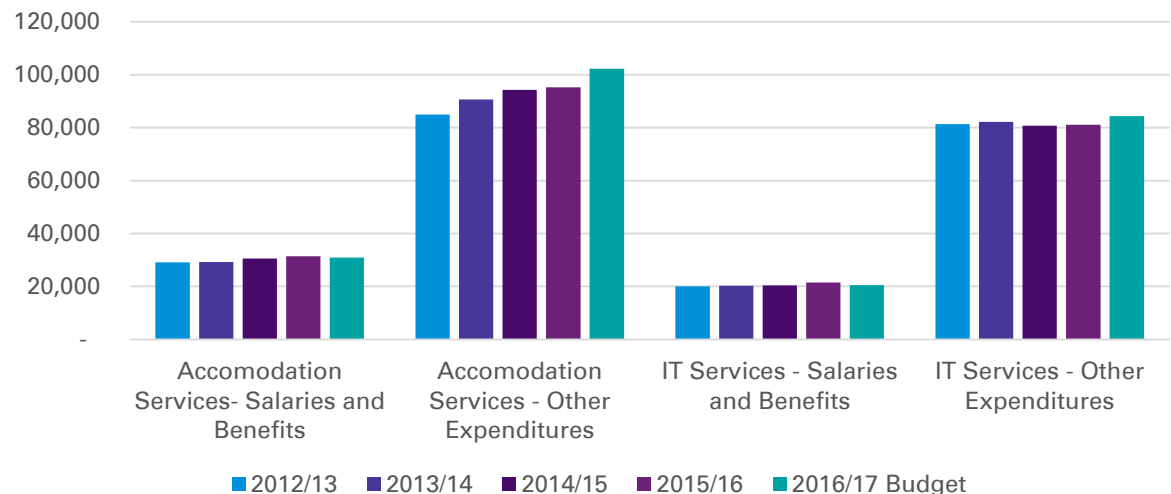
2.2 Core Government – Front-line and Back Office Spend

- The 12.1% increase in salaries and benefits over the 5-year period is directionally consistent with the overall salary change over 5 years of 9.6%.
- The 5.4% increase in other expenditures over the 5-year period is contrary to the overall other expenditure change over 5 years, which saw a decrease of 4.0%.
- The largest reason for the increase over the 5-year period is the Central Services Division within the Department of Finance, and specifically in Accommodation Services.
- Within Central Services, there are significant opportunities for savings in real estate rationalization and procurement modernization. These opportunities are described in the future state opportunities section.

Back Office Salaries and Expenditures Across 11 Departments from 2012/13 to 2016/17 (\$000s)



Central Services Costs from 2012/13 to 2016/17 (\$000s)



Source: Derived from Manitoba data.

2.2 Core Government – Front-line and Back Office Spend

- As noted earlier in this section, given the differences across departments in how administrative and finance functions are recorded, direct comparison could not be done. However, we noted the following in aggregate:
 - Across all departments, except Finance, total finance and administration type functions included in the “Administration and Finance” (or similar) division was \$26.5M. Within Finance, these costs total \$43.3M for a total of \$69.8M across the in-scope departments.
 - Total Central Services IT spend in Finance is \$104.9M. We noted specific IT branches across other in-scope departments totaling \$10.2M in spend.
 - Total Executive Support branch costs across all in-scope departments is \$9.5M.
- Government has recently completed a reorganization, reducing the number of departments from 18 to 12 in 2016/17. Immediate steps should be taken to assess and capture savings from the opportunities created by the reorganization. As it relates to back office spend this includes: rationalize executive and senior management, merge and streamline common functions and number of job classifications (e.g. finance, administrative, policy, procurement, IT), integrate (where possible) separate secretariats/offices/directorates. This opportunity is described in the Future State Opportunities section.

2.2 Core Government – Front-line and Back Office Spend – Salaries Analysis

The following is a summary of the salary and benefit costs for the past 5 years across the 11 departments reviewed (see Appendix A for a complete 5-year breakdown of expenditures):

Salaries and Employee Benefits (\$000s)	2012/13	2013/14	2014/15	2015/16	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Education and Training	65,637	65,638	62,695	62,836	68,458	2,821
% change		0.0%	-4.5%	0.2%	8.9%	4.3%
Justice	310,383	337,465	345,693	361,669	365,943	55,560
% change		8.7%	2.4%	4.6%	1.2%	17.9%
Finance	83,024	85,865	84,793	87,047	89,110	6,086
% change		3.4%	-1.2%	2.7%	2.4%	7.3%
Families	139,184	141,460	140,478	144,059	142,916	3,732
% change		1.6%	-0.7%	2.5%	-0.8%	2.7%
Infrastructure	130,742	126,690	135,260	138,618	141,840	11,098
% change		-3.1%	6.8%	2.5%	2.3%	8.5%
Indigenous and Municipal Relations	27,883	29,179	28,711	29,404	32,181	4,298
% change		4.6%	-1.6%	2.4%	9.4%	15.4%
Sustainable Development	82,648	81,167	85,971	86,902	83,147	499
% change		-1.8%	5.9%	1.1%	-4.3%	0.6%
Civil Service Commission	19,227	19,988	20,951	20,533	22,500	3,273
% change		4.0%	4.8%	-2.0%	9.6%	17.0%
Growth, Economy and Trade	35,726	33,715	32,954	33,019	34,405	(1,321)
% change		-5.6%	-2.3%	0.2%	4.2%	-3.7%
Agriculture	28,846	29,061	26,680	27,721	31,696	2,850
% change		0.7%	-8.2%	3.9%	14.3%	9.9%
Sport, Culture and Heritage	16,318	17,102	16,642	16,794	17,214	896
% change		4.8%	-2.7%	0.9%	2.5%	5.5%
Total	939,618	967,330	980,828	1,008,602	1,029,410	89,792
% change		2.9%	1.4%	2.8%	2.1%	9.6%

Source: Derived from Manitoba data.

2.2 Core Government – Front-line and Back Office Spend – Salaries Analysis

Total salary and benefits costs across the departments have increased 9.6% or \$89.8M. The six largest departments (Families, Education and Training, Indigenous and Municipal Relations, Finance, Infrastructure and Justice) account for \$83.6M or 93% of the increase. The four departments that have increases above the 5-year average of the departments are:

- Agriculture: 9.9% or \$2.9M – The largest driver of this increase has been within the Agri-Industry and Development and Advancement Division.
- Indigenous and Municipal Relations: 15.4% or \$4.3M – The largest driver of this increase has been within the Infrastructure and Municipal Services Division.
- Civil Service Commission: 17.0% or \$3.3M.
- Justice: 17.9% or \$55.6M – the change per division is:
 - Administration and Finance: 17.9% or \$0.9M.
 - Criminal Law: 44.1% or \$13.5M – approximately \$8.8M of this change is Legal Services ceasing to be an SOA in 2014/15.
 - Civil Law: 56.2% or \$14.3M.
 - Community Safety: 13.2% or \$48.5M.
 - Courts: 3.4% or \$7.8M.
 - Consumer Protection: 20.4% or \$1.6M.

2.2 Core Government – Front-line and Back Office Spend – Salaries Analysis

KPMG further analyzed the six largest department by reviewing the 2012/13 Annual Reports to determine the change in estimated Full-Time Equivalents (FTEs) and salaries and benefits cost, from 2012/13 to 2016/17. Refer to Appendix A for this information.

KPMG has reproduced the Department of Justice below (excluding the Legal Aid Branch). The changes in salaries and benefits cost and average cost per FTE are directionally consistent with the analysis on the previous page, but differs due to the fact that the table below is based on estimates in 2012/13 (compared to the previous page which is based on actual 2012/13 data). The below table shows that the estimated average cost per FTE has increased \$19,280 or 22.8% during the 5-year period.

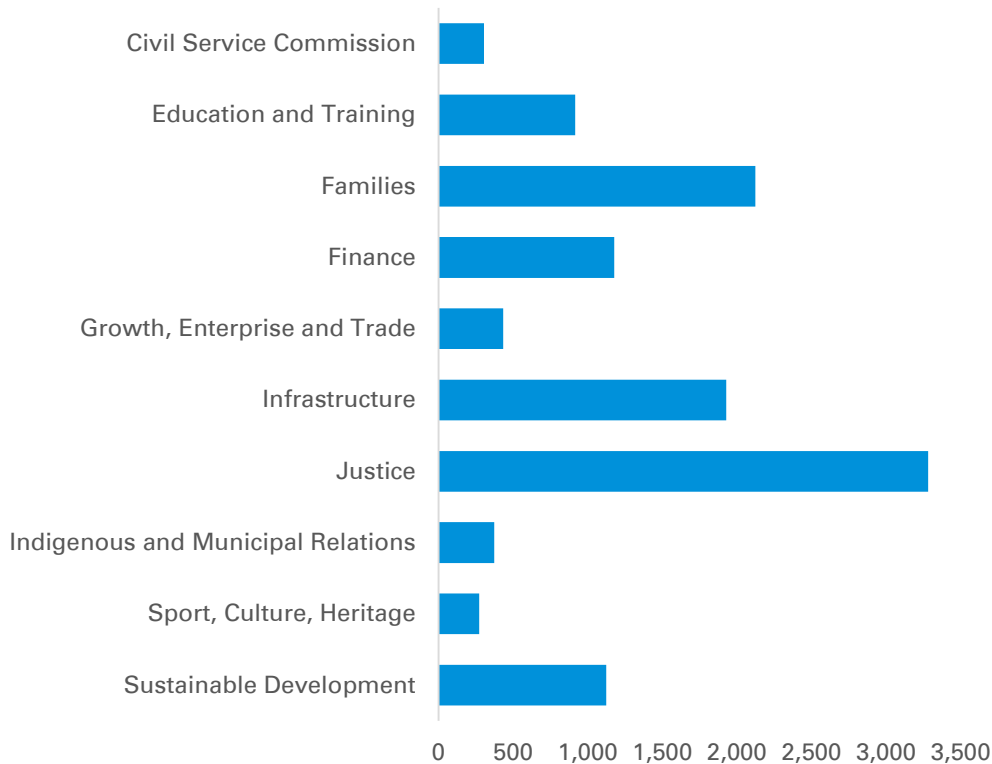
Justice, Salaries and Benefits (\$000s)	2012/13			2016/17			Change			Change %		
	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.
1. Admin and Finance	43.3	3,420	72.4	40.5	3,730	92.1	-2.8	310	19.7	-6.5%	9.1%	27.3%
2. Criminal Law	318.8	27,700	69.7	364.8	37,535	102.9	46.0	9,835	33.2	14.4%	35.5%	47.7%
3. Civil Law	92.0	9,058	98.5	155.0	18,599	120.0	63.0	9,541	21.5	68.5%	105.3%	21.9%
4. Community Safety	2,178.0	178,524	82.0	2,166.0	228,297	105.4	-12.0	49,773	23.4	-0.5%	27.9%	28.6%
5. Courts	508.7	47,558	93.5	507.7	50,429	99.3	-1.0	2,871	5.8	-0.2%	6.0%	6.2%
6. Consumer Protection	116.7	8,898	76.3	124.3	9,850	79.2	7.6	952	3.0	6.5%	10.7%	3.9%
Total	3,257.5	275,158	84.5	3,358.3	348,440	103.8	100.8	73,282	19.3	3.1%	26.6%	22.8%

Source: Derived from Manitoba data.

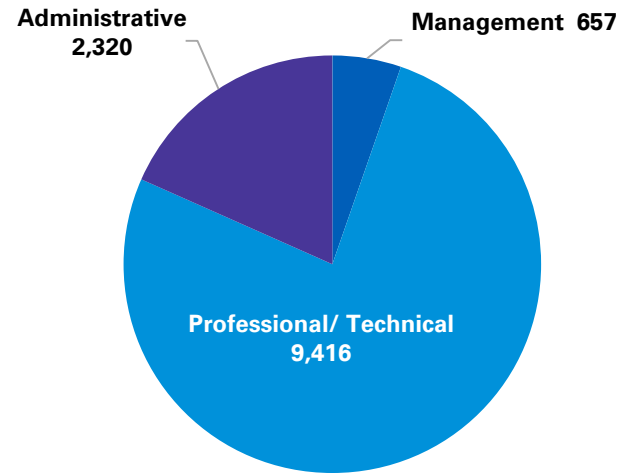
2.2 Core Government – Front-line and Back Office Spend – Salaries Analysis

In order to further analyze salaries and benefits information, including FTEs, we reviewed the 2016/17 SILR for each department and compiled the following information.

Total FTEs by Department in Budget 2016/17



Total FTEs by Category in Budget 2016/17

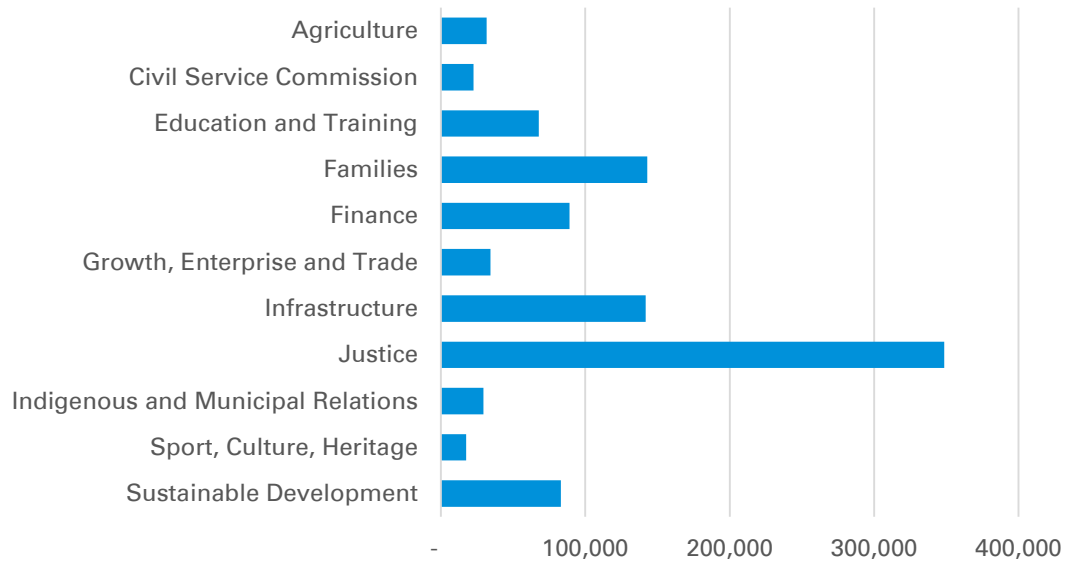


Source: Derived from Manitoba data.

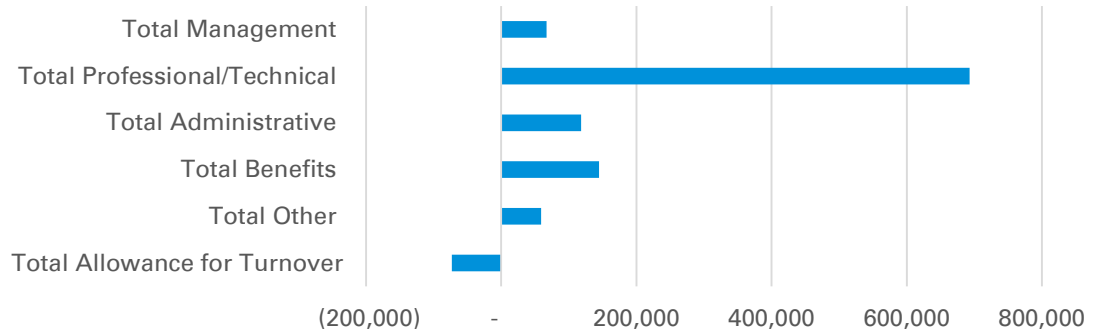
2.2 Core Government – Front-line and Back Office Spend – Salaries Analysis

- The total salaries captured in this analysis is \$1,009.2M. The total salaries for the 11 departments is \$1,029.4M. This difference of \$20.2M is due to the following:
 - (\$0.3M) in Sport, Culture and Heritage salaries included in enabling vote.
 - \$0.6M in STEP program salaries in Education and Training (99.8 FTEs).
 - \$17.5M in Legal Aid salaries in Justice for which FTE information is not included in the SILR.
 - \$2.4M in Manitoba Water Services Board salaries within Indigenous and Municipal Relations, for which FTE information is not included in the SILR.
- The following was noted in the data:
 - Total management FTEs are 657.5 per the SILRs at a total cost of \$67.0M which is equivalent to \$101,897 per management FTE.
 - Total professional/technical FTEs are 9,416.6 per the SILRs at a total cost of \$692.9M which is equivalent to \$73,583 per professional/technical FTE.
 - Total administrative FTEs are 2,320.4 per the SILR's at a total cost of \$118.6M which is equivalent to \$51,098 per administrative FTE.
 - Total benefits are \$144.8M which is 16.5% of salaries across the departments.
 - Total other costs are \$59.0M which is primarily due to Justice which accounts for \$44.9M of these costs.
 - Total allowance for turnover is (\$73.1M).

Total Cost per Department of Salaries and Benefits in Budget 2016/17 (\$000s)



Total Salaries, Benefits and Other in Budget 2016/17 (\$000s)



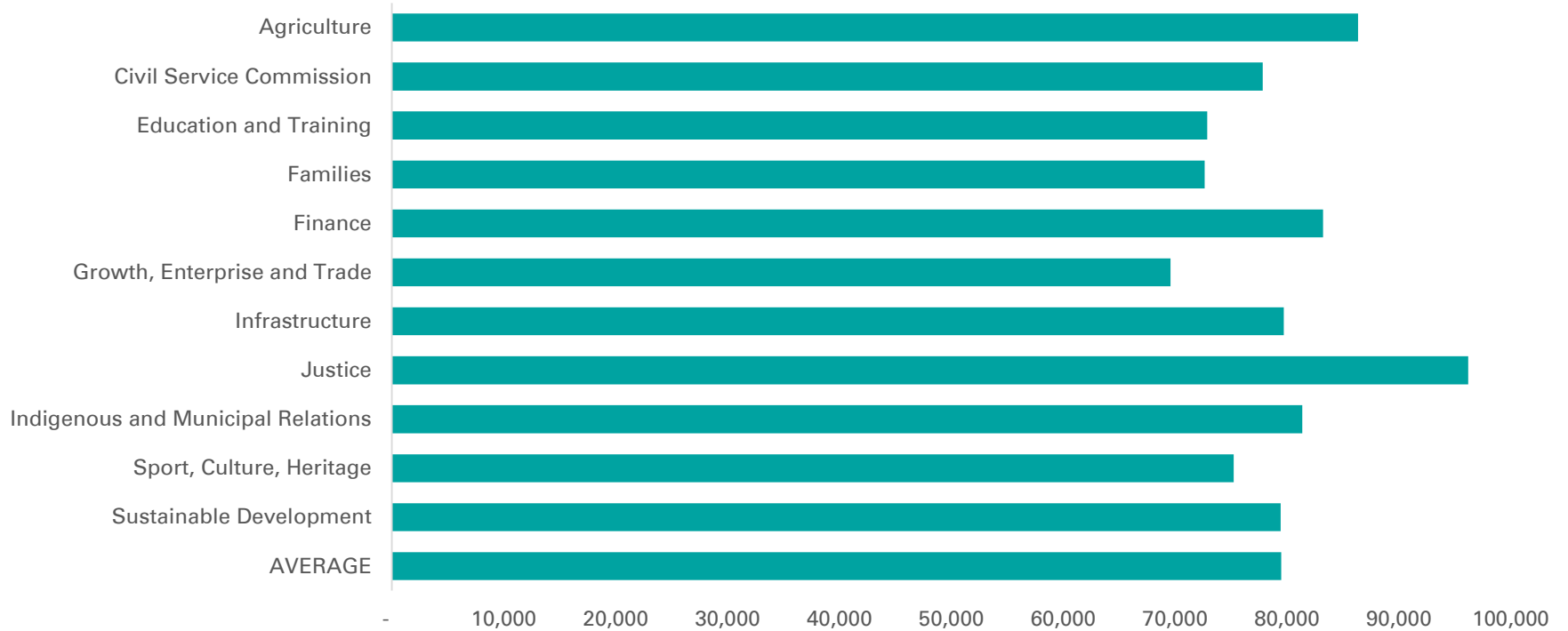
Source: Derived from Manitoba data.

2.2 Core Government – Front-line and Back Office Spend – Salaries Analysis

- There are three departments that are consistently at the high end of the range of the measures noted in the next two pages – average cost per FTE and average cost per FTE by position category:
 - Justice;
 - Agriculture; and
 - Finance.
- The Departments of Infrastructure, Growth, Enterprise and Trade, and Indigenous and Municipal Relations are also towards the high end of the range on a number of the measures.
- KPMG has noted that there is a wide variation in costs per manager FTE, cost per professional/technical FTE and cost per administrative FTE across departments and within departments. This should also be reviewed, in particular:
 - For managers, the costs vary from \$90,465 per manager in Families to \$117,537 per manager in Infrastructure.
 - For professional/technical, the costs vary from \$61,499 per individual in Families to \$87,118 per individual in Justice.
 - For administrative, the costs vary from \$45,569 per individual in Growth, Enterprise and Trade to \$64,059 per individual in Agriculture.

2.2 Core Government – Front-line and Back Office Spend – Salaries Analysis

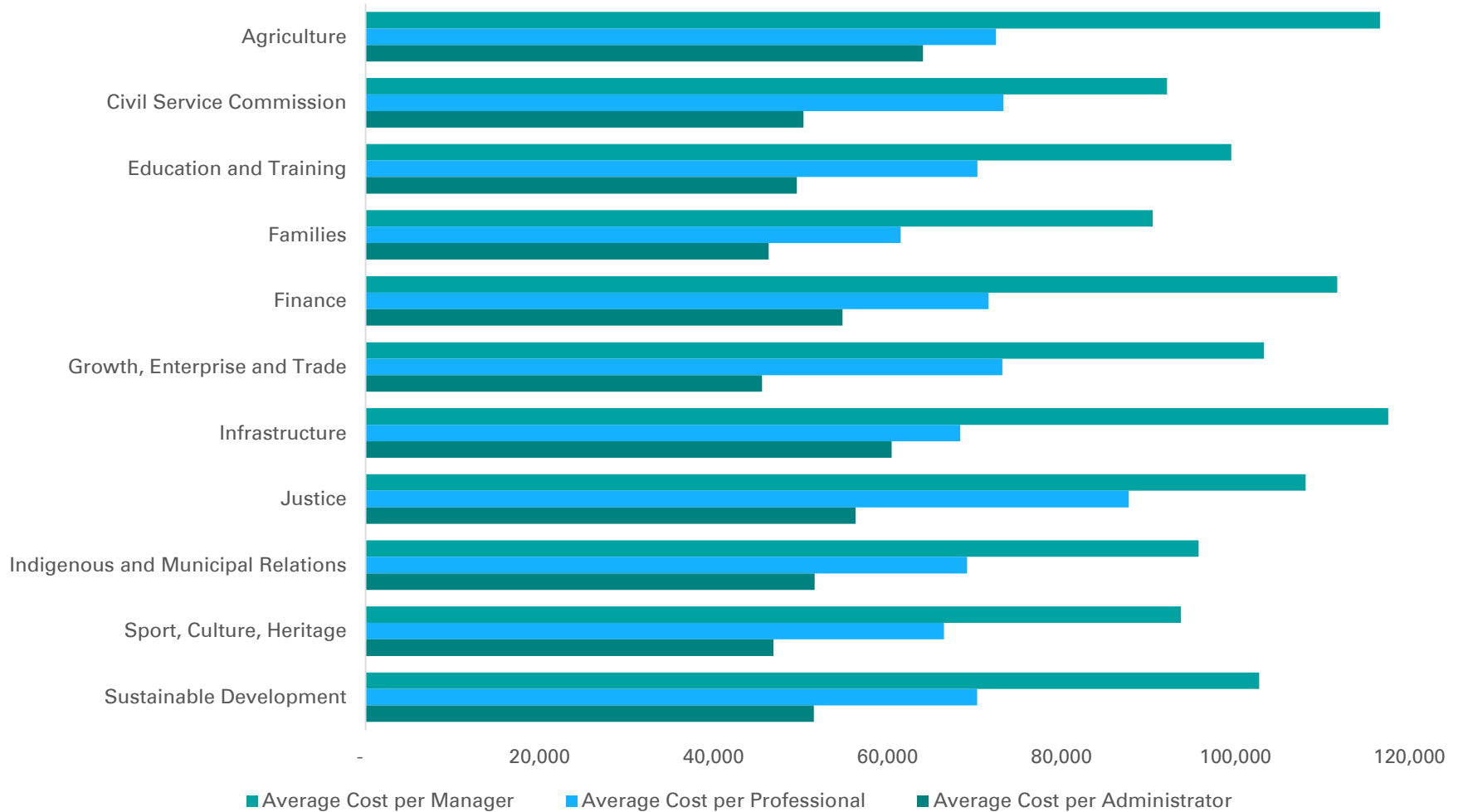
Average Cost Per FTE (\$)



Source: Derived from Manitoba data.

2.2 Core Government – Front-line and Back Office Spend – Salaries Analysis

Average Cost per FTE by Position Category in Budget 2016/17 (\$)



Source: Derived from Manitoba data.

2.2 Core Government – Front-line and Back Office Spend – Salaries Analysis

- KPMG obtained overtime data from Manitoba for the fiscal years 2013/14 to 2015/16. We note that the information was not adjusted for reorganization impacts over these years to match the 2016/17 reorganization of departments. Data also included Health and other (including emergency expenditures, Executive Council, Legislative Assembly, the Office of the Auditor General and Elections Manitoba). We noted that total overtime costs across departments were \$27.6M (2.8% of total salaries and benefits expenditures) in 2013/14, \$30.1M (3.1% of total salaries and benefits expenditures) in 2014/15 and \$29.7M (2.9% of total salaries and benefits expenditures) in 2015/16.
- The two departments that incurred the largest amount of overtime costs were Infrastructure and Justice. Combined, the two departments incurred \$20.5M of the overtime costs in 2015/16 and account for \$64.7M of the total \$87.3M in total overtime costs over the past 3 years.
- Overtime costs are significant and should be managed to the extent possible to support the predictability in government spend. For all departments, and in particular for the two departments (Justice and Infrastructure) that incur the largest amount of overtime, this should be further analyzed and reviewed.
- KPMG also obtained sick leave data from Manitoba for the fiscal year 2013/14 to 2014/16. We note that the average sick days taken in this period was 8.6 days per employee across government. Consistent with overtime data, we note that the information was not adjusted for reorganization impacts over these years to match the 2016/17 reorganization of departments.
 - The three departments with the highest days taken were: Multiculturalism and Literacy (12.1), Mineral Resources (10.3) and Family Services (10.1).
 - The three departments with the lowest days taken were: Conservation and Water Stewardship (5.1), Agriculture, Food and Rural Development (5.1) and Civil Service Commission (7.0).

2.2 Core Government – Key Areas of Focus for Review

- Six departments comprise the majority of in-scope spend (approximately 91%) for this Review; two account for approximately 64%.
- Four of the departments had an increase to their 2016/17 Budget in excess of the desired growth rate of 3%:
 - Families (10% over 2015/16 Budget; 5-year increase of 24%)
 - Justice (4% over 2015/16 Budget; 5-year increase of 14%)
 - Infrastructure (3.3% over 2015/16 Budget; 5-year increase of 16%)
 - Finance (4.5% over 2015/16 Budget; 5-year increase of 18%)
- Three of the departments are responsible for almost 60% of core government FTEs (Families; Infrastructure and Justice).
- In the context of identifying opportunities to bend the cost curve, the larger Departments warrant particular scrutiny.

Majority of Core Gov't Spend	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ millions	% of Total
Education and Training	1,014.4	8.1%	\$2,734	37.5%
Families	2,122.9	17.0%	\$1,928	26.4%
Infrastructure	1,929.3	15.4%	\$625	8.5%
Justice	3,358.3	26.9%	\$586	8.0%
Indigenous and Municipal Relations	378.9	3.0%	\$498	6.8%
Finance	1,176.5	9.4%	\$278	3.8%
Total of Above	9,980.3	79.8%	\$6,649	91.0%
Total In-Scope	12,505.2		\$7,318	

*In-scope FTEs are 12,505.2. In-scope total core government spend is \$7.3 billion. Totals exclude FTEs and core government spend for the Department of Health, Seniors and Active Living (out of scope for this Review).

Source: Derived from Manitoba data.



2.3 By Department

Core Government, Excluding Health

2.3 Education and Training

- 2016/17 Budget is \$2.7B.
- Total of 1,014.4 FTEs.
- Three areas represent 90% of spend:
 - Support to Schools (49.5%)
 - Advanced and Adult Learning (27.8%)
 - Education and School Tax Credits (12.3%)
- By far the highest cost category is Support to Schools, at \$1.4B.
- Largest allocation of FTEs:
 - Workforce Training and Immigration Services (376.8)
 - School Programs (251.8)
 - Children and Youth Services (154.8)
- Highest growth rates in 2016/17 (exceeding 3%):
 - Children and Youth Services (6%)
 - Capital Funding (4.1%)
 - Advanced and Adult Learning (3.4%)

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Administration and Finance	27.0	2.7%	\$2,582	0.1%
School Programs	251.8	24.8%	\$26,373	1.0%
Bureau de L'Éducation Francaise	60.0	5.9%	\$9,730	0.4%
Education and School Tax Credits	0.0	0.0%	\$335,361	12.3%
Support to Schools	53.0	5.2%	\$1,353,507	49.5%
Advanced and Adult Learning	91.0	9.0%	\$759,766	27.8%
Workforce Training and Immigration	376.8	37.1%	\$120,177	4.4%
Children and Youth	154.8	15.3%	\$47,220	1.7%
Capital Funding and Costs Related to Capital Assets	0.0	0.0%	\$79,052	2.9%
Total	1,014.4	100%	\$2,733,768	100%

2.3 Education and Training – Overview of Programs and Services

Programming	Description
Corporate Initiatives	<p>Key initiatives include:</p> <ul style="list-style-type: none"> - International Education Strategy; - Post-Secondary Education Strategy; - Immigration Strategy; - Adult Literacy Strategy; - Healthy Child Strategy; - Community Schools Program; - Truth and Reconciliation Commission of Canada; All Aboard: Manitoba’s Poverty Reduction; and Social Inclusion Strategy.
Early Childhood Education	<ul style="list-style-type: none"> - Approximately 50% of licensed child care centres are co-located in schools. - Literacy and Numeracy Grant (desired result: to increase the reading and writing proficiency of the lowest achieving students in grade 1).
Student Achievement Support	<ul style="list-style-type: none"> - Leadership, co-ordination and support to inform practice, ensure accountability and increase student achievement in numeracy and literacy.
Elementary and Secondary Schools	<ul style="list-style-type: none"> - Funding to school divisions/districts, independent schools, educational organizations and Government's contribution to the Teachers' Retirement Allowances Fund. - Funding also provided through Education Support Levy and Public Schools Finance Board surplus.
Aboriginal Education	<ul style="list-style-type: none"> - Works closely with Indigenous and Municipal Relations to ensure the education and training systems are responsive to Aboriginal peoples.
International Students	<ul style="list-style-type: none"> - The Department is renewing its International Education Strategy.

Programming	Description
Post-Secondary Education	<ul style="list-style-type: none"> - Funding to universities and colleges (supports operating, capital, interprovincial training agreements). - Administers Manitoba Student Loans Program and Canada Student Loans Program.
Adult Learning and Literacy	<ul style="list-style-type: none"> - Registers, funds, and supports not-for-profit agencies and adult learning centres to deliver adult literacy programming and tuition-free high school credit and upgrading courses to adults. - Adult Learning Centres (ALCs) Program, Adult Literacy Program (ALPs); GED Testing Service.
Workplace Training	<ul style="list-style-type: none"> - Provides labour market programming aligned with employers’ needs. - Services are delivered through Apprenticeship Manitoba, Industry, Training and Employment Services, including services to individuals and employers through Manitoba Jobs and Skills Development Centres.
Immigration	<ul style="list-style-type: none"> - Manitoba as an immigration destination of choice. - Recruitment and selection of economic immigrants to support economic development. - Career development success of immigrants. - Interdepartmental collaboration in the settlement of immigrants and refugees.
Office of MB Fairness Commissioner	<ul style="list-style-type: none"> - Administers The Fair Registration Practices in Regulated Professions Act to ensure registration practices of regulated professions/occupations are transparent, objective, impartial, and fair.
Children and Youth Services	<ul style="list-style-type: none"> - Healthy Child Manitoba Office, under the direction of the Healthy Child Committee of Cabinet. - Child and Youth Mental Health Strategy; - MB4Youth.

2.3 Education and Training – Key Discussion Points

- Education and Training has been described as a “super department” and represents by far the largest proportion of government spend (after Health).
 - Modest increase of 1.6% in 2016/17, although some areas are in excess of the target growth rate of 3%.
 - 5-year* funding increase of 8.8%, or \$221.9M, which includes Support to Schools (9.0%, or \$112.3M) and Advanced and Adult Learning (14.1%, or \$94.0M).
- The recent government reorganization provides an opportunity for savings and, in some cases, enhanced service within and outside of this Department:
 - through merging common functions where possible (e.g., finance, administrative, legislation, intergovernmental, policy, statistical analysis/research, business analyst, IT, capital);
 - by considering integration of distinct and dedicated support to sectors and/or issues within established programs (e.g., Aboriginal Education Directorate, Healthy Child Manitoba Office); and
 - By reducing duplication in programs/services, if applicable (taking into consideration other department programs/services).
- Generally, senior officials appear to be seeking direction on ‘core’ programs and appropriate delivery/support mechanisms.
 - For example, senior officials cited a previous Government decision to cap the K-3 class size at 20. This is considered to be precedent-setting, costly and unsustainable.
- From a spend point of view, Support to Schools represents the largest cost category, and should be reviewed to bend the cost curve.
 - 5-year funding increases in Operating Grants (6.8%, or \$71.3M) and General Support Grants (14.5%, or \$4.5M).
 - Senior officials have indicated that, despite reductions in the size of the student population in some areas, no school division has experienced a reduction in funding over time.
 - In addition to base funding, the “General Support Grants” category has been growing over time. Senior officials were unable to explain why a separate category is necessary, or how it is aligned with Government objectives, and what results are being achieved.
 - There does not appear to be any strong incentives to encourage collaboration / sharing of resources among school divisions.
 - Consideration should be given to reviewing the funding formula, and putting in place incentives to encourage synergies and fiscal discipline *across the education sector*.
 - Other areas for focused review should include: student transport (annual costs have grown substantially) and class sizes (do the benefits of the K-3 class size initiative warrant the increased costs and potential precedent set for other class sizes?).

*Note that all 5-year spend analysis for departments covers: 2012/13 to 2016/17, including the current forecast of spend for 2015/16.

2.3 Education and Training – Key Discussion Points

- Funding provided for post-secondary education is also in need of review to bend the cost curve.
 - 5-year funding increase in Supports for Universities and Colleges is 13.8%, or \$84.5M.
 - In 2016/17, \$697.2M is budgeted to universities and colleges, a 3.9% increase over 2015/16, double inflation, and during a time when other provinces have provided very limited or no increases.
- A previous decision to wave interest on student loans is purported to cost the provincial government approximately \$4.5 million in low-interest payments.
- The effectiveness and efficiency of workplace training and support programs should be reviewed (5-year increase in spend is approximately 8.3%).
- Other policy tools are also in need of review to ensure alignment with Government’s priorities, and to assess the efficiency and effectiveness of these tools in delivering desired results. Some specific examples that were discussed with senior officials include:
 - Student tuition tax credit – is this tool reaching the right audience and is it effective in helping to retain students in Manitoba?
 - Grants to employers to hire apprentices – employers receiving the grant are likely to hire apprentices without a grant.
- The Department should consider the applicability of Social Impact Bonds to help improve key student outcomes (e.g., student performance; graduation rates) and generate potential longer term savings (e.g., reduced costs for health and social services, and improved earning potential of students involved).

2.3 Families

- 2016/17 Budget is \$1.9B.
- Total of 2,122.9 FTEs.
- Three areas represent 90% of spend:
 - Community Service Delivery (56.2%)
 - Child and Family Services (25.1%)
 - Community Engagement and Corporate Services (11.7%)
- Included in Community Service Delivery are two significant Branches:
 - Manitoba Developmental Centre, \$396.2M in spend (increase of 14.4%)
 - Employment, Income and Rental Assistance, \$557.7M (increase of 10.2%)
- Highest growth rates in 2016/17 (exceeding 3%):
 - Housing (56.6%)
 - Community Service Delivery (10.3%)
 - Child and Family Services (4.5%)
- Community Service Delivery represents almost 85% of FTEs.

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Administration and Finance	81.0	3.8%	\$7,839	0.4%
Community Service Delivery	1,784.5	84.1%	\$1,082,258	56.2%
Community Engagement and Corporate Services	138.4	6.5%	\$224,451	11.7%
Child and Family Services	119.0	5.6%	\$483,699	25.1%
Housing	0.0	0.0%	\$127,067	6.6%
Cost Related to Capital Assets	0.0	0.0%	\$2,311	0.1%
Total	2,122.9	100%	\$1,927,625	100%

2.3 Families – Overview of Programs and Services

Programming	Description
Administration and Finance	<p>Provides to the department and external funded agencies:</p> <ul style="list-style-type: none"> - Financial services; - Central comptrollership; - Information systems service management and support; - Project management; - Agency accountability; and - Management control and accountability for the efficient and effective use of departmental resources.
Community Service Delivery	<ul style="list-style-type: none"> - Delivers most of the Department’s social services, including some child welfare services. - In Winnipeg, Departmental services are delivered through Winnipeg Integrated Services in partnership with the Department of Health, Seniors and Active Living and the Winnipeg Regional Health Authority. - Provides policy and program support for Community Living disABILITY Services and Employment and Income Assistance Programs. - Operates the Manitoba Developmental Centre.
Child and Family Services	<ul style="list-style-type: none"> - Provides leadership and strategic direction to government and community-based agencies. - Focused on system planning and development with CFS Authorities. - Supports and delivers specialized services including: provincial child abuse investigations and registries, and the provincial strategy to combat sexual exploitation and human trafficking.

Programming	Description
Community Engagement and Corporate Services	<p>Provides program direction, policy development, funding and statistical information for:</p> <ul style="list-style-type: none"> - Early Learning and Child Care Program; - Children’s Disability Services; and - Family Violence Prevention Program. <p>Provides centralized services to the Department in:</p> <ul style="list-style-type: none"> - Legislation and strategic policy; - Intergovernmental relations and information services; - Corporate services, including: Business Continuity Planning, Workplace Safety and health, department training, strategic initiatives, French Language Services, Disability Access coordination, Space and Accommodation Planning, and Human Resource Renewal. <p>Accountable for effective operations of:</p> <ul style="list-style-type: none"> - Adult Abuse Registry Committee (on behalf of Manitoba Families and Manitoba Health, Seniors, and Active Living.). <p>Supports three independent offices:</p> <ul style="list-style-type: none"> - Office of the Vulnerable Persons’ Commissioner; - Social Services Appeal Board; and - Fair Practices Office.
Housing	<ul style="list-style-type: none"> - Responsible for housing policies and programs through Manitoba Housing and Renewal Corporation (MHRC). - MHRC programs are delivered directly or in partnership with external organizations.
The Disabilities Issues Office	<ul style="list-style-type: none"> - Promotes the development of disability inclusive legislation, policy and programs. - Supports the implementation of <i>The Accessibility for Manitobans Act</i>.

2.3 Families – Key Discussion Points

- Families accounts for a quarter of the core government spend, and almost one-fifth of the FTEs.
 - Significant increase in 2016/17 spend, at 10%, with many areas far in excess of the target growth rate of 3%. This growth rate is unsustainable.
 - 5-year spending increase of 23.5%, or \$366.8M.
- The recent government reorganization provides an opportunity for savings and, in some cases, enhanced service within and outside of the Department:
 - through merging common functions and processes where possible (e.g., finance, administrative, policy, procurement);
 - by considering integration of distinct, dedicated support to sectors and/or issues within established programs (e.g., Disability Issues Office); and,
 - By combining, streamlining and reducing duplication in program/services.
- Community Service Delivery (CSD) is by far the largest area of the Department, both in terms of FTEs (84%) and Budget (56%), with an annual (budget to budget) increase exceeding 10%. The 5-year increase in funding is 23.6%, or \$227.8M (largely in programs and grants). Bending the cost curve requires a focused review of this area, in particular two areas:
 1. Adult Disability Services
 - Almost 40% of the CSD Budget. 2016/17 growth rate (budget to budget) is 14.4%.
 - 5-year funding increase is 34.6%, or \$101.8M, with virtually all of the increase attributable to agencies. If this trend in spending continues, total spending will be \$533.3M in 5 years, or further growth of \$137.1M.
 - The Department’s transition materials note that from 2010/11 to 2014/15, there was an 11.2% increase in the number of individuals receiving day services through Community Living disABILITY Services (CLDS). The cost to deliver the service over the same period increased by 32.9%. Further, the population of individuals with intellectual disabilities in Manitoba is projected to grow from 5,857 in 2015 to over 9,000 by 2025.
 - The Department’s transition materials also note that there are 63 agencies that receive funding to deliver day services to eligible CLDS participants.
 - Accountability should align with authority, and appropriate incentives should be in place to promote fiscal discipline.
 - In addition, priority should be placed on reviewing the eligibility criteria for services to adults with disabilities - consider implementing a sliding scale income threshold, to target resources to those most in need and to contain costs.
 - Further, provide clarity in terms of what is meant by, and the extent of government supports that will be provided for clients, “to live and participate fully in the community”.
 - The need for a separate Disability Office, with separate management structure, as well as the long term viability of Manitoba Developmental Centre, should also be assessed.

2.3 Families – Key Discussion Points

2. Employment, Income and Rental Assistance

- Just over 50% of the CSD Budget. 2016/17 growth rate (budget to budget) is 10.2% (13.0% for Employment, Income and Rental Assistance program support).
 - 5-year funding increase is 24.6%, or \$110.1M. If this trend in spending continues, total spending will be \$694.9M in 5 years, or further growth of \$137.1M.
 - The Department's transition material notes that the caseload for Employment and Income Assistance Centralized Services has more than doubled since April 2011, increasing from 2,583 participants to 5,530 participants in April 2016.
 - Priority should be placed on undertaking an objective program review, taking into consideration current policy, leading practices and effectiveness and efficiency.
- Child and Family Services accounts for 25.1% of the Department's budget. This area also needs attention to bend the cost curve.
- 2016/17 growth rate (budget to budget) is 4.5%.
 - 119 FTEs and salaries over \$8M, in addition to a significant agency service delivery model.
 - 5-year funding increase is 14.1%, or \$59.8M.
- The Department's transition materials note the Department is spending a significant amount of money on vacant beds (no child or youth is placed in the bed, but the bed is being paid for). Between April 2015 and December 2015, the Division paid out \$1.6M in vacant bed payments to residential child care facilities. This is due to a variation in the approach to funding residential child care facilities (grant funding versus per diem funding). Those that receive grant funding are authorized to bill the Department for vacant beds. This discrepancy in funding approach, and the vacant bed policy specifically, should be a priority review.
- Senior officials indicate that the number of children in care is increasing – priority should be placed on reviewing and validating desired outcomes and effective delivery model options, as well as expectations and guidelines.
- Agencies have authority to place children in protective care and determine needs. Current incentives promote increased caseloads (and related provincial costs) at the agency level, rather than family-based care.
 - There are no regular reviews of child and family services authorities and agencies being conducted. From discussions with officials, it appears that of the reviews that have taken place, the focus is primarily on financial measures and information.

2.3 Families – Key Discussion Points

- A comprehensive cross-authority, cross-agency review should be a priority, extending beyond individual authority/agency financial considerations to performance expectations, financial and resource capacity, effectiveness and efficiency, administrative costs, and performance outcomes/results.
- A review of social housing should be undertaken with focus on:
 - Reducing the growth rate in spend (5-year funding increase is 88.0%, or \$59.5M, attributable to the current and previous year);
 - Management structure (in the context of the Manitoba Housing and Renewal Corporation as a part of the Department of Families);
 - Current business and service delivery model (e.g., who should own social housing?);
 - Utilization rates for current housing supply;
 - Innovative practices in Canada and abroad (i.e., policy tools, funding and delivery sources, partnership opportunities, client-centred initiatives, etc.); and
 - The priority of housing initiatives and spend, within the context of the Department.

2.3 Finance

- 2016/17 Budget is \$508.4M.
- Total of 1,176.5 FTEs.
- Three Divisions represent 88% of spend:
 - Public debt (45.2%)
 - Central Services (29.0%)
 - Costs related to capital assets (13.6%)
- Within the Net Tax Credit Payments Division, the gross credits paid are \$361M.
- Within the Public Debt Division, the gross interest paid is \$1.6B.
- Highest growth rates in 2016/17 (exceeding 3%):
 - Costs related to capital assets (10.4%)
 - Net tax credit payments (4.7%)
 - Public debt (4.5%)
 - Administration and finance (3.7%)
 - Central services (3.4%)
- Two Divisions account for approximately 90% of FTEs.

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Administration and Finance	66.0	5.6%	\$5,305	1.0%
Fiscal and Financial Management	348.0	29.6%	\$32,083	6.3%
Treasury Board Secretariat	39.0	3.3%	\$3,692	0.7%
Priorities and Planning	12.0	1.0%	\$1,625	0.3%
Central Services	711.5	60.5%	\$147,479	29.0%
Costs Related to Capital Assets	0.0	0.0%	\$69,280	13.6%
Net Tax Credit Payments	0.0	0.0%	\$18,885	3.7%
Public Debt	0.0	0.0%	\$230,000	45.2%
Total	1,176.5	100%	\$508,349	100%

2.3 Finance – Overview of Programs and Services

Programming	Description
Administration and Finance	<ul style="list-style-type: none"> - Provides central financial, administrative and information communication technology services to the Departments of Finance, Civil Service Commission and Executive Council.
Fiscal and Financial Management	<ul style="list-style-type: none"> - Treasury: manages and administers the borrowing programs, cash resources and investment and debt activities of Government and crown agencies. - Comptroller: establishes and oversees corporate comptrollership and financial management policies for government. Provides central processing and accounting for all Government receipts and disbursements. - Taxation: ensures the effective management and collection of tax revenues by providing tax expertise to Government, taxpayers and businesses collecting taxes. Administers the collection, processing and reporting of taxation revenues. - Taxation, Economic and Intergovernmental Fiscal Research: provides support and advice on economic, fiscal and tax matters and on intergovernmental relations. - Insurance and Risk Management: administers insurance and claims processing for Manitoba Departments, agencies and Crown corporations. - Public Utilities Board: regulates the rates charged by Manitoba Hydro, Manitoba Public Insurance, gas and propane utilities and all water and sewer utilities outside Winnipeg. - Manitoba Bureau of Statistics: provides statistical and labour force information to Government.

Programming	Description
Treasury Board Secretariat	<ul style="list-style-type: none"> - Provides analytical support to Treasury Board in fulfilling its responsibilities in fiscal management, program and organizational review. Analyzes and monitors the fiscal position of the Government of Manitoba.
Priorities and Planning	<ul style="list-style-type: none"> - Priorities and Planning Committee of Cabinet Secretariat: provides advice and support to the Premier and the Priorities and Planning Committee of Cabinet in advancing major government initiatives. - Premier’s Enterprise Team: an advisory body of business leaders that works with the Premier and Government to provide advice and support in advancing Manitoba’s plan to create jobs and economic growth.
Central Services	<ul style="list-style-type: none"> - Accommodation Services: provides for safe, quality and sustainable working environments for the delivery of public programs through operational and maintenance services. - Procurement Services: provides corporate procurement services to Government Departments and agencies to ensure each purchase contract represents fair and reasonable costs to taxpayers. - Business Transformation and Technology: provides leadership for service delivery and operational transformation activities, as well as for technology implementation services. - Special Operating Agencies: Material Distribution Agency; Vehicle and Equipment Management Agency; and Manitoba Education, Research and Learning Information Networks.

2.3 Finance – Key Discussion Points

- 2016/17 funding increased (budget to budget) 4.7%, with a number of areas exceeding the target growth rate of 3%.
 - Top three cost areas include: Public Debt (\$230M); Central Services (\$147M) and Costs Related to Capital Assets (\$69M on amortization/interest on capital assets due to Central Services assets).
- The 5-year funding increase is 16.2%, or \$70.9M.
 - Central Services has grown over the last five years (74.9%), and accounts for the majority of the increase (\$63.2M). Excluding recoveries, Central Services spend has increased 9.3% over five years or \$20.6M.
 - Average costs for managers, professional and administrative staff are on the high end compared to other departments.
- The Department has a central (government-wide) mandate, and so it has identified a number of significant opportunities to consider to help bend the cost curve, including reviewing tax credits, asset disposal and procurement.
- Within Central Services, there are significant opportunities for savings in real estate rationalization and procurement modernization (these are described in the future state opportunities section).
- Although not strictly a cost saving measure, there is an opportunity to improve governance, decision-making and oversight for major information technology (IT) projects. More effective management of major IT projects will help ensure projects are delivered on-budget. A risk analysis of existing IT systems should also be considered (e.g., consider the ability to fix/support critical IT systems for the next five years, 10 years, etc.).
- Consideration should be given to enhancing central capacity, particularly within Treasury Board Secretariat and Priorities and Planning Secretariat, to support decision-makers and the Government’s commitment to fiscal discipline and sustainability.
 - Treasury Board Secretariat should lead implementation of the Fiscal Performance Review Framework and program review approach to promote regular and consistent review of relevancy, alignment and efficiency and effectiveness of programs and services. This will require the development of central expectations, processes and guidance (e.g., tools and tool application). Initial efforts should be focused on the key cost drivers in government (KPMG has identified a number of priority areas within this section of the Report). Performance results should be incorporated into decision-making processes.
 - Training and guidance should be provided to Treasury Board Secretariat staff to build analytical capacity and expertise, and ensure an appropriate challenge function is in place in time for the upcoming budget development process.
 - Innovative options should be explored for the annual budget development process to focus efforts more strategically and to incorporate the Fiscal Performance Review Framework.
 - Review government-wide expectations, spend and results for priority audiences and areas (e.g., economic development, supports for business, trade and investment attraction, supports for Indigenous peoples, northern and rural communities, etc.).
 - Take a leadership role in, and enhance, cross-government planning, budgeting, monitoring and reporting.

2.3 Justice

- 2016/17 Budget is \$585.8M.
- Total of 3,282.3 FTEs (not including Legal Aid Manitoba Branch and Provincial Policing Branch).
- Two Divisions represent 80.0% of spend (and 79.6% of FTEs):
 - Community Safety (69.5%)
 - Courts (10.5%)
- Within the Community Safety Division, total spend on Provincial Policing is \$145M, an increase of 7.1%. Total spend on Corrections is \$241M, an increase of 1.9%.
- Highest growth rates in 2016/17 (exceeding 3%):
 - Criminal Law (8.2%)
 - Civil Law (4.8%)
 - Administration and finance (4.3%)
 - Community Safety (3.8%)

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Administration and Finance	40.5	1.2%	\$4,212	0.7%
Criminal Law	364.8	10.9%	\$49,302	8.4%
Civil Law	155.0	4.6%	\$47,726	8.1%
Community Safety	2,166.0	64.5%	\$407,305	69.5%
Courts	507.7	15.1%	\$61,533	10.5%
Consumer Protection	124.3	3.7%	\$11,880	2.0%
Costs Related to Capital Assets	0.0	0.0%	\$3,886	0.7%
Total	3,358.3	100%	\$585,844	100%

2.3 Justice – Overview of Programs and Services

Programming	Description
Administration and Finance	<ul style="list-style-type: none"> Provides an equitable and responsive justice system to all segments of the public. Monitors progress on the Department’s key workload indicators and performance measures. Delivers administrative services to the offices of the Minister and Deputy Minister.
Criminal Law	<ul style="list-style-type: none"> Prosecutes criminal offences under provincial statutes, the <i>Criminal Code of Canada</i> and other federal statutes. Advances <i>The Victims’ Bill of Rights</i>. Provides the lead and support for innovative process improvement and the use of restorative justice processes throughout the Province.
Civil Law	<ul style="list-style-type: none"> Ensures that the administration of justice is improved and the development of new approaches are responsive to the changing needs of society. Participates in the development of government policy and provincial legislation relating to family law and support in enforcing child welfare matters. Undertakes the seizure and disposition of property used as instruments or obtained through proceeds of crime. Provides legal advice and services to all departments and agencies on civil and constitutional law matters. Ensures provision of legal services to Manitobans who could not otherwise afford it. Manages deceased estates and the personal and financial affairs of people mentally incapable of doing so.

Programming	Description
Community Safety	<ul style="list-style-type: none"> Provides overall direction and corporate support services for the delivery of provincial correctional and policing services throughout Manitoba and the administration of the criminal justice system. Responsible for the care and control of adult and young offenders. Ensures the effective, efficient and consistent delivery of policing and law enforcement services. Coordinates and implements crime prevention strategies that contribute to community safety.
Courts	<ul style="list-style-type: none"> Ensures an effective and efficient administration of the judicial process for the orderly, equitable and timely resolution of disputes, criminal offences and other matters requiring adjudication. Ensures that court and its judicial services are delivered in an equitable, safe and secure manner throughout the Province of Manitoba. Serves the needs of the judiciary, the Bar and the general public through timely processing in Provincial Court, the Court of Queen’s Bench, and the Court of Appeal.
Consumer Protection	<ul style="list-style-type: none"> Facilitates the resolution of disputes between consumers and businesses, and tenants and landlords. Assists claimants in appealing automobile injury compensation decisions of Manitoba Public Insurance. Through the Automobile Injury Compensation Appeal Commission, hears appeals. Administers consumer protection legislation. Provides oversight of land title and personal property registries.

2.3 Justice – Key Discussion Points

- 2016/17 Funding for Justice increased (budget to budget) 3.9%, with many areas exceeding the target growth rate of 3% (including Criminal Law, Civil Law, Administration and Finance, and Community Safety).
- Approximately 65% of the Department spend is for three areas: custody corrections, community corrections and provincial policing.
- The 5-year funding increase is 13.5%, or \$69.7M.
 - Average costs are relatively high for managers and administrative staff, yet percentage of managers and administrative staff, relative to the total for the Department, is low (compared to other departments).
 - Corrections has increased 8.9% over 5 years.
 - Provincial policing has increased 23.5% over 5 years.
 - Legal Aid has increased 13% over 5 years.
- As noted in Section 2.2, Justice is one of two departments that has incurred significant overtime costs. Current department efforts to reduce overtime usage should be continued and monitored. Other jurisdictions have similar issues, and the applicability of their solutions should also be considered.
- A large share of Justice’s resources are attributable to the criminal justice system. To bend the cost curve, consider:
 - Developing an integrated, holistic strategy and budget that involves and connects key stakeholders and departments (e.g., Families and child welfare);
 - Applicability of innovative approaches to funding (e.g., social impact bonds);
 - Reviewing provincial policing agreements to assess value for money and opportunities to improve effectiveness and efficiency;
 - Reforms (e.g., mediation, traffic courts) to decrease the volume of minor/administrative cases adjudicated in courts; and,
 - Specific (shorter term) initiatives to help aid reform, ensure deadlines set by the Supreme Court of Canada for completing trials are met, and ease cost pressures (e.g., ‘Lean’ process review of court scheduling involving key stakeholders such as the judiciary and legal aid).

(For further information, refer to the future state opportunities section)

2.3 Indigenous and Municipal Relations

- 2016/17 Budget is \$498.0M.
- Total of 378.9 FTEs.
- Two areas represent 89.5% of spend:
 - Financial Assistance to Municipalities (77.6%)
 - Community Planning and Development (11.8%)
- By far the highest cost category is Financial Assistance to Municipalities, at \$386.6M.
- Building Manitoba Fund has increased \$65M over the past 5 years, or 25%.
- Operating Assistance to the City of Winnipeg has increased \$6M over the past 5 years, or 14%.
- Operating Assistance to the Other Municipalities has increased \$6M over the past 5 years, or 28%.

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Administration and Finance	41.1	10.8%	\$4,027	0.8%
Community Planning and Development	94.5	24.9%	\$58,978	11.8%
Infrastructure and Municipal Services	168.3	44.5%	\$17,567	3.5%
Financial Assistance to Municipalities	0.0	0.0%	\$386,587	77.6%
Indigenous and Northern Affairs	75.0	19.8%	\$30,768	6.2%
Cost Related to Capital Assets	0.0	0.0%	\$96	0.0%
Total	378.9	100%	\$498,023	100%

2.3 Indigenous and Municipal Relations – Overview of Programs and Services

Programming	Description
Administration and Finance	<ul style="list-style-type: none"> - Municipal Board: reviews and renders decisions on municipal borrowing, assessment, planning and other matters as required by statute. - Taxicab Board: regulates taxicab, limousine and handivan licensing within the City of Winnipeg.
Community Planning and Development	<ul style="list-style-type: none"> - Develops and administers provincial land use planning policies and legislation. - Provides regionally-based professional planning services to local governments, planning districts, the Inland Port Planning Authority, Partnership of Manitoba Capital Regions and northern communities. - Develops and implements policies and programs in support of urban revitalization, downtown renewal, economic and community development in Winnipeg and Brandon.
Infrastructure and Municipal Services	<ul style="list-style-type: none"> - Provides for the delivery of services to local governments, the provision of operating and capital grants to the City of Winnipeg and other municipal corporations, assessment services to all municipal corporations except the City of Winnipeg, and advisory services in municipal finance. - Provides field resources to deliver technical advice to develop and upgrade sewer and water infrastructure. Provides operating and capital financial assistance in support of local governments. - Provides for Manitoba’s contribution to the Canada-Manitoba Infrastructure Programs for construction, renewal, expansion or material enhancement throughout Manitoba.

Programming	Description
Financial Assistance to Municipalities	<ul style="list-style-type: none"> - Provides operating and capital financial assistance in support of local governments. This is accomplished primarily through the Building Manitoba Fund, but also through operating assistance.
Indigenous and Northern Affairs	<ul style="list-style-type: none"> - Provides Indigenous and Northern communities with resources to enable them to become self-reliant and sustainable in providing municipal services. - Provides a consultative service in the administration and delivery of municipal services and capital infrastructure. - Facilitates the development of partnerships with other service providers to help enhance the social, economic and environmental aspects of community living. - Advocates in cross-sectoral and interdepartmental consultation relative to policy and program development and implementation which impacts on Indigenous people. - Promotes development of innovative policy options which represent a fundamental change in the way government relates to Indigenous people. - Facilitates government and Indigenous community interaction leading to successful outcomes for Indigenous people. - Negotiates and implements agreements that relate to matters which impact Indigenous and northern communities.

2.3 Indigenous and Municipal Relations – Key Discussion Points

- The recent reorganization presents an opportunity to capture synergies and reduce duplication among the two previous departments (e.g., capital planning and development, water/waste water expertise, project management, workplace safety).
- Financial assistance to municipalities represents the largest portion of the Department’s 2016/17 spend (77.6%, or \$386.6M); the largest portion of FTEs (44.5%) is allocated to infrastructure and municipal services.
- While the 2016/17 Budget increased only slightly, the 5-year increase in funding is 17.5%, or \$74.3M.
 - This is primarily due to a \$74.5M (23.9%) increase in assistance to municipalities.
 - The effectiveness of spend relative to provincial priorities and desired results should be assessed.
 - Federal funding should be aligned with provincial priorities.
 - Incentives to address municipal capacity and cost pressures should also be considered (e.g., regionalization and/or joint ownership and provision of some services to citizens).
- Rural economic development initiatives have increased \$4M, or 22.6%. Consider the effectiveness of funding within the context of Government priorities and the programs and services that are delivered through the Department of Growth, Enterprise and Trade.
- Consider opportunities for asset rationalization (e.g., low volume and municipal routes, agricultural drains) within the context of providing supports to municipalities.

2.3 Infrastructure

- 2016/17 Budget is \$625.1M.
- Total of 1,929.3 FTEs.
- Two areas represent 90.7% of spend:
 - Infrastructure Works (29.2%)
 - Costs Related to Capital Assets (61.5%)
- Within the Infrastructure Works Division, \$144M of the spend relates to provincial trunk highway, roads and related projects.
- For the Costs Related to Capital Assets Division, \$210M relates to amortization and \$198M relates to interest (\$24M relates to recoveries from other appropriations).
- Highest growth rates in 2016/17 (exceeding 3%):
 - Costs Related to Capital Assets (4.9%)

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Corporate Services	163.0	8.4%	\$9,181	1.5%
Highways, Transportation and Water Control Programs	588.9	30.5%	\$46,405	7.4%
Infrastructure Works	1,152.4	59.7%	\$182,575	29.2%
Emergency Management and Public Safety	25.0	1.3%	\$2,714	0.4%
Cost Related to Capital Assets	0.0	0.0%	\$384,218	61.5%
Total	1,929.3	100%	\$625,093	100%

2.3 Infrastructure – Overview of Programs and Services

Programming	Description
Corporate Services	<ul style="list-style-type: none"> – Provide executive financial and corporate services. – Coordinate the departmental administration and planning process, policies and programs. – Manage the communication and planning programs and provide for the departmental occupational safety and health and risk management programs. – Develop and administer corporate financial policy and oversight, provide centralized accounting and financial services; co-ordinate information systems activities, Air Services (life and fire), and oversight of the Crown Lands and Property Agency. – Provide administrative oversight for the Highway Traffic and Motor Transport Boards, the License Suspension Appeal Board and Medical Review Committee, pay indemnities for the Land Value Appraisal Commission and Disaster Assistance Appeal Board.
Infrastructure Works	<ul style="list-style-type: none"> – Provides for the construction and maintenance of provincial all weather and winter roadways, northern airports and ferry operations, municipal assistance programs, waterway maintenance and preservation projects and flood mitigation initiatives.
Emergency Management and Public Safety	<ul style="list-style-type: none"> – Oversees and coordinates all aspects of emergency preparedness in the Province, and manages, directs and coordinates the response of all departments to a disaster or major emergency.

Programming	Description
Highways, Transportation and Water Control Programs	<ul style="list-style-type: none"> – Engineering and Operations: provides for the design, construction, operations and administration of the provincial highways, northern airports and marine facilities. – Water Management and Structures: <ul style="list-style-type: none"> – Responsible for forecasting, response and management of flood mitigation programs, ice jam mitigation programs and flood areas. – Responsible for provincial water control infrastructure and agricultural drainage network. – Responsible for bridges and structures on the provincial highway and drainage networks. – Transportation Policy: advance government's strategic initiatives and priorities through policy, planning, and legislation. – Motor Carrier: enhance safety, protect infrastructure, and enable economic development through innovation and collaborative stewardship. – Boards and Committees: regulates motor carriers, administers The Highways Protection Act, The Highway Traffic Act and The Off-Road Vehicles Act. Provides an appeal procedure for citizens whose driving privileges have been suspended.

2.3 Infrastructure – Key Discussion Points

- 2016/17 funding increased (budget to budget) 3.3%; Costs Related to Capital Assets increased 4.9%.
- Of the total spend of \$625.1M, over 60%, or \$384.2M, is amortization and interest (costs related to capital assets). Almost 30%, or \$182.6M, is related to infrastructure works (primarily maintenance and preservation of provincial roads).
- Infrastructure has high average costs for managers, professional and administrative staff, relative to other departments. In addition, as noted in Section 2.2, Infrastructure is one of two departments that have incurred significant overtime costs. These issues should be reviewed, and progress in reducing costs should be regularly monitored.
- Bending the cost curve also requires consideration of:
 - A strategy for asset rationalization (refer to the future state opportunities section for more information);
 - A long term government-wide infrastructure plan that identifies multi-year targets, priority projects and alternative finance options;
 - Better balance between annual, new capital spend and necessary maintenance spend to address the infrastructure deficit; and
 - the amortization policy.
- We saw no evidence of value for money assessments (including risk and total lifecycle cost analysis), or on-time, on-budget project delivery performance. Value for money assessment and project performance information is necessary for good management of infrastructure spend and cost containment efforts.
- The role of the Department of Infrastructure and alternative service delivery options should also be considered in the context of the Government’s labour relations strategy. Many jurisdictions have outsourced certain segments of service delivery to the private sector (e.g., maintenance services).
- In addition, the government should investigate the efficiency and effectiveness of different options for ownership and deployment of fire fighting equipment and planes. There are other assets such as buildings, machinery and equipment that the Government does not necessarily need to own and where ownership does not impact front-line services.

2.3 Agriculture

- 2016/17 Budget is \$180.4M.
- Total of 391 FTEs.
- Two areas represent 86.7% of spend:
 - Risk Management, Credit and Income Support (74.7%)
 - Agri-Industry Development and Advancement (12.0%)
- By far the highest cost Division is Risk Management, Credit and Income Support, at \$134.7M.
- Within this Division the highest cost Branches are:
 - MB Agricultural Services Corporation (\$64M in spend – the Branch has fluctuated between \$74M to \$61.5M over the past 5 years)
 - Agriculture and Income Stabilization (\$35M in spend – the Branch has fluctuated between \$63.3M to \$18.9M over the past 5 years)

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Administration and Finance	44.0	11.3%	\$4,402	2.4%
Policy and Agri-Innovation	50.0	12.8%	\$10,403	5.8%
Risk Management, Credit and Income Support	0.0	0.0%	\$134,729	74.7%
Agri-Industry Development and Advancement	198.0	50.6%	\$21,673	12.0%
Agri-Food and Rural Economic Development	99.0	25.3%	\$8,836	4.9%
Cost Related to Capital Assets	0.0	0.0%	\$328	0.2%
Total	391.0	100%	\$180,371	100%

2.3 Agriculture – Overview of Programs and Services

Programming	Description
Primary Agriculture Industry Development	<ul style="list-style-type: none"> - Extend technical information to support farmers and industry in making informed business decisions. - Provide financial and non-financial risk management tools to manage weather-related and market risk. - Provide financing tools for agricultural industries. - Support sustainable management of the agro-ecosystem. - Increase the ability of crop and livestock production to adapt to a changing climate. - Support new value, increased competitiveness and sustainable development to enhance sector profitability. - Improve market access and competitiveness. - Increase the capacity of agricultural organizations to drive economic development.
Agri-Food and Agri-Product Development	<ul style="list-style-type: none"> - Grow small and medium-sized agri-food and agri-product businesses. - Retain and attract large agri-food and agri-product processors. - Advance agri-food industry development and food safety practices. - Capitalize on strategic strength in functional foods and nutraceuticals. - Assist industry in deriving increased values and jobs from agricultural production.

Programming	Description
Protection of Human, Animal and Plant Health	<ul style="list-style-type: none"> - Provide a regulatory and enforcement framework to support: <ul style="list-style-type: none"> - Human, animal and plant health. - Agriculture, agri-food and agri-product industries' competitiveness.

2.3 Agriculture – Key Discussion Points

- Agriculture’s budget increased slightly in 2016/17, but has declined by almost 20% over the 5-year period, or \$45.0M. The primary reason for this decline is the Risk Management, Credit and Income Support Programs Division which has decreased \$41.6M or 23.6% over the 5-year period.
 - Agricultural Income Stabilization has decreased \$28.3M or 44.7%, however, in the 5 year period, the spend on this program varied from \$18.8M in 2015/16 to \$63.3M in 2012/13, and is budgeted at \$35M in 2016/17.
 - Agri-insurance has decreased \$8.9M or 14.5%, and this has been declining since 2013/14.
 - Farmland School tax rebate has decreased \$3.3M or 8.4%.
- Average costs for managers, professional and administrative staff are high compared to other departments.
- The Department indicates it is working toward a shift in focus and resources, away from one-on-one interaction with farmers to business development and risk-based analysis and management.
- The Department’s efforts should be considered within the context of integrated economic development, trade and investment attraction strategies.
- The Department, and other senior officials, have noted that an opportunity exists to re-think how rural Manitoba is serviced. This would include consideration of better collaboration and sharing of limited resources to improve services.

2.3 Sustainable Development

- 2016/17 Budget is \$141.7M.
- Total of 1,124.5 FTEs.
- Two areas represent 70% of spend (and 76.6% of FTEs):
 - Parks and Regional Services (49.5%)
 - Water Stewardship and Biodiversity (20.4%)
- Of the 11 departments this Department had the least change in branches and programs over 5 years and also a decreasing trend in total spend.
- Highest growth rates in 2016/17 (exceeding 3%):
 - Costs related to capital assets (12.0%)
 - Water Stewardship and Biodiversity (4.8%)

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Finance and Crown Lands	139.0	12.4%	\$15,150	10.7%
Parks and Regional Services	636.1	56.6%	\$70,205	49.5%
Environmental Stewardship	124.0	11.0%	\$12,371	8.7%
Water Stewardship and Biodiversity	225.4	20.0%	\$28,942	20.4%
Cost Related to Capital Assets	0.0	0.0%	\$15,047	10.6%
Total	1,124.5	100%	\$141,715	100%

2.3 Sustainable Development – Overview of Programs and Services

Programming	Description
Finance and Crown Lands	<ul style="list-style-type: none"> - On request of the Minister, conducts public hearings on the environmental assessment of developments and investigates other environmental issues. - Provides geographic information and survey services to government agencies. - Develops policy across government with departments involved in the administration of programs and initiatives involving Crown land. - Oversees the management of Crown land and related programs including Treaty Land Entitlement claims, the Cottaging Initiative and the naming of geographic features. - Promotes and facilitates the effective involvement of Indigenous people in the management of natural resources and the environment.
Parks and Regional Services	<ul style="list-style-type: none"> - Ensures that conservation-related regulatory controls are implemented in a manner that ensures the orderly and legal utilization and protection of the Province’s natural resources and environment. - Implements a forest fire prevention, detection, pre-suppression and suppression program which maintains effective liaison with other jurisdictions. - Operates, maintains and develops provincial parks consistent with Parks and Protected Spaces Branch values, guidelines and standards and ensure an appropriate level of service. - Maintains an effective community relations role for the Department with particular emphasis on municipal movements, Indigenous communities, industry and recreational or other user groups.

Programming	Description
Environmental Stewardship	<ul style="list-style-type: none"> - Delivers programs and services that assess and manages the impacts associated with pollutants. - Conducts education, inspection, compliance and enforcement activities to ensure conformity with environmental legislation and best practises. - Provides emergency response services to incidents that may compromise human health and/or the integrity of the environment. - Maintains environmental management and information systems. - Regulates the management of impacted and contaminated sites to reduce further damage to the environment. - Prepares Manitoba for a changing environment by developing standards and processes that define the expectations for future development and a strategy to adapt to a changing climate.
Water Stewardship and Biodiversity	<ul style="list-style-type: none"> - Ensures that Crown-owned forest land is managed to provide sustainable resource base. - Ensures that wildlife and its habitat are protected and managed sustainably. - Protect, maintain and rehabilitate the quality of Manitoba’s ecosystems habitat. - Manage resources in a manner that ensures that viable population stocks are maintained. - Ensure the continued safety of drinking water provided to Manitobans. - Implement regulatory programs to control and manage land drainage and water retention projects while protecting wetlands and properties. - Sustainably allocates the use of water for various purposes.

2.3 Sustainable Development – Key Discussion Points

- Relatively small increase to the Department’s 2016/17 Budget of 2.5%, although growth in certain areas exceeded the target growth rate of 3% (Water Stewardship and Biodiversity; Costs Related to Capital Assets).
- Parks and Regional Services represents almost one-half of the Department’s budget.
- 5-year decrease of 11.0%, however:
 - Costs Related to Capital Assets have increased significantly (5-year increase is 43.1%); and
- Although this Department does not contribute to the growth in overall spending over time, the relevancy and effectiveness and efficiency of its programs, services and grants should still be assessed on a regular basis. For example:
 - In the context of regulatory reform, consider moving towards a risk-based management approach to focus limited resources.
 - Consider the role of government, partnership opportunities and alternative service delivery opportunities (e.g., survey services; enforcement).
 - Consider any opportunities for cost recovery of programs/services (e.g., fees for telecommunications towers on Crown Land).
 - Are there synergies/savings by having Infrastructure maintain/upgrade park roads?

2.3 Growth, Enterprise and Trade

- 2016/17 Budget is \$82.6M.
- Total of 432.4 FTEs.
- Three areas represent 73.8% of spend:
 - Business Services (35.3%)
 - Labour Programs (20.2%)
 - Trade and Tourism (18.3%)
- Largest allocation of FTES:
 - Labour Programs (168.3)
 - Resource Development (112.1)
 - Administration and Finance (50.0)
- Highest growth rates in 2016/17 (exceeding 3%):
 - Trade and Tourism (28.4%)
- Within the Trade and Tourism Division, Travel Manitoba has \$10.1M in spend (an increase of \$3.1M or 44.8%)

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Administration and Finance	50.0	11.6%	\$4,185	5.1%
Business Services	36.0	8.3%	\$29,174	35.3%
Labour Programs	168.3	38.9%	\$16,691	20.2%
Trade and Tourism	36.0	8.3%	\$15,121	18.3%
Community and Economic Growth	30.0	6.9%	\$4,388	5.3%
Resource Development	112.1	25.9%	\$10,691	12.9%
Costs Related to Capital Assets	0.0	0.0%	\$2,343	2.8%
Total	432.4	100%	\$82,593	100%

2.3 Growth, Enterprise and Trade – Overview of Programs and Services

Programming	Description
Administration and Finance	<ul style="list-style-type: none"> - Provides central financial, administrative and computer support services to the Department. - Provides analytical, advisory and coordination support services to the Department and related agencies. - Monitors and reports on the activities and policies of the Federal Government. - Provides statistical and labour force information to the Department and other agencies of government.
Business Services	<ul style="list-style-type: none"> - Provides or facilitates businesses' access to capital. - Promotes investment. - Coordinates and delivers services for the enhancement and growth of Manitoba's entrepreneurial and small business community and promotes economic development through Economic Development Initiatives. - Supports the coordinated development and growth of knowledge-based industries and leading-edge research activities in Manitoba.
Labour Programs	<p>Develops programs to:</p> <ul style="list-style-type: none"> - Ensure public safety; - Create safe and healthy workplaces; and - Balance employment practices and harmonious labour/management relations.

Programming	Description
Trade and Tourism	<ul style="list-style-type: none"> - Supports businesses and organizations to become export capable. - Supports and promotes investment opportunities domestically and abroad. - Supports Manitoba's relationships with international governments, their representatives and diplomats and advances Manitoba's interests internationally, including involvement in international development. - Supports tourism policies and programs and ensures investment in tourism contributes to meaningful sector development.
Community and Economic Growth	<ul style="list-style-type: none"> - Supports the formation and operation of cooperatives in Manitoba. - Supports rural economic development to lead economic development
Resource Development	<ul style="list-style-type: none"> - Supports provincial energy policy, renewable energy development projections and research. - Provides documentation of the Province's geology and mineral potential, and administration of legislation governing disposition of mineral and petroleum rights, exploration, development and production and the rehabilitation of mines, quarries, wells and petroleum facilities. - Resolves disputes between surface rights holders and mineral rights holders with respect to accessing minerals, oil and gas.

2.3 Growth, Enterprise and Trade – Key Discussion Points

- The Department's 2016/17 Budget increased 4.4% from the 2015/16 Budget, primarily due to a significant increase (28.4%) in Trade and Tourism.
- The recent increase to the Department's budget is a departure from the overall decline in budget of close to 12% (or \$11.0M) over the 5-year period. The decrease is primarily due to a \$9.6M decrease related to the Business Services division. This decrease is due to the following:
 - \$4.4M of the decrease relates to Economic Development Initiatives. We noted that although the majority of the spend on this is budgeted in the enabling vote, in the actual results the full amount is included in the Department.
 - \$2.7M of the decrease relates to a decrease in net costs (expenditure less interest recovery) related to the Business Financial Support Branch.
 - Effective April 1, 2013, the Entrepreneurship Manitoba Special Operating Agency was formed, which appeared to reduce certain related costs in the Division beginning in 2013/14.
- The Department has responsibility to support private sector employment and growth, yet in reality, a number of departments and special operating agencies deliver some type of business supports.
- Department interviews revealed a lack of knowledge and coordination across Government with respect to business support programs, including the absence of a centralized inventory, oversight or evaluative mechanisms to determine value for money or annual spending and staffing levels.
- Examples of potential overlap and duplication include:
 - Funding for a Tourism Secretariat, while also providing grants to Travel Manitoba as the service delivery agent for the Province.
 - Funding to Manitoba Trade and Investment program while also providing funds to other organizations.
 - Overlap among industry grants/loans, industry consulting/marketing services, and science, innovation & business development services while also overseeing Entrepreneurship Manitoba and the Industrial Technology Centre, which offer complementary services.
- There is an opportunity to review economic development mandates across departments to identify what is being spent, the overlap, duplication or contradictions, and to consolidate and/or refocus resources to align with priorities and desired outcomes.

2.3 Civil Service Commission

- 2016/17 Budget is \$21.7M
- Total of 305 FTE's
- Three areas represent 90.6% of spend:
 - Human Resource Operations (67.7%)
 - Labour Relations (12.0%)
 - Policy, Programs and Learning (10.9%)
- Largest allocation of FTEs:
 - Human Resource Operations (192.5)
- Highest growth rates in 2016/17 (exceeding 3%):
 - Internship, Equity and Employment Development (5.6%)

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Civil Service Commission	305.0	100%	\$21,677	100%
Total	305.0	100%	\$21,677	100%

2.3 Civil Service Commission – Overview of Programs and Services

Programming	Description
Executive Support	<ul style="list-style-type: none"> - Provides policy and management direction and co-ordination for Departmental programs, and provides advice to government, through the Minister responsible for the civil service. - Provides advisory, consulting and administrative services to the Civil Service Commission Board. - Provides leadership and expertise on matters related to the administration of The Public Interest Disclosure (Whistleblower Protection) Act.
Policy, Programs and Learning	<ul style="list-style-type: none"> - Leads corporate human resource policy and program development and management in support of associated objectives. - Provides learning and development opportunities and organizational consulting services to enable employees and the organization to meet operational demands. - Supports the continuous improvement of the human resource function. - Develops standards and assesses compliance relating to delegated staffing authority.
Human Resource Operations	<ul style="list-style-type: none"> - Provides guidance to government departments and agencies in the development and implementation of human resource activities and strategies. - Delivers supportive employment and pay and benefits services to all government departments. - Working in partnership with internal and external stakeholders, co-ordinates activities intended to attract and retain quality public servants. - Delivery of human resource service is consistent with authority delegated under The Civil Service Act, with related regulation, corporate policies and collective agreements.

Programming	Description
Internship, Equity and Employee Development	<ul style="list-style-type: none"> - Establishes and manages corporate internship and career development programs to recruit and develop employees. - Assesses and provides recommendations regarding diversity, inclusion and employment equity reports. - Supports workforce planning and engagement initiatives including employee networks.
Employee and Family Assistance Program	<ul style="list-style-type: none"> - Provides confidential counselling services to employees and family members in order to resolve personal, marital, family and work related problems which have the potential to adversely affect quality of life and work performance. - Provides specialized services to manage and resolve the effects of trauma, interpersonal conflict, poor team functioning and other behaviour concerns arising in the workplace. - Provides resource and consultative services on the development of protocol and policy pertaining to human behaviour in the workplace.
Labour Relations	<ul style="list-style-type: none"> - Represents management in labour relations activities involving both unionized and non-unionized employees, negotiates collective agreements with various bargaining agents and represents the employer at arbitration, human rights, Manitoba Labour Board and other tribunals. Also responsible for job classification and compensation programs, as well as providing central administrative services for government-wide employee benefits and insurance programs.

2.3 Civil Service Commission – Key Discussion Points

- Modest increase to the 2016/17 Budget of 1.8%. Although the budget shows a declining trend over 5 years (2.9%), recoveries from other appropriations have increased \$3.9M. Excluding recoveries, spend on salaries and benefits and other expenditures have increased 14.3% over the 5-year period.
- The Civil Service Commission can play a greater leadership role in helping Government achieve its commitment to fiscal discipline and sustainability by providing ongoing and in-depth analysis to inform decision-making in key areas. For example:
 - Review common positions types (policy, research, finance, etc.) across all departments, and consider: where there are discrepancies in job descriptions and classifications, and why; the need for central versus dispersed positions and capacity, and why; and where there are critical gaps in skills and abilities, and strategies to address (for example, gaps in policy skills have been identified by senior officials in many departments, which is an issue that should be centrally addressed).
 - KPMG has noted that there is a wide variation in costs per manager FTE, cost per professional/technical FTE and cost per administrative FTE across departments. This should also be reviewed, in particular:
 - For managers, the costs vary from \$90,465 per manager in Families to \$117,537 per manager in Infrastructure;
 - For professional/technical, the costs vary from \$61,499 per individual in Families to \$87,118 per individual in Justice; and
 - For administrative, the costs vary from \$45,569 per individual in Growth, Enterprise and Trade to \$64,059 per individual in Agriculture.
- Consider a ‘Lean’ process review of staffing, involving key departmental representatives, to identify opportunities to remove waste and improve efficiencies and time to staffing.

2.3 Sport, Culture and Heritage

- 2016/17 Budget is \$66.5M
- Total of 271.8 FTEs
- Two Divisions represent approximately 92% of spend:
 - Sport, Culture and Heritage Programs (78.5%)
 - Information Resources (13.8%)
- By far the highest cost division is Sport, Culture and Heritage Programs, at \$52.2M
- Within this Division, the Sport Manitoba Branch has \$11.7M in spend, Manitoba Art Council, \$8.7M in spend, Arts Branch, \$9.1M in spend, Public Library \$7.3M in spend.
- Largest allocation of FTEs:
 - Information Resources (148.1 or 54.5%)

	2016/17 FTEs		2016/17 Budget	
	Budget	% of Total	\$ thousands	% of Total
Administration and Finance	62.0	22.8%	\$4,994	7.5%
Sport, Culture and Heritage Programs	61.7	22.7%	\$52,193	78.5%
Information Resources	148.1	54.5%	\$9,202	13.8%
Cost Related to Capital Assets	0.0	0.0%	\$73	0.1%
Total	271.8	100%	\$66,462	100%

2.3 Sport, Culture and Heritage - Overview of Programs and Services

Programming	Description
Administration and Finance	<ul style="list-style-type: none"> - Provides information to the public on the content of films and videos available in Manitoba. - Provides advice to the government on matters relating to the French Language Services Policy and guidance to government departments and administrative bodies on the policy implementation and on the development of government services in the French language. - Promotes gender equality and the full participation of all women in society by building awareness, developing policies/legislation and creating resources.
Sport, Culture and Heritage Programs	<ul style="list-style-type: none"> - Provides funding and consultative services to organizations throughout Manitoba in support of the development of community arts, heritage, library programs and services. - Regulates the protection and preservation of significant aspects of Manitoba's heritage. Supports statutory agencies to develop the arts and cultural industries. - Provides funding and consultation to the department's agency Sport Manitoba to support the growth, promotion and development of amateur sport in Manitoba. - Advances the objectives of The Manitoba Multiculturalism Act by working collaboratively with government departments to ensure that services are responsive, sensitive and accessible to diverse communities.

Programming	Description
Information Resources	<ul style="list-style-type: none"> - Delivers communication and information services to the public and government departments. - Communications Services Manitoba provides corporate communications services, including purchasing of advertising, printing, digital and creative services. - Provides written and oral translation services for government; operation of the Archives of Manitoba, including the government records program; policy support for access and privacy; and operation of the Legislative Library.

2.3 Sport, Culture and Heritage - Key Discussion Points

- Modest increase to the Department's 2016/17 Budget of 1.4%.
- Sport, Culture and Heritage programs represent almost 80% of the Department's budget.
- Although this Department does not contribute to the overall growth in spending over time, the relevancy and effectiveness and efficiency of its programs, services and grants should still be assessed on a regular basis. For example:
 - Review the mandate of Communications Services and consider options to support Government's commitments.
 - Consider the need for distinct offices, with separate management structures (e.g., Manitoba Status of Women).
 - Assess the long term viability of organizations, and Government's role in supporting those organizations.

2.4 Summary of Observations

- There is a need to change the culture of the public service to help achieve Government’s priorities and commitments.
 - Accountability for results, empowerment, intellectual curiosity, problem solving, continuous improvement, results-focused, performance measurement and fiscal discipline are key principles that should be nurtured.
 - Manitoba needs a better results-based approach, with a better focus on results and value for taxpayer dollars.
- Based on a combination of KPMG experience, research, data analysis and preliminary assessment, as well as discussions with over 140 senior officials across government, including the Steering Committee and Treasury Board Secretariat, KPMG has identified numerous areas within departments that are contributors to growth in spend and require some focused review. These areas are in addition to the 12 significant potential areas of opportunities identified in Section 3 of the Report (Future State Opportunities).
- Incorporating the Fiscal Performance Review Framework (outlined in the following section) into departmental and government-wide planning and decision-making processes will provide a consistent, systemic framework for looking at spending and evaluating initiatives and programs across departments. Examples of good evaluations and other success stories should be shared, to encourage further good work. This will help to change the public service culture.
- Senior officials generally appreciate the efforts to engage the public service thus far in the Fiscal Performance Review. Many of them welcome an opportunity to change the way government does business and improve services to citizens. Numerous ideas have been raised for consideration. It will be important to close the loop on the Fiscal Performance Review, and communicate progress and plans to departments and senior officials.
- Many departments’ pre-estimates submissions are vague and/or incomplete; it will be important to follow-up and ensure departments complete their analysis of transformative ideas to enhance services and help bend the cost curve. Consideration of specific timeframes and reduction targets may be necessary to ensure timely change occurs in some areas.
- Government should consider creating regular forums to promote the ongoing consideration of innovative ideas and ways to bend the cost curve (e.g., ADM Forum; Sector Forums; employee innovative ideas inbox).
- More concerted effort is needed to improve cross-department collaboration, planning and budgeting to help achieve important economic and societal outcomes, which transcend the boundary of any one department. Manitoba should look to leading practices in horizontal initiatives within and outside Canada to help guide and inform efforts.



3 Future State Opportunities

3 Future State Opportunities

This section provides the following sections:

1. Fiscal Performance Review Framework for Manitoba
2. Leading Practices and Gap Analysis
3. Areas of Opportunity

3.1 Fiscal Performance Review Framework for Manitoba

Context

“Manitobans have a right to expect that their government uses public revenues effectively and efficiently to deliver high quality government programs and services at a reasonable and sustainable cost. Manitoba’s New Government is working to fulfill that expectation by restoring fiscal discipline with a common sense approach to financial management. Common sense respects the value of taxpayers’ money.”

“A large part of restoring fiscal discipline is restraining the growth of spending – bending the cost curve – to ensure that spending does not outpace revenue growth. Manitoba’s New Government is committed to ensuring that government programs and services become more effective and efficient.”

Manitoba Budget 2016

The new Government of Manitoba has shown a strong commitment to the continuous improvement of programs and services delivered to Manitobans. Doing the right things, and doing them right by delivering quality services in the most efficient and effective way, while providing the highest value to taxpayers are central to this commitment.

Treasury Board is a Cabinet Committee responsible for the overall fiscal management and reporting of the Manitoba Government and the establishment of policies required for the effective management of public funds to meet Government objectives. The Treasury Board Secretariat provides financial and analytical support and advice to the Minister of Finance and Treasury Board.

After several years of large and growing deficits, the fiscal situation is not sustainable. Growth in spending needs to be contained. Better economic growth will drive increased revenues. The pace of growth in debt is not sustainable. Given new fiscal realities, there is an opportunity to make strategic changes to what is delivered and how it is delivered. Getting Manitoba to turnaround its fiscal position however will require difficult decisions on several fronts. Manitoba requires a Fiscal Performance Review Framework to provide a consistent, systematic approach to review spending at all levels, by Department, branch, program and across Departments.

The complexity of the Government of Manitoba’s programs and services means that tracking, measuring, and achieving outcomes is challenging. Most importantly, the environment within which decision-making occurs is also complex and generating the desired level of evidence can and often will, involve multiple stakeholders and sources of information and analysis. As such, the effective functioning of both external facing and internal processes need to be clear, efficient, and effective.

3.1 Fiscal Performance Review Framework for Manitoba

Context

The Government of Manitoba and the Province of Manitoba's Public Service are dedicated to serving Manitobans and communities across the Province and ensuring value for taxpayers' dollars. The Fiscal Performance Review Framework will assist the Province of Manitoba to embrace a culture of high performance and ongoing improvement. The Fiscal Performance Review Framework brings a whole-of-government approach to assess spend and to measure, improve and track performance.

The new Government of Manitoba has committed to developing a strong fiscal plan which includes gaining better control over the growth of Core Government spending.

Many people and parts of the Civil Service recognize the need for change and improvements in effectiveness, efficiency and to ensure value for money. Many people in the Government of Manitoba are ready to champion transformational change. The Public Service and front-line workers contribute to improving Manitoban's lives, security, prospects, opportunities, infrastructure, environment, health and other areas, and take ownership of the quality and cost of service.

The Fiscal Performance Review Framework is necessary to provide a consistent, systemic framework that includes principles, guidelines and criteria for looking at spending across government and at all levels, whether by department, program, service, branch or unit.

The Fiscal Performance Review Framework provides assessment filters by which programs, services and activities are evaluated across departments and units of analysis.

The Fiscal Performance Review Framework can have multiples uses across the Government of Manitoba such as:

- An assessment tool to measure effectiveness, efficiency and value-for-money of how government dollars are spent on programs and services;
- Informing options analysis of service delivery methods or models and business cases;
- Aligning programs and policies to intended outcomes and measuring performance;
- A tool for assisting Treasury Board and departments in their annual Budget preparation process, particularly in a move towards more performance-based budgeting of programs and services;
- To use analysis and evidence to better inform policy and program choices and prioritize fiscal and operational resources.

The consistent systemic application of the Fiscal Performance Review Framework can effectively change the fiscal culture and the way all spend is looked at.

3.1 Fiscal Performance Review Framework for Manitoba

Goal of the Fiscal Performance Review Framework

Controls on the growth of Core Government expenditures are necessary as the Government works to improve Manitoba's finances. The Fiscal Performance Review Framework provides principles and guidelines to place attention and fiscal discipline on all spending and on the provision of efficient and effective programs and services as well as value for money of taxpayer dollars. The framework further guides a process of providing better information and evidence on performance and results for decision-makers.

Shifting to a Fiscal Performance Review Framework will have a transformative impact on the Government of Manitoba. It will require a fundamental change in the behaviours, the culture, and the approach to decision-making across Government, from departments, to agencies, to Treasury Board Secretariat, to the ultimate decision-makers in Cabinet, and as such, getting a strong commitment to the Framework at the most senior levels of Government is crucial.

3.1 Fiscal Performance Review Framework for Manitoba

Goal of the Fiscal Performance Review Framework

Ultimately the goals of Manitoba's Fiscal Performance Review Framework are:

<p>Understanding of performance and confidence in decisions to achieve Government's objectives</p>	<p>Decision-makers have a more robust and deep understanding of the financial, operational, and performance results that drive outcomes, and can make more confident decisions about changes required to achieve Government's objectives. Decision-makers need to have line of sight between the case for change, the analysis and options related to the change, and the final benefits that will be realized. This requires information and evidence for the decision-maker to consider at a level that is necessary to reliably make a decision.</p>
<p>Transparency of performance</p>	<p>To closely examine how every dollar is spent in Government, decision-makers will be better able to identify the link between the clear objective of the program/service and the evidence of its performance. To enhance transparency and public accountability, greater clarity of performance is also required for greater accountability, such that quantifiable metrics can be reported publically for programs and departments.</p>
<p>Greater collaboration between Departments</p>	<p>The requirement for information and evidence to support decisions means that departments will have a better understanding of issues, performance, and objectives, resulting in better relationships and partnerships, with clearer expectations, and driving better performance. Departments will need to work closely together to produce results.</p>
<p>Greater alignment between fiscal imperatives and the priorities of Government</p>	<p>A key attribute of the Framework is that decisions on programs and services are driven by the achievement of desired outcomes and the effectiveness and efficiency in which this can be done. The Framework will provide a clearer understanding of the link between policies, investments, and outcomes, which in turn can support decisions to align fiscal priorities with results.</p>

3.1 Fiscal Performance Review Framework for Manitoba

Principles of Fiscal Performance

The following principles form the foundation for the Fiscal Performance Review Framework:

Results-based

Fiscal performance is centred on the intended outcomes to be achieved, that is, fiscal performance should be results-based.

Alignment

Manitoba's services and programs relate to and support the achievement of intended outcomes.

Transparency

Manitoba is transparent and accountable in its intended outcomes, Government's role, policies, programs, services and results.

Transformative

The changes need to be real and sustaining in a way that creates value for Manitoba and delivers value for taxpayer dollars.

All Encompassing

Manitoba needs to recognize the interdependencies across programs and services and remove the barriers that exist in and across processes that span departmental and program boundaries, and organizational functions.

3.1 Fiscal Performance Review Framework for Manitoba

Leading Practices

A scan of leading global practices in fiscal performance review frameworks has helped inform the development of a framework for Manitoba. Manitoba's Fiscal Performance Review Framework is consistent with leading practices and is mindful of Manitoba's context and recent reorganization.

Leading practices for fiscal performance frameworks include but are not limited to:

Strategic

- Leadership – tone set at the top;
- Strategic and led by Cabinet and Treasury Board and central agencies;
- A fiscal performance review framework is a systemic step to addressing fiscal sustainability challenges, tied to a long-term fiscal plan to address fiscal sustainability;
- Built on clear values and principles;
- Openness and transparency of information within the system;
- Accountability throughout the system;
- Built on a culture of cost consciousness and value for money throughout the organization, and cost control responsibility and accountability widely across the Public Service;
- Effective fiscal performance management is an essential part to achieve sustainable and stable government finances and to gain public confidence that tax dollars are being used effectively and efficiently;
- Setting overall annual and medium-term spending targets and communicating results compared to targets provides further discipline and accountability; and
- Setting some overall targets as a necessary instrument, but focus efforts on improving performance as a performance culture needs to permeate throughout the whole of Government.

3.1 Fiscal Performance Review Framework for Manitoba

Operational

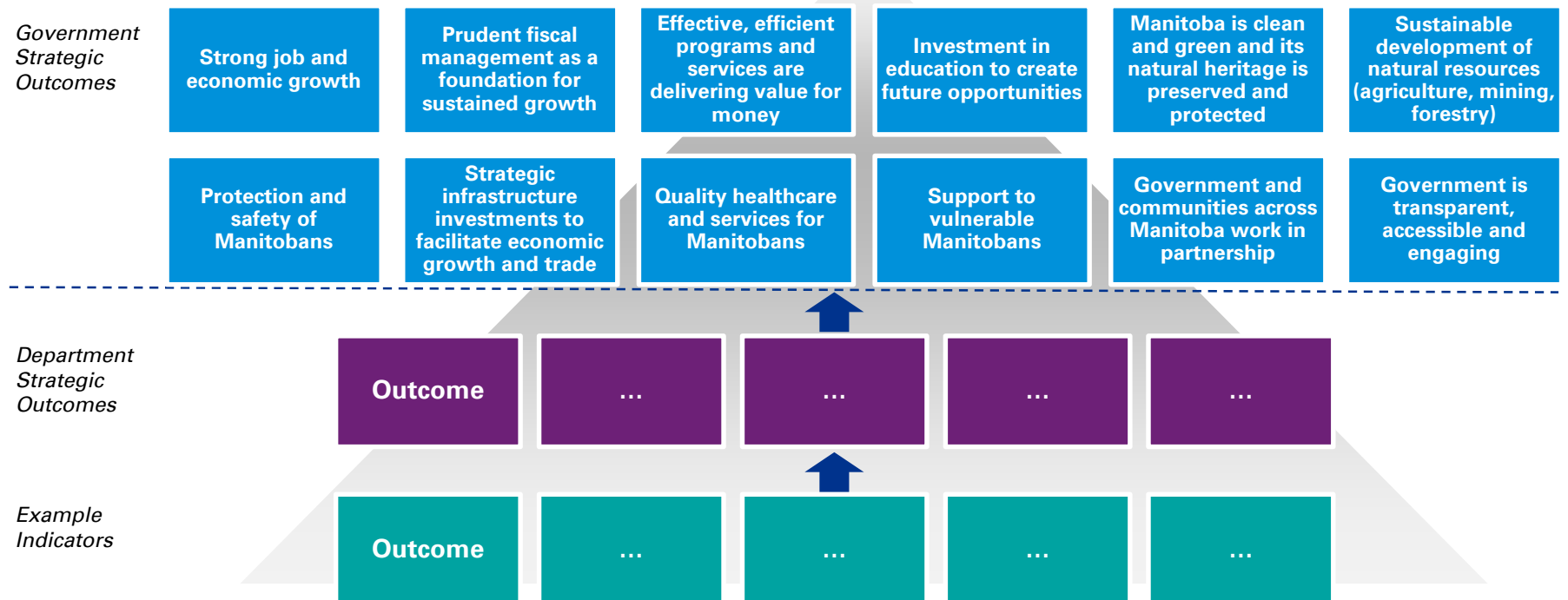
- There is no “one-size fits all” performance review system, but a comprehensive overall framework provides the appropriate principles, guidelines and structure, enabling flexibility and innovation in conducting fiscal performance reviews in specific areas;
- Continually evolving and innovating;
- Utilizing data, information and evidence constantly;
- Engagement of the Public Service and stakeholders;
- Focus on results and outcomes, not inputs and outputs;
- Consolidate approaches (i.e., overall framework) and tools and templates across Government;
- Establish evidence standards;
- Invest in developing cost leadership skills and expertise;
- Provide analytical tools and templates through a central agency for rigorous operational analysis;
- Encourage horizontal collaboration and accountability across Government departments;
- Share leading practices (e.g., well done fiscal performance reviews and case studies) across departments; and
- Consider proportionality in terms of time and resources in evaluation efforts relative to the size and benefits of a program or service.

3.1 Fiscal Performance Review Framework for Manitoba

Results Driven

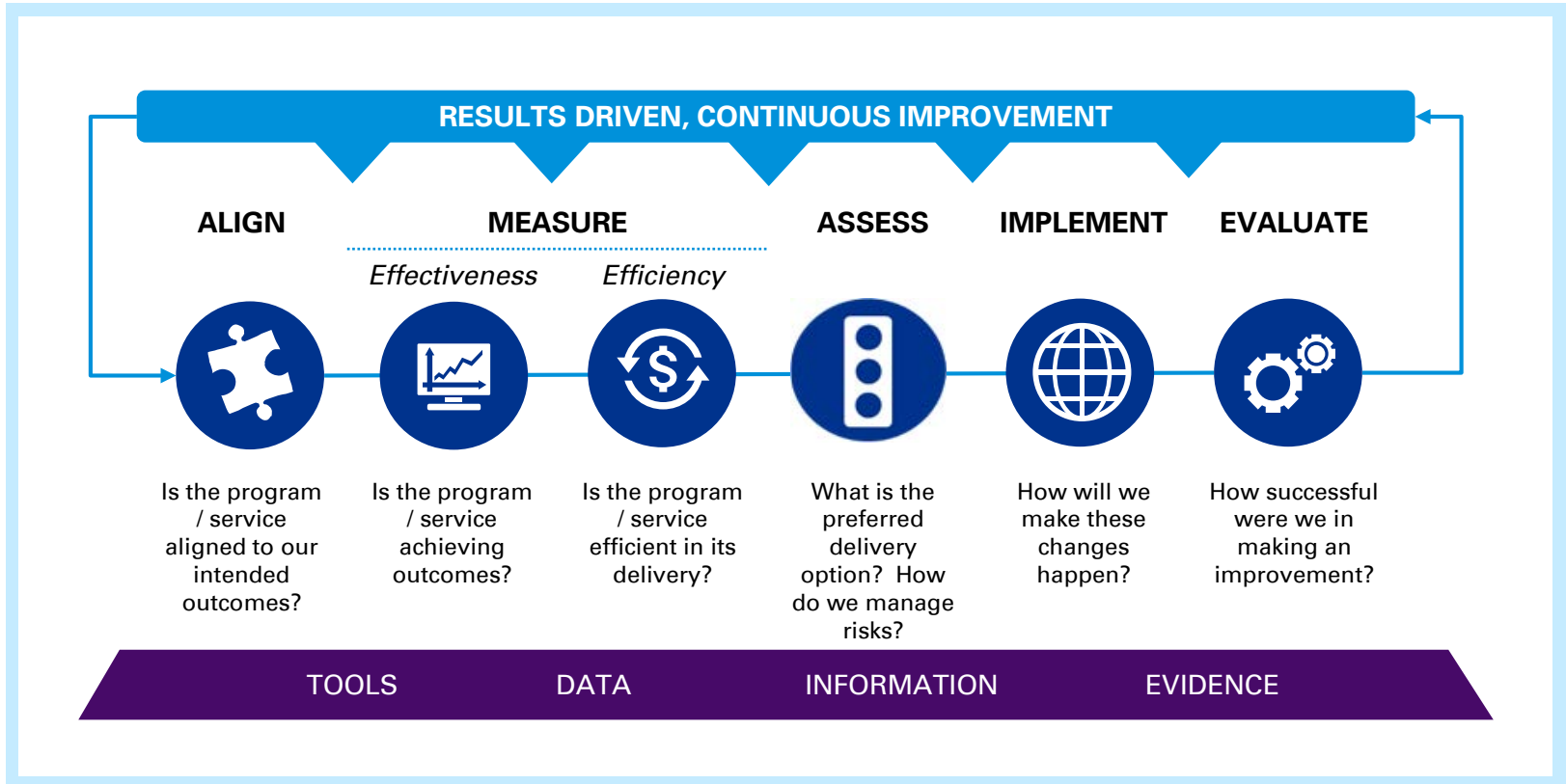
Outcomes are evidence-based accountability mechanisms that provide an approach to design and measure performance. They provide leaders and staff with a tool to understand how a program/service, or entire department or branch, performs and enables an understanding of how this work aligns with broader Government outcomes. As a starting point, the following is a draft set of Government strategic outcomes based on the Speech from the Throne of May 2016 and announcements (subject to adjustment and refinement).

The achievement of these outcomes depends on all departments working towards the same objectives. By aligning the resources used, the activities undertaken and the results achieved within each department, the Province will be better able to achieve its defined outcomes. The following diagram below outlines the proposed strategic outcomes for the Government of Manitoba, example outcomes and performance indicators for departments are included in Appendix B.



3.1 Fiscal Performance Review Framework for Manitoba

The proposed Fiscal Performance Review Framework is applied across a series of steps that consist of a set of questions that decision-makers are expected to ask, and provides a guide for how analysis should be approached and evidence-built. The use of reliable evidence, supported by standards and tools, will determine the successful application of this framework.



- In addition, two key components of the framework include continuous improvement and results driven. Continuous improvement takes the learnings and informs changes to drive consistently better and better outcomes. “Results driven,” refers to a set of common Government outcomes that should be considered in all decisions.

3.1 Fiscal Performance Review Framework for Manitoba



Align

Overview Questions to be Answered

The purpose of this step is to identify whether the program/service is aligned to the Government and departmental outcomes.

This should be done through the development of a logic model that identifies how the programs' inputs, activities and outputs contribute to the desired outcomes for the department and for Government.

Alignment is a key factor in the Assess phase whether a program/service should start, stop, change, reduce or expand.

Key performance measures should also be identified and mapped out at this stage to support future steps.

This step defines whether the program/service is aligned with what Government wants to achieve. Specifically the following questions should be asked:

- What is the objective of the program/service?
- To what degree is the objective aligned with our Government's outcomes?
- What is the evidence to support our conclusion?
- Do other programs/services contribute to the same outcomes?
- Is the program/service still relevant to Government? Should it be stopped or sunsetted?

Standards Tools

This standard has been met when outcome statements for the program/service are clearly defined and aligned with the department's and Government's outcomes.

- Logic Models (an illustration or depiction of the causal or logical relationships between activities, outputs and results of a specific program, policy, initiative or service)
- Performance Metrics

3.1 Fiscal Performance Review Framework for Manitoba



Measure – Effectiveness	
Overview	Questions to be Answered
<p>The purpose of this step is to identify whether the program/service has achieved positive results towards the outcomes to which it is aligned.</p> <p>This should be done by leveraging the performance measures that were identified in the previous step. Historical trending should be undertaken to understand the program/service’s performance and what, if any, deviations from positive performance exist.</p> <p>Time and effort should be spent examining why performance issues exist and whether this is a nature of the program’s design or its delivery.</p>	<p>This step defines whether the program/service is achieving its stated outcomes. Specifically the following questions should be asked:</p> <ul style="list-style-type: none"> <input type="checkbox"/> How effective has the program/service been in meeting its objectives? How do we know? Where we do not have data, how can we tell we are performing? <input type="checkbox"/> How does the performance of our program/service compare to other jurisdictions? Are we better or worse? <input type="checkbox"/> Where there have been performance issues what is the root cause of these?
Standards	Tools
<p>This standard has been met when a program/service has been assessed as achieving or not achieving against the defined department and Government outcomes.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Logic Models <input type="checkbox"/> Performance Analysis <input type="checkbox"/> Trend Analysis <input type="checkbox"/> Jurisdictional Review <input type="checkbox"/> Root Cause Analysis

3.1 Fiscal Performance Review Framework for Manitoba



Measure – Efficiency

Overview	Questions to be Answered
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The purpose of this step is to identify whether the program/service is delivered in an efficient perspective, i.e. that its cost of administration is optimal relative to the cost of the program/service itself.

This should be done by understanding the full cost of the program/service and the costs associated with service delivery and achievement of results versus administrative and other costs supporting delivery.

Time and effort should be spent understanding and comparing the per unit cost of programs and services to identify where variability exists.

Productivity, process improvement, technology enablement and other measures should be considered.

This step defines whether the program/service is efficient in achieving its stated outcomes. Specifically the following questions should be asked:

- How efficient is the program/service being delivered (e.g. cost per client served)? How do we know?
- What improvements can be made to the existing program/service? (e.g., productivity, process improvements, technology)
- Can the delivery be improved to reduce costs? Are there alternative delivery mechanisms that would be more cost effective? More efficient?
- How does the cost and overall efficiency of our program/service compare to other similar types of programs or other delivery agents or jurisdictions?

Standards	Tools
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This standard has been met when a program/service has been assessed against efficiency while delivering upon the department and Government outcomes.

- Cost Accounting
- Benchmarking
- Market Assessment
- Process Improvement (e.g., Lean)
- Value for Money Review

3.1 Fiscal Performance Review Framework for Manitoba



Assess

Overview	Questions to be Answered
<p>In this step based on the findings from the first three steps, options are identified and a robust analysis is completed for each, including the status quo and stopping or sun setting the program/service. Four main categories for options for change are outlined on the following page.</p> <p>Analysis includes understanding which options will generate the maximum value to the Province through a number of contextual Value Lenses. The following Value Lenses should be considered (and are described later): Economy, Efficiency, Effectiveness, Environment.</p> <p>There are a number of dimensions of risks associated with the delivery or non-delivery of a program/service. Key risks and risk mitigation strategies are identified for each option.</p> <p>At the conclusion of the step the preferred delivery option is identified and supported, showing the robust analysis that was undertaken to arrive at it.</p>	<p>This step defines what options should be taken to wind-down, change, or expand a program/service. Specifically the following questions should be asked:</p> <ul style="list-style-type: none"> <input type="checkbox"/> Should the program/service be stopped, changed, or expanded? <input type="checkbox"/> What are the possible options? <input type="checkbox"/> What would happen if the Department did not do anything? <input type="checkbox"/> What is the relative benefit and value to be created by each option? <input type="checkbox"/> What is the preferred delivery option? Why is it preferred? What are the risks that need to be managed? What are the risk mitigation strategies?

Standards	Tools
<p>This standard has been met when a program/service has identified a robust list of options, assessed the options against the value lenses, and a preferred delivery option is identified.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Cost/Benefit Analysis <input type="checkbox"/> Value Analysis (e.g., Economic Impact/Social Impact) <input type="checkbox"/> Jurisdictional Review <input type="checkbox"/> Market Assessment <input type="checkbox"/> Financial Analysis

3.1 Fiscal Performance Review Framework for Manitoba

Levers of Change

There are various levers with which the Province of Manitoba can effect a change in programs/services to better align with and/or achieve desired outcomes. These include changes in the following areas: People & Structure, Process & Delivery, Information Technology, and Regulation & Policy.

Levers of Change	People & Structure	The resourcing of the Province as related to staffing, organizational design and structure, as well as workload capacity, skills training processes, and other facets of the Province’s workforce.
	Process & Delivery	The operational processes and service delivery mechanisms that facilitate the achievement of the Province’s identified service outputs and corresponding outcomes.
	Information Technology	All systems that the Province utilizes to manage workloads, store and track data and information, and perform operations.
	Regulation & Policy	Formalized documentation, policy, regulations or procedures that guide the people, processes, and technology underlying the Province’s programs and services.

3.1 Fiscal Performance Review Framework for Manitoba

Creating Value

In its broadest sense, value is the relationship between **satisfying needs** and **expectations** and the **resources required to achieve them**. In the context of the Province of Manitoba's delivery of programs and services, it is the worth of a program/service provided by the Province as determined by the preference of the public, clients and users and the **trade-offs** given scarce resources such as time or revenues.

In order to generate the most value, stakeholders need to be engaged to determine which trade-offs maximize the desired outcomes for clients, users, the public, and the Province as an organization. Value can further be broken down across the following dimensions:

- **Financial and Economic Value:** this is the quantitative and tangible financial and economic value that is created as a direct result of programs/services based on revenues brought in, expenditures managed, or a return on an investment.
- **Social Value:** this is the long-term value created by displacing costs that would normally be borne if social issues are not addressed, e.g., the social costs of poverty, etc.
- **Perceived Value:** this is the worth of programs/services in the minds of Manitobans, which is as important as the other dimensions of value. Since the recipients of programs/services are not generally aware of the cost, value to them may have more to do with how they perceive the results of the programs/services relative to others.

3.1 Fiscal Performance Review Framework for Manitoba

Value Lenses

<p>Economy</p>	<p>The cost of inputs that are used to generate desired outputs. This refers to the value received from ongoing inputs for the program/service over its lifecycle. Are activities done at a reasonable cost? Is the program/service affordable? For example, if an IT system is implemented that substantially reduces the cost of processing payments, it generates a positive Economy effect. Will the decision decrease or increase costs? Will benefits outweigh a cost increase?</p>
<p>Efficiency</p>	<p>The delivery of outputs in a timely manner and to the level of quality desired with minimum waste. Efficiency is about using each resource optimally, delivering services in a timely manner, and “doing things right”. For example, if budgeting and forecasting removes unnecessary steps from its budget creation process to meet the same service level with less resources, it creates Efficiency gains. Will the decision make the Province more or less efficient? Will it free up resources that can be re-deployed to improve other aspects of service delivery?</p>
<p>Effectiveness</p>	<p>The achievement of outcomes or results in alignment with the Province’s strategic objectives and outcomes. Effectiveness is about achieving goals for the Province and its residents, meeting stakeholder expectations, and “doing the right things”. For example, a new social outreach program intended to improve quality of life for the disadvantaged sharply reduces homelessness and improves job access for targeted vulnerable populations, its Effectiveness creates value. Will the decision improve our ability to meet service levels? Will it support our strategic outcomes? Does the program achieve or not achieve intended results?</p>
<p>Environment</p>	<p>The impact on the context in which the Province operates – on the local communities, natural surroundings, social system, economic development, etc., in terms of the short-to-medium term effects as well as long-term sustainability. Take into account how a program/service is setup, funded and distributed across the Province’s geography and demographics. For example, if a decision to lower business taxes drives greater economic investment in the Province and increases the tax base, it may be a positive Environment impact. Will the decision support the long-term vision for the Province? How will it impact economic growth? Does it improve quality of life and make the Province a place we want to live?</p>

3.1 Fiscal Performance Review Framework for Manitoba



Implement	
Overview	Questions to be Answered
<p>In this step, an implementation plan is developed. This includes the key steps, roles and responsibilities, milestones, and timelines.</p> <p>The plan should outline the full cost of the preferred option and include actions related to managing risk, reporting on progress, and include a project implementation plan outlining the benefits to be realized, expected costs, roles and responsibilities, and actions to implement the project.</p> <p>The necessary changes to implement the preferred option are then initiated.</p>	<p>This step defines how the changes to programs/services will be made. Specifically the following questions should be asked:</p> <ul style="list-style-type: none"> <input type="checkbox"/> How will you manage and implement the change? <input type="checkbox"/> What are the key tasks and milestones? <input type="checkbox"/> What is the total approved budget for the change? <input type="checkbox"/> How will you report on the progress of implementation? <input type="checkbox"/> What benefits should be expected and when will these be realized? How will you report on these?
Standards	Tools
<p>This standard has been met when the changes to be made have been broken down into a set of key milestones to be achieved. Consideration for the benefits has also been documented and reporting has been agreed upon.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Cost Accounting <input type="checkbox"/> Project Implementation Plan <input type="checkbox"/> Value Logic Map <input type="checkbox"/> Risk Assessment

3.1 Fiscal Performance Review Framework for Manitoba



Evaluate	
Overview	Questions to be Answered
<p>To ensure ongoing continuous improvement, and an outcomes driven approach, this step is critical to the overall fiscal performance review framework.</p> <p>Utilizing the implementation plan and associated performance metrics, evaluate the extent to which the change is having the desired effect on performance.</p> <p>This information is then utilized on a go-forward basis to manage the program/service and continually inform the design and operation of others.</p>	<p>This step measures how the changes to program/service have made a positive impact. Specifically the following questions should be asked:</p> <ul style="list-style-type: none"> <input type="checkbox"/> What were the improvement made? Were there any unintended consequences? <input type="checkbox"/> How have the changes improved the program’s ability to achieve outcomes? <input type="checkbox"/> Have the benefits, that were previously defined, been realized? If not, why? <input type="checkbox"/> Are there any emerging risks to performance?
Standards	Tools
<p>This standard has been met when evaluation becomes a routine part of the program’s operations. There is ongoing data collection and comparisons performed against a baseline or defined performance target.</p>	<ul style="list-style-type: none"> <input type="checkbox"/> Cost/Benefit Analysis <input type="checkbox"/> Market Assessment <input type="checkbox"/> Value Logic Map <input type="checkbox"/> Financial Analysis

3.1 Fiscal Performance Review Framework for Manitoba

Evaluation Criteria

The key Evaluation Criteria to consider in reviewing areas of opportunity or initiatives to improve performance and costs are consistent with the Assess phase.



A sample “dashboard” for applying evaluation criteria consistently across spend is outlined on the following page. This represents a dashboard approach to provide a summary overview at a high level for decision-makers. In many cases, economy and efficiency will be very similar and could be combined. Also, in some cases, capacity is not a factor or could be evaluated and discussed as a key risk. Thus, there is flexibility in application of key criteria, but alignment, economy/efficiency, effectiveness and risk should always be considered.

3.1 Fiscal Performance Review Framework for Manitoba

Evaluation Criteria – Sample Dashboard

Initiative A		Comments
Current year financial cost (\$000s)		Brief description
Current FTEs		
Estimated financial impact next fiscal year (\$000s)		Comment on estimated impact in reducing growth of spending and sustaining annual impacts.
Estimated FTE impact next fiscal year		Comment

Evaluation Criteria	Rating	Score	Comments
Alignment			
Economy			
Efficiency			
Effectiveness			
Implementation/ Transition Risk			
Capacity and Capability			
Overall Rating			

Rating Scale: Strongly Positive (5) Moderately Positive (4) Neutral / Uncertain (3) Moderately Negative (2) Strongly Negative (1)

3.1 Fiscal Performance Review Framework for Manitoba

Roles and Responsibilities

Achieving the intended outcomes of the Fiscal Performance Review Framework requires a transformational shift in culture and process. The framework applies an approach for information and analysis supporting Government decisions.

First and foremost, roles and responsibilities for fiscal performance are not in silos and require a whole of Government approach and shift in culture across the organization. However, there are key groups of stakeholders within Government that have roles in decision-making. The following table outlines roles and responsibilities for each group in application and reinforcement of the principles and guidelines of the framework.

Cabinet and Treasury Board have high levels of expectations and standards for performance information and evidence upon which to make decisions.

Treasury Board Secretariat provides support and advice to Treasury Board. Treasury Board Secretariat would play the central gatekeeper and expert role in the consistent application of the framework, to maintain and renew expected standards, and to build analytical capacity, expertise and tools.

3.1 Fiscal Performance Review Framework for Manitoba

Stakeholder	Responsibilities
Cabinet	<ul style="list-style-type: none"> • Maintain the highest level of expectation and standard for information and evidence upon which to make decisions. • Make decisions based on performance information and evidence. • Request further analysis and assessment where the principles and guidelines of the framework have not been met. • Treat decisions as discrete and continuous, to enable assessment of both new and existing programs and services.
Treasury Board	<ul style="list-style-type: none"> • Maintain the highest level of expectations and standards for information and evidence upon which to make decisions. • Make fiscal and economic decisions based on performance information and evidence. • Request further analysis and assessment where the principles and guidelines of the framework have not been met. • Treat decisions as discrete and continuous, to enable assessment of both new and existing programs and services.
Treasury Board Secretariat	<ul style="list-style-type: none"> • Provide support and advice to Treasury Board. • Establish, maintain and renew common and expected standards for costing and financial management information. • Work to support the consistent application of the framework with departments. • Build the necessary capability across the organization to implement the framework.
Treasury Analysts	<ul style="list-style-type: none"> • Work to support the consistent application of the framework with departments focused on expenditure management. • Provide first-line of independent review of whether framework guidelines have been met, both for decision-making and evidence. • Show discipline in the application of framework and advice to clients.
Departments	<ul style="list-style-type: none"> • Work to support the application of the framework. • Build the necessary workforce capacity. • Implement Government decisions.
Executive Financial Officers	<ul style="list-style-type: none"> • To apply the framework in the discrete and continuous decisions of Government. • Facilitate access to financial information and support the creation of financial and non-financial performance information evidence as required for decisions. • Apply the framework in the course of day-to-day decision-making, including in preparation of Treasury Board submissions.
Policy and Program Analysts	<ul style="list-style-type: none"> • Maintain the highest level of expectations and standards for information and evidence upon which to make decisions. • Analyze based on performance information and evidence. • Perform further analysis and assessment where required.

3.2 Leading Practices and Gap Analysis

The table below provides example of relevant leading practices and observations in Manitoba. As analysis drills down into specific areas or departments, further leading practices should be identified and examined.

Among other organizations, the Government Financial Officers Association (GFOA) outlines leading practices in different areas.

Performance management is a key concern across Manitoba departments. GFOA and others have done work in this area, including a report issued by the National Performance Management Commission in 2010, entitled “A Performance Management Framework for State and Local Government – From Measurement and Reporting to Management and Improving”.

Principles of the GFOA framework are:

1. Information, measures, goals, priorities and activities are relevant to the priorities and well-being of the government and the community.
2. Information related to performance, decisions, regulations and processes is transparent easy to access, use and understand.
3. Goals, programs, activities and resources are aligned with priorities and desired results.
4. Decisions and processes are driven by timely, accurate and meaningful data.
5. Practices are sustainable over time and across organizational changes.
6. Performance management helps to transform the organization, its management and the policymaking process.

“The purpose of public-sector performance management (shown throughout the commission’s report) is to provide a systematic approach to managing performance through concepts, practices and processes that align governments efforts to achieve the best possible results for the public within available resources. Performance management emphasizes the importance of continuous learning, improvement, and accountability for results.” (Government Financial Officers Association, Performance Management Best Practice, October 2011.)

3.2 Leading Practices and Gap Analysis

A scan of leading global practices has helped inform the development of the Fiscal Performance Review Framework for Manitoba and the identification and assessment of gaps.

Leading Practice – Strategic Areas	Observations at Manitoba
<i>Leadership – tone set at the top.</i>	New Government, Premier and Finance Minister have set a clear tone through the Throne Speech and Budget that responsible fiscal management and value for money are of highest priority.
<i>Strategic – led by Cabinet, Treasury Board and central agencies.</i>	Tone is set, structure is in place. Treasury Board and Priorities and Planning play a critical role in fiscal management.
<i>Fiscal performance review framework tied to a long-term fiscal plan is a systemic step to addressing fiscal sustainability challenges.</i>	No framework in place at this time. Proposed Fiscal Performance Review Framework is essential to changing direction and culture. New Government’s 2017 Budget would be anticipated to contain a medium-term fiscal plan and targets.
<i>Built on clear values and principles.</i>	Values and principles have been outlined by the new Government. A new Fiscal Performance Review Framework would institutionalize values and principles for the Public Service.
<i>Openness and transparency of information within the system.</i>	Generally transparent in terms of budget and financial information through control of expenditures. Lack public information on FTEs at sub-departmental levels.
<i>Accountability throughout the system.</i>	Major gap in Manitoba is the lack of performance metrics, targets and continuous evaluation at departmental levels for programs and services, which impacts accountability.
<i>Cost conscious culture with an emphasis throughout the organization on value for money. Responsibility and accountability for cost control expected across the Public Service.</i>	Generally lack cost control and value for money emphasis in departments. Responsibility and accountability for cost control are inconsistent both across and within departments.

3.2 Leading Practices and Gap Analysis

Leading Practice – Strategic Areas	Observations at Manitoba
<p><i>Concise strategic plans (e.g., 3-year plans) that align departments to Government directions.</i></p>	<p>Departments provide annual plans (Supplementary Information for Legislative Review). Many are long, activity-based and not consist across departments. Leading practice is concise, focused strategic plans produced annually that are similar in look and length across departments to enable comparability.</p>
<p><i>Effective fiscal performance management is an essential part to achieve sustainable and stable government finances and to gain public confidence that tax dollars are being used effectively and efficiently.</i></p>	<p>Fiscal performance management has not been of highest priority. Government as a whole and many departments have consistently gone over budget.</p>
<p><i>Setting overall annual and medium-term spending targets and communicating results compared to targets provides further discipline and accountability.</i></p>	<p>Government reports budgetary and financial results on a quarterly and annual basis. Medium-term targets have not been set, but may be part of next year’s budget.</p>
<p><i>Setting overall targets as a necessary instrument, but focus efforts on improving performance as a performance culture needs to permeate throughout the whole of Government.</i></p>	<p>Overall targets are the annual Budget and Estimates of Expenditure. Improving fiscal performance has not been a focus in most areas.</p>
<p><i>Performance measures are results-based and aligned with Government’s strategy and directions.</i></p>	<p>The new Government has outlined its priorities and directions. Lack of performance measures, particularly outcomes or results-based performance measures across core government. Major gaps and issues both across and within departments.</p>
<p><i>Centralized and coordinated approach to talent management, including management of the employee lifecycle (i.e., development programs, continuous training, succession planning) – all supported by robust tools and processes</i></p>	<p>Civil Service Commission is the centralized department for human resources and coordinates a number of development and training programs. Uncertain on the effectiveness and robustness of programs.</p>

3.2 Leading Practices and Gap Analysis

Leading Practice – Operational Areas	Observations at Manitoba
<i>There is no “one-size fits all” performance review system, but an overall framework provides the appropriate principles, guidelines and structure, enabling flexibility and innovation in conducting fiscal performance reviews in specific areas.</i>	No framework in place. New framework is essential to provide principles and guidelines while enabling flexibility in use.
<i>Continually evolving and innovating.</i>	Lack of an innovation culture.
<i>Utilizing data, information and evidence constantly.</i>	No consistency across or within departments. Lots of data, little analysis and lack of development of evidence or outcomes/results.
<i>Engagement of the Public Service and stakeholders.</i>	Some engagement efforts. New framework and direction provides opportunity for Public Service to become more engaged.
<i>Focus on results and outcomes, not inputs and outputs.</i>	Major gap – program and service delivery reporting is not focused on results/outcomes, limited performance in most areas but while there is performance measures, they tend to be more input or output measures.
<i>Consolidate approaches (i.e., overall framework) and tools and templates across Government.</i>	No overall framework. Different tools and templates tend to be created and used within and across individual departments.
<i>Centralized procurement with a hybrid organizational model organized around category management and supply chain management.</i>	Procurement is not centralized. Departments do their own procurement. Procurement Services covers only a portion of procurement and appears primarily related to front-end processes of procurement, e.g., RFX, tendering and initial contracting.
<i>Sourcing goods and services is leveraged and coordinated across business units. Strategic categories are centrally sourced.</i>	Lack of coordination in sourcing goods and services. No category management.

3.2 Leading Practices and Gap Analysis

Leading Practice – Operational Areas	Observations at Manitoba
<i>Options analysis is conducted such as lease versus buy, insource versus outsource, delivery models.</i>	Limited efforts in pockets within some departments.
<i>Spend analysis is proactively conducted to determine baselines, future cost drivers, ways to achieve efficiency, etc.</i>	Not part of the current culture. Spend analysis is done largely through the budget and pre-budget estimates process.
<i>Establish evidence standards.</i>	Not done for government as a whole. Lack of evidence standards in departments.
<i>Invest in developing cost leadership skills and expertise with effective training, consistent methodologies and repeatable performance.</i>	Very limited, some pockets.
<i>Provide analytical tools and templates through a central agency for rigorous operational analysis.</i>	Some limited templates. Lack of rigorous analysis. Tool kits need to be significantly expanded.
<i>Encourage horizontal collaboration and accountability across Government departments.</i>	Limited. Some efforts started to implement Lean. Some cross-departmental committees and effort.
<i>Share leading practices (e.g., value for money reviews, lessons learned and case studies) across departments.</i>	Very limited.
<i>Consider proportionality in terms of time and resources in evaluation efforts relative to the size and benefits of a program or service.</i>	Important principle. There are relatively few program evaluations and they tend to be in areas of Canada-Manitoba agreements. Major programs and spend should be evaluated periodically.
<i>Program evaluation is routinely done by Management of its major programs.</i>	Little evidence of program evaluation of major programs.
<i>Departments regularly report variances to budgets with explanation for variances.</i>	Departments provide quarterly and annual results and variances. Not clear on accountability or consequences of material variances.

3.2 Leading Practices and Gap Analysis

Leading Practice – Operational Areas	Observations at Manitoba
<i>Departments establish a process where future demand is forecast and analyzed to be ready for significant increases or decreases in certain activity.</i>	Little evidence of demand management and forecasting analysis.
<i>Asset management is managed on a lifecycle cost basis and actively managed for key categories.</i>	No corporate-wide asset management plan.
<i>Capital projects are determined, approved and prioritized based on established criteria and alignment with strategic objectives.</i>	No corporate-wide capital plan. Capital planning tends to occur at departmental level, e.g., there is a capital plan for highways.
<i>Capital projects are managed as a portfolio by a project management office that regularly reports on key metrics such as on-time, on-budget.</i>	Lack of evidence that this is occurring. No centralized project management office.
<i>Procedures in place to review existing projects and investments and apply course correction if necessary.</i>	Lack of review of projects and investments. Accountability and consequences need to be strengthened.
<i>Ongoing focus on continuous improvement of processes. Processes are cross-functional and integrated, and are actively owned and managed by a process owner.</i>	Inconsistent approach to departmental processes. Very difficult for civil servants to easily move to different departments and hit the ground running. Inconsistent application of Lean methodologies across Government.
<i>Shared services are brought under one organization with one accountable executive to maximize efficiency, effectiveness and drive better value.</i>	Some centralized service within Finance under an ADM. Many more opportunities for centralized shared services.
<i>Formal internal and client reporting in place (e.g., cost savings, time savings). Performance reports used to identify gaps in service delivery, issues and to drive continuous improvement.</i>	Lacking internal and client performance reporting.

3.2 Leading Practices and Gap Analysis

Leading Practice – Operational Areas	Observations at Manitoba
<i>Technology used by the organization is scalable and flexible, enabling it to adapt to the evolving the needs of the organization.</i>	Manitoba has a SAP First policy. Mixed views on technology use and application.
<i>IT is fully integrated through robust IT governance.</i>	Centralized IT services currently undergoing a new strategy and change.
<i>Adopting new technologies (e.g., mobile apps, crowd-sourced information, interactive platforms) to create more effective public feedback loops and networks</i>	Not observed.
<i>Shared services move beyond functional, geographic and transactional boundaries toward integrated, enterprise-wide platforms.</i>	Some centralized services within Finance (e.g., IT, Accommodation Services), but relatively early in the process and many shared services are decentralized among departments.
<i>Optimized service delivery models that leverage in-house capabilities or partner with third-party service providers.</i>	Mostly status quo in-house delivery model. Lack of business case capability and initiative to consider alternatives.

3.2 Leading Practices and Gap Analysis

The Government of Manitoba provides a wide array and substantial level of grants. There is inconsistency in grants administration, management and reporting across different departments. We note that Manitoba has a Grant Funding Accountability Guide (July 2005) that provides some good direction, but it is inconsistently applied. The Government would benefit from an updated grants policy framework for the whole of government. GFOA in its Establishing an Effective Grants Policy – Best Practice (February 2013), states:

GFOA recommends that governments develop a formal grants policy. Further, GFOA recommends that such a policy address steps to take prior to applying for or accepting grants, and that the policy at minimum contain the following components:

1. Grants identification and application. A grants policy should require that the department or agency seeking a grant provide advance notice to appropriate authority, such as finance, so that the effects on the government, for example, budget, cash flow, procurement requirements, financial reporting, or compliance requirements can be reviewed and understood beforehand.
2. Strategic alignment. A grants policy should include a requirement for assessing the extent to which a grant is consistent with the governments mission, strategic priorities, and/or adopted plans as opposed to simply constituting additional funding for a department or agency of the government. Accepting a grant that is not consistent with the overall strategic direction of a government creates the risk that the government will spend its own funds to support a grant inconsistent with overall strategic direction or commit the government to own-source spending beyond the grant period (see cost/benefit analysis, below). Such a requirement could be for a formal strategic analysis, including the creation of outcome measures, or simply a statement of the way in which the grant would further the organizations mission or strategies followed by a review by a central agency such as a finance or budget office, strategic planning office, or legislative staff.
3. Funding analysis. Along with a review of strategic alignment, a grants policy should require a multi-year cost/benefit analysis prior to application or acceptance. The analysis should include matching funds (and whether or not they will need to be set aside) and any other direct costs associated with a grant, the extent to which overhead costs will be covered, in-kind contributions, audit and close-out costs, and potential costs that might need to be incurred by the government beyond the grant period. The analysis should also explore whether or not a grant requires that general revenues or a line of credit or grant anticipation notes be used to cover the gap between cash being expended and reimbursement is received by the government.

3.2 Leading Practices and Gap Analysis

4. Evaluation prior to renewal or grant continuation. A grants policy should include an overall approach to grant renewals. Additionally, a grants policy should require an evaluation of the impacts of the grant-funded program or asset prior to deciding whether to continue a grant at the end of the initial grant period. Creating outcome measures before receiving a grant will help the government to determine the extent to which the grant program or asset has produced desired benefits. Such an analysis should also include a review of actual costs and the potential benefits of using general revenues associated with the grant for other purposes.
5. Administrative and operational support. A grants policy should also include a requirement that the government obtain a detailed understanding of grant terms and conditions and specify how the grant will be monitored. Examples of what should be required include establishment of procedures related to:
 - The development of a project plan that would include how new programs or activities funded by the grant would be implemented and who would be responsible for implementation.
 - The provision of training for those responsible for the grant, so they can effectively carry out their roles.
 - Terms and conditions for grant-funded personnel, such as severance and unemployment costs related to employees who are terminated upon expiration of the grant or operating and maintenance costs for assets that are acquired.
 - The system/process that will be used to charge expenses against the grant and to obtain reimbursement. This might require both technical procedures to account for time and materials and reporting, as well as training for employees so that they fully appreciate the importance of charging time and materials correctly.
 - Identify the individual/department responsible for carrying out the grant and making sure that proper resources are available to support that grant.

3.2 Leading Practices and Gap Analysis

Many government agencies around the world, including national auditor offices, government finance oversight committees, treasury boards and other functions, have recognized the need for strong financial management and spending controls.

The Government Accountability Office (GOA) in the United States has produced a number of reports:

“A world-class finance organization can best be described in terms of the business outcomes it produces – outcomes such as improved business analysis, innovative solutions to business problems, reduced operating costs, increased capability to perform ad-hoc analysis and improved overall business performance.” (GOA, Creating Value Through World-Class Financial Management, April 2000)

Financial management needs to be a government-wide priority, built on a foundation of control and accountability, and with a team that delivers results.

The Australian National Audit Office produces several better practice guides aimed to improve public sector administration by assisting entities to perform at their most efficient level. Examples of such better practice guides include: strategic and operational management of assets, implementing better practice grants administration, developing and managing contracts to achieve value for money, and many others.

The National Audit Office (NAO) of the United Kingdom reported recently on financial management in government. The NAO noted signs of improvement in financial management in government and positive progress on financial management processes and management information.

3.2 Leading Practices and Gap Analysis

The main recommendation of the NAO Report is relevant for any government:

“Achieving effective financial management in the context of wider transformation will require a strategic and wide-ranging approach. The Treasury, working alongside the Cabinet Office, should provide more effective central leadership to better enable and incentivize the finance profession to confront the challenges it faces. This should include:

- Strengthening the evidence base for key processes such as spending reviews, to better inform how resources are allocated and prioritized across government;
- Considering the medium- and long-term effects of its resource allocation processes, to avoid incremental decision-making;
- Identifying opportunities where early action or service integration can improve value for money;
- Actively promoting a collaborative approach to financial management, for example by encouraging joint funding bids; and
- Working to align financial accounting and reporting with initiatives to develop and improve management information, such as the Quarterly Data Summaries.” (National Audit Office, Financial Management in Government, June 2013.)

The UK HM Treasury recognized this reality.

“Constraints on public expenditure will be necessary for years to come as work continues to tackle the deficit and bring the public finances under control. Within this context it is more important than ever that tax-payers’ money is spent efficiently and effectively and that we maximize the value secured for every pound we spend. Strong financial management across central government has been, and will continue to be, critical to achieving this. Moreover, the improved information that comes with stronger financial management will be key to delivering better public services and driving public sector reform.” (HM Treasury, Review of Financial Management in Government, December 2013.)

A key point is that Manitoba and governments across Canada and around the world are facing similar fiscal challenges and also have significant gaps compared to leading practices. As part of a whole of Government commitment to better fiscal performance and accountability, Manitoba has an opportunity to improve its practices and work towards leading practices in many areas.

3.3 Areas of Opportunity

In parallel with this review and as part of the process, in July 2016, the Secretary of Treasury Board requested all departments to submit ideas for cost savings and efficiencies in August 2016.

Departments provided pre-estimates submissions, but as recognized by the Treasury Board Secretariat, most departments provided relatively small levels of cost savings for 2017/18. A notable exception was the Department of Finance that outlined a number of potential options including cross-departmental initiatives that were consistent with KPMG's identified key areas of opportunity.

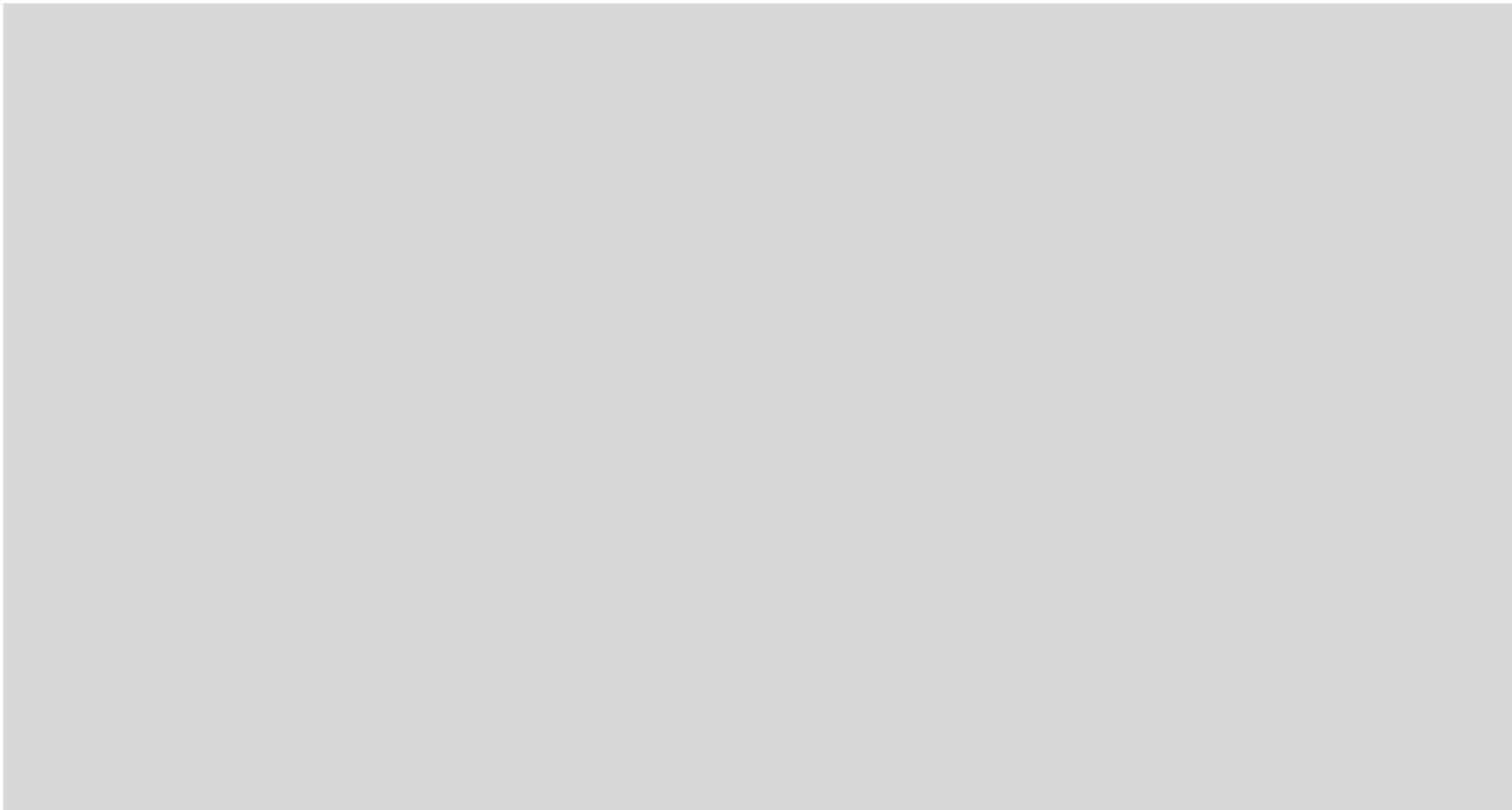
The submissions from departments that relate to estimated cost savings for 2017/18 are summarized in the next section.

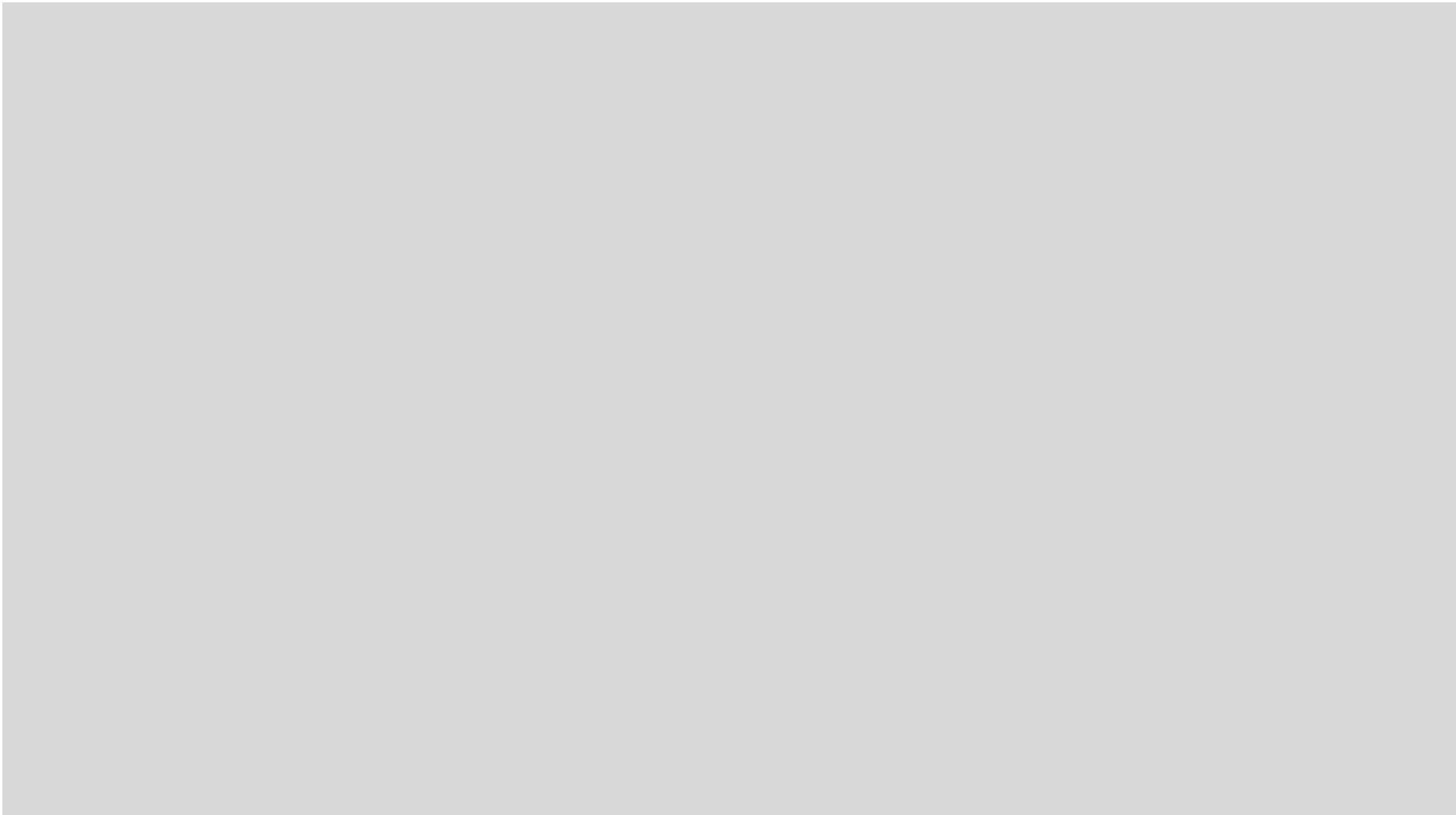
There were other areas identified by some departments that are longer-term and at this stage, no estimate is available. Also, some departments outlined areas of potential transformational change during discussions and interviews with KPMG. A longer list of over 160 potential opportunities is listed in Appendix C. These represent all submissions, as well as ideas and discussions during interviews.

Future State Opportunities concludes with information on a short-list of 12 key areas of opportunity, along with preliminary assessment information.

3.3 Areas of Opportunity – 2017/18 Pre-Estimates Submission Summary by Department

- The 2017/18 Pre-estimates Submissions are summarized in the tables on the following pages by department.
- We outline only those submissions identified as immediate opportunities, wherein they could be implemented within the 2017/18 fiscal year (identified within the department submissions), and only when they carry a noted dollar value estimated for savings.
- A long list of all opportunities, including those identified during interviews and those within the 2017/18 pre-estimates submissions, is presented within Appendix C.
- The total immediate cost savings proposed for 2017/18 from departments is \$44.0M+. However, three-quarters of this is from the Department of Finance and primarily relates to reduction or elimination of select tax credits, which represents a key area of opportunity outlined in the next section.
- Eliminating or reducing tax credits is a cost improvement opportunity that is different than an expenditure reduction in that revenues increase from an elimination or reduction, and may also have associated operational expenditure reductions. Finance has provided a range of options and estimated impacts for various tax credit programs.
- Finance also offered a number of departmental and cross-department areas and a range of estimated impacts depending on options.
- Outside of the range of ideas provided by Finance, cost savings from other departments from pre-estimate submissions totaled only \$10.4 million for 2017/18 from 10 departments with 2016/17 budgets that collectively total near \$7 billion.







3.3 Areas of Opportunity- Short List of Key Areas

Based on a combination of KPMG experience, research, data analysis and preliminary assessment, along with discussions with the Steering Committee, Treasury Board Secretariat, and department officials, KPMG identified a short-list of 12 key areas of opportunity that are outlined in the following section. For Manitoba to bend the cost curve, key areas of opportunity should be a combination of immediate opportunities as well as medium-term, transformational opportunities, particularly in larger departments, namely Families, Education and Training, Justice and Infrastructure.

The areas we identify are in groups or themes, rather than one-off programs, as key areas of opportunity should be looked at on a larger scale and materially impact spend. For example, reducing tax credits is one area that involves assessment of a number of different tax credits and options where a business case could be developed in consultation with Finance and Treasury Board. Rationalization from the reorganization of 18 departments to 12 departments is an area that has a number of related actions and impacts and is identified as one area of opportunity, but with multi-dimensions such as reducing upper middle management through flatter organizational structures, centralizing more shared services, rationalizing branches and other related actions. Another example is procurement, that has cross-departmental considerations and benefits.

The following section provides descriptions, observations, actions, summaries of benefits, preliminary high-level estimates to provide a sense of potential magnitude in areas where there appear to be immediate opportunities, and a qualitative assessment of each area of opportunity, based on evaluation criteria and filters established in the fiscal performance review framework in section 3.1. The 12 key areas of opportunity are (not listed in a particular order, but numbered for reference):

1. Rationalization from Reorganization
2. Communications
3. Procurement Modernization
4. Reduce Targeted Tax Credits
5. Reduce Direct Support Programs to Business
6. Families: Organizational and Process Transformation
7. Reduction in Growth Rate of School and Post-Secondary Funding
8. Real Estate Rationalization
9. Capital Project Management and Delivery
10. Asset Management Planning and Rationalization
11. Justice System Reform
12. Review of Agencies, Boards and Commissions

3.3 Areas of Opportunity - #1 Rationalization from Reorganization

Description

- The Civil Service Commission reports that between April 2001 and March 2016, the civil service grew by 10.8% (from 13,431 to 14,876).
- Within that time period, the number of executive level positions (Deputy Ministers and Assistant Deputy Ministers and equivalents) remained fairly constant, however, the recent reorganization presents an opportunity to rationalize some of these positions, particularly in large departments, and achieve immediate savings. Growth in management positions (Executive Director and Director and equivalent level) during the same time period has been significant, at 65.9% (from 167 to 277).
- Government recently completed a reorganization, reducing the number of departments from 18 to 12. Further, immediate steps should be taken to assess and capture savings from the opportunities created by the reorganization, including: rationalize executive and senior management; merge and streamline common functions and number of job classifications (e.g., finance, administrative, policy, procurement, IT), programs and services; integrate (where possible) separate secretariats/directorates or offices.
- These efforts are expected to lead to both immediate and longer term savings, and will help Government achieve its commitment to bend the cost curve and flatten management in departments without impacting front-line workers.

3.3 Areas of Opportunity - #1 Rationalization from Reorganization

Observations

- Growth in management positions (Executive Director and Director and equivalent level) has significantly increased. This growth is likely due to a number of factors, including: new programs and services (and layering new programs and services on top of existing programs and services), creation of distinct offices or secretariats to profile certain target groups or issues, personal leadership styles, and compensation issues (promotion as a way to provide a monetary reward for good performance).
- A high level review of some of the larger department organization charts reveals that central functions (e.g., finance and administration) are spread across and within major program areas; there is likely an opportunity to centralize and rationalize these areas, creating opportunities for some savings and enhanced services to the overall organization.
- There are also a number of distinct secretariats and offices, with separate management and positions. There is likely an opportunity for some of these to be integrated within existing functional areas. For example, small units such as the Tourism Secretariat could potentially be integrated and achieved within each of the existing functions/lines of business without the need for a separate management structure, as Travel Manitoba is the Province's delivery agent for tourism services. There are a number of these types of examples in departments. Other examples of distinct offices or secretariats include: Aboriginal Secretariat, Manitoba Status of Women Office and Disabilities Office.
- Vacancy rates are relatively high in departments, but apparently a significant number of vacant positions have been vacant for an extended period of time. Departments have reported vacancies from 16% – 20%.
- There are wide variations between and within departments in layers of management and span of control.
- A substantial number (>700) of job classifications exist across Government.

3.3 Areas of Opportunity - #1 Rationalization from Reorganization

Actions

- The recent reorganization provides an opportunity to rationalize senior and middle management positions and achieve immediate savings.
- Common functions (e.g., policy, research, finance, project management) should be reviewed in departments. Where management and positions are present within major program areas in a department, consideration should be given to centralizing and rationalizing the number of positions, as well as standardizing and offering an enhanced level of service to the department. This should help to refocus and enhance the overall capacity within departments in areas like strategic policy.
- Departments with distinct secretariats and offices, with separate management and positions, should also be reviewed to confirm whether there are immediate opportunities to integrate these areas within existing functional areas.
- Vacancy management should be centrally reviewed and addressed across departments. Departments have reported vacancies from 16% – 20%. Vacancies that have been in place for a long period of time (e.g., two years+) should be eliminated.
- The Civil Service Commission notes that there were recent efforts to reduce the size of the civil service by nearly 600 employees, or 4%, over a three year period. The Government may wish to consider a more aggressive, multi-year strategy to reduce the size of the civil service, and to help ensure the sustainability of government spend going forward. This could likely be achieved primarily through attrition, minimizing potential criticism from stakeholders. A baseline FTE starting point for measuring progress would need to be established and agreed on.
- For example, Saskatchewan reduced the size of its civil service by 15% over a four year period. The strategy involved all departments, at all levels, and considered: eliminating vacancies and taking advantage of natural attrition wherever possible, as well as opportunities to eliminate programs and services no longer relevant or delivering desired results, and opportunities to shift focus from service delivery to service regulation and oversight (i.e., partnerships and alternative service delivery). On an ongoing basis, the annual growth in the size of the civil service is expected to be in line with the annual growth of the Province's population. This measure is reported publicly within the Department of Finance's Annual Report. The Government reported progress on the four-year commitment to reduce the size of the civil service within its Growth Plan Progress Report.
- To help achieve the Government's specific commitment to flatten management, a more detailed analysis of spans of control within and across departments should also be undertaken, in consultation with the Civil Service Commission.
- Many senior managers told us that departmental legislation, regulations, programs and services, and agencies, boards and commissions, have never been reviewed. This points to the need for a central program review framework to instill fiscal discipline and a focus on value for taxpayers' money into the culture of the public service. There is a lack of financial and business analysts, and an investment in more analyst positions is necessary for continually finding opportunities for cost savings and efficiencies.





3.3 Areas of Opportunity - #1 Rationalization from Reorganization

Benefits and Potential Financial Impacts

- Visible demonstration that government is serious about fiscal discipline and value for money, and is leading by example.
- Annualized savings of at least \$5M should be achievable from flattening management related to the reorganization. Suggested minimum target: 50 executive and senior management positions.
- Reducing the size of the civil service by 8% over four years is a broader strategy that would result in a reduction of approximately 1,100 positions over four years. This may be 250-300 positions per year, with annualized net savings in the range of \$15M to \$20M (conservative estimate), depending on the level of associated severance cost. Note that the Province of Saskatchewan had an aggressive workforce reduction plan that reduced core government positions by 15% over four years, that purported to cumulatively save \$198 million over the four-year period (from Saskatchewan Plan for Growth, 2013 Progress Report).
- Assess cost implications of implementing department plans (e.g., severance), and hiring and skill development of financial/business analyst positions in Treasury Board Secretariat and in departments.

Timeframe: 2017/18 through to 2019/20

Key Evaluation Criteria

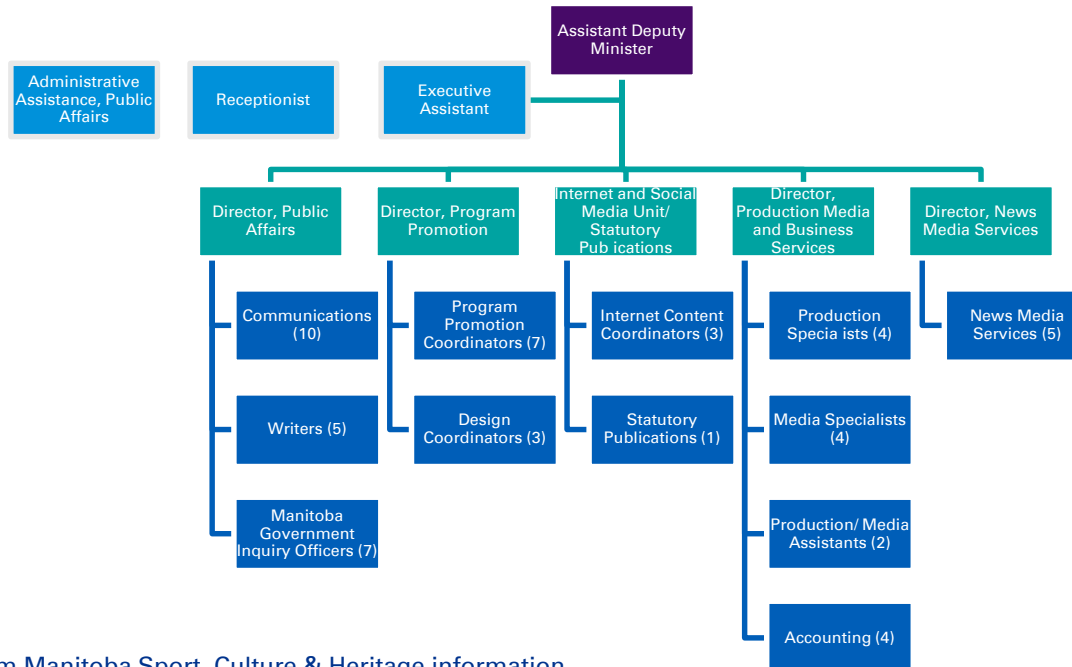
Alignment		Consistent with the Government’s direction to flatten management without impacting front-line workers.
Economy and Efficiency		Significant annualized cost-savings.
Effectiveness		Uncertain. No impact in some areas where there are too many senior management positions. Hard reduction targets could impact areas where resources are already constrained.
Implementation/ Transition Risk		Significant effort from CSC and departments to identify positions and implement. Capacity pressure in some areas during adjustment phase.

3.3 Areas of Opportunity - #2 Communications

Description

- Currently, the core government has communications costs of over \$28.5 million (2015/16 forecast), primarily telephone (\$13.4M) and advertising/promotion (\$8.2M).
- A Communications Services branch within Sport, Culture and Heritage coordinates government advertising but costs are dispersed throughout departments. Communication Services has approximately 60 FTEs, and a salaries and benefits budget of \$4.1 million in 2016/17.
- According to procurement data based on purchase orders, “communication services” spending was \$17.8 million in 2015/16, including additional items such as agency fees, advance expenditures for next fiscal year, expenditures outside core government and differences in category classification.

Communications Services Manitoba Organizational Chart



Source: Derived from Manitoba Sport, Culture & Heritage information.

3.3 Areas of Opportunity - #2 Communications

Observations

- Core Government communications cost based on financial data from Manitoba increased by over \$1 million in 2015/16 from 2014/15, with nearly all the increase related to advertising.
- The trends in communications services spend from the procurement data is particularly concerning as spending in 2015/16 was double that of 2013/14 levels. Of the \$17.8 million in communication services, \$5.0 million was for print media, \$2.1 million was for radio, \$3.5 million was TV advertising and \$1.1 million for website advertising.
- A frequent comment in interviews was that the number of telephone land-lines should be reduced in Government. Many people have both a cell and a land-line.
- Some print advertising may be required due to outdated legislation and/or regulation.

Actions

- Immediately suspend all department paid advertising unless directed from central government and approved by Treasury Board.
- With significantly less Government advertising, a reduction in positions in Corporate Communications should follow. A staff reduction plan should be developed accordingly.
- Develop a directive to all departments to significantly reduce the number of land lines and limit mobile devices to those who require them.
- With a shift to more e-commerce, continue to reduce postal service costs.
- Review any legislation or regulatory requirements that stipulate certain types of advertising, and consider options to remove such requirements. Website and other social media is increasingly replacing print advertising and is substantially more cost-effective.





3.3 Areas of Opportunity - #2 Communications

Benefits and Potential Financial Impacts

- Government has an opportunity to reduce its communications costs, particularly related to paid advertising, telephones and postal services.
- Paid advertising and promotion costs are dispersed throughout departments. Any promotion should only be as necessary and required, Currently, there is significant discretionary advertising.
- Target a 10 - 15% reduction in communication services and costs, driven by a sharp reduction in advertising, which equates to approximately \$2.8 to \$4.3 million annually.

Timeframe: 2017/18

Key Evaluation Criteria

Alignment		Consistent with the Government’s direction.
Economy and Efficiency		Significant cost-savings and efficiencies without impacting services.
Effectiveness		There is a significant amount of unnecessary advertising, and an overlap of users with land-lines and mobile plans.
Implementation/ Transition Risk		Relatively low risk. May require some regulatory changes that require mandatory posting of notices in print media consistent with government direction.

3.3 Areas of Opportunity - #3 Procurement Modernization

Description

- Data from the Procurement Services Branch in Manitoba Finance shows Government of Manitoba purchases of goods and services over \$1.2 billion in 2015/16. This data consists of Purchase Orders only and does not capture all procurement (also excludes Crown agencies, etc.). Construction services is the largest category, representing approximately one-half of the \$1.2 billion in 2015/16. Construction services has ramped up substantially in the past three years.
- Manitoba has a decentralized procurement model. Procurement Services acts as a purchasing agent for a portion of spend, though larger Departments do much of their own procurement, e.g., Infrastructure manages its procurement of construction services. Also, Materials Distribution Agency, a Special Operating Agency (SOA) covers certain types of items, and Vehicles and Equipment Management Agency (VEMA), also a SOA, covers vehicles, machinery and equipment purchasing and leasing, and related services.

3.3 Areas of Opportunity - #3 Procurement Modernization

Observations

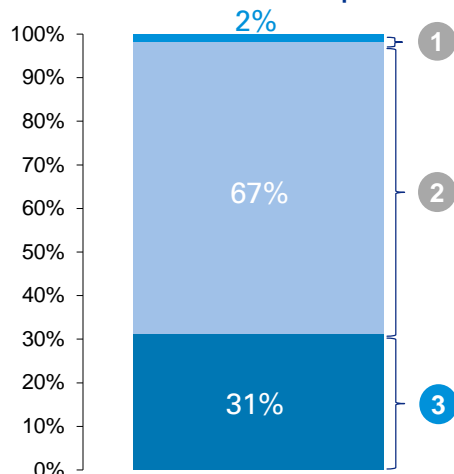
Overview of addressable spend

From the Province of Manitoba’s annual procurement spend of approximately \$1,208M (2015/16), filters are applied successively, resulting in an addressable annual spend of approximately \$377M. It is important to specify that these filters were applied to identify, at a high-level, categories that may offer most significant savings from a sourcing lever standpoint based on a preliminary assessment. Discarded categories should therefore be the object of a more detailed analysis at a later stage.

Scope of the high-level spend assessment (FY 2016)			
Successive scopes	# Categories	# Contracts	Spend (\$ millions)
Total in-scope spend	42	56,986	\$1,208.3
1 st refinement of scope	27	13,560	\$20.8
2 nd refinement of scope	3	2,246	\$810.8
Total Addressable spend	12	41,180	\$376.7

Source: Derived from data from Manitoba Public Service.

Successive refinements of scope



1st refinement of scope – Materiality of individual spend categories
 2% of the total annual spend is discarded: 27 categories for which FY2016 annual spend is less than \$5 M.

2nd refinement of scope – Inherent limitations either due to the nature of the expenditure & the limiting supply market dynamics and/or “addressability of spend”
 Another 67% of the total annual spend is then discarded: 3 categories for which potential benefits from a sourcing lever standpoint appear very limited due to market conditions and/or the nature of the expenditure itself. As result, Grants & Payments, Construction Services and Construction Materials are excluded from this preliminary analysis and should be the object of a more detailed analysis at a later stage.

Total addressable spend
 These 12 categories represent 31% of the total annual spend: candidates for implementing key procurement initiatives, such as category management, and for which it is reasonable to expect potential savings from further consolidation of currently distributed spend amongst departments/agencies and from a sourcing lever standpoint.

3.3 Areas of Opportunity - #3 Procurement Modernization

Observations

Addressable spend categories (FY 2016)			
#	Category	# Contracts	Spend (\$ millions)
1	Operating Services	2,714	122.8
2	Professional Services	2,288	109.7
3	Medical, Dental, Veterinary	1,812	32.3
4	Office Equipment	584	21.1
5	Communication Equipment	1,217	20.9
6	Maintenance & Repair Services	6,359	20.5
7	Communication Services	9,170	17.8
8	Food	13,704	11.1
9	Vehicles, All Types	664	6.3
10	Fuels and Lubricants	1,160	5.8
11	Furniture and Furnishings	1,163	5.6
12	Chemicals and Gases	345	2.8
Total		41,180	376.7

Source: Derived from data from Manitoba Procurement Services. Note that chemicals included as spend in two previous years was nearly \$10 million per year.

- For most categories, spend is highly variable year over year and we see significant sustained increases for most.
- There is no apparent correlation between the number of contracts and spend value for a given category.
- There are 27 categories with annual spend consistently under \$5 million that would require further analysis to assess potential savings. These smaller categories include: equipment, machinery, stationary, clothing, safety equipment, janitorial equipment, electrical and many other categories.

3.3 Areas of Opportunity - #3 Procurement Modernization

Observations

KPMG leverages a Procurement Maturity Assessment (PMA) framework that provides clear insight across the organization and identifies procurement gaps to leading practices.

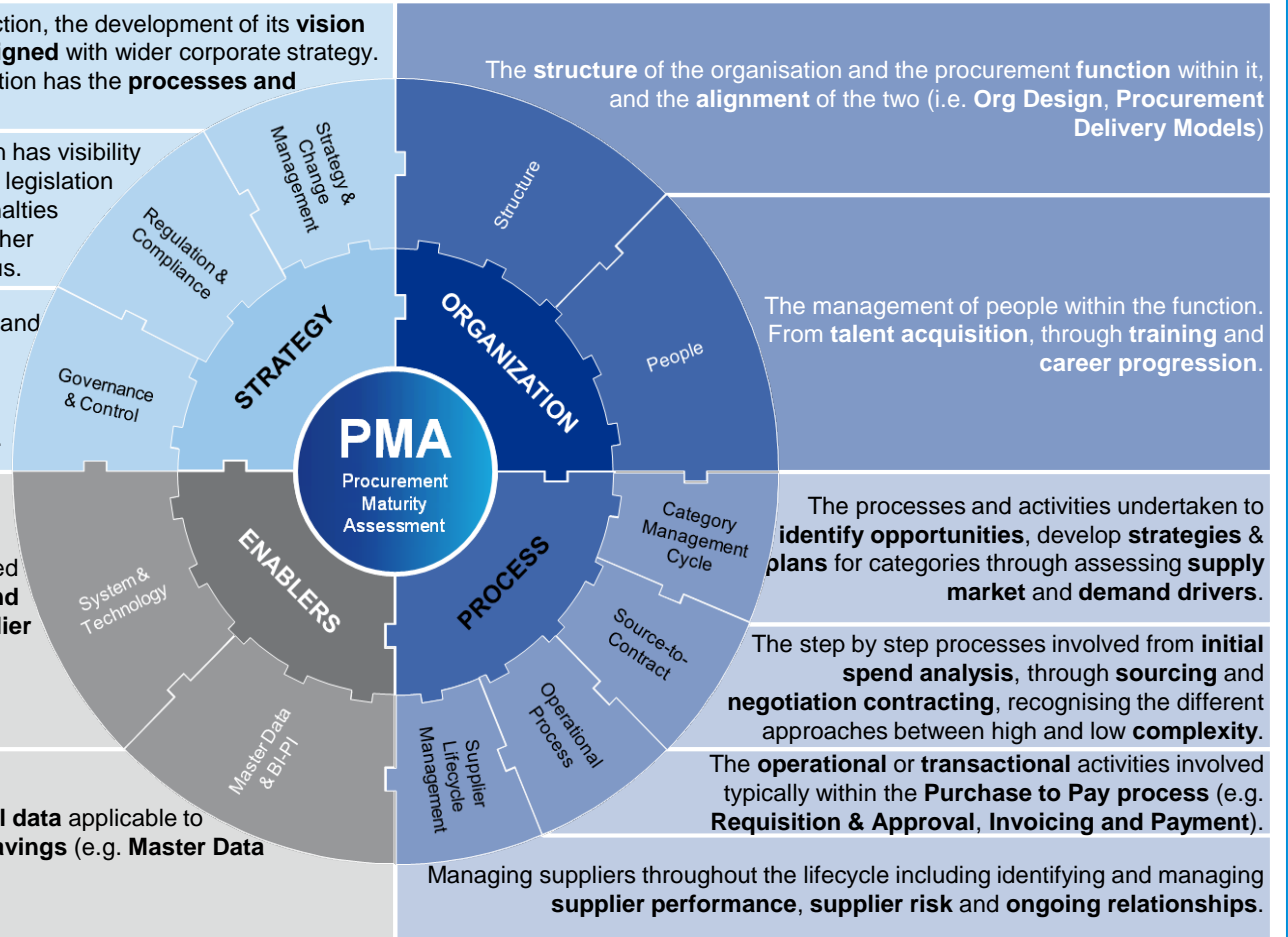
The **role and scope** of the procurement function, the development of its **vision** and **strategy**, and the extent to which it is **aligned** with wider corporate strategy. It also considers the extent to which the function has the **processes and capabilities** to manage change.

The extent to which the procurement function has visibility and management of issues of regulation and legislation that otherwise would lead to exposure to penalties (e.g. Fraud Forensics). Also included is whether **tax efficient procurement** is an area of focus.

How well the procurement function operates and is **governed**. Consideration is given to the **policies and processes** in place, and the extent to which **standard operating procedures** are implemented and managed.

The existence of enabling **technology** aligned to a wide range of established **processes and activities**. From **sourcing** and **P2P** to **supplier management**.

The existence and **quality of organisational data** applicable to procurement including the **ability to track savings** (e.g. **Master Data Management** and **Management Info**).



3.3 Areas of Opportunity - #3 Procurement Modernization

Observations

Procurement Maturity Assessment – Approach and Observations

- In discussions with Government officials, there was general consensus that Manitoba’s procurement is decentralized, fragmented and at the low end of a mature procurement organization. Several officials across departments noted better procurement was an area of opportunity for efficiency and cost savings.
- KPMG undertook a preliminary high-level assessment of five dimensions of its PMA framework based on discussions between KPMG and key stakeholders within the Government of Manitoba. The assessment required assumptions to be made and was undertaken with the aim to provide directional indications solely.
- **Strategy and Change Management** – Procurement activity appears to be largely decentralized with limited collaboration between departments and agencies, and many commercial contracts are managed outside the Procurement Services Branch (PSB). Communication of the procurement vision does not seem clear and consistent within the Government.
- **Structure** – Despite the existence of the Procurement Services Branch (PSB), sourcing decisions and procurement activities are frequently executed at the department/agency level and there is little or no coordination across organizations. As a result, the Government of Manitoba does not take full advantage of its consolidated bargaining power to negotiate better deals.
- **Category Management Cycle** – No category strategies are developed or formally documented. Demand data is not systematically reviewed and supply assessment is performed on an ad hoc basis. Performance targets are not clearly defined and without a solid performance measurement system, savings are not systematically tracked.
- **Source-to-Contract** – Procurement activities do not rely on formal sourcing strategies established or documented by PSB. Sourcing takes place within a department/agency, and PSB may, or not, be informed along the way. Contract development is often decentralized and performed on an ad-hoc basis. Only limited analysis are performed to give insight into the category to inform sourcing activities.
- **Supplier Lifecycle Management** – There seems to be no formal supplier performance measurement system and no clearly defined Key Performance Indicators (KPIs). The procurement function appears to have a basic understanding of its supply base. There is currently no governance in place to support a formal supplier relationship management process and benefits are not understood.

3.3 Areas of Opportunity - #3 Procurement Modernization

Actions

- Procurement policy needs to be overhauled and standardized, starting with a new procurement policy and direction for all departments.
- The structure of Procurement Services requires amalgamation and redesign, new skills, and a move from acting as a Purchasing Department to more value-added Supply Chain Management.
- Focused category management and standardization of contracts would yield immediate results.
- Government needs to take advantage of its considerable buying power to negotiate better deals.
- Materials Distribution Agency and VEMA need to be reviewed. There is potential to transfer certain VEMA purchases (e.g., light duty trucks) to a standard tender process.
- Beyond core government, provincial agencies would benefit from collaboration on certain bulk purchasing of goods.

3.3 Areas of Opportunity - #3 Procurement Modernization

Based on information shared by Manitoba Procurement Services, KPMG considered 5 value levers to better circumvent the potential savings evaluation. The following 5 value levers were assumed sub-optimized:

Product & Service	<ul style="list-style-type: none"> Standardization of specifications Optimization of Total Cost of Ownership (TCO) Volume bundling across commodity sub-categories with certain vendors
In- vs. Outsourcing	<ul style="list-style-type: none"> Internal resources relied upon when value is favorable vs. that of external providers Perform selectively internally when core competencies/capability/flexibility is required
End-to-End Process	<ul style="list-style-type: none"> Efficiency, automation and control level of processes from demand-to-delivery (transaction costs) Extent to which systems support processes optimally
Supply Markets	<ul style="list-style-type: none"> Regular competitive tendering relying on optimal channels based on market structure and conditions Leveraging market insight and global offering Use of catalogue / e-Procurement systems
Supplier Agreements	<ul style="list-style-type: none"> Agreements in place, renegotiation frequency, commercial conditions Consideration of alternative agreement models in decision-making Supplier cost structure transparency and ability to influence



It appears that there is limited use of various sourcing strategies/tactics, such as streamlining the number of contracts, consolidating vendors further by category, bundling volumes across department/agencies, as well as standardizing and reducing the variety of products procured across departments and agencies. Implementing formal category management and demand management would also favorably impact volumes being procured and total cost of ownership.

In light of our preliminary analysis and observations, it is considered that average savings of **3%** of the total addressable spend could conservatively be achieved, resulting in benefits in the range of **\$10+ M** depending on forecasted addressable spend for the upcoming years. It is expected that savings potential will vary from one spend category to another, and that a more detailed analysis in a business case will shed light on category specific considerations.





3.3 Areas of Opportunity - #3 Procurement Modernization

Benefits and Potential Financial Impacts

- Excluding construction services, which is a challenging and different type of spend than goods and services, Manitoba Departments have over \$500 million in annual spend on goods and services that lacks focused effort on sourcing strategies and category management.
- A deeper dive in a business case would help identify potential savings in key categories through sourcing strategies, consolidating a number of contracts, bundling, volume management and other strategies.
- A conservative estimate is that procurement centralization and modernization of addressable spend categories (i.e., excluding construction services and some other categories), based on recent spend levels, would potentially yield in the range of \$10 million+ in annualized savings.

Timeframe: 2017/18 and beyond

Key Evaluation Criteria

Alignment		Government commitment to find savings from better procurement.
Economy and Efficiency		Category spend management typically yields results through focus and streamlining numerous contract orders and vendors.
Effectiveness		The current model is not effective and does not properly leverage or manage the Province's considerable spend.
Implementation/ Transition Risk		Overhauling the system will require time and work, but savings can be realized in the short-term and into the long-term.

3.3 Areas of Opportunity - #4 Reduce Targeted Tax Credits

Description

- Targeted tax credits or similar measures reduce the taxes owed by a subset of individuals, industries or activities. Certain tax expenditures are treated as departmental expenditures, and are published as individual line items in the Estimates of Expenditures and in the Public Accounts. Other tax expenditures are absorbed into revenue estimates, reducing government revenues.
- As in other jurisdictions, a number of targeted tax credits in Manitoba resemble long-standing “boutique” tax credits spread across multiple departments. It is also unclear whether a number of tax credits are achieving desired outcomes for the high total cost and in some cases, significantly increasing annual costs.
- Examples of boutique tax credits include the Book Publishing Tax Credit (0.7M), Cultural Industries Printing Tax Credit (\$1.1M) and Co-operative Development Tax Credit (\$0.1M). Other Manitoba tax expenditures are larger credits aimed at stimulating certain types of economic activity, such as Manufacturing Investment (\$42.8M), Research and Development (\$36.8M), Film and Video (\$15M) and agriculture (e.g., Farmland School Tax Credit, \$36M).
- Interviews revealed that these targeted tax expenditures are infrequently reviewed to evaluate desired outcomes, nor are they routinely assessed to determine value for money.
- Property tax credits have also risen significantly and are complicated by the various ways education is funded.
- Reducing or eliminating a tax credit effectively increases the amount of tax revenue collected by the Province, thus this is a cost improvement opportunity. A number of tax credits also have associated costs in the Estimate of Expenditures that would be reduced.
- Targeted tax credits represent a significant annual outlay not attributable to delivering frontline government services. Changing the trajectory of spending requires a concerted effort to eliminate, phase out, reduce, combine or more narrowly target tax credits to achieve a sustainable cost to government for this envelope of spending going forward.

Source: All figures from Manitoba Finance 2015/16 estimates.

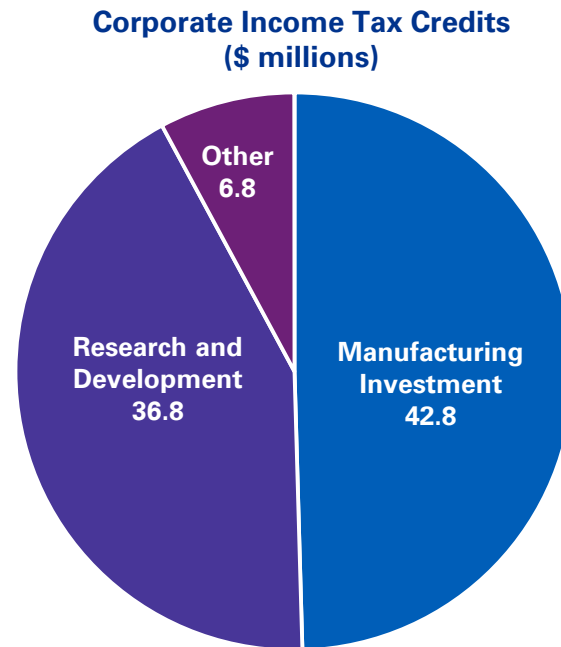
3.3 Areas of Opportunity - #4 Reduce Targeted Tax Credits

Observations

- Targeted tax expenditures cost the Province of Manitoba approximately \$650M annually (2015/16). Initial analysis indicates that reducing targeted tax expenditures would provide material cost improvements, that would range considerably depending on the option, government direction and decisions.
- KPMG interviews across departments indicated that these tax expenditures have not been broadly assessed in recent years to determine cost-benefit analysis, especially in relation to overlapping provincial initiatives (e.g., business support programs). It also remains unclear whether the original objectives for each tax expenditure align with the new Government’s priorities.
- Department of Finance analysis of some targeted tax expenditures, such as the Research and Development Tax Credit, appears to reveal that changes to make the credits more generous have not led to desired outcomes (e.g., increased R&D activity).

Corporate Income Tax Credits (\$ millions)	2015/16
Manufacturing Investment Tax Credit	42.8
Research and Development Tax Credit	36.8
Paid Work Experience Tax Credits	5.9
Green Energy Equipment Tax Credits	0.4
Small Business Venture Capital Tax Credit	0.3
Odour Control Tax Credit	0.1
Nutrient Management Tax Credit	0.1
Riparian Tax Credit	negligible
Neighbourhoods Alive! Tax Credit	negligible
Total	86.4

Source: Manitoba Finance estimates.



3.3 Areas of Opportunity - #4 Reduce Targeted Tax Credits

Observations

- The Province of Manitoba provides a wide range of personal income tax credits and benefits, such as:
 - Family Tax Benefit
 - Tuition Fee Income Tax Rebate
 - Primary Caregiver Tax Credit
 - Foreign Tax Credit
 - Fitness Tax Credit (for children and young adults)
 - Political Contributions Tax Credit
 - Mineral Exploration Tax Credit
 - Fertility Treatment Tax Credit
 - Children's Arts and Cultural Activity Tax Credit
 - Volunteer Firefighters' and Search and Rescue Volunteers' Tax Credits
 - Community Enterprise Development Tax Credit
 - Overseas Employment Tax Credit
 - Adoption Expenses Tax Credit
 - Employee Share Ownership Tax Credit
 - Labour-Sponsored Funds Tax Credit

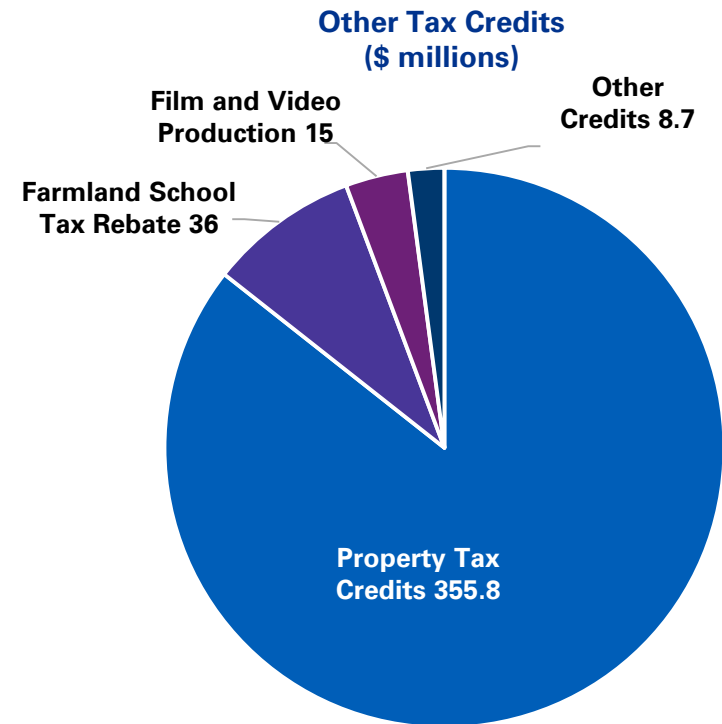
Source: Manitoba Finance.

3.3 Areas of Opportunity - #4 Reduce Targeted Tax Credits

Observations

Other Credits Accounted for as Tax Expenditures (\$ millions)	2015/16
Property Tax Credits	355.8
Farmland School Tax Rebate	36.0
Film and Video Production Tax Credit	15.0
Tuition Fee Income Tax Rebate Advance	5.3
Interactive Digital Media Tax Credit	1.0
Cultural Industries Printing Tax Credit	1.1
School Tax Credit for Tenants and Homeowners (55+)	0.5
Book Publishing Tax Credit	0.7
Co-operative Development Tax Credit	0.1
Total	415.5

Source: Manitoba Finance estimates.



3.3 Areas of Opportunity - #4 Reduce Targeted Tax Credits

Actions

- Develop a business case for reduction and/or elimination of certain tax credits, KPMG working with Finance and TBS, considering various options, costs, benefits and risks.
- Establish a baseline for all targeted tax expenditures and set multi-year reduction targets.
- Reduce or phase out certain tax credits in the immediate term (e.g., narrow target recipient group, tax credits with questionable benefits or results, narrower eligibility criteria, capping benefits).
- Benchmark targeted tax expenditures against a mix of comparable jurisdictions (e.g., Canadian provinces, select U.S. states) to assess current levels of assistance. Seek to reduce number of boutique tax credits, starting with credits not uniformly in place across Canada and the United States.
- Evaluate tax credits aimed at businesses (e.g., Manufacturing Investment, R&D, Farmland School Tax Rebate) against other business support programs to determine relative effectiveness in achieving the desired economic outcomes.
- Consider relatively small reductions or income testing broad-based, high-cost tax expenditures, such as those relating to property tax credits, to make these tax expenditures fiscally sustainable.
- Annually review targeted tax expenditures alongside other Government programs to make evidence-based decisions about the cost-benefit trade-offs.

3.3 Areas of Opportunity - #4 Reduce Targeted Tax Credits

Benefits and Potential Financial Impacts

- Initial analysis indicates that reducing targeted tax expenditures would provide material savings, depending on the Government’s direction and decisions, that would range from over \$10 million to much higher.
- Different options for adjusting property tax credits yield a range of potential financial impacts, and should also be assessed in the context of overall education funding.
- Manufacturing Investment (\$42.8M), R&D (\$36.8M) and Farmland School (\$36.0M) could use narrower eligibility criteria to maintain assistance to SMEs and reduce support to multinationals.
- Book Publishing, Cultural Industries and Interactive Digital Media Tax Credit (combined \$3M) could be reduced or eliminated.
- Children & Young Adults’ Fitness and Children’s Arts & Cultural (\$5.9M) could be phased-out, as the Government of Canada did over 2016 and 2017.

Timeframe: 2017/18 and beyond.

Key Evaluation Criteria

Alignment		Consistent with Government’s direction to reduce core spending without impacting front-line workers; depending on which credits are reduced or eliminated, could be viewed as backdoor tax increases.
Economy and Efficiency		Significant annualized cost-savings.
Effectiveness		Budgetary savings realized immediately.
Implementation/ Transition Risk		Tax changes do not require long implementation timelines beyond enabling legislation and coordination with partners (e.g., Canada Revenue Agency).

3.3 Areas of Opportunity - #5 Reduce Direct Support Programs to Business

Description

- Business support programs provide financial assistance – or assistance with a financial cost – to individual private-sector companies, either directly (e.g., grants, loans, loan guarantees) or indirectly (e.g., marketing, consulting, training).
- Departmental interviews revealed a lack of coordination across government with respect to business support programs, including a lack of centralized inventory, oversight or evaluation mechanisms to determine value for money or annual spending and staffing levels.
- The Department of Growth, Enterprise and Trade (GET) has primary government responsibility to support private-sector employment and business growth; however as many as one-half of Manitoba’s 12 departments or their SOAs also deliver some type of business support.
- Descriptions of “Expected Results” are often vague and output-based (e.g., “provide new loans”) versus outcomes-based (e.g., increase loan recipients’ jobs and investment by X over Y years).
- Examples of potential duplication, overlap and inefficiency include:
 - Funding for a Tourism Secretariat while also providing grants to Travel Manitoba;
 - Funding to Manitoba Trade and Investment programs while also providing funds to other organizations;
 - Coordination of trade activities between Intergovernmental Affairs and GET; and
 - Overlap among industry development grants/ loans, industry consulting/ marketing services and science, innovation & business development services while also overseeing Entrepreneurship Manitoba and the Industrial Technology Centre, which offer complimentary services.

3.3 Areas of Opportunity - #5 Reduce Direct Support Programs to Business

Observations

- Departmental interviews revealed a lack of coordination across Government for economic development, especially business support programs. Programs are frequently started to support micro-sectors of the economy, but infrequently evaluated as a whole to determine which initiatives yield the most value for money.
- There is limited transparency around annual spending, purpose and effectiveness for various business supports.
- Initial analysis of business support programs across economic development departments and SOAs identified some areas of potential overlap, duplication and competing objectives.
- Initial analysis indicates that consolidating business support programs would provide material quantitative and qualitative benefits, an integrated policy view, stronger accountability and a simpler program landscape for businesses to access provincial support where warranted.
- From Department information, there are currently 432.4 FTEs in GET. It is estimated that approximately one-quarter of FTEs in GET are involved with business support programs. An additional 92 FTEs appear to be in GET's SOAs and involved with business support programs.
- Interviews found GET's senior management would welcome the opportunity to streamline existing business support programs, both within the department and across government, toward the goal of controlling spending growth and improving service effectiveness and efficiency.
- While a comprehensive inventory of business support programs was not readily provided, grants from GET and the Workforce Training Division of Education and Training alone are estimated at \$36 million and near \$100 million, respectively. Much of this support goes directly to business. There are other business support programs in other departments such as Indigenous and Municipal Relations and Agriculture.

3.3 Areas of Opportunity - #5 Reduce Direct Support Programs to Business

Actions

- Develop a standard policy definition for “business support program” and consistent criteria for their creation, continuation, annual evaluation and sunset/review clauses.
- Assemble a single inventory of existing direct and indirect business support programs (including all recipients) and quantify the current annual spend, recent trends and correlation to economic/ business outcomes.
- Establish a baseline and multi-year reduction targets for the envelope of spending defined as “business support programs” beginning in 2017/18.
- Review economic development mandates spread across multiple departments and SOAs to identify overlap, duplication or contradiction. Consolidate and streamline programs accordingly.
- Rationalize Assistant Deputy Ministers, Executive Directors and Directors overseeing business support programs and administration and back-office functions processing applications/ record keeping to achieve further savings.
- Disclose annually the business support programs, results, and total cost to government, including outstanding loans.





3.3 Areas of Opportunity - #5 Reduce Direct Support Programs to Business

Benefits and Potential Financial Impacts

- During times of spending restraint, governments across Canada and internationally have a difficult time justifying increased subsidies or support to business, particularly to multinational corporations. Most governments are working to reduce subsidies to business, and facilitate business competitiveness through across-the-board tax measures, regulatory reforms and infrastructure investments.
- Preliminary analysis indicates that consolidating and reducing business support programs would provide material quantitative and qualitative benefits. May target potential savings approaching \$5M to \$10M in 2017/18 from an annual spend of well over \$100M.
- Streamlined program landscape for businesses to navigate.
- Better targeting of funding, aligned with Government priorities (e.g., entrepreneurs, small and medium-sized enterprises, exports).
- Faster processing of applications and awarding of business supports where necessary.
- Increased agility to scale up or wind down business support programs in response to economic conditions.
- Consolidated business support across government would enable stronger central oversight and accountability.

Timeframe: Starting in 2017/18 and through the medium-term

Key Evaluation Criteria

Alignment		Consistent with Government’s direction to reduce core spending without impacting front-line workers.
Economy and Efficiency		Potentially significant annualized cost-savings, less administration time from consolidating programs and eliminating ineffective programs.
Effectiveness		Budgetary savings realized in the short-to-medium term. Tax competitiveness and a positive regulatory environment for all business is generally more effective than discretionary subsidies to business.
Implementation/ Transition Risk		Program consolidation would take place after an initial review and restructuring. Expect criticism from past and current recipients of business support from government for alleged negative impacts on economic growth.

3.3 Areas of Opportunity - #6 Real Estate Rationalization

Description

- The Accommodation Services Division within Finance manages a real estate portfolio that includes over 400 buildings across the Province of Manitoba totaling 8.7 million square feet with an estimated replacement value of \$3.3 billion. This portfolio includes courthouses, maintenance garages, town centers, employee housing units, warehouses, office buildings, correctional centers and various other unique assets. The division administers over 250 leases, as well as managing, administering and maintaining 67 parking lots. While there is tremendous value in the real estate portfolio, the challenge of maintenance and upkeep are real as buildings age, require upgrades and ultimately replacement.
- Since 2012, the government has instituted the Government Building Strategy, a portfolio management process that sought to review, realign, and rationalize the government real-estate portfolio. The strategy has met with some success, since 2013, the government's office footprint has been reduced by 5.9% in leased facilities and nearly 100,000 square feet of owned building space with associated cost of over \$1.8 million dollars.
- Government and Treasury Board direction is to reduce the real estate footprint and Accommodation Services has been working with TBS on this.
- The government has updated office planning standards, assess the owned portfolio, and implemented a standard footprint analysis per person resulting in a decreased portfolio size. However, the government has not set targets for space consolidation and optimization.
- Manitoba also owns a significant portfolio of housing.

3.3 Areas of Opportunity - #6 Real Estate Rationalization

Observations

- Through the Government Building Strategy, 25 vacant, 9 occupied and 3 other buildings have been identified for disposal. The annual operations and maintenance cost for these assets is at least \$1.3 million annually. The assessed value of 22 of those properties is estimated to be approximately \$19 million.
- Grants-In-Lieu of taxes and insurance are also incremental costs that are born by the government. While there are number of important caveats and considerations that could mitigate value, including deferred maintenance, market value, debt associated with specific buildings or environmental remediation costs, the disposal of these assets will result in a cash infusion during the year in which they are sold, as well as operations and maintenance cost avoidance.
- The rationalization of the portfolio has yet to be optimized in terms of owned and leased properties. Owning real estate is not a core service and does not impact front-line workers.
- In addition to real estate, Manitoba owns or leases a substantial amount of Crown land across the Province. Selling land for economic development use generates revenues from the sale and ongoing revenues from investment and jobs associated with the productive use of Crown lands.

Actions

- Accommodation Services should continue to action real estate rationalization of space, asset disposals and transfers and reduce maintenance costs.
- Investigate opportunities to dispose of or to transfer provincially-owned housing assets, improve costs through controlling build costs, leases versus build, and opportunities to transfer some housing to non-profit organizations.
- Develop targets for further disposal of real estate assets, consolidation, sale-lease back and outsourcing of maintenance functions.
- Government offices in rural locations throughout Manitoba could consider a more "Service Manitoba" approach, where department offices are co-located.





3.3 Areas of Opportunity - #6 Real Estate Rationalization

Benefits and Potential Financial Impacts

- One-time disposal of currently identified buildings by Accommodation Services have an assessed value of \$19 million. Associated reduction in annual operating, maintenance and insurance costs \$1.3 million.
- Whether Government owns or leases property does not impact delivery of services. Also, under-utilized space is an unnecessary cost and waste of fiscal resources.
- Annual savings resulting from further 100,000 sq.ft. in office space consolidation is estimated at \$1.8 million.
- Asset disposals provide revenues in 2017/18 along with associated decreased maintenance costs. Sustained efforts to dispose or transfer Government real estate and housing will yield further cost savings.

Timeframe: 2017/18 and through the medium-term

Key Evaluation Criteria

Alignment		Consistent with Government and Treasury Board direction.
Economy and Efficiency		Reducing real estate space will provide sustaining cost savings and some asset disposal will yield one-time revenues.
Effectiveness		Non-utilized or under-utilized space is not necessary to delivery services.
Implementation/ Transition Risk		Dispose of surplus real estate, timing of leases and reallocation of space requires significant resource efforts and time.

3.3 Areas of Opportunity - #7 Families: Organizational and Process Transformation

Description

- The Department of Families has a broad mandate to deliver services to children and families. A complex set of programs delivered through a diversity of delivery models and partners creates overlap and lacks attention to cost control.
- Programs and Grants represent over 90% of Department expenditures, and have increased 27% over the past five years, particularly driven by the Community Service Delivery Division, followed by the Child and Family Services Division.
- There are 28 Child and Family Service Authorities/Agencies operating across Manitoba, including many small agencies.
- Community Service Delivery Division has the majority of Department staff, with 1,784 FTEs and \$118M in salaries and benefits.
 - Bending the cost curve requires focused review in two specific areas: Adult Disability Services (almost 40% of CSD's Budget) and Employment, Income and Rental Assistance (just over 50% of CSD's Budget).
- Child and Family Service Division has 119 FTEs and \$8.1M in salaries and benefits. Services have been largely devolved to authorities/agencies.
- Social housing expenditures have experienced significant increases in recent years.

3.3 Areas of Opportunity - #7 Families: Organizational and Process Transformation

Observations

- Agencies do assessments and funding is primarily based on caseloads; there is no incentive to manage costs and reduce caseloads.
- Between Child and Family Services, Community Service Delivery, and the Manitoba Housing and Renewal Corporation, there are several programs that are managed, operated, or both by the Department, with varying levels of scope, complexity, processes, and accountabilities.
- There has been no recent comprehensive review of program structure and process optimization, and Program and Grants costs for Community Services Delivery have increased by 28.7% cumulatively over the last five years.
- In the Child and Family Services Division, more than \$400M (a 14% increase over 5 years) is funded to these authorities/agencies using various formulas that are largely driven by output measures, as opposed to outcome measures. This is driven by 119 FTEs at a salary cost of \$8.1M.
- Department and authority staffing needs should be reviewed, taking into consideration the services that are delivered by agencies. For example, the Winnipeg Child and Family Services Branch within the Community Services Delivery Division continues to have a significant number of FTEs (2016/17 Supplementary Information for Legislative Review identifies 294.4 FTEs in 2016/17).
- There are opportunities to reduce the variability and increase the cost effectiveness within the network of service providers; a wide range of administrative costs exists between service providers contracted by the Department.
- There is a lack of performance expectations embedded into contracts; contracts with service providers vary and there is no formal strategy to determine leading practices, establish formal guidelines and benchmarks for performance.
- Contract management practices in other jurisdictions have focused on streamlining and linking more effectively to budget control, accountability, planning/forecasting functions and performance results.
- Work conducted in other jurisdictions suggest that there is an opportunity to reduce the amount of time associated with a number of these operational activities to release workforce capacity to perform more value-adding tasks. There are a number of strategies that can be employed to achieve savings, including:
 - Developing clear processes and business rules around each of the operational activities;
 - Define the roles and responsibilities around each process/rule, particularly how it relates to accessing shared corporate services;
 - Streamlining many of the requirements/content/format around the outputs of activities, such as reports, communications, etc.;
 - Optimizing the use of available technologies to conduct these activities, such as email, teleconferencing, social media, videoconferencing, etc.
- In doing this there is an opportunity to clarify staff roles and responsibilities, improve governance and reporting capabilities, and dedicate more effort to performance management for provincially-delivered programs, as well as agency-delivered programs.

3.3 Areas of Opportunity - #7 Families: Organizational and Process Transformation

Actions

- The cost curve on Families Program and Grants needs to be controlled; increases of 8.9% in 2015/16 and over 6% in 2016/17 are not sustainable. A phased-in approach to transformational change in Families should be considered.
- Funding formulas and contracts with authorities are not consistent and lack accountability for cost control and performance results. A wide range of administrative costs exists among service providers contracted by Manitoba Families.
- Similar issues exist in terms of rising caseloads and costs.
- In addition, it has been noted that surplus/deficit positions vary widely across external organizations; these should be reviewed and taken into consideration when providing funding.
- Contract management leading practices focus on streamlining and linking service agreements with budget control, accountability and performance results.
- Agency and staff roles and responsibilities, governance and reporting need clarification and improvement.
- Review processes and policies across the Department in child services and contract management and standardize accountability.
- Review the level of resourcing required and skill sets needed to oversee an agency delivery model. In particular, review resource needs of Winnipeg Child and Family Services within the context of a devolved agency service delivery model.
- Services and limited resources should be targeted to those most in need. For example, as noted in the current state assessment of Families, the number of clients and related program costs is increasing and is not sustainable; consideration should be given to implementing a sliding scale income threshold for services to adults with disabilities, and to providing clarity on the extent of government supports to each client to “live and participate fully in the community”.
- An objective review and analysis of options to control the high growth rate of expenditures in social housing and the Employment, Income and Rental Assistance Program, should be considered.





3.3 Areas of Opportunity - #7 Families: Organizational and Process Transformation

Benefits and Potential Financial Impacts

- Bend the growth curve on a major source of spend by reducing overlap, redesigning structures and processes, and contract management with accountability for budgets and results.
- Streamline and improve number of authorities, programs, grants and processes.
- Shift to outcomes rather than outputs.
- Potential cost benefits require business case analysis, but are well over \$10 million; 1% of Programs and Grants in the two Divisions (Child and Family Services and Community Service Delivery) equate to approximately \$14 million.

Timeframe: Starting in 2017/18 but this is a major transformational project requiring substantial effort in the short and medium-term.

Key Evaluation Criteria

Alignment		Large departments need to reduce the rate of growth of spending while protecting front-line workers and vulnerable Manitobans.
Economy and Efficiency		There is duplication and overlap and inefficiencies requiring attention.
Effectiveness		Largely uncertain, a business case and plan needs to be developed along with thorough reviews.
Implementation/ Transition Risk		Substantial effort in implementation/transition and reform are required. Existing relationships with authorities will be impacted.

3.3 Areas of Opportunity - #8 School and Post-Secondary Funding

Description

- Currently there are 36 school divisions in the Province enrolling approximately 183,000 students with a total operating envelope of approximately \$1.2 billion in 2016/17. In 2015/16 the provincial government funded the majority of the operating budget for public schooling with the remainder coming from locally established and collected school board property taxes.
- At the core of the provincial funding approach for elementary and high schools are the funds distributed from general revenues through the Funding of Schools Program (FSP) established by the provincial government in *The Public Schools Act*, and the Funding of Schools Program Regulation (M.R. 259/2006).
- The FSP takes the form of a combination of base funding for core student needs, categorical supports (for instance special needs, transportation and English as a second language supports), capital grants and equalization payments intended to smooth funding variances due to the variability in property taxes from school board to school board. Many of these grants are driven by enrollment.
- The funding formula has not been substantially revised since 2002/03 – 15 years ago. Operating grants to schools are \$1.1 billion in 2016/17, a 2% increase over 2015/16 (as well as most recent years), yet enrollments have been flat for several years, and for many of the Province's 38 school divisions have experienced declines.
- The annually cost of student transportation has grown significantly.
- The effect of class size on student achievement has been the topic of debate, with a number of jurisdictions recognizing that without strong enough evidence, the substantial cost of class size initiatives may not be warranted.
- In 2016/17, the Province provided \$697 million in operating grants to colleges and universities.
- As of September 2015, post-secondary enrollment reached 61,800, (39,392 undergraduate, 4,991 graduate and 17,417 college).
- The government provides student assistance through the Manitoba Student Loans program, which includes the provision of loans, grants and bursaries as well as administers Federal government loan programs. For the 2016/17 year, the government expects to support approximately \$25 million in provincial grants, bursaries and student aid.

3.3 Areas of Opportunity - #8 School and Post-Secondary Funding

Observations

(\$ millions)	2012/13	2013/14	2014/15	2015/16	2016/17	5-Year Change
Schools						
School Operating Grants	1,048,203	1,063,499	1,074,090	1,100,252	1,119,512	71,309
% change		1.5%	1.0%	2.4%	1.8%	6.8%
General Support Grants	31,147	32,701	33,732	34,443	35,650	4,503
% change		5.0%	3.2%	2.1%	3.5%	14.5%
Total, Schools	1,079,350	1,096,200	1,107,822	1,134,695	1,155,162	75,812
% change		1.6%	1.1%	2.4%	1.8%	7.0%
Universities and Colleges						
Operating Grants & Strategic Initiatives	596,798	618,825	635,886	654,254	679,645	82,847
% change		3.7%	2.8%	2.9%	3.9%	13.9%
Access Program	10,191	10,491	10,753	11,022	11,298	1,107
% change		2.9%	2.5%	2.5%	2.5%	10.9%
Advanced Education Assistance	5,708	5,843	5,883	6,016	6,266	558
% change		2.4%	0.7%	2.3%	4.2%	9.8%
Total, Universities and Colleges	612,697	635,159	652,522	671,292	697,209	84,512
% change		3.7%	2.7%	2.9%	3.9%	13.8%

Source: Derived from Manitoba financial information.

3.3 Areas of Opportunity - #8 School and Post-Secondary Funding

Observations

- While enrollment has begun to stabilize recently, for many years Manitoba has experienced a marked decline in enrollment. For example, comparable enrollment in September of 2000 was approximately 187,000. Since 2012/13, the operating budget has grown 14.5%. This growth rate has outstripped inflation and GDP growth, as well as growth in other government spending. Average division per pupil spending was 10,677 in 2010/11 reaching \$12,205 in 2014/15.
- National assessment of student achievement, as measured by the Pan-Canadian Assessment Program, show that student performance is trailing nationally and internationally. This trend is observed even more so in the Indigenous community.
- A key imperative of bending the overall future cost curve is controlling the growth rate in education spending and understanding how resources can be re-tasked and realigned as a result of substantial enrollment decline and continued underperformance in national and international testing regimes.
- A component of the funding approach is the “Formula Guarantee.” This guarantee ensures that every school division receives at least the amount of funding provided in the prior year regardless of changes in enrolment levels or property assessment rules. Currently, 22 out of 37 school divisions will be receiving the formula guarantee amounting to \$26.1 Million of the \$26.8 Million operating increase for the same years.
- Operating grants to universities and colleges in 2016/17 increased by 3.9% over 2015/16, double inflation, and during a time when other provinces have provided very limited or no increases. The essential freezing of university tuition of over a decade has resulted in increasing pressure on university administrators.
- Manitoba’s college tuition is the second lowest in Canada after Newfoundland (excluding Québec), while university tuition is the third lowest in the country, after Québec and Newfoundland.
- The previous Government waved any interest on student loans, which is estimated to cost \$4.5 million annually.

3.3 Areas of Opportunity - #8 School and Post-Secondary Funding

Actions

- Conduct a technical and policy review of the education funding formulas.
- Freeze funding of student transportation and commission a review to determine cost containment strategies.
- Determine the current need for school closures and consult to create a fair and equitable facility optimization process.
- Consider minor increases to the class size cap for K-3 to 23 and reassess hiring and capital requirements.
- Review of the rate of tuition increase to determine a benchmarked and nationally appropriate rates that balances the funding needs of the system with preserving affordability.
- Consider re-instating low interest charges on outstanding student loans.
- The Tuition Fee Income Tax Rebate Advance costs the Province approximately \$5.5 million per year with questionable results in terms of intended benefits.





3.3 Areas of Opportunity - #8 School and Post-Secondary Funding

Benefits and Potential Financial Impacts

- More sustainable increases in provincial funding to schools and post-secondary institutions.
- Remove unfairness of guaranteed levels of funding to school divisions despite enrollment decreases, simplify formula and increase transparency.
- Schools and post-secondary institutions have responsibility and accountability for ensuring efficiencies, effectiveness and value for money.
- Operating grants to schools, universities and colleges represent \$1.85 billion and 68% of the expenditures of the Department of Education and Training. 1% of grants equates to \$18.5M. Revised formulas and funding for education is necessary as part of controlling the growth of provincial spending.

Timeframe: 2017/18 and medium-term

Key Evaluation Criteria

Alignment		Consistent with core government objective of managing spend growth in rates areas with significant historical growth.
Economy and Efficiency		Changes in the funding formula can achieve significant cost improvements.
Effectiveness		Adjusting funding formulas and adjusting tuition can yield significant and fiscally sustainable results. Uncertain impacts with respect to results and accountability at school divisions and institutions.
Implementation/ Transition Risk		Government can make funding formula changes relatively straight forward, subject to criticism from school divisions, universities and colleges.

3.3 Areas of Opportunity - #9 Capital Project Management and Delivery

Description

- There is a need for a strategic, long term view of capital in the form of a government-wide capital plan, aligned with Government's priorities, to enable growth, facilitate trade and commerce, and quality of life.
- Such a plan will encourage discussion of the inventory of assets and service rationalization where appropriate (transfers and/or reductions), as well as total project costs (including level of confidence in estimates and long term maintenance and operating costs). It will also encourage discussion of an appropriate balance of new capital spend and necessary maintenance spend within annual and multi-year targeted investments.
- Development of a broader "tool kit" of options to finance and deliver capital projects on-time and on-budget is also needed.

3.3 Areas of Opportunity - #9 Capital Project Management and Delivery

Observations

- Project and program management tools and resources exist in pockets across government, but there is no consistency in either approach or use.
- Departments indicate some project data is collected (although we saw no evidence), but monitoring and reporting is varied and infrequent and not tied to specific action. Value for money evaluation is informal.
- Little evidence of innovation in the approach to planning, management and delivery.
- Department of Infrastructure has a well entrenched capital program delivery model structured around the Design-Bid-Build process, with retained design and oversight. Argument is that retaining risk reduces costs of delivery.
- Previous reviews have identified cost savings associated with current process, but these were completed “a few years ago” and don’t necessarily reflect the current market.
- “Methods-based” specification has commoditized bidding. Department feels that they have a good relationship with local construction industry and that they receive “good” pricing and value for money for what they’re asking, but limited use of alternative delivery models mean that there are limited opportunities to compare.

Actions

- Draft a long term capital plan (e.g., start with a five-year plan and project prioritization process).
- Establish common project/program management policy and strategy defining goals, priorities and approach.
- Consider centralized infrastructure expertise to oversee strategic capital plan, and to assess and identify innovative options for funding and delivering major projects
- Introduce a culture of accountability, innovation and fiscal discipline.
- Conduct / update detailed analysis of program and project delivery options.
- Identify pilot opportunities for key delivery options to build internal buy-in and capacity.
- Establish delivery strategy aligning capital options with the most effective delivery method.
- Introduce expanded monitoring and reporting, including role-based dashboards.
- Establish project and program-level monitoring focused on value for money, and an effective close-out process.
- Project management training and support.
- Canada-Manitoba Infrastructure Secretariat should be reviewed for its effectiveness and efficiency as a delivery model.

3.3 Areas of Opportunity - #9 Capital Project Management and Delivery

Benefits and Potential Financial Impacts

- Strategic, long term view of capital spend and priorities.
- Better balance between new capital spend and maintenance; helps to address the infrastructure deficit and reduces high annual amortization and interest costs.
- Greater discipline and rigour in planning, management and delivery of projects.
- Gated decision-making will provide Government with clear exit points for projects if needed.
- Improved visibility into project performance and value for money, and better management of risks.
- Improved public confidence.
- Lack of performance data to provide a sense of magnitude, but with the high level of infrastructure spend, focus is necessary to improve results.
- Likely there is significant potential cost avoidance savings from instilling rigour and discipline into capital planning, management and delivery practices across government.

Timeframe: Starting in 2017/18 and ongoing

Key Evaluation Criteria

Alignment		Better alignment of efforts and investments with Government priorities.
Economy and Efficiency		System currently lacks formal reporting and baseline measures, Cost avoidance savings and greater efficiencies possible.
Effectiveness		Opportunity to focus investments and improve results, like on-time, on-budget delivery.
Implementation/ Transition Risk		Requires significant effort and new way of doing business, likely some resistance.

3.3 Areas of Opportunity - #10 Asset Management Planning and Rationalization

Description

- Net book value of tangible capital assets is approximately \$12.5 billion (two major components: buildings \$5.2 B, transportation \$3.4 B).
- Current asset management planning is largely in silos – by asset (highways, water, bridges, etc.), by driver (preservation, growth, regulatory, policy, etc.), and by function (new capital vs. preservation capital vs. maintenance). Priorities are identified within each asset group/driver, but not on an integrated, overall basis.
- Balance between new build versus maintenance/repair is not optimized and over-emphasis on new build has led to significantly increased costs.
- Department of Infrastructure’s current portfolio and operating model includes a number of assets which may not align with service objectives. An asset rationalization based on defined service and performance objectives will evaluate opportunities for asset transfer or reduction.
- Highways – low volume and City routes – better addressed by regional / municipal governments?
- Agricultural Drains – better addressed by regional / municipal governments?
- Airports – Communities serviced by other transport modes.
- Water bombers and fire fighting equipment – does Government need to own and operate?
- Land – sale/lease of excess or unused land.
- Vehicles and Equipment – Special Operating Agency through VEMA.
- Role of Government and Regional versus Centralized Services (e.g., Maintenance Planning, Engineering Design).

3.3 Areas of Opportunity - #10 Asset Management Planning and Rationalization

Observations

- Comprehensive set of integrated asset, system or portfolio service measures does not exist. Some measures are available, but are isolated from one another, and not aligned throughout the Department, or across departments.
- Full cost of service delivery (to a given level) is not fully understood, making affordability/sustainability, improvements or trade-offs difficult to evaluate or discuss.
- The Department's current portfolio and operating model includes a number of areas of potential service duplication and/or where questionable business cases for sustainment exist. A service area rationalization based on defined service and performance objectives will evaluate opportunities for service realignment.
- Potential areas of review include:
 - Manitoba Air Service;
 - Land value appraisal;
 - Ownership and operation of fire fighting equipment;
 - Regional versus centralized services (e.g. maintenance planning, engineering design, HR services); and
 - Crown Lands & Property Agency.

3.3 Areas of Opportunity - #10 Asset Management Planning and Rationalization

Actions

- Establish common asset management policy and strategy for the whole of Government, defining goals, priorities and approach.
- Align asset performance measurement practices with technical, service and business requirements.
- Introduce common needs assessment and definition processes including service-centric performance measurement and a business case framework.
- Introduce investment prioritization and planning process including value-model and ranking criteria.
- Standardize the collection, analysis and use of information to support asset management workflow.
- Re-rationalize assets within targeted business units based on updated service model and established standards and performance targets.
- Establish the cost of delivering/ sustaining current performance in each area; and incremental costs associated with improvement reduction.
- Infrastructure is the largest user of VEMA and may not be getting value for money. Opportunity to review VEMA and consider if heavy vehicles, equipment and services could be brought in-house to Infrastructure or re-profiled within VEMA, and where outsourcing (e.g., light duty vehicles) may be better value for money.
- In addition, the government should investigate the efficiency and effectiveness of different options for ownership and deployment of fire fighting equipment and planes. The government owns and operates water bombers and other planes and equipment. With respect to fire fighting equipment, some other provinces, such as Alberta and British Columbia, have a third party specialist own and operate the equipment. Government should consider whether private sector ownership and operations, or a hybrid of this type of arrangement, is a viable option. Manitoba recently upgraded its water bombers at a cost near \$120 million phased-in over a number of years. Manitoba may consider tendering the sale of its planes, with the benefit of revenues in the year of sale, and contracting out services as needed under service agreements.





3.3 Areas of Opportunity - #10 Asset Management Planning and Rationalization

Benefits and Potential Financial Impacts

- Alignment of investment with goals and expected service outcomes allowing for an objective assessment of trade-offs and priorities.
- Portfolio-wide visibility and coordination of needs and resources.
- Improved transparency and defensibility of plans and decisions.
- Whole-life, total expenditure-based investment strategies focused on value for money and sustainable service delivery.
- Potential reduction in type/number of assets under Provincial Ownership
- Potential transfer of risk and liability
- Clarification of service goals and expectations to staff and stakeholders

Timeframe: 2017/18 and through the medium-term

Key Evaluation Criteria

Alignment		Needs to be an overall plan and strategy. Managing and servicing certain assets are not fiscally sustainable.
Economy and Efficiency		Opportunity to improve efficiencies and balance between new build and maintenance/repair. Even an initial cost-neutral transfer of certain municipal assets will have positive impacts on resource capacity.
Effectiveness		Better long-term effectiveness in managing assets.
Implementation/ Transition Risk		Consider effort required to develop and implement a Government-wide strategy. Asset rationalization through transfer of some assets to municipalities will meet resistance.

3.3 Areas of Opportunity - #11 Justice System Reform

Description

- The largest share of Justice's resources is attributable to the criminal justice system. Approximately 65% of Justice's spend is in three areas: custody corrections, community corrections and provincial policing.
- To bend the cost curve, a major reform of this system is needed.
- To be transformational, reform efforts should be integrated among the key stakeholders (e.g., judiciary, legal aid, police) and departments (e.g., Families, Health).
- In 2014/15, there were 245,576 traffic tickets received by provincial courts in Manitoba. Other jurisdictions in Canada have begun to look at and implement reforms to their traffic courts to improve the efficiency of the process and reduce the use of the courts in the process. Minor traffic tickets are competing with serious criminal, civil and family matters for justice system resources.

3.3 Areas of Opportunity - #11 Justice System Reform

Observations

- Over the five-year period (2012/13 to 2016/17):
 - Corrections has increased 8.9% over 5 years;
 - Provincial policing has increased 23.5% over 5 years; and
 - Legal Aid has increased 13% over 5 years.
- A recent Macdonald-Laurier Institute Report Card (2016) on the Criminal Justice System rated provincial and territorial criminal justice systems according to a number of criteria: public safety, support for victims, cost and resources, fairness and access, and efficiency. Manitoba received an overall score of “C”, and a number of areas were highlighted for improvement which should be considered as part of reform efforts, including:
 - Highest cost of public safety per person of any province;
 - Highest cost of corrections per capita of any province;
 - Highest number of police officers per capita among provinces;
 - High proportion of cases where charges are stayed or withdrawn (30.5%) of any province;
 - Higher average criminal case length (223 days), among the longest delays in Canada; and
 - Highest number of accused persons on remand per 1,000 crimes – by far the highest of any jurisdiction in the country.
- During interviews, a number of senior officials noted that there is opportunity to decrease the volume of minor/administrative cases adjudicated in courts, supported by appropriate legislative/regulatory/policy changes.
- For example, Manitoba’s courts are currently experiencing a significant backlog of cases. One of the causes of this backlog is the number of traffic tickets that are dealt with by the courts rather than other alternative mechanisms.

Actions

- Develop options for alternative justice programs for more minor offences and early triage of cases (with a goal of removing minor/administrative cases out of the formal court system).
- Consider ways (e.g., Lean process review) to encourage and facilitate a more holistic “sector” discussion and problem-solving to aid reform and ease cost pressures; key stakeholders such as the judiciary, police and legal aid contribute to pressures and should be part of the solutions.
- Consider changes to policy and procedures to reduce the number of people and length of stay in remand custody.
- Set targets for charge categories, monitor and assess progress, and adjust where necessary.
- Review provincial policing agreements and look for opportunities to enhance efficiencies and value for money.





3.3 Areas of Opportunity - #11 Justice System Reform

Benefits and Potential Financial Impacts

- Reduce number of cases adjudicated in criminal courts.
- Traffic court reform would reduce court cases and result in an increase in early fines paid.
- Better citizen experience with Justice system.
- Reduce average time to disposition.
- Reduce number of persons and length of stay in remand custody.
- Extent of cost savings and efficiencies are uncertain and warrant investigation. May require one-time investment in technology to realize some efficiencies.

Timeframe: Medium-term, transformational

Key Evaluation Criteria

Alignment		Aligned with the Government’s direction and Department of Justice priorities.
Economy and Efficiency		Less volume and less court time leads to cost reductions and efficiencies and should result in savings.
Effectiveness		Less time on lower priority matters will ease capacity constraints on Justice resources.
Implementation/ Transition Risk		Considerable effort required including change in legislation/regulations to divert cases to alternative justice programs. Some resistance from stakeholders is likely.

3.3 Areas of Opportunity - #12 Review of Agencies, Boards and Commissions

Description

- Manitoba has over 200 agencies, boards and commissions. These entities, established by government to carry out a range of functions and services, include: councils, authorities, advisory bodies, funding bodies, professional organizations and tribunals. Many of these agencies, boards and commissions have a direct impact on core government funding.
- Some, such as Manitoba's major Crown Corporations, are self-sustaining government commercial enterprises which are outside of core government funding and outside the scope of the Fiscal Performance Review.
- Manitoba also has 14 Special Operating Agencies (SOA) which, according to Manitoba's 2016 Budget, are more directly responsible for their operating results. Consideration of funding for SOAs is not typically required in the annual budget process as they are generally self-financing through their various fees and rates. Even though SOAs operate outside core government, several receive annual grant support from the Province.
- A challenge from a fiscal perspective is that moving a SOA back into a department brings operating costs with it. However, some SOAs should be considered as to whether they are still relevant, or if a better operating model could save taxpayer dollars.
- In addition, the Government provides grant support to a number of economic development agencies that in some areas are perceived to overlap with provincial efforts. This funding could be reviewed and could include, but not be limited to: CentrePort Canada, World Trade Centre, Economic Development Winnipeg, other regional economic and tourism agencies, business incubators, and economic development associations.
- Agencies, boards, commissions and SOAs should be reviewed to determine whether they are still relevant and aligned with the new Government's priorities. If they are deemed to be relevant, they should then be further reviewed to consider whether there are opportunities to consolidate any of them, improve effectiveness and efficiency, and/or share resources.

3.3 Areas of Opportunity - #12 Review of Agencies, Boards and Commissions

Observations

- Many senior officials noted that agencies, boards, commissions and SOAs had either never been reviewed, or had not been reviewed in a long time. Specific organizations that were cited as being in need of a review (because of questions concerning relevancy, duplication/overlap and value for money, for example) include: Pineland Forest Nursery, Entrepreneurship Manitoba, Food Development Centre, Manitoba Education, Research and Learning Information Networks, Vehicle and Equipment Management Agency, Materials Distribution Agency, and others.
- As many of these organizations receive core government funding support and/or require some oversight and administration from departments, they should be reviewed:
 - First, to examine relevancy and alignment with Government's priorities; and
 - Second, if deemed to be relevant, the focus should be on examining efficiency and effectiveness, including whether there are opportunities to consolidate and/or share resources across those agencies, boards and commissions that have a common purpose or activities. For example, senior officials in Justice noted that there is likely an opportunity for tribunals to share administration and expenses related to hearings in communities.

Actions

- Review and confirm the list of agencies, boards, commissions and SOAs to be included for review.
- Consider criteria to define which organizations should receive priority attention for review (for example: SOAs and other agencies that receive core government funding support). These organizations should be reviewed in a first phase, to commence as early as 2017/18.
- Other categories of organizations (e.g., medium priority and low priority) can then proceed in future phases, as resources dictate. For example, Manitoba's alphabetical list of agencies, boards and commissions, which is published on the government portal website, includes university/college-related and police-related boards, which may be deferred to a future phase of review.
- Identify a consistent set of core questions to consider for each review, and examine each organization to determine whether its mandate and purpose is still relevant. Make recommendations on those organizations that may be discontinued (examples include: because the work of the organization has been completed; the organization has been inactive for a period of time; its mandate is no longer necessary because Government has put in place other mechanisms that serve the same purpose; etc.).
- For those organizations deemed to be still relevant, consider whether further review is required and potential timing of such review.
- Track the rationale of decisions that are made and cumulative, projected savings (initial and base savings) from changes, as well as a timeline for completion of reviews, to promote openness and transparency.





3.3 Areas of Opportunity - #12 Review of Agencies, Boards and Commissions

Benefits and Potential Financial Impacts

- Opportunity to:
 - Reduce core government costs by discontinuing some agencies, boards, commissions and SOAs that are no longer relevant, and/or by reducing duplication of funding and efforts.
 - Realign the mandates and activities of relevant agencies, boards and commissions with the new Government’s priorities, and improve effectiveness and efficiency.
 - Consolidate, streamline and/or share resources across some agencies, boards or commissions, and reduce costs.
- Based on reported savings from similar reviews undertaken in other provinces, such as Alberta and Saskatchewan, there is likely potential for significant savings (i.e., exceeding \$10M), depending on decisions that are made.

Timeframe: 2017/18 through to 2019/20

Key Evaluation Criteria

Alignment		Consistent with the new Government’s direction.
Economy and Efficiency		Opportunity to potentially streamline and reduce core government costs allocated to agencies, boards, commissions and SOAs.
Effectiveness		Depending on the agency, board, commission or SOA, ineffective organizations should be eliminated or reduced. Clarification of mandates and expected results, as well as increased monitoring, should promote more effective results.
Implementation/ Transition Risk		Likely to meet some resistance from certain stakeholders and interest groups. Considerable time and effort will be required to establish and implement the review process and undertake certain reviews.

3.4 Summary of Key Areas of Opportunity

As noted, we applied the evaluation criteria of the Fiscal Performance Review Framework as a filter and tool in qualitative assessment of each of the 12 key areas of opportunities.

A summary chart of the “scores” under each of the criteria: alignment, economy and efficiency (combined), effectiveness, and implementation/transition risk is provided on the next page.

An average of the four evaluation criteria ratings is provided, based on equal weighting. Depending on the circumstance, some criteria may be more important, but for preliminary assessment, an average score is outlined.

Any average score near or above 4.0 merits closer examination. These types of assessment are conducted in conjunction with quantitative assessments, and because of spend size, materiality and other factors, all 12 key areas are significant opportunities for cost improvement.

3.4 Summary of Key Areas of Opportunity

Short-term	Alignment	Economy and Efficiency	Effectiveness	Implementation / Transition Risk	Average Score
1. Rationalization from Reorganization	5	5	3	2	3.8
2. Communications	5	5	5	3	4.5
3. Procurement Modernization	5	5	5	2	4.3
4. Reduce Targeted Tax Credits	4	5	5	4	4.5
5. Reduce Direct Support Programs to Business	5	5	4	3	4.3
6. Real Estate Rationalization	5	5	5	3	4.5

Medium-term, transformational					
7. Families: Organizational and Process Transformation	5	5	4	1	3.8
8. Reduction in Growth Rate of School and Post-Secondary Funding	5	5	3	3	4.0
9. Capital Project Management and Delivery	5	5	4	2	4.0
10. Asset Management Planning and Rationalization	5	5	4	2	4.0
11. Justice System Reform	5	5	4	1	3.8
12. Review of Agencies, Boards and Commissions	5	5	4	2	4.0

Rating Scale: Strongly Positive (5) Moderately Positive (4) Neutral / Uncertain (3) Moderately Negative (2) Strongly Negative (1)



4 Summary of Advice for Consideration

4 Summary of Advice for Consideration

The list of material areas of opportunity that have been identified during the scoping phase of the Fiscal Performance Review are summarized below. We have incorporated the opportunity to reduce communications costs, which is a commitment of the new Government, into Procurement Modernization, and cost savings are targeted for 2017/18. The first five areas below are areas for significant cost savings and efficiencies starting in 2017/18; a preliminary order of magnitude estimate for these five areas is \$50 to \$100 million in potential cost savings. The other areas of opportunity that are identified are more medium-term, transformational initiatives which are difficult to quantify at this stage. However, these medium-term areas should collectively represent a “second wave” of opportunities for cost improvement post 2017/18, where the Government could consider targeting another \$50 to \$100 million in cost improvements.

Areas of Opportunity with Material Potential Cost Savings in 2017/18:

1. Reduction of Select Tax Credits	\$10M - \$40M
2. Rationalization from Reorganization (18 to 12)	\$ 5M - \$20M
3. Procurement Modernization (including reduced Communications)	\$10M +
4. Real Estate Rationalization (including disposals)	\$20M +
5. Reducing Direct Support to Businesses	<u>\$ 5M - \$10M</u>
Total Potential Cost Savings*:	\$50M - \$100M

*Requires further investigation as part of business case development. Actual results may vary materially depending on Manitoba decisions and actions.

Medium-term Transformational Opportunities with Significant Potential Cost Improvements**:

- School and Post-Secondary Funding
- Families: Organizational and Process Transformation
- Asset Management Planning and Rationalization
- Justice System Reform
- Capital Project Management and Delivery
- Review of Agencies, Boards and Commissions

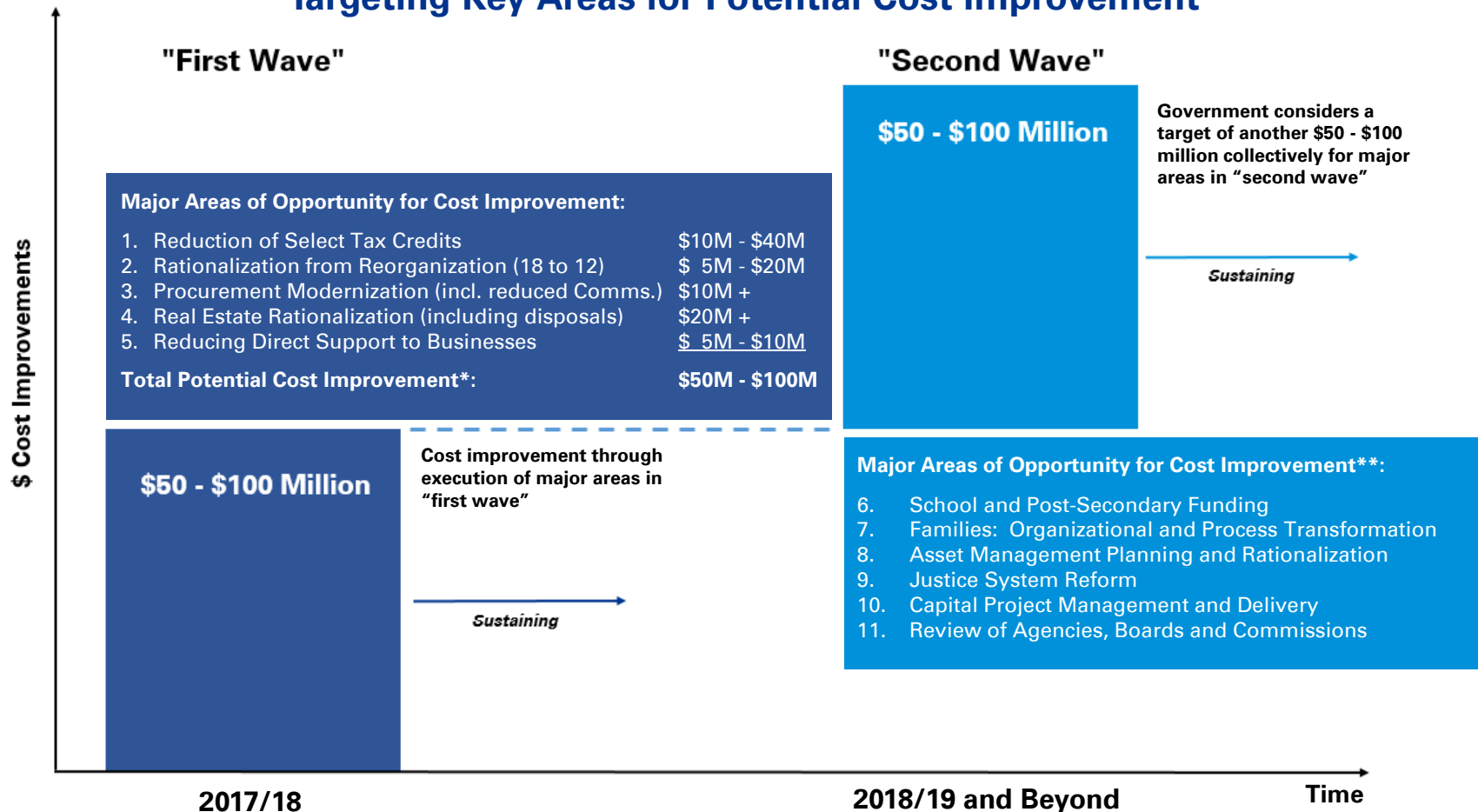
**Manitoba may wish to consider phasing-in implementation and targets, where possible, to achieve some initial progress and cost savings.

4 Summary of Advice for Consideration

- In close collaboration with the Steering Committee, the following six areas of opportunity have been identified for further investigation and business case development during Phase 2. Business cases are intended to provide a deeper dive into each specific area, providing information, analysis, and options for Government to consider in its decision-making for 2017/18 and beyond. These areas represent potential areas of immediate and sustained opportunity for efficiencies and cost containment; and a phased-in start in select areas of medium-term transformational opportunities.
 1. Rationalization from Reorganization (focused on options for flattening management, a multi-year adjustment strategy and estimated cost savings associated with certain targets, looking at cost drivers such as management layers, overtime and other factors, eliminating redundancies, and reducing overlap in shared services across departments).
 2. Procurement Modernization (focused on investigating procurement spending, identifying options for cost savings including reduced communication costs, and options for modernizing the organization of procurement).
 3. Reducing Direct Support to Businesses (focused on the range of government programs that provide direct support to business, and options for streamlining, consolidating and reducing direct support programs to business).
 4. School and Post-Secondary Funding (focused on investigating various components of post-secondary funding and options to control costs).
 5. Capital Project Management and Delivery (focused on a business case of options to develop a better corporate-wide approach and delivery mechanisms).
 6. Families: organizational and process transformation (focused on the area of social housing and investigating policy and program options for cost improvement).
- In addition to KPMG developing business cases for these six areas of opportunity, in collaboration with Treasury Board Secretariat and government officials, there are a number of smaller, quick wins from departments' pre-estimates submissions that should be pursued for 2017/18.
- To bend the cost curve, a second wave of business case development should take place for the transformational areas of opportunity identified within this Draft Report. This may require some advance, pre-planning work by the larger departments in 2017/18. The Government may consider targeting a further \$50 to \$100 million from this second wave in the medium-term, with some activities starting in 2017/18.
- KPMG has developed a Fiscal Performance Review Framework to provide Government with a consistent, systemic approach to the ongoing review of spending and evaluating programs and services. This is an important framework for the whole of Government to effectively utilize and evolve in reviewing its expenditures.

4 Summary of Advice for Consideration

Targeting Key Areas for Potential Cost Improvement



*Requires further investigation as part of business case development. Actual results may vary materially depending on Manitoba decisions and actions.

**The areas of opportunity are more medium-term, transformational and difficult to estimate potential cost impacts. These represent areas of large spend (e.g., Education and Training, Families, Justice, Infrastructure) where a collective target could be set to contain costs and bend the cost curve. Note business case development in some specific parts of these areas can start in 2017/18. Manitoba may wish to consider phased-in implementation and targets, where possible, to achieve initial progress.

4 Summary of Advice for Consideration

Key Communication Points

- The Government has committed to undertake a Fiscal Performance Review to gain better control over the growth in core government spending, with better value for money and allocation of fiscal resources without adversely impacting front line services. Through a competitive procurement process, KPMG has been engaged to conduct a Fiscal Performance Review to identify potential areas of opportunity for efficiency and cost improvement.
- The 2016/17 Budget for Core Government Expenditures is \$13.3 billion (excluding debt servicing costs). Removing the Department of Health from this spending leaves \$7.3 billion of in-scope spending for this review.
- This is a Fiscal Performance Review, not an audit.
- The Review is a collaborative process with KPMG, Treasury Board Secretariat and central agencies, with input from departments.
- With a short timeframe for the scoping assessment, the immediate focus is on identifying significant short-term cost improvement opportunities, as well as other material long term opportunities which should be considered going forward.
- As part of the project, KPMG has developed a Fiscal Performance Review Framework. The intention of a Fiscal Performance Review Framework is a consistent, systemic framework (principles, guidelines, criteria) for looking at spending and evaluating initiatives and programs across departments and branches. Manitoba needs a results-based approach with a better focus on results and value for taxpayer dollars.
- Working collaboratively, KPMG has identified several areas of opportunity, collectively exceeding \$50 million in potential cost improvement opportunities in 2017/18.
- In addition, there are other medium-term transformational areas of opportunities that collectively represent over \$50 million in potential cost improvements in the medium-term, as part of a second wave of cost improvement initiatives.
- With the Steering Committee and Manitoba's Treasury Board, six key areas have been targeted for the development of business cases and options for Government's consideration in proceeding with key cost improvement initiatives.



Appendices



Appendix A – Breakdown of Department Expenditure by Division and Type

The following tables provide summary data of salaries and employee benefits, other expenditures, program spending and grants, recoveries and capital costs for each Department at a division level. Source data was provided by Manitoba.

Appendix A – Breakdown of Department Expenditure by Division and Type

To support our analysis for the Current State Assessment, we created a 5-year breakdown of department expenditures by division and type of spend. The 5 years consist of historical data for the fiscal years 2012/13 to 2014/15, forecast data for 2015/16 and estimate of expenditure data for 2016/17. This information was received from Manitoba as follows:

- 2016/17 estimates of expenditures – We received from Manitoba individual spreadsheets for each department containing the estimates of expenditures that align with the published Manitoba Budget for 2016/17.
- 2014/15 historical data and 2015/16 forecast data – We received from Manitoba the fiscal 2015/16 latest forecast of expenditures in individual spreadsheets for each department which included the 2014/15 reorganized actual data to match the 2015/16 organization of expenditures.
- 2012/13 and 2013/14 historical data – We received from Manitoba a spreadsheet containing historical data for each of 2012/13 and 2013/14 and 2014/15. The spreadsheet was organized by department/division/branch. Each year’s information contains the reorganized prior year data to match the applicable year’s organization of expenditures. Therefore, we utilized the reorganized actual data included in the year 2014/15 information for the 2013/14 data and the reorganized actual data included in the year 2013/14 data for the 2012/13 data in our analysis.
- In order to populate the analysis, we utilized the 2016/17 estimates of expenditures spreadsheets as the basis for the analysis and we utilized the data for 2012/13 to 2015/16 for our analysis model in Excel. For 2012/13 to 2015/16, we copied the information into our analysis model.

Mapping Departments, Divisions and Branches:

- For the historical data from 2012/13 to 2015/16, our objective was to map the information to match as closely as possible to the 2016/17 organization of expenditures.
- We reviewed the May 3, 2016 Order in Council which detailed the changes from moving from 18 departments to 12 departments in fiscal 2016/17. We also reviewed the 2015/16 published estimates of expenditures and the 2016/17 published estimates of expenditures documents and went through them branch by branch and noted the changes year over year. We utilized this to map the 2015/16 forecast and 2014/15 historical data in our analysis model.

Appendix A – Breakdown of Department Expenditure by Division and Type

- For the 2012/13 and 2013/14 data, we utilized the 2012/13, 2013/14 and 2014/15 published estimates for reference. These were utilized for identification of individual branches and for matching to the spreadsheet of the historical data provided by Manitoba for these years as the spreadsheet contained the printed estimate for that year which assisted in mapping.
- We also utilized the 2016/17 and 2015/16 Supplementary Information for Legislative Review documents (SILRs) and the published departmental annual reports as necessary in order to map the historical information.
- In our analysis, we noted that the majority of branches across departments were relatively consistent throughout the 5-year period. Therefore, although a certain branch may have moved between departments or divisions in departments, it was evident that the branch was the same.

Upon completion of the mapping of our analysis, we reconciled our department analysis to the published expenditure information that is publicly available from Manitoba. As part of the reconciliation, we added our analysis by department to the other expenditures incurred by Manitoba: Health, Legislative Assembly, Executive Council, employee pensions and other costs, enabling appropriations and other appropriations. We reconciled the total expenditures to the following with no significant discrepancies (cumulative differences across the 5 years were less than 0.005% of in-scope spending):

- 2016/17 estimates – agreed to the published estimates of expenditures.
- 2012/13, 2013/14, 2014/15 historical data – agreed to the published annual report for each year.
- 2015/16 forecast – as this information has not been published, agreed to internal spreadsheets provided by Manitoba.

For the six largest in-scope departments: Education and Training, Families, Infrastructure, Indigenous and Municipal Relations, Finance and Justice, we also performed a comparison of FTEs, salaries and benefits expenditures and average per FTE from 2012/13 estimates to 2016/17 estimates. These have been included in the relevant department within this Appendix. We utilized the applicable 2012/13 department annual reports which provided FTE estimates for that year and using a similar process as described above organized the information to be consistent with the 2016/17 organization of departments.

Appendix A – Breakdown of Department Expenditure by Division and Type

Type of Spend Descriptions

Spending analysis was separated into the following types:

- Salaries and Employee Benefits – This category includes expenditures included in the “Salaries and Employee Benefits” as included in the 2016/17 estimates of expenditures.
- Other Expenditures – This category includes expenditures included in the “Other Expenditures” as included in the 2016/17 estimates of expenditures.
- Costs Related to Capital Assets – This category includes all costs included in the “Costs Related to Capital” including amortization and interest expense.
- Capital Funding – The category includes costs included in “Capital Funding” included in Education and Training .
- Programs and Grants – This category includes all expenditures not included in any of the above spending categories.
- Recoveries – This category includes all recoveries in each department including recoveries from other appropriations, recoveries from Part B – Capital and other recoveries.

Appendix A – Breakdown of Department Expenditure by Division and Type

General assumptions and considerations:

- We noted that each time there is a reorganization, even though a branch may be in the same department and division, the dollar value of a certain expenditure line may have changed as an impact of the reorganization. Generally, we noted that these impacts were not material. It follows that subsequent reorganizations would in theory impact the historical data. No adjustment was made for this in the analysis.
- In certain instances, it was clear that certain branches had been combined during the period which was determined through review of the published estimates documents and adding estimate data from the affected branches together along with reviewing the annual reports.
- In certain instances, it was clear that a branch had been closed prior to 2016/17 or was not material to determine where or if it was reorganized. In these circumstances we added these expenditures to the same division that the other related branches were mapped to.
- In certain instances, certain recoveries within branches or divisions were separate in one year and combined in another or certain branches were moved to other departments or divisions causing the recoveries within a certain branch or division to move as well. In these instances, we reviewed the subsequent mapping of the recoveries and using the same proportionate allocation as the reorganized estimate values, applied this to the actual data from the affected year.
- In certain instances, we noted that in the printed estimates, certain expenditures were included in enabling vote for estimate purposes. However, in order to reconcile the actual spend in the applicable department the entirety of the spend had to be included in the department level analysis.

Appendix A – Breakdown of Department Expenditure by Division and Type

- Finance (continued)
 - When Accommodation Services within the Central Services division was within Infrastructure, there was a recovery line item “Accommodation Cost Recovery” that was in addition to the recoveries from other appropriations. We have included this line item within Central Services division in Finance in its analysis. The resulting recoveries in 2012/13 and 2013/14 are significantly higher in those years than the other years in our analysis.
 - Within the 2016/17 estimates, the portion of the Treasury Board Secretariat division that relates to Labour Relations was moved to the Civil Service Commission. Therefore, to estimate the impact to the other years in the analysis, we utilized the reorganized estimate data for 2015/16 included in the 2016/17 estimates and compared to the original 2015/16 published estimates. We applied the proportionate difference to each year in the analysis for comparative purposes.
- Infrastructure
 - Refer to the Finance section above for explanation of the impact of Costs Related to Capital Assets which had an offsetting impact to Infrastructure.
 - Prior to the 2016/17 estimates, the Infrastructure Works division did not split out salaries and benefits from other expenditures and all of these costs were included in one line item “Gross expenditures” for the following branches: Maintenance and Preservation of Provincial Trunk Highways, Provincial Roads and Related Projects, Maintenance and Preservation of Waterway Control Projects, Northern Airports and Marine Services Operations. Therefore, we calculated the average proportion of salaries and benefits compared to other expenditures included in the 2016/17 estimates (using both 2016/17 and the reorganized 2015/16 data) and applied this rate to the previous years for analysis purposes.
- Growth, Enterprise and Trade
 - This Department had several reorganization impacts over the 5 year period. In 2012/13 and 2013/14, the former Department of Innovation, Energy and Mines had a Business Transformation and Technology division which is now included in Finance (Central Services division) in 2016/17 (and was included in the Department of Jobs and the Economy in 2014/15). Therefore, for the Cost Related to Capital Assets for 2012/13 2012/13 and 2013/14, we utilized the budgeted amortization and interest for the Department of Entrepreneurship, Training and Trade for the actual cost with the remainder of the actual costs included in Finance.
- Civil Service Commission
 - Refer to the Finance section above for explanation of the impact of the Labour Relations portion of the Treasury Board Secretariat which has a similar effect to the Civil Service Commission for the years prior to 2016/17.

Appendix A – Breakdown of Department Expenditure by Division and Type

Department Specific Assumptions – Included below are those assumptions that are material to an understanding of the trend analysis at a division level:

- Closed Departments – as a result of reorganizations, certain departments were closed over the period which we treated as follows:
 - Department of Housing and Community Development – The majority of the spend in this former Department was moved to Families. Therefore, we mapped the Administration division and Costs Related to Capital Assets of this former Department to Families.
 - Department of Mineral Resources – This Department was moved to Growth, Enterprise and Trade and therefore all costs related to this former Department were mapped within Growth, Enterprise and Trade.
 - Department of Aboriginal and Northern Affairs and Department of Municipal Government – These former Departments were merged into the new Department of Indigenous and Municipal Relations. Therefore, all costs related to the former Department were mapped within Indigenous and Municipal Relations.
 - Department of Multiculturalism and Literacy – The majority of the spend in this former Department was moved to Education and Training. Therefore, we mapped the Executive division of this former Department to Education and Training.
 - Department of Labour and Immigration – The spend from this department went primarily to Education and Training (the Immigration portion of the former Department) and Growth, Enterprise and Trade (the Labour portion of the former Department). Although the spend was not split evenly between these parts of the former Department, we utilized 50% as an estimation for allocating the Administration and Finance division and Costs Related to Capital Assets of the former Department to the two new Departments.
 - Department of Children and Youth Opportunities – The majority of the spend in this former Department was moved to Education and Training and therefore the Administration and Finance division of the former department was mapped to Education and Training.
- Finance
 - The Central Services division within this department was moved to Finance from Infrastructure (where it was called the Government Services Programs division) in 2014/15. Therefore, for 2012/13 and 2013/14, all of the Costs Related to Capital Assets that relates to Central Services were included in Infrastructure. Therefore, for purposes of the analysis, we calculated an estimated amortization and interest impact for these years using the proportionate average of the 2014/15 actual, 2015/16 forecast and 2016/17 estimates data and included it in Finance and reduced by the same amount the amortization and interest included in Infrastructure.
 - Refer to Growth, Enterprise and Trade section below for impact to 2012/13 and 2013/14 for further impacts to Costs Related to Capital Assets.

In-Scope Spending

All Departments (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	939,618	967,330	980,828	1,008,602	1,029,410	89,792
% Change		2.9%	1.4%	2.8%	2.1%	9.6%
Other Expenditures	592,668	580,867	553,341	570,940	568,744	(23,924)
% Change		-2.0%	-4.7%	3.2%	-0.4%	-4.0%
Programs and Grants	5,017,945	5,108,280	5,279,114	5,506,981	5,657,773	639,828
% Change		1.8%	3.3%	4.3%	2.7%	12.8%
Recoveries	(651,974)	(703,510)	(695,328)	(707,499)	(697,823)	(45,849)
% Change		7.9%	-1.2%	1.8%	-1.4%	7.0%
Capital Funding	61,339	64,511	70,248	75,049	78,117	16,778
% Change		5.2%	8.9%	6.8%	4.1%	27.4%
Capital	364,093	390,330	462,860	470,748	505,299	141,206
% Change		7.2%	18.6%	1.7%	7.3%	38.8%
Sub-total Departments	6,323,689	6,407,808	6,651,063	6,924,821	7,141,520	817,831
% Change		1.3%	3.8%	4.1%	3.1%	12.9%
Other	226,219	306,555	235,409	209,628	176,240	(49,979)
% Change		35.5%	-23.2%	-11.0%	-15.9%	-22.1%
Total	6,549,908	6,714,363	6,886,472	7,134,449	7,317,760	767,852
% Change		2.5%	2.6%	3.6%	2.6%	11.7%

Note: 'Other' includes Legislative Assembly, Executive Council, employee pensions and other costs, enabling appropriations and other appropriations.

A.1 – Education and Training

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	65,637	65,638	62,695	62,836	68,458	2,821
% change		0.0%	-4.5%	0.2%	8.9%	4.3%
Other Expenditures	27,621	26,510	22,922	23,321	18,614	(9,007)
% change		-4.0%	-13.5%	1.7%	-20.2%	-32.6%
Programs and Grants	2,380,470	2,418,838	2,461,094	2,543,484	2,592,665	212,195
% change		1.6%	1.7%	3.3%	1.9%	8.9%
Recoveries	(25,074)	(23,605)	(23,304)	(24,023)	(25,021)	53
% change		-5.9%	-1.3%	3.1%	4.2%	-0.2%
Capital	1,909	1,750	1,607	7,628	935	(974)
% change		-8.3%	-8.2%	374.7%	-87.7%	-51.0%
Capital Funding	61,339	64,511	70,248	75,049	78,117	16,778
% change		5.2%	8.9%	6.8%	4.1%	27.4%
Total	2,511,902	2,553,642	2,595,262	2,688,295	2,733,768	221,866
% change		1.7%	1.6%	3.6%	1.7%	8.8%

1. Administration and Finance (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	3,189	2,940	3,013	3,452	2,216	(973)
% change		-7.8%	2.5%	14.6%	-35.8%	-30.5%
Other Expenditures	899	885	811	484	366	(533)
% change		-1.6%	-8.4%	-40.3%	-24.4%	-59.3%
Total	4,088	3,825	3,824	3,936	2,582	(1,506)
% change		-6.4%	0.0%	2.9%	-34.4%	-36.9%

A.1 – Education and Training

2. School Programs (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	17,753	18,093	17,826	17,258	19,921	2,168
% change		1.9%	-1.5%	-3.2%	15.4%	12.2%
Other Expenditures	7,524	7,312	5,226	5,537	5,182	(2,342)
% change		-2.8%	-28.5%	6.0%	-6.4%	-31.1%
Programs and Grants	686	1,005	1,087	1,046	1,270	584
% change		46.5%	8.2%	-3.8%	21.4%	85.1%
Total	25,963	26,410	24,139	23,841	26,373	410
% change		1.7%	-8.6%	-1.2%	10.6%	1.6%

3. Bureau de L'Éducation Française (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	3,592	3,700	3,731	3,954	4,791	1,199
% change		3.0%	0.8%	6.0%	21.2%	33.4%
Other Expenditures	2,752	2,820	2,200	1,982	1,583	(1,169)
% change		2.5%	-22.0%	-9.9%	-20.1%	-42.5%
Programs and Grants	3,198	3,151	3,113	3,120	3,356	158
% change		-1.5%	-1.2%	0.2%	7.6%	4.9%
Total	9,542	9,671	9,044	9,056	9,730	188
% change		1.4%	-6.5%	0.1%	7.4%	2.0%

4. Education and School Tax Credits (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Programs and Grants	315,753	324,198	340,045	351,408	335,361	19,608
% change		2.7%	4.9%	3.3%	-4.6%	6.2%
Total	315,753	324,198	340,045	351,408	335,361	19,608
% change		2.7%	4.9%	3.3%	-4.6%	6.2%

A.1 – Education and Training

5. Support to Schools (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	3,631	3,976	3,907	3,680	4,123	492
<i>% change</i>		9.5%	-1.7%	-5.8%	12.0%	13.5%
Other Expenditures	4,295	4,408	3,915	3,784	3,794	(501)
<i>% change</i>		2.6%	-11.2%	-3.3%	0.3%	-11.7%
Programs and Grants	1,233,273	1,257,762	1,276,257	1,318,887	1,345,590	112,317
<i>% change</i>		2.0%	1.5%	3.3%	2.0%	9.1%
Total	1,241,199	1,266,146	1,284,079	1,326,351	1,353,507	112,308
<i>% change</i>		2.0%	1.4%	3.3%	2.0%	9.0%

6. Advanced and Adult Learning (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	6,178	6,530	6,282	6,227	6,665	487
<i>% change</i>		5.7%	-3.8%	-0.9%	7.0%	7.9%
Other Expenditures	2,412	2,467	1,694	1,652	1,928	(484)
<i>% change</i>		2.3%	-31.3%	-2.5%	16.7%	-20.1%
Programs and Grants	662,344	685,892	702,927	726,012	756,210	93,866
<i>% change</i>		3.6%	2.5%	3.3%	4.2%	14.2%
Recoveries	(5,163)	(4,222)	(3,784)	(4,232)	(5,037)	126
<i>% change</i>		-18.2%	-10.4%	11.8%	19.0%	-2.4%
Total	665,771	690,667	707,119	729,659	759,766	93,995
<i>% change</i>		3.7%	2.4%	3.2%	4.1%	14.1%

A.1 – Education and Training

7. Workforce Training and Immigration Services (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	26,987	26,011	23,565	23,778	26,209	(778)
% change		-3.6%	-9.4%	0.9%	10.2%	-2.9%
Other Expenditures	8,296	7,442	7,975	7,174	4,731	(3,565)
% change		-10.3%	7.2%	-10.0%	-34.1%	-43.0%
Programs and Grants	123,861	105,029	95,156	99,325	101,731	(22,130)
% change		-15.2%	-9.4%	4.4%	2.4%	-17.9%
Recoveries	(12,463)	(12,494)	(12,494)	(12,494)	(12,494)	(31)
% change		0.2%	0.0%	0.0%	0.0%	0.2%
Total	146,681	125,988	114,202	117,783	120,177	(26,504)
% change		-14.1%	-9.4%	3.1%	2.0%	-18.1%

8. Children and Youth Services (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	4,307	4,388	4,371	4,487	4,533	226
% change		1.9%	-0.4%	2.7%	1.0%	5.2%
Other Expenditures	1,443	1,176	1,101	2,708	1,030	(413)
% change		-18.5%	-6.4%	146.0%	-62.0%	-28.6%
Programs and Grants	41,355	41,801	42,509	43,686	49,147	7,792
% change		1.1%	1.7%	2.8%	12.5%	18.8%
Recoveries	(7,448)	(6,889)	(7,026)	(7,297)	(7,490)	(42)
% change		-7.5%	2.0%	3.9%	2.6%	0.6%
Total	39,657	40,476	40,955	43,584	47,220	7,563
% change		2.1%	1.2%	6.4%	8.3%	19.1%

10. Costs Related to Capital Assets (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Capital	1,909	1,750	1,607	7,628	935	(974)
% change		-8.3%	-8.2%	374.7%	-87.7%	-51.0%
Total	1,909	1,750	1,607	7,628	935	(974)
% change		-8.3%	-8.2%	374.7%	-87.7%	-51.0%

Note: No expenditures were shown for Division 9, Capital Funding during this period.

A.1 – Education and Training

Education and Training, Salaries and Benefits (\$,000)	2012/13			2016/17			Change			Change %		
	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.
1. Admin and Finance	45.0	3,256	72.4	27.0	2,216	82.1	-18.0	-1040	9.7	-40.0%	-31.9%	13.4%
2. School Programs	269.8	18,795	69.7	251.9	19,921	79.1	-17.9	1,126	9.4	-6.6%	6.0%	13.5%
3. Bureau de L'education	62.0	4,485	72.3	60.0	4,791	79.9	-2.0	306	7.5	-3.2%	6.8%	10.4%
4. Support to Schools	55.0	3,741	68.0	53.0	4,123	77.8	-2.0	382	9.8	-3.6%	10.2%	14.4%
5. Advanced and Adult Learning	95.3	6,310	66.2	91.0	6,665	73.2	-4.3	355	7.0	-4.5%	5.6%	10.6%
6. Workforce Training and Immigration	371.5	25,815	69.5	376.8	26,209	69.6	5.3	394	0.1	1.4%	1.5%	0.1%
7. Children and Youth Services	55.9	4,075	72.9	55.0	3,952	71.9	-0.9	-123	-1.1	-1.6%	-3.0%	-1.5%
Total	954.3	66,477	69.7	914.7	67,877	74.2	-39.7	1,400	4.6	-4.2%	2.1%	6.5%

Note: FTEs and costs related to the STEP program in the Child and Youth Services division have been excluded from the above table.

A.2 - Justice

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	310,383	337,465	345,693	361,669	365,943	55,560
% change		8.7%	2.4%	4.6%	1.2%	17.9%
Other Expenditures	72,941	72,675	70,271	70,053	73,361	420
% change		-0.4%	-3.3%	-0.3%	4.7%	0.6%
Programs and Grants	133,229	135,786	138,434	146,969	155,228	21,999
% change		1.9%	2.0%	6.2%	5.6%	16.5%
Recoveries	(3,750)	(3,696)	(11,647)	(11,745)	(12,574)	(8,824)
% change		-1.4%	215.1%	0.8%	7.1%	235.3%
Capital	3,374	3,137	3,477	3,497	3,886	512
% change		-7.0%	10.8%	0.6%	11.1%	15.2%
Total	516,177	545,367	546,228	570,443	585,844	69,667
% change		5.7%	0.2%	4.4%	2.7%	13.5%

1. Administration and Finance (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	2,660	3,315	2,984	3,491	3,730	1,070
% change		24.6%	-10.0%	17.0%	6.8%	40.2%
Other Expenditures	1,150	807	677	545	698	(452)
% change		-29.8%	-16.1%	-19.5%	28.1%	-39.3%
Recoveries	(35)	-	-	-	(216)	(181)
% change		-100.0%				517.1%
Total	3,775	4,122	3,661	4,036	4,212	437
% change		9.2%	-11.2%	10.3%	4.4%	11.6%

A.2 – Justice

2. Criminal Law (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	26,050	28,315	30,188	31,978	37,535	11,485
% change		8.7%	6.6%	5.9%	17.4%	44.1%
Other Expenditures	8,357	7,845	8,540	6,983	8,049	(308)
% change		-6.1%	8.9%	-18.2%	15.3%	-3.7%
Programs and Grants	8,178	6,176	1,607	1,729	3,718	(4,460)
% change		-24.5%	-74.0%	7.6%	115.0%	-54.5%
Total	42,585	42,336	40,334	40,690	49,303	6,718
% change		-0.6%	-4.7%	0.9%	21.2%	15.8%

3. Civil Law (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	23,108	24,160	31,314	31,392	36,102	12,994
% change		4.6%	29.6%	0.2%	15.0%	56.2%
Other Expenditures	18,365	18,128	20,273	20,036	20,066	1,701
% change		-1.3%	11.8%	-1.2%	0.1%	9.3%
Programs and Grants	85	85	85	85	85	-
% change		0.0%	0.0%	0.0%	0.0%	0.0%
Recoveries	-	-	(8,206)	(8,136)	(8,527)	(8,527)
% change				-0.9%	4.8%	
Total	41,558	42,373	43,466	43,377	47,726	6,168
% change		2.0%	2.6%	-0.2%	10.0%	14.8%

A.2 - Justice

4. Community Safety (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	201,595	224,870	224,897	235,168	228,297	26,702
<i>% change</i>		11.5%	0.0%	4.6%	-2.9%	13.2%
Other Expenditures	30,647	31,127	27,806	29,465	31,580	933
<i>% change</i>		1.6%	-10.7%	6.0%	7.2%	3.0%
Programs and Grants	124,791	129,402	136,596	145,042	151,259	26,468
<i>% change</i>		3.7%	5.6%	6.2%	4.3%	21.2%
Recoveries	(3,515)	(3,463)	(3,441)	(3,609)	(3,831)	(316)
<i>% change</i>		-1.5%	-0.6%	4.9%	6.2%	9.0%
Total	353,518	381,936	385,858	406,066	407,305	53,787
<i>% change</i>		8.0%	1.0%	5.2%	0.3%	15.2%

5. Courts (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	48,791	48,429	47,353	50,645	50,429	1,638
<i>% change</i>		-0.7%	-2.2%	7.0%	-0.4%	3.4%
Other Expenditures	12,420	12,667	11,535	11,535	11,051	(1,369)
<i>% change</i>		2.0%	-8.9%	0.0%	-4.2%	-11.0%
Programs and Grants	16	19	-	-	53	37
<i>% change</i>		18.8%	-100.0%			231.3%
Recoveries	(200)	(233)	-	-	-	200
<i>% change</i>		16.5%	-100.0%			-100.0%
Total	61,027	60,882	58,888	62,180	61,533	506
<i>% change</i>		-0.2%	-3.3%	5.6%	-1.0%	0.8%

A.2 – Justice

6. Consumer Protection (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	8,179	8,376	8,957	8,995	9,850	1,671
<i>% change</i>		2.4%	6.9%	0.4%	9.5%	20.4%
Other Expenditures	2,002	2,101	1,440	1,489	1,917	(85)
<i>% change</i>		4.9%	-31.5%	3.4%	28.7%	-4.2%
Programs and Grants	159	104	146	113	113	(46)
<i>% change</i>		-34.6%	40.4%	-22.6%	0.0%	-28.9%
Total	10,340	10,581	10,543	10,597	11,880	1,540
<i>% change</i>		2.3%	-0.4%	0.5%	12.1%	14.9%

7. Costs Related To Capital Assets (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Programs and Grants	3,374	3,137	3,477	3,497	3,886	512
<i>% change</i>		-7.0%	10.8%	0.6%	11.1%	15.2%
Total	3,374	3,137	3,477	3,497	3,886	512
<i>% change</i>		-7.0%	10.8%	0.6%	11.1%	15.2%

A.2 – Justice

Justice, Salaries and Benefits (\$,000)	2012/13			2016/17			Change			Change %		
	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.
1. Admin and Finance	43.3	3,420	72.4	40.5	3,730	92.1	-2.8	310	19.7	-6.5%	9.1%	27.3%
2. Criminal Law	318.8	27,700	69.7	364.8	37,535	102.9	46.0	9,835	33.2	14.4%	35.5%	47.7%
3. Civil Law	92.0	9,058	98.5	155.0	18,599	120.0	63.0	9,541	21.5	68.5%	105.3%	21.9%
4. Community Safety	2,178.0	178,524	82.0	2,166.0	228,297	105.4	-12.0	49,773	23.4	-0.5%	27.9%	28.6%
5. Courts	508.7	47,558	93.5	507.7	50,429	99.3	-1.0	2,871	5.8	-0.2%	6.0%	6.2%
6. Consumer Protection	116.7	8,898	76.3	124.3	9,850	79.2	7.6	952	3.0	6.5%	10.7%	3.9%
Total	3,257.5	275,158	84.5	3,358.3	348,440	103.8	100.8	73,282	19.3	3.1%	26.6%	22.8%

Note: FTEs and costs related to Legal Aid in the Civil Law division have been excluded from the above table as FTE information is not included in the SILR.

A.3 – Finance

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	83,024	85,865	84,793	87,047	89,110	6,086
% change		3.4%	-1.2%	2.7%	2.4%	7.3%
Other Expenditures	178,101	186,043	186,899	185,053	197,654	19,553
% change		4.5%	0.5%	-1.0%	6.8%	11.0%
Programs and Grants	345,681	342,667	365,430	378,286	361,445	15,764
% change		-0.9%	6.6%	3.5%	-4.5%	4.6%
Recoveries	(463,676)	(476,662)	(448,546)	(452,115)	(441,929)	21,747
% change		2.8%	-5.9%	0.8%	-2.3%	-4.7%
Capital	60,834	62,387	67,803	69,714	72,069	11,235
% change		2.6%	8.7%	2.8%	3.4%	18.5%
Total, before debt	203,964	200,300	256,379	267,985	278,349	74,385
% change		-1.8%	28.0%	4.5%	3.9%	36.5%
Public Debt (Statutory)	233,511	208,071	199,931	195,161	230,000	(3,511)
% change		-10.9%	-3.9%	-2.4%	17.9%	-1.5%
Total	437,475	408,371	456,310	463,146	508,349	70,874
% change		-6.7%	11.7%	1.5%	9.8%	16.2%

1. Administration and Finance (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	3,261	3,651	3,467	3,674	4,740	1,479
% change		12.0%	-5.0%	6.0%	29.0%	45.4%
Other Expenditures	719	559	482	578	565	(154)
% change		-22.3%	-13.8%	19.9%	-2.2%	-21.4%
Total	3,980	4,210	3,949	4,252	5,305	1,325
% change		5.8%	-6.2%	7.7%	24.8%	33.3%

A.3 – Finance

2. Fiscal and Financial Management (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	22,582	23,791	23,601	23,419	25,902	3,320
% change		5.4%	-0.8%	-0.8%	10.6%	14.7%
Other Expenditures	8,582	10,401	10,480	7,310	9,571	989
% change		21.2%	0.8%	-30.2%	30.9%	11.5%
Recoveries	(2,766)	(2,778)	(2,769)	(2,491)	(3,390)	(624)
% change		0.4%	-0.3%	-10.0%	36.1%	22.6%
Total	28,398	31,414	31,312	28,238	32,084	3,686
% change		10.6%	-0.3%	-9.8%	13.6%	13.0%

3. Treasury Board Secretariat (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	3,335	3,567	3,272	3,590	3,446	111
% change		7.0%	-8.3%	9.7%	-4.0%	3.3%
Other Expenditures	797	716	395	388	246	(551)
% change		-10.2%	-44.8%	-1.7%	-36.7%	-69.1%
Total	4,132	4,283	3,666	3,978	3,692	(440)
% change		3.7%	-14.4%	8.5%	-7.2%	-10.7%

4. Priorities and Planning (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	1,526	1,652	1,617	1,702	1,245	(281)
% change		8.3%	-2.1%	5.3%	-26.9%	-18.4%
Other Expenditures	650	551	247	256	380	(270)
% change		-15.2%	-55.2%	3.6%	48.4%	-41.5%
Total	2,176	2,203	1,863	1,958	1,625	(551)
% change		1.2%	-15.4%	5.1%	-17.0%	-25.3%

A.3 – Finance

5. Central Services (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	52,320	53,204	52,836	54,662	53,777	1,457
% change		1.7%	-0.7%	3.5%	-1.6%	2.8%
Other Expenditures	167,353	173,816	175,295	176,521	186,892	19,539
% change		3.9%	0.9%	0.7%	5.9%	11.7%
Programs and Grants	759	346	346	346	346	(413)
% change		-54.4%	0.0%	0.0%	0.0%	-54.4%
Recoveries	(136,103)	(141,672)	(93,917)	(89,247)	(93,536)	42,567
% change		4.1%	-33.7%	-5.0%	4.8%	-31.3%
Total	84,329	85,694	134,560	142,282	147,479	63,150
% change		1.6%	57.0%	5.7%	3.7%	74.9%

6. Costs Related To Capital Assets (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Recoveries	(6,486)	(3,024)	(6,684)	(2,818)	(2,789)	3,697
% change		-53.4%	121.0%	-57.8%	-1.0%	-57.0%
Capital	60,834	62,387	67,803	69,714	72,069	11,235
% change		2.6%	8.7%	2.8%	3.4%	18.5%
Total	54,348	59,363	61,119	66,896	69,280	14,932
% change		9.2%	3.0%	9.4%	3.6%	27.5%

7. Net Tax Credit Payments (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Programs and Grants	344,922	342,321	365,084	377,940	361,099	16,177
% change		-0.8%	6.6%	3.5%	-4.5%	4.7%
Recoveries	(318,321)	(329,188)	(345,176)	(357,559)	(342,214)	(23,893)
% change		3.4%	4.9%	3.6%	-4.3%	7.5%
Total	26,601	13,133	19,908	20,381	18,885	(7,716)
% change		-50.6%	51.6%	2.4%	-7.3%	-29.0%

8. Public Debt (Statutory) (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Public Debt (Statutory)	233,511	208,071	199,931	195,161	230,000	(3,511)
% change		-10.9%	-3.9%	-2.4%	17.9%	-1.5%

A.3 – Finance

Finance, Salaries and Benefits (\$,000)	2012/13			2016/17			Change			Change %		
	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.
1. Admin and Finance	27.0	1,985	73.5	66.0	4,740	82.1	39.0	2755	8.6	144.4%	138.8%	11.6%
2. Fiscal and Financial Management	356.4	25,280	70.9	348.0	25,902	74.4	-8.4	622	3.5	-2.4%	2.5%	4.9%
3. Treasury Board Secretariat	43.0	3,551	82.6	39.0	3,446	88.4	-4.0	-105	5.8	-9.3%	-3.0%	7.0%
4. Priorities and Planning	15.0	1,622	108.1	12.0	1,245	103.8	-3.0	-377	-4.4	-20.0%	-23.2%	-4.1%
5. Central Services	740.7	53,952	72.8	711.6	53,777	75.6	-29.1	-175	2.7	-3.9%	-0.3%	3.8%
Total	1,182.1	86,390	73.1	1,176.6	89,110	75.7	-5.6	2,720	2.7	-0.5%	3.1%	3.6%

A.4 – Families

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	139,184	141,460	140,478	144,059	142,916	3,732
% change		1.6%	-0.7%	2.5%	-0.8%	2.7%
Other Expenditures	29,556	29,793	22,526	23,513	25,182	(4,374)
% change		0.8%	-24.4%	4.4%	7.1%	-14.8%
Programs and Grants	1,388,877	1,440,150	1,519,212	1,654,582	1,757,554	368,677
% change		3.7%	5.5%	8.9%	6.2%	26.5%
Recoveries	(301)	(277)	(300)	(356)	(338)	(37)
% change		-8.0%	8.3%	18.7%	-5.1%	12.3%
Capital	3,475	2,811	2,693	2,583	2,311	(1,164)
% change		-19.1%	-4.2%	-4.1%	-10.5%	-33.5%
Total	1,560,791	1,613,937	1,684,609	1,824,381	1,927,625	366,834
% change		3.4%	4.4%	8.3%	5.7%	23.5%

1. Administration and Finance (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	5,897	6,326	5,307	5,143	5,590	(307)
% change		7.3%	-16.1%	-3.1%	8.7%	-5.2%
Other Expenditures	3,150	2,499	1,789	1,949	2,249	(901)
% change		-20.7%	-28.4%	8.9%	15.4%	-28.6%
Total	9,047	8,825	7,096	7,092	7,839	(1,208)
% change		-2.5%	-19.6%	0.0%	10.5%	-13.3%

A.4 – Families

2. Community Service Delivery (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	119,584	121,137	116,930	120,938	118,372	(1,212)
% change		1.3%	-3.5%	3.4%	-2.1%	-1.0%
Other Expenditures	22,612	23,151	17,242	17,653	19,375	(3,237)
% change		2.4%	-25.5%	2.4%	9.8%	-14.3%
Programs and Grants	733,878	759,150	805,421	874,204	944,849	210,971
% change		3.4%	6.1%	8.5%	8.1%	28.7%
Recoveries	(301)	(277)	(300)	(356)	(338)	(37)
% change		-8.0%	8.3%	18.7%	-5.1%	12.3%
Total	875,773	903,161	939,293	1,012,439	1,082,258	206,485
% change		3.1%	4.0%	7.8%	6.9%	23.6%

3. Community Engagement and Corporate Services (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	5,447	5,699	9,626	9,389	10,806	5,359
% change		4.6%	68.9%	-2.5%	15.1%	98.4%
Other Expenditures	1,770	1,944	1,960	2,110	2,305	535
% change		9.8%	0.8%	7.7%	9.2%	30.2%
Programs and Grants	173,797	179,551	191,520	204,394	211,340	37,543
% change		3.3%	6.7%	6.7%	3.4%	21.6%
Total	181,014	187,194	203,107	215,893	224,451	43,437
% change		3.4%	8.5%	6.3%	4.0%	24.0%

4. Child and Family Services (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	7,518	7,383	7,960	8,022	8,148	630
% change		-1.8%	7.8%	0.8%	1.6%	8.4%
Other Expenditures	1,963	2,154	1,489	1,768	1,253	(710)
% change		9.7%	-30.9%	18.7%	-29.1%	-36.2%
Programs and Grants	414,424	430,785	451,542	495,010	474,298	59,874
% change		3.9%	4.8%	9.6%	-4.2%	14.4%
Total	423,905	440,322	460,991	504,800	483,699	59,794
% change		3.9%	4.7%	9.5%	-4.2%	14.1%

A.4 – Families

5. Housing (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	738	915	655	567	-	(738)
<i>% change</i>		24.0%	-28.4%	-13.4%	-100.0%	-100.0%
Other Expenditures	61	45	46	33	-	(61)
<i>% change</i>		-26.2%	2.2%	-28.3%	-100.0%	-100.0%
Programs and Grants	66,778	70,664	70,729	80,974	127,067	60,289
<i>% change</i>		5.8%	0.1%	14.5%	56.9%	90.3%
Total	67,577	71,624	71,430	81,574	127,067	59,490
<i>% change</i>		6.0%	-0.3%	14.2%	55.8%	88.0%

6. Costs Related To Capital Assets (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Capital	3,475	2,811	2,693	2,583	2,311	(1,164)
<i>% change</i>		-19.1%	-4.2%	-4.1%	-10.5%	-33.5%
Total	3,475	2,811	2,693	2,583	2,311	(1,164)
<i>% change</i>		-19.1%	-4.2%	-4.1%	-10.5%	-33.5%

A.4 – Families

Families, Salaries and Benefits (\$,000)	2012/13			2016/17			Change			Change %		
	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.
1. Admin and Finance	89.5	6,242	69.7	81.0	5,590	69.0	-8.5	-652	-0.7	-9.5%	-10.4%	-1.0%
2. Community Service Delivery	1,878.6	119,000	63.3	1,784.5	118,372	66.3	-94.1	-628	3.0	-5.0%	-0.5%	4.7%
3. Community Engagement and Corporate Services	81.5	5,652	69.3	138.4	10,806	78.1	56.9	5,154	8.7	69.8%	91.2%	12.6%
4. Child and Family Services	107.5	6,706	62.4	119.0	8,148	68.5	11.5	1,442	6.1	10.7%	21.5%	9.8%
5. Housing	10.0	839	83.9	-	0	0.0	-10.0	-839	-83.9	-100.0%	-100.0%	-100.0%
Total	2,167.1	138,439	63.9	2,122.9	142,916	67.3	-44.2	4,477	3.4	-2.0%	3.2%	5.4%

A.5 - Infrastructure

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	130,742	126,690	135,260	138,618	141,840	11,098
% change		-3.1%	6.8%	2.5%	2.3%	8.5%
Other Expenditures	166,242	153,160	162,401	166,090	165,542	(700)
% change		-7.9%	6.0%	2.3%	-0.3%	-0.4%
Programs and Grants	27,900	-	-	-	-	(27,900)
% change		-100.0%				-100.0%
Recoveries	(66,326)	(73,218)	(87,591)	(88,719)	(90,500)	(24,174)
% change		10.4%	19.6%	1.3%	2.0%	36.4%
Capital	279,799	304,719	340,209	371,324	408,211	128,412
% change		8.9%	11.6%	9.1%	9.9%	45.9%
Total	538,357	511,351	550,279	587,313	625,093	86,736
% change		-5.0%	7.6%	6.7%	6.4%	16.1%

1. Corporate Services (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	13,828	14,702	14,944	15,656	16,220	2,392
% change		6.3%	1.6%	4.8%	3.6%	17.3%
Other Expenditures	9,843	10,250	7,640	7,886	11,334	1,491
% change		4.1%	-25.5%	3.2%	43.7%	15.1%
Recoveries	(15,979)	(16,473)	(14,928)	(14,968)	(18,373)	(2,394)
% change		3.1%	-9.4%	0.3%	22.7%	15.0%
Total	7,692	8,479	7,656	8,574	9,181	1,489
% change		10.2%	-9.7%	12.0%	7.1%	19.4%

A.5 - Infrastructure

2. Highways, Transportation and Water Control Programs (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	41,226	41,371	43,233	42,714	48,337	7,111
% change		0.4%	4.5%	-1.2%	13.2%	17.2%
Other Expenditures	15,423	12,482	13,914	11,435	12,339	(3,084)
% change		-19.1%	11.5%	-17.8%	7.9%	-20.0%
Programs and Grants	27,900	-	-	-	-	(27,900)
% change		-100.0%				-100.0%
Recoveries	(10,358)	(10,179)	(10,888)	(13,336)	(14,271)	(3,913)
% change		-1.7%	7.0%	22.5%	7.0%	37.8%
Total	74,191	43,674	46,259	40,813	46,405	(27,786)
% change		-41.1%	5.9%	-11.8%	13.7%	-37.5%

3. Infrastructure Works (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	73,856	68,619	75,185	77,995	75,136	1,280
% change		-7.1%	9.6%	3.7%	-3.7%	1.7%
Other Expenditures	140,368	129,812	140,603	146,247	141,302	934
% change		-7.5%	8.3%	4.0%	-3.4%	0.7%
Recoveries	(18,658)	(21,272)	(33,684)	(35,575)	(33,863)	(15,205)
% change		14.0%	58.3%	5.6%	-4.8%	81.5%
Total	195,566	177,159	182,105	188,667	182,575	(12,991)
% change		-9.4%	2.8%	3.6%	-3.2%	-6.6%

4. Emergency Management and Public Safety (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	1,832	1,998	1,898	2,253	2,147	315
% change		9.1%	-5.0%	18.7%	-4.7%	17.2%
Other Expenditures	608	616	244	522	567	(41)
% change		1.3%	-60.4%	113.9%	8.6%	-6.7%
Total	2,440	2,614	2,142	2,775	2,714	274
% change		7.1%	-18.1%	29.7%	-2.2%	11.2%

A.5 - Infrastructure

5. Costs Related To Capital Assets (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Recoveries	(21,311)	(25,294)	(28,091)	(24,840)	(23,993)	(2,662)
% change		18.6%	11.1%	-11.6%	-3.4%	12.5%
Capital	279,799	304,719	340,209	371,324	408,211	128,412
% change		8.9%	11.6%	9.1%	9.9%	45.9%
Total	258,468	279,425	312,118	346,484	384,218	125,750
% change		8.1%	11.7%	11.0%	10.9%	48.7%

Infrastructure, Salaries and Benefits (\$,000)	2012/13			2016/17			Change			Change %		
	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.
1. Corporate Services	158.0	13,965	88.4	163.0	16,220	99.5	5.0	2,255	11.1	3.2%	16.1%	12.6%
2. Highways, Transportation and Water Control Programs	583.9	44,811	76.7	588.9	48,154	81.8	5.0	3,343	5.0	0.9%	7.5%	6.5%
3. Emergency Management and Public Safety	24.0	1,882	78.4	25.0	2,147	85.9	1.0	265	7.5	4.2%	14.1%	9.5%
Total	765.9	60,658	79.2	776.9	66,521	85.6	11.0	5,863	6.4	1.4%	9.7%	8.1%

Note: FTEs and costs related to the Infrastructure Works division have been excluded from the above table as cost information was not separately disclosed in the 2012/13 annual reports.

A.6 – Indigenous and Municipal Relations

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	27,883	29,179	28,711	29,404	32,181	4,298
% change		4.6%	-1.6%	2.4%	9.4%	15.4%
Other Expenditures	22,266	23,197	17,126	16,891	17,778	(4,488)
% change		4.2%	-26.2%	-1.4%	5.3%	-20.2%
Programs and Grants	448,987	515,149	543,949	562,459	547,650	98,663
% change		14.7%	5.6%	3.4%	-2.6%	22.0%
Recoveries	(75,624)	(106,055)	(105,537)	(110,805)	(99,682)	(24,058)
% change		40.2%	-0.5%	5.0%	-10.0%	31.8%
Capital	174	96	94	91	96	(78)
% change		-44.8%	-2.1%	-3.2%	5.5%	-44.8%
Total	423,686	461,566	484,343	498,040	498,023	74,337
% change		8.9%	4.9%	2.8%	0.0%	17.5%

1. Administration and Finance (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	3,341	3,678	3,846	4,093	3,409	68
% change		10.1%	4.6%	6.4%	-16.7%	2.0%
Other Expenditures	981	995	694	683	618	(363)
% change		1.4%	-30.3%	-1.6%	-9.5%	-37.0%
Total	4,322	4,673	4,540	4,776	4,027	(295)
% change		8.1%	-2.9%	5.2%	-15.7%	-6.8%

A.6 – Indigenous and Municipal Relations

2. Community Planning and Development (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	6,446	6,635	6,406	6,644	7,156	710
% change		2.9%	-3.5%	3.7%	7.7%	11.0%
Other Expenditures	2,098	2,383	1,491	1,467	1,897	(201)
% change		13.6%	-37.4%	-1.6%	29.3%	-9.6%
Programs and Grants	51,913	54,824	60,006	57,848	55,352	3,439
% change		5.6%	9.5%	-3.6%	-4.3%	6.6%
Recoveries	(4,561)	(4,818)	(4,069)	(4,508)	(5,427)	(866)
% change		5.6%	-15.5%	10.8%	20.4%	19.0%
Total	55,896	59,024	63,834	61,451	58,978	3,083
% change		5.6%	8.1%	-3.7%	-4.0%	5.5%

3. Infrastructure and Municipal Services (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	12,443	13,027	12,541	12,446	15,471	3,028
% change		4.7%	-3.7%	-0.8%	24.3%	24.3%
Other Expenditures	3,311	3,808	2,557	2,495	3,200	(111)
% change		15.0%	-32.9%	-2.4%	28.3%	-3.4%
Programs and Grants	33,533	56,807	61,797	68,555	50,947	17,414
% change		69.4%	8.8%	10.9%	-25.7%	51.9%
Recoveries	(29,886)	(57,204)	(61,402)	(65,072)	(52,051)	(22,165)
% change		91.4%	7.3%	6.0%	-20.0%	74.2%
Total	19,401	16,438	15,493	18,424	17,567	(1,834)
% change		-15.3%	-5.8%	18.9%	-4.7%	-9.5%

A.6 – Indigenous and Municipal Relations

4. Financial Assistance to Municipalities (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Programs and Grants	350,235	389,624	410,210	423,803	428,791	78,556
% change		11.2%	5.3%	3.3%	1.2%	22.4%
Recoveries	(38,192)	(39,105)	(40,066)	(41,225)	(42,204)	(4,012)
% change		2.4%	2.5%	2.9%	2.4%	10.5%
Total	312,043	350,519	370,144	382,578	386,587	74,544
% change		12.3%	5.6%	3.4%	1.0%	23.9%

5. Indigenous and Northern Affairs (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	5,653	5,839	5,918	6,221	6,145	492
% change		3.3%	1.4%	5.1%	-1.2%	8.7%
Other Expenditures	12,891	12,583	12,384	12,246	12,063	(828)
% change		-2.4%	-1.6%	-1.1%	-1.5%	-6.4%
Programs and Grants	13,306	13,894	11,936	12,253	12,560	(746)
% change		4.4%	-14.1%	2.7%	2.5%	-5.6%
Recoveries	-	(1,500)	-	-	-	-
% change			-100.0%			
Total	31,850	30,816	30,237	30,720	30,768	(1,082)
% change		-3.2%	-1.9%	1.6%	0.2%	-3.4%

6. Costs Related to Capital Assets (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Capital	174	96	94	91	96	(78)
% change		-44.8%	-2.1%	-3.2%	5.5%	-44.8%
Total	174	96	94	91	96	(78)
% change		-44.8%	-2.1%	-3.2%	5.5%	-44.8%

A.6 – Indigenous and Municipal Relations

Indigenous and Municipal Relations, Salaries and Benefits (\$,000)	2012/13			2016/17			Change			Change %		
	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.	FTE	Cost	Avg.
1. Admin and Finance	52.1	3,864	74.2	41.1	3,409	82.9	-11.0	-455	8.8	-21.1%	-11.8%	11.8%
2. Community Planning and Development	97.0	7,158	73.8	94.5	7,156	75.7	-2.5	-2	1.9	-2.6%	0.0%	2.6%
3. Infrastructure and Municipal Services	157.8	11,299	71.6	168.3	13,052	77.6	10.5	1,753	5.9	6.7%	15.5%	8.3%
4. Financial Assistance to Municipalities	-	0	0.0	-	0	0.0	0.0	0	0.0	0.0%	0.0%	0.0%
5. Indigenous and Northern Affairs	79.0	6,195	78.4	75.0	6,145	81.9	-4.0	-50	3.5	-5.1%	-0.8%	4.5%
Total	385.9	28,516	73.9	378.9	29,762	78.5	-7.0	1,246	4.7	-1.8%	4.4%	6.3%

Note: FTEs and costs related to the Manitoba Water Services Board in the Infrastructure and Municipal Services division have been excluded from the above table as FTE information is not included in the SILR.

A.7 – Sustainable Development

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	82,648	81,167	85,971	86,902	83,147	499
% change		-1.8%	5.9%	1.1%	-4.3%	0.6%
Other Expenditures	59,300	51,318	39,615	40,294	42,944	(16,356)
% change		-13.5%	-22.8%	1.7%	6.6%	-27.6%
Programs and Grants	8,957	5,475	3,136	4,491	3,491	(5,466)
% change		-38.9%	-42.7%	43.2%	-22.3%	-61.0%
Recoveries	(2,115)	(2,626)	(1,845)	(2,171)	(2,914)	(799)
% change		24.2%	-29.7%	17.7%	34.2%	37.8%
Capital	10,516	11,805	43,607	12,815	15,047	4,531
% change		12.3%	269.4%	-70.6%	17.4%	43.1%
Total	159,306	147,139	170,484	142,331	141,715	(17,591)
% change		-7.6%	15.9%	-16.5%	-0.4%	-11.0%

1. Finance and Crown Lands (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	10,306	10,218	9,416	9,391	9,781	(525)
% change		-0.9%	-7.8%	-0.3%	4.2%	-5.1%
Other Expenditures	10,625	9,064	6,663	8,026	6,756	(3,869)
% change		-14.7%	-26.5%	20.5%	-15.8%	-36.4%
Programs and Grants	309	525	234	234	234	(75)
% change		69.9%	-55.4%	0.0%	0.0%	-24.3%
Recoveries	(1,152)	(1,658)	(874)	(1,031)	(1,621)	(469)
% change		43.9%	-47.3%	18.0%	57.2%	40.7%
Total	20,088	18,149	15,439	16,620	15,150	(4,938)
% change		-9.6%	-14.9%	7.7%	-8.8%	-24.6%

A.7 – Sustainable Development

2. Parks and Regional Services (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	41,366	41,164	49,399	50,286	45,725	4,359
<i>% change</i>		-0.5%	20.0%	1.8%	-9.1%	10.5%
Other Expenditures	28,898	26,855	20,555	20,554	24,991	(3,907)
<i>% change</i>		-7.1%	-23.5%	0.0%	21.6%	-13.5%
Programs and Grants	467	466	460	460	461	(6)
<i>% change</i>		-0.2%	-1.3%	0.0%	0.2%	-1.3%
Recoveries	(963)	(968)	(971)	(972)	(972)	(9)
<i>% change</i>		0.5%	0.3%	0.1%	0.0%	0.9%
Total	69,768	67,517	69,443	70,328	70,205	437
<i>% change</i>		-3.2%	2.9%	1.3%	-0.2%	0.6%

3. Environmental Stewardship (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	10,523	9,568	9,357	10,082	9,784	(739)
<i>% change</i>		-9.1%	-2.2%	7.7%	-3.0%	-7.0%
Other Expenditures	6,305	4,129	2,111	1,797	1,670	(4,635)
<i>% change</i>		-34.5%	-48.9%	-14.9%	-7.1%	-73.5%
Programs and Grants	1,795	1,110	1,110	2,089	1,110	(685)
<i>% change</i>		-38.2%	0.0%	88.2%	-46.9%	-38.2%
Recoveries	-	-	-	(168)	(193)	(193)
<i>% change</i>					14.9%	
Total	18,623	14,807	12,578	13,800	12,371	(6,252)
<i>% change</i>		-20.5%	-15.1%	9.7%	-10.4%	-33.6%

A.7 – Sustainable Development

4. Water Stewardship and Biodiversity (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	20,453	20,217	17,799	17,143	17,857	(2,596)
% change		-1.2%	-12.0%	-3.7%	4.2%	-12.7%
Other Expenditures	13,472	11,270	10,286	9,917	9,527	(3,945)
% change		-16.3%	-8.7%	-3.6%	-3.9%	-29.3%
Programs and Grants	6,386	3,374	1,332	1,708	1,686	(4,700)
% change		-47.2%	-60.5%	28.2%	-1.3%	-73.6%
Recoveries					(128)	(128)
% change						
Total	40,311	34,861	29,417	28,768	28,942	(11,369)
% change		-13.5%	-15.6%	-2.2%	0.6%	-28.2%

5. Costs Related To Capital Assets (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Capital	10,516	11,805	43,607	12,815	15,047	4,531
% change		12.3%	269.4%	-70.6%	17.4%	43.1%
Total	10,516	11,805	43,607	12,815	15,047	4,531
% change		12.3%	269.4%	-70.6%	17.4%	43.1%

A.8 – Civil Service Commission

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	19,227	19,988	20,951	20,533	22,500	3,273
<i>% change</i>		4.0%	4.8%	-2.0%	9.6%	17.0%
Other Expenditures	3,888	4,494	3,197	3,505	3,908	20
<i>% change</i>		15.6%	-28.9%	9.6%	11.5%	0.5%
Recoveries	(825)	(1,742)	(3,209)	(3,341)	(4,731)	(3,906)
<i>% change</i>		111.2%	84.2%	4.1%	41.6%	473.5%
Capital	40	-	-	-	-	(40)
<i>% change</i>		-100.0%				-100.0%
Total	22,330	22,740	20,939	20,697	21,677	(653)
<i>% change</i>		1.8%	-7.9%	-1.2%	4.7%	-2.9%

A.9 – Growth, Enterprise and Trade

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	35,726	33,715	32,954	33,019	34,405	(1,321)
% change		-5.6%	-2.3%	0.2%	4.2%	-3.7%
Other Expenditures	14,327	16,306	16,490	29,983	9,436	(4,891)
% change		13.8%	1.1%	81.8%	-68.5%	-34.1%
Programs and Grants	49,938	48,386	45,080	46,620	50,679	741
% change		-3.1%	-6.8%	3.4%	8.7%	1.5%
Recoveries	(9,525)	(9,481)	(8,237)	(8,629)	(14,270)	(4,745)
% change		-0.5%	-13.1%	4.8%	65.4%	49.8%
Capital	3,102	3,082	2,837	2,574	2,343	(759)
% change		-0.6%	-7.9%	-9.3%	-9.0%	-24.5%
Total	93,568	92,008	89,125	103,567	82,593	(10,975)
% change		-1.7%	-3.1%	16.2%	-20.3%	-11.7%

1. Administration and Finance (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	4,083	4,507	4,792	4,708	3,626	(457)
% change		10.4%	6.3%	-1.8%	-23.0%	-11.2%
Other Expenditures	726	753	613	632	559	(167)
% change		3.7%	-18.6%	3.1%	-11.6%	-23.0%
Recoveries	(150)	(150)	(150)	(150)	-	150
% change		0.0%	0.0%	0.0%	-100.0%	-100.0%
Total	4,659	5,110	5,255	5,190	4,185	(474)
% change		9.7%	2.8%	-1.2%	-19.4%	-10.2%

A.9 – Growth, Enterprise and Trade

2. Business Services (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	4,849	3,232	3,165	3,120	3,073	(1,776)
<i>% change</i>		-33.3%	-2.1%	-1.4%	-1.5%	-36.6%
Other Expenditures	1,793	1,087	621	583	792	(1,001)
<i>% change</i>		-39.4%	-42.9%	-6.1%	35.8%	-55.8%
Programs and Grants	39,831	37,684	34,177	32,013	35,951	(3,880)
<i>% change</i>		-5.4%	-9.3%	-6.3%	12.3%	-9.7%
Recoveries	(7,690)	(5,951)	(5,059)	(5,158)	(10,642)	(2,952)
<i>% change</i>		-22.6%	-15.0%	2.0%	106.3%	38.4%
Total	38,783	36,052	32,904	30,558	29,174	(9,609)
<i>% change</i>		-7.0%	-8.7%	-7.1%	-4.5%	-24.8%

3. Labour Programs (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	13,154	12,961	12,416	12,122	13,865	711
<i>% change</i>		-1.5%	-4.2%	-2.4%	14.4%	5.4%
Other Expenditures	3,493	3,411	2,541	2,476	2,751	(742)
<i>% change</i>		-2.3%	-25.5%	-2.6%	11.1%	-21.2%
Programs and Grants	241	260	258	75	75	(166)
<i>% change</i>		7.9%	-0.8%	-70.9%	0.0%	-68.9%
Total	16,888	16,632	15,215	14,673	16,691	(197)
<i>% change</i>		-1.5%	-8.5%	-3.6%	13.8%	-1.2%

A.9 – Growth, Enterprise and Trade

4. Trade and Tourism (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	3,194	3,210	3,189	3,221	3,144	(50)
% change		0.5%	-0.7%	1.0%	-2.4%	-1.6%
Other Expenditures	2,704	2,510	2,293	2,215	1,677	(1,027)
% change		-7.2%	-8.6%	-3.4%	-24.3%	-38.0%
Programs and Grants	8,076	8,168	7,990	9,634	11,800	3,724
% change		1.1%	-2.2%	20.6%	22.5%	46.1%
Recoveries	(1,500)	(1,500)	(1,500)	(1,500)	(1,500)	-
% change		0.0%	0.0%	0.0%	0.0%	0.0%
Total	12,474	12,388	11,972	13,570	15,121	2,647
% change		-0.7%	-3.4%	13.4%	11.4%	21.2%

5. Community and Economic Growth (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	2,555	1,945	2,293	2,314	2,705	150
% change		-23.9%	17.9%	0.9%	16.9%	5.9%
Other Expenditures	799	842	842	809	958	159
% change		5.4%	0.0%	-3.9%	18.4%	19.9%
Programs and Grants	1,790	2,274	2,655	4,898	2,853	1,063
% change		27.0%	16.8%	84.5%	-41.8%	59.4%
Recoveries	(185)	(1,880)	(1,528)	(1,821)	(2,128)	(1,943)
% change		916.2%	-18.8%	19.2%	16.9%	1050.3%
Total	4,959	3,181	4,263	6,200	4,388	(571)
% change		-35.9%	34.0%	45.5%	-29.2%	-11.5%

A.9 – Growth, Enterprise and Trade

6. Resource Development (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	7,891	7,860	7,099	7,534	7,992	101
<i>% change</i>		-0.4%	-9.7%	6.1%	6.1%	1.3%
Other Expenditures	4,812	7,703	9,580	23,268	2,699	(2,113)
<i>% change</i>		60.1%	24.4%	142.9%	-88.4%	-43.9%
Total	12,703	15,563	16,679	30,802	10,691	(2,012)
<i>% change</i>		22.5%	7.2%	84.7%	-65.3%	-15.8%

7. Costs Related to Capital Assets (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Capital	3,102	3,082	2,837	2,574	2,343	(759)
<i>% change</i>		-0.6%	-7.9%	-9.3%	-9.0%	-24.5%
Total	3,102	3,082	2,837	2,574	2,343	(759)
<i>% change</i>		-0.6%	-7.9%	-9.3%	-9.0%	-24.5%

A.10 – Agriculture

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	28,846	29,061	26,680	27,721	31,696	2,850
% change		0.7%	-8.2%	3.9%	14.3%	9.9%
Other Expenditures	10,510	9,940	7,590	7,711	9,921	(589)
% change		-5.4%	-23.6%	1.6%	28.7%	-5.6%
Programs and Grants	186,862	154,572	155,059	116,611	140,726	(46,136)
% change		-17.3%	0.3%	-24.8%	20.7%	-24.7%
Recoveries	(1,367)	(2,644)	(1,607)	(1,984)	(2,300)	(933)
% change		93.4%	-39.2%	23.5%	15.9%	68.3%
Capital	500	338	335	336	328	(172)
% change		-32.4%	-0.9%	0.3%	-2.4%	-34.4%
Total	225,351	191,267	188,057	150,395	180,371	(44,980)
% change		-32.4%	0.9%	-20.0%	19.9%	-20.0%

1. Administration and Finance (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	3,218	2,879	2,737	2,955	3,499	281
% change		-10.5%	-4.9%	8.0%	18.4%	8.7%
Other Expenditures	632	625	508	621	903	271
% change		-1.1%	-18.7%	22.2%	45.4%	42.9%
Total	3,850	3,504	3,245	3,576	4,402	552
% change		-9.0%	-7.4%	10.2%	23.1%	14.4%

2. Strategic Policy and Innovation (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	4,255	4,035	3,073	3,142	4,217	(38)
% change		-5.2%	-23.8%	2.2%	34.2%	-0.9%
Other Expenditures	814	917	693	658	971	157
% change		12.7%	-24.4%	-5.1%	47.6%	19.3%
Programs and Grants	2,263	2,812	4,321	2,293	5,215	2,952
% change		24.3%	53.7%	-46.9%	127.4%	130.4%
Total	7,332	7,764	8,087	6,093	10,403	3,071
% change		5.9%	4.2%	-24.7%	70.8%	41.9%

A.10 – Agriculture

3. Risk Management, Credit and Income Support Programs (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Programs and Grants	176,313	148,187	150,536	114,010	134,729	(41,584)
% change		-16.0%	1.6%	-24.3%	18.2%	-23.6%
Total	176,313	148,187	150,536	114,010	134,729	(41,584)
% change		-16.0%	1.6%	-24.3%	18.2%	-23.6%

4. Agri-Industry Development and Advancement (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	10,997	11,667	14,605	15,605	16,752	5,755
% change		6.1%	25.2%	6.8%	7.4%	52.3%
Other Expenditures	4,873	4,693	5,008	5,221	6,215	1,342
% change		-3.7%	6.7%	4.3%	19.0%	27.5%
Programs and Grants	6,866	3,516	768	1,616	1,006	(5,860)
% change		-48.8%	-78.2%	110.4%	-37.7%	-85.3%
Recoveries	(1,367)	(2,644)	(1,607)	(1,984)	(2,300)	(933)
% change		93.4%	-39.2%	23.5%	15.9%	68.3%
Total	21,369	17,232	18,774	20,458	21,673	304
% change		-19.4%	8.9%	9.0%	5.9%	1.4%

A.10 – Agriculture

5. Agri-Food and Rural Economic Development							
(\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)	
Salaries and Employee Benefits	10,376	10,480	6,265	6,019	7,228	(3,148)	
<i>% change</i>		1.0%	-40.2%	-3.9%	20.1%	-30.3%	
Other Expenditures	4,191	3,705	1,381	1,211	1,832	(2,359)	
<i>% change</i>		-11.6%	-62.7%	-12.3%	51.3%	-56.3%	
Programs and Grants	1,420	57	(567)	(1,308)	(224)	(1,644)	
<i>% change</i>		-96.0%	-1093.9%	130.9%	-82.9%	-115.8%	
Total	15,987	14,242	7,080	5,922	8,836	(7,151)	
<i>% change</i>		-10.9%	-50.3%	-16.4%	49.2%	-44.7%	

6. Costs Related to Capital Assets							
(\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)	
Capital	500	338	335	336	328	(172)	
<i>% change</i>		-32.4%	-0.9%	0.3%	-2.4%	-34.4%	
Total	500	338	335	336	328	(172)	
<i>% change</i>		-32.4%	-0.9%	0.3%	-2.4%	-34.4%	

A.11 – Sport, Culture and Heritage

Whole Department (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	16,318	17,102	16,642	16,794	17,214	896
% change		4.8%	-2.7%	0.9%	2.5%	5.5%
Other Expenditures	7,916	7,431	4,304	4,526	4,404	(3,512)
% change		-6.1%	-42.1%	5.2%	-2.7%	-44.4%
Programs and Grants	47,044	47,257	47,720	53,479	48,335	1,291
% change		0.5%	1.0%	12.1%	-9.6%	2.7%
Recoveries	(3,391)	(3,504)	(3,505)	(3,611)	(3,564)	(173)
% change		3.3%	0.0%	3.0%	-1.3%	5.1%
Capital	370	205	198	186	73	(297)
% change		-44.6%	-3.4%	-6.1%	-60.8%	-80.3%
Total	68,257	68,491	65,359	71,374	66,462	(1,795)
% change		0.3%	-4.6%	9.2%	-6.9%	-2.6%

1. Administration and Finance (\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)
Salaries and Employee Benefits	3,726	4,194	3,847	4,001	4,050	324
% change		12.6%	-8.3%	4.0%	1.2%	8.7%
Other Expenditures	1,452	1,460	1,225	1,422	814	(638)
% change		0.6%	-16.1%	16.1%	-42.8%	-43.9%
Programs and Grants	64	68	32	95	130	66
% change		6.3%	-52.9%	196.9%	36.8%	103.1%
Recoveries	(234)	(293)	(335)	(402)	-	234
% change		25.2%	14.3%	20.0%	-100.0%	-100.0%
Total	5,008	5,429	4,769	5,118	4,994	(14)
% change		8.4%	-12.2%	7.3%	-2.5%	-0.3%

A.11 – Sport, Culture and Heritage

2. Sport, Culture and Heritage Programs							
(\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)	
Salaries and Employee Benefits	3,320	3,424	3,511	3,481	3,979	659	
% change		3.1%	2.5%	-0.9%	14.3%	19.8%	
Other Expenditures	1,574	1,576	1,019	1,012	884	(690)	
% change		0.1%	-35.3%	-0.7%	-12.6%	-43.8%	
Programs and Grants	46,980	47,189	47,688	53,384	48,205	1,225	
% change		0.4%	1.1%	11.9%	-9.7%	2.6%	
Recoveries	(875)	(875)	(875)	(875)	(875)	-	
% change		0.0%	0.0%	0.0%	0.0%	0.0%	
Total	50,999	51,314	51,343	57,002	52,193	1,194	
% change		0.6%	0.1%	11.0%	-8.4%	2.3%	

3. Information Resources							
(\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)	
Salaries and Employee Benefits	9,272	9,484	9,284	9,312	9,185	(87)	
% change		2.3%	-2.1%	0.3%	-1.4%	-0.9%	
Other Expenditures	4,890	4,395	2,060	2,092	2,706	(2,184)	
% change		-10.1%	-53.1%	1.6%	29.3%	-44.7%	
Recoveries	(2,282)	(2,336)	(2,295)	(2,334)	(2,689)	(407)	
% change		2.4%	-1.8%	1.7%	15.2%	17.8%	
Total	11,880	11,543	9,049	9,070	9,202	(2,678)	
% change		-2.8%	-21.6%	0.2%	1.5%	-22.5%	

4. Costs Related To Capital Assets							
(\$ thousands)	2012/13 Reorg	2013/14 Reorg	2014/15 Reorg	2015/16 Forecast	2016/17 Budget	5-Year Change (2012/13 to 2016/17)	
Capital	370	205	198	186	73	(297)	
% change		-44.6%	-3.4%	-6.1%	-60.8%	-80.3%	
Total	370	205	198	186	73	(297)	
% change		-44.6%	-3.4%	-6.1%	-60.8%	-80.3%	



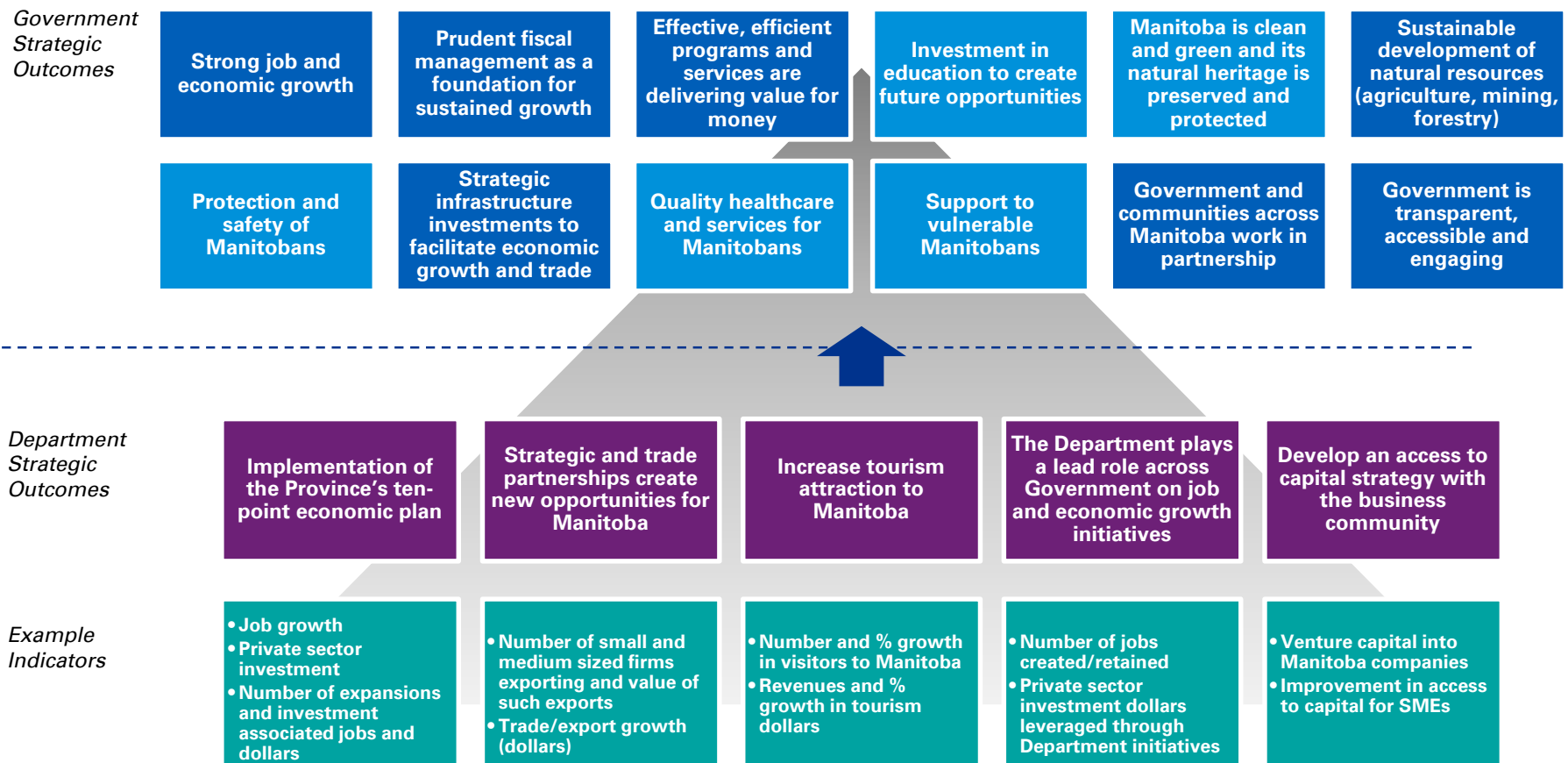
Appendix B - Example Department Outcomes and Indicators

The following charts provide example outcomes and indicators for each department:

1. **Government Strategic Outcomes** are based on the Speech from the Throne of May 2016 and announcements, subject to adjustments from the Province – intended to provide a range of key Government-wide outcomes.
2. **Department Outcomes** are based on a review of department mandate letter and business plans, subject to adjustment by each department.
3. **Example Indicators** are to be developed and refined by departments. The intention is to refocus performance indicators on outcomes/results not inputs or outputs.

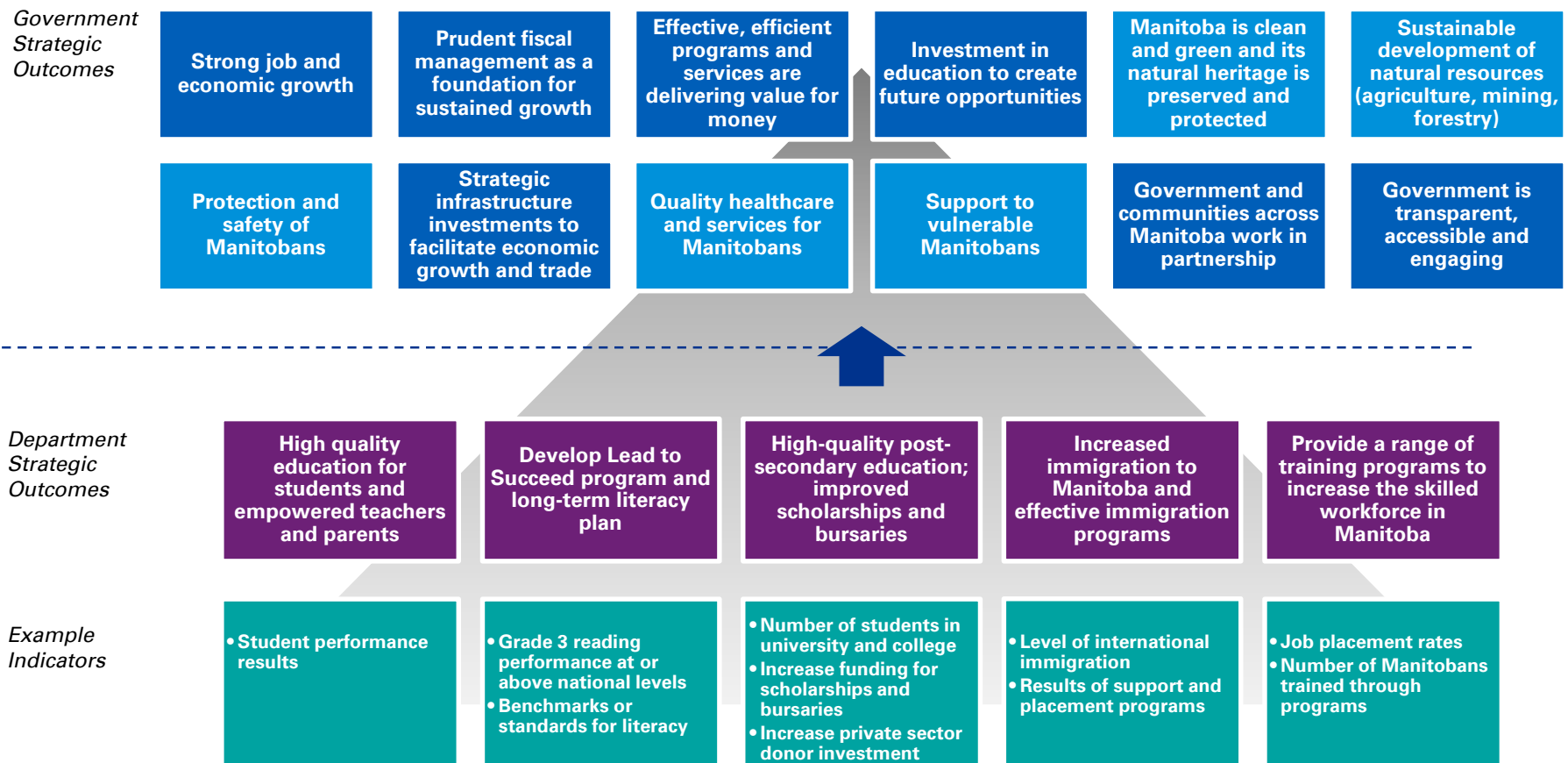
Appendix B – Example Department Outcomes and Indicators

The chart below outlines the key Government outcomes (applicable ones have been shaded in darker blue), and a sample of associated Department outcomes that could apply to the Department of **Growth, Enterprise and Trade**.



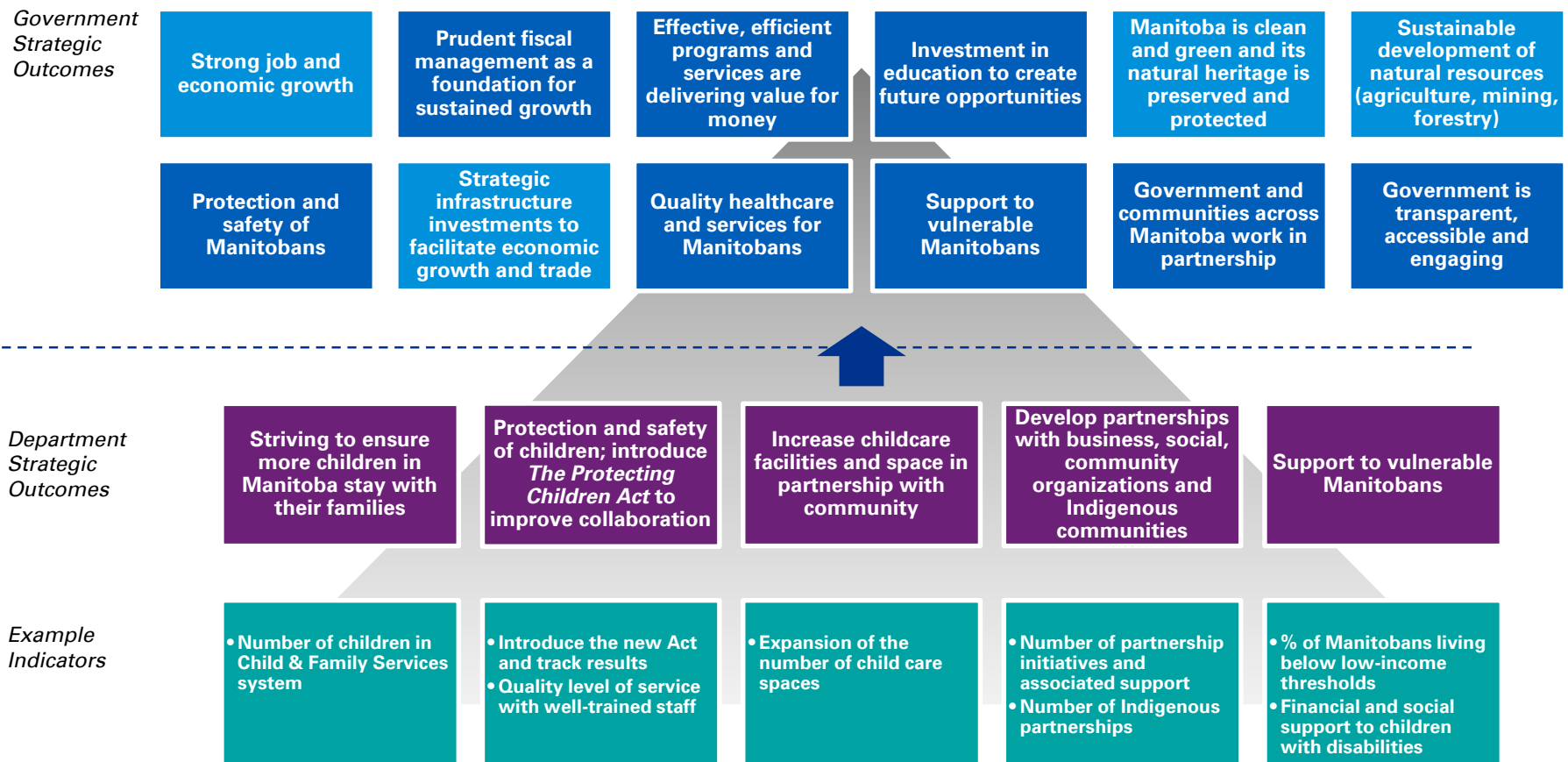
Appendix B – Example Department Outcomes and Indicators

The chart below outlines the key Government outcomes (applicable ones have been shaded in darker blue), and a sample of associated Department outcomes that could apply to the Department of **Education and Training**.



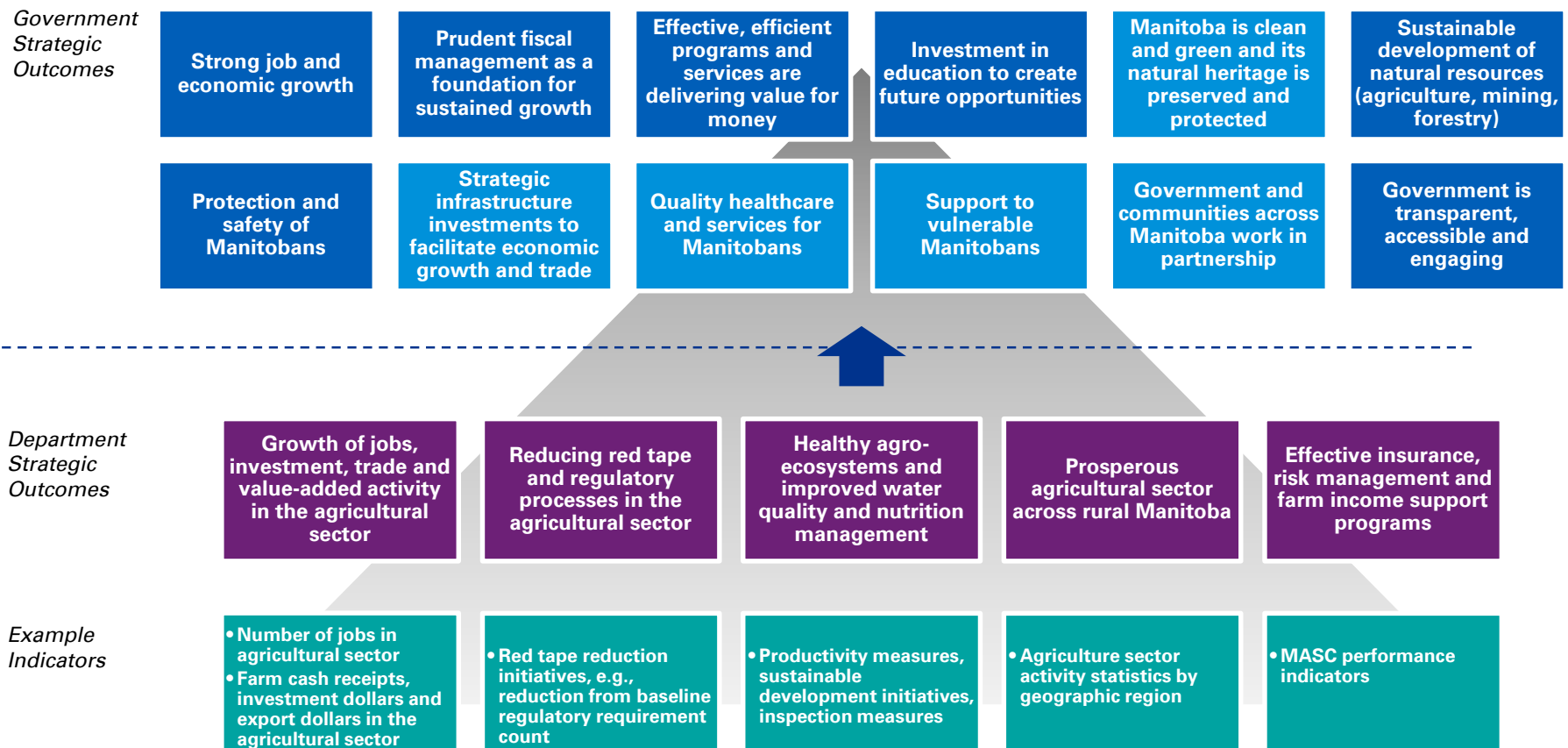
Appendix B – Example Department Outcomes and Indicators

The chart below outlines the key Government outcomes (applicable ones have been shaded in darker blue), and a sample of associated Department outcomes that could apply to the Department of **Families**.



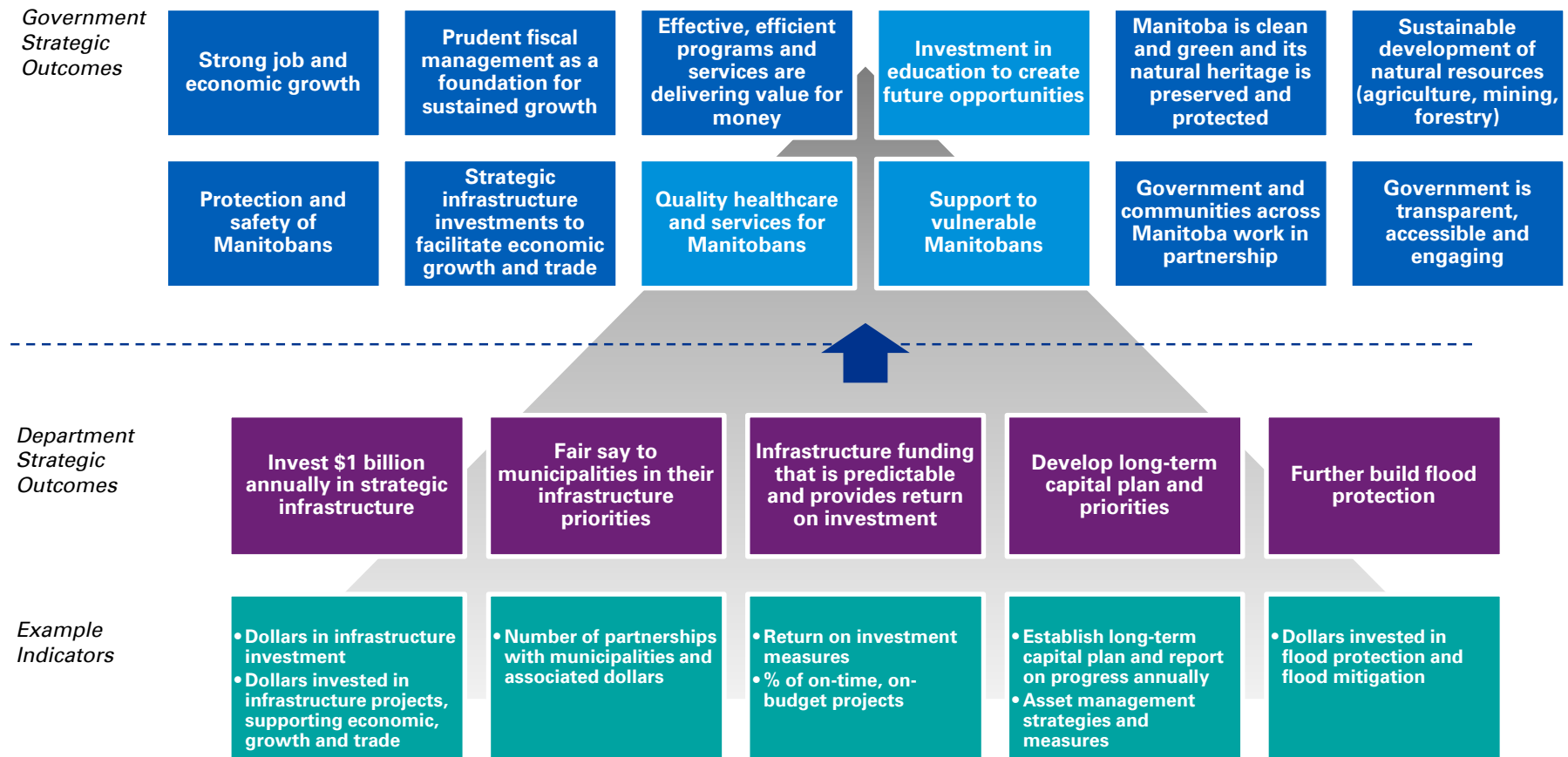
Appendix B – Example Department Outcomes and Indicators

The chart below outlines the key Government outcomes (applicable ones have been shaded in darker blue), and a sample of associated Department outcomes that could apply to the Department of **Agriculture**.



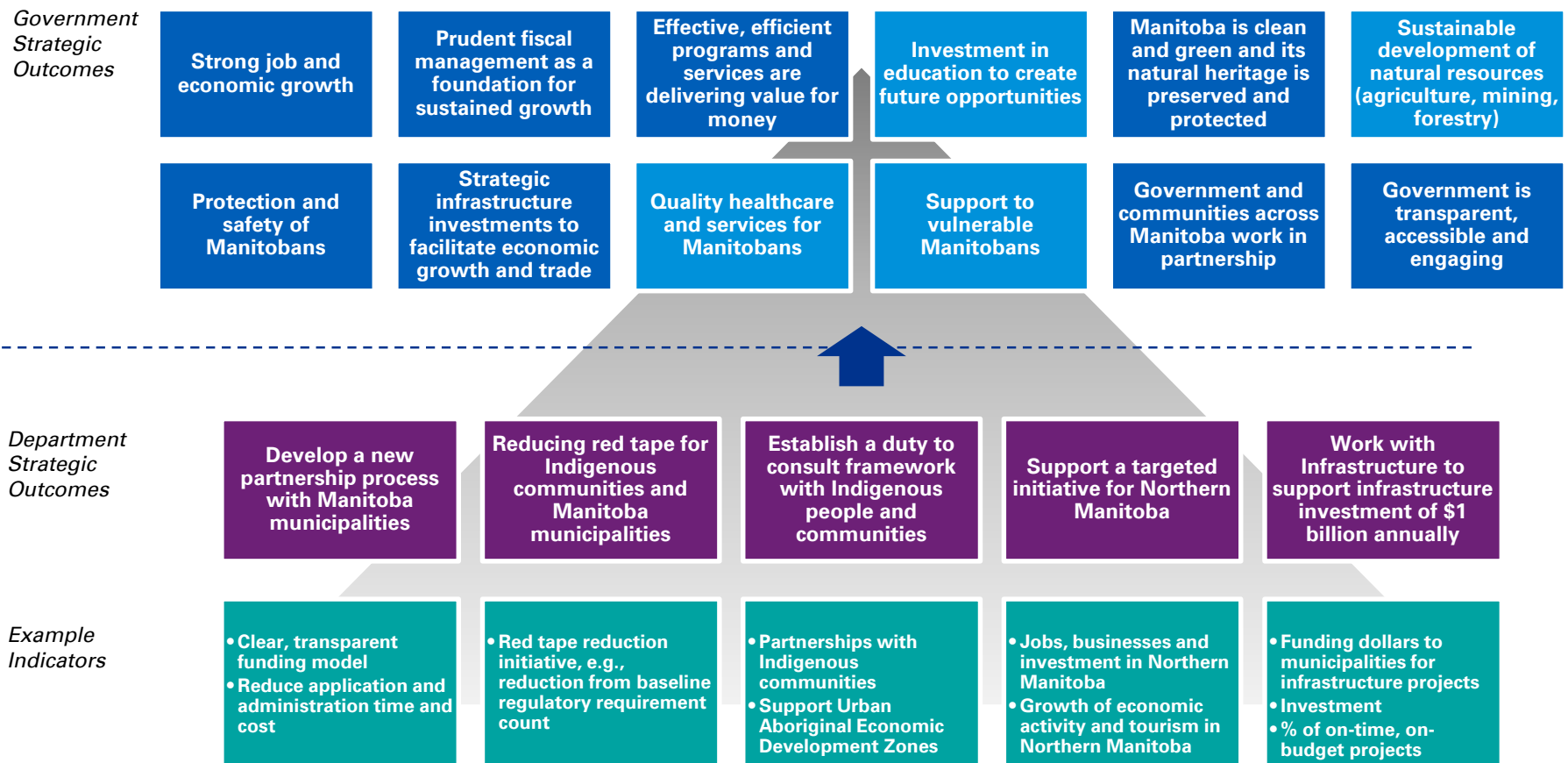
Appendix B – Example Department Outcomes and Indicators

The chart below outlines the key Government outcomes (applicable ones have been shaded in darker blue), and a sample of associated Department outcomes that could apply to the Department of **Infrastructure**.



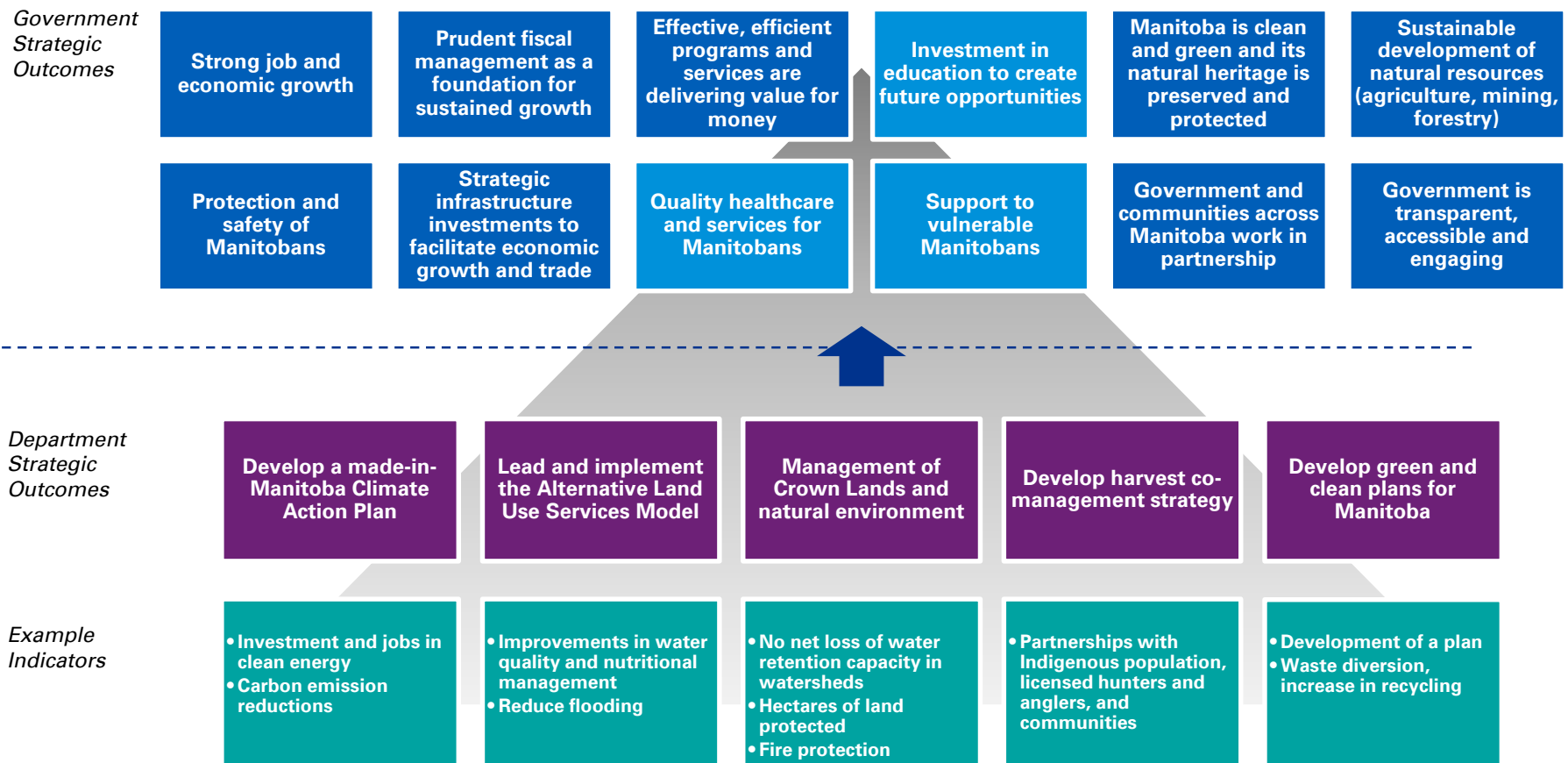
Appendix B – Example Department Outcomes and Indicators

The chart below outlines the key Government outcomes (applicable ones have been shaded in darker blue), and a sample of associated Department outcomes that could apply to the Department of **Indigenous and Municipal Relations**.



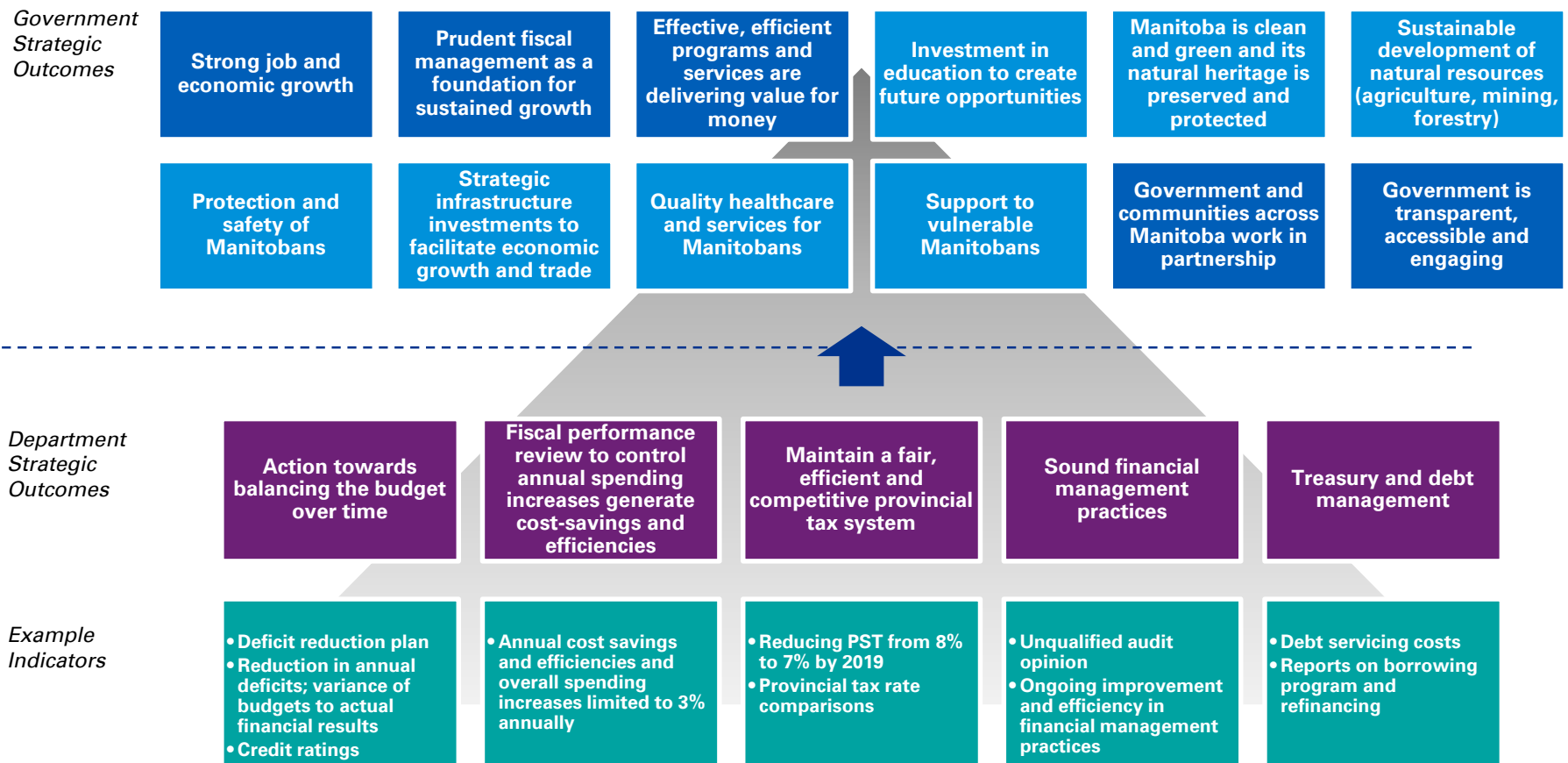
Appendix B – Example Department Outcomes and Indicators

The chart below outlines the key Government outcomes (applicable ones have been shaded in darker blue), and a sample of associated Department outcomes that could apply to the Department of **Sustainable Development**.



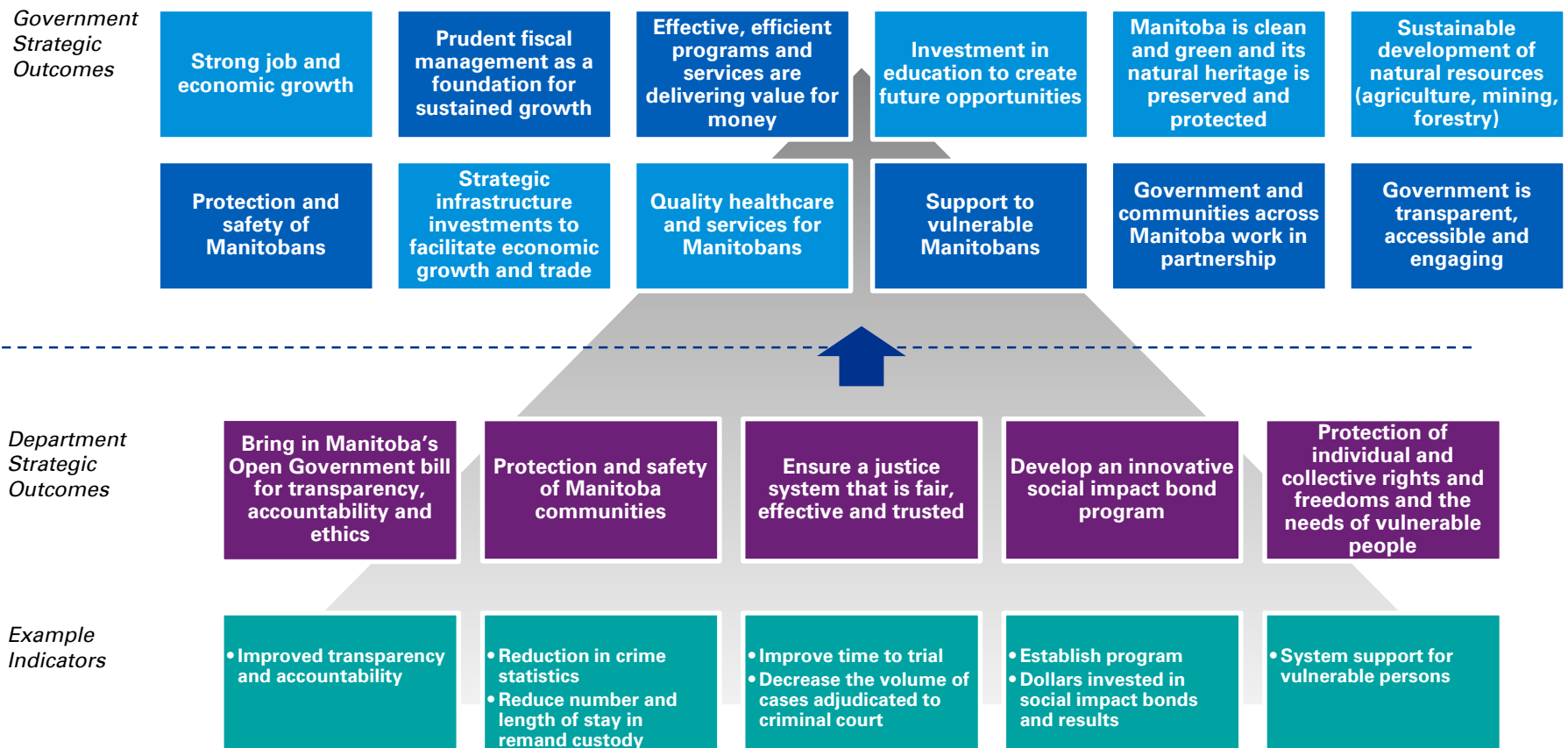
Appendix B – Example Department Outcomes and Indicators

The chart below outlines the key Government outcomes (applicable ones have been shaded in darker blue), and a sample of associated Department outcomes that could apply to the Department of **Finance**.



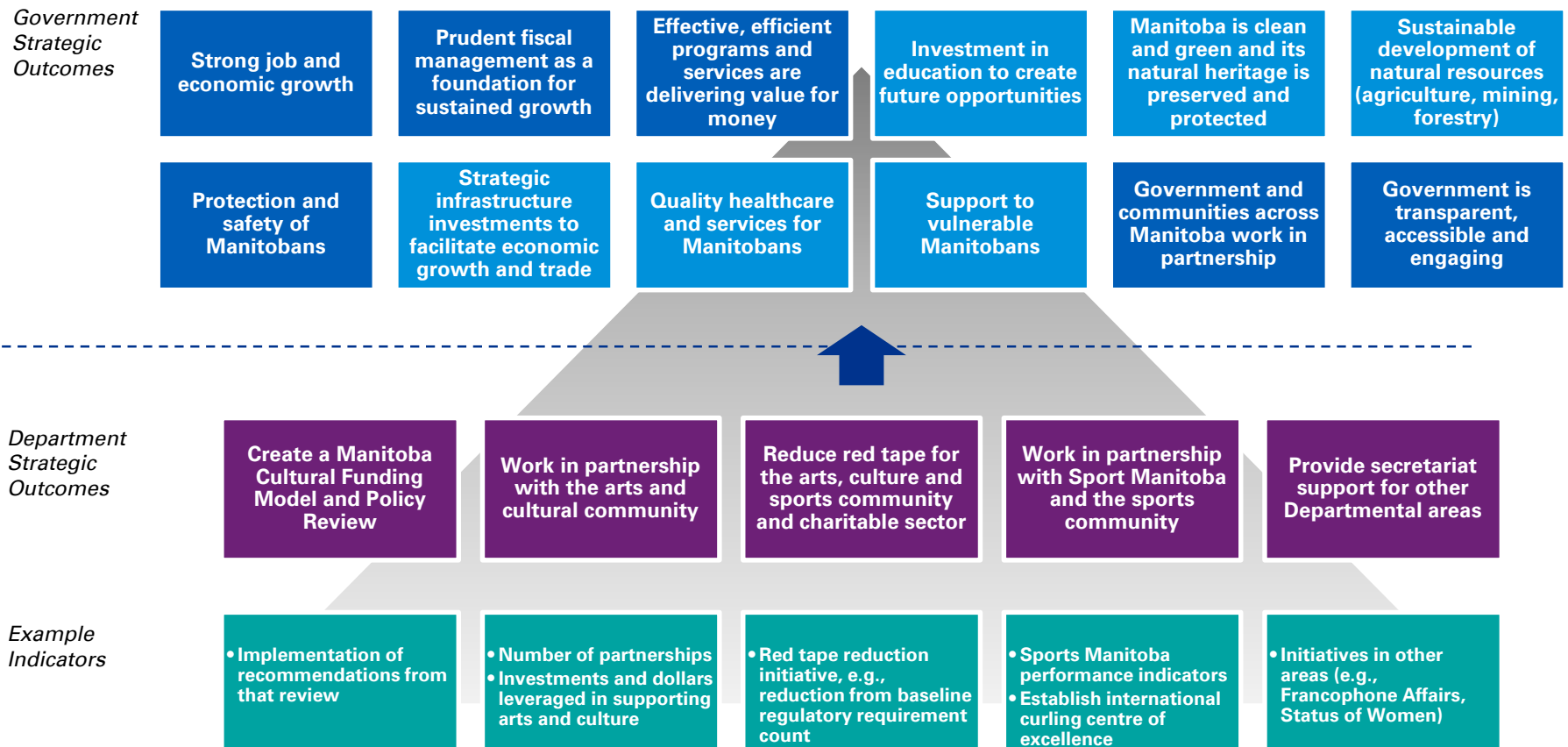
Appendix B – Example Department Outcomes and Indicators

The chart below outlines the key Government outcomes (applicable ones have been shaded in darker blue), and a sample of associated Department outcomes that could apply to the Department of **Justice**.



Appendix B – Example Department Outcomes and Indicators

The chart below outlines the key Government outcomes (applicable ones have been shaded in darker blue), and a sample of associated Department outcomes that could apply to the Department of **Sport, Culture and Heritage**.





Appendix C – Long List of Potential Opportunities

Appendix C – Long List of Opportunities

The following is a list of all opportunities that were identified during interviews with government officials, their respective management teams and from within the departmental 2017/18 Pre-Estimate Submissions. Note that when a value is present within the “Estimated Impact” column it has been taken from the pre-estimate departmental submissions and is in thousands of dollars. These are not in any particular order and the Department column refers to the Department impacted (and a number of opportunities are listed as cross-department).

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C – Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C – Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C – Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C – Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C – Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C – Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C - Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C - Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C – Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C – Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Number	Opportunity Name	Description	Department(s)	Estimated Impact
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Appendix C – Long List of Opportunities

Number	Opportunity Name	Description	Department(s)	Estimated Impact
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