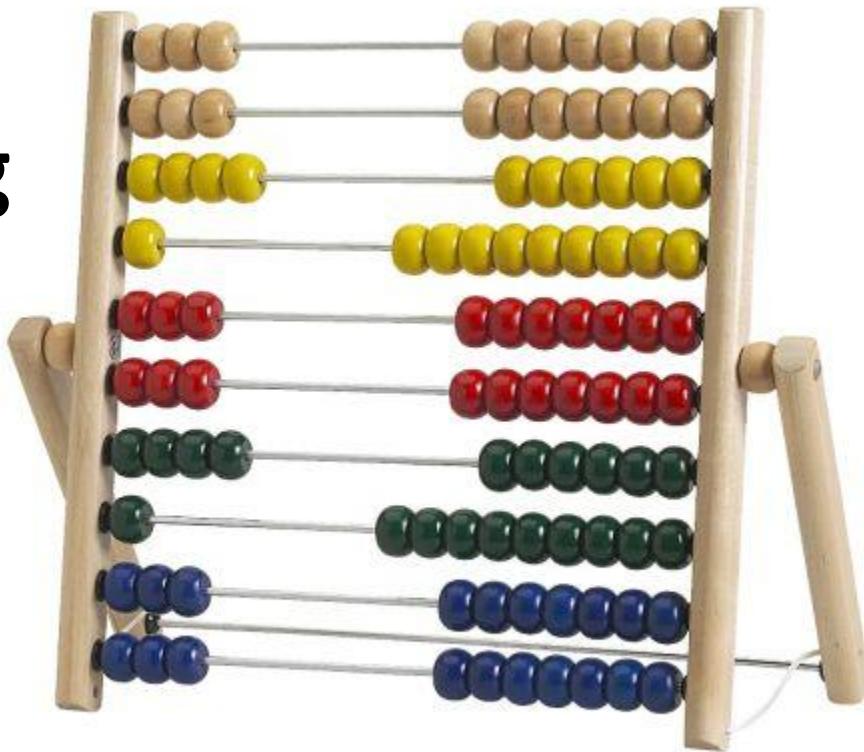


Some Facts on Provincial Spending





We are:

- Non-profit, Non-partisan

We Stand For:

- Lower Taxes
- Less Waste
- More Accountability

What We Do:

- Direct advocacy with politicians
- Provide comment to the media
- Educate/mobilize supporters



Introduction: Know the Facts on Spending

Whenever discussions on provincial government spending occurs in Manitoba, someone inevitably fear mongers and suggests that restraint necessarily means ‘cuts to health care.’

This document debunks that myth and explores three areas that are important to know about provincial spending:

- 1) A look at spending from 1999-2010**
- 2) How smarter spending can mean better results**
- 3) Examples of wasteful spending**

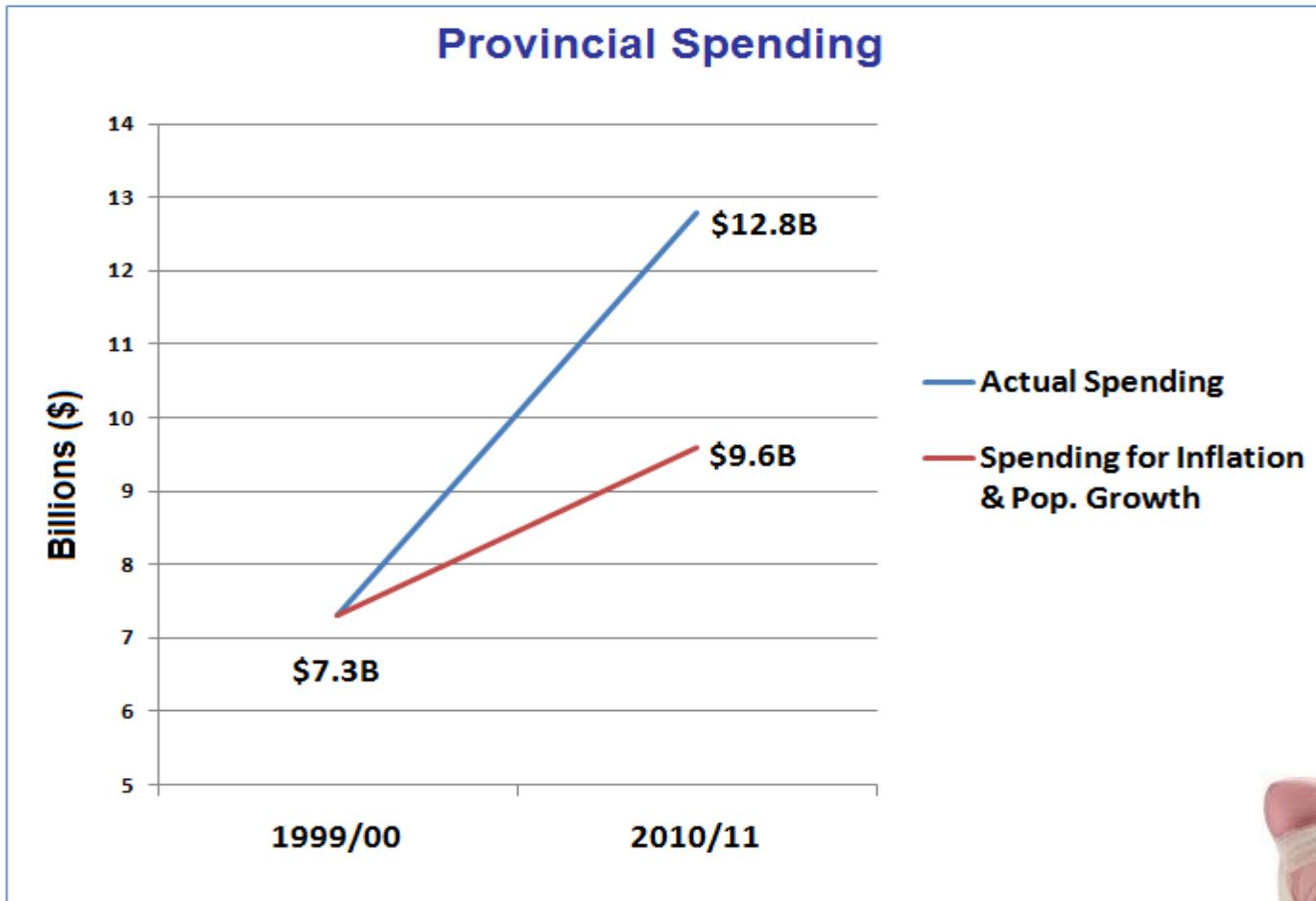


Part I: A Trip Down Spending Lane



A Trip Down Spending Lane...

Since taking office, spending has increased well above the inflation rate, even when population growth is factored in.



A Trip Down Spending Lane...

Turn to page 22 of the province's 2011 budget and you'll see that skyrocketing spending is taking its toll on our debt – currently increasing at about \$50/second.

22 / BUDGET 2011

Manitoba Summary Financial Statistics

	2011/12 Budget	2010/11 Forecast	2009/10 Actual
Provincial Borrowings, Guarantees and Obligations			
General Government Programs	7,309	6,955	6,833
General Government Programs - Pension Liability	2,595	2,355	2,175
Manitoba Hydro	8,901	8,361	7,730
Other Crown Organizations	1,868	1,643	1,478
Health Facilities	1,264	1,065	949
Government Enterprises and Other Capital Investments	41	51	65
	3,183	2,546	1,846
Subtotal	25,161	22,976	21,076
Other Obligations			
Pension Liability	6,901	6,637	6,392
Pension Asset	(5,185)	(4,859)	(4,592)
Net Pension Liability	1,716	1,778	1,800
Debt incurred for and repayable by the Manitoba Hydro-Electric Board	(8,663)	(8,198)	(7,479)
Education and Health Debt held by Government Enterprises	496	466	443
Other Debt of Crown Organizations	255	255	255
Subtotal	(6,196)	(5,699)	(4,981)
Total Summary Borrowings, Guarantees and Obligations	18,965	17,277	16,095
Adjustments to arrive at Summary Net Debt			
Guarantees	(241)	(166)	(255)
Net Financial Assets	(3,920)	(3,807)	(4,046)
Summary Net Debt	14,804	13,244	11,794
Summary Net Debt as percentage of GDP	26.2	24.7	23.1

Part II: Smarter Spending, Better Results



Smarter Spending, Better Results

As we have seen over the past decade, higher spending does not necessarily mean better results.

Two things the government could do to deliver better results for taxpayers:

- 1) Open up services to competition**
- 2) Look at 'gainsharing' to reduce costs**



Managed Competition

While governments organize the delivery of public services, they need not necessarily be the providers.

By conducting “managed competition,” existing employees and private sector firms compete to provide services, keeping costs down and improving results in the process.



Managed Competition - Indianapolis Example

During the 90's the City of Indianapolis opened up city services to competition. Government workers were able to win some of the competitions by "suddenly" discovering inefficiencies in services they had delivered for decades.

Here's one example that shows how a city pothole team dramatically improved results once jobs were on the line:

Prior to Competition

- \$425/ton
- 3.1 lane miles/day
- 2 trucks, 8 men

After Competition

- \$307/ton
- 5.2 lane miles per day
- 1 truck, 5 men



Gain Sharing

- Gain sharing means that if employees can deliver the same results or better, but for a lower cost, they get to split a share of the savings.
- Suddenly the incentive model has changed as it's now in employees' interest to reduce office space, reduce surplus staff, cut down on travel, hold meetings in boardrooms instead of restaurants, curtail the number of unnecessary employee cell phones, etc.



Part III: Top Ten Back Pocket Government Waste Examples



Back Pocket Waste Examples

- Beyond large boondoggles like the west side [Bipole III route](#) and Manitoba's [\\$150 million eHealth money pit](#), there are plenty of smaller examples of wasteful spending that occur everyday and need to be flushed out.
- Here are a few examples to chew on...



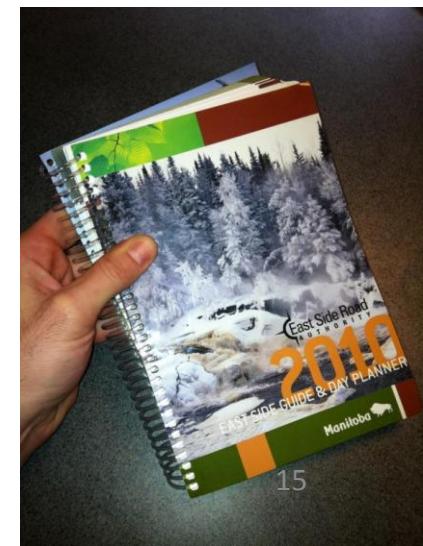
Back Pocket Waste Examples

- 10) **Show up for work bonuses** – the Southeast Child & Family Services spent \$68,740 on bonuses for staff that weren't based on any kind of performance measures – everyone received them regardless of performance. The Peguis and Intertribal Child & Family Services Agencies were also busy doing the same thing. The CTF busted the show up for work bonuses in late 2009, leading to their discontinuation.
- 9) **Paid Time for Christmas Shopping** – Although management at the province's Vital Statistics knew the division was "extremely behind," it still let each employees take two hours of paid time off to go shopping on the clock in late 2010. Incredibly, staff had to be brought in on the weekend and paid overtime to catch up.
- 8) **Promotional Items** – Although the provincial government has a monopoly on just about every service it provides, the CTF discovered government departments and agencies still spent over \$4.1 million on giveaway items like stress balls, golf balls and BBQ sets over a four-year period.



Back Pocket Waste Examples

- 7) **Knock knock...Nobody's On Duty** – In 2009 the **Free Press** blew the whistle on a child care agency sending five staff to Reno, Nevada for a “conference;” leaving one taxpayer fuming that she was unable to get support for her foster son in their absence. The CTF discovered the cost was a whopping \$15,151 for the trip.
- 6) **Spa Day** – A child care agency known as the All Nations Coordinated Response Network spent thousands on a “spa day” for staff; featuring manicures, pedicures, tarot card reading and make-up lessons. The CTF sounded the alarm about spa day, and the bills were repaid through fundraising, but staff salaries expended on the activity day were not recouped.
- 5) **Day Planners** – In the middle of the economic slowdown, the Floodway & East Side Road Authority spent \$39,518.33 on full colour day planners to hand out. Sure the planners included a few pages of useful info, but brochures are much more cost-effective. Did we mention they also spent \$3,200 on Floodway calendars?



Back Pocket Waste Examples

- 4) **Spirited Energy** – Enough said. The marketing campaign has cost taxpayers over \$3 million since its launch. Oddly enough, a good portion of that budget has been spent in Manitoba. Yet if we already have “spirited energy,” why run ads here telling us about it?
- 3) **Bureaucrat Olympics** – On top of all staff get togethers bureaucrats already have within their divisions, government decided to have a massive get together for bureaucrats in 2011. The afternoon of games took place at the convention centre, included a free lunch, prizes and even a comedian. All three levels of government participated, costing taxpayers an estimated \$50,000 in event costs and wages.
- 2) **Barbecued Taxpayer** – In 2011, the CTF discovered the WRHA spent \$37,712 on a BBQ and patio furniture for its new executive office rooftop patio. Incredibly, at the same time the discovery was made, volunteers were out fundraising for a rooftop patio at a long term care facility. Apparently taxpayers have to fundraise, but bureaucrats don’t!



Back Pocket Waste Examples

1) [Gift Gate](#) - When Manitoba hosted the Western Premiers Conference in 2006, over \$25,907 of public funds was spent on gifts for the 105 “dignitaries” that came; about \$246 per attendee. Consider some of the gifts; [Hyde Port garment bags, jackets, scarves, chocolates, fishing rods, fishing scales, denim shirts, guidebooks](#) and more.

Perhaps worst of all was how the expenses were paid for – by getting Crown Corporations to secretly pick up the bills for the gifts. In addition to the gifts, Manitoba Lotteries picked up the tab for a \$10,000 private concert featuring Doc Walker.



Conclusion

Clearly there's plenty of room to control spending and reduce taxes without cutting front line services like health care.

It's time for Manitoba to move forward with spending restraint and let taxpayers reap the benefits.



Appendix

Spending Summary Table

Year	Actual Spending	Per Capita Spending Adj for Infl.	Difference	1999 Per Capita @ Inflation	Population	CPI
1999/00	\$7,287,000,000	\$7,287,000,000.00	\$0.00	\$6,378.68	<u>1,142,400</u>	2
2000/01	\$7,496,000,000	\$7,464,620,625.00	\$31,379,375.00	\$6,506.25	<u>1,147,300</u>	2.5
2001/02	\$7,726,000,000	\$7,678,578,656.25	\$47,421,343.75	\$6,668.91	<u>1,151,400</u>	2.7
2002/03	\$7,995,000,000	\$7,921,514,906.91	\$73,485,093.09	\$6,848.97	<u>1,156,600</u>	1.5
2003/04	\$9,070,000,000	\$8,090,389,879.29	\$979,610,120.71	\$6,951.70	<u>1,163,800</u>	1.8
2004/05	\$9,578,000,000	\$8,305,369,849.16	\$1,272,630,150.84	\$7,076.83	<u>1,173,600</u>	2
2005/06	\$10,381,000,000	\$8,505,403,578.00	\$1,875,596,422.00	\$7,218.37	<u>1,178,300</u>	2.7
2006/07	\$10,948,000,000	\$8,777,305,081.84	\$2,170,694,918.16	\$7,413.26	<u>1,184,000</u>	2
2007/07	\$11,938,000,000	\$9,025,441,868.74	\$2,912,558,131.26	\$7,561.53	<u>1,193,600</u>	2
2008/09	\$12,312,000,000	\$9,297,732,553.81	\$3,014,267,446.19	\$7,712.76	<u>1,205,500</u>	2.3
2009/10	\$12,848,000,000	\$9,622,831,571.09	\$3,225,168,428.91	\$7,890.15	<u>1,219,600</u>	0.6
		TOTAL DIFFERENCE	\$15,602,811,429.91			

Sources: Manitoba bureau of Statistics (population figures), Statistics Canada (CPI), Public Accounts (spending figures)