



A forward looking Economic Plan for Manitoba



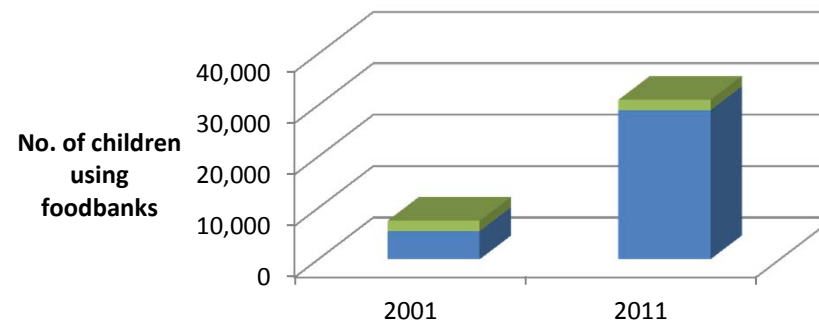
Main message: The provincial government has to reduce expenditures and it must focus on big cost threats



Economic Plan for Manitoba

Question 1: If our economy is doing so well, why has the number of children in families which are so poor gone up 500% since 1999?

No of Children in families so poor they must use food banks



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Question 2: If our economy is doing so well, why are so many people leaving Manitoba?

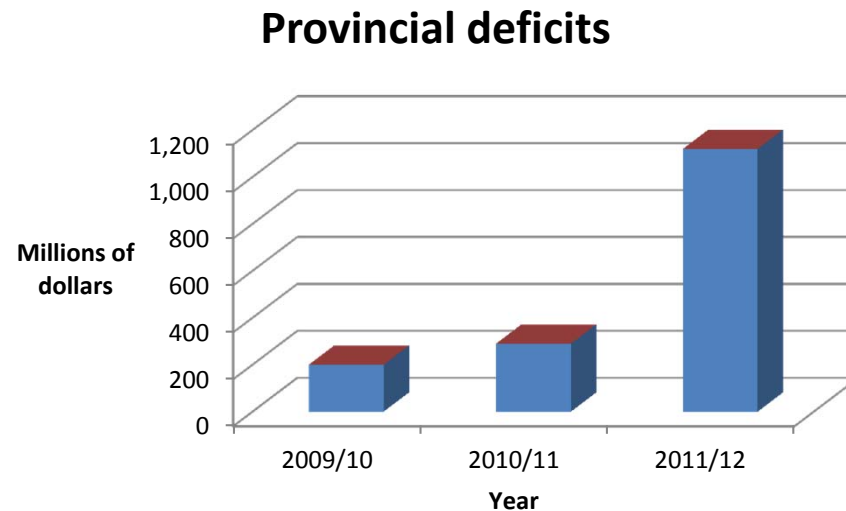
Manitoba leaking nominee workers
They can earn more elsewhere: report
By: Mia Rabson

Winnipeg Free Press Jan 27, 2012



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Question 3: If our economy is doing well and we have a government with a good plan, why do we have a billion dollar deficit for 2011-2012?



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Neither the Province nor the Federal Government have clearly articulated an Economic Plan for our province:

NDP Provincially has cut out funds for Regional Economic Development

Conservatives federally have decided to cut back on science and innovation (Institute of Biondiagnostics, Cereal Research Centre and Experimental Lakes Area) and on supports for immigrants.

What should our province do now for an Economic Plan?



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What must be done as part of the new Economic Plan

- 1) With Manitoba's shockingly high deficit of 2011-2012, it is abundantly clear government spending needs to be reduced.
- 2) This is particularly true today when Manitoba Hydro surpluses are uncertain, equalization transfers are being reduced, and there is global economic uncertainty.
- 3) Governments have reduced deficits in many ways in various jurisdictions over the last century.
- 4) We put forward a new approach – A Liberal Approach



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The Liberal Approach:

Instead of pandering to interest groups

- 1) Improve general budget management.
- 2) Focus spending to address big cost threats – on areas which can lead to major savings in government expenditures.
- 3) Focus efforts on government spending in areas where there are large returns on investment to Manitoba.

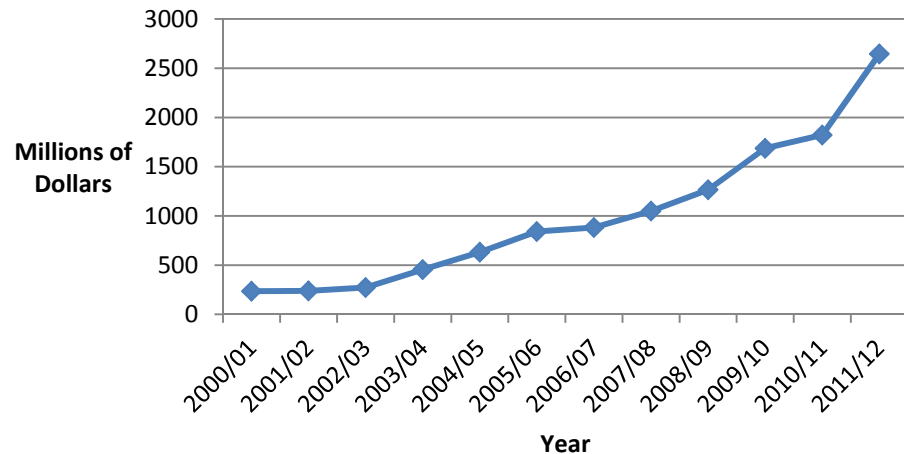


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1) Manage provincial spending budget better

a) Set budgets and meet them.

Cumulative NDP overexpenditures



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1) Manage provincial spending budget better:

b) Program Review:

Reduce government spending by reviewing each individual program and cutting those which are not effective or no longer needed.

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1) Manage provincial spending budget better:

c) **Continuous Quality Improvement:**

Focus efforts on areas where quality of service delivered can be improved in ways that also reduce costs. (reducing bureaucracy, duplication, overlap, eliminating errors, doing things very well once, etc.)

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2) Focusing spending to address big cost threats:

Objective - focus on addressing big cost threats where present and future spending can be most reduced.

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2) Focusing spending to address big cost threats

Understanding Big Cost Threats for the Province of Manitoba



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2) Focusing spending to address big cost threats

Examples of Big cost threats in **1999** – when the NDP came to power.

- A big flood- (with climate change predicting more wet weather)
- Health care - examples
 - An epidemic of diabetes- identified in 1996
 - Too many children with FASD
- Too much crime in Winnipeg
- CFS – 5,000 (too many) children in care
- Increasing urban infrastructure costs in Winnipeg
- Lake pollution problem
- Research investment low in Manitoba
- ? Manitoba Hydro

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2a) Big cost threats - Floods

The floods of 1997 and 1999 were a warning of the fact that climate change in Manitoba is associated with increased wet weather and flooding.

In 1999 Liberals called for changes to water management to emphasize the need for water retention.



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2a) Big cost threats - Floods

Since 1999, the NDP have continued the disastrous drain, drain, drain policies pursued by the previous Tory government. Result – the flood of 2011 with costs of about \$1 billion to governments, losses of \$1 billion to farmers, and losses of hundreds of millions to other businesses and individuals



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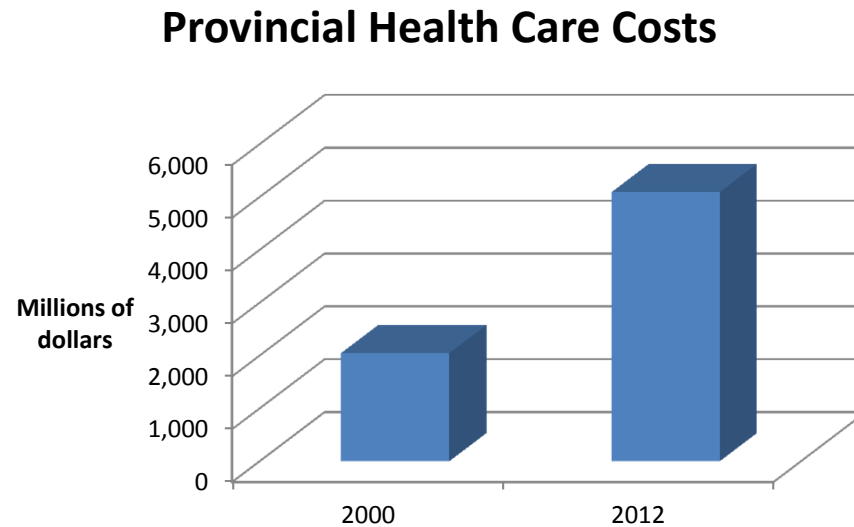
2)a Big cost threats - Floods

The solution

- 1) Major investment in water retention using the south tobacco creek model to retain water and reduce downstream flooding by 75%.
- 2) Ecological Goods and Services or ALUS package to provide financial support to farmers to keep existing wetlands.
- 3) No net loss of wetlands policy.

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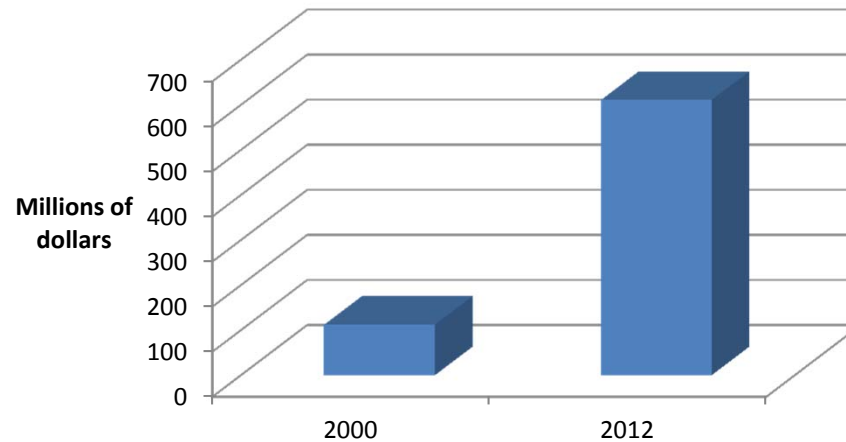
2)a Big cost threats – Health Care



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2)a Big cost threats – Health Care - diabetes

Extra health costs due to diabetes



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2)b Cost threats – health care – diabetes

1996 – Diabetes recognized as being an epidemic in Manitoba.

1998 – a plan developed but never properly implemented. In short no focused effective province-wide effort has been delivered. As late as 2011, diabetes was still not recognized as a major public health issue on provincial web site.

2012 – the proportion of Manitobans with diabetes has risen from less than 5% to close to 10% of Manitobans and the costs of treating people with diabetes have gone up hundreds of millions of dollars.

Canadian Diabetes Assoc - 2011: “Manitoba has the highest and fastest growing rate of diabetes among prairie provinces. The province can expect a 48 per cent increase in diabetes diagnoses in the next decade, the association said, with one in four Manitobans expected to be living with diabetes or prediabetes by 2020.”



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2)b Cost threats – health care – example diabetes

1999-2012 Liberals have called for effective province-wide action on diabetes on numerous occasions.

1999 – Liberals called for a focused Center of Excellence on Diabetes.

2005 – Liberal report ***Six Lost Years: Its time for action*** highlights huge costs related to diabetes and the large cost threat from inaction.

2008 - Liberals introduce legislation to make diabetes a reportable condition to give up to date measure of the epidemic and effects of actions taken.



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2)b Cost threats – health care – example diabetes

The solution:

- 1) Treat diabetes as an epidemic by making it a reportable disease and report new cases monthly
- 2) Use the Dr. Heather Dean approach for all high risk communities. Dr. Heather Dean of the University of Manitoba demonstrated how adolescents with Type II diabetes in Manitoba could be effectively treated with diet and exercise – but implementation of effective province-wide changes in at-risk communities has been modest at best.
- 3) Implement province-wide change for those at risk of developing diabetes. Studies show that 60% of people at risk of diabetes can be helped so that they do not develop diabetes, but effective change in Manitoba has been modest at best.
- 4) Use action research protocols to identify and implement individual and community based changes which are effective in ending the diabetes epidemic.

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**cost threat – health care - example children
born with FASD**

Liberals have called for much better attention to FASD since 1999:

In 2006, the cost to the provincial government of FASD (Health, Education, Justice and Child and Family) was between \$426 and \$924 million.



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Cost threats – health care – example FASD

FASD

- 1) Still no evidence that efforts by the government to reduce the number of children being born with FASD are effective.
- 2) There is increasing evidence that early identification and help for children with FASD can dramatically reduce later juvenile delinquency and criminal activity, but efforts in Manitoba remain hit and miss.
- 3) While the government claims it screens for FASD at birth, in fact all that is done is to ask if the mother drank alcohol during pregnancy. Rates of drinking during pregnancy are very high, and there is not yet evidence of any reduction in the proportion of women drinking during pregnancy in Manitoba..

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Cost threats – health care – example FASD

Solution:

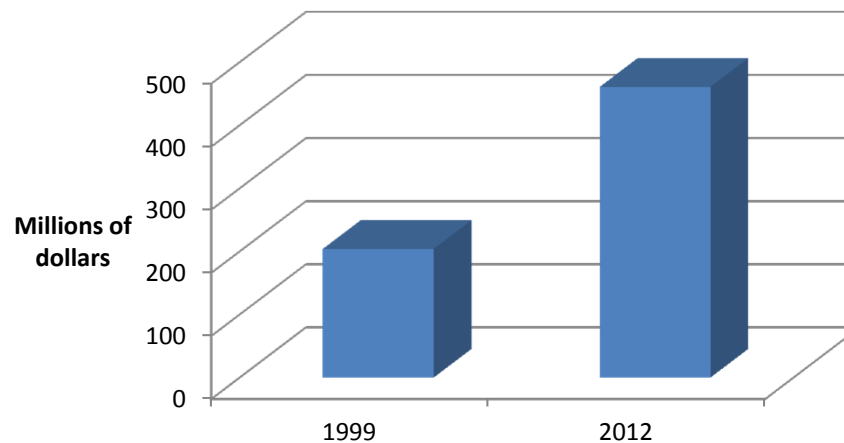
- Institute effective approach for early screening,
- Develop real measures of province-wide incidence of FASD to know whether programs are effective
- Use Nelson House model for reducing FASD as a base for action research to reduce FASD

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2)c Cost threats – high crime rates

The costs associated with the NDP and Tory approach to crime – hiring more police officers, putting more people in jail and building more jails have been shown in the US to be an extraordinarily high cost approach.

Increase in Justice Costs in Manitoba



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2)c Cost threats – high crime rates

Three factors are known to be associated with higher crime rates

- 1) FASD
- 2) Poverty
- 3) Poor education and decreased opportunity of individuals at risk.

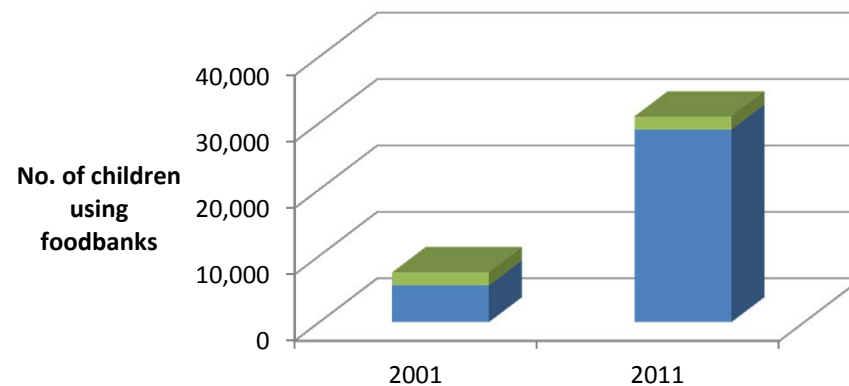
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2)c Cost threats – high crime rates

Factors known to be associated with higher crime rates

2) Poverty is growing

No of Children in families so poor they must use food banks



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2)c Cost threats – high crime rates

3) Poor education and decreased opportunity for individuals at risk.

- to date provincial efforts to hold down tuition rates have not shown a major impact to improve the number of lower income people graduating from post-secondary education in Manitoba.

- At risk new immigrant and aboriginal communities in inner-Winnipeg and in poor rural areas (particularly aboriginal communities) continue to have very low high school graduation rates.

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2)c Cost threats – high crime rates

Solutions:

- 1) Addressing Poverty – as a free marketer, use market rates for shelter rate support (rental costs) for those on Social Assistance.
- 2) Poor education and decreased opportunity of individuals at risk – Ensure access to early childhood education for families at risk, and develop Lloyd and Bob Axworthy and John Prystanski type programs for helping at risk youth get post-secondary education.

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2)d Cost Threats - Child and Family Services

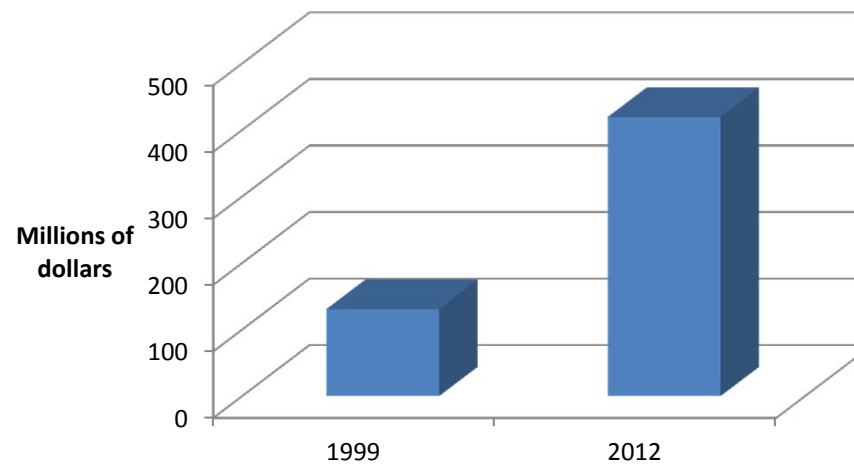
Too many children in care

- When the NDP came to power there were about 5,000 children in care. No effective action was taken to support families and reduce the number of children in care and it is now about 10,000.

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2)d Cost Threats - Child and Family Services

**Increase in child protection (CFS)
costs in MB**



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2)d Cost Threat - Child and Family Services

Solution:

- Focus on actions which will better support families and reduce the number of children in care as is done in many other jurisdictions around the world

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2) Cost threat – Dramatic increase in urban infrastructure costs:

Solution – Winnipeg needs a backbone – a rapid transit system – to move large numbers of people easily at a lower long-run infrastructure cost and to enable cost effective smart design growth.

Note – Liberals have called for this to be a top priority for years.



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2)f Cost threat – Lake pollution:

Under NDP – to date no measurable progress in reducing Lake Winnipeg algal blooms, and now Lake Manitoba said to be on the verge of the same problem.

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2)f Cost threat – Lake Winnipeg pollution

Solution – use the best possible science to drive policy decisions.

- City of Winnipeg sewage treatment
- Promote water retention over drainage
- Solve algal problems in small lakes

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2)g Cost threat – low productivity, loss of jobs to elsewhere

Solution: A much smarter and more effective approach to supporting research and innovation and development and the growth of Manitoba businesses.

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3) High return on investment – note overlap

Measures with high return on investment:

- 1) Water retention measures
- 2) Diabetes prevention
- 3) FASD prevention
- 4) Early Childhood education
- 5) Post-secondary education for youth at risk
- 6) Rapid Transit for Winnipeg (versus paving back lanes)
- 7) Science, research and innovation

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The Liberal Approach

Summary: Reduce provincial government costs in a way that will give better service, better outcomes, address cost threats, grow the private sector and increase employment opportunities.

Do this by:

- 1) Better manage government spending.
- 2) Focus efforts on government spending in areas which can lead to major savings in government expenditures.
- 3) Focus efforts on government spending in areas which have large returns on investment to Manitoba.



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The End