



Manitoba Fiscal Performance Review

Phase 2 Report
Business Case:
Rationalization from
Reorganization

BUSINESS CASE:
RATIONALIZATION FROM REORGANIZATION



Notice

This Phase 2 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 develop business cases for select areas of opportunity. 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 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 Chartered Professional Accountants of Canada, 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 options and considerations contained within this Report. Manitoba is responsible for the decisions to implement any options and for considering their impact. Implementation will require Manitoba to plan and test any changes to ensure that Manitoba will realize satisfactory results.

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Purpose and Objective

1.1 Organizational Needs and Desired Outcomes

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

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.

This business case provides tools and strategies such as span of control analysis in Appendix A and an assessment tool for setting targets (page 44-45) that can be used on an ongoing basis to identify potential opportunities in support of Government's direction and early efforts. The approach and analysis contained herein will provide central agencies and decision-makers with an ability to challenge department efforts during the upcoming budget development process, particularly around progress in:

- Capturing opportunities for cost improvements presented through the recent reorganization of departments, from 18 to 12;
- Flattening management;
- Improving service delivery effectiveness; and
- Contributing to overall efforts to reduce the growth in core government spend.

1.2 Description of Approach

This business case focuses on two parallel streams of work:

1. Rationalization from recent reorganization.

- Includes Government's publicly announced commitment to flatten management (112 positions in 2017/18) through attrition, retirements and other necessary reductions, with savings of at least \$10M. The majority of reductions will occur over a two-phased implementation schedule:
 - 54 senior management positions (including 2 previously eliminated positions) effective March 31, 2017; and
 - 58 middle/lower management positions effective December 31, 2017.
- Includes considering opportunities to: merge and rationalize common functions across the organization (finance, administration, policy, research, procurement, information technology, etc.); reduce duplication and overlap in programs and services (within departments, and across government); merge into a department and/or eliminate distinct offices/secretariats.

2. Workforce Strategy (broader multi-year strategy to reduce the size of the core government civil service by X%).

- Includes FTE and dollar savings associated with the recent reorganization and commitment to flatten management.
- Includes considering opportunities arising from: natural attrition (primary consideration); consolidating common functions across departments (finance, policy, information technology, etc.); eliminating duplication and overlap in programs and services (within departments, and across government); merging or eliminating programs and/or distinct offices/secretariats; refocusing on the provincial government's role and core business; and, alternative service delivery (e.g., private sector and/or community-based organizations).

Purpose and Objective

1.2 Description of Approach

The work plan for this business case was approved by the Fiscal Performance Review Steering Committee on October 14, 2016. To support the development of this business case, and identification of opportunities for the Government to consider, the following analysis was performed based on data and information provided by the Civil Service Commission (CSC) and Treasury Board Secretariat (TBS):

- Deeper dive into recently reorganized departments (Education and Training, Families, Infrastructure and Justice) that are large contributors of spend and FTEs, by examining spans of control and the prevalence of common functions (i.e., finance, policy and IT) spread across numerous divisions;
- Overtime analysis, including a deeper dive on the two largest cost contributors identified during Phase 1 (Justice and Infrastructure);
- Vacancies by department; and
- Number of distinct offices and secretariats that present opportunities for integration within existing department divisions.

On December 2, 2016, the Steering Committee had an early opportunity to review and comment on highlights of the analysis, options and considerations that form this draft business case.

Limitations of Analysis

- Our analysis was conducted over a relatively short period of time, informed by the information and data provided to us by the Civil Service Commission and Treasury Board Secretariat.
- We accepted the information and data provided “as-is” and did not verify the completeness or accuracy of the data from Manitoba.
- The analysis we performed represents a starting point only for 2017/18; it is intended to help provide a “challenge function” for central agencies and for decision-makers, particularly during the upcoming (and future) budget cycles.
- The analysis does not reflect department viewpoints and it is conducted at a point in time.
- As Manitoba’s environment is evolving, it will be important for the Civil Service Commission and Treasury Board Secretariat to regularly update the analysis based on decisions that are made, to assess ongoing progress toward key Government commitments.

2.1 Problem/Opportunity Statement

Historically High Levels of Provincial Government Employment

- During Phase 1 of the Fiscal Performance Review, KPMG noted that Manitoba has one of the highest levels of public sector employment per capita and, specifically, provincial government employment per capita of all provinces in Canada, significantly above the Canadian average (based on Statistics Canada data, see pages 27-29 in the Phase 1 Report). Manitoba has overall public sector employment (all levels of government) at 26% of total employment and 125 public sector employees per 1,000 population (second highest of the provinces). At a core government level, Manitoba has higher overall levels than the Canadian average. Manitoba also has one of the highest levels of employment per capita in provincial health and social service institutions.
- Government analysis also revealed that:
 - Overall payroll costs are approximately \$1B for the civil service (approximately \$9B for the general public sector); and
 - Growth in management positions has increased significantly. The Government recently reported that senior management has grown by almost 33% since 2005, nearly four times the rate of overall staff growth within the civil service.

Structural Inefficiencies

- Phase 1 scoping highlighted numerous other inefficiencies contributing to high employee counts and costs:
 - Generally, most legislation, regulations, programs and services are not reviewed using consistent methodology or a standard framework, and many have not been reviewed for a long time;
 - Many senior officials indicated that programs are layered on one another, without pulling back or stopping anything;
 - Common central services (e.g., finance, policy, IT) are spread across and within different divisions of departments;
 - There are a number of distinct secretariats and offices, with separate management and positions – at least some of these could likely be integrated within existing functional areas;
 - Vacancy rates are relatively high in departments; departments have reported vacancies ranging from 16% – 20%. It is likely that many vacancies are long-standing and should be eliminated as “vacancies”;
 - There are wide variations in organization structure and management reporting relationships between and within departments;
 - A substantial number (>700) of job classifications exist across Government; and
 - Overtime usage is high, particularly for two large departments (Justice and Infrastructure).

2.2 Strategic Alignment with Government Priorities

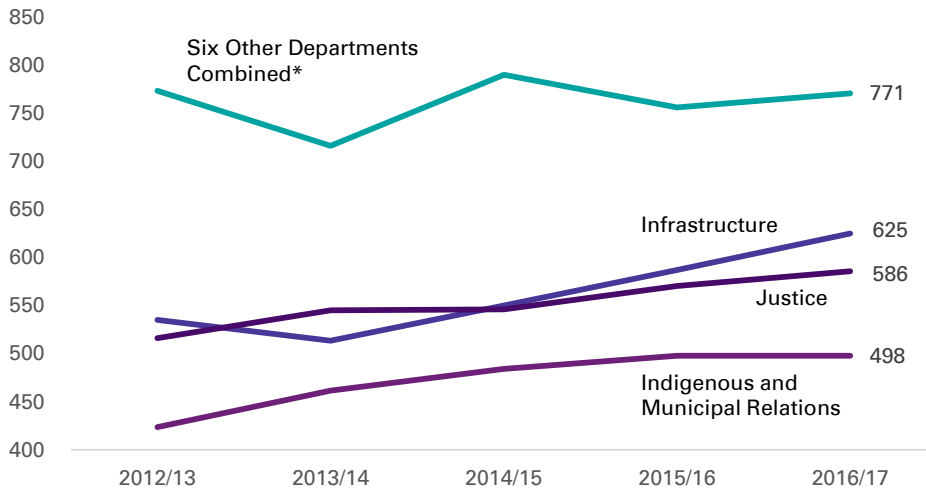
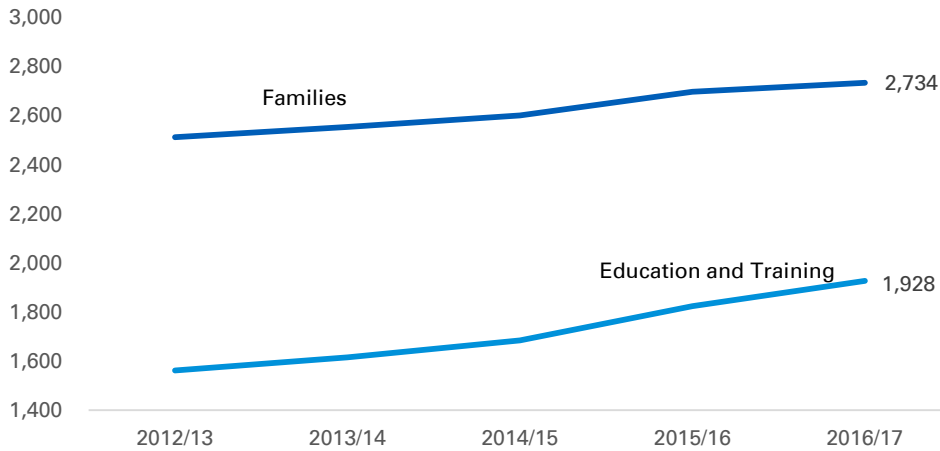
Government and Fiscal Imperative

- The new Government has made clear commitments to reduce the growth in core government spend and to flatten management, while delivering value and protecting front line services. Early efforts include:
 - A reorganization and reduction in the number of departments from 18 to 12, to encourage efficiencies and programmatic synergies.
 - A commitment to reduce 112 management positions through attrition, retirements and necessary reductions.
- This business case is aligned with, and builds on, Government's key commitments and early efforts, by undertaking analysis in support of identifying further opportunities Government can consider to flatten management, combine and streamline programs and services, generate efficiencies and enhanced value, and reduce the overall size of the civil service.

"Layers of administration and top-heavy structures do not create better value or performance, rather they complicate effective decision-making and restrict the free flow of ideas from critical front-line service providers,"

**Finance Minister Cameron Friesen
(October 6, 2016 News Release)**

2.3 Drivers for Change



Source: Derived from Manitoba data.

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





- 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, with large deficits in recent years.
- 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.
- During Phase 1 Scoping, KPMG noted that many programs and services have never been reviewed, or have not been reviewed for a long time. Many senior staff told KPMG that new programs are layered on top of old programs.
- During the Phase 1 scoping exercise, KPMG analysis revealed that four large departments are trending upwards in costs, warranting closer examination: Education and Training, Families, Infrastructure and Justice.
- Total payroll costs (core government) are over \$1B.
 - Salaries and benefits have increased \$89.8M over 5 years (9.6%). Justice represents over one-half of the increase (\$55.6M), where salaries and benefits increased by 17.9% over 5 years.
 - Overtime costs are averaging approximately \$30M annually.

2.4 Scope and Key Assumptions

Rationalization from Reorganization Business Case - Scope and Assumptions	
In-Scope	<ol style="list-style-type: none"> 1. Departments directly affected by the reorganization: <ul style="list-style-type: none"> - Education and Training; - Civil Service Commission; - Families; - Finance; - Growth, Enterprise and Trade; - Indigenous and Municipal Relations; - Justice; and - Sport, Culture and Heritage. 2. Workforce (WFA) Strategy – broader strategy involving all Government of Manitoba departments.
Key Assumptions	<ul style="list-style-type: none"> - FTE and dollar savings from reorganization (net of costs) should be considered and tracked separately, and form part of the first year (2017/18) of the Workforce Strategy. - The Workforce Strategy incorporates FTE and dollar savings impacts from the opportunities identified by departments and by KPMG as part of the Fiscal Performance Review. - The Workforce Strategy should be based on consideration and approval of department plans to achieve multi-year targets established by Government/Treasury Board Secretariat (TBS). - Workforce Strategy would be a government-wide strategy that would include Health. Commercial Crown corporations, independent offices of the Legislative Assembly and third party delivery partners are excluded. - Workforce Strategy considerations are confidential; communications will be kept to a minimum (i.e., only the core team and Steering Committee) pending Government decisions and announcement of the Strategy. - Front line services will not be adversely impacted. - Government will honor its existing collective bargaining agreements.

3.1 Fiscal Performance Review Framework and Evaluation Criteria

The Fiscal Performance Review Framework provides a consistent, systemic framework that includes criteria to guide the analysis of the current state to identify options and opportunities, and place greater emphasis on fiscal discipline on spending and results-based performance. The following is a summary for decision-makers in applying the Fiscal Performance Review Framework and evaluation criteria to the business case for rationalization from reorganization.

Key Evaluation Criteria		
Alignment		The analysis is consistent with the Government’s direction to contain the growth in core government spend, bend the cost curve and flatten management without adversely impacting front-line services.
Economy and Efficiency		There are narrow spans of control within and across departments that are costly and inefficient, as well as duplication, overlap and inefficiencies requiring attention. A multi-year workforce adjustment strategy would focus collective attention on exploring and identifying ongoing opportunities to reduce the footprint of government; there is potential to achieve significant short-term and cumulative cost-savings.
Effectiveness		There are numerous opportunities to improve effectiveness (e.g., centralizing and developing strategic policy capacity), however, significant reduction targets could impact some areas where resources are already constrained.
Implementation/ Transition Risk		Significant initial effort required from CSC, TBS and departments to implement considerations (e.g., span of control baseline analysis for all departments; development, implementation and oversight of workforce adjustment strategy). Some initiatives and decisions will need to be aligned with Government’s Labour Relations Strategy. Specific initiatives that may be contemplated in future years (e.g., alternative service delivery) will likely require significant transition efforts and include risks (to be determined based on initiatives identified). Expect criticism from labour interests and other stakeholders, depending on the initiatives and decisions taken.

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

– This business case presents additional tools (e.g., span of control analysis, workforce adjustment strategy) that can be utilized as management tools on an ongoing basis in the future to ensure sustainability of objectives and cost improvements.

3.2 Current State

Our current state analysis has been informed by the following:

- Deeper dive into recently reorganized departments (Education and Training, Families, Infrastructure and Justice) that are large contributors of spend and FTEs, by examining spans of control and the prevalence of common functions (i.e., finance, policy and IT) spread across numerous divisions;
- Overtime analysis, including a deeper dive on the two largest cost contributors (Justice and Infrastructure);
- Vacancies by department; and
- Number of distinct offices and secretariats that present opportunities for integration within existing department divisions.

Government Reorganization

- In May 2016, Cabinet was reduced from 18 to 12 Ministers. Correspondingly, 18 departments were reorganized into 12 departments.
- The recent reorganization of core government brought together departments and/or different programs and services with common purpose and/or clients, creating significant potential to combine and streamline programs, reduce duplication, overlap and inefficiencies and improve performance results.
- However, collectively, departments to date have identified relatively few opportunities for FTE reductions and/or cost savings.
- KPMG's analysis is intended to help facilitate discussions and challenge departments so that Government can achieve benefits from the reorganization in terms of cost improvements/savings from the current baseline.

3.2 Current State

Span of Control (SoC) Analysis

- Span of Control is generally defined as the number of employees that report directly to a manager, where the manager has responsibility for hiring, assigning/directing work, and disciplining the employee where required.
- There is no right or wrong answer in terms of how many direct reports a manager should have. A number of factors and considerations should be taken into account when determining an appropriate span of control, including:
 - Size of the department, complexity of mandate and programs, geographical dispersion, complexity of work, hours of work, level of autonomy of staff, budget constraints, etc.
- An appropriate span of control ensures value is still delivered and front line services remain effective. Too narrow of a span is inefficient but the balance will need to be assessed.
- That being said, literature (see examples below) on public sector span of control analysis identifies some benchmarks which can be utilized as a broad reference point for considering spans of control for different public sector functions in Manitoba:

Public Sector Benchmarks Utilized for Span of Control	
5-8 staff for policy and research	Executive/Corporate Functions: 1:6
8-10 staff for service delivery	Engineering/Construction 1:8
7-9 staff for regulation and compliance	Operations 1:15
6-12 staff for specialist functions	

Examples include: page 21 of the document, *Towards Responsible Government: Appendix to the Report of the National Commission of Audit Volume 3* (March 2014) http://www.ncoa.gov.au/report/docs/appendix_volume%203.pdf; and the Organizational Review conducted for the Toronto Transit Commission ([https://www.ttc.ca/About the TTC/Commission reports and information/Committee meetings/HR Labour Relations/2015/August 5/Reports/Organizational_Span of Control final report with attachment.pdf](https://www.ttc.ca/About%20the%20TTC/Commission%20reports%20and%20information/Committee%20meetings/HR%20Labour%20Relations/2015/August%205/Reports/Organizational_Span_of_Control_final_report_with_attachment.pdf))

Analysis

3.2 Current State

- In conducting SoC analysis for the four large departments, we found numerous examples of **narrow** spans of control across and within different divisions, as evidenced in the following samples of our analysis. Generally speaking, a narrow span of control (many layers, small number of direct reports) is considered costly and inefficient. Conversely, a wide span of control can cause inattention and performance issues.
- The SoC analysis below, and in its entirety in Appendix 1, highlights the wide variety in leadership and middle management structures in these departments, and the need for standardization in what should be common job descriptions. It also highlights the need to consider how service delivery in geographical regions should be structured and managed across departments.

3.2 Current State

Prevalence of Common Positions Across and Within Different Divisions

- KPMG also examined the prevalence of common positions (finance, IT, policy) across and within different divisions of the four large departments. Our analysis categorizes positions as "management," "senior," or "junior" based on classification (e.g., XM1 is management) or job title (e.g., senior analyst is senior). Associated costs are based on a conservative estimate of salaries (i.e., bottom of the salary range) drawing from the classification and salary information provided by Manitoba.
- It should be noted that in some cases (particularly for Infrastructure and Justice), a lack of detail in the organizational charts provided means that the number and location of common positions may be understated.

Summary of Common Functions in the Department of Education and Training	Management			Senior			Junior			Totals		
	\$	FTE	Vacant FTEs	\$	FTE	Vacant FTEs	\$	FTE	Vacant FTEs	\$	FTE	Vacant FTEs
Policy	1,000,000	10.0	-	640,000	8.0	-	2,040,000	34.0	9.0	3,680,000	52.0	9.0
Finance	1,900,000	19.0	1.0	776,000	9.7	1.0	2,010,000	33.5	5.0	4,686,000	62.2	7.0
IT	400,000	4.0	-	240,000	3.0	1.0	1,080,000	18.0	1.0	1,720,000	25.0	2.0
Totals	3,300,000	33.0	1.0	1,656,000	20.7	2.0	5,130,000	85.5	15.0	10,086,000	139.2	18.0

Summary of Common Functions in the Department of Families	Management			Senior			Junior			Totals		
	\$	FTEs	Vacant FTEs	\$	FTEs	Vacant FTEs	\$	FTE	Vacant FTEs	\$	FTEs	Vacant FTEs
Policy	900,000	9.0	2.0	1,504,000	18.8	3.2	1,080,000	18.0	5.0	3,484,000	45.8	10.2
Finance	1,600,000	16.0	2.0	1,360,000	17.0	7.0	1,560,000	26.0	4.0	4,520,000	59.0	13.0
IT	100,000	1.0	-	-	-	-	120,000	2.0	-	220,000	3.0	-
Totals	2,600,000	26.0	4.0	2,864,000	35.8	10.2	2,760,000	46.0	9.0	8,224,000	107.8	23.2

Summary of Common Functions in the Department of Infrastructure	Management			Senior			Junior			Totals		
	\$	FTE	Vacant FTEs	\$	FTE	Vacant FTEs	\$	FTE	Vacant FTEs	\$	FTE	Vacant FTEs
Policy	800,000	8.0	-	400,000	5.0	1.0	600,000	10.0	2.0	1,800,000	23.0	3.0
Finance	700,000	7.0	-	800,000	10.0	-	2,700,000	45.0	-	4,200,000	62.0	-
IT	100,000	1.0	-	-	-	-	960,000	16.0	-	1,060,000	17.0	-
Totals	1,600,000	16.0	-	1,200,000	15.0	1.0	4,260,000	71.0	2.0	7,060,000	102.0	3.0

Summary of Common Functions in the Department of Justice	Management			Senior			Junior			Totals		
	\$	FTE	Vacant FTEs	\$	FTE	Vacant FTEs	\$	FTE	Vacant FTEs	\$	FTE	Vacant FTEs
Policy	300,000	3.0	-	240,000	3.0	1.0	120,000	2.0	-	660,000	8.0	1.0
Finance	200,000	2.0	1.0	1,520,000	19.0	-	2,580,000	43.0	2.0	4,300,000	64.0	3.0
IT	-	-	-	160,000	2.0	-	60,000	1.0	-	220,000	3.0	-
Totals	500,000	5.0	1.0	1,920,000	24.0	1.0	2,760,000	46.0	2.0	5,180,000	75.0	4.0

3.2 Current State

Policy Positions

- During Phase 1 interviews, many senior management cited a lack of appropriate *strategic* policy capacity in government. In addition, 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.
- Our analysis, illustrated below, revealed numerous policy positions spread throughout the departments we examined. This would appear to indicate that the lack of appropriate policy capacity is likely attributable, at least in part, to where policy positions currently reside, and how they are defined and utilized by management.
- For example, Education and Training has 52 policy positions (and 9 vacancies), with related costs likely over \$3.5M (using conservative salary estimates).
- There is likely an opportunity to consider centralizing and enhancing policy expertise, while retaining some specialist policy expertise where warranted, and reducing the overall number of positions needed.
- Going forward, the mix of management, senior, and junior positions should be considered within the context of what Manitoba considers to be an optimal balance.
- These considerations apply to other common positions, including IT and finance.

3.2 Current State

Policy Positions - Department of Education and Training

Deputy Minister's Office

Branch	Classification	Type of Position	FTEs	Vacant FTEs
Deputy Minister's Office	ECE	Snr Policy Advisor and Sustainable Development	1	-

School Programs Division

Branch	Classification	Type of Position	FTEs	Vacant FTEs
Instruction, Curriculum and Assessment Branch	SS2	Prog & Policy Analyst	1	-
Early Childhood Education Unit	PM2	Prog & Policy Analyst	1	-

Advanced Learning Division

Branch	Classification	Type of Position	FTEs	Vacant FTEs
Policy and Legislation Branch	PM4	Dir	1	-
Policy and Legislation Branch	PM3	Senior Policy Analyst	1	-
Policy and Legislation Branch	PM2	Legislative & Policy Analyst	1	-
MB Student Aid	PM4	Mgr	1	-
MB Student Aid	PM2	Policy Analyst	2	-

Immigration Services Division

Branch	Classification	Type of Position	FTEs	Vacant FTEs
Research, Legislation & Policy	?	Dir	1	-
Corporate Services	PM4	Dir	1	-
Corporate Services	PM3	Snr Prog & Policy Analyst	1	-
Corporate Services	PM2	Prog & Policy Analyst	2	-
Immigration and Employment Programs Branch	PM2	Prog & Policy Officer	1	-
Immigration and Employment Programs Branch	PM2	Prog & Policy Analyst	3	1

Workforce Training Division

Branch	Classification	Type of Position	FTEs	Vacant FTEs
Strategic Policy & Divisional Services	?	E. Dir	1	-
Strategic Policy & Divisional Services	?	Dir	1	-
Strategic Policy & Divisional Services	?	Dir	1	-
Strategic Policy & Divisional Services	?	Mgr	1	-
Strategic Policy & Divisional Services	?	Senior Policy Analyst	3	-
Strategic Policy & Divisional Services	?	Policy Analyst	2	1
Apprenticeship Manitoba	?	Mgr	1	-
Apprenticeship Manitoba	?	Policy & Program Development	3	1
Apprenticeship Manitoba	?	Policy and Governance Consultant	1	1
Industry, Training and Employment Services	?	Dir	1	-
Industry, Training and Employment Services	?	Snr Policy Analyst	1	-
Industry, Training and Employment Services	?	Policy Analyst	3	-
Industry, Training and Employment Services	?	Program & Policy Analyst	1	-

Children and Youth Services Division

Branch	Classification	Type of Position	FTEs	Vacant FTEs
Healthy Child Manitoba Office	PM4	Dir	1	-
Healthy Child Manitoba Office	SS3	?	4	1
Healthy Child Manitoba Office	PM2	?	1	-
Healthy Child Manitoba Office	CL2	?	1	-
Healthy Child Manitoba Office	PM3	?	5	2
Healthy Child Manitoba Office	SS2	?	1	2
Healthy Child Manitoba Office	BA1	?	1	-

— Observation: Policy positions are largely concentrated in two Divisions. Centralization and redefining of policy positions, with some specialist positions continuing to reside in Divisions where warranted, could potentially provide savings and enhance service to the whole Department and to Government.

3.2 Current State

Policy Positions – Department of Families

Community Engagement and Corporate Services Division					
Branch	Classification	Type of Position	FTEs	Vacant FTEs	
Children's disABILITY Svcs. & Family Violence Prev. Prog.	PM4*	Ass. Dir.	1	1	
Children's disABILITY Svcs. & Family Violence Prev. Prog.	PM3	Snr Prog. & Policy Analyst	3	1	
Children's disABILITY Svcs. & Family Violence Prev. Prog.	PM2	Policy Analyst	1	1	
Corporate Services and Administration	PM3	Snr. Policy Analyst	1	-	
Corporate Services and Administration	PM2	Policy Analyst	1	1	
Corporate Services and Administration	SP6*	Dir.	1	-	
Corporate Services and Administration	PM3	Snr. Proj. & Policy Analyst	1	-	
Corporate Services and Administration	PM2	Fre. Lang. Coord. and Policy Analyst	1	1	
Policy and Program Development	PC0	A/Dir.	1	-	
Policy and Program Development	PM3	Snr. Policy Analyst	3	-	
Policy and Program Development	PM2	Policy Analyst	2	-	
Policy and Program Development	PM4	Mgr.	1	1	
Intergovernmental Relations and Info. Svcs. Branch	P10*	Dir.	1	-	
Intergovernmental Relations and Info. Svcs. Branch	PM3	Snr. Policy Analyst	1	-	
Intergovernmental Relations and Info. Svcs. Branch	PM2	Policy Analyst	3	-	
Legislation and Strategic Policy Branch	P10	Dir.	1	-	
Legislation and Strategic Policy Branch	PM3	Snr. Policy Analyst	3	-	
Legislation and Strategic Policy Branch	PM2	Policy Analyst	1	-	
Early Learning and Child Care Program	PM3	Snr. Policy Analyst	1	-	
Early Learning and Child Care Program	PM2	Policy Analyst	2	-	

Disabilities Issues Office					
Branch	Classification	Type of Position	FTEs	Vacant FTEs	
Disabilities Issues Office	XM1	E. Dir.	1	-	
Disabilities Issues Office	PM3	Snr. Policy Analyst	1	-	
Disabilities Issues Office	PM2	Policy Analyst	2	-	

*These directors and managers did not have "policy" in their title, but their direct reports are all or nearly all policy positions.

Administration and Finance Division					
Branch	Classification	Type of Position	FTEs	Vacant FTEs	
Administration and Finance Division	PM3	Policy Analyst	1	-	
Agency Accountability and Community Initiatives	PM2	Policy Analyst	1	-	
Adult Disability Services Branch	PM4	Ass. Dir.	1	-	
Adult Disability Services Branch	PM3	Snr. Policy Analyst	3	2	
Adult Disability Services Branch	PM2	Policy Analyst	2	2	

Community Services Delivery Division					
Branch	Classification	Type of Position	FTEs	Vacant FTEs	
Strategic Planning and Prog. Support	PM4	Mgr.	1	-	
Strategic Planning and Prog. Support	PM3	Snr. Policy Analyst	2	-	
Strategic Planning and Prog. Support	PM2	Policy Analyst	1	-	

3.2 Current State

Policy Positions - Department of Infrastructure

Transportation Policy & Motor Carrier Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Legislative & Regulatory Services	?	Dir.	1	-
Legislative & Regulatory Services	?	Policy Analyst	1	1
Legislative & Regulatory Services	?	Mgr	1	-
Legislative & Regulatory Services	?	Policy and Legislative Analyst	3	1
Policy & Service Development	?	Dir.	1	-
Policy & Service Development	?	Mgr	1	-
Policy & Service Development	?	Snr Policy Cons.	2	1
Policy & Service Development	?	Policy Cons.	5	-
Strategic Initiatives	?	Dir	1	-
Strategic Initiatives	?	Mgr	1	-

Emergency Management & Public Safety Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Recovery	?	Mgr	1	-

Water Management & Structures Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Policy & Issues Support	?	Mgr	1	-
Policy & Issues Support	?	Policy Support	1	-

Engineering & Operations Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Northern Airports & Marine Operations	?	Compliance Administrator	1	-
Northern Airports & Marine Operations	?	Regulatory Analyst	1	-
Northern Airports & Marine Operations	?	Policy Cons.	1	-

Note: the Department of Infrastructure organizational charts provided lacked necessary detail in some cases to be able to accurately identify all position types. For example, an organization chart may identify a manager responsible for a policy-related function with 5 direct reports, without indicating the position titles of the direct reports. In this case, we conclude that the direct reports are also policy-related positions. In other cases, organization charts were incomplete, so the number of positions may be understated.

3.2 Current State

Policy Positions - Department of Justice

Courts Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Courts Financial and Analytical Services	PM3	Snr Policy Analyst	1	1

Civil Law Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
MB Human Rights Commission	X04	Dir	1	-
Legal Services Branch	F15	Fin. Officer	1	-
Legal Services Branch	CL3	Accounting Clerk	1	-

Community Safety Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Community Safety Division	P9	Dir	1	-
Crime Prevention Branch	PM3	Snr Policy & Project Analyst	1	-
Crime Prevention Branch	PM2	Program & Policy Analyst	1	-
Policy & Development	PM2	Mgr	1	-

Note: the Department of Justice organizational charts provided lacked necessary detail in some cases to be able to accurately identify all position types. In other cases, organization charts were incomplete, so the number of positions may be understated.

Analysis

3.2 Current State

IT Positions

- IT is centralized by Manitoba, yet there are still large pockets of IT-related positions residing in departments. Central Services indicates there are ~160 IT-related positions in departments.
- The proliferation of IT positions in departments clearly requires detailed review if Government is to achieve the full potential and savings from IT centralization and consolidation.

IT Position Organizational Chart View within the Department of Education and Training

Administration and Finance Division

Branch	Classification	Type of Position	FTEs	Vacant FTEs
Innovative Tech Services Branch	?	Dir	1	-
Innovative Tech Services Branch	?	Snr Bus & Tech Consultant	2	-
Innovative Tech Services Branch	?	Bus & Tech Consultant	2	-
Innovative Tech Services Branch	BA1	Business Analyst	1	-

Workforce Training Division

Branch	Classification	Type of Position	FTEs	Vacant FTEs
Strategic Policy and Divisional Services	?	E. Dir	1	-
Strategic Policy and Divisional Services	?	Dir	1	-
Strategic Policy and Divisional Services	?	Bus Analyst	5	-
Strategic Policy and Divisional Services	?	IT Specialist	1	-
Apprenticeship Manitoba	?	Information Systems	1	-

Branch	Classification	Type of Position	FTEs	Vacant FTEs
Program and Student Services Branch	TA3	Technology Consultant	1	-
Educational Resources	A02	Manager	1	-
Educational Resources	WD2	Snr Web Designer	1	1
Educational Resources	IS3	Consultant, IT	1	-
Educational Resources	WD1	Web Designer	1	-
Educational Resources	CL3	Video Duplication Bulk Mailing Assistant	1	-
Educational Resources	TA3	Audio Production Technician	1	-
Educational Resources	TA3	Multimedia Production Technician	1	-
Educational Resources	IS1	IT Assistant	1	1

Bureau de l'éducation française Division

Branch	Classification	Type of Position	FTEs	Vacant FTEs
Bureau de l'éducation française Division	TA3	Media Technician	1	-

3.2 Current State

IT Positions - Department of Families

Community Engagement and Corporate Services Division					
Branch	Classification	Type of Position	FTEs	Vacant FTEs	
Intergovernmental Relations and Information Services Branch	P10	Dir.	1	-	
Intergovernmental Relations and Information Services Branch	WB2	Web Coordinator	1	-	
Intergovernmental Relations and Information Services Branch	WB1	Web Publisher	1	-	

IT Positions - Department of Infrastructure

Corporate Services Division					
Branch	Classification	Type of Position	FTEs	Vacant FTEs	
Crown Lands & Property Agency	IS3	Info. Support Analyst	1	-	
Information Technology Systems	IS6	Dir.	1	-	
Information Technology Systems	?	IT Staff	15	-	

IT Positions - Department of Justice

Community Safety Division					
Branch	Classification	Type of Position	FTEs	Vacant FTEs	
Information Systems	OC3	Comms Support Specialist	1	-	
Information Systems	SL3	Snr Business Analyst	2	-	

Note: As stated previously, organizational charts were in some cases incomplete, so the number of positions identified above could be understated.

3.2 Current State

Finance and Related Positions

- The tables that follow illustrate finance and related positions within the four departments examined. Similar to policy and IT positions, finance and related positions are spread out across various divisions, rather than largely centralized within the Administration and Finance Division as would be expected.
- Similar to policy and IT positions, there are likely opportunities to consider centralizing and reducing the number of finance and related positions.
- Government may also wish to consider whether an opportunity exists to centralize accounts payable and accounts receivable functions within a single department (e.g., Finance).

3.2 Current State

Finance and Related Positions - Department of Education and Training

Adult Learning and Literacy Division	Classification	Type of Position	FTEs	Vacant FTEs
Adult Learning and Literacy	X03	Admin & Fin Mgr	1	-

Advanced Learning Division	Classification	Type of Position	FTEs	Vacant FTEs
Finance Branch	F17	CFO	1	-
Finance Branch	F14	Snr Fin Analyst	1	-
Finance Branch	F11	Accounting Clerk	1	-
Policy and Legislation Branch	SS2	Statistical Analyst	2	-
MB Student Aid	F15	Mgr	1	-
MB Student Aid	A01	Loan Services Supervisor	1	-
MB Student Aid	F11	Fin Analyst	1	-
MB Student Aid	CL3	Loan Admin	1	-
MB Student Aid	AK2	Accounting Clerk	1	-

Education Administration Division	Classification	Type of Position	FTEs	Vacant FTEs
MB Education and Training	F12, PM2	Coord	2	1 (F12)
MB Education and Training	CL3	Admin/Finance Clerk	1	-
		Mail/Revenue/Records	2	-
MB Education and Training	CL3	Management Certification/Finance		
MB Education and Training	CL3	Clerk	1	-

Workforce Training Division	Classification	Type of Position	FTEs	Vacant FTEs
Apprenticeship Manitoba	?	Mgr	1	-
Apprenticeship Manitoba	?	Fin Analyst	2	-
Apprenticeship Manitoba	?	Fin Clerk	2	1
Industry, Training and Employment Services	?	Dir	1	-
Industry, Training and Employment Services	?	Snr Fin Analyst	1	-
Industry, Training and Employment Services	?	Fin and Admin Assistant	1	-
Industry, Training and Employment Services	?	Finance and Admin	2	1
Industry, Training and Employment Services	?	Fin Analyst	5	-
Industry, Training and Employment Services	?	Fin/Admin Support	2	-
Industry, Training and Employment Services	?	Financial Admin	1	-

Administration and Finance Division	Classification	Type of Position	FTEs	Vacant FTEs
Financial and Admin Services Branch	XM2	EFO	1	-
Financial and Admin Services Branch	F12 - F15	Mgr	2	1
Financial and Admin Services Branch	F17	Dir	1	-
Financial and Admin Services Branch	F14	Snr Budget Officer	1	1
Financial and Admin Services Branch	F15	Snr Fin Analyst	2	-
Financial and Admin Services Branch	CL3	Pmt Clerk	1	-
Financial and Admin Services Branch	A01	Accts Pmt Clerk	1	1
Financial and Admin Services Branch	F12 - F14	Fin Anayst	2	1
School's Finance Branch	F16	Coord	1	-
School's Finance Branch	F12 - F14	Accountant	4	-

School Programs Division	Classification	Type of Position	FTEs	Vacant FTEs
School Programs Division	?	Fin Coord	1	-
Instruction, Curriculum and Assessment Branch	X03	Coord	1	-
Instruction, Curriculum and Assessment Branch	F12	Financial Officer	1	-
Instruction, Curriculum and Assessment Branch	CL3	Financial Clerk	2	1
Instruction, Curriculum and Assessment Branch	SSR	Statistical Analyst	1	-
Program and Student Service Branch	CL4	Financial/Admin. Asst.	2	-
Educational Resources Branch	CL3	Admin./Finance Clerk	1	-

Immigration Services Division	Classification	Type of Position	FTEs	Vacant FTEs
Corporate Services	A02	Fin Admin Officer	1	-

Bureau de l'education francaise Division	Classification	Type of Position	FTEs	Vacant FTEs
Bureau de l'education francaise Division	F12	Coord	1	-
Bureau de l'education francaise Division	CL4	Accounting Admin	1	-

3.2 Current State

Finance and Related Positions - Department of Families

Community Engagement and Corporate Services Division					Community Services Delivery Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs	Branch	Classification	Type of Position	FTEs	Vacant FTEs
Corporate Services and Administration	F15	Mgr	1	-	Rural and Northern Services	AO2	Admin/Fin Officer	2	-
Corporate Services and Administration	F13	Fin Analyst	1	-	Strategic Planning and Program Support	F15	Snr Fin Mgr	1	-
Management Team	F13	Fin Analyst	1	1	Strategic Planning and Program Support	CL3	AP Clerk	1	-
Early Learning and Child Care Program	P8	Ass. Dir.	1	-	Winnipeg Child and Family Services	F14	Admin and Fin Mgr	1	-
Early Learning and Child Care Program	F12	A/Fin Analyst	1	-	Winnipeg Child and Family Services	?	Fin Analyst	1	-
Early Learning and Child Care Program	F13	Snr. Fin. Analyst	2	1	Winnipeg Child and Family Services	?	AP Clerk	2	-
Early Learning and Child Care Program	F12	Fin Analyst	4	1	Manitoba Developmental Centre	F15	Fin Svcs Mgr	1	1
Early Learning and Child Care Program	?	Fin Project Ass.	1	-	Winnipeg Services	F14	Mgr	1	-
Administration and Finance Division									
Branch	Classification	Type of Position	FTEs	Vacant FTEs					
Administration and Finance Division	F17	Comptroller	2	-					
Financial and Administrative Services Branch	F17	Dir.	1	-					
Financial and Administrative Services Branch	CL3	Snr AP Clerk	1	-					
Financial and Administrative Services Branch	F14	Fin Analyst	1	-					
Financial and Administrative Services Branch	F16	Mgr	1	-					
Financial and Administrative Services Branch	CL3	Snr AP Clerk	4	-					
Financial and Administrative Services Branch	F13	Fin Analyst	1	-					
Financial and Administrative Services Branch	F15	Mgr	1	-					
Financial and Administrative Services Branch	CL3	Accounting Clerk	2	-					
Financial and Administrative Services Branch	F14	Mgr	1	-					
Financial and Administrative Services Branch	AM3	Rev Clerk	1	-					
Financial and Administrative Services Branch	CL4	Supervisor SAP Af	1	-					
Financial and Administrative Services Branch	AK1	Rev Clerk	1	1					
Financial and Administrative Services Branch	CL4	AP Supervisor	1	-					
Financial and Administrative Services Branch	CL2	EIA AP Clerk	3	-					
Project Management - IT Office	A02	A/Mgr	1	-					
Agency Accountability and Community Initiatives	P10	Dir.	1	1					
Agency Accountability and Community Initiatives	F14	Snr Fin Analyst	6	2					
Agency Accountability and Community Initiatives	AD2	Fin Mgmt Cons.	1	1					
Agency Accountability and Community Initiatives	F13	Fin Analyst	4	4					
Agency Accountability and Community Initiatives	AD1	Fin Mgmt Cons.	2	-					

3.2 Current State

Finance and Related Positions - Department of Infrastructure

Corporate Services Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Crown Lands & Property Agency	F15	Mgr	1	-
Crown Lands & Property Agency	F13	Ass. Fin. Officer	1	-
Financial Services Branch	XM1	Dir.	1	-
Financial Services Branch	F16	Mgr	1	-
Financial Services Branch	?	Finance Staff	4	-
Financial Services Branch	F15	Mgr	1	-
Financial Services Branch	?	Finance Staff	2	-
Financial Services Branch	F15	Mgr	1	-
Financial Services Branch	?	Finance Staff	3	-
Financial Services Branch	F13	AP Supervisor	1	-
Financial Services Branch	?	Finance Staff	5	-
Air Services Branch	F14	Mgr	1	-
Air Services Branch	?	Finance Staff	2	-

Engineering & Operations Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Eastern Region	?	Fin Officer	1	-
Eastern Region	?	Fin Clerk	3	-
South Central Region	?	Fin Officer	1	-
South Central Region	?	Regional Construction Bookkeeper	1	-
South Central Region	?	Fin Clerk	3	-
South Western Region	?	Fin Officer	1	-
South Western Region	?	Fin Clerk	3	-
South Western Region	?	Regional Construction Bookkeeper	1	-
West Central Region	?	Fin Officer	1	-
West Central Region	?	Fin Clerk	1	-
Northern Region	?	Fin Officer	1	-
Northern Region	?	Fin Clerk	4	-
Special Operations	?	Accounts Clerk	1	-
Special Operations	?	Prog. Accounts Clerk	1	-
Special Operations	?	Field Accounts Clerk	1	-
Traffic Engineering	?	Accounting Clerk	1	-
Northern Airports & Marine Operations	?	Fin Officer	1	-
Northern Airports & Marine Operations	?	Accounts Clerk	1	-

Emergency Management & Public Safety Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Recovery Branch	?	Divisional Fin Officer	1	-
Recovery Branch	?	Finance Staff	2	-

Water Management & Structures Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Finance & Administration	?	Mgr	1	-
Finance & Administration	?	Fin Officer	1	-
Finance & Administration	?	Finance Staff	5	-

Transportation Policy & Motor Carrier Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Transportation Policy & Motor Carrier Division	?	Fin Clerk	1	-

Note: As stated previously, organizational charts were in some cases incomplete, so the number of positions identified above could be understated.

3.2 Current State

Finance and Related Positions - Department of Justice

Community Safety Division					Manitoba Prosecution Service Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs	Branch	Classification	Type of Position	FTEs	Vacant FTEs
Policing	F15	Snr Fin Analyst	1	-	Manitoba Prosecution Service	F13	Fin Analyst	1	-
Corporate & Financial Services	XM2	E. Dir.	-	-					
Corporate & Financial Services	?	Snr Fin Analyst	1	-					
Financial Management	F11	Financial Managers	1	-					
Financial Management	AY3	Financial Contacts	1	-					
Financial Management	F12	Financial Managers	4	-					
Financial Management	AY4	Financial Contacts	6	-					
Financial Management	F13	Financial Managers	4	-					
Financial Management	CL4	Financial Contacts	7	-					
Financial Management	F14	Snr Fin Analyst	2	-					
Financial Management	CL4	Financial Coord.	1	-					
Crime Prevention Branch	AY4	Admin & Fin. Support	1	-					

Consumer Protection Division				
Branch	Classification	Type of Position	FTEs	Vacant FTEs
Consumer Protection Division	?	Fin Analyst	1	-

Note: As stated previously, organizational charts were in some cases incomplete, so the number of positions identified above could be understated.

Court Services Division					
Branch	Classification	Type of Position	FTEs	Vacant FTEs	
Court Services Division	F15	Comptroller	1	1	
Court Services Division	?	Fin Analyst	1	-	
Courts Financial and Analytical Services	F13	Snr Fin Analyst	3	-	
Courts Financial and Analytical Services	CL3	AP Invoice Process Clerk	10	-	
Courts Financial and Analytical Services	AK2	Sr. Rev. / Trust Process Clerk	2	-	
Courts Financial and Analytical Services	A02	Mgr	1	-	
Courts Financial and Analytical Services	AK1	Cashier	3	-	
Courts Financial and Analytical Services	AK1/CL3	Accounting Clerk	2	1	
Queen's Bench Registry	AK1	Accounting Cashier	1	-	
Summary Conviction Court Operations	AK2	Cashier/Accounting Supervisor	1	-	
Summary Conviction Court Operations	AK1	Cashier	4	1	
Maintenance Enforcement Program	CL3/CL4	Finance Staff	5	-	

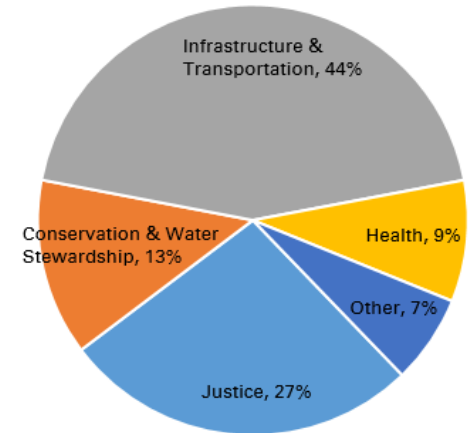
Analysis

3.2 Current State

Overtime Analysis

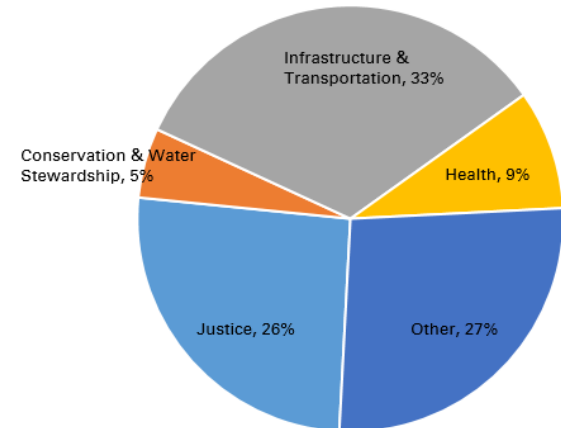
- During Phase 1, KPMG obtained overtime data from Manitoba for the fiscal years 2013/14 to 2015/16. We noted that two departments incurred the largest amount of overtime costs – Infrastructure and Justice.
- KPMG conducted analysis into overtime costs based on information provided by the Civil Service Commission. Note that in-depth overtime analysis on “Paid Out” data was not possible as only high level (by department) data was provided.
- As the table and charts below illustrate, four departments are large contributors to 2015/16 overtime payouts and liability.

Percentage of Overtime Paid Out by Key Department/Unit in Fiscal 2015/16



Overtime Paid Out and Liability		As at Mar 31 2016		
Fiscal Year 2015/16	Paid Out	Liability	Total	
Justice	7,452,981	2,894,347	10,347,329	
Conservation & Water Stewardship	3,677,351	594,851	4,272,202	
Infrastructure & Transportation	12,178,159	3,736,879	15,915,038	
Health	2,522,228	1,018,994	3,541,222	
Other	1,839,371	2,992,201	4,831,573	
Total	27,670,090	11,237,273	38,907,363	

Percentage of Overtime Liability by Key Department/Unit - As at March 31, 2016



Source: Derived from information provided by Manitoba.

Analysis

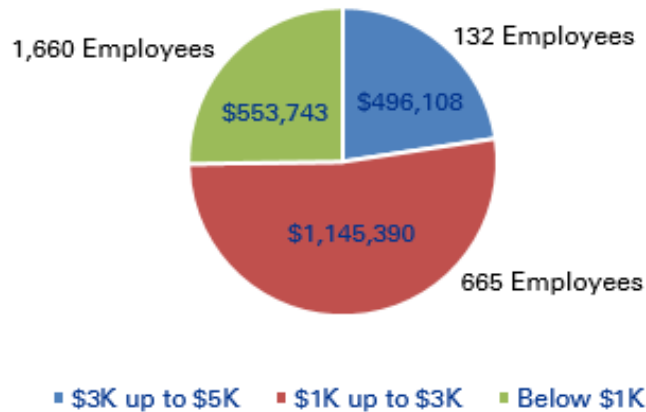
3.2 Current State

Overtime Analysis - Justice

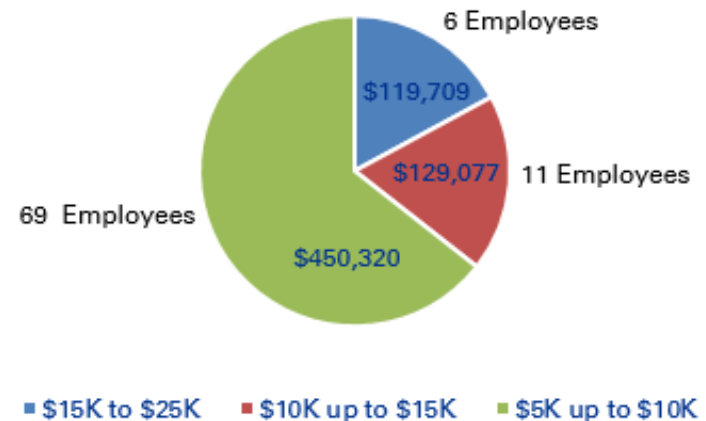
- The total overtime payout for Justice in 2015/16 was nearly \$7.5 million.
- The total overtime liability for Justice is approximately \$2.9M (for approximately 2,543 employees). The largest individual liability is approximately \$23K.
- While most employees are owed amounts less than \$5K, six employees each have individual liabilities greater than \$15K, 11 employees each have individual liabilities between \$10K and \$15K and 69 employees have individual liabilities between \$5K up to \$10K. **In total, 24.2% of the total liability is attributable to 86 individuals.**

Department of Justice Overtime Analysis - Key Observations	Totals	% of Total
Highest individual liability	23,088	0.8%
Total liability from individuals owed more than \$15K (6 employees)	119,709	4.1%
Total of individual liabilities \$5K or greater owed (86 employees)	699,106	24.2%
Total of individual liabilities below \$5K owed (2,457 employees)	2,195,241	75.8%
Total Liability	2,894,347	100.0%

Overtime Analysis of the Department of Justice, Below \$5K Owed



Overtime Analysis of the Department of Justice, \$5K or Greater Owed



Analysis

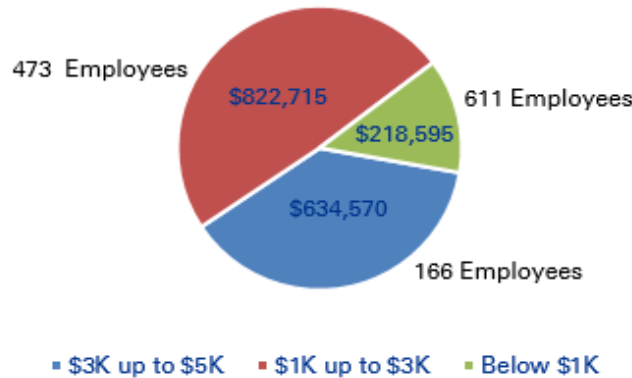
3.2 Current State

Overtime Analysis - Infrastructure

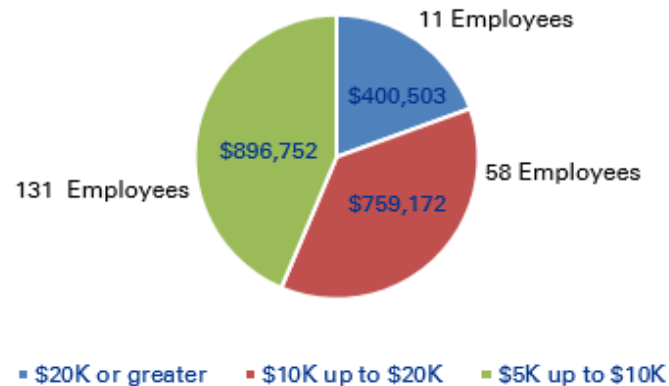
- The total overtime liability for the Department of Infrastructure is approximately \$3.7M (for approximately 1,450 employees). The largest individual liability is approximately \$84.6K.
- While most employees are owed amounts less than \$5K, eleven employees each have individual liabilities greater than \$20K, 58 employees each have individual liabilities between \$10K and \$20K, and 131 employees have individual liabilities between \$5K up to \$10K. **In total, 55.1% of the total liability is attributable to 200 individuals.**

Department of Infrastructure Overtime Analysis - Key Observations	Totals	% of Total
Highest individual liability	84,611	2.3%
Total liability from individuals owed more than \$20K (11 employees)	400,503	10.7%
Total of individual liabilities \$5K or greater owed (200 employees)	2,056,427	55.1%
Total of individual liabilities below \$5K owed (1,250 employees)	1,675,880	44.9%
Total Liability	3,732,307	100.0%

Overtime Analysis of the Department of Infrastructure, Below \$5K Owed



Overtime Analysis of the Department of Infrastructure, \$5K or Greater Owed



3.2 Current State

Analysis of Vacancies

— As the chart below illustrates, just over 25% of vacancies are long-standing (i.e., close to two years or more). Note that reported vacancies may be overstated due to double-counting of vacant positions.

Cross-Government Vacancy Analysis			Vacancy Value Breakdown		
Departments	FTE Value ¹	Vacancy Value ¹	Before Jan 1 2015	After Jan 1 2015	After Jan 1 2016
Agriculture	75.0	71.0	29.0	12.0	30.0
Civil Service Commission	20.5	14.0	1.0	1.0	12.0
Education and Training	130.6	114.6	18.5	32.1	64.0
Finance	181.3	181.3	39.3	51.0	91.0
Families	263.1	246.1	74.4	44.8	126.9
Growth, Enterprise and Trade	48.6	45.6	10.6	14.0	21.0
Health, Seniors and Active Living	86.0	86.0	28.7	22.5	34.8
Indigenous and Municipal Relations	57.1	53.1	13.8	12.0	27.3
Infrastructure	100.5	99.5	20.5	24.0	55.0
Justice	214.8	158.2	36.1	34.5	87.6
Sport, Culture and Heritage	68.2	63.1	27.0	15.2	20.9
Sustainable Development	116.6	113.5	31.5	34.2	47.9
Total from Departments	1,362.1	1,245.9	330.3	297.3	618.4

¹ "FTE Value" represents the FTE count from all positions listed on the department vacancy listings. "Vacancy Value" excludes the FTE count from positions detailed in the listing that are disclosed as active/filled.

Analysis

3.2 Current State

Distinct Offices and Secretariats

- Over the years a number of distinct offices and secretariats were created by former Governments to address specific issues and/or client groups and profile priorities.
- The table summarizes current offices and secretariats within core government departments, along with related FTE and budget information. It should be noted that the list is not exhaustive. Offices or secretariats with what appear to be ongoing mandates were not identified (e.g., Office of the Fire Commissioner; Health Workforce Secretariat – which deals with contracts/negotiations and fee-for-service/insured benefits).
- Each office and secretariat has its own separate management structure and resources which, collectively, are not insignificant. Government should review these offices and secretariats to determine whether a distinct focus and structure is still warranted, or whether some or all of these can be integrated within existing divisions and functions, to generate efficiencies, synergies and FTE and dollar savings.
- Government should also consider span of control and current resource needs for retained offices and secretariats. Detailed information is provided in Appendix 2 to support this further consideration.

Select Offices/Secretariats (\$ 000s)	FTEs	Salaries Budget	Operating Budget	Total Salary and Operating Budget
Sport, Heritage and Culture: Status of Women	9.0	693	203	896
Sport, Heritage and Culture: Sport Secretariat	3.0	194	57	251
Sport, Heritage and Culture: Multi-Culturalism Secretariat	3.0	230	70	300
Families: Disabilities Issues Office	6.0	556	100	656
Families: Office of the Vulnerable Persons Commissioner	5.5	540	92	632
Education & Training: Aboriginal Education Directorate	9.0	822	399	1,221
Education & Training: Healthy Child Manitoba Office	32.0	2,266	416	2,682
Education & Training: Office of the Manitoba Fairness Commissioner	3.0	266	51	317
Growth, Enterprise & Trade: Worker Advisor Office	9.0	724	110	834
Growth, Enterprise & Trade: Tourism Secretariat	4.0	342	208	550
Indigenous & Municipal Relations: Aboriginal Affairs Secretariat	29.0	2,596	574	3,170
Health, Seniors & Active Living: Seniors and Healthy Aging Secretariat	9.0	667	913	1,580
Health, Seniors & Active Living: Aboriginal and Northern Health Office	10.0	745	1,314	2,072
Total	131.5	10,641	4,507	15,161

Source: Derived from information provided by Manitoba.

Note: Total budgeted figures only include salary and operation budgets, it does not include grant assistance budgets or other fund allocation budgets.

4.1 Assessment of Options

1. Build on the current state analysis and utilize it as a challenge function. Also consider:

- Undertaking Span of Control baseline analysis for each department; identify benchmarks for key public sector functions and utilize Span of Control as an ongoing management tool.
- Undertaking a detailed analysis of policy position types and capabilities and experience across government; consider enhancing strategic policy capacity and establishing common job descriptions and requirements for key positions.
- Directing departments with large overtime payouts and liability to develop and submit an overtime reduction strategy, identifying specific, annual reduction targets, processes to improve approvals and accountability, and strategies for achieving targets.
- Whether offices/secretariats within departments should remain separate and distinct from functional areas and programs.
- Undertaking a detailed analysis of the types and need for IT-related positions in departments with a goal of progressing further towards true IT consolidation.
- Utilizing the analysis to help inform specific department reduction targets for the commitment to eliminate 58 middle/lower management positions (refer to the Draft Assessment Tool presented on page 44 in section 5).

4.1 Assessment of Options

2. Consider implementing a multi-year Workforce Strategy to further commitments to reduce the growth in spend, bend the cost curve, ensure fiscal sustainability, and flatten management.

- Objective: reduce the current size of core government, phased-in over the next four years, and contain growth of civil service in future years (e.g., to be in line with population growth).
- To be achieved primarily through attrition of non-core services and positions not delivering front line services, without adversely impacting front line services. Also, consider further opportunities, including: eliminate distinct offices/secretariats, and integrate within existing divisions of departments; program review and/or elimination of ineffective, non-performing programs and associated staff positions, and alternative service delivery.
- Moving forward with considerations presented for Option 1 will contribute to a multi-year Workforce Strategy.

Workforce Strategy

- Targeted, government-wide effort to reduce the size of the civil service by X% over a four-year period (2017/18 to 2020/21).
 - Various multi-year reduction scenarios (6%, 8%, 10%) are presented below for Manitoba's consideration.
 - The scenarios illustrate the range of potential savings (conservatively estimated) that can be achieved, beginning in 2017/18.
 - Annual Net Savings are removed from the base spend, and accumulate over the four-year period.
 - Actual Net Savings are before transition costs (e.g., any one-time personnel costs; costs associated with alternative service delivery initiatives) and FTE/program additions.
- This would be a broad, government-wide strategy that includes all core departments, and all levels of the civil service. Crown corporations, Independent offices of the Legislative Assembly, and third party delivery partners, are excluded.
- Would include FTE impacts from opportunities identified by departments and by KPMG through the Fiscal Performance Review.

4.1 Assessment of Options

Workforce Adjustment Strategy – Scenario: 6% reduction in FTEs over four years

	2016/17 FTEs*	2017/18 FTEs	2017/18 Net Savings (\$000s)	2018/19 FTEs	2018/19 Net Savings (\$000s)	2019/20 FTEs	2019/20 Net Savings (\$000s)	2020/21 FTEs	2020/21 Net Savings (\$000s)	Cumulative Net FTE Reduction	Cumulative Net Savings (\$000s)
Flatten Management-Senior		(54)	(5,940)								
Flatten Management - Middle/Lower		(58)	(1,015)								
Reorganization											
Attrition (~8% of 16/17 attrition rate of 8%)		(85)	(6,375)								
Reduce Overtime		TBD	TBD								
Program Reduction / Elimination		TBD	TBD								
Alternative Service Delivery		TBD	TBD								
Program Additions		TBD	TBD								
Net Reduction		(197)	(13,330)								
Target Annual FTE Reduction: 6%		(200)		(200)		(200)		(200)		(800)	
Gap Remaining		(3)	(225)	(200)		(200)		(200)			
TOTAL	13,313	13,113	(13,555)	12,914		12,714		12,514		-6%	

*Baseline to be confirmed.

Notes:

- 4-Year net FTE reduction is 799.
- Assumptions for flattening management
 - Salary and Benefits (less one-time severance costs): Senior management: \$110K; middle/lower management: \$70K
 - Commitment to reduce middle/lower management by 58 positions is effective December 2017, therefore partial savings (last quarter) are assumed in Year 1. Annualized savings are (\$4,060)
- General FTE reduction achieved through attrition (Salary and Benefits): \$75K.
- Annual savings are removed from the base budget and therefore accumulate over the multi-year strategy.
- Actual annual savings are before transition costs (e.g., any one-time personnel costs; costs associated with alternative service delivery initiatives) and FTE/program additions.

4.1 Assessment of Options

Workforce Adjustment Strategy – Scenario: 8% reduction in FTEs over four years

	2016/17 FTEs*	2017/18 FTEs	2017/18 Net Savings (\$000s)	2018/19 FTEs	2018/19 Net Savings (\$000s)	2019/20 FTEs	2019/20 Net Savings (\$000s)	2020/21 FTEs	2020/21 Net Savings (\$000s)	Cumulative Net FTE Reduction	Cumulative Net Savings (\$000s)
Flatten Management-Senior		(54)	(5,940)								
Flatten Management - Middle/Lower		(58)	(1,015)								
Reorganization											
Attrition (~12% of 16/17 attrition rate of 8%)		(130)	(9,750)								
Reduce Overtime		TBD	TBD								
Program Reduction / Elimination		TBD	TBD								
Alternative Service Delivery		TBD	TBD								
Program Additions		TBD	TBD								
Net Reduction		(242)	(16,705)								
Target Annual FTE Reduction: 8%		(266)		(266)		(266)		(266)		(1,064)	
Gap Remaining		(24)	(1,826)	(266)		(266)		(266)			
TOTAL	13,313	13,047	(18,531)	12,780		12,514		12,248		-8%	

*Baseline to be confirmed.

Notes:

- 4-Year net FTE reduction is 1,065.
- Assumptions for flattening management
 - Salary and Benefits (less one-time severance costs): Senior management: \$110K; middle/lower management: \$70K
 - Commitment to reduce middle/lower management by 58 positions is effective December 2017, therefore partial savings (last quarter) are assumed in Year 1. Annualized savings are (\$4,060)
- General FTE reduction achieved through attrition (Salary and Benefits): \$75K.
- Annual savings are removed from the base budget and therefore accumulate over the multi-year strategy.
- Actual annual savings are before transition costs (e.g., any one-time personnel costs; costs associated with alternative service delivery initiatives) and FTE/program additions.

4.1 Assessment of Options

Workforce Adjustment Strategy – Scenario: 10% reduction in FTEs over four years

	2016/17 FTEs*	2017/18 FTEs	2017/18 Net Savings (\$000s)	2018/19 FTEs	2018/19 Net Savings (\$000s)	2019/20 FTEs	2019/20 Net Savings (\$000s)	2020/21 FTEs	2020/21 Net Savings (\$000s)	Cumulative Net FTE Reduction	Cumulative Net Savings (\$000s)
Flatten Management-Senior		(54)	(5,940)								
Flatten Management - Middle/Lower		(58)	(1,015)								
Reorganization											
Attrition (~12% of 16/17 attrition rate of 8%)		(130)	(9,750)								
Reduce Overtime		TBD	TBD								
Program Reduction / Elimination		TBD	TBD								
Alternative Service Delivery		TBD	TBD								
Program Additions		TBD	TBD								
Net Reduction		(242)	(16,705)								
Target Annual FTE Reduction: 8%		(333)		(333)		(333)		(333)		(1,332)	
Gap Remaining		(91)	(6,825)	(333)		(333)		(333)			
TOTAL	13,313	12,980	(23,530)	12,647		12,314		11,982		-10%	

*Baseline to be confirmed.

Notes:

- 4-Year net FTE reduction is 1,332.
- Assumptions for Flatten Management
 - Salary and Benefits (less one-time severance costs): Senior management: \$110K; middle/lower management: \$70K
 - Commitment to reduce middle/lower management by 58 positions is effective December 2017, therefore partial savings (last quarter) are assumed in Year 1. Annualized savings are (4,060)
- General FTE reduction achieved through attrition (Salary and Benefits): \$75K.
- Annual savings are removed from the base budget and therefore accumulate over the multi-year strategy.
- Actual annual savings are before transition costs (e.g., any one-time personnel costs; costs associated with alternative service delivery initiatives) and FTE/program additions.

5.1 Preferred Option

Consider a multi-year Workforce Strategy to reduce the size of the civil service by 8%.

- This may be a prudent starting point given the degree of changes underway in the Manitoba Government, and requirements for cost improvements across core government departments.
- Targets can be revisited once the Government develops its overall approach and/or Labour Relations Strategy.
- Implementing the following specific considerations presented with Option 1 will directly help to achieve annual Workforce Strategy targets:
 - Undertake Span of Control baseline analysis for each department; identify benchmarks for key public sector functions and utilize Span of Control as an ongoing management tool.
 - Direct departments with large overtime payouts and liability to develop and submit an overtime reduction strategy, identifying specific, annual reduction targets and strategies for achieving targets.
 - Consider opportunities to eliminate distinct offices/secretariats within departments, and merge responsibilities within existing divisions.
 - Develop a strategy/policy around the approach to centralized services being represented in departments (i.e., IT, finance functions like accounts receivable and accounts payable).
 - Undertake detailed analysis of the types and need for finance and IT-related positions in departments with a goal of progressing further towards true centralization and consolidation of finance and IT positions.

Considerations

5.2 Potential Financial Impacts and Cost Improvements

KPMG has identified numerous opportunities for sustainable cost improvements that include:

- Utilizing Span of Control and prevalence of common positions analysis presented in this business case to further flatten management and achieve savings from reorganization; and
- Considering opportunities to eliminate distinct offices and secretariats.

The extent of immediate and longer term cost improvements that can be achieved from the above considerations will depend on the specific decisions that are taken with respect to the opportunities presented.

- For example, KPMG presented a list of distinct offices and secretariats that can be considered for elimination and/or merging some resources within existing department divisions. These offices and secretariats account for 176.5 FTEs and \$19M (excluding grant assistance).

The Workforce Strategy presents an additional opportunity for potentially significant immediate and multi-year cost improvements, including an estimated \$18 million in 2017/18 (including the Government's commitment subsequent to Phase 1 analysis to reduce senior and middle management, with savings of at least \$10M). Incremental savings from attrition targets in 2018/19 and subsequent years are estimated near \$20 million annually. Actual FTE reductions and savings would be net of any transition costs (e.g., any one-time personnel costs; costs associated with alternative service delivery) and program/FTE additions.

- The following table summarizes the potential cost improvements in 2017/18. Annual savings are removed from the base budget and accumulate over the four-year period. Saskatchewan undertook a similar multi-year workforce strategy in the early 2010s, using a similar type of template for measurement and reporting of cost-savings. The option presented for Manitoba is significantly less than Saskatchewan's 15% workforce reduction over 4 years.

KPMG has also provided an assessment and target template (see following pages).

5.2 Potential Financial Impacts and Cost Improvements

Suggested Workforce Reduction Target

(\$000s)	8% Scenario: (Net) FTEs reduced by 266 each year	2017/18 Savings	2018/19 Incremental Savings	2019/20 Incremental Savings	2020/21 Incremental Savings
Year 1	Reduce Senior Management: 54	(5,940)			
Year 1	Reduce Middle/Lower Management: 58*	(1,015)	(3,045)		
Year 1	Gap to Fill 266 FTEs: 154	(11,550)			
Year 2	266 FTEs		(19,950)		
Year 3	266 FTEs			(19,950)	
Year 4	266 FTEs				(19,950)
TOTAL		(18,505)	(22,995)	(19,950)	(19,950)

*Baseline to be confirmed.

Notes:

- 4-Year net FTE reduction is 1,065.
- Assumptions for flattening management
 - Salary and Benefits (Less One-Time Severance Costs): Senior management: \$110K; middle/lower management: \$70K
 - Commitment to reduce middle/lower management by 58 positions is effective December 2017, therefore partial savings (last quarter) are assumed in Year 1. Annualized savings are (\$4,060)
 - Government stated that the 112 positions are expected to result in an estimated annual savings of at least \$10 million.
- General FTE reduction achieved through attrition (Salary and Benefits): \$75K.
- Annual savings are removed from the base budget and therefore accumulate over the multi-year strategy.
- Actual annual savings are before transition costs (e.g., any one-time personnel costs; costs associated with alternative service delivery initiatives) and FTE/program additions.

5.3 Assessment Tools

Draft Assessment Tool

KPMG has developed a draft assessment tool to provide a challenge function for TBS when setting department-specific targets and/or when preparing for individual department budget reviews. The tool is based on current state analysis from Phase 1 and Phase 2 of the Fiscal Performance Review.

In addition to the information presented below, consideration should also be given to new programs/initiatives and Government commitments when setting department-specific targets.

DRAFT ANALYSIS TOOL	Percent of 2016-17 Budget	5-year Spend Increase	Percent of 2016-17 FTEs	4-Year Turnover Rate Corporate Avg is 8%	Span of Control	Government Reorganization	Merge Common Functions	15/16 Overtime Analysis	Merge or Eliminate Distinct Offices & Secretariats
Agriculture	Less than 2%	-20%	Less than 5%	Average	NA	NA			
Civil Service Commission	Less than 1%	-2.9%	Less than 5%	Average	NA	Low			
Education and Training	Significant: 20.5%	8.8%	7.60%	Average	Significant Opportunities	Significant Opportunities	Significant Opportunities		Opportunities
Families	Significant: 14.5%	23.5%	Significant: 15.9%	Average	Opportunities	Significant Opportunities	Significant Opportunities		Opportunities
Finance	Low: 2.1%	16.2%	Significant: 8.8%	Higher than Average	NA	low			
Growth, Enterprise and Trade	Less than 1%	-11.7%	Less than 5%	Average	NA	Opportunities			Opportunities
Health, Seniors & Active Living	Significant: 45%	18.3%	5.80%	Higher than Average	NA	NA		Significant Payout & Liability	Opportunities
Indigenous & Mun. Relations	Low: 3.7%	17.5%	Less than 5%	Higher than Average	NA	Opportunities	Opportunities		
Infrastructure	Low: 4.7%	16.1%	Significant: 14.5%	Average	Opportunities	NA	Opportunities	Significant Payout & Liability	
Justice	Low: 4.4%	13.5%	Significant: 25.2%	Lower Than Average	Opportunities	Opportunities	Opportunities	Significant Payout & Liability	
Sport, Culture and Heritage	Less than 1%	-2.6%	Less than 5%	Average	NA	Low			Opportunities
Sustainable Development	Less than 2%	-11.0%	8.40%	Lower Than Average	NA	NA		Significant Payout & Liability	

5.3 Assessment Tools

Sample Template for Annual Workforce Strategy Targets

Department	2016/17 FTEs*	Flatten Management Senior	Flatten Management Middle/Lower	Reorganization	Attrition, Vacancies	Reduce Overtime	Program Review	Alternative Service Delivery	Program Additions	Net Change FTEs	2017/18 FTEs	Net Cost (Savings) \$000s
Executive Council*	33	0										
Intergov. Affairs and Intern'l Relations**												
Agriculture	391	(2)										
Civil Service Commission	305	(2)										
Education and Training	1,014	(6)										
Families	2,123	(4)										
Finance	1,177	(6)										
Growth, Enterprise and Trade	432	(8)										
Health, Seniors and Active Living	775	(6)										
Indigenous and Municipal Relations	379	(3)										
Infrastructure	1,929	(6)										
Justice	3,358	(4)										
Sport, Culture and Heritage	272	(2)										
Sustainable Development	1,125	(3)										
TOTAL	13,313	(52)	(58)							(266)	13,047	

*To be confirmed.

**Confirm whether included.

5.4 Risks

Key Overall Risks

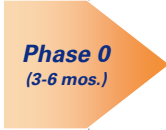
- Significant effort, at least initially, will be required of central agencies (e.g., TBS, Priorities and Planning Secretariat, Civil Service Commission) and some departments to develop and implement the considerations presented within this business case. There may not be sufficient capacity and skills to fully implement some of the considerations in a timely manner, so that optimal cost savings can be achieved in 2017/18.
- The overall success of the Workforce Strategy, and efforts to bend the cost curve to ensure sustainable spend going forward, will likely depend, at least to some extent, on Government's Labour Relations Strategy, and the timing for moving forward with Alternative Service Delivery initiatives. These types of initiatives will carry significant transition efforts and risks (to be determined once initiatives are identified).
- The Workforce Strategy may have an adverse impact on the culture of the public service.
- There will be criticism from labour interests and other interest groups, depending on the initiatives and decisions taken, which may impact the timeliness and extent of efforts.
- Communications and advance notification requirements will need careful consideration.

A number of risks could arise as the options are planned for and implemented. A list of key risks is outlined on the next page, along with the potential likelihood and impact that the risk occurs and some mitigating actions that Manitoba could take to manage them.



5.4 Risks

Risks	Likelihood	Impact	Mitigating Actions
<p>Insufficient Capacity and Skills</p> <ul style="list-style-type: none"> Government may not have sufficient capacity to implement in a timely manner. 	High	Medium	<ul style="list-style-type: none"> Dedicate a small, core team to develop and implement key considerations, including the multi-year Workforce Strategy. Central oversight and monitoring of progress.
<p>Labor Relations Strategy Delay</p> <ul style="list-style-type: none"> May impact ability to move forward with proposed alternative service delivery initiatives in a timely manner, and 4-year FTE reduction commitment. 	Medium	Low	<ul style="list-style-type: none"> Monitor and, if necessary, strengthen efforts to achieve FTE reductions through other means (e.g., attrition, program review).
<p>Resistance to Change</p> <ul style="list-style-type: none"> May impact quality and magnitude of viable proposals to reduce size of civil service. 	Medium	Low	<ul style="list-style-type: none"> Deputy Ministers and senior management teams held to account for identifying proposals to achieve annual department-specific targets. Steering Committee to challenge feasibility of department proposals to achieve annual targets.
<p>Department(s) Fail to Achieve Targets</p> <ul style="list-style-type: none"> Some departments may struggle to achieve their targets, putting overall commitment in jeopardy. 	Medium	Medium	<ul style="list-style-type: none"> Steering Committee to challenge feasibility of department proposals to achieve annual targets. Gap may be carried forward to future years to address (in the four-year period), and re-allocated to departments. Strengthen efforts to achieve any FTE reduction gaps well in advance of the end of the four-year strategy.
<p>Adverse Public Reaction</p> <ul style="list-style-type: none"> Government may be criticized (by unions and/or general public and interest groups) for what is perceived to be reduced levels of service and adverse impacts on front-line services, causing delays in implementation. 	Medium	Medium	<ul style="list-style-type: none"> Clear upfront communication strategy that emphasizes reductions will be achieved primarily through attrition, without adverse impacts to front-line services. Commitment to openness and transparency – progress will be communicated on an ongoing basis. Monitor for any potential delays in FTE reductions and adjust as necessary (see above actions).

5.5 Implementation Plan Framework at a High-level

Phase Detail	2016/17	2017/18	2018/19
<p>Phase 0 (3 – 6 months)</p> <ul style="list-style-type: none"> — Make decisions with respect to Preferred Option considerations. — Utilize draft assessment tool provided to help set department-specific targets for reducing middle/lower management (58 positions). — Span of Control analysis – focus on four large departments examined – consider and validate opportunities to merge/combine programs/services and flatten management as part of 2017/18 departmental budget reviews. — Workforce Strategy (if applicable): <ul style="list-style-type: none"> — Confirm overall reduction target (e.g. 8% over 4 years). — Establish governance model (Steering Committee and Secretariat support) and process for implementation. — Identify baseline FTEs for 2016/17 (starting point). — Develop department-specific annual targets, templates and expectations. — Develop Communications Strategy (potentially feeds into Budget Announcement), targeting internal (including unions) and external audiences. — Roll-out of Workforce Strategy for 2017/18 will be condensed version (focus on meeting or exceeding the annual target primarily through the commitment to flatten management, department and opportunities already put forward, and attrition, vacancy and overtime reduction). 			

5.5 Implementation Plan Framework at a High-level

Phase Detail	2016/17	2017/18	
Phase 1 (12 months)			
<ul style="list-style-type: none"> — Span of Control – Develop a baseline for each department, and guidelines for key public sector functions. Consider expectations and timing for achieving guidelines. (On an ongoing basis thereafter, use as a management tool.) — Departments should present Workforce Strategy plans for achieving 2018/19 targets during 2017/18 (well in advance of the budget process). (Continues each year thereafter.) — Annual budget process includes upfront consideration of progress made in achieving Workforce Strategy targets, and ongoing consideration as key decisions are made. 			
Phase 2 (ongoing)			
<ul style="list-style-type: none"> — Annual reporting of progress on achieving targets, and associated cost improvements from baseline. 			



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