



Fast

FACTS

CANADIAN CENTRE FOR POLICY ALTERNATIVES – MANITOBA

Dec 11, 2017

Applying a Rural and Remote Lens to the KPMG Review

There has been much discussion and analysis of the KPMG Manitoba Fiscal Performance Review recently released by the provincial government. However, the potential impacts that will occur in rural and remote Manitoba communities, if some of the review's recommendations are implemented, have not yet been part of the dialogue. The review itself fails to recognize the realities of delivering public services across our province's vast geography and into places with low population densities. As the review characterizes it, there are "areas of opportunity to bend the cost curve" across government, some of them directly related to delivering services to rural and remote Manitobans. In this piece, I will highlight some policy recommendations that require much more analysis, with a specific focus on how rural and remote Manitoba could be impacted.

One of the review's overarching themes relates to taking advantage of opportunities to change service delivery and reduce the costs per client served by, for example, using the internet and social media as alternatives to publishing advertisements in newspapers, and co-locating departments in rural/remote communities in order to "rationalize real estate". Emphasis on this theme neglects to point out that not all public services can be delivered online; internet and cellular coverage in rural/remote areas is patchy and unreliable. There can also be more costs associated with providing front-line services to Manitobans living far away from urban

centres in communities with small populations, such as transportation and fewer people per front-line worker. It is unclear from the review or the province how these important factors will be taken into consideration as changes to service delivery are implemented for the sake of "bending the cost curve."

Funding to educate rural and remote students from kindergarten to post-secondary is very much at risk if recommendations are implemented to the existing funding model. In the K-12 system, eliminating the Formula Guarantee, freezing transportation funding, and eliminating the class size initiative are measures that will cut education funding for rural and remote communities.

The annual FRAME Report provides a detailed accounting of how education funding was spent across divisions. According to the 2016/17 Report, 19 of the 22 school divisions that received the Formula Guarantee were located in rural or remote Manitoba. In addition, rural and remote divisions by far spend more per pupil on transportation costs than their urban counterparts. Fuel price increases significantly impact their budgets. For example, the 2016 cost per pupil for transportation in the Frontier School Division was \$1,867, while it was \$220 in the Winnipeg School Division. Finally, rolling back the K-3 class size initiative will result in the loss of teaching positions, which are good jobs

there is an alternative.

CCPA-MB
205-765 Main St.
Winnipeg, MB
R2W 3N5

phone

(204) 927-3200

email

ccpamb@policyalternatives.ca

website

[www.policyalternatives.ca/
manitoba](http://www.policyalternatives.ca/manitoba)

blog

www.policyfix.ca

twitter

@ccpamb

continued..

in rural and remote communities.

A 2011 Senate Report on post-secondary education in Canada identifies students from rural and remote areas as a specific under-represented group. These students also incur higher housing and transportation costs, possibly leading to higher student debt upon graduation. The KPMG Review highlights two areas in the post-secondary education system as opportunities for spending reductions that will make repaying education-related debt for rural and remote students more difficult: the elimination of the Tuition Tax Credit, which has already taken place, and the possible reintroduction of interest in Province of Manitoba student loans. Both of these measures were aimed at decreasing students' financial burden, putting graduates on a better financial footing so they could make investments such as purchasing a home or buying RRSPs earlier in their career.

KPMG's recommendations for the Department of Families suggest opportunities for cost savings in two main program areas: Adult Disability Services and Employment, Income & Rent Assist. There is a potential for vulnerable people living in rural and remote Manitoba to suffer greatly if reductions are made to these programs without a geographical lens. There are nearly 20 municipalities in rural Manitoba where the population is growing and there is a higher than average level of poverty, which means that there are barriers to these individuals leaving their communities to access education or find jobs. Some of these individuals, as well as those living in other rural and remote communities, receive support from one or both of these program areas and will be acutely impacted if cost per client is the only criteria used as government considers cost reductions.

Rural Municipalities could experience a direct financial impact with respect to infrastructure and policing costs. The review suggests investigating whether municipalities are in a better position to manage low volume highways and

agriculture drains, as well as a review of policing agreements to find efficiencies. The review suggests looking at the long-term viability of organizations that receive funding through Sport, Culture, and Heritage, as well as the province's role in supporting them.

How will viability be defined? Will this analysis take into account that viability in a community of 1,000 is more challenging than a community of over 700,000? Will these organizations turn to their local municipal governments for support if provincial funding is reduced? These questions and more should be incorporated into the province's decision-making process.

The fact that the geography of our province is vast and diverse must be considered by the province as they decide whether or not to act on recommendations in the KPMG review. Efforts to reduce government's cost per client must take into account added costs of delivering services outside of cities and limits to current broadband and cellular infrastructure. Reduced funding for education, less support from the Department of Families for those struggling with a disability or living on a low income, and downloading infrastructure to Municipalities are recommendations that, if implemented as recommended, are poised to have a direct, negative impact on rural and remote Manitobans.

Over half of the PC Caucus, nine of whom are members of Premier Pallister's Cabinet, represent rural or remote constituencies. These MLAs have an important job making sure that their constituents do not suffer in their government's efforts to "bend the cost curve".

Lonnie Patterson has a Master of Rural Development from Brandon University and currently represents the South Centre Ward on Brandon City Council

CCPA-MB
205-765 Main St.
Winnipeg, MB
R2W 3N5

phone
(204) 927-3200

email
ccpamb@policyalternatives.ca

website
www.policyalternatives.ca/
manitoba

blog
www.policyfix.ca

twitter
@ccpamb

References available upon request.