

EXECUTIVE SUMMARY

ECONOMIC AND TAX REVENUE IMPACT ASSESSMENT

PORTAGE LA PRAIRIE'S PUBLIC SECTOR

EMPLOYMENT REDUCTIONS

GEORGETOWN NEWBURY GROUP
FOR

MANITOBA GOVERNMENT AND
GENERAL EMPLOYEES' UNION

Right Answers

Knowledge

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PORTAGE LA PRAIRIE PUBLIC SECTOR EMPLOYMENT REDUCTIONS

IMPACT ASSESSMENT HIGHLIGHTS:

This economic and tax revenue impact assessment is based on five public sector organizations that have experienced employment reductions in their workforces or will experience workforce reductions in the near future. These organizations, located in the City of Portage La Prairie, are: 1) Manitoba Development Centre; 2) Aggassiz Youth Centre; 3) Red River College; 4) Crown Lands and Property Agency; and 5) Additions Foundation of Manitoba.

The Manitoba Government and General Employees' Union (MGEU) contracted with the Georgetown Newbury Group (GNG) to develop the economic and tax revenue assessment. Appendix B provides an overview of the C.V. of GNG's principal.

The MGEU provided the GNG with individual Wage and Salary information and the respective communities of residence for full-time and part-time employees in the affected five organizations.

GNG tabulated the annual Wages and Salaries, for the 456 full-time and part-time employees, at \$22.6 million. This equates to an Average Annual remuneration of \$49,600. On a Full-time Equivalent (FTE) basis, there were 387.5 person-years of employment, with an Average Annual Salary of \$58,100.

The above Wages and Salaries figures do not include Overtime or Employee Benefits expenditures for the employees.

It was estimated that Employee Benefits expenditures account for 18% of the annual Wages and Salaries total. This works out to \$4.1 million. Therefore, the annual Wages, Salaries and Employee Benefits total \$26.7 million. The FTE Average Annual Salaries, including Employee Benefits, was \$68,800.

The City of Portage La Prairie was the residence for 76.5% of all employees (349 out of 456). Wages and Salaries paid to Portage La Prairie resident employees was \$17.1 million. This represents 75.5% of the total Wages and Salaries. Average Annual Salary of Portage La Prairie residents was \$48,900.

With the inclusion of the 18% Employee Benefits rate (\$3.0 million), raises Portage La Prairie's total to \$20.1 million. Average Annual Salary including Employee benefits was \$57,500.

The next three points are important to note:

- The presented Manitoba-level economic and tax revenue impact estimates reflect the annual payment of \$22.6 million in Wages and Salaries, \$4.1 million in Benefits to the 456 full-time and part-time employees of the five affected Portage La Prairie public sector organizations.
- The operational impacts of the five organizations ***are greater*** than presented for three prime reasons. Firstly, Management Wages, Salaries and Employee Benefits have not been included. Only available information was for the MGEU members.

Secondly, the purchase of various goods and services (e.g., required food and beverages for MDC and AYC residents), throughout the year, by these organizations, were excluded because reliable

estimates of the specific commodities purchased, and their value could not be obtained. It was best to exclude them, rather than introducing unreliable or guesstimates into the impact analysis.

Thirdly, the \$6.3 million deducted from direct Wages and Salaries of \$26.6 million, for Federal and Provincial Income Taxes and Household savings, has an economic impact value of zero. These funds need to be spent to produce an economic impact.

- ***The impacts estimates cannot be considered the “economic loss to the province,” if these organizations ceased to exist in Portage La Prairie. Not all the income received by the 456 employees would disappear. This is because: i) severance payments would be received for job losses; ii) retirements result in pension benefits received; iii) job transfers to other public sector locations in the province; and iv) Employment Insurance payments.***

Based on the above level of spending of the Wages and Salaries (and Employee Benefits) and employment (in person-years), the following are four Manitoba-level economic and tax revenue impact estimates scenarios:

i) Total Wages and Salaries Excluding Employee Benefits:

- Total Direct expenditures (Wages and Salaries) in Manitoba of \$22.6 million. No overtime pay included.
- A total of \$6.3 million (28%) of the \$22.6 million is directly allocated to Income Taxes payments and household savings. So, only \$0.72 of each dollar of Wages and Salaries is available for consumer spending (\$16.3 million).
- Manitoba businesses increased their gross revenue by \$33.7 million, due to MGEU member’s spending of their wages, after the allowance of taxes to be paid and household savings. For every \$1 spent, Manitoba businesses directly gained \$1.49.
- The Manitoba-level economy, as measured by Gross Domestic Product at Market Prices (GDP), grew by \$30.0 million. This translates to a *net monetary impact* to the Manitoba economy of \$1.33, for every dollar spent from the Wages and Salaries.
- The affected employees contributed \$25.6 million to the increased total Wages and Salaries (e.g., Labour Income) in the province. This represents \$1.13 per dollar of spending and 85% of the net monetary provincial economic impact.
- Total Manitoba employment enhanced due to the employment in the five public sector organizations. An estimated total of 454.7 person-years of employment are associated with these organizations. For every \$1 million in Wages and Salaries, 20.1 person-years added to the province’s employment rolls.
- The 454.7 person-years of employment are comprised of 387.5 person-years of direct employment at the five organizations, with a further 67.2 person-years due to “spin-off” consumer spending.
- The Average Annual Wages and Salaries, for the above employment impacts were: Total employment \$56,200; Direct employment \$58,300; and Spin-off consumer employment \$43,900.

- The Manitoba Provincial Government revenue flows were boosted by \$4.0 million. Income Taxes accounted for 45.4% and 40.0% was “Other Direct Taxes” (e.g., Retail Sales Tax, Fuel Tax, Tobacco Tax, Liquor Tax). Overall, the provincial government receives \$0.18 of every direct Wage and Salary dollar received.
- Total taxes collected in Manitoba, by the three levels of government, increased by \$9.8 million. The related per dollar expenditures contributed \$0.43 to total tax collections.

ii) **Total Wages and Salaries Including Employment Benefits:**

- Direct spending of Wages and Salaries in Manitoba: \$26.7 million
- Total of \$7.5 million in Income Taxes and Household savings excluded from consumer spending. The \$7.5 million considered as “Future economic impacts.”
- Direct Manitoba Business Supply: \$39.7 million
- Manitoba businesses increased gross revenue: \$39.7 million
- Gross Domestic Product at Market Prices: \$35.4 million
- Labour Income: \$30.2 million
- Direct employment: 387.5 person-years (Average Annual Salary \$68,800)
- “Spin-off” consumer employment: 79.3 person-years (Average Annual Salary \$43,900)
- Total employment: 466.8 person-year (Average Annual Salary \$64,600)
- For every \$1 million in direct Wages, Salaries and Employee benefits, a total of 17.5 person-years were added to the province’s employment rolls
- Provincial Tax Revenue: \$4.1 million
- Total Tax collected in Manitoba: \$10.1 million

iii) **Impact of Portage La Prairie Residents:**

Employees, resident in the City of Portage La Prairie, were responsible for the most sizeable share of the overall Manitoba-level economic and tax revenue impacts. These residents accounted for 76.5% of all the direct employees (349 out of 456). Wages and Salaries directly paid to Portage La Prairie resident employees was \$17.1 million, representing 75.5% of the total Wages and Salaries.

The inclusion of the 18% Employee Benefits rate raises the Wages, Salaries and Employee benefits total to \$20.1 million.

The Manitoba-level impact highlights (Without Employee Benefits; With Employee Benefits) due to Portage La Prairie resident employees are summarized in the two tables below.

Impacts	Impacts Without Benefits	Impacts With Benefits
Direct Wages and Salaries	\$17.1 million	\$20.1 million
Gross Expenditures	\$25.4 million	\$30.0 million
GDP at Market Prices	\$22.6 million	\$26.7 million
Labour Income	\$19.3 million	\$22.8 million
Direct employment	300.0 persons-years	300.0 person-years
Spin-off employment	52.0 person-years	61.4 person-years
Total Employment	352.0 person-years	361.4 person-years
Provincial Tax Revenue	\$3.0 million	\$3.1 million
Total Taxes Collected	\$7.4 million	\$7.6 million

Average Annual Salaries	Without Employee Benefits	With Employee Benefits
Direct employment	\$56,900	\$66,900
Spin-off employment	\$43,000	\$44,000
Total employment	\$54,800	\$63,100

In addition, it was determined that the “Without Employee” and “With Employee Benefits” impacts, flowing directly from Portage La Prairie residents, explains:

- 76% of the Manitoba-level GDP at Market Prices and Manitoba Labour Income growth
- 77% of the Manitoba employment growth for Direct employment, Spin-off employment and Total employment
- 75% of the Provincial Tax Revenue flows and Total Taxes collected in Manitoba by the three levels of government.

I INTRODUCTION:

The Georgetown Newbury Group (GNG) developed an economic and tax revenue impact assessment for the annual work-related payments to 456 full-time and part-time employees at five public sector organizations. This impact assessment was conducted on behalf of the Manitoba Government and General Employees Union (MGEU).

These organizations, located in the City of Portage La Prairie, are: 1) Manitoba Development Centre; 2) Aggassiz Youth Centre; 3) Red River College; 4) Crown Lands and Property Agency; and 5) Additions Foundation of Manitoba. The Manitoba Development and the Agassiz Youth Centre dominate the number of employees within these five organizations.

The GNG -developed Manitoba-level impact assessment consists of four separate components. The first two relate to Wages and Salaries received by all 456 employees, with either Employee benefits excluded, or Employee benefits included. The third and four Wage and Salary scenarios are for the 349 employees residing in the City of Portage La Prairie.

It needs to be noted that the GNG impact results cannot provide a complete or absolute measure of the impact of economic change. Therefore, **the presented economic impacts should be treated as general estimates only and never as absolutes.**

The Manitoba-level economic and tax revenue impacts estimates cannot be considered the “economic loss to the province,” if these organizations ceased to exist in Portage La Prairie. The impact estimates reflect the annual payment of \$22.6 million in Wages and Salaries, \$4.1 million in Employee Benefits to 456 full-time and part-time employees of the five affected Portage La Prairie public sector organizations.

Not all the income received by the 456 employees would disappear. This due to: i) severance payments received for job losses; ii) retirements with pension benefits received; ii) job transfers to other public sector locations in the province; and iv) Employment Insurance payments due to job loss.

The annual operational impacts of the five organizations **exceed those presented.** There are three prime reasons.

Firstly, Management Wages, Salaries and Employee Benefits are not included. Only available pay information was for MGEU members.

Secondly, the purchase of annual goods and services, by the five organizations, were omitted. These goods and services expenditures would be quite extensive, especially for the Manitoba Development Centre and the Aggassiz Youth Centre. For example, both these organizations would purchase food and beverage items for the meals of their residents.

Reliable estimates of the specific annual commodities purchases, and their value could not be obtained. It was best to exclude them, rather than introducing unreliable or guesstimates into the impact analysis.

Thirdly, the \$6.3 million deducted from direct Wages and Salaries of \$22.6 million, for Federal and Provincial Income Taxes and Household savings, has an economic impact value of zero. These funds need to be spent to produce an economic impact.

II ANALYTICAL ASSUMPTIONS:

The following are analytical assumptions used to conduct this impact assessment:

- ❖ The Analytical Wages and Salary Withholding Rate was set to 28%, This accounts for Federal and Provincial income taxes to be directly paid on received Wages and Salaries plus personal savings by households. Therefore, only \$0.72 of each dollar of Wages and Salaries is available for consumer spending.
- ❖ The paid Federal and Provincial Income Taxes and Household Personal Savings, referenced above, are allocated to respective “Bank Accounts.” There is no economic impact from these funds until governments or households spend them. These can be classified as “*Future Economic Impacts.*”
- ❖ Impact analysis based totally on Labour Income. No purchased goods and services commodities, by the five organizations, are added as commodity inputs to the analysis. This exclusion is a significant reduction in the annual operational impact of the five organizations.
- ❖ Total Wages and Salaries (without Employee benefits) was \$22,6 million for the 456 employees. This includes only MGEU employees. Management’s pay was not identified for inclusion in the analysis, due to a lack of information.
- ❖ No overtime work is assumed in the presented Wage and Salary figures.
- ❖ Employee Benefits estimated at 18% (\$4.1 million of the Wages and Salaries total
- ❖ Total number of full-time and part-time employed persons, at the five organizations located in Portage La Prairie, was 456.
- ❖ Total Person-Years of Employment was estimated at 387.5. A Person-Year is defined to be one person working for a full year.
- ❖ Total Average Salary (without Employee benefits) per direct Person-Year was \$58,331

III MGEU MEMBERS DATABASE STATISTICS:

The MGEU provided the Georgetown Newbury Group (GNG) with individual Wage and Salary information and their community of residence for the 456 full-time and part-time employees in the affected five organizations. Note, no employee names were provided to GNG.

GNP generated tabulations from the information file regarding Wages and Salaries for individual communities of residence for each of the five organizations. A number of these detailed data tabulations, provided to the MGEU, are not included in this report.

The following two tables summarize the All Communities and Portage La Prairie resident's information for each of the five organizations. Employee Benefits are not included in the tables.

Table 1: All Communities Jobs and Wages Summary (No Benefits included)

Organization	No of Staff (FT and PT)	FTE or Person-Years Estimate	Annual Wages and Salaries	Staff Average Annual Salary	FTE Average Annual Salary
MDC	336	277.5	\$14,453,405	\$43,022	\$52,092
Agassiz	102	92	\$6,914,319	\$67,787	\$75,156
RRC	9	9	\$713,964	\$79,329	\$79,329
CLPA	4	4	\$188,394	\$47,099	\$47,099
AFM	5	5	\$331,000	\$66,201	\$66,201
TOTAL	456	387.5	\$22,603,088	\$49,568	\$58,331

Table 2: Portage La Prairie Residents Jobs and Wages Summary (No Benefits included)

Organization	No of Staff (FT and PT)	FTE or Person-Years Estimate	Annual Wages and Salaries	Staff Average Annual Salary	FTE Average Annual Salary
MDC	276	229.5	\$11,779,426	\$42,679	\$51,326
Agassiz	57	54.5	\$4,192,720	\$73,556	\$76,931
RRC	8	8.0	\$626,718	\$78,340	\$78,340
CLPA	3	3.0	\$133,262	\$44,421	\$44,421
AFM	5	5.0	\$331,006	\$66,201	\$66,201
TOTAL	349	300.0	17,063,132	\$48,891	\$56,877

The Portage La Prairie residents dominate the overall MGEU employee statistics, exceeding a 75% share for Number of Staff, Person-years and Wages and Salaries. However, Average Annual Salaries are slightly lower than the All-Communities figures.

IV ALL COMMUNITIES IMPACT ESTIMATES (NO EMPLOYEE BENEFITS INCLUDED):

Table 3 provides the Manitoba-level economic and tax revenue impacts from the expenditure of \$22.6 million in Wages and Salaries.

The impact highlights, for all communities, are:

- Total Direct expenditures (Wages and Salaries) in Manitoba of \$22.6 million.
- A total of \$6.3 million (28%) of the \$22,6 million is directly allocated to Federal and Provincial Income Taxes payments and Household savings. So, only \$0.72 of each dollar of Wages and Salaries is available for consumer spending. (\$16.3 million). The \$6.3 million are considered “*Future economic impacts.*”
- Manitoba businesses increased their gross revenue by \$33.7 million. For every \$1 Wages and Salaries spent, Manitoba businesses directly gained \$1.49.
- The Manitoba economy, as measured by Gross Domestic Product at Market Prices (GDP), grew by \$30.0 million. This is the *Net Monetary Benefit* to the provincial economy. The Wage and Salary GDP multiplier is 1.33.
- Wages and Salaries paid to employees of the five affected organizations resulted in \$25.6 million being added to the total Wages and Salaries in the province. For each \$1 of direct wage payments, overall Labour Income increased by \$1.13.
- Total employment in Manitoba enhanced by the public sector Wage and Salaries expenditures. An estimated 454.7 person-years of employment are associated with these activities. For each \$1.0 million in direct Wage and Salary expenditures, 20.1 person-years of employment are generated.
- The 454.7 person-years of employment are comprised of 387.5 person-years of direct employment at the five organizations, with a further 67.2 person-years in “spin-off” employment from consumer spending.
- The Average Annual Person-Year Salaries were: Direct Employment \$58,300; Spin-off Employment \$43,900; Total employment \$56,200.
- The Manitoba Provincial Government revenue flows grew by \$4.0 million. Income Taxes (\$1.8 million) and Other Direct Taxes (\$1.6 million) were the two main contributors to the provincial coffers.
- Total taxes collected in Manitoba, by the three levels of government, increased by \$9.8 million.

TABLE 3 LABOUR INCOME IMPACTS (NO BENEFITS)

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES

(\$000'S)

	MANITOBA IMPACTS	EXPENDITURE MULTIPLIER
Total Wages and Salaries	22,603	1.00
Direct Expenditure in Manitoba	22,603	1.00
Direct Manitoba Supply	22,603	1.00
Gross Expenditure	33,674	1.49
GDP at Market Price	29,958	1.33
GDP at Basic Prices	29,892	1.32
Labour Income	25,554	1.13
<u>Employment (Person-Years)</u>		<u>(Per \$1.0 Million)</u>
Direct	387.5	17.14
<u>Induced</u>	67.2	2.97
Total Employment	454.7	20.12

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Basic Prices is the total value of goods and services produced by Manitoba industries (i.e., GDP at Market Prices excluding taxes and subsidies on products).
 (3) All Economic impact estimates presented are in current dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES

(\$000'S)

	MANITOBA IMPACTS	EXPENDITURE MULTIPLIER
<u>Income Taxes</u>		
Individuals	1,783	
Corporations	64	
Other Direct Taxes	1,609	
<u>Indirect Taxes</u>	566	
Total Provincial Taxes	4,022	0.18
Local Taxes	1,091	0.05
<u>Federal Taxes</u>	4,699	0.21
Total Collected in Manitoba	9,812	0.43

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Fuel Tax, Tobacco Tax, Liquor and Lotteries Corporation Revenues, and Other Taxes.
 (2) Indirect Taxes includes Corporations Taxes, Land Transfer Tax, and the Health and Education Levy.
 (3) Tax revenue impacts are based on 2020/21 Manitoba budget estimates and 2017 income tax data.
 (4) Figures may not add to total, due to rounding.

V ALL COMMUNITIES IMPACT ESTIMATES (WITH BENEFITS INCLUDED):

An estimate of \$4.1 million in annual Employee benefits were payable to the 456 employees, based on an 18% rate of Wages and Salaries. Therefore, the amount of Wages, Salaries and Employee Benefits paid was \$26.7 million.

The impacts highlights, including the \$4.1 million in Employee Benefits are:

- Total Direct expenditures (Wages and Salaries) in Manitoba of \$26.7 million.
- A total of \$7.5 million in Income Taxes and Household savings has been excluded from consumer spending. The \$7.5 million are considered “*Future economic impacts.*”
- Manitoba businesses increased their gross revenue by \$39.7 million. For every \$1 Wages and Salaries spent, Manitoba businesses directly gained \$1.49.
- The Manitoba economy, as measured by Gross Domestic Product at Market Prices (GDP), grew by \$35.4 million. This is the *Net Monetary Benefit* to the provincial economy. The Wage and Salary GDP multiplier is 1.33.
- Wages and Salaries paid to employees of the five affected organizations contributed \$30.2 million to the total Wages and Salaries in the province. For each \$1 of wage payments, overall Labour Income increased by \$1.13.
- Total employment in Manitoba was enhanced by the public sector expenditures. An estimated 466.8 person-years of employment were associated with these activities. For every \$1.0 million in expenditures 17.5 persons-years of employment were generated.
- The 466.8 person-years of employment are comprised of 387.5 person-years of direct employment at the five organizations, with a further 79.3 person-years in “spin-off” consumer employment.
- The Average Annual Person-Year Salaries were: Direct Employment \$68,800; Spin-off Employment \$43,900; Total employment \$64,600.
- The Manitoba Provincial Government revenue flows are boosted by \$4.1 million. Income Taxes (\$1.9 million) and Other Direct Taxes (\$1.7 million) are the two main contributors to provincial revenue.
- Total taxes collected in Manitoba, by the three levels of government, increased by \$10.1 million.

Table 4 LABOUR INCOME IMPACTS (18% BENEFITS INCLUDED)

TOTAL MANITOBA ECONOMIC IMPACT ESTIMATES (\$000'S)

	MANITOBA IMPACTS	EXPENDITURE MULTIPLIER
Wages, Salaries and Benefits	26,672	1.00
Direct Expenditure in Manitoba	26,672	1.00
Direct Manitoba Supply	26,672	1.00
Gross Expenditure	39,735	1.49
GDP at Market Price	35,351	1.33
GDP at Basic Prices	35,272	1.32
Labour Income	30,154	1.13
Employment (Person-Years)		<u>(Per \$1.0 Million)</u>
Direct	387.5	14.53
<u>Induced</u>	79.3	2.97
Total Employment	466.8	17.50

- Notes: (1) GDP at Market Prices is the total value of goods and services produced in the Manitoba economy.
 (2) GDP at Basic Prices is the total value of goods and services produced by Manitoba industries
 (i.e., GDP at Market Prices excluding taxes and subsidies on products).
 (3) All Economic impact estimates presented are in current dollars.
 (4) Employment impacts are presented in terms of "Person-Years". A Person-Year is defined as one person being fully employed for a period of one year.
 (5) Figures may not add to total, due to rounding.

TOTAL MANITOBA TAX REVENUE IMPACT ESTIMATES (\$000'S)

	MANITOBA IMPACTS	EXPENDITURE MULTIPLIER
<u>Income Taxes</u>		
Individuals	1,808	
Corporations	75	
Other Direct Taxes	1,666	
<u>Indirect Taxes</u>	580	
Total Provincial Taxes	4,130	0.15
Local Taxes	1,132	0.04
<u>Federal Taxes</u>	4,814	0.18
Total Collected in Manitoba	10,076	0.38

- Notes: (1) Other Direct Taxes includes Retail Sales Tax, Fuel Tax, Tobacco Tax, Liquor and Lotteries Corporation Revenues, and Other Taxes.
 (2) Indirect Taxes includes Corporations Taxes, Land Transfer Tax, and the Health and Education Levy.
 (3) Tax revenue impacts are based on 2020/21 Manitoba budget estimates and 2017 income tax data.
 (4) Figures may not add to total, due to rounding.

VI IMPACT ESTIMATES GENERATED BY PORTAGE LA PRAIRIE RESIDENTS:

Employees, who reside in the City of Portage La Prairie, dominate the overall number of employees and the annual Wages, Salaries and Benefits received. They account for 76.5% of all employees (349 out of 456), 77.4% of the FTE's (300.0 out of 387.5) and 75.5% of the Wages and Salaries (\$17.1 million out of \$22.6 million).

Therefore, they will also dominate the Manitoba-level economic and tax revenue impacts shown in Tables 3 and 4.

Tables 5 and 6 illustrates the impact on the Manitoba level impacts by Portage La Prairie resident employees.

Table 5: Manitoba-Level Economic and Tax Revenue Impact Estimates:

	Impacts Without Benefits	Impacts With Benefits
Direct Wages and Salaries	\$17.1 million	\$20.1 million
Gross Expenditures	\$25.4 million	\$30.0 million
GDP at Market Prices	\$22.6 million	\$26.7 million
Labour Income	\$19.3 million	\$22.8 million
Direct employment	300.0 persons-years	300.0 person-years
Spin-off employment	52.0 person-years	61.4 person-years
Total Employment	352.0 person-years	361.4 person-years
Provincial Tax Revenue	\$3.0 million	\$3.1 million
Total Taxes Collected	\$7.4 million	\$7.6 million

Table 6: Manitoba-Level Average Annual Salaries:

Average Annual Salaries	Without Employee Benefits	With Employee Benefits
Direct employment	\$56,900	\$66,900
Spin-off employment	\$43,000	\$44,000
Total employment	\$54,800	\$63,100

Please note that Table 5's economic and tax revenue impact estimates and Table 6's Average annual salaries are for the whole Province of Manitoba. They are NOT just for the City of Portage La Prairie.

GNG determined the “Without Employee” and “With Employee Benefits” impacts, which flowed directly from Portage La Prairie residents, described:

- 76% of the Manitoba-level GDP at Market Prices and Manitoba Labour Income growth
- 77% of the Manitoba employment growth for Direct employment, Spin-off employment and Total employment
- 75% of the Provincial Tax Revenue flows and Total Taxes collected in Manitoba by the three levels of government.

The Wages, Salaries and Employee benefits paid to employees resident in other Manitoba communities contributed no more that 25% to the Manitoba-level economic and tax revenue impacts.

VII IMPACT ESTIMATES CONCLUSIONS:

- The three presented Manitoba-level economic and tax revenue impact estimates reflect the annual payment of Wages and Salaries to employees of the five public sector organizations, located in the City of Portage La Prairie. They are: 1) Manitoba Development Centre; 2) Aggassiz Youth Centre; 3) Red River College; 4) Crown Lands and Property Agency; and 5) Additions Foundation of Manitoba.
- There were 456 Full-time and Part-time employees employed at these organizations. On a Full Time Equivalent (FTE) basis, there were 387.5 direct person-years of employment.
- Total annual Wages and Salaries paid to employees, of the five organizations was \$22.6 million. No Overtime pay was included in these Wages and Salaries. Employee benefits were estimated at \$4.1 million.
- Employees, who reside in the City of Portage La Prairie, dominate the overall number of employees and the annual Wages, Salaries and Benefits received. They account for 76.5% of all employees (349 out of 456), 77.4% of the FTE's (300.0 out of 387.5) and 75.5% of the Wages and Salaries (\$17.1 million out of \$22.6 million). Therefore, the presented Manitoba-level impact estimates are dominated by the Wages and Salaries plus Employee Benefits received by Portage La Prairie residents.
- It is estimated that 28% or \$6.3 million of the received \$22.6 million Wages and Salaries is allocated directly to: a) the direct payment of Income Taxes and b) Household savings. Consequently, only \$16.3 million is available for the spending on consumer goods and services in Portage La Prairie and other communities.
- The \$6.3 million of withheld income are considered “Future economic impacts”. They have no economic impact until they are spent.
- The *Expenditure Multipliers*, presented in Tables 3 and 4, are calculated as the ratio of a particular impact variable to the total direct Wages and Salaries. For example, Table 3's Gross Expenditure impact of \$33.7 million and the Wages and Salaries of \$22.6 million result in a 1.49 Expenditure Multiplier.
- The presented Expenditure Multiplier, in Tables 3, **do not reflect** the \$6.3 million directly allocated to Taxes and Household Savings. As a result, the Expenditures Multipliers understate the influence of the resultant consumer “spin-off” expenditures related to the starting Wages and Salaries figure.
- The adjusted Table 3 Expenditure Multipliers are: Gross Expenditure 2.07, instead of 1.49; GDP at Market Prices 1.84, instead of 1.33; Labour Income 1.57, instead of 1.13; Direct employment 23.81 versus 17.14; Induced Employment 4.13 versus 2.97; Total employment 27.94 versus 20.12.
- The operational impacts of the five organizations **are greater** than presented for three prime reasons. Firstly, Management Wages, Salaries and Benefits have not been included. Only available information was for the MGEU members.

Secondly, the purchase of annual goods and services, by these organizations, were omitted because reliable estimates of the specific commodities purchased, and their value could not be obtained. These operational expenditures can be quite substantial. For example, food and beverages purchases for resident meals at the Manitoba Development Centre and Agassiz Youth Centre.

Thirdly, the \$6.3 million deducted from direct Wages and Salaries of \$22.6 million, for Federal and Provincial Income Taxes and Household savings, has an economic impact value of zero. These funds need to be spent to produce an economic impact.

- *The impacts estimates cannot be considered the “economic loss to the province,” if these organizations ceased to exist in Portage La Prairie. Not all the income received by the 456 employees would disappear. This is because: i) severance payments would be received for job losses; ii) retirements and pension benefits received; iii) job transfers to other public sector locations in the province; and iv) Employment Insurance payments.*
- The conceivable employment loss of 456 full-time and part-time persons in Portage La Prairie public sector organizations can have **selected “negative impacts”**, other than income reductions.
- For example, if considerable number of the affected employees relocate to other communities for employment opportunities, the Housing sector, specifically in Portage La Prairie, would be affected. Many homes would come up for sale, possibly at the same time. This could result in high home inventory. The result could be lower dollar values to sellers for their homes.
- Would there be sufficient purchasers to dent this excessive house inventory? Would homeowners have to accept “fire-sale” offers? What impacts would accrue to the city government?

APPENDIX A

GLOSSERY OF TERMS:

GLOSSARY OF TERMS:

DIRECT MANITOBA EXPENDITURES

Direct Manitoba Expenditures identifies the volume of Total Expenditures estimated to be spent directly in Manitoba. Only Expenditures in Manitoba can impact Manitoba GDP, Labour Income and Employment etc. Direct Expenditures outside of Manitoba are a direct leakage from the economy, and do not impact Manitoba GDP, Labour Income and Employment levels.

DIRECT MANITOBA SUPPLY

The value of Direct Manitoba Expenditures estimated to be produced by Manitoba industry. To yield high impacts relative to direct expenditures, the direct supply should approach the value of direct expenditures. A relatively small direct supply value results in lesser impacts to the economy.

GROSS EXPENDITURES

Additional expenditures by businesses and persons are levered by the Direct Expenditures. The Gross Expenditures statistic provides a measure of these expenditures, which includes re-spending of the initial direct expenditures by suppliers and wage earners. It represents the **gross monetary benefit** to the economy.

GDP AT MARKET PRICES

A measure of the total value of goods and services produced in the economy, GDP at Market Prices is the **net monetary benefit to the economy**. This statistic removes the double counting of expenditures and expenditure leakages from the economy, which are included in the Gross Expenditures statistic.

GDP AT BASIC PRICES

A measure of the total value of goods and services produced by industry. GDP at Basic Prices is equal to GDP at Market Prices excluding the effects of Taxes and Subsidies on Products.

LABOUR INCOME

The sum of all Wages, Salaries, Supplementary Labour Income and Net Income of Unincorporated Businesses. Any or all of these may be present in the Direct Expenditures and resultant Direct, Indirect and Induced Impacts.

EMPLOYMENT

The Employment estimated to result from the above Labour Income. Jobs are presented as "full-time equivalent person-years" (i.e., one job represents the equivalent of one person being employed on a full-time basis for a period of one-year).

FEDERAL TAXES

The sum of Federal Income Taxes (Corporate and Personal), Other Direct Federal Taxes and Indirect Federal Taxes, estimated to be collected in Manitoba.

PROVINCIAL TAXES

The sum of Provincial Income Taxes (Corporate and Personal), Other Direct Provincial Taxes and Indirect Provincial Taxes, estimated to be collected in Manitoba.

LOCAL TAXES

An estimate of the total taxes, of any description, accruing to all Local Municipalities in Manitoba as a result of the project or activity being assessed and its spin-off activities.

APPENDIX B

C.V. OVERVIEW

GEORGETOWN NEWBURY GROUP'S PRINCIPAL:

WILF FALK
Principal The Georgetown Newbury Group
Chief Statistician of Manitoba (Retired)
wilf_falk@hotmail.com
(778) 533-2918

CAREER SUMMARY:

Senior Statistical and Analytical Management Executive with Cross-Organizational Experience and Cross-Subject-Matter Expertise

An energetic, motivated, and highly experienced Statistical Executive who has demonstrated the ability to lead diverse teams of professionals to successfully develop needed information and knowledge for numerous stakeholders in the Public, Private and Academic sectors.

Strong technical and business qualifications with an impressive track record of more than 30 years of hands-on experience in leadership, strategic planning, program development, project management, staff development, detailed statistical analysis, economic impact assessment development and review, information system strategies and media relations.

Proven ability to successfully analyze an organization's critical business requirements, identify deficiencies and potential opportunities, and develop innovative and cost-effective solutions for enhancing customer service offerings, while contributing to increasing the overall effectiveness of the Manitoba and Canadian statistical systems.

Legislative Mandate Corporate Leadership Vision, Strategy & Priorities Key Client Relationships Creating Partnerships Sound Principals & Diplomacy Best Practices Statistical Operations & Analysis Corporate Speaker & Presenter Statistical Educator Training & Team Building First Nations & Metis Statistics Advocate Non-Profit Organization Information Leadership Open & Big Data Initiatives Economic Impact Assessments

Queen Elizabeth II Diamond Jubilee Medal recipient

Honoured Alumni 2018, University of Manitoba Faculty of Science

PROFESSIONAL EXPERIENCE:

PRINCIPAL THE GEORGETOWN NEWBURY GROUP (GNG) January 2017 to Present

Client projects overview:

- Developing and interpreting economic and tax revenue impact assessments
- Evaluating submitted economic impact analyses
- Collected information restructuring for understanding
- Comprehensive statistical analysis
- Survey questionnaire design, analysis, and presentation.

MANITOBA BUREAU OF STATISTICS (MBS), Province of Manitoba 1976 to 2016

Chief Statistician of Manitoba November 17, 1979 to November 15, 2016

- Reported to the Minister of Jobs and the Economy and the departmental Deputy Minister. Responsible for the administration of *The Statistics Act* as the Chief Executive Officer of the Manitoba Bureau of Statistics, the provincial central statistical agency.
- MBS had thirteen permanent staff years, supplemented by project staffing. Total core budget was over a \$1 million. In addition, there was non-core funding for specific projects. Projects also undertaken on a cost recovery basis for Government and non-Government clients.
- Excellent working relationship with Minister, Deputy Minister, Premier, other Ministers, and senior government officials. Media relationship is also on a positive level.
- As designated Manitoba Focal Point on statistical matters, communicated Manitoba Government priorities and requirements to the Chief Statistician of Canada and the senior staff at Statistics Canada, through the *Federal-Provincial-Territorial Consultative Council on Statistical Policy* and its subject-matter committees. Was also a “Deemed” Statistics Canada employee.
- Established MBS as the “Go-to Agency” for the determination the economic and tax revenue impacts of economic development initiatives and proposals, with MBS revenue estimates forming the basis of government’s funding offers.
- Implemented an enhanced capacity to design, undertake and analyze business and organizational surveys for Manitoba government departments, agencies, and other public and private sector organizations.
- Developed partnerships with other organizations introducing new mechanisms to statistical projects implementation within MBS and the Manitoba Government. (e.g., Labour Market Information (LMI) for particular sectors via MBS business surveys; sharing online survey software CalWeb with BC Stats.
- Successfully managed amendments to *The Statistics Act* through the Manitoba legislative process, culminating in a revised legislation effective June 11, 2009.
- Actively worked to protect Manitoba’s interests in a dispute with Statistics Canada regarding the accuracy of Manitoba’s population estimates, based on the results of the 2011 Reverse Record Check. The fiscal loss due to these statistically faulty estimates was approximately \$500 million over five years.
- Developing and managing a government-wide \$400K+ funded program to maximize the participation of Manitobans in the 2016 Census of Population. First Nations, Metis and Inuit communities, Immigrants and the Young are important focuses of the program.

Provincial and Territorial Co-Chair and member, Analysis and Modelling Group National Climate Change Process, 2000 to 2002

- The Analysis and Modelling Group, tasked by the joint Council of Ministers of Energy and Environment, estimated the economic and environmental impacts to Canada and the individual provinces and territories of meeting Canada’s Kyoto Protocol Commitment.

FORMAL EDUCATION:

Bachelor of Science Honours (Statistics) University of Manitoba, (1971)

Master of Science (Statistics) University of Manitoba, (1972)

Master of Arts (Economics) University of Manitoba, (1975 Incomplete)

Certificate Program in Information Processing Management (Highest Academic Achievement Award) University of Manitoba, (1987)

OTHER SKILLS:

Accomplished Speaker for Public/Private Sector and Conferences & Meetings

Invited speeches and presentations were made to a diverse group of organizations on varied topics. Organizations included: Manitoba Federal Government Council; Public Services Commissioners; City of Winnipeg Leadership Summit; Manitoba Chamber of Commerce; Manitoba Blue Cross; Manitoba Lotteries Corporation; Winnipeg Realtors®; Human Resource Management Association of Manitoba; International Personnel Management Association Canada; Archdiocese of Rupertsland; Economic Development Association of Manitoba; Community Unemployed Help Centre; Statistics Canada's Strength in Numbers (Aboriginal data), Manitoba Credit Union Central Annual Meeting, Indigenous Statistics Conference: Data as a Tool for Change, Premier's Economic Advisory Council's Skills Summit, Business Council of Manitoba Outlook Conference, Manitoba Federation of Non-Profit Organizations; Manitoba Business Summit 2014 Keynote Speaker.

Department of Statistics Sessional Lecturer University of Manitoba

Over 20 years' experience teaching STAT 1000 Basic Statistical Analysis 1 and STAT 2000 Basic Statistical Analysis 2 courses, plus Advanced Sampling Techniques courses STAT 4520 and STAT 4580.