

2011-2012 EXPENDITURE BUDGET

THE GOVERNMENT EXCEEDS ITS PROJECTIONS FOR REDUCING SPENDING, AND REMAINS ON COURSE TO RESTORE FISCAL BALANCE

Québec, March 17, 2011 – The Minister responsible for Government Administration and Chair of the Conseil du trésor, Michelle Courchesne, announced that the objective of reducing expenditure growth was exceeded in 2010-2011 and that the government remains on course to restore fiscal balance by limiting the growth of its 2011-2012 program spending to 2.4%.

"I am proud today to announce that not only have we achieved the expenditure reduction targets, but we have, in fact, exceeded them. Whereas the expected yield was \$972 million, nearly \$1.4 billion in expenditure reductions was achieved in 2010-2011. Now more than ever, we remain on course to restore fiscal balance", Ms. Courchesne said.

An effective expenditure reduction plan

In 2010-2011, most of the actions taken to achieve the effort required by the government to restore fiscal balance were clarified and a number of measures that reduced spending growth were implemented.

The Action Plan to Reduce and Control Government Expenditures was pursued with rigour and discipline. Those efforts, which made significant savings possible, are particularly attained by means of parameters that limit salary growth, including the department payroll freeze, the 10% reduction in administrative operating expenditures and budget growth limited to 2.4% in 2010-2011.¹

Other savings to come

"The results obtained confirm the merits of the policies established until now. I can assure you that other savings are to come", Ms. Courchesne indicated.

Among the principal measures planned to reduce the costs of the public administration, the Politique-cadre sur la gouvernance et la gestion des ressources informationnelles des organismes publics (the framework policy on the governance and management of information resources of public agencies), tabled last December, could enable us to save \$200 million by 2013-2014.

The implementation of the optimization plan announced by the ministère de la Santé et des Services sociaux in December 2010 should bring about savings of \$540 million between now and 2013-2014, to which must be added \$190 million resulting from the review of generic drug prices now under way. A recurrent annual cost reduction of \$60 million is also anticipated

¹ Details of the measures implemented in 2010-2011 are given in the attached table entitled "Reduction of program spending of the departments and agencies".

through the establishment of a single point of contact for the public and enterprises in certain departments and public agencies.

The ministère de l'Éducation, du Loisir et du Sport was given a mandate to propose measures to streamline structures by reducing overlap, bureaucracy and red tape. A pooling of services such as payroll, procurement and data processing should be proposed.

Lastly, the government will limit the development of new programs and initiatives for the coming years. Compared with the average level of the envelopes earmarked for that purpose between 2003-2004 and 2009-2010, this approach will result in a cumulative reduction in spending growth of \$950 million in 2013-2014.

"The government has firmly and resolutely embarked on the exercise of reducing the growth of its expenditures. The work is on-going. We have already delivered results. And I can assure you there will be others", Minister Courchesne said.

2011-2012 Expenditure Budget: Priority given to health, education and the family

For 2011-2012, the government continues to invest in the priorities of health, education and the family. The health and social services budget is increased by 3.6%, making it possible to finance, in particular, the costs stemming from the agreements concluded or to be concluded in the framework of negotiations, medical services and system costs. Taking into consideration the contribution of the Fund to Finance Health and Social Services Institutions, the rate of growth of the health budget will rise to 5.0% in 2011-2012.

The education budget increases 2.2%, particularly to pursue the implementation of the strategy aimed at perseverance and academic success, improve the match between vocational and technical training and the needs of the labour market, finance the agreements concluded with the employees of the network and cover the increase in system costs.

The priority given by the government to support for the family is maintained. The budget of the ministère de la Famille et des Aînés increases by 6.1%, particularly to finance the new places required in daycare services in order to reach the target of 220 000 places by the end of 2011-2012.

In addition, in order to bolster the economy, the government intends to continue its investments in the maintenance and renewal of public infrastructures. The 2010-2015 Québec Infrastructure Plan will result in investments of \$44.6 billion, including major investments for the Plan Nord. The growth of Québec Infrastructure Plan investments is therefore set at 4.5%, a level compatible with the anticipated growth of the economy for that period.

"Our government has made a commitment to maintain public services. It is with that constant concern in mind that we have made responsible choices that have guided our spending reduction decisions. Together, with the collaboration of all my colleagues, we will continue to exercise tight control over government spending", Minister Courchesne concluded.

Source

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APPENDIX

Reduction of Program Spending of the Departments and Agencies (millions of dollars)

	Savings 2010-2011	Savings 2013-2014
Reduction of public administration costs		
Parameters to limit salary growth, including a payroll freeze on departments and budget-funded agencies	530	1,639
10% reduction in administrative operating expenditures, including a 25% reduction in advertising, training and travel expenditures in fiscal year 2010-2011	78	322
Strict control of information technology projects	-	200
Rationalization of administrative services and other measures		
• Health optimization plan: Rationalization of administrative services	-	270
• Reduction of development projects for government offices and spaces	-	30
• Other	6	91
	614	2,552
Review of program parameters		
Assistance to businesses	-	298
Reimbursement of generic drug prices	-	190
Consolidation of programs – <i>Single point of contact</i> approach ¹	-	60
Improvement of performance of the programs in the departments and in the health and social services and education networks		
• Health optimization plan: Improvement of program performance	-	270
• Other	4	174
	4	992
Budgetary discipline		
Budget growth limited to 2.4% in 2010-2011 and reduction of the envelope allocated to new programs beginning in 2011-2012	759	1,660
TOTAL REDUCTION MEASURES	1,377	5,204
EXPECTED YIELD	972	5,204

¹ In the following sectors: municipal, regional agencies, training, immigrant employment integration and francization, and support for events.