

HIGHLIGHTS

Public Expenditures: Responsible Choices

Action Plan to Reduce
and Control Expenditures

2010-2014

1.

Introduction

Returning to a balanced budget is a government priority, because of the state of public finances, of Québec's debt level and of the demographic challenges we face. It is essential to reduce expenditure growth if we are to return to a balanced budget by 2013-2014, as announced in the Plan to Restore Fiscal Balance in March 2009.

In order to meet this challenge the government is making a huge effort to give to all public agencies a new impetus to their culture of expenditure control.

2.

The 2010-2011 Expenditure Budget

The Plan to Restore Fiscal Balance of March 2009 was to reduce the growth in program spending from 4.8%, the annual average between 2003-2004 and 2009-2010, to 3.2% beginning in 2010-2011. The government has chosen to do better.

The 2010-2014 Action Plan to Reduce and Control Expenditures, Public Expenditures: Responsible Choices, will allow for a reduction in expenditure growth from 3.2% to 2.8% beginning in 2011-2012. Departments and agencies will be asked to make a substantial effort.

Moreover, the establishment of the health contribution announced in the 2010-2011 Budget will allow, on the one hand, to increase direct funding for health establishments and, on the other hand, to reduce by up to 2.2% more the growth in program spending for the years 2011-2012, 2012-2013 and 2013-2014.

For the 2010-2011 fiscal year, the establishment of the new health contribution will reduce program spending from 3.2% to 2.9%.

The growth in program spending of \$1.8 billion in 2010 is allocated in priority to health and education.

Health receives \$988 million for an increase of 3.7%. Taking into account additional resources provided by the health contribution, total health expenditure growth is 5%.

The education budget is increased by \$316 million for an increase of 2.2%. This growth will cover system costs and allow for the continuation of reforms already begun.

2.1 Major decisions

The government is immediately making some major decisions in order to reach 2010-2011 expenditure growth targets as well as those of following years.

Provisions concerning new initiatives

- Departments and agencies setting up new initiatives will have to present financing plans for such initiatives (e.g. terminating existing activities).
- The government will not automatically renew programs that are ending. If they are to be renewed they will have to meet the same criteria as new initiatives.

Limited growth for QIP investments

- Investments under the 2009-2014 Québec Infrastructure Plan will only be increased by 1.5%, compared to 10.8% under the previous plan.

Reducing operating expenditures

- The government is setting a target for a gradual reduction in administrative operating expenses, which should reach 10% by 2013-2014.
- Starting in 2010-2011, the government intends to reduce its costs of advertising, training and travel by 25%.

Hiring freeze

- In December 2009, the Conseil du trésor decreed a freeze on the hiring of new employees until March 31, 2010, which has generated \$20 million of savings in 2009-2010.
- The hiring freeze could be decreed again during the year if necessary.

3.

Longer-term actions

The 2010-2014 Action Plan to Reduce and Control Expenditures Public Expenditures: Responsible Choices includes specific actions as part of a medium- and long-term vision based on three strategic components:

- Fair and responsible remuneration;
- A better-run government;
- Continuous improvement of the government's efficiency.

3.1 Fair and responsible remuneration

Remuneration in the public and parapublic sectors represents an essential element of better expenditure control

Reiteration of proposals

In an attempt to control labour costs the government submitted its salary proposals to the unions of the Front commun in November 2009. The government's offer is fair and equitable and goes as far as possible in the current financial climate.

- Salaries
 - The government intends to extend the salary proposal it made to the unions to all government employees, including ministers' personal staff, and executives and managers in the public service, the health and social services network, the education network, the universities and government corporations.
 - The government is announcing a two-year freeze on the salaries of the Premier, the Ministers and MNAs.
- Performance bonuses
 - The government has decided to suspend the payment of performance bonuses for the years 2010-2011 and 2011-2012. This applies to senior executives in the public service, ministers' personal staff and administrators in the health and social services network and education network. It also applies to senior executives in universities, government agencies and government corporations.
 - Particular provisions are made for government corporations with a commercial and financial vocation so that their effort is comparable to the rest of the public sector.

3.2 A better-run government

Far-reaching efforts will have to be made if the government is to be better run and function properly. That will require an ongoing restructuring of organizations so that their mission and operations can be defined efficiently and their staff levels controlled, in order to serve the public better.

Organizations to be abolished or merged

- The government will announce the abolition, merger or transfer of 28 agencies and funds. For some of these organizations, this operation is a result of administrative reform following the last accounting reform.

Plan to reduce staff levels

- Payroll for departments and budget-funded agencies will be frozen at current levels until 2013-2014.
- The policy of only filling one out of every two retirements on average will continue to be applied in the departments and agencies. This measure will also be extended to administrative personnel – including managers – in the health and social services network and the education network.

3.3 Continuous improvement of the government's efficiency

In order to give a new impetus to the culture of expenditure control, there will have to be continuous improvement in the efficiency of the Québec government. Important initiatives have already been set up, and the departments are carrying them out. Between now and 2013-2014 there will be a full review of all government programs and how they are delivered.

Structuring measures aimed at improving governance and the management of government expenditures

- The government has created Infrastructure Québec, a replacement for the Agence des partenariats public-privé. A new Framework Policy for the Governance of Major Public Infrastructure Projects was approved in March 2010, aimed at the best possible management of major infrastructure projects.
- The Conseil du trésor has approved a new directive aimed at improving the governance of information technology resource projects, for which departments and public agencies make over \$1.1 billion of investments each year.

Measures being carried out in the departments

- Several departments have already taken concrete actions to improve their performance on a continuing basis. They start by a systematic assessment of program delivery and administrative efficiency. Such actions are already being carried out by the Ministère de la Santé et des Services sociaux, the education network and several other departments.

Full review of government programs and how they are delivered

- All government programs and how they are delivered will be examined between now and 2013 2014.
- There will be ongoing studies of programs and how they are delivered.
- In addition, there will be a special study of the governance and performance of the health and social services network (streamlining of local and regional management structures - agencies) and the education network (the role and responsibilities of school boards).
- Based on the American PART models or the UK government's "Capability Review," a tool for assessing the performance of programs and organizations will be developed in cooperation with the ENAP.

The Public Administration Act

- The Public Administration Act will be reviewed as part of the 10th report on its application, and recommendations from the Commission sur l'administration publique on how to improve budgetary information will be sent to MNAs.

4.

Conclusion

The return to a balanced budget by 2013-2014 is an ambitious objective and a new impetus must be given to the culture of expenditure control in the Quebec government. This will require a constant and shared effort over the entire public service, by both managers and personnel. Citizens asking for services responding to new needs must accept that the government must make choices and abandon already existing programs. This represents a collective effort.

