
Rigour and responsibility in expenditure management

Tangible actions for now and the future

Québec, June 4, 2014 – Martin Coiteux, Minister responsible for Government Administration and Ongoing Program Review and Chair of the Conseil du trésor, today tabled the 2014-2015 Expenditure Budget along with the approach selected by the Gouvernement du Québec to ensure that public expenses are managed more carefully and responsibly in the long term.

“For 2013-2014, the deficit is estimated to be \$3.1 billion. If nothing is done, the deficit will exceed \$5 billion in 2014-2015 and grow even more in the years after. Québec’s public spending is rising faster than its revenue. This is a situation that cannot last. We have to take action,” declared the Minister.

The 2014-2015 Expenditure Budget was designed to meet three underlying objectives: taking the necessary action for 2014-2015, quickly; restoring a sustainable balanced budget in 2015-2016; and bringing government expenditures down to a level compatible with Quebecers’ ability to pay, permanently.

2014-2015 budget approach

Not long after the general election, the report on the state of public finances from financial experts Godbout and Montmarquette clearly showed that it would be impossible to return to a balanced budget without taking immediate action and simultaneously taking long-term steps to tackle the structural deficit.

On April 24, the Government responded by announcing a series of administrative measures to control government spending, including the following:

- productivity gains equivalent to 2% of total payroll;
- additional efforts leading to a 3% reduction in operating expenses, and
- tighter controls on the process for granting subsidies.

These measures will generate \$490 million in annual savings, including \$305 million in program expenditures. Additional administrative measures identified by the various government departments according to their specific circumstances will help in the effort to balance the budget.

The Government also introduced the principle of a freeze on spending, a mechanism designed to guarantee that any new programs are financed from existing budgets.

In addition, all government departments have been asked to put their shoulder to the wheel in recent weeks and make some tough choices. Specific cost-cutting measures have been identified by each department. The remaining total to be absorbed by government departments and bodies in 2014-2015 stands at \$2.728 billion.

Expenditures under review include a number of initiatives introduced primarily by the previous Government in circumstances that were unfavourable to them.

The Government plans to extend the staffing freeze to the health and social services and education networks, extrabudgetary bodies, special funds, and bodies that carry out fiduciary duties.

Stringent monitoring of staff growth across the entire public, para-governmental and peri-public sector will now be ensured. To achieve this, a bill to steer management of staff of the Government apparatus will be tabled this fall to set out the parameters of the new orientation. In particular, it will empower the Government to set staffing numbers per job category.

Ongoing Program Review

The actions listed above will generate the short-term savings needed to balance the budget. However, international experience shows that structured spending control is necessary in order to ensure lasting change.

For this reason, Québec is currently engaged in a process to establish an ongoing review of State-administered programs.

A variety of transformative measures will be put in place, including the creation of an Ongoing Program Review Commission that will allow the Government to reposition itself and institute a process of ongoing assessment aimed at shifting the State's focus toward priority programs and to areas where needs are the most pressing

For assistance in carrying out this process, the Government will seek out new ideas, in particular by leveraging internal and external expertise and initiating ongoing social dialogue with government partners and the general public.

"We are opting for a disciplined, responsible approach to public spending because that's how Quebecers want us to manage the money raised from their taxes. The Government wishes to send a clear message: it is tightening its control on expenditures throughout the entire Government while making sure that priority services are maintained. Each expenditure must be assessed, prioritized and justified, taking into account our present situation and the collective interest. The Government hopes that all departments and bodies, as well as all employees and partners of the State, will join in this Québec-wide undertaking that is crucial for the prosperity of Québec," concluded Minister Coiteux.

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