

Government Living Within its Means: Expenditure Management Initiative

Presentation to the Financial
Management Institute

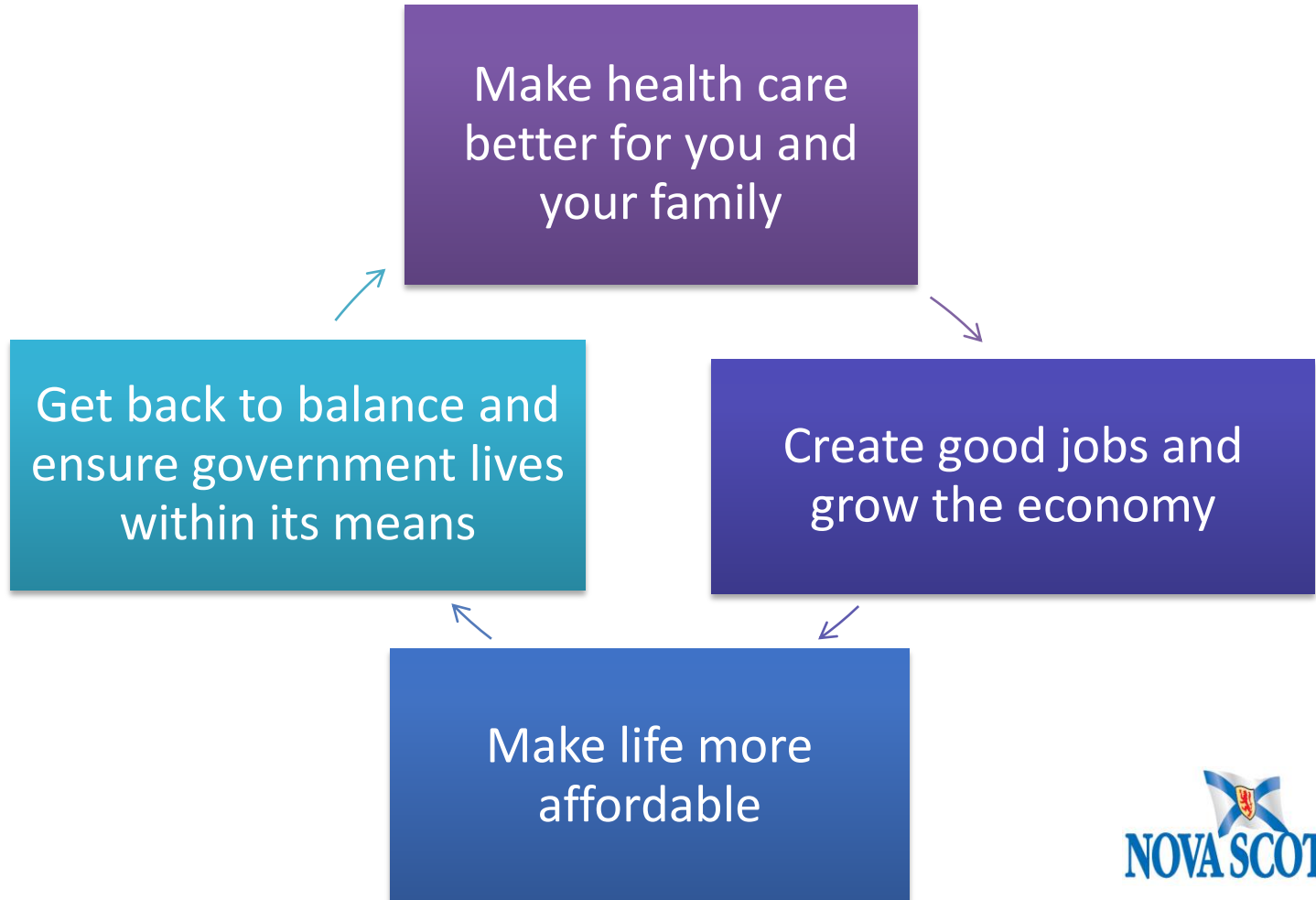
Elizabeth Cody,
Associate Deputy Minister

Treasury Board

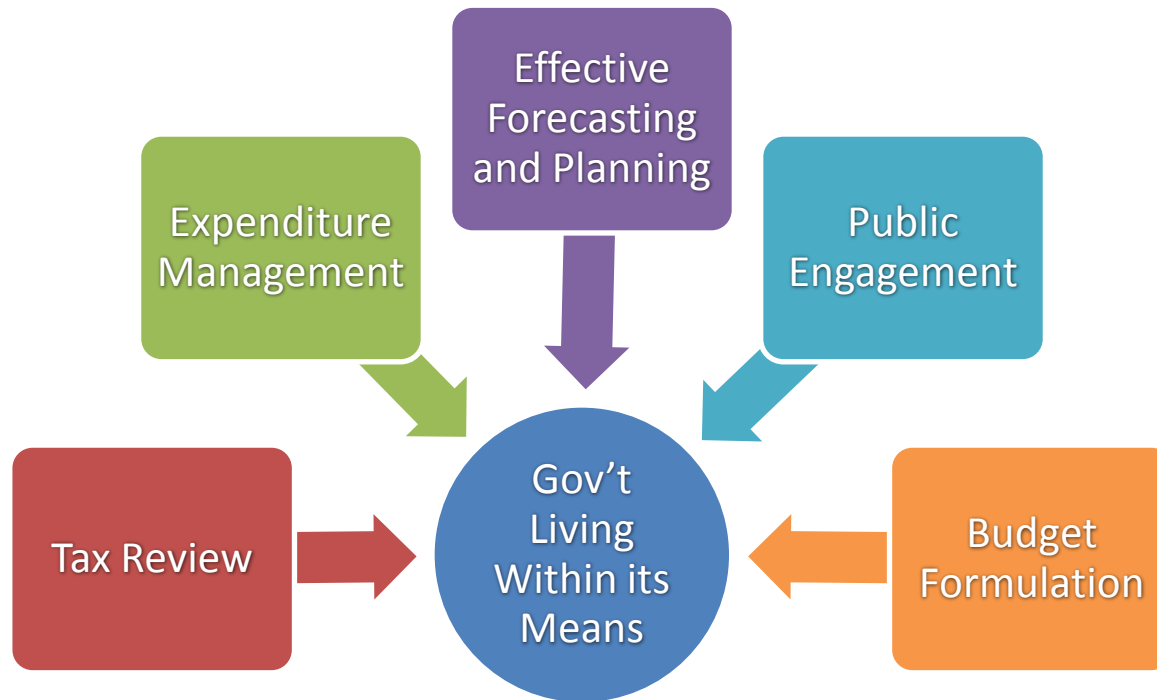
June 14, 2010



Core Priorities



Get Back to Balance and Ensure Government Lives Within its Means



Extent of Fiscal Challenge

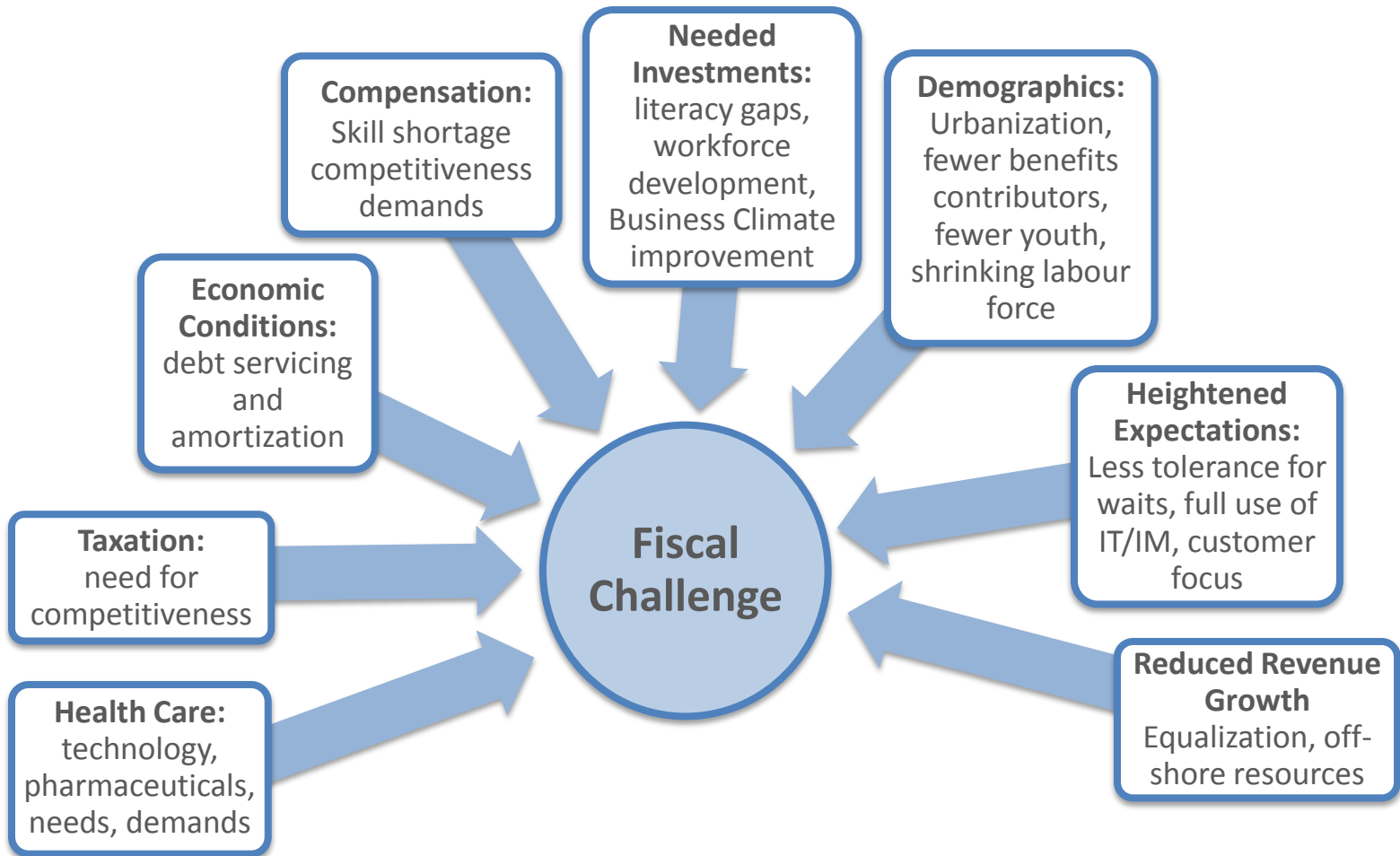
- Based on Status Quo assumptions, Deloitte predicted a \$1.3 billion deficit within three years
- Government estimates a \$222 million deficit in 2010-11, and a \$370 million deficit in 2011-12*

* Reference: 2010-11 Budget, Schedule 1B

Here's Why

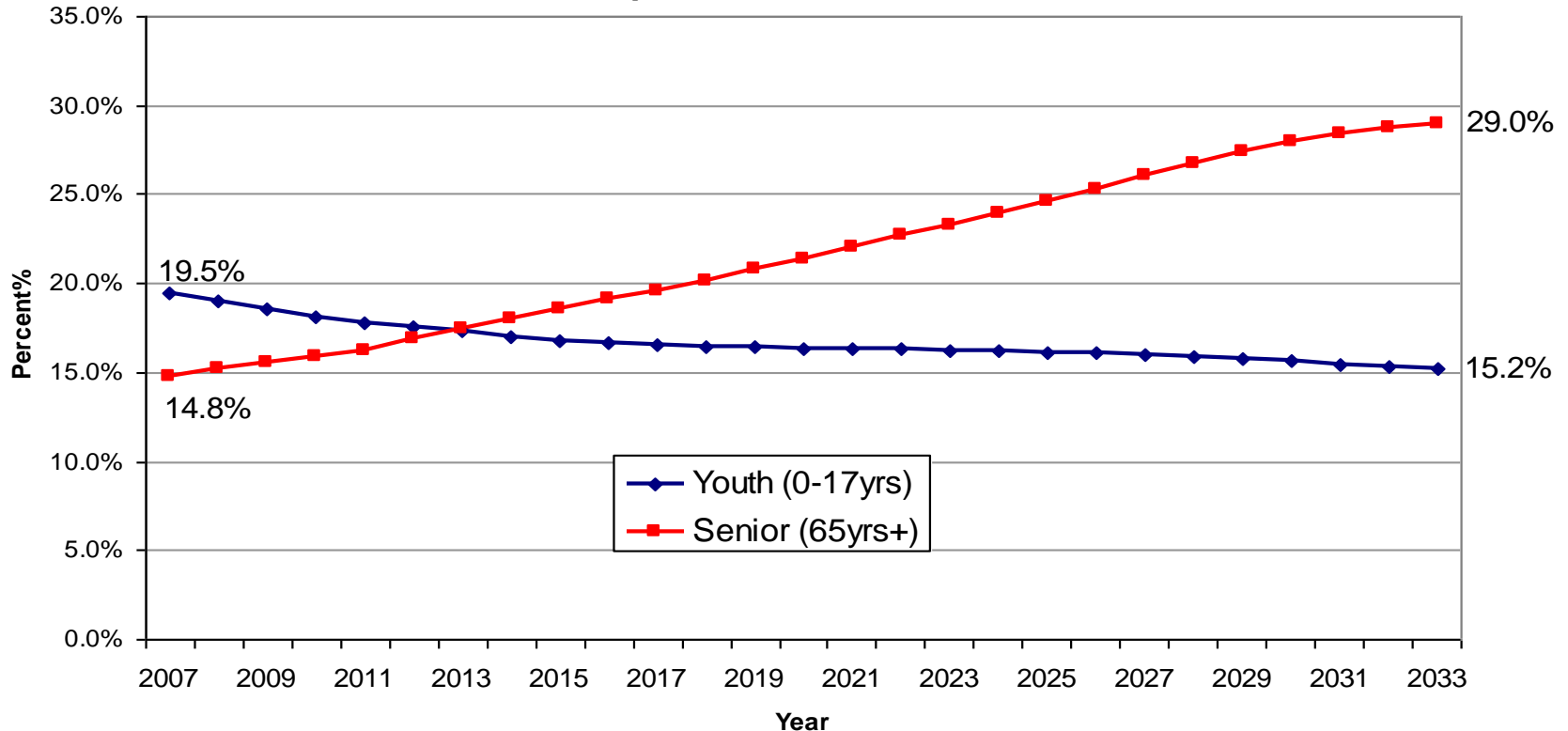
- Costs are going up
+12% from 07/08 to 09/10
- Revenues are growing more slowly
actually fell 2% from fiscal 07/08 to fiscal 09/10

Financial Pressures



The Demographic Shift

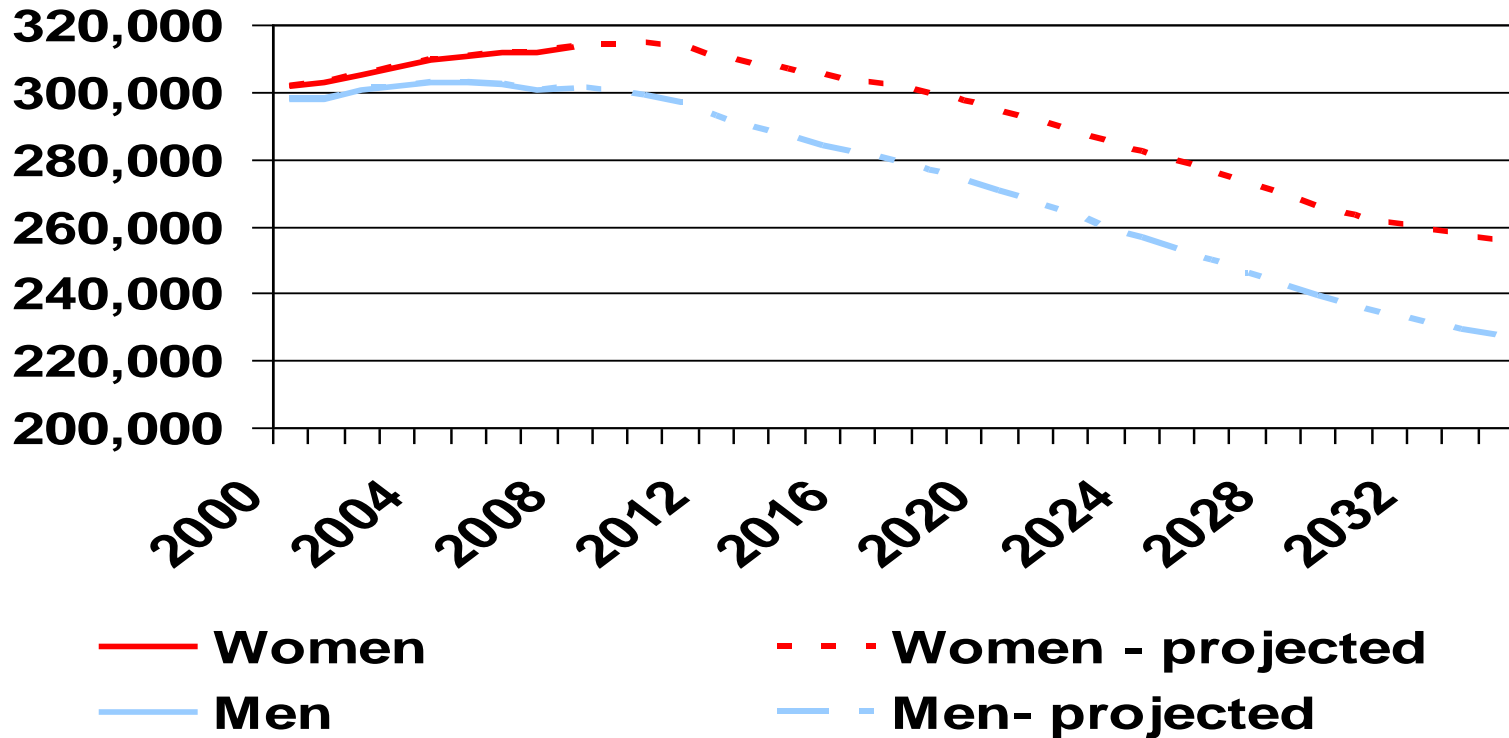
Share of Population, Nova Scotia, 2007-2033



Nova Scotia's future population: fewer, older, more urban

Labour pool will shrink

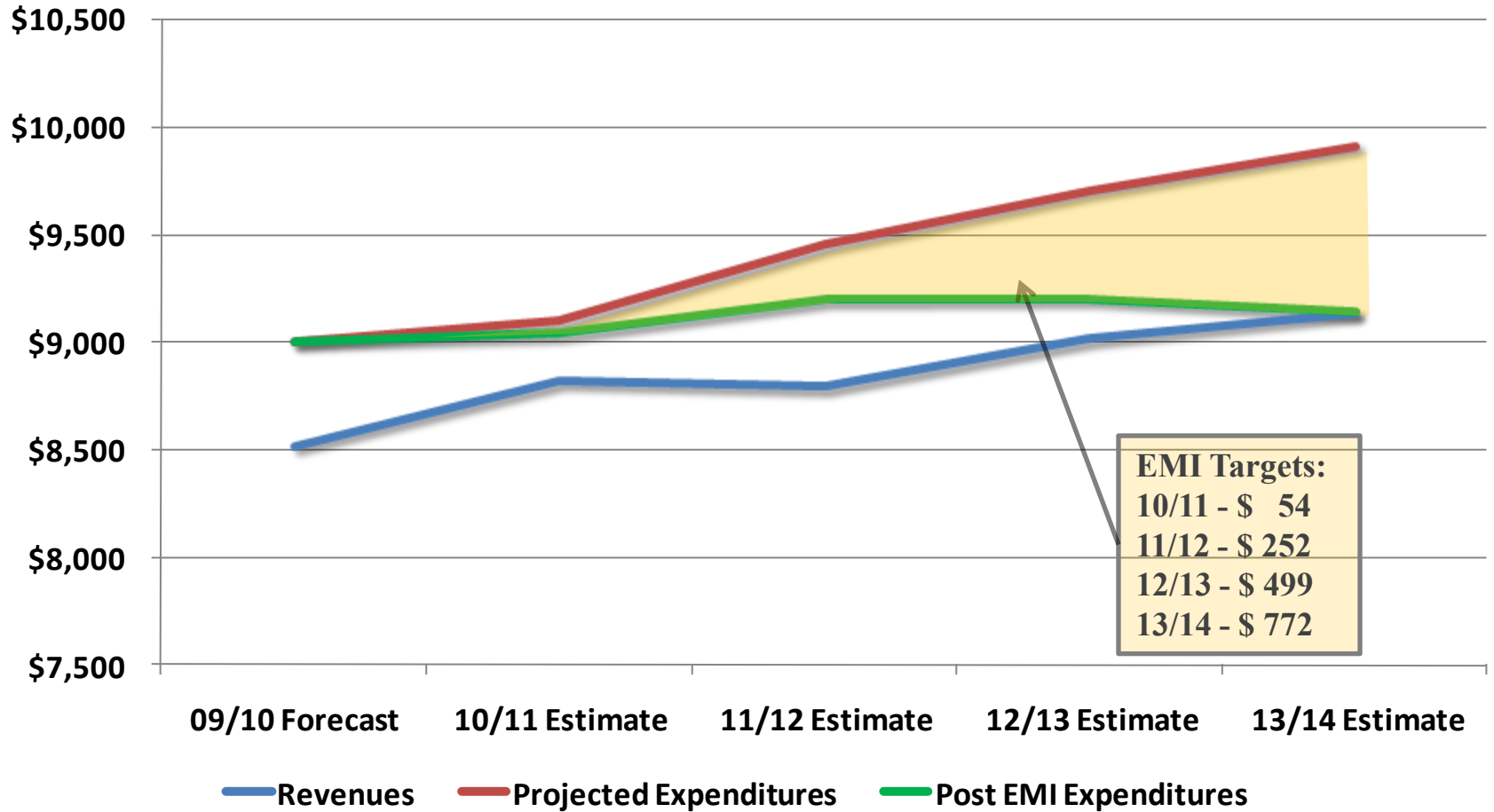
(Working-age (18-64) population)



Revenue Pressures

- Recession (the recovery will be slow)
- Offshore Royalty decline
- Decline in equalization

The Fiscal Challenge is serious . . .



Treasury Board

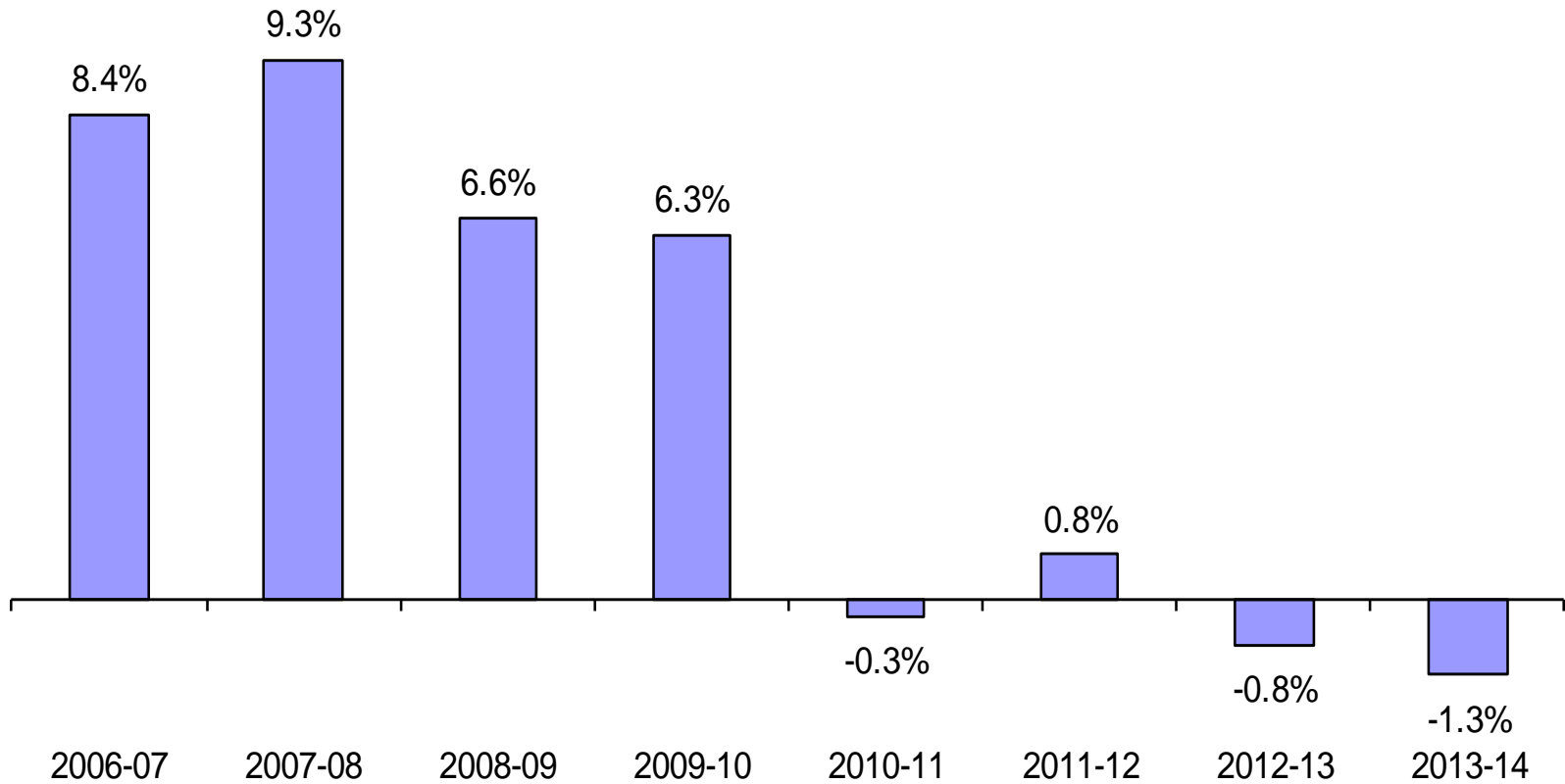
(Source: 2010/11 budget, Schedule 1B)



The Deficit is Structural

It will not disappear along with
recession

Annual Percentage Growth in Expenses



← Historical Growth Rate

→ 4-year Back to Balance Plan

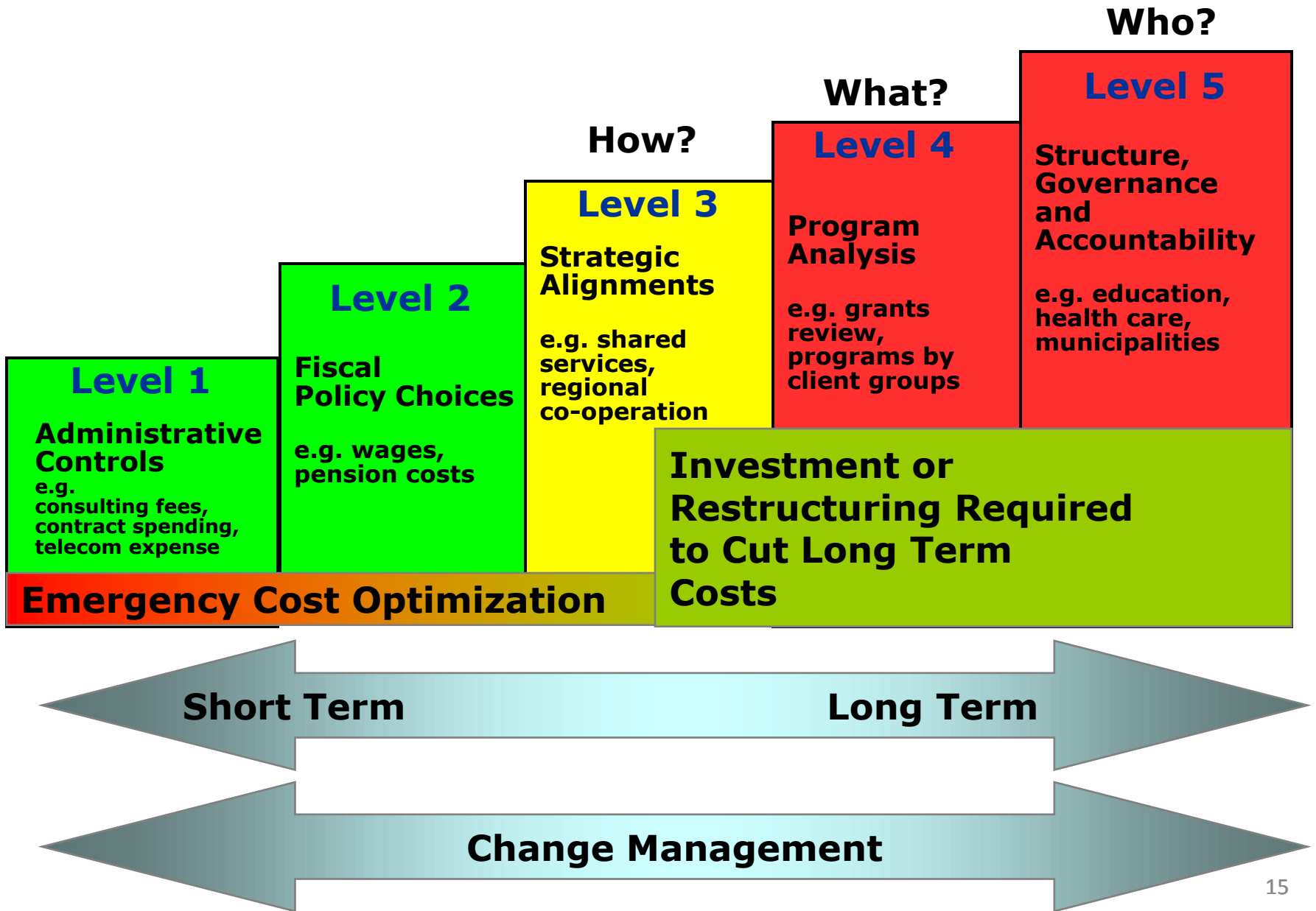
The Expenditure Management Initiative

- A dedicated project team with a 2 year mandate
- Reports to Treasury Board
- Corporate leadership and coordination
- To identify opportunities for “doing better with less”
- Focus on “adding value” to Departmental efforts
- Perspective is “horizontal” and “cross-functional”
- Approach is collaborative/facilitative
- Sensitive to Departmental “ownership” of strategies/plans
- Must ensure legacy capacity

Expenditure Management Role

- The role of the project office:
 - Corporate leadership and co-ordination
 - Planning and project management
 - Analysis and support for strategic initiatives to save/contain costs
 - Development of special projects to transform government services

Expenditure Management Framework



EMI – 4 Year Targets

(in \$ millions)

	2010-11	2011-12	2012-13	2013-14
Year 1	\$ 54	\$ 54	\$ 54	\$ 54
Year 2	-	\$ 198	\$ 198	\$ 198
Year 3	-	-	\$ 247	\$ 247
Year 4	-	-	-	\$ 273
Total	\$ 54	\$ 252	\$ 499	\$ 772

Expenditure Management Opportunities

- Rationalizing services, sharing administrative costs, using technology to improve service and the bottom line
- Health Sector
 - Health authorities shared efficiencies
 - Streamlining health care services
 - Drug costs
- Education sector
 - Modernization of the school system
 - Opportunities tied to student enrollment decline
- Stakeholder Engagement
 - Health Authorities, School Boards, Labour, NGO

Challenges and Risks

- Economic environment
 - e.g. revenue, federal transfers
- Socio-political
 - e.g. customer/citizen demands
- Communications
- Public engagement
- Change management
- Leadership and management capacity
- Cultural risks
 - e.g. risk aversion, bureaucracy not used to embracing technology

Conclusion

- The necessary changes in the system will allow government to advance its core priorities agenda
- Government knows where it is going and has a strong plan to get there
- It will not be easy
- But the challenge also offers new opportunities to:
 - Realign;
 - Reorganize and
 - Modernize government

Questions?

