

0860-01 (19)

From: Scott Hean [shean@quaterra.com]

Sent: April 24, 2009 12:13 PM

To: MayorandCouncil

Cc: ()

Subject: FW: Vancouver Sun April 23 - Liberals cutting into bureaucracy fat

I wish to draw your attention to Vaughan Palmer's article in today's Vancouver Sun and ask that you read the copy below. The highlights are mine and pertain to "administrative and discretionary spending" which is under attack the government in Victoria.

A similar exercise must be done without the walls of the District's head office. One could logically expect the savings, on a proportionate basis, would be no less than the Provincial savings are as a percentage to the "discretionary" budget.

I ask Council undertake the same process as the Province. Direct staff to attack the "administrative and discretionary spending" areas of the District's expenditure budget with a response to Council no later than May 31, 2009. Implementation should commence immediately, say June 1, 2009. Council is asked to make public the results of this effort upon receipt from staff.

Thank you.

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The going gets tougher as the Liberals dig into the 'non-essential' spending

By Vaughn Palmer, Vancouver Sun April 23, 2009

This year's budget from the B.C. Liberal government held out the promise of more than \$2 billion worth of savings from cuts in non-essential spending.

"Government is managing down expenses in order to protect health care, education and social service programs," the key budget document said. "Significant savings in administrative and discretionary spending will be achieved and some government programs will be streamlined."

The Liberals went on to set targets for "administrative and other savings" for this year, next year and the year after.

totalling \$1.9 billion.

As well, there was the promise of "further efficiencies" in years two and three of the plan, totalling \$375 million.

"Government will be reviewing programs ... to ensure these programs are efficient and cost-effective, to minimize duplication and to ensure continued alignment with government priorities."

One might have hoped that the Liberals had already accomplished all of the necessary efficiencies after eight years in office.

They were elected on a promise of better management, which would presumably include cost-effectiveness, streamlining, minimized duplication and other rigours.

Apparently not. At least not to the extent needed.

For the public service has lately been engaged in a government-wide effort to identify the more than \$2 billion in "administrative and other savings" along with those "future efficiencies."

The budgeting process itself has undergone a makeover, with ministries and put on a much shorter leash.

Tighter central control. Monthly spending targets. Strict limits on the ability to move funds between priorities.

The finance ministry is also keeping a closer watch on spending in the health regions, universities and other agencies that get most of their funding from central government.

The goal is to proceed beyond the general outline in the budget and identify the necessary savings on a line-by-line, ministry-by-ministry, program-by-program basis.

The sought-after \$2.2 billion is less than two per cent of total spending over the three-year budget and fiscal plan, and thus may not sound like an overly-ambitious target.

But the vast majority of government spending is a straightforward transfer from the treasury to mandated-by-law services like health, education and income assistance.

The discretionary part of the budget is maybe one-fifth of total spending. Seen in that light, the target for savings is more ambitious.

Moreover, most of the easiest places to cut don't provide a lot of savings. For instance, rolling back last year's notorious boost in the executive pay scale would save less than \$10 million over the three years.

The story so far:

The government has moved to rein in public servant travel by 25 per cent, for a saving of \$19 million.

Boards and commissions have been cut back by 10 per cent, for a relatively meagre gain of \$1 million.

The Liberals imposed a 75-per-cent, \$23-million reduction on spending on advertising and publications, an inviting target for those who don't work for publications that are dependent on ad dollars.

The public service has also implemented a 10-per-cent reduction in spending on office and business expenses, use of

vehicles and operating equipment. Another \$25 million.

Plus, ministries have laid plans to pull back by 25 per cent (or \$192 million) what they will spend for outside experts, planners, consultants and other professional services.

The latter has induced a growing anxiety among professionals who depend on government contracts for a substantial share of their livelihood.

But the more anxious prospect arises within the no-less-dependent community that gets a substantial share of funding from government grants.

Discretionary grants, that is. We're not talking about agencies that deliver statutory programs -- schools, hospitals and social service agencies.

Nevertheless many worthy entities fall into this area. Sports, recreational, environmental and arts groups all fit into this category.

The budget-cutting exercise has tentatively identified a 25-per-cent reduction in discretionary grants, totalling \$207 million.

Final approval is up to the cabinet, meaning the one that will be elected (or re-elected) after the election.

But it may well mean bad news for a number of groups out there that are used to getting a cheque from Victoria.

Putting all this together yields projected savings of \$468 million. Still short of the first-year target of \$589 million in "administrative and other savings."

Nor is that the end of the fiscal challenges ahead. I'll have more to say about those, and how they could play out for whichever party forms government, in a subsequent column.

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Read Vaughn Palmer's blog at vancouver.sun.com/palmer

For all the news and analysis of the B.C. election, go to www.vancouver.sun.com/bcelection

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