

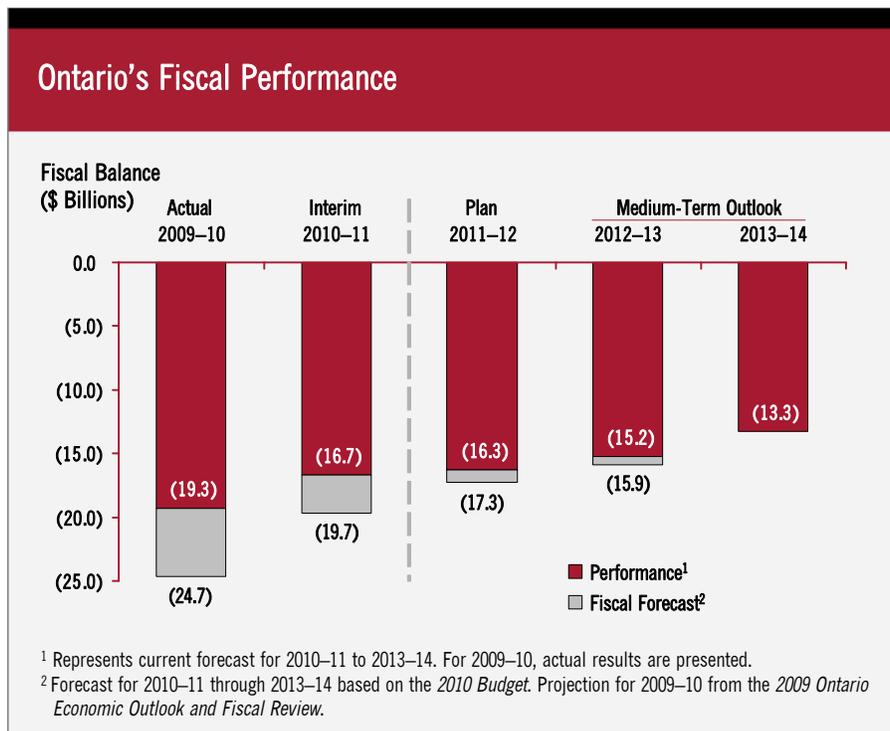
MANAGING RESPONSIBLY

March 29, 2011

The McGuinty government has a proven track record of prudent fiscal management. It eliminated the \$5.5 billion deficit it inherited and delivered three balanced budgets. Then the global recession hit.

The government chose to lessen the recession's impact on people and to protect education and health care. As a result, the province incurred a deficit.

The government has laid out a realistic and responsible plan to eliminate the deficit. Through prudent fiscal management, the government has improved upon the deficit targets outlined in the 2010 Budget. As a result, the 2011 Budget is projecting deficits of \$16.7 billion in 2010–11, \$16.3 billion in 2011–12 and \$15.2 billion in 2012–13. This represents an improvement of \$4.7 billion over three years from the projections outlined in the 2010 Budget.



These results are in large part the outcome of the government's continued efforts to reduce growth in program expense while protecting the public services that matter most to people.

As a share of the economy, the Ontario government's program spending in the 2010–11 fiscal year was the third lowest among Canadian provinces. In 2008–09, Ontario's spending per capita on general government services, including administration, was \$134 per person. This is the second lowest among the provinces and 28 per cent below the \$186 average per person spent across all provincial governments.

Returning to a balanced budget requires reduced growth in program expense. This year, program expense is expected to be \$2.6 billion below the 2010 forecast. Continued expense management, while sustaining economic growth and protecting education and health care, will require a greater focus on reforming the way government does business.

Other approaches, such as arbitrary, across-the-board reductions, would require deep cuts to education and health care, which would hurt Ontario families and could cost more in the long run.

Recent Measures

In December 2010, the Minister of Finance announced additional measures to reduce waste, eliminate duplication, strengthen oversight and find more savings. Measures announced since then include:

- The elimination or merger of 14 agencies that had overlapping functions, exceeding the original target
- Proposing the merger of Infrastructure Ontario and Ontario Realty Corporation into one agency, which would save an estimated \$5 million annually, starting in 2012–13
- Proposing legislation that would eliminate unnecessary perks in the broader public sector
- Discontinuing both the Premier's Discovery and Catalyst Awards, saving close to \$2.5 million annually
- Saving \$15.6 million over the next two years by reducing paper and office equipment — eliminating more than 15,000 printers and servers, saving \$8 million; cutting paper usage by 50 per cent, saving \$7 million; and centralizing and reducing the number of office fax machines, saving \$640,000
- Saving \$30 million last year and another \$10 million this year through reduced travel
- Making online services more efficient by reducing the number of websites while improving online access. The government reviewed more than 200 websites and will eliminate or merge more than 65 sites by March 2012, saving \$1.3 million over the next two years.

New Measures

In order to protect health care and education while eliminating the deficit, the government must reform the way it delivers services to people. The 2011 Budget builds on the government's record of success in reform and finding savings by accelerating its plan to improve productivity and efficiencies.

Initiatives announced in the budget and since December 2010 would help realize savings of nearly \$1.5 billion across government over the next three fiscal years (see table, page 4).

Specific actions to find efficiencies and reform public service delivery include:

- Exploring alternative service delivery models for ServiceOntario, including leveraging private-sector investments through a competition. It will also explore opportunities to expand ServiceOntario's one-stop delivery network to other lines of business, including delivering services on behalf of other governments through partnerships
- Instructing major agencies to deliver efficiency savings of \$200 million by 2013–14
- Funding for executive offices of specific transfer payment recipients will be reduced permanently by 10 per cent over two years. This policy will also be put in place for major government agencies
- Reducing the size of the Ontario Public Service (OPS) by an additional 1,500 positions between April 2012 and March 2014. This is in addition to the reduction of about 3,400 full-time OPS employees announced in the 2009 Budget
- Cancelling construction of the Toronto West Courthouse. This results in appropriation savings of \$181 million over the next three years
- Making the jail system more modern and efficient. Efficiencies will be gained by closing underutilized prisons in Owen Sound, Walkerton and Sarnia, and partially closing Toronto West Detention Centre. Inmates will be transferred to new, larger, more efficient facilities.

To provide advice on reforms that would help accelerate its plan to eliminate the deficit while protecting education and health care, the government will also establish the Commission on the Reform of Ontario's Public Services. Chaired by respected economist Don Drummond, the commission will examine long-term, fundamental changes to the way government works. The commission's work will include exploring which areas of service delivery are core to the Ontario government's mandate, which areas could be delivered more efficiently by another entity and how to get better value for taxpayers' money in delivering public services.

The commission will report to the Minister of Finance in time to inform the development of the 2012 Budget. The commission will not make recommendations that would increase taxes or lead to the privatization of health care or education.

Ontario's Savings Strategies, 2011–12 to 2013–14
(\$ Millions)

Ministry	Description	Savings
Operational Efficiencies and Consolidation		
Across Government	Direct operating expense savings	271
Across Government	Enterprise-wide Information and Information Technology savings	36
Across Government	Capital project savings	14
Major Agencies	Agency efficiencies	200
Infrastructure Agency Consolidation	Merging Infrastructure Ontario and the Ontario Realty Corporation	10
Community Safety & Correctional Services	Prison modernization	16
Children and Youth Services	Consolidation of children's aid societies	9
Streamlined Programs		
Research and Innovation	Streamlining research talent and business support programs	76
Attorney General	Service efficiencies	20
Efficiencies in the Health Care System		
Community and Social Services	Savings in the Ontario Drug Benefit program resulting from existing drug system reforms	249
Health and Long-Term Care	Expansion of bariatric surgeries, reducing the need to fund treatments provided out-of-country	21
Health and Long-Term Care	Proposed changes to improve alignment of funding for out-of-country services with services delivered in Ontario	86
Health and Long-Term Care	Evidence-based management of health care spending and further savings from prescription drugs	455
Total Savings		1,463

Note: Numbers may not add due to rounding.

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