

Office of the Provincial Treasurer  
 SEP 23 1981

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Treas. Budget Bureau  
 22-Sep-81

TREASURY

FROM Deputy Provincial Treasurer  
 434 Terrace Building

OUR FILE REFERENCE B-5010-4

YOUR FILE REFERENCE

TO Hon. Lou Hyndman  
 Provincial Treasurer  
 323 Legislature Building

DATE 22-Sep-81

TELEPHONE 7-4106

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 cap  
 B.B.S.  
 Big A.

SUBJECT 1982-83 Preliminary Expenditure and Manpower Overview

As a first look at departmental budget submissions for 1982-83, we have prepared the following brief overview in advance of the Cabinet Retreat. A more extensive report is being prepared for the Priorities Committee - Global Budget Review Meeting scheduled for 16-Oct-81.

Total Government Summary - Voted Appropriations  
 (reference tables 1, 2, 3 and 4 attached)

by 6/80  
 1981/80  
 16.9  
 18.6  
 22.5

9,000  
 1977/80  
 Revised  
 17.8  
 48.2  
 16.3

	1981-82 Comparable Estimates (\$000)	1982-83 Departmental Requests (\$000)	% Increase Over 1981-82 Estimates %	\$ Increase Over 1981-82 Estimates (\$000)
Operating	5,051,307	6,478,548	28.3	1,427,241
Capital	1,604,984	2,813,939	75.3	1,208,955
<u>Total</u>	<u>6,656,291</u>	<u>9,292,487</u>	<u>39.7</u>	<u>2,636,196</u>
Positions	33,282	36,362	9.3	3,080
Man-Years	36,750.5	40,273.8	9.6	3,522.3

Our initial reaction to these figures is that we may be facing a serious problem this year in dealing with requested increases that are significantly larger than in the past three or four years. The following chart shows the percentage increases that departments have requested at the beginning of the budget cycle in each of the last four years, compared with the final amount that was approved at the end of each budget cycle.

	Requested % Increase at Beginning of Budget Cycle %	Approved % Increase at End of Budget Cycle %
1982-83	39.7	?
1981-82	26.6	23.9
1980-81	26.5	17.4
1979-80	23.2	19.7
1978-79	20.6	14.6

} 50%  
 ev

If the starting point of the detailed Treasury budget review has to contend with a total increase of 39.7%, we can anticipate a very large number of variances, notwithstanding the forewarning you gave in your 29-Jun-81 memorandum to all ministers that Priorities Committee will not accept such a situation. It would appear that most departments must be directed to reconsider their 1982-83 budget requests with a view to effecting significant reductions. In order to allow us an opportunity to adequately review these revised submissions, such a direction must be made without delay. You may want to raise this matter at the Cabinet Retreat this week.

*A. F. Collins*

A. F. Collins

gs/  
Att.

*our defn. of variances is when in B Budget.*

*"ones on the Mit." to prove B's position not correct*

*defn. of an A variance*

*9B*  
*most capital 752 - Pw 270*  
*operating 176*  
*928*

*If take out B'S*

- op. net of B 23% vs. 17% target*
- So cut A requests by 10%.*
- B'S can be dealt with.*
- A variances are key:*
  - DPT+ I to meet specific depts.*
  - Objective - no A Budget variances.*
- Pre-allocations*

*Requested 82/83 A (excl. B) \$1.7B or 25.7%.*  
*Hot Requests + Final Approvals 5%.*