
Finance Canada

October 2011



Overview

- **Canadian fiscal context**
- **Budget process**
- **Canada's plan to return to surplus**



Canadian Fiscal Context



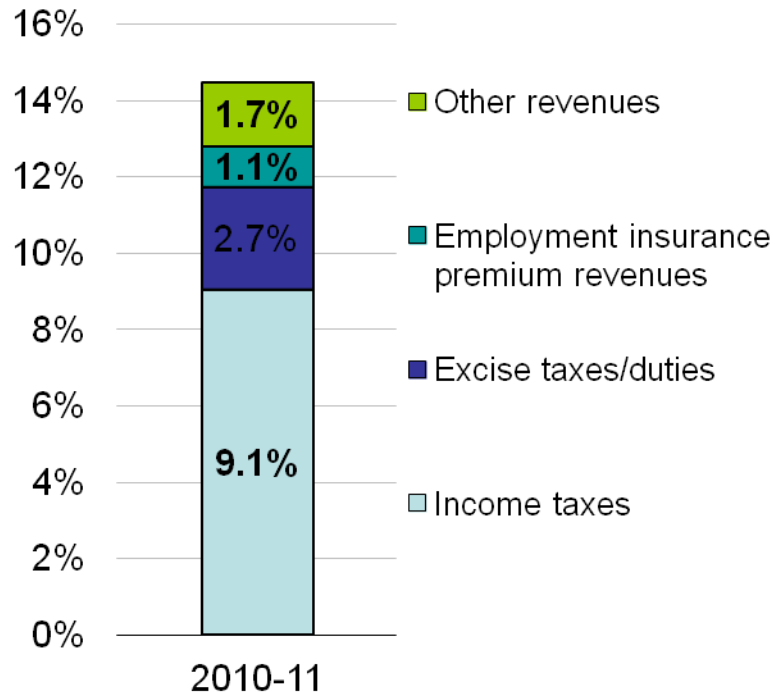
Canadian Context

- **Canada is a decentralized Parliamentary democracy**
- **One federal government and ten provincial and three territorial governments**
- **Provinces and territories have primary responsibility for large social programs -- such as health care, education and social assistance**
- **Federal government responsible for areas that are national in scope -- such as employment insurance, national defence, foreign affairs and international trade**

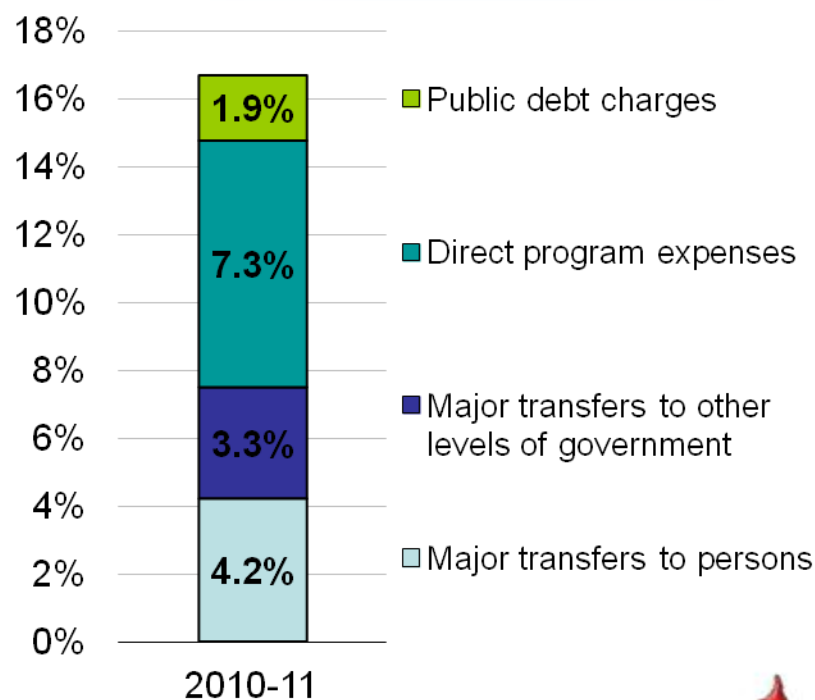


Snapshot of Federal budgetary revenues and expenses

Budgetary Revenues
per cent GDP



Budgetary Expenses
per cent GDP



Summary Statement of Transactions

Summary Statement of Transactions							
	Projection						
	2009- 2010	2010- 2011	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016
	<i>(per cent GDP)</i>						
Budgetary Revenues	14.3	14.5	14.6	14.7	14.9	15.1	15.0
Program expenses	16.0	14.8	14.5	13.8	13.4	13.1	12.9
Public debt charges	1.9	1.9	1.9	2.0	2.1	2.0	1.9
Total expenses	17.9	16.7	16.4	15.8	15.5	15.1	14.8
Budgetary balance	-3.6	-2.2	-1.9	-1.1	-0.5	0.0	0.2
Federal debt	34.0	34.0	34.3	33.7	32.6	31.2	29.7

Note: Figures may not add due to rounding



Return to Budgetary Balance

3-point plan for returning to balanced budgets set out in Budget 2010:

- 1. Wind down the stimulus provided in Canada's Economic Action Plan.**
- 2. Implement targeted measures to restrain growth in direct program spending.**
- 3. Undertake a comprehensive review of government administrative functions and overhead costs.**



Budget 2011 Restraint Measures

1. **Delivering on the 2010 round of strategic reviews**
 - Over \$500 million in new ongoing savings from the 2010 round of strategic reviews
2. **Taking action to close tax loopholes**
 - Expected to yield about \$1 billion in savings by 2013-14
3. **Launching a comprehensive, one-year deficit reduction action plan**
 - Examination of \$80 billion of direct program spending with objective of achieving at least 5 per cent in ongoing annual savings by 2014-15



Budget Process



The Federal Budget

- **Key annual policy document**
- **Vehicle to implement Government priorities**
- **Sets out economic and fiscal forecast (2-5 years)**

The Budget is about choices



Major Players

Cabinet

**Prime Minister
&
Minister of
Finance**

Parliament

Other Stakeholders

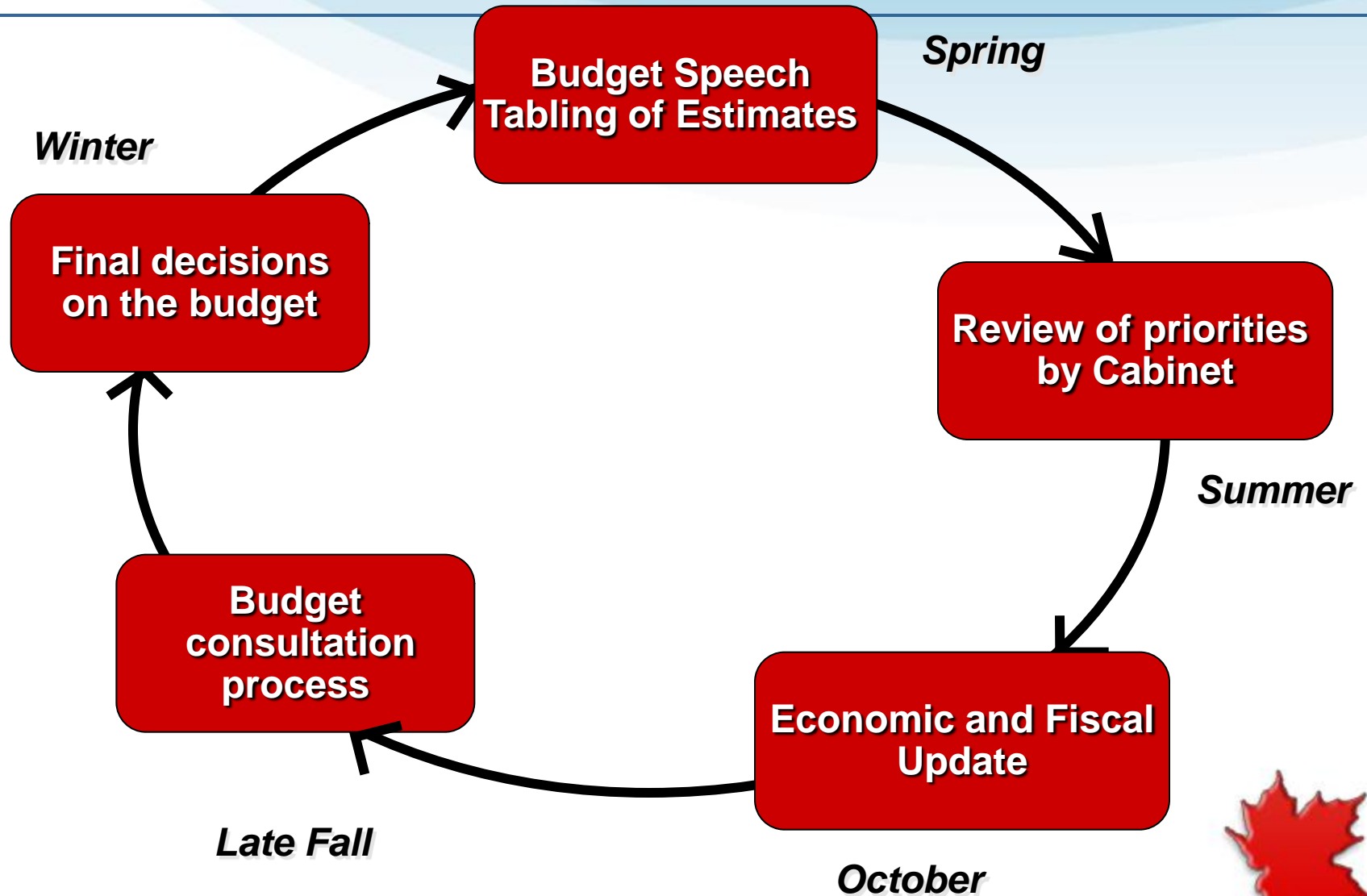
- Constituents
- Business
- Advocacy Groups

Public Service

- Central agencies
- Departments



Budget Cycle



Budget Cycle: Spring to Summer

- **Government reviews existing priorities**
 - *Election Commitments, SFT, Emerging Pressures*
 - *Minister reviews developments since economic and fiscal outlook*
- **Cabinet Retreats**
 - *Cabinet begins shaping budget considering the economic and political climate, reports on public issues and concerns*
 - *Provides central agencies and departments with a broad direction to guide them with their budget preparations*



Budget Cycle: Fall

- **Update of Economic and Fiscal Projections**
- **Launch of Public Consultation Process**
- **Launch of the Cabinet Committee Process**



Update of Economic and Fiscal Projections

- **5-year economic and fiscal forecast – sets framework for consultations with stakeholders**
 - *Discusses risks associated with economic and fiscal projections*
 - *Significant input of private sector economists*
- **Can identify policy priorities and issues to address in Budget**



Public Consultation Process

- **House of Commons Standing Committee on Finance**
- **Annual Minister of Finance consultations**
- **Special consultations conducted by other Ministers**
- **Federal and provincial finance ministers meeting in late Fall/ early new year**



Cabinet Committee Process

- **Ministers present proposals for consideration by their colleagues in the Cabinet Committees process**
- **There are 4 policy committees that work with policy proposals:**
 - *Economic Prosperity and Sustainable Growth,*
 - *Social Affairs,*
 - *Foreign Affairs and Defence,*
 - *National Security.*
- **Priorities and Planning Committee also plays a key role in approving items**



Budget Cycle: Fall to Winter

Budget development

- *Most intensive time in preparing the Budget is January through mid-February*
- *Finance Department updates the fiscal projections presented in the Fall Update and incorporates the latest economic and fiscal developments*
- *Projections determine the amount of fiscal resources available for discretionary fiscal measures in the budget (Parameters for Fiscal Framework)*



Budget Cycle: Winter to Late Spring

- **The Budget Plan**
- **Implementation of the Budget**



Budget Cycle: Winter to Late Spring

Implementation of the Budget

- **Parliamentary Approval**
 - **Concurrence on Notices of Ways and Means Motion; administration of tax measures**
 - **Budget debate and vote (Vote of Confidence)**
 - **Approval of legislation implementing the budget, by both House and Senate (BIA)**
 - **Approval of Budget measures in Main or Supplementary Estimates**



Budget Cycle: Winter to Late Spring

Implementation of the Budget (cont'd)

- **Policy implementation**

- **Treasury Board Secretariat works with Departments to ensure that funds approved by Cabinet are costed and implemented appropriately**

- **Treasury Board submission a key tool:**

Departments require Treasury Board authority to allocate financial resources included in the Budget

Submissions provide details on program design, specific costs (including administrative costs), expected results and outcomes, and program delivery and implementation



Reporting

- **Spring**
 - **Departmental Reports on Plans and Priorities**
- **Fall**
 - **Departmental Performance Reports**
 - **Canada's Performance Report**
 - **Annual Financial Report**
 - **Public Accounts**



Accountability

- **Comptroller General**
- **Office of the Auditor General**
- **Parliamentary Budget Officer**



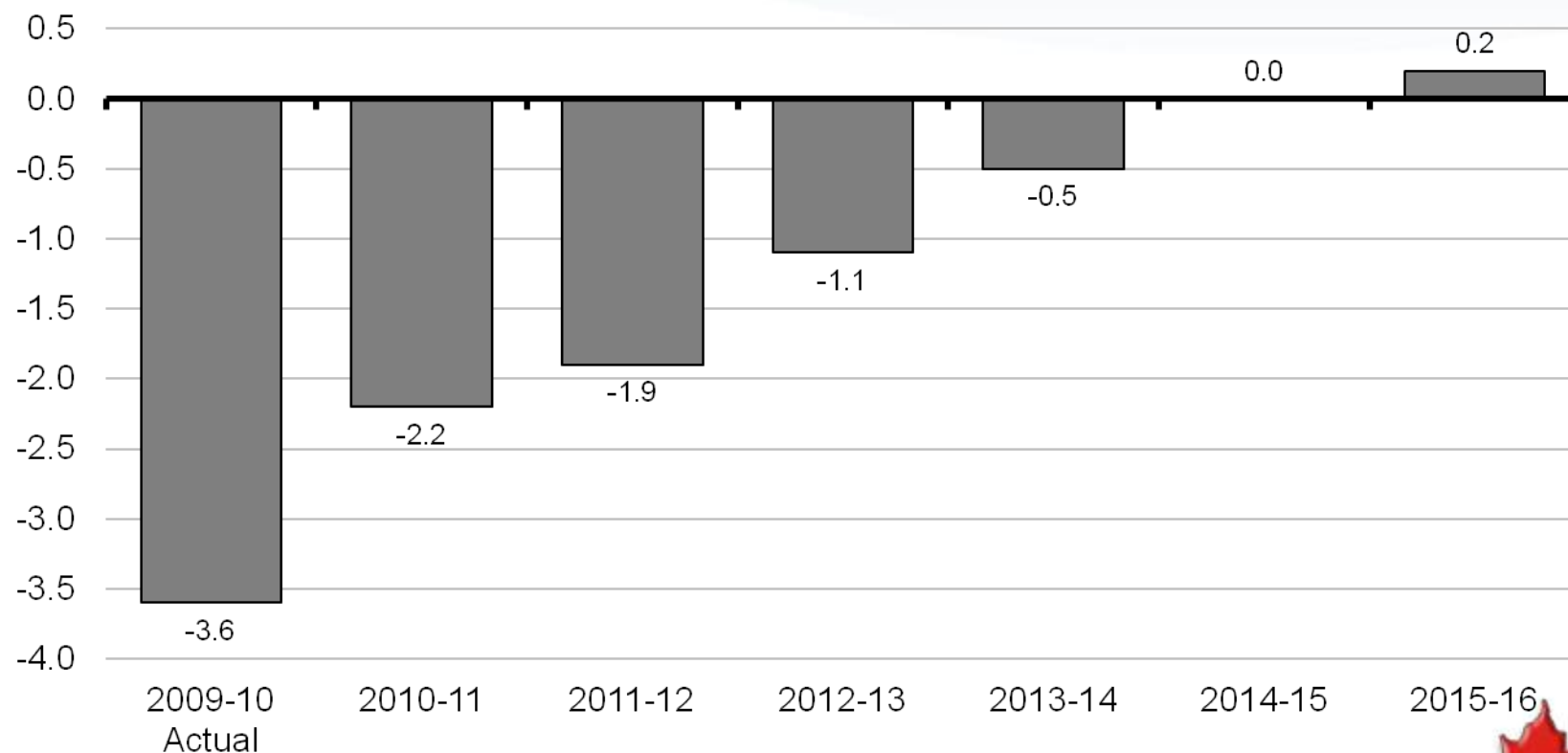
Plan to Return to Surplus



Canada expects a return to surplus in 2015-16

Return to Surplus in 2015-16

per cent GDP

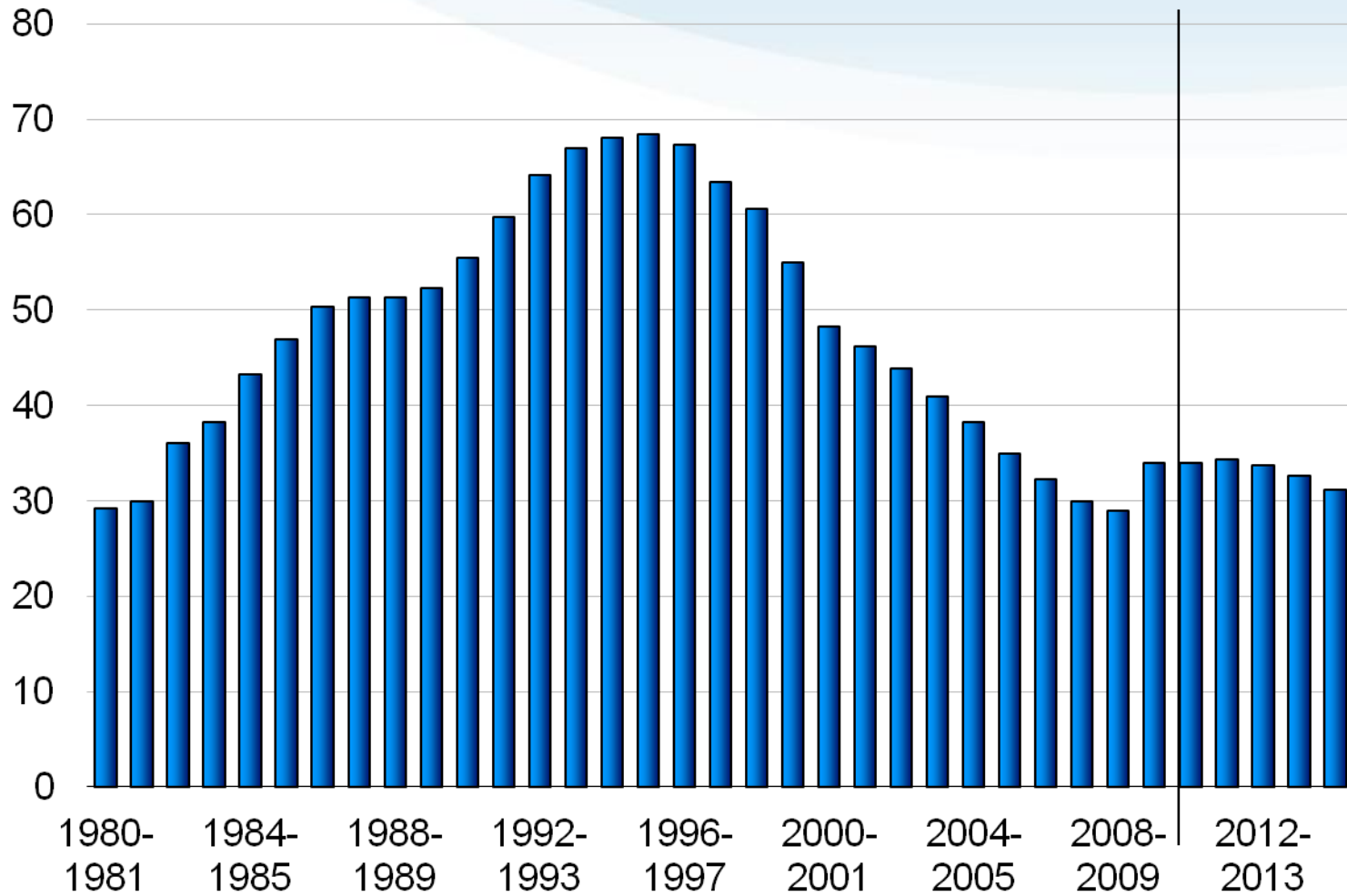


Source: Department of Finance



Federal Debt

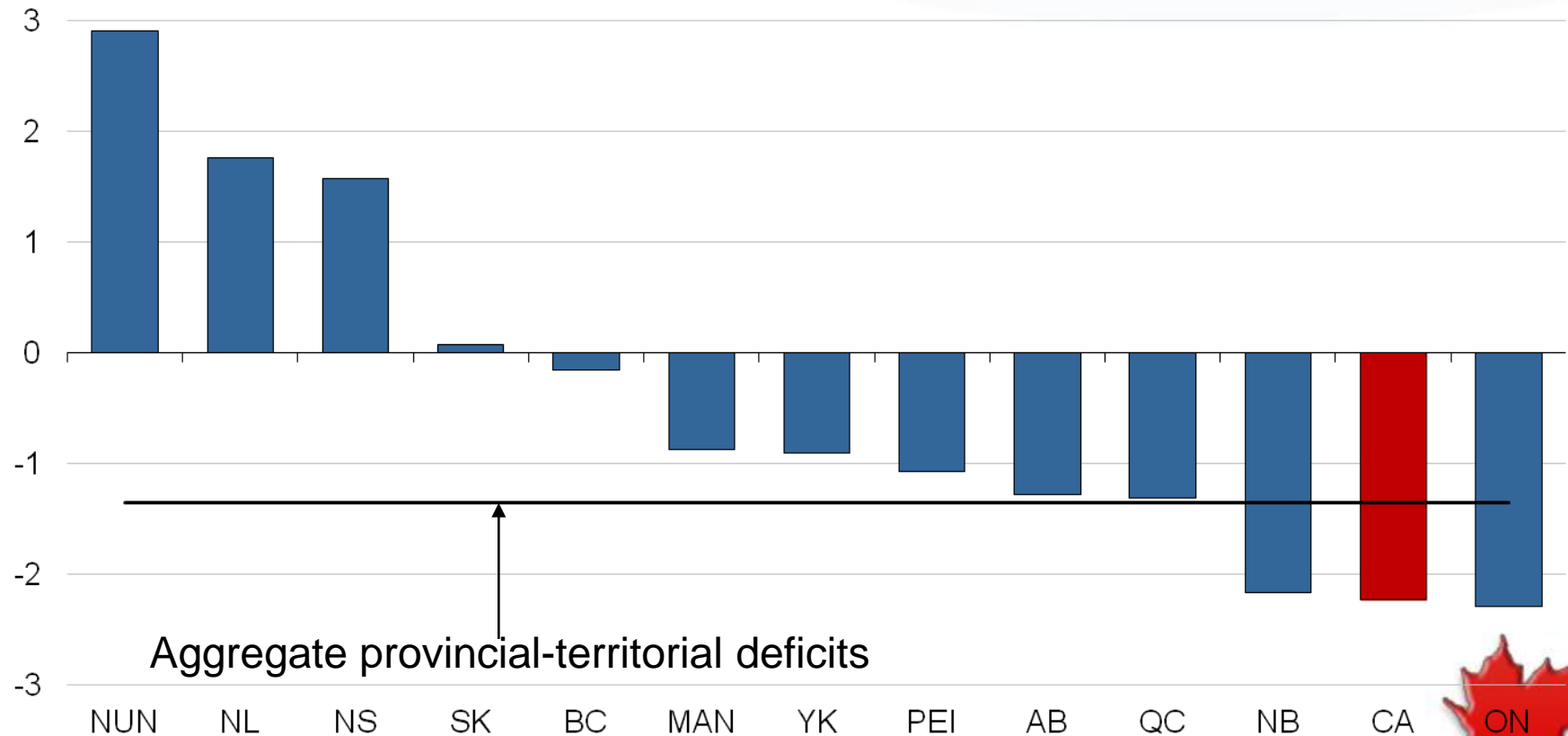
per cent of GDP



Provincial Fiscal Situation – Budgetary Balances

2010-11 Budgetary Balances

per cent of GDP

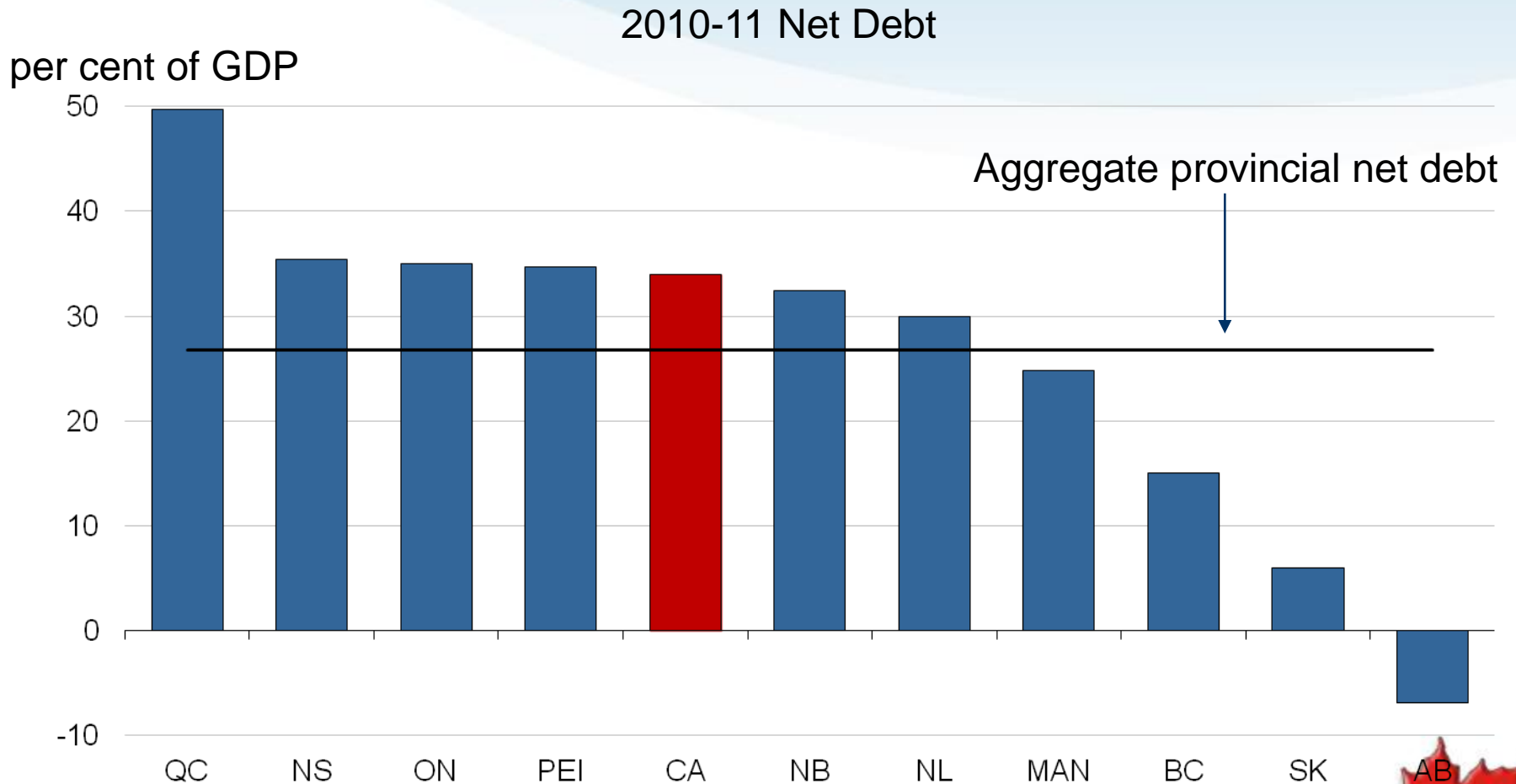


Note: NWT budgetary balance estimate as a percentage of GDP is not available.

Sources: Provincial and territorial budgets



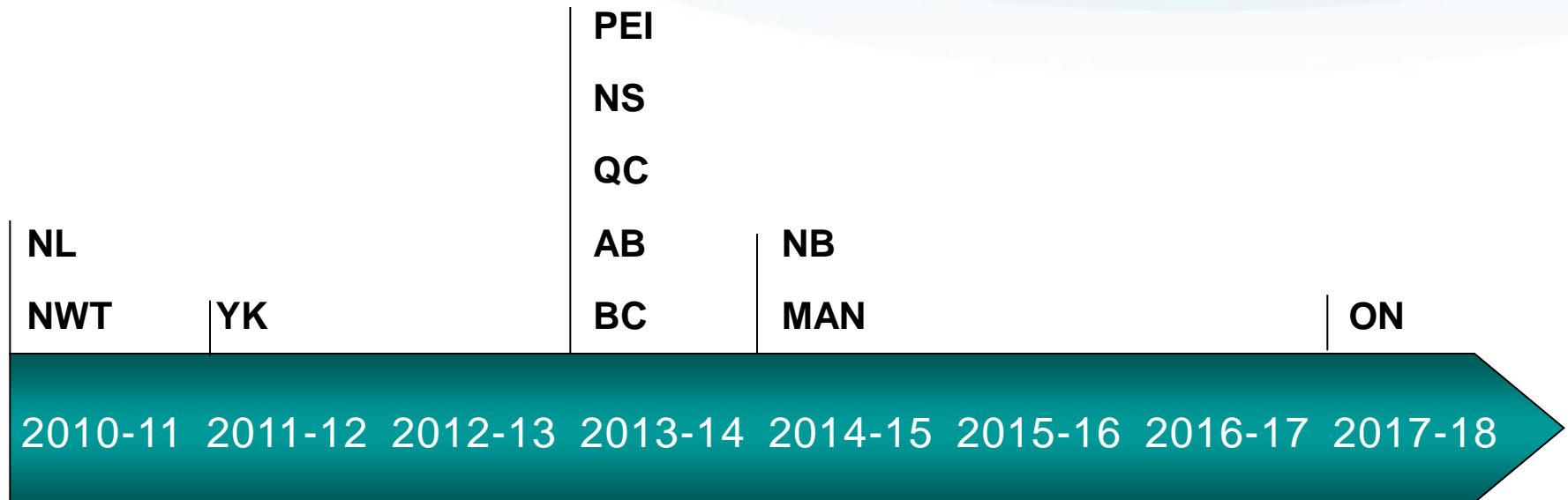
Provincial Fiscal Situation – Net Debt



Sources: Provincial budgets
Data not available for Territories.



Provincial Plans to Return to Balance



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