



# Budget 2012: Monitoring Framework Update

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[www.pbo-dpb.gc.ca](http://www.pbo-dpb.gc.ca)

- In April 2012, the Parliamentary Budget Officer (PBO) requested data regarding Budget 2012 spending reductions from affected federal organizations. These data are usually presented in Part III of the Estimates (Reports on Plans and Priorities; RPP).
- By November, the PBO received responses from 91 percent of organizations cut in Budget 2012, representing \$5.0 billion (97%) of the overall package (Annex A).
  - Data from all responses have been collated and are presented in a separate [spreadsheet](#). The spreadsheet also includes the performance indicators and targets for each affected program activity that were presented in the 2012-13 RPPs, as well as their year-to-date spending collected by the Receiver General.
- The information received is a small subset of what was requested. While PBO requested individual savings “measures”, categorized by “efficiency” or “program reduction”, PBO primarily received high-level program activity information.
  - Only one-quarter of affected organizations, representing less than 3% of the reduction package, have provided data regarding planned personnel reductions or the effect on service levels. A similar proportion have provided data regarding cash inflows and outflows, the latter of which would identify investments required to achieve the planned savings (e.g. information technology).
  - The lack of disclosure will prevent the PBO from providing Parliament and parliamentarians with independent analysis on the state of the nation’s finances and the estimates of the government.
- Based on the Government’s spending classification framework, reductions to *International, Immigration and Defence Programs, Social Programs and General Government Services* will bear most of the impact from the Budget 2012 spending reductions (Annex B).
  - Reductions in the Internal Services program activity (i.e. “overhead”), which cross-cuts the spending classifications noted above, only represents about 15 per cent of the overall reduction package. In the first four months of the current fiscal year Internal Service spending is up \$50 million (1.4 per cent), compared to the same period last year.
- In the seven months following Budget 2012, the Government reduced its savings targets by at least \$80 million by 2014-15, with lower targets reported by five federal organizations, including the Canada Revenue Agency.
  - Over half of organizations face spending reductions that exceed their “lapsed” funding from 2010-11 (Annex C). This suggests that if efficiencies fail to materialize, there is a risk of limited fiscal flexibility to meet the planned savings targets.
- Notwithstanding the limitations imposed by the limited disclosure, the PBO will present updated analysis as further data are provided by the Government. Additional analysis is also planned regarding the fiscal risk of achieving savings targets.

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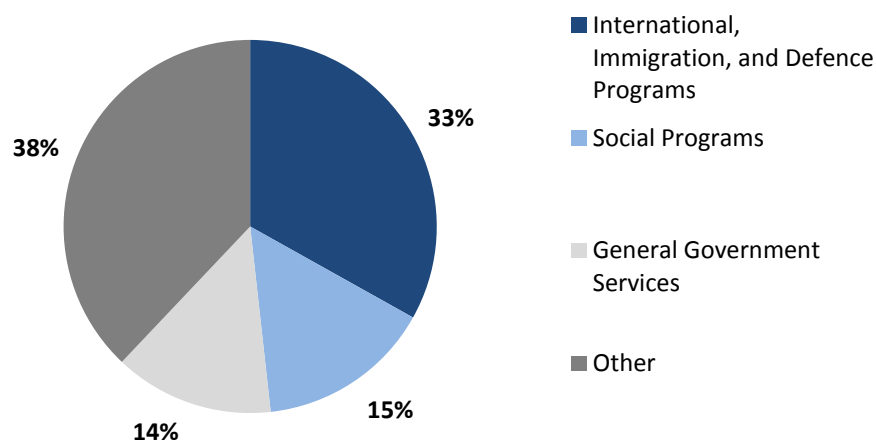
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## Annex A

**Table 1. Content of Responses Received to PBO Information Request 80 (as of November 2)**

|                              | <i>Responses Received</i> | <i>Reported by Departments</i> | <i>Reported in Budget 2012</i> | <i>Percent of Budget 2012</i> |
|------------------------------|---------------------------|--------------------------------|--------------------------------|-------------------------------|
| <b>BUDGETARY SAVINGS</b>     | 75 organizations          | \$5.0 billion                  | \$5.2 billion                  | 96.8%                         |
| <i>CASH INFLOWS/OUTFLOWS</i> | 19 organizations          | <i>Not applicable</i>          | <i>Not applicable</i>          | <i>Not applicable</i>         |
| <b>PERSONNEL REDUCTIONS</b>  | 19 organizations          | 481 Full Time Equivalents      | 19,200 Full Time Equivalents   | 2.5%                          |
| <b>SERVICE LEVEL IMPACTS</b> | 20 organizations          | <i>Not applicable</i>          | <i>Not applicable</i>          | <i>Not applicable</i>         |

## Annex B

**Chart 1. Ongoing Savings by Sector****Table 2. Ongoing Savings by Sector**

| Sector  | Ongoing Savings (\$000s) |
|---|--------------------------|
| International, Immigration, and Defence Programs                    | 1,714,800                |
| Social Programs   | 783,500                  |
| General Government Services   | 716,100                  |
| Security and Public Safety Programs                                 | 688,000                  |
| Environmental Government Services                                   | 551,100                  |
| Industrial, Regional, and Scientific-Technological Support Programs | 270,800                  |
| Cultural Programs   | 222,200                  |
| Transportation Programs   | 153,800                  |
| Justice and Legal Programs  | 78,500                   |
| <b>TOTAL</b>  | <b>5,178,800</b>         |

## Annex C

