

OFFICE OF THE
PARLIAMENTARY BUDGET OFFICER



BUREAU DU
DIRECTEUR PARLEMENTAIRE DU BUDGET

2011-12 Main Estimates

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The *Parliament of Canada Act* mandates the Parliamentary Budget Officer (PBO) to provide independent analysis to the Senate and House of Commons on the state of the nation's finances, the estimates and trends in the national economy.

This note highlights items in the 2011-12 Main Estimates that may warrant more detailed scrutiny by parliamentarians owing to their fiscal materiality or risk.

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Background

- The Parliamentary Budget Officer's (PBO's) legislative mandate includes research and analysis regarding the Government's estimates.¹ An approach adopted by the PBO to implement this aspect of the mandate is to review the entire estimates and highlight the minority of proposed financial adjustments that may warrant detailed parliamentary scrutiny. These financial adjustments include:
 - Proposed changes to votes that are fiscally material to the Government's deficit/surplus; and,
 - Proposed increases to votes that represent significant growth compared to the status quo.
- As part of ongoing efforts to analyze the impact of restraint measures announced by the Government in Budget 2010, the PBO has also collated items in the estimates that relate to the government administrative functions and overhead costs.
- The PBO will update this analysis to reflect additional authorities that may be requested through the 2011-12 Supplementary Estimates.

Summary Tables

- The PBO has prepared four summary tables (attached).

Greatest Percentage Change

- Table 1 highlights the ten votes with the largest percentage change in proposed spending, compared to the total authorities provided in 2010-11.² Many of the items pertain to decreased transfer payments and are consistent with the Government's intention to wind-down the Economic Action Plan.

Fiscal Materiality

- Table 2 lists the ten largest net changes to votes, as measured by dollar value, compared to the total authorities provided in 2010-11. Only two of the items appear to relate to the planned wind-down of the Economic Action Plan (*i.e.* Infrastructure Canada Vote 55, Canada Mortgage and Housing Corporation Vote 15). Several relate to statutory obligations (*e.g.* Old Age Security, Canada Health Transfer). National Defence has planned decreases of approximately \$1.3 billion in operating and capital spending.

¹ http://laws.justice.gc.ca/eng/P-1/20090818/page-3.html#codese:79_1 . Accessed March 2011.

² The growth rate is the proposed change divided by total spending authorities granted in the previous fiscal year (2010-11; Main and Supplementary Estimates). The numbers reflect the additional authorities requested in 2010-11 Supplementary Estimates C, which had not received parliamentary approval by the publication date of this note.

Internal Services

- Table 3 lists the proposed expenditures by organizations on the Internal Services Program Activity. As noted in the Main Estimates 2011-12, Internal Services support the needs of programs and other corporate obligations of an organization, including: Communications; Human Resources; Information Technology and Financial Management. ³
- The Government of Canada committed to undertake a comprehensive review of these costs in Budget 2010, as well as present the results in Budget 2011. ⁴
- Parliamentarians may wish to seek clarification regarding why total planned spending on Internal Services is estimated to increase by \$235 million in 2011-12, as well as explanations regarding the significant variance in Internal Service costs as a share of operating budgets across federal organizations (*i.e.* average costs are approximately 17%, ranging from under 2% to above 50%).

Spending by Standard Objects

- Table 4 presents planned spending by Standard Object presented in the 2011-12 Main Estimates, compared to the total authorities provided in 2010-11. While overall expenditures are forecast to decrease 6%, *Personnel* costs and *Public Debt Charges* are anticipated to increase (1% and 7%, respectively). At the same time, other areas of spending, such as capital, will incur substantially higher decreases than the average. ⁵
- Parliamentarians may wish to seek further details regarding whether planned attrition savings from the operating budget freeze can be realized given that personnel costs are forecast to increase in the coming fiscal year. As well, members may wish to seek confirmation that planned decreases in capital spending are sustainable and will not contribute to capital rust-out (*i.e.* a deterioration of federal assets).

³ <http://www.tbs-sct.gc.ca/est-pre/20112012/me-bpd/docs/me-bpd-eng.pdf>. Accessed March 2011.

⁴ <http://www.budget.gc.ca/2010/pdf/budget-planbudgetaire-eng.pdf>. Accessed March 2011.

⁵ Capital spending is defined as a combination of two standard objects, *Acquisition of Land, Buildings and Works* and *Acquisition of Machinery and Equipment*.

Table 1. Largest % Changes in Votes: Total Authorities in 2010-11 versus 2011-12 Main Estimates¹

Organization	Vote	Δ %	2011-12 (\$000s)
Atomic Energy of Canada Ltd.	15 Payments to AECL	-88%	102,143
Office of Infrastructure of Canada	S² Provincial-Territorial Base Funding Program	-75%	62,652
Office of Infrastructure of Canada	5 Green Infrastructure Fund	-74%	70,118
Western Economic Diversification	5 Grants and Contributions	-65%	140,862
Federal Economic Development Agency for Southern Ontario	55 Grants and contributions	-62%	191,671
Transport	5 Capital expenditures	-58%	95,157
Industry Canada	10 Grants and contributions	-57%	616,187
Public Works and Government Services	5 Capital	-56%	344,512
National Research Council of Canada	70 Grants and contributions	-53%	139,650
Correctional Service	30 Capital expenditures	53%	517,519

1. All Votes Listed in the 2011-12 Main Estimates with Total Authorities Above \$100 million in 2010-11 or 2011-12; excluding non-budgetary items.

2. S = Statutory vote, for which pre-existing expenditure authority is provided by Parliament under separate statute.

Table 2. Largest \$ Changes in Votes: Total Authorities in 2010-11 versus 2011-12 Main Estimates¹

Organization	Vote	\$ (000s)	
		Δ	2011-12
Office of Infrastructure of Canada	55 Contributions	-2,579,230	4,693,333
Finance	S² Public Debt Interest	1,944,000	30,251,000
Finance	S HST Transition Transfer	-1,889,000	1,880,000
Finance	S Canada Health Transfer	1,509,865	26,951,863
Human Resources and Skills Development	S Old Age Security payments	1,470,215	29,162,215
Canada Mortgage and Housing Corporation	15 National Housing / CMHC Acts	-1,086,418	1,907,423
Industry Canada	10 Grants and contributions	-802,531	616,187
Atomic Energy of Canada Ltd.	15 Payments to AECL	-769,709	102,143
National Defence	1 Operating expenditures	-724,361	14,964,971
National Defence	5 Capital expenditures	-647,446	4,663,663

1. All Votes Listed in the 2011-12 Main Estimates with Total Authorities Above \$100 million in 2010-11 or 2011-12; excluding non-budgetary items.

2. S = Statutory vote, for which pre-existing expenditure authority is provided by Parliament under separate statute.

Table 3. \$ Changes in Internal Service Costs: Main Estimates 2011-12 versus Main Estimates 2010-11¹

Organization	Mains (\$000s)				
	<u>2011-12</u>	<u>2010-11</u>	<u>Δ</u>	<u>%</u>	<u>% of Operating Expenditures²</u>
Agriculture and Agri-food	300,742	301,411	-669	-0.2%	41.9%
Canadian Food Inspection Agency	132,304	116,177	16,127	13.9%	23.5%
Canadian Grain Commission	13,757	9,451	4,306	45.6%	11.7%
Atlantic Canada Opportunities Agency	35,945	35,945	0	0.0%	43.7%
Enterprise Cape Breton Corporation	1,337	1,500	-163	-10.9%	2.1%
Canada Revenue Agency	1,493,217	1,396,898	96,319	6.9%	36.6%
Canadian Heritage	92,295	87,595	4,700	5.4%	43.1%
Canada Council for the Arts	12,278	12,291	-13	-0.1%	6.8%
Canadian Broadcasting Corporation	17,068	17,215	-147	-0.9%	1.1%
Library and Archives of Canada	28,377	29,516	-1,139	-3.9%	31.2%
National Arts Centre Corporation	11,632	11,471	161	1.4%	24.8%
National Battlefields Commission	5,907	5,901	6	0.1%	63.8%
National Film Board	8,251	7,771	480	6.2%	11.0%
Office of the Coordinator, Status of Women	3,457	3,911	-454	-11.6%	32.9%
Public Service Commission	33,945	37,115	-3,170	-8.5%	30.5%
Public Service Labour Relations Board	3,969	3,943	26	0.7%	28.9%
Public Service Staffing Tribunal	1,591	1,579	12	0.8%	29.0%

Organization	Mains (\$000s)				
	<u>2011-12</u>	<u>2010-11</u>	<u>Δ</u>	<u>%</u>	<u>% of Operating Expenditures</u> ²
Telefilm Canada	13,674	13,348	326	2.4%	11.7%
Citizenship and Immigration	194,026	136,312	57,714	42.3%	35.6%
Immigration and Refugee Board	35,691	31,886	3,805	11.9%	23.3%
Economic Development Agency of Canada for the Regions of Quebec	21,584	21,312	272	1.3%	43.6%
Environment	204,818	209,672	-4,854	-2.3%	25.4%
Canadian Environmental Assessment Agency	8,009	7,700	309	4.0%	23.7%
National Round Table on the Environment and the Economy	1,916	1,914	2	0.1%	36.5%
Parks Canada Agency	81,562	81,546	16	0.0%	15.8%
Finance ³	43,131	46,354	-3,223	-7.0%	16.9%
Canadian International Trade Tribunal	4,130	4,299	-169	-3.9%	36.0%
Financial Transactions and Reports Analysis Centre of Canada	6,031	7,346	-1,315	-17.9%	15.0%
Fisheries and Oceans	310,394	354,038	-43,644	-12.3%	21.9%
Foreign Affairs and International Trade	185,095	82,071	103,024	125.5%	10.0%
Canadian International Development Agency	109,502	102,256	7,246	7.1%	48.0%
International Development Research Centre	19,710	22,496	-2,786	-12.4%	9.5%
Governor General	4,823	5,520	-697	-12.6%	25.0%

Organization	Mains (\$000s)				
	<u>2011-12</u>	<u>2010-11</u>	<u>Δ</u>	<u>%</u>	<u>% of Operating Expenditures ²</u>
Health	322,066	324,344	-2,278	-0.7%	16.2%
Assisted Human Reproduction Agency of Canada	3,687	3,674	13	0.4%	34.9%
Canadian Institutes of Health Research	27,209	25,721	1,488	5.8%	49.2%
Hazardous Materials Information Review Commission	1,200	1,472	-272	-18.5%	26.5%
Patented Medicine Prices Review Board	2,951	2,808	143	5.1%	24.9%
Public Health Agency of Canada	91,788	92,581	-793	-0.9%	22.7%
Human Resources and Skills Development	797,564	822,928	-25,364	-3.1%	29.0%
Canadian Industrial Relations Board	3,638	3,580	58	1.6%	27.9%
Canadian Artists and Producers Professional Relations Tribunal	450	505	-55	-10.9%	21.8%
Canadian Centre for Occupational Health and Safety	2,700	2,706	-6	-0.2%	29.0%
Indian Affairs and Northern Development	383,993	365,560	18,433	5.0%	34.3%
Canadian Northern Economic Development Agency	1,751	1,751	0	0.0%	12.4%
Canadian Polar Commission	221	221	0	0.0%	22.0%
Indian Residential Schools Truth and Reconciliation Commission	1,360	1,360	0	0.0%	10.9%
Industry Canada	93,281	92,591	690	0.7%	14.7%
Canadian Space Agency	49,448	42,774	6,674	15.6%	19.4%
Canadian Tourism Commission	11,000	15,096	-4,096	-27.1%	14.5%

Organization	Mains (\$000s)				
	<u>2011-12</u>	<u>2010-11</u>	<u>Δ</u>	<u>%</u>	<u>% of Operating Expenditures</u> ²
Copyright Board	611	598	13	2.2%	19.6%
Federal Economic Development Agency for Southern Ontario	14,995	13,630	1,365	10.0%	52.3%
National Research Council of Canada	122,500	132,304	-9,804	-7.4%	23.9%
Natural Sciences and Engineering Research Council	23,872	26,082	-2,210	-8.5%	49.7%
Registry of the Competition Tribunal	582	517	65	12.6%	25.0%
Social Sciences and Humanities Research Council	16,362	16,631	-269	-1.6%	64.7%
Statistics Canada	82,637	86,700	-4,063	-4.7%	9.6%
Justice	128,342	104,094	24,248	23.3%	20.1%
Canadian Human Rights Commission	6,410	6,062	348	5.7%	27.8%
Canadian Human Rights Tribunal	1,904	1,904	0	0.0%	42.2%
Commissioner for Federal Judicial Affairs ⁴	875	870	5	0.6%	7.9%
Courts Administration Service	18,255	16,204	2,051	12.7%	27.9%
Office of the Director of Public Prosecutions	26,576	23,605	2,971	12.6%	14.3%
Offices of the Information and Privacy Commissioners of Canada	8,894	8,857	37	0.4%	24.6%
Supreme Court of Canada	9,806	7,930	1,876	23.7%	33.0%
National Defence	1,062,964	1,232,381	-169,417	-13.7%	6.3%
Canadian Forces Grievance Board	2,295	3,142	-847	-27.0%	34.3%
Military Police Complaints Commission	1,403	2,023	-620	-30.6%	40.0%

Organization	Mains (\$000s)				
	<u>2011-12</u>	<u>2010-11</u>	<u>Δ</u>	<u>%</u>	<u>% of Operating Expenditures ²</u>
Office of the Communications Security Establishment Commissioner	750	707	43	6.1%	35.6%
Natural Resources	162,593	222,872	-60,279	-27.0%	24.5%
Canadian Nuclear Safety Commission	37,719	44,438	-6,719	-15.1%	32.4%
National Energy Board	19,252	24,646	-5,394	-21.9%	32.9%
Library of Parliament	8,533	8,250	283	3.4%	19.8%
Office of the Conflict of Interest and Ethics Commissioner	2,200	2,493	-293	-11.8%	30.8%
Privy Council	50,283	47,471	2,812	5.9%	35.7%
Canadian Intergovernmental Conference Secretariat	2,182	2,231	-49	-2.2%	32.9%
Canadian Transportation Accident Investigation and Safety Board	6,474	6,642	-168	-2.5%	21.3%
Chief Electoral Officer	40,339	24,310	16,029	65.9%	42.7%
Office of the Commissioner of Official Languages	6,506	6,350	156	2.5%	31.5%
Public Appointments Commission Secretariat	100	100	0	0.0%	9.3%
Security Intelligence Review Committee	962	790	172	21.8%	31.9%
Public Safety and Emergency Preparedness	50,920	45,736	5,184	11.3%	33.7%
Canada Border Services Agency	712,594	569,574	143,020	25.1%	40.9%
Correctional Service	204,429	212,965	-8,536	-4.0%	8.0%
National Parole Board	5,198	5,000	198	4.0%	10.4%
Office of the Correctional Investigator	921	772	149	19.3%	21.3%

Organization	Mains (\$000s)				
	2011-12	2010-11	Δ	%	% of Operating Expenditures ²
Royal Canadian Mounted Police ⁵	827,110	755,831	71,279	9.4%	19.8%
Royal Canadian Mounted Police External Review Committee	294	362	-68	-18.8%	22.8%
Royal Canadian Mounted Police Public Complaints Commission	2,435	2,089	346	16.6%	50.5%
Public Works and Government Services	429,338	441,515	-12,177	-2.8%	7.4%
Transport	186,278	176,497	9,781	5.5%	23.7%
Canadian Transportation Agency	7,345	7,495	-150	-2.0%	26.8%
National Capital Commission	28,797	30,268	-1,471	-4.9%	27.3%
Office of Infrastructure Canada	41,969	29,092	12,877	44.3%	76.2%
Transportation Appeal Tribunal of Canada	205	205	0	0.0%	14.5%
Treasury Board Secretariat ⁶	77,001	90,120	-13,119	-14.6%	27.9%
Canada School of Public Service	16,561	17,962	-1,401	-7.8%	15.8%
Office of the Commissioner of Lobbying	1,512	961	551	57.3%	32.6%
Office of the Public Sector Integrity Commissioner	2,236	2,347	-111	-4.7%	32.6%
Veterans Affairs	87,368	84,680	2,688	3.2%	9.0%
Western Economic Diversification	24,734	18,420	6,314	34.3%	49.3%
TOTAL	9,808,896	9,574,157	234,739	2.5%	16.7%

1. Includes all organizations that identify gross Internal Service expenditures in 2010-11 and 2011-12.

2. Total Internal Services / Total Operating Expenditures Identified by Strategic Outcome and Program Activity

3. Netted out interest payments on the public debt, which are listed as operating expenditures by Finance Canada.

4. Netted out Statutory Payments to Judges for Salaries, which are listed as operating expenditures by the organization.

5. Figure presented in 2011-12 Main Estimates for 2010-11 does not correspond with figure originally presented in 2010-11 Main Estimates.

6. Netted out Contingency Reserve, Public Service Insurance, Operating and Capital Budget Carry Forwards, and Paylist Requirements, which are listed as operating expenditures by the Secretariat.

Table 4. Comparison of Standard Objects:
Total Authorities 2010-11 versus Main Estimates 2011-12 (\$000s)

	<u>2011-12</u>	<u>2010-11</u>	<u>Δ %</u>
Personnel	37,225,482	36,950,667	1%
Transportation & Communications	3,341,127	3,540,331	-6%
Information	326,127	427,050	-24%
Professional & Special Services	9,963,263	10,459,977	-5%
Rentals	2,611,579	2,758,745	-5%
Purchased Repair & Maintenance	3,688,018	4,064,898	-9%
Utilities, Materials and Supplies	3,219,556	3,889,138	-17%
Acquisition of Land, Buildings and Works	1,328,738	2,366,549	-44%
Acquisition of Machinery and Equipment	5,945,755	6,320,107	-6%
Transfer Payments	132,163,137	142,711,448	-7%
Public Debt Charges	30,251,087	28,307,000	7%
Other Subsidies and Payments	10,095,991	12,389,067	-19%
TOTAL	240,159,860	254,184,977	-6%