



OFFICE OF THE
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BUDGET OFFICER
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BUDGET

Supplementary Estimates (B) 2015-16

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The mandate of the Parliamentary Budget Officer (PBO) is to provide independent analysis to Parliament on the state of the nation's finances, the Government's estimates and trends in the Canadian economy; and, upon request from a committee or parliamentarian, to estimate the financial cost of any proposal for matters over which Parliament has jurisdiction.

This note presents detailed analysis of the second supplement to the Government's Main Estimates for the 2015-16 fiscal year.

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The Bottom Line

The second supplementary estimates for the 2015-16 fiscal year request an additional \$810 million of voted appropriations from Parliament, and outlines an additional \$3 million in statutory spending. Almost two-thirds (\$520 million) of these funds are Vote 5 appropriations to the Treasury Board of Canada Secretariat (TBS). Vote 5 funds allow TBS to provide temporary and permanent allocations to Government departments in order to meet cash requirements.

A further \$280 million of the requested funds pertain to the Government's commitment to accept 25,000 new migrants to Canada from Syria by February 2016. This commitment was outlined in the mandate letter to the Minister of Immigration, Refugees and Citizenship, and reiterated in the recent Speech from the Throne.^{1,2}

The remaining \$13 million consists of \$9.6 million requested for the implementation of a new sitting of the House of Commons, and \$3.4 million for the creation of the Parliamentary Protective Service (PPS).

1. Purpose

The Government typically presents five separate appropriation bills to Parliament each year to obtain annual spending authority. The first two are the largest and correspond to the Government's Main Estimates, which seek authority for roughly 95 per cent of the total spending in a given year. The other three appropriation bills correspond to the Supplementary Estimates, through which the Government seeks Parliament's approval to spend money on initiatives that were "either not sufficiently developed...at the time of the Main Estimates...or...have been further refined..."³

Following the 2007 renewal of the federal Expenditure Management System (EMS), the Government has presented a separate appropriation bill to Parliament for each of the three parliamentary supply periods ending June 23, December 10, and March 26.

Supplementary Estimates (B) corresponds to the second supply period. In the past, the Government indicated that the primary purpose of the first supplementary estimates would be to reflect many of the new spending measures included in its recent budget. However, in practice, legislative authority to spend on new budget proposals is sought throughout the year.

The process of evaluating these Supplementary Estimates (B) is slightly different from the usual process. Normally, standing committees of the House of Commons will gather to discuss specific portions of the Estimates. These committees may approve, reduce, or deny a provision in the Estimates, but may not increase it.⁴ However, as committees have not yet been established, these estimates will be considered by a Committee of the Whole House, an ad hoc committee convened specifically for the purpose of deliberating the Estimates.⁵ Additionally, the estimates note that:

“Given the timing of the dissolution and reconvening of Parliament, Supplementary Estimates (B), 2015–16 has been limited to items for which specific authority through the appropriation act is required before March 2016 and which could not be funded through existing appropriations.”

The Parliamentary Budget Officer’s (PBO) legislative mandate includes research and analysis regarding the Government’s Estimates. To implement this, the PBO reviews the Estimates and highlights proposed adjustments that warrant scrutiny, including:

- i. Proposed changes to programs that are material to adjustments in the federal budget balance; and,
- ii. Proposed changes to programs that represent significant growth compared to the status quo.

PBO’s Estimates analysis focuses on authorities delineated by program. While Parliament will continue to only appropriate on inputs (for example, operating or capital expenditures), a program lens provides greater insight as it links the money approved by Parliament to a concrete objective.

2. Supplementary Estimates (B)

These Supplementary Estimates (B) request \$813 million in additional appropriations. Almost all of the new spending would be “Voted”, meaning Parliament’s assent is required to approve the new funding. There is also a minor increase in “Statutory” spending (Table 2-1). Statutory amounts relate to spending for which legislative authority already exists, and their inclusion in the Estimates documents is for informational purposes only.

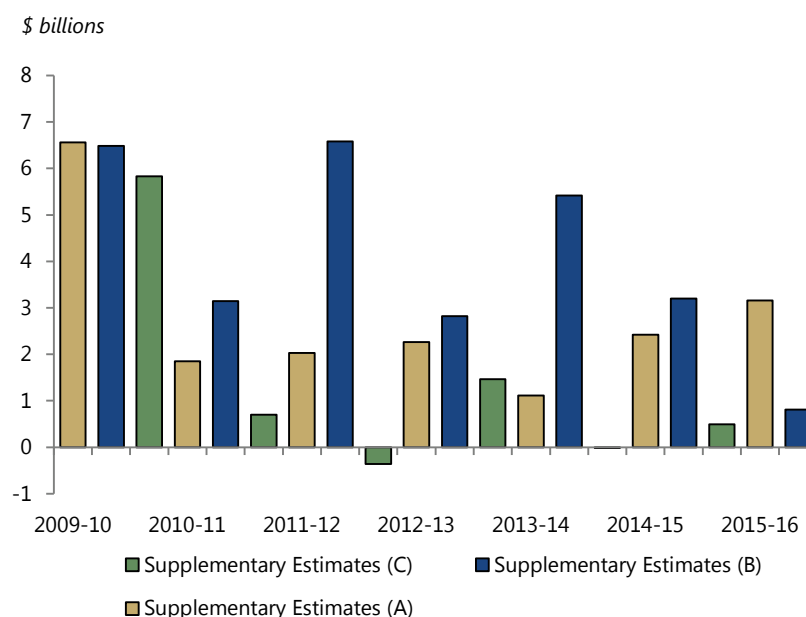
In addition to budgetary amounts, Estimates documents occasionally include non-budgetary amounts. These amounts are changes in the valuation or composition on financial assets of the Government, and constitute a small fraction of overall authorities.⁶ There are no additional non-budgetary authorities in these Supplementary Estimates (B).

Table 2-1 **Supplementary Estimates (B): Budgetary authorities**

	New Spending (\$ millions)
Voted	810.1
Statutory	2.7
Net change	812.8

By historical standards, these are a small supplementary estimates. The total requested budgetary funds are well below the five-year average request of \$2.3 billion (Figure 2-1).

Figure 2-1 **Historical Supplementary Estimates: Budgetary authorities**



Source: Treasury Board of Canada Secretariat.

The majority of the new requested funds are for TBS Vote 5. The funds appropriated to this vote are disbursed to other government departments to cover unforeseen expenditures.⁷ These funds will serve to cover cash requirements of departments until to the next round of supply, whereby the priorities of the Government will be processed and internalized by relevant

departments. The Vote has a current limit of \$750 million, along with a provision allowing it to reuse reimbursed funds, making it essentially a revolving fund.⁸

TBS uses a set of four official guidelines to determine what constitutes an unforeseen expenditure.⁹ These are:

- All payments must be fully consistent with the Vote 5 wording.
- Permanent charges will not be made to the Vote for requirements, other than payroll shortfalls or awards under the *Public Service Inventions Act*.
- For cash advances, the Treasury Board must be assured that the payment is within the legal mandate of the department and that there is a valid cash requirement that must be met before Supplementary Estimates are approved.
- When making a transfer to provide authority for a payment, the Treasury Board must be satisfied that there is valid and sufficient reason why the payment must be made before normal parliamentary approval is received.

Further funds are allocated to the implementation of the Government's initial commitment of allowing 25,000 new migrants from Syria into Canada by February 2016. Related to that commitment, the Government created an *ad hoc* committee that made three additional pledges:¹⁰

- to restore the Interim Federal Health Program that provides limited and temporary health benefits to refugees and refugee claimants;
- to invest an additional \$100 million in 2015-16 to increase refugee processing and settlement service capacity; and
- to provide a \$100 million contribution to the United Nations High Commissioner for Refugees to support relief activities in Syria.

The Department of Citizenship and Immigration will receive an additional funding of \$280 million to fulfil these new commitments.

Finally, these Estimates request \$9.6 million for the implementation of the 42nd Parliament, and \$3.4 million in new funds for the creation of the Parliamentary Protection Service. This new organization, created in June 2015 with the 2015 budget implementation act, unifies the three separate security forces on Parliament Hill into one force for the parliamentary precinct. This organizational change follows the attack on Parliament in October of 2014.

3. Whole of Government Spending

WOG Framework

The Government's WOG framework classifies all funding appropriations from Parliament across four thematic areas of spending. These areas provide parliamentarians with an easy check on the intention of the funds that they approve.

Thematic Spending Area	Estimates to date (2015-16) (millions of \$)	Supplementary Estimates (B) (millions of \$)	Revised Total (millions of \$)	Change (per cent)
Economic Affairs	166,809	0	166,809	0.0%
Strong Economic Growth	106,346	0	106,346	0.0%
Income security and employment for Canadians	51,307	0	51,307	0.0%
An Innovative and Knowledge-based Economy	6,219	0	6,219	0.0%
A Clean and Healthy Environment	2,389	0	2,389	0.0%
A Fair and Secure Marketplace	547	0	547	0.0%
Social Affairs	48,071	271	48,342	0.6%
A diverse society that promotes linguistic duality and social inclusion	11,001	102	11,103	0.9%
A Safe and Secure Canada	28,504	150	28,655	0.5%
Healthy Canadians	6,636	19	6,655	0.3%
A Vibrant Canadian Culture and Heritage	1,929	0	1,929	0.0%
International Affairs	6,889	0	6,889	0.0%
Global Poverty Reduction Through International Sustainable Development	3,047	0	3,047	0.0%
A Safe and Secure World Through International Engagement	3,383	0	3,383	0.0%
A Prosperous Canada Through Global Commerce	459	0	459	0.0%
Government Affairs	22,952	541	23,494	2.4%
Well-managed and efficient government operations	20,746	528	21,274	2.5%
A Transparent, Accountable and Responsive Federal Government	1,077	0	1,077	0.0%
Strong and Independent Democratic Institutions	1,129	13	1,142	1.2%

Notes

- 1 Prime Minister of Canada. (2015). Minister of Immigration, Refugees, and Citizenship mandate letter. <http://pm.gc.ca/eng/minister-immigration-refugees-and-citizenship-mandate-letter>.
- 2 Government of Canada. (2015). Speech from the Throne to Open the First Session of the Forty-second Parliament of Canada. <http://speech.gc.ca/en/content/making-real-change-happen>.
- 3 Treasury Board of Canada Secretariat. Supplementary Estimates. <http://www.tbs-sct.gc.ca/hgw-cgf/finances/pgs-pdg/se-bsd/index-eng.asp>.
- 4 Treasury Board of Canada Secretariat, Tabling of the Supplementary Estimates (B), 2014-15. <http://tbs-sct.gc.ca/ems-sgd/esp-pbc/suppbckgnd-suppbfinf-eng.asp>.
- 5 House of Commons Procedure and Practice. (2000). Committees of the Whole House. <http://www.parl.gc.ca/marleaumontpetit/DocumentViewer.aspx?DocId=1001&Language=E&Sec=Ch19&Seq=0>.
- 6 Library of Parliament. (2008). How to Read Parts I and II of the Estimates: The Government Expense Plan and the Main Estimates. <http://www.parl.gc.ca/Content/LOP/researchpublications/prb0754-e.htm>.
- 7 Treasury Board of Canada Secretariat (2014). A guide to preparing Treasury Board Submissions. https://www.tbs-sct.gc.ca/pubs_pol/oepubs/tbm_162/gptbs-gppct04-eng.asp.
- 8 Auditor General of Canada. (2002). 2002 April Report of the Auditor General of Canada: Insert 8.1 – A history of the use of Treasury Board Vote 5 for grant payments. http://www.oag-bvg.gc.ca/internet/English/att_0208se01_e_12177.html.
- 9 Auditor General of Canada. (2002). 2002 April Report of the Auditor General of Canada: Insert 8.5 – The Treasury Board Secretariat's eight guidelines. http://www.oag-bvg.gc.ca/internet/English/att_0208xe05_e_12182.html.
- 10 Government of Canada. (2015). News Release: Minister of Immigration, Refugees and Citizenship announces action on Syrian refugee crisis. [Government of Canada News Releases](http://www.government.gc.ca/News-Releases).