

OFFICE OF THE  
PARLIAMENTARY BUDGET OFFICER



BUREAU DU  
DIRECTEUR PARLEMENTAIRE DU BUDGET

## 2010-11 Supplementary Estimates C

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

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 2010-11 Supplementary Estimates C 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.<sup>1</sup> 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 operating budget freeze and other reallocations.

## Summary Tables

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

### *Fiscal Materiality*

- Table 1 lists the ten largest net changes to votes, as measured by dollar value. It is noted that most of these relate to revised estimates for statutory programs (e.g. Decrease in Old Age Security Benefits). Parliamentarians may wish to seek clarification regarding the impact of these items on the Government's underlying deficit projection in the current fiscal year and whether there could be any impact in future fiscal years (i.e. whether a lower/higher estimate is expected to result in lower/higher expenses over the medium term).

### *High Spending Growth*

- Table 2 highlights the ten votes with the largest proposed growth in spending.<sup>2</sup> All represent a substantial change to the planned spending levels compared to the Supplementary Estimates presented by the Government several months ago. Parliamentarians may wish to seek further details regarding why planned spending levels in these votes have changed so substantially since the fall, as well as seek assurance that the proposed increases can be expended during the last seven weeks of the fiscal year.

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<sup>1</sup> [http://laws.justice.gc.ca/eng/P-1/20090818/page-3.html#codese:79\\_1](http://laws.justice.gc.ca/eng/P-1/20090818/page-3.html#codese:79_1) . Accessed February 2011.

<sup>2</sup> The growth rate is the proposed increase divided by current cumulative in-year authorities.

### *Operating Budget Freeze*

- Table 3 lists the two items in these Supplementary Estimates that relate to the Operating Budget Freeze. Combined with the 51 items worth \$181 million in the 2010-11 Supplementary Estimates B,<sup>3</sup> the Government's Estimates have now identified 53 departmental measures totalling \$183 million in 2010-11.
- Subsequent to the tabling of the 2010-11 Supplementary Estimates C, the spokesperson for the President of the Treasury Board indicated that the residual \$117 million in Operating Budget Freeze reductions would be accounted for in lower compensation adjustments and therefore would not appear in the Government's Estimates.<sup>4</sup>
- Parliamentarians may wish to ask the Government to provide further details on the residual \$117 million in Operating Budget Freeze savings required to meet the \$300 million fiscal target in 2010-11.

### *Internal Reallocations*

- Table 4 summarizes the 56 items totalling \$266 million in 2010-11 that relate to internal transfers. The source of funds for many of these reallocations are programs that will be unable to spend the funding during the current fiscal year due to unforeseen delays, and therefore do not represent cuts. As such, parliamentarians may wish to confirm whether there have been changes to implementation timelines for these initiatives and, if so, the potential impact on stakeholders.

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<sup>3</sup> [http://www2.parl.gc.ca/sites/pbo-dpb/documents/Budget\\_2010\\_Operating\\_Restraint.pdf](http://www2.parl.gc.ca/sites/pbo-dpb/documents/Budget_2010_Operating_Restraint.pdf). Accessed February 2011.

<sup>4</sup> Hill Times, February 14, 2011.

**TABLE 1. TOP \$ CHANGES TO VOTES IN SUPPLEMENTARY ESTIMATES C \***

| <b>Organization</b>                           | <b>Vote</b>  | <b>\$ (000s)</b> |
|---|--|------------------|
| Natural Resources Canada                      | <b>S** Newfoundland Equalization Offset Payments</b>       | 388,753          |
| Human Resources and Skills Development Canada | <b>S Decrease in Old Age Security Benefits</b>             | -356,000         |
| Agriculture and Agri-Food Canada              | <b>S Agri-Stability Program</b>                            | 315,273          |
| Canada Revenue Agency                         | <b>S Decrease in Softwood Lumber Treaty Disbursements</b>  | -279,000         |
| Public Works and Government Services Canada   | <b>S Acquisition of Nortel Carling Campus</b>              | 216,815          |
| Human Resources and Skills Development Canada | <b>S Decrease in Guaranteed Income Supplement Payments</b> | -211,000         |
| Natural Resources Canada                      | <b>15 Atomic Energy Canada Limited</b>                     | 175,400          |
| Veterans Affairs Canada                       | <b>S Disability Awards and Benefits</b>                    | 155,620          |
| Human Resources and Skills Development Canada | <b>7 Write-off of Student Loans</b>                        | 149,542          |
| Finance Canada                                | <b>S Decrease in Interest on the Public Debt</b>           | -125,000         |

\* Not including non-budgetary items.

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

**TABLE 2. TOP % CHANGES TO VOTES IN SUPPLEMENTARY ESTIMATES C\***

| Organization                                  | Vote                                       | \$ (000s) | % Change     |
|---|--|-----------|--------------|
| Parks Canada                                  | <b>30 New Parks and Historic Sites</b>     | 5,139     | <b>1,028</b> |
| Human Resources and Skills Development Canada | <b>S** Canada Disability Savings Grant</b> | 67,400    | <b>661</b>   |
| Human Resources and Skills Development Canada | <b>S Canada Disability Savings Bond</b>    | 32,800    | <b>575</b>   |
| Agriculture and Agri-Food Canada              | <b>S Agri-Stability Program</b>            | 315,273   | <b>53</b>    |
| Public Works and Government Services Canada   | <b>S Capital Projects</b>                  | 250,754   | <b>48</b>    |
| Natural Resources Canada                      | <b>15 Atomic Energy Canada Limited</b>     | 175,400   | <b>25</b>    |
| Agriculture and Agri-Food Canada              | <b>S Agri-Insurance Program</b>            | 72,000    | <b>16</b>    |
| Privy Council Office                          | <b>S Chief Electoral Officer</b>           | 15,000    | <b>17</b>    |
| Infrastructure Canada                         | <b>55 Operating Expenses</b>               | 7,500     | <b>13</b>    |
| Industry Canada                               | <b>S Capital Projects</b>                  | 1,814     | <b>12</b>    |

\*Total authorities over \$5 million; not including non-budgetary items.

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

**TABLE 3. SUPPLEMENTARY ESTIMATES C: OPERATING FREEZE**

| Organization   | Vote | Amount             | % of Vote   |
|--|------|--------------------|-------------|
| Offices of the Information and Privacy Commissioners of Canada | 40   | \$44,555           | <b>0.40</b> |
| Veterans Affairs Canada  | 1    | \$1,990,270        | <b>0.21</b> |
| <b>TOTAL</b>   |      | <b>\$2,034,825</b> |             |

**TABLE 4. INTERNAL REALLOCATIONS IDENTIFIED IN 2010-11 SUPPLEMENTARY ESTIMATES C**

| Department   | Vote | \$        | Source  | Destination   |
|--|------|-----------|---|---|
| Agriculture Canada   | 1    | 6,545,028 | Agricultural Flexibility Fund   | Animal Health Investigation; Information Management   |
| Agriculture Canada   | 10   | 673,000   | International Organizations Supporting Agriculture                    | International Organizations Supporting Agriculture  |
| Canadian Heritage  | 1    | 32,989    | Youth Take Charge Program   | no explanation  |
| Citizenship and Immigration                                    | 1    | 1,256,133 | Amendments to the Immigration and Refugee Protection Regulations      | Canada-Quebec Accord; Institute for Canadian Citizenship  |
| Citizenship and Immigration                                    | 5    | 41,000    | Reduced Contributions to the Community Historical Recognition Program | Grants for the Community Historical Recognition Program   |
| Economic Development Agency of Canada for the Region of Quebec | 5    | 1,800,000 | International Cruise Development Initiative                           | Funding for Festivals in Quebec City  |
| Environment Canada   | 10   | 500,000   | Vehicle Scrappage Incentives  | Trans Canada Trail  |
| Fisheries and Oceans   | 1    | 190,961   | UN Convention on the Law of the Sea                                   | Clean-up Costs Associated with Oil Spills   |
| Foreign Affairs and International Trade                        | 1    | 7,605,000 | G8/G20 Summits  | Allowances for Canadians Working at Missions Abroad; Trade Litigation; Human Smuggling; Counter-terrorism |
| Foreign Affairs and International Trade                        | 1    | 758,656   | Net Currency Gains on Overseas Expenditures                           |   |
| Foreign Affairs and International Trade                        | 10   | 4,000,000 | Net Currency Gains on Overseas Expenditures                           | Counter-terrorism   |

| Department                                    | Vote | \$         | Source  | Destination  |
|---|------|------------|---|--|
| Canadian International Development Agency     | 25   | 16,800,000 | Reassignment of Grants to Improve Efficiency        | Pakistan Flood Response  |
| Canadian International Development Agency     | 20   | 542,900    | Realignment of Resources                            |  |
| Health Canada                                 | 10   | 22,357     | First Nations Health                                | Reinvestment of Royalties  |
| Canadian Institutes of Health Research        | 25   | 400,000    | Network Centres of Excellence                       | Centres of Excellence for Commercialization and Research                         |
| Human Resources and Skills Development Canada | 5    | 14,750,000 | Apprenticeship Incentive Grant Program              | Social Development Partnerships Program; Apprenticeship Completion Grant         |
| Human Resources and Skills Development Canada | 5    | 45,906,500 | Labour Market Agreements                            | Write-off of Canada Student Loans Debts  |
| Human Resources and Skills Development Canada | 5    | 9,534,965  | Targeted Initiative for Older Workers               |  |
| Human Resources and Skills Development Canada | 5    | 4,558,141  | Homelessness Partnering Strategy                    |  |
| Human Resources and Skills Development Canada | 5    | 3,000,000  | Skills and Partnership Fund                         |  |
| Indian and Northern Affairs Canada            | 1    | 4,500,000  | Federal Contaminated Sites Action Plan              | Gender Equity and Indian Registration Act ; Cumulative Impact Monitoring Program |
| Indian and Northern Affairs Canada            | 1    | 2,324,359  | Education Information System                        |  |
| Indian and Northern Affairs Canada            | 1    | 1,769,707  | Implementation of the <i>Indian Oil and Gas Act</i> |  |



| Department                         | Vote | \$         | Source  | Destination   |
|------------------------------------|------|------------|---|---|
| Indian and Northern Affairs Canada | 1    | 918,000    | Rainy River First Nation's Claim in Ontario   | Gender Equity and Indian Registration Act ; Cumulative Impact Monitoring Program  |
| Indian and Northern Affairs Canada | 5    | 2,414,927  | Deferral of Land Acquisitions                 |   |
| Indian and Northern Affairs Canada | 10   | 21,761,000 | First Nation Water and Wastewater Action Plan | Emergency Management Assistance Program; Yukon Land Claims; Cumulative Impact Monitoring Program; Naskapi Funding Agreement |
| Indian and Northern Affairs Canada | 10   | 8,000,000  | Commemoration Policy Directive                |   |
| Indian and Northern Affairs Canada | 10   | 3,000,000  | Federal Contaminated Sites Action Plan        |   |
| Indian and Northern Affairs Canada | 10   | 1,674,977  | Treaty-Related Measures                       |   |
| Indian and Northern Affairs Canada | 10   | 2,800,000  | Grants to Saskatchewan                        |   |
| Indian and Northern Affairs Canada | 10   | 1,792,860  | Manitoba Treaty Land Entitlement Agreements   |   |
| Industry Canada                    | 1    | 18,458     | Broadband Implementation                      | Fairness at the Pumps Act   |
| Industry Canada                    | 10   | 4,610,914  | Automotive Innovation Fund                    | Technology Partnerships Canada Program; Fairness at the Pumps Act   |
| Canada Space Agency                | 35   | 367,271    | European Space Agency                         | Reinvestment of Royalties   |
| National Research Council          | 70   | 410,000    | International Affiliations                    | International Endeavours  |

| Department  | Vote | \$         | Source   | Destination  |
|---|------|------------|--|--|
| Natural Sciences and Engineering Research Council | 80   | 328,500    | <i>no explanation</i>                            | Centres of Excellence for Commercialization and Research   |
| Social Sciences and Humanities Research Council   | 95   | 600,000    | <i>no explanation</i>                            | Centres of Excellence for Commercialization and Research   |
| National Defence                                  | 1    | 422,160    | G20 Meeting                                      | Human Smuggling  |
| Canada Border Services Agency                     | 10   | 9,183,640  | <i>no explanation</i>                            | MV Sun Sea; Harmonized Sales Tax; Human Smuggling;   |
| Canada Border Services Agency                     | 10   | 578,098    | Haiti Earthquake                                 |  |
| Canada Border Services Agency                     | 10   | 6,600      | Firearms Confirmation Fees for Olympic Games     |  |
| Royal Canadian Mounted Police                     | 50   | 1,386,000  | Victim Services in Aboriginal Communities        | Olympic Games; Capital Projects; Human Smuggling; MV Sun Sea; Intellectual Property  |
| Public Works and Government Services Canada       | 1    | 16,100,800 | Fit Up Work for 3000 Merivale                    | Purchase of Nortel Campus; Renovations to Properties; Additional Office Accommodation; Pension Administration; Financial Decision-Making; Consolidation of Pay Administration; Municipal Taxes |
| Public Works and Government Services Canada       | 1    | 13,685,000 | Long-Term Vision and Plan                        |  |
| Public Works and Government Services Canada       | 1    | 12,505,370 | Real Property Assets Management Program          |  |
| Public Works and Government Services Canada       | 1    | 2,864,176  | New Federal Building Project for Quebec City     |  |
| Public Works and Government Services Canada       | 1    | 2,510,000  | Ministers' Regional Offices Northern Territories |  |
| Public Works and Government Services Canada       | 1    | 2,133,160  | Sydney Tar Ponds                                 |  |

| Department                                  | Vote | \$                 | Source   | Destination  |
|---|------|--------------------|--|--|
| Public Works and Government Services Canada | 1    | 1,230,000          | Homelessness Partnering Strategy                     | Purchase of Nortel Campus; Renovations to Properties; Additional Office Accommodation; Pension Administration; Financial Decision-Making; Consolidation of Pay Administration; Municipal Taxes |
| Public Works and Government Services Canada | 1    | 1,000,000          | Engineering Assets                                   |  |
| Public Works and Government Services Canada | 1    | 548,000            | Ministers' Regional Offices in Kitchener and Moncton |  |
| Public Works and Government Services Canada | 1    | 3,398,983          | Payments in Lieu of Taxes                            |  |
| Public Works and Government Services Canada | 1    | 79,769             | Public Service Superannuation Plan Banking Fees      |  |
| Transport Canada                            | 1    | 4,400,000          | Mirabel Airport Lands                                | Ferry Services   |
| Transport Canada                            | 5    | 979,477            | Detroit River Crossing                               | Reinvestment of Revenues   |
| Transport Canada                            | 10   | 17,100,000         | Asia-Pacific Gateway                                 | Passenger Rail; Ferry Services   |
| <b>TOTAL</b>                                |      | <b>266,319,836</b> |  |  |