

**OFFICE OF
THE PARLIAMENTARY BUDGET OFFICER**



**BUREAU DU
DIRECTEUR PARLEMENTAIRE DU BUDGET**

Presentation to the Standing Committee of the House of Commons on Government Operations & Estimates (OGGO)

**Study: Freeze on Departmental Budget Envelopes and
Government Operations**

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Issue

- Do parliamentarians have decision-support information to enable them to exercise parliamentary oversight on the proposed operational budget freeze?
 - Budget 2010 proposes expenditure restraint on operational spending:
 - For 2010-11, departmental budgets will not be increased to fund the 1.5% increase in annual wages requiring reallocation from the operating budgets
 - For 2011-12 and 2012-13, operating budgets of departments as appropriated by Parliament, will be frozen at 2010-11 levels
- PBO to provide the committee with analytical support in their oversight function, which could also include GC-wide administrative savings and strategic reviews



Key Considerations

- Budget 2010 restraint measures are ill-defined
 - Insufficient information on the planned spending baseline (no departmental breakdown)
 - Strategy not yet provided (broad-based or targeted)
- Parliament needs information in a structured fashion in order to examine the risks and impacts of restraint measures

PBO Analytical Support to Committee

- Risk and Impact Assessment:

Fiscal	Service Delivery
Risk to achieving fiscal targets	Risks and impact to service levels (e.g. speed, quality, cost)
Are the savings realizable?	
Are there downstream fiscal pressures (e.g. cost deferrals)?	Risk and impact to service capacity (e.g. FTEs, processes, capital)

Information to Examine Operating Spending

Fiscal	Service Delivery
Planned fiscal framework and departmental annual reference levels (historical and projected)	Departmental strategies for savings
Lapsed voted authorities for fiscal planning framework and departmental spending (historical and projected)	Service level standards (pre and post) as a result of budget freeze
	Fully-loaded costs by major program activities and business lines, (e.g. cost structure - FTEs, professional services; capital projects)

Suggested Next Steps

- PBO requires committee support to obtain the required information for decision-support to members
 - Previous requests for similar information have been turned down
- Fall 2010: PBO assessment of risk and impact of 2010-11 savings
- Pre-Budget 2011: PBO assessment of risk and impact of future savings