



OFFICE OF THE
PARLIAMENTARY
BUDGET OFFICER
BUREAU DU DIRECTEUR
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BUDGET

Fall Economic Statement 2016: Issues for Parliamentarians

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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.

To assist parliamentarians in their pre-budget deliberations, this report identifies issues arising from the Government's Fall Economic Statement 2016.

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Executive Summary

To assist parliamentarians in their pre-budget deliberations, this report identifies issues arising from the Government's Fall Economic Statement.

The presentation of the fiscal plan

PBO previously identified changes to the Government's presentation of its fiscal plan in Budget 2016 that made it more difficult for parliamentarians to evaluate government policy and scrutinize the fiscal framework.

PBO is pleased to see that the Government has presented the standard fiscal planning tables in its Fall Economic Statement and hopes that they will be maintained in future budgets and updates.

The Government's risk adjustment

PBO previously judged that the Government's \$40 billion per year risk adjustment to the Budget 2016 private sector forecast of nominal gross domestic product (GDP) in the years 2016 and 2017 was "excessive".

Revisions to the private sector forecast of nominal GDP and the Government's risk assessment in the *Statement*, provide support for PBO's view that the risk adjustment in 2016 and 2017 was excessive.

Tracking changes to the Government's fiscal outlook

Relative to Budget 2016, the Government's overall budgetary outlook is essentially unchanged over 2016-17 to 2020-21. The weaker economic outlook and policy measures are almost entirely offset by the removal of the \$6 billion annual risk adjustment to budgetary revenues.

Infrastructure

The *Statement* announces an additional \$81.2 billion in federal infrastructure spending over a 12-year period. Relative to Budget 2016, roughly 2 per cent (\$1.7 billion) is introduced as new funding within the Government's fiscal plan to 2021-22.

Comparing economic and fiscal outlooks

The private sector economic outlook for nominal GDP—the single broadest measure of the tax base—presented in the *Statement* is broadly in line with PBO's projection over 2016 to 2017 but somewhat weaker over 2018 to 2021.

Projected (status quo) budgetary deficits in 2016-17 and 2017-18 are also broadly similar. However, the weaker private sector economic outlook over 2018 to 2021 and differences in fiscal assumptions result in larger budgetary deficits over 2018-19 to 2021-22.

Based on PBO's judgement, there is some downside risk to the Government's deficit forecast over 2018-19 to 2021-22.

Addressing weaknesses in parliamentary financial accountability

The Government is proposing four changes to better enable Parliament's scrutiny of the budget and Estimates. The proposal addresses several key recommendations from a 2012 House of Commons Standing Committee examination of Estimates scrutiny.

However, the Government's proposal falls short of addressing two other challenges: delays in program implementation caused by internal administrative processes and the lack of a fixed budget tabling date.

The Government's fiscal targets

Despite the commitments made by the Government in Budget 2016 to achieving federal debt-to-GDP and balanced-budget targets, the *Statement* does not explicitly mention these targets, nor does it set a timeline for balancing the budget.

That said, in his 2 November 2016 testimony on the *Statement* at the Standing Committee on Finance, the Minister of Finance reiterated the Government's commitment to reduce the federal debt-to-GDP ratio over the course of its mandate.

Parliamentarians may wish to seek additional clarity regarding the status of the Government's fiscal targets and commitments.

Update of long-term economic and fiscal projections

Following the Auditor General's 2012 recommendation, Finance Canada published, annually over 2012 to 2014, long-term economic and fiscal projections for the federal government.

Given the Government's policy actions since 2014, parliamentarians may wish to seek updated long-term economic and fiscal projections from Finance Canada.

1. The Presentation of the Fiscal Plan

In our 6 April 2016 report¹ to parliamentarians, PBO identified changes to the Government's presentation of its fiscal plan that made it more difficult for parliamentarians to evaluate government policy and scrutinize the fiscal framework. Specifically, we noted that in Budget 2016:

- i. The Government did not provide detailed tables that identified the impact of changes to its adjustment to the private sector forecast and the effect of policy measures.
- ii. The time horizon of the Government's cost estimates was shortened from 5 years to 2 years.
- iii. Fiscal information released outside the budget and update was not reconciled with the main documents.

PBO is pleased to see that the Government has presented the standard fiscal planning tables in its Fall Economic Statement that identify economic and fiscal developments since Budget 2016, the adjustment for risk and the impact of new measures in the fiscal framework. The Government also provided cost estimates of new measures over a 5-year horizon. Further, PBO welcomes the detailed summary of "off-cycle" policy actions presented in Table A1.4 and the detailed economic and fiscal developments presented in Table A1.2 to help reconcile changes to the fiscal framework.

PBO hopes that the presentation of the Government's fiscal plan in the *Statement* is maintained in future budgets and updates.

2. The Government's Risk Adjustment

In our April report on Budget 2016, we judged that the Government's \$40 billion per year risk adjustment to the private sector forecast of nominal GDP in years 2016 and 2017 was "excessive".

Further, we noted that while adjusting the private sector forecast of nominal GDP—either downward *or upward*—could help to balance the overall risk to the outlook, excessive and one-sided adjustments eroded the "element of independence" that was introduced into the Government's fiscal forecast by using the private sector economic outlook.²

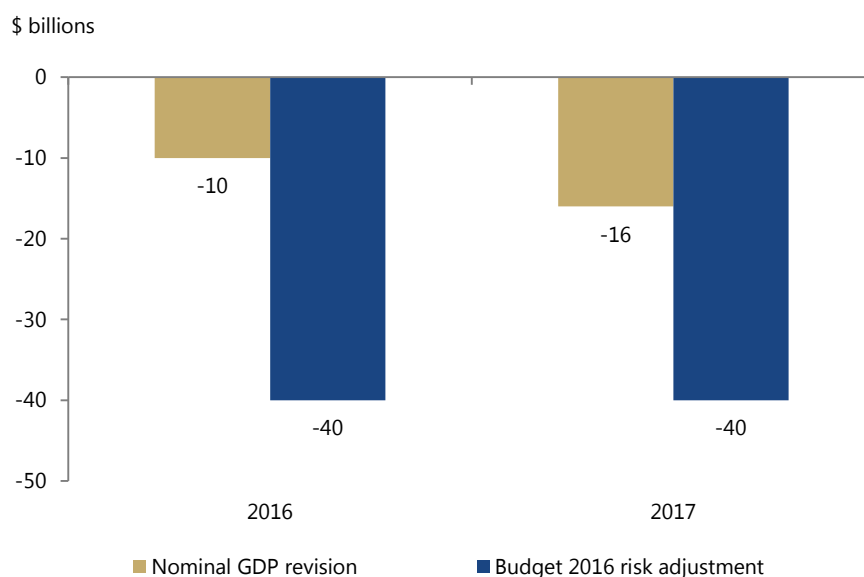
In our April report, to illustrate the size of shocks to the private sector forecast of nominal GDP, we calculated historical forecast errors (that is, the actual value less the forecasted value) over 1994 to 2014. Based on these forecast errors, we concluded that it was likely that the actual outcome for nominal GDP in 2016 and 2017 would exceed the levels used for fiscal planning purposes in Budget 2016.

While it is too early to assess the Budget 2016 fiscal planning assumptions for nominal GDP against actual outcomes (Statistics Canada has released only the first two quarters of nominal GDP data for 2016), it is informative to review the revisions the private sector forecast of nominal GDP in 2016 and 2017 in light of the Government's risk assessment provided in the *Statement*.

In Finance Canada's September 2016 survey, the average private sector forecast of nominal GDP was revised down by \$10 billion in 2016 and \$16 billion in 2017 from the Budget 2016 survey (Figure 2-1). The *Statement* notes that several of the risks identified in Budget 2016 have materialized.³ However, despite the realization of these risks, the downward revisions to the private sector forecast of nominal GDP are significantly smaller than the Government's risk adjustment in Budget 2016. This provides support for PBO's view that the Government's risk adjustment in 2016 and 2017 was excessive.

Figure 2-1

Private sector nominal GDP forecast revision versus the Government's risk adjustment in Budget 2016



Source: Finance Canada.

In addition, the *Statement* indicates that new risks have emerged, to the downside as well as to the upside. Unfortunately, the *Statement* does not clearly indicate the Government's assessment of the overall balance of risks to the private sector economic outlook.

The *Statement* does, however, mention that economists had judged that the risks to the September private sector outlook were "more balanced than at the time of Budget 2016". The fact that the Government did not adjust the September private sector outlook for nominal GDP in 2016 and 2017 would also seem to suggest that it now believes that the economic forecast for 2016 and 2017 is balanced.

3. Tracking Changes to the Government's Fiscal Outlook

Relative to Budget 2016, the Government's overall budgetary outlook is essentially unchanged over 2016-17 to 2020-21. The weaker economic outlook and policy measures are almost entirely offset by the removal of the \$6 billion annual risk adjustment to budgetary revenues (Table 3-1).

Table 3-1 Changes to the Government's fiscal outlook

\$ billions	Forecast					
	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022
Budgetary balance – Budget 2016	-29.4	-29.0	-22.8	-17.7	-14.3	N/A
Economic developments and risk adjustment ¹	4.7	2.1	-0.7	-0.4	-0.6	
Budgetary balance – Status quo	-24.7	-26.9	-23.5	-18.2	-14.9	-11.7
Policy measures¹						
Measures since Budget 2016	-0.6	-0.8	-0.9	-0.9	-1.7	-2.7
Measures in Fall Economic Statement	0.2	-0.1	-1.5	-0.2	-0.2	-0.2
Total policy measures	-0.4	-0.9	-2.4	-1.1	-1.9	-2.9
Budgetary balance – Fall Economic Statement	-25.1	-27.8	-25.9	-19.3	-16.8	-14.6

Sources: Finance Canada and Parliamentary Budget Officer.

Notes: ¹ A negative (positive) number implies a deterioration (improvement) in the budgetary balance. Policy measures are presented net of funds existing in the fiscal framework/sourced from departmental resources.

In the *Statement*, the Government proposes \$2.0 billion in total new spending, allocated over six years from 2016-17 and 2021-22. This averages to roughly \$330 million in additional spending per year. This increase includes \$1.7 billion for infrastructure, which is incremental to spending presented in Budget 2016.

The *Statement* also accumulates the Government's fiscal projections for "off-cycle" policy measures announced between the March 2016 budget and the *Statement*. The largest fiscal items include changes to the Canada Pension Plan (CPP) and the indexation of the Canada Child Benefit. In total, "off-cycle" policy measures will result in a negative net fiscal impact of \$7.7 billion over 2016-17 to 2021-22, or \$1.3 billion per year.

4. Infrastructure

The Government's *Statement* announces an additional \$81.2 billion in federal infrastructure spending over a 12-year period (Table 4-1). About \$60.3 billion of the \$81.2 billion announcement is scheduled beyond the Government's six-year forecast horizon from 2016-17 to 2021-22. The remaining \$20.9 billion of announced infrastructure spending over 2016-17 to 2021-22 was already largely provisioned in the fiscal framework in Budget 2016.

Relative to Budget 2016, \$1.7 billion—roughly 2 per cent of the \$81.2 billion announced in the *Statement*—is proposed as new infrastructure funding within the Government's six-year fiscal plan and is largely allocated for 2018-19.

Table 4-1 Net fiscal impact of new infrastructure funding

\$ billions	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	Sub- total	22-23- 27-28	Total
Investing in Canada Infrastructure Plan	0.0	0.7	4.0	4.2	5.3	6.7	20.9	60.3	81.2
Less funds existing in the fiscal framework/ sourced from departmental resources	0.2	0.6	2.5	4.0	5.2	6.6	19.2	39.0	58.2
Net fiscal impact	-0.2	0.1	1.5	0.2	0.1	0.1	1.7	21.3	23.0

Sources: Finance Canada and Parliamentary Budget Officer.

The *Statement* also presents the Government's first detailed profile for all of its infrastructure spending over its six-year fiscal planning horizon and beyond. Using additional data requested from Finance Canada⁴ we have prepared a summary of federal infrastructure spending (see Appendix B). In total, over 2016-17 to 2021-22, the Government has committed \$87.5 billion to infrastructure spending, approximately \$14.6 billion per year. Roughly 34 per cent of planned infrastructure spending (\$29.4 billion, or \$4.9 billion per year) was introduced in Budget 2016 and the *Statement*.

Neither the *Statement* nor Budget 2016 maps the existing and proposed spending to the various departments, projects or programs. That said, Finance Canada has indicated that these details will be announced in Budget 2017. PBO views this increased detail as an improvement. Providing this level of detail for the full projection period—and in the case of spending on infrastructure over an extended projection period, to 2027-28—allows for better scrutiny of the Government's fiscal plan.

PBO is undertaking ongoing analysis of the Government's infrastructure plan to assist parliamentarians in their scrutiny of potential program outcomes and risks, and will release its first report in the coming weeks. Shortly after Budget 2016, the Government allocated \$11 billion of the \$14.4 billion of Phase 1 funding to 32 departments and agencies. Parliamentary approval was granted for the expenditure of \$3.9 billion via Supplementary Estimates A, and further spending authorities will be requested in future Estimates. Data collected to date from departments indicates that approximately 36 per cent of the \$11 billion has been allocated to specific projects.

5. Comparing Economic and Fiscal Outlooks

The economic outlook presented in the *Statement* is based on Finance Canada's September 2016 survey of private sector forecasters. Table 5-1 provides a high-level comparison of the average private sector forecast and PBO's economic projection that was presented in our October 2016 Economic and Fiscal Outlook. Appendix A provides a more detailed comparison of the economic outlooks.

Table 5-1 Economic outlook comparison

	2016	2017	2018	2019	2020	2021
Real GDP growth (%)						
Fall Economic Statement	1.2	2.0	1.8	1.8	1.8	1.9
PBO October 2016	1.2	2.3	2.2	1.7	1.7	1.7
	0.0	-0.3	-0.4	0.1	0.1	0.2
Nominal GDP (\$ billions)						
Fall Economic Statement	2,019	2,106	2,183	2,271	2,359	2,454
PBO October 2016	2,017	2,117	2,208	2,291	2,377	2,467
	2	-11	-25	-20	-18	-13

Sources: Finance Canada and Parliamentary Budget Officer.

The private sector forecast of real GDP growth in 2017 and 2018 is somewhat weaker than we projected in our October report. However, over the period 2019 to 2021 the private sector forecast is modestly stronger. Over the period 2016 to 2021, the private sector forecast of annual real GDP growth is, on average, 0.1 percentage points lower compared to PBO's projection.

In terms of nominal GDP—the single broadest measure of the tax base—the private sector forecast is broadly in line with PBO's projection in 2016 and 2017. Over 2018 to 2021, the private sector forecast is about \$20 billion lower per year, on average, compared to PBO's projection. This reflects both weaker real GDP growth and GDP inflation.

There are also some key differences over certain years for interest rates and the unemployment rate (see Appendix A), which would also likely contribute to differences in fiscal forecasts.

Projected (status quo) budgetary deficits in 2016-17 and 2017-18 are also broadly similar (Table 5-2). However, the weaker private sector economic outlook over 2018 to 2021 and differences in fiscal assumptions result in larger budgetary deficits over 2018-19 to 2021-22.

Based on PBO's judgement, there is some downside risk to the Government's deficit forecast over 2018-19 to 2021-22.

Table 5-2 Status quo fiscal outlook comparison

\$ billions	Forecast					
	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022
Fall Economic Statement						
Budgetary balance (Budget 2016)	-29.4	-29.0	-22.8	-17.7	-14.3	N/A
Add: risk adjustment	6.0	6.0	6.0	6.0	6.0	
Add: economic forecast revisions	-1.3	-3.9	-6.7	-6.4	-6.6	
Status quo budgetary balance	-24.7	-26.9	-23.5	-18.2	-14.9	-11.7
PBO						
Budgetary balance (October 2016)	-22.4	-24.9	-18.2	-13.0	-10.6	-9.4
Add: adjustment for CPP enhancement	0.0	0.0	0.1	0.4	0.6	0.9
Status quo budgetary balance	-22.4	-24.9	-18.1	-12.6	-10.0	-8.5
Difference: <i>Statement</i> minus PBO	-2.3	-2.0	-5.4	-5.6	-4.9	-3.2

Sources: Finance Canada and Parliamentary Budget Officer.

Notes: The status quo projections do not include policy actions since Budget 2016 or the measures announced in the Fall Economic Statement. To put the projections on a comparable basis, PBO's October 2016 budgetary balance projection has been adjusted for the Canada Pension Plan enhancement.

6. Addressing Weaknesses in Parliamentary Financial Accountability

The Government's *Statement* declares that "Parliament's current system of financial accountability is confusing and provides insufficient information to Parliamentarians and Canadians". The Government indicates that the two key factors explaining existing problems in financial accountability are the differing accounting methods between the budget and Estimates, as well as an "insufficient focus" in the Estimates documents on programs and results.⁵

To address these perceived deficiencies, the Government indicates it will:

- Consult with Parliament to delay the release of the Main Estimates until May 1st, thus ensuring most budget initiatives can be included in the Main Estimates;
- Publish accounting reconciliation tables between the budget and the Estimates;
- Introduce more “pilot” projects on “purpose-based” appropriations; and,
- Change the Estimates process to improve the Reports on Plans and Priorities and Departmental Performance Reports.

With the exception of delaying tabling of the Main Estimates, these initiatives are broadly consistent with the policy paper released by the President of the Treasury Board in October 2016 and a 2012 report of the House of Commons Standing Committee on Government Operations and Estimates, which received all-party support.

As reflected in several parliamentary committee reports published over the past two decades regarding Parliament’s financial scrutiny, there is a general consensus among parliamentarians that the current system for scrutinizing government spending is byzantine.⁶ To that end, any government effort to integrate existing reporting and render it more comprehensible to parliamentarians (and the public) should be applauded.

While the four-point proposal set out in the *Statement* addresses a number of recommendations of the last time a House of Commons Standing Committee examined the Estimates, it falls short of addressing two key recommendations:

- expediting delays in the implementation of programs caused by the government’s own internal administrative processes; and
- establishing a fixed budget tabling date.

Before agreeing to the changes proposed by the Government, parliamentarians may wish revisit the “core problem” that undermines their financial scrutiny: the Government’s own internal administrative “red tape” that the President of the Treasury Board’s policy paper mentions can “materially delay the implementation of government programs.”⁷ PBO notes that the Government’s Supplementary Estimates B, tabled on 3 November, contained 51 measures worth \$1.7 billion that were originally proposed almost seven months earlier in Budget 2016. Unless the Government is able to present a clear plan to reform its own internal management processes, it is unlikely that delaying the release of the Main Estimates by eight weeks will provide alignment with the Budget.

PBO also notes that the Government's proposals do not address some previous parliamentary recommendations. Most important, establishing a fixed tabling date for the annual budget, well before the beginning of the fiscal year on April 1st. While the previous government rejected this recommendation because it preferred to retain discretion regarding budget timing, PBO notes that:

- It could allow the Government to move the budget to before the Main Estimates, allowing time to integrate new initiatives; and,
- Ensure that Parliament is provided with a comprehensive federal spending plan before it is asked to approve money for the new fiscal year.

7. The Government's Fiscal Targets

In Budget 2016, the Government committed to achieving two fiscal targets, namely:

- i. to reducing the federal debt-to-GDP ratio to a lower level over a five-year period, ending in 2020-21.
- ii. to returning to balanced budgets.

Given the audited financial results for 2015-16 and Statistics Canada's current estimate of nominal GDP in 2015, the first fiscal target translates into a federal debt-to-GDP ratio of 31.0 per cent, or lower, in 2020-21. Based on the Government's forecast provided in the *Statement*, the federal debt-to-GDP ratio in 2020-21 will be 31.0 per cent of GDP—precisely the value of the upper bound of the fiscal target.

Despite the commitment made in Budget 2016, the *Statement* does not explicitly mention the Government's debt-to-GDP target. That said, in his 2 November 2016 testimony on the *Statement* at the Standing Committee on Finance, the Minister of Finance reiterated the Government's commitment to reduce the federal debt-to-GDP ratio over the course of its mandate.

In terms of the balanced-budget target, in Budget 2016, the Government committed to "set a timeline for balancing the budget when growth is forecast to remain on a sustainably higher track". However, the *Statement* does not mention the balanced-budget target, nor does it set a timeline for balancing the budget.

Parliamentarians may wish to seek additional clarity regarding the status of the Government's fiscal targets and commitments.

8. Update of Long-Term Economic and Fiscal Projections

The 2012 Fall Report of the Auditor General of Canada⁸ identified significant benefits that would result from taking into account and publishing long-term projections of Canada's overall fiscal position, such as:

- enhanced long-term fiscal transparency to support policy and parliamentary debates;
- ability to hold leaders accountable for the long-term impact of their budget choices; and
- a demonstrated commitment on the part of the government to future budget sustainability.

The Auditor General recommended that:

The Department of Finance Canada should publish yearly the overall long-term fiscal sustainability analyses for the federal government and provide from time to time an analysis for all governments combined, including the federal, provincial, and territorial governments, to give a total Canada perspective.

Finance Canada agreed with the recommendation and responded:

Given that the federal government is not accountable for the fiscal situation of the provinces and territories, the Department will publish long-term fiscal analyses for the federal government on an annual basis, by 2013 at the latest.

Following the Auditor General's recommendation, Finance Canada published, annually over 2012 to 2014, long-term economic and fiscal projections for the federal government.⁹ However, Finance Canada did not publish its long-term projections in 2015, nor has it, to date, published them in 2016.

Given the Government's policy actions since 2014, parliamentarians may wish to seek updated long-term economic and fiscal projections from Finance Canada.

Appendix A: Economic Outlook Comparison

% unless otherwise indicated	2016	2017	2018	2019	2020	2021
Real GDP growth						
Fall Economic Statement	1.2	2.0	1.8	1.8	1.8	1.9
PBO October 2016	1.2	2.3	2.2	1.7	1.7	1.7
GDP inflation						
Fall Economic Statement	0.6	2.2	1.8	2.1	2.0	2.1
PBO October 2016	0.5	2.5	2.1	2.0	2.0	2.0
Nominal GDP growth						
Fall Economic Statement	1.8	4.3	3.7	4.0	3.9	4.0
PBO October 2016	1.7	4.9	4.3	3.8	3.8	3.8
Nominal GDP (\$ billions)						
Fall Economic Statement	2,019	2,106	2,183	2,271	2,359	2,454
PBO October 2016	2,017	2,117	2,208	2,291	2,377	2,467
3-month treasury rate						
Fall Economic Statement	0.5	0.6	1.0	1.6	1.9	2.4
PBO October 2016	0.5	0.5	1.1	2.3	2.8	3.1
10-year government bond rate						
Fall Economic Statement	1.2	1.6	2.1	2.5	2.8	3.3
PBO October 2016	1.3	1.7	2.3	3.0	3.5	3.7
Exchange rate (US\$/C\$)						
Fall Economic Statement	75.8	77.6	79.5	80.2	81.7	83.2
PBO October 2016	75.9	77.2	77.2	77.1	77.2	77.3
Unemployment rate						
Fall Economic Statement	7.0	6.9	6.8	6.7	6.5	6.2
PBO October 2016	7.0	6.8	6.4	6.3	6.2	6.1
CPI inflation						
Fall Economic Statement	1.6	2.1	1.9	2.0	1.9	2.0
PBO October 2016	1.5	2.0	2.0	2.1	2.1	2.0
U.S. real GDP growth						
Fall Economic Statement	1.6	2.2	2.0	2.0	2.0	2.1
PBO October 2016	1.5	2.2	2.1	2.0	2.0	1.9
WTI oil price (\$US)						
Fall Economic Statement	44	54	57	59	60	65
PBO October 2016	43	53	55	56	56	57

Sources: Finance Canada and Parliamentary Budget Officer.

Appendix B: Federal Spending on Infrastructure

	2016- 2017	2017- 2018	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023	2023- 2024	2024- 2025	2025- 2026	2026- 2027	2027- 2028	16-17- 21-22	22-23- 27-28	Total
(A) Existing infrastructure funding	9.3	9.2	12.1	9.6	9.6	8.3	8.1	8.1	8.0	8.0	6.8	6.7	58.1	45.8	103.9
Continuing Infrastructure Programs	9.1	8.7	10.9	8.2	8.2	7.1	6.9	6.9	6.7	6.7	5.8	5.7	52.3	38.8	91.1
Funds to be reallocated from existing infrastructure programs	0.2	0.5	1.1	1.4	1.4	1.2	1.2	1.2	1.2	1.2	1.0	1.0	5.8	7.0	12.8
(B) Budget 2016	3.9	6.4	4.0	3.6	4.6	5.4	6.6	7.5	8.4	9.6	-	-	27.7	32.1	59.8
Phase 1: Budget 2016	3.9	6.3	2.6	0.9	0.7	0.0	0.0	0.0	-	-	-	-	14.4	0.0	14.4
Phase 2: Budget 2016 (provisioned but not detailed)	-	0.1	1.4	2.7	3.8	5.4	6.6	7.5	8.4	9.6	-	-	13.3	32.1	45.4
Fall Economic Statement 2016	-	0.7	4.0	4.2	5.3	6.7	7.9	8.8	9.7	11.3	11.3	11.3	20.9	60.3	81.2
less Phase 2 already provisioned in Budget 2016	-	0.1	1.4	2.7	3.8	5.4	6.6	7.5	8.4	9.6	-	-	13.3	32.1	45.4
less funds reallocated from existing infrastructure programs	0.2	0.5	1.1	1.4	1.4	1.2	1.2	1.2	1.2	1.2	1.0	1.0	5.8	7.0	12.8
(C) New funding in Fall Economic Statement	-0.2	0.1	1.5	0.2	0.1	0.1	0.1	0.1	0.1	0.5	10.3	10.3	1.7	21.3	23.0
Total infrastructure funding (A) + (B) + (C)	13.0	15.6	17.5	13.3	14.3	13.8	14.8	15.7	16.4	18.0	17.1	17.0	87.5	99.1	186.7

Sources: Finance Canada and Parliamentary Budget Officer.

Notes

1. See Budget 2016: Key Issues for Parliamentarians. Available at: http://www.pbo-dpb.gc.ca/web/default/files/Documents/Reports/2016/Budget%202016/BUD16_Issues_EN.pdf.
2. Budget 2016 highlights that the use of private sector economic forecasts for fiscal planning "introduces an element of independence in the Government's fiscal forecast."
3. As noted in the *Statement*, these risks include: "ongoing disappointing growth in the U.S. and the associated negative impacts on Canadian exports; lags in the response of Canadian exports to the lower level of the dollar, related to the ongoing challenges of the adjustments to lower oil prices; and the dampening effects of these developments on domestic business investment."
4. Available at: http://www.pbo-dpb.gc.ca/web/default/files/files/files/informationRequests/IR0271_2016-11-10_FC_FES_EN.pdf.
5. The Budget is presented on an accrual accounting basis; the Estimates on a near cash basis; and the Public Accounts present data on both an accrual and near cash basis.
6. The most recent effort in this regard was the 2012 report of the House of Commons Government Operations and Estimates Committee. It provides a historical overview of previous reform efforts. Available at: <http://www.parl.gc.ca/content/hoc/Committee/411/OGGO/Reports/RP5690996/oggorp07/oggorp07-e.pdf>.
7. The Treasury Board Secretariat's policy paper indicates that, in some situations, there can be up to 19 months between the announcement of a new Budget initiative and approval by Parliament of the new funding.
8. Available at: http://www.oag-bvg.gc.ca/internet/docs/parl_oag_201210_07_e.pdf.
9. See Finance Canada's 2012 report *Economic and Fiscal Implications of Canada's Aging Population*: <http://www.fin.gc.ca/pub/eficap-rebvpc/eficap-rebvpc-eng.pdf>. In 2013 and 2014, updates of the long-term projections were provided in annexes of the fall *Update of Economic and Fiscal Projections*: <http://www.fin.gc.ca/efp-pef/2013/efp-pef-anx-eng.asp#toc27> and <http://www.budget.gc.ca/efp-peb/2014/pub/anx01-eng.html>.